

## **Hizballah's Gain, Lebanon's Pain**

Sarah Cahn and Joel D. Parker

On August 6, Hizballah fired 20 rockets towards the Shebaa Farms area of the Golan Heights, highlighting the growing political instability in Lebanon. Hizballah's behavior should be viewed in light of the ongoing financial and political crisis that has affected every aspect of Lebanese life since late 2019 and has pushed hundreds of thousands of people into poverty. Hizballah may not be the primary or sole cause of the crisis, but it is important to understand how it may have contributed indirectly to it, how it may benefit from it, and why it may not have an interest in fully resolving it. Hanin Ghaddar, the Friedmann Fellow at the Washington Institute for Near East Policy (WINEP), argues that despite the collapsing economy in Lebanon, Hizballah has been able to expand its array of social-welfare institutions to deepen their Shi'i constituency's dependence and even expand the reach of these programs by providing support to a growing number of Lebanese who are struggling to survive.<sup>1</sup> Hizballah also receives funding from Iran and through its commercial activities around the world,<sup>2</sup> so one might ask how much Hizballah really needs the Lebanese state. Lina Khatib, a scholar at Chatham House and SOAS University of London, contends that Hizballah benefits from its hybrid role as a part of the state and, at the same time, free to operate outside the official channels of government and public scrutiny.<sup>3</sup> Michael Young, senior editor at the Carnegie Middle East Center in Beirut,

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<sup>1</sup> Hanin Ghaddar, "[Hezbollah has Created Parallel Financial and Welfare Systems to Manage the Current Crisis](#)," *The Washington Institute for Near East Policy*, Policy Watch 3406, December 9, 2020. For more on Hizballah as a socio-political actor, see James Worrall, Simon Mabon, and Gordon Clubb, *Hezbollah: From Islamic Resistance to Government* (Praeger: Santa Barbara, CA, 2016), 73-111.

<sup>2</sup> Eric Lob, "Construction Jihad: state-building and development in Iran and Lebanon's Shi'i Territories," *Third World Quarterly* 39: 11 (2018), 2103-2125.

<sup>3</sup> Lina Khatib, "[How Hezbollah Holds Sway over the Lebanese State](#)," *Chatham House*, June 2021, 4, 29-32.

however, has argued that the group might indeed benefit from a collapse of the state, which will allow Hizballah to continue to fill a growing political, economic, and social power vacuum.<sup>4</sup>

It is our assumption that Hizballah was one of several groups and individuals who encouraged corruption and a lack of transparency in the public and private spheres, contributing to the current crisis.<sup>5</sup> And indeed, in line with Khatib's analysis, Hizballah would likely prefer to keep the status quo with respect to the Lebanese state rather than radically transform it, since it already works well for the organization. There are signs, however, that Hizballah and the Amal Movement, the Shi'i coalition partner with which Hizballah works closely, are pushing for Lebanon to deepen its formal ties with the "resistance axis" — which include the Asad regime in Syria, Shi'i militias in Iraq, and the Islamic Republic of Iran — to resolve the current crisis without having to turn to Western institutions for financial loans that require increased transparency and rule of law.<sup>6</sup>

### **Lebanon's Current Economic and Political Crises**

In June, the World Bank warned that Lebanon was facing one of the world's worst financial crises since the mid-nineteenth century, arguing that the economy may shrink by more than 10 percent in 2021, following a 20 percent reduction in 2020. Per capita Gross Domestic Product (GDP) in U.S. dollars has already fallen by 40 percent since 2018, and the debt to GDP ratio reached 174 percent at the end of 2020.<sup>7</sup> Furthermore, the Lebanese Pound has over 90 percent of its value since October 2019, when widespread popular unrest broke out leading to the resignation of Sa'ad Hariri as Prime Minister.<sup>8</sup> Foreign and local currency withdrawals have been severely limited by the Lebanese state since October 2019 due to the financial and liquidity crisis. Allegations of corruption and unethical lending practices by private banks to the Central Bank in order to finance government debt have plagued the financial system.<sup>9</sup> However, it should be added that the souring of Saudi support for

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<sup>4</sup> Michael Young, "[Building on Lebanon's Ruins.](#)" *Diwan*, Carnegie Middle East Center, June 15, 2021

<sup>5</sup> "[Hezbollah identified with Lebanon's corruption, faces public anger.](#)" *Arab Weekly*, August 20, 2020.

<sup>6</sup> See for instance, *al-Bawaba Business*, "[Lebanon Seeks Economic Cooperation With Syria That Is Aligned With Caesar Act.](#)" July 15, 2021 and, *MTV News*, "[Berri Meets with Amal Movement Delegation following Teheran Visit.](#)" August 9, 2021.

