Lebanon: A Time for Change?

4th September 2020

The Beirut port explosion still echoes around Lebanon, even though the damage has long since been done. It sent an already fractured country into a further tailspin of anger, fear, and resentment, and yet – despite the unarguable tragedy – may be the catalyst for real and lasting change. For too long now, Lebanon has been a slowly failing state with a political elite entrenched in their power and a tide of dissatisfaction that never quite develops into a wave. August's disaster might, finally, force a change.



Lebanon may sometimes be considered the 'forgotten man' of Middle Eastern affairs, sandwiched as it is between Israel's geopolitical uniqueness, Syria's civil war, Saudi Arabia's religious dominance and the UAE's economic gravity. The country is still struggling to recover from the legacy of the fifteen-year Civil War and subsequent conflicts with Israel. Moreover, the very system designed to help Lebanon recover is at least in part responsible for the huge social and economic challenges its people face. Lebanese politics may be democratic on the surface, with parliamentary bodies and semi-regular elections, but it is also highly sectarian – a system formalised in 1989 but implemented in effect since 1943 to ensure that all religious groups are represented. While universal suffrage is used in these elections, the division of seats is divided on 'confessional' grounds and key roles are reserved for particular faiths – to give just two examples, the President always being a Maronite Christian and the Prime Minister always a Sunni Muslim. This means that elite groupings can entrench themselves at the very top, secure in the knowledge that 'one of us' will always be in power and facilitate nepotism and corruption accordingly, and the confessional division can be (and has been) gerrymandered to maintain the division of power in a manner acceptable to those already in control. Religious and tribal divides have reinforced this power structure rather than flattened it.

The 'democratic' element has also risked falling by the wayside – elections scheduled in 2013 (and then in three subsequent years) were ultimately only held in 2018, and there were over two years of leadership paralysis as forty-six separate rounds of voting were needed to elect a new President, as a result of political infighting. Former army chief Michael Aoun eventually assumed the position but there is little sign that the clique-driven, confessional-fuelled system of politics has the impetus to change from within, given that it is to the benefit of those who have the capacity to change it.

This is not to say that there is not some change. 2018 saw the introduction of proportional representation and preprinted ballots (to reduce voter fraud), and there has long been a commitment to lower the voting age to 18 (albeit that this has still not actually happened). But in practice, the system which has prevented any one autocratic leader taking control (admittedly a contrast to the rest of the Middle East) has instead facilitated an establishment of power among an already divided elite.

The truest drive for change is coming from the people. Both the 'war generation' that grew up in the civil war, and their children, are increasingly politically militant and making their voices heard with regards a system that they see as ineffectual and biased, and successive governments which seem unable to manage the huge economic difficulties Lebanon is facing. Even before the port explosion, there had been blockades and mass protests, demands for the political elite to face accountability for social, economic and environmental injustices, and calls for the entire government to resign. That the government ultimately did, albeit over the explosion rather than



acknowledgement of the wider problems, may serve only as a panacea: particularly as President Aoun remains in place and there is little indication that the gravity of the socio-economic situation is recognised.

These political problems are matched by economic ones. Lebanon has long been reset by economic problems. It is one of the most heavily indebted states in the world - sovereign debt stands at 170% of GDP while borrowing continues - and economic growth has fallen practically to zero as a result of a reduced appetite from external investment and a lack of domestic opportunities (unemployment is at 35%). A black market has become for many the preferred means of exchange, hitting the economy still further (the currency is presently at its weakest since 1997). Exports are minimal and imports crucial to the country's survival, and inbound flows of money from the diaspora – vital to many – have slowed to only a trickle. Overriding everything is that, despite record levels of borrowing, little of this money is making its way to the infrastructure and civil society where it is sorely needed; it is instead, lost to corruption or bureaucratic incompetence. Successive governments seem unable to get a grip on the crisis, and this paucity of leadership is in turn feeding both the enhanced corruption and the renewed protests. It is highly worrying, therefore, that the Speaker of Parliament, in June 2020, insisted that a 'financial emergency' needed to be declared in order to hammer home the seriousness of the situation and prevent the legal currency from floundering against the black market – and to recover the \$8bn USD it is believed has been lost to corruption over the years.

But even 'fixing' the economy in these terms is not enough. Lebanon urgently needs to find new and improved business streams to enable it to level up, away from the old ways which, even if mended, will still not allow the country to reach its fullest potential. However even here there are problems. For instance, Lebanon has for some time been attempting to develop an oil & gas industry with much-hyped rounds of licencing producing no results of note. This was not entirely unexpected by those in the know, but the politics of the situation demanded that promises be exaggerated, and hopes be unduly boosted, an object lesson in how politics can influence business. Indeed, such pronouncements may even have been made in order to explicitly bring foreign investors' money into the country and attempt to plaster over the cracks by bringing in short-term money instead rather than focusing on fixing the long-term problems.

So Lebanon was in a situation whereby the same tribal and religious affiliations dominated for decades and had no motivation to change the system which had given them everything, the (former) PM had called protests an 'attempted coup', and an end to corruption and sectarianism had been demanded for years with little effect. And then the explosion happened. Suddenly, the corruption and carelessness of the government, and the breaking-point experienced by ordinary citizens, had a very real and unavoidable expression that acted both as an emblem of the problems and a signifier that these needed to be addressed. Lebanon may find that this is the point where her own people cannot be ignored.

KCS Group Europe - Strategic Intelligence & Corporate Security

A leading provider of security and intelligence services, we operate discreetly in some of the world's most difficult environments on complex cases of fraud, theft, corruption, or market dynamics. We gather intelligence through the discreet use of human sources to level the playing field and help our clients to identify and deal with any risks, weaknesses and threats which could impact on their business financially or reputationally.

Our key areas of expertise include:

- Corporate Intelligence Services
- New market or sector entry research
- Know your customer screening

In addition, through our specialist team at KCS IS, we also offer a unique service in the areas of Cyber Security and Cyber Risk. This covers penetration testing, vulnerability assessments, intelligence gathering and cyber security audits, providing unparalleled, analysis, contingency planning, and implementation for our clients.

To find out more or to arrange a meeting to discuss your business needs, please... email the team at info@kcsgroup.com or call (00 44) 2072451191