<sup>7</sup> "[Lebanon Economic Monitor: Lebanon Sinking \(to the top 3\).](#)" *World Bank Group: Middle East and North Africa Region*, Spring 2021, 7.

<sup>8</sup> "[Lebanon hikes fuel prices by more than a third as consumers reel.](#)" *Al-Jazeera*, June 29, 2021.

<sup>9</sup> "[Lebanon: Citizens cannot access money in banks since late 2019.](#)" *Middle East Monitor*, February 27, 2021.

Lebanon, which began informally in 2013 with Hizballah's backing of Bashar al-Asad in the Syrian war, contributed to Lebanon's liquidity crisis. In 2016, Saudi Arabia officially halted its promised \$3 billion aid package after Lebanon failed to condemn Iran's attack on the Saudi diplomatic mission there.<sup>10</sup> It took some time for Lebanon to realize that Saudi money was not coming back,<sup>11</sup> but the message became clear when Sa'ad al-Hariri found himself detained in Saudi Arabia in November 2017. The Lebanese government blocked the publication of an International Monetary Fund (IMF) report for the 2017-2018 period,<sup>12</sup> which raised even more red flags, until finally it became clear to all observers and investors that Lebanon's banking sector was in crisis leading to a flight of dollars from the economy as those with significant savings rushed to send their money abroad. While the Lebanese pound has been pegged to the dollar at 1,507 since 1997, the currency currently trades at approximately 20,000 pounds per dollar on the black market.<sup>13</sup> Because of extreme currency devaluation, inflation has soared, causing dramatic price increases that affected everyday activities.<sup>14</sup> For example, the price of street foods, such as the Lebanese *manoucheh*, a simple meal that was once seen as a cheap option for families but has increased nearly tenfold in price.<sup>15</sup>

The crisis has been felt most acutely by Lebanese people who were used to a relatively stable middle-class lifestyle. Students have struggled to attend school, and the country's educational system has been damaged by the twin effects of the coronavirus pandemic and the economic crisis. Even basic imports have been unaffordable. Paper, for example, which students need to take their exams, has not been available. Students and teachers have struggled to make their daily commute to school as buses and other forms of public transportation have been limited. This lack of basic goods and services, along with the devaluation of salaries paid in Lebanese currency, has led to a mass exodus of valuable human capital.<sup>16</sup> Approximately 4,200 people have left

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<sup>10</sup> Laila Bassam, John Davidson, and Mostafa Hashem, "[Saudi Arabia halts \\$3 billion package to Lebanese army, security aid.](#)" *Reuters*, February 19, 2016.

<sup>11</sup> Maha Yahya, "[Lebanon: Not Expecting Gulf Aid to Come Back.](#)" Carnegie Middle East Center, June 9, 2020.

<sup>12</sup> "[Understanding the Lebanese financial crisis.](#)" *Financial Times*, December 20, 2019.

<sup>13</sup> "[Several injured in Lebanon protests over plunging currency.](#)" *Al-Jazeera*, June 27, 2021; Laila Bassam and Tom Perry, "[Lebanon's Mikati says he hopes for a faster pace towards government.](#)" *Reuters*, August 2, 2021.

<sup>14</sup> Mohammed Hussein, "[Infographic: How much do basic necessities cost in Lebanon?](#)" *Al-Jazeera*, April 12, 2021.

<sup>15</sup> Robert McKelvey, "[As economic crisis wears on, Lebanese can't even afford manoucheh.](#)" *Al-Jazeera*, June 4, 2021.

<sup>16</sup> Nada Homsy, "[I Don't Want This Fate For My Children': Lebanese Leave Amid Growing Crisis.](#)" *NPR*, October 9, 2020.

Lebanon per day following the Beirut Port explosion.<sup>17</sup> These departures included medical personnel, as the American University of Beirut Medical Center's emergency department has lost 5 of its 12 physicians and more than 65 nurses since July 2020.<sup>18</sup>

Poor policy choices, rampant corruption, and widening economic inequality have led to increased popular anger and protests in the Lebanese streets. Chants of "Killon ya3ni Killon" or "All Means All" in Arabic indicate a populist backlash against the country's political elites and oligarchs, as well as more subtly, at Hizballah.<sup>19</sup> Since 2019, protests have turned violent, with crowds more recently attempting to break into the Central Bank and the homes of several politicians.<sup>20</sup> On August 4, 2021, the one-year anniversary of the Beirut Port explosion, civilian protesters clashed with police in central Beirut, with police firing tear gas and beating demonstrators with batons.<sup>21</sup> Some citizens have been openly calling for violence against politicians in response to the government's negligence that led to the explosion. Human Rights Watch has called for a U.N. investigation into this incident, citing a growing amount of evidence that Hizballah and Syrian agents were involved in acquiring and storing the 2,754 tons of ammonium nitrate that exploded and killed over 200 people, injured thousands, and devastated a large part of Beirut.<sup>22</sup> A report produced by the U.S. Federal Bureau of Investigation (FBI) estimates that about 552 tons actually exploded (based on mathematical calculations of the blast damage) in the blast, leaving open the possibility and even likelihood that up to 2,200 tons were already removed from the port between 2014 - 2020. This lends credence to the theory that some of it may have been used as explosive material in the Syrian regime's barrel bombs.<sup>23</sup>

In addition to the bloodshed and devastation, the 2020 port explosion deepened the economic and political crisis. The government that had been formed by Hassan Diab in February 2020 resigned on August 30, and Sa'ad Hariri was again chosen to form a government even though he had resigned in December 2019 following anti-

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<sup>17</sup> Diana Hodali, "In [Lebanon... One crisis follows the next](#)," *Deutsche Welle*, June 19, 2021.

<sup>18</sup> Ben Hubbard, "[Collapse: Inside Lebanon's Worst Economic Meltdown in More Than a Century](#)," *New York Times*, August 4, 2021.

<sup>19</sup> Nadim Shehadi, "[All Mean's All's message to Lebanese leaders: Get lost](#)," *Arab News*, June 20, 2021.

<sup>20</sup> "[Lebanon Protests](#)," *Human Rights Watch*; "[Several injured in Lebanon protests over plunging currency](#)," *Al-Jazeera*, June 21, 2021.

<sup>21</sup> "[Lebanon police, protesters clash on Beirut blast anniversary](#)," *Al-Jazeera*, August 4, 2021.

<sup>22</sup> "['They killed us from the inside': an investigation into the August 4 Beirut Blast](#)," Human Rights Watch (HRW), August 3, 2021.

<sup>23</sup> The report which was completed in October 2020 was not released to the public, but was shown to several news outlets, including Reuters, "[FBI probe shows amount of chemicals in Beirut blast was a fraction of original shipment](#)," *Reuters*, July 30, 2021.

government demonstrations. However, on July 15, 2021, after nine months of attempting to form a Cabinet that Hizballah and its allies would accept, Hariri finally gave up.<sup>24</sup> On July 26, President Michel Aoun named billionaire Najib Mikati as the prime minister-designate, a longtime partner of businessmen in Syria,<sup>25</sup> who was immediately endorsed by the Shi'i Amal Movement and Hizballah. On September 10, Mikati's Cabinet was approved by President Aoun, making Mikati prime minister for the third time since 2005.<sup>26</sup> President Aoun declared on September 13 that the resumption of a functioning government should lead to a new round of talks with the IMF in order to prevent further social and economic collapse.<sup>27</sup> Many of the members of Mikati's new Cabinet are not well known in Lebanon, and includes just one woman. Hizballah is slated to lose the Public Health ministry in the new government; however, it will receive Public Works, Transportation, and Agriculture ministries.<sup>28</sup>

### **Hizballah's Role in Lebanon**

There is little concrete evidence that directly links Hizballah to the current financial crisis.<sup>29</sup> Nor is it accurate to explain the economic crisis as the result of sanctions related to Hizballah and the Asad regime in Syria, even though Hassan Nasrallah and Jebran Bassil have made such claims.<sup>30</sup> The United States designated Hizballah as a terrorist organization in 1997, leading to a variety of targeted sanctions on its leaders throughout Lebanon. These sanctions have led to the closure of two banks, bans on the use of Paypal and other electronic payment applications, and the closure of thousands of accounts of individuals linked to Hizballah financing. These sanctions have also limited Hizballah's role in the country's official financial system. More

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<sup>24</sup> Sarah Dadouch, "[Lebanese prime minister-designate resigns after nine months of gridlock.](#)" *The Washington Post*, June 15, 2021.

<sup>25</sup> Hassan M. Fattah, "[Pro-Syrian Legislator is Named Lebanon's Next Prime Minister.](#)" *New York Times*, April 16, 2005. He was also the prime minister when the Moldovan-owned Rhosus first docked in Beirut with the ammonium nitrate in November 2013, as well as when its contents were offloaded into Hangar 12 in early 2014 (So far, no one has proven that he was involved in that).

<sup>26</sup> Kareem Chehayeb, "[Lebanon: Najib Mikati named new prime minister-designate.](#)" *Al-Jazeera*, June 26, 2021.

<sup>27</sup> Ghassan Saud, "[Does the outside a government in Lebanon now today? \[Arabic\].](#)" *al-Mayadeen*, July 28, 2021; Nazih Osseiran, "[Lebanon Nominates Former Prime Minister Najib Mikati to Form Government.](#)" *The Wall Street Journal*, July 26, 2021.

<sup>28</sup> Sami Moubayed, "[Here's what political balance of Lebanon's new Cabinet Means.](#)" *Gulf News*, September 11, 2021.

<sup>29</sup> For instance, Raghida Dergham, "[How Hizballah is pushing Lebanon to the brink of economic collapse.](#)" *The National* (UAE), (updated) July 4, 2021.

<sup>30</sup> For a detailed explanation for why Lebanese elites rejected the Lazard Plan, see Zak Brophy and Ali Nouredin, "Driving Disaster: Lebanon's Shadow Financial Plan," *Triangle Policy Paper*, June 2021, the pdf can be downloaded in English or Arabic, [here](#).

broadly, international investors, whether in North America, Europe, or East Asia, are generally wary of investing in a country that is both targeted by U.S. sanctions and known for political dysfunction at every level.<sup>31</sup> Since early 2020, the IMF and other financial institutions, including Lazard Capital Markets, have been trying to work out a deal to lend Lebanon the foreign reserves it needs to stabilize its currency and the economy, but political infighting and the Lebanese elite's refusal to accept banking reforms and increased transparency scuttled the deals.<sup>32</sup> On August 4, 2021, the IMF announced it was providing Lebanon with a Special Drawing Rights (SDRs) aid package worth \$860 million as long as there was transparency in spending it;<sup>33</sup> however, this package was far less than the original \$10 billion loan Lebanon asked for in early 2020 and does not begin to address the additional costs involved in repairing the damage from the Beirut Port explosion.

Lebanese political dysfunction, including the failure to form a new Cabinet for more than one year is at least to some extent caused by Hizballah's double-game. On the one hand, it professes to play by the rules of the Lebanese government and the rule of law like other parties, but on the other hand, it uses intimidation and threats behind the scenes to manipulate government officials in line with its interests. The public is rarely informed of the reasons why the president rejects a certain Cabinet proposal offered by the Sunni prime minister. The Maronite leader of the largest party, the Free Patriotic Movement, Jبران Bassil, who is also the son-in-law of President Aoun and expected to become the next president, openly admitted that his "good friend" Hassan Nasrallah was going to determine who sits in the next Cabinet in a press conference in June.<sup>34</sup> This admission was likely an uncomfortable moment for Hizballah, which prefers not to be publicly named as a factor in the Cabinet formation, given that the law states the prime minister must be Sunni and the president who confirms the Cabinet has to be Christian.

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<sup>31</sup> For push back on the notion that Lebanon is "under siege" see Noam Raydan, "[Does Lebanon Really Need Iranian or Iraqi Fuel Supplies?](#)" *Forbes*, July 27, 2020; Paul Cochrane, "[The US's long financial war on Hezbollah- and Lebanon.](#)" *Middle East Eye*, November 19, 2020.

<sup>32</sup> "[Lebanon: Hezbollah does 'not accept' IMF managing economic crisis.](#)" *Al-Jazeera*, February 25, 2020; Ben Hubbard and Liz Alderman, "[As Lebanon Collapses, the Man with an Iron Grip on Its Finances Faces Questions.](#)" *New York Times*, August 4, 2021.

<sup>33</sup> Note that the Lebanese government is currently trying to increase the \$860 million figure by including SDRs from 2009, which the IMF may agree to in the coming weeks. Deena Kamel, "[Lebanon to receive \\$1.35 billion from the IMF.](#)" *The National News [UAE]*, September 13, 2021.

<sup>34</sup> "Bassil à Nasrallah: "[J'accepte ce que vous acceptez pour vous-même.](#)" *L'Orient Le Jour*, June 20, 2021.



Hizballah's base of support includes a growing number within the Shi'i community, to which it provides welfare aid, social programs, infrastructure assistance, and political support.<sup>35</sup> While the group is reliant on its Lebanese supporters for political strength, the group receives approximately \$700 million in Iranian aid each year, providing the group with arms, technology, strategic guidance, and other services.<sup>36</sup> Hizballah is able to influence the government through its Shi'i network, which includes Nabih Berri, who has served as the speaker of the Lebanese Parliament since 1992. Berri is the leader of the Amal Movement, and his personal ties to Hizballah Secretary-General Hassan Nasrallah date back to at least 1982 when Nasrallah first broke away from Amal to help form Hizballah under the direct control of the Islamic Revolutionary Guards Corps (IRGC).<sup>37</sup>

Indeed, Hizballah was founded by Iran, and continues to be linked intrinsically to Iranian foreign policy. On a practical level, this involves turning Lebanon into a market for Iranian goods as well as a base for illicit trade with Syria (as noted above with the ammonium nitrate). In response to price increases and the shortages of goods such as food and medicine, Hizballah has opened several supermarkets called Al-Nour Depot in the southern Lebanon, selling cheaper Iranian and Syrian goods to Lebanese consumers. Payments for subsidized goods are made through a special shopper's card, like the ones provided by the Syrian government in an attempt to stave off inflation.<sup>38</sup> Hizballah has been accused of smuggling fuel into Syria, where it also maintains fuel stores, deepening Lebanon's fuel shortage that is due to a lack of foreign currency reserves.<sup>39</sup>

Hizballah has expanded its al-Qard al-Hassan Association, an Islamic bank that is considered to be a non-profit charity organization that distributes small loans in dollars to around 300,000 people, most of whom are presumed to be Hizballah's supporters. Furthermore, Hizballah pays its fighters in U.S. dollars, a valuable commodity as the state's foreign reserves remain quite low. Thus, Hizballah has succeeded in expanding its parallel resistance-economy, increasing Shi'i trust in the

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<sup>35</sup> Bilal Y. Saab, "[Hezbollah Amid Lebanese Collapse](#)," *Lawfare*, February 21, 2021.

<sup>36</sup> "[Outlaw Regime: A Chronicle of Iran's Destructive Activities](#)," *Iran Action Group: U.S. Department of State*, 2020, 14.

<sup>37</sup> Nicholas Blanford, introduction, 1-13 in Nicholas Noe, ed, *Voice of Hezbollah: The Statements of Sayyed Hassan Nasrallah*, Ellen Khoury trans., (London, 2007: Verso).

<sup>38</sup> Rohan Advani, "[Smart cards for rationing how the Syrian government is outsmarting accountability](#)," *Syria Direct*, February 17, 2020.

<sup>39</sup> Sarah Dadouch and Nader Durgham, "[Smugglers are partly behind Lebanon's energy crisis. The Army is struggling to stop them](#)," *The Washington Post*, July 5, 2021.

organization, during a time in which the formal institutions of state are crumbling.<sup>40</sup> Since 2013, Hizballah has also been involved in producing and shipping the drug Captagon from Syria to other parts of the Middle East and Europe.<sup>41</sup> Due to the capture of large shipments in Saudi Arabia packed into pomegranates, for instance, all Lebanese produce is now banned there.<sup>42</sup> One estimate of the total sales of Captagon produced in Syria based on the amount of captured pills are as high as \$16 billion annually.<sup>43</sup>

Given the deadlock between Lebanon and international lenders, Hizballah is encouraging Lebanese economic cooperation with Syria and Iran as a solution to Lebanon's economic crisis. For example, in response to the country's burgeoning fuel crisis, Hizballah has urged Lebanon to import Iranian fuel.<sup>44</sup> Furthermore, Hizballah also imports inexpensive clothes and smuggles inexpensive drugs and medical products from Syria. These items are manufactured in Iran, and distributed to Hizballah pharmacies, such as the Al-Mortada chain.<sup>45</sup>

Despite publicly contending that its social programs are non-sectarian, past studies have shown that they do in practice tend to block non-supporters from access to key goods and services.<sup>46</sup> Other reports have claimed increased economic and social divisions between top Hizballah supporters and other Lebanese Shi'a who do not directly serve the organization.<sup>47</sup> Shi'i demonstrations against Hizballah have increased in recent months, causing a surge in political killings, such as the

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<sup>40</sup> Bassem Mroue, "[Amid crisis, Hezbollah 'bank' a lifeline for some Lebanese.](#)" *Associated Press*, January 27, 2021.

<sup>41</sup> Moran Levanoni, "[Captagon and Syria's Drug Economy.](#)" *Tel Aviv Notes*, December 27, 2015; Max Kravitz and Will Nichols, "[A Bitter Pill to Swallow: Connections between Captagon, Syria, and the Gulf.](#)" *Columbia Journal of International Affairs*, May 18, 2016.

<sup>42</sup> Kareem Chehayeb, "['Huge Disaster': Lebanese Farmers Decry Saudi Arabia Produce Ban.](#)" *Al-Jazeera*, April 28, 2021.

<sup>43</sup> *COAR-Global*, "[The Syrian Economy at War: Captagon, Hashish, and the Syrian Narco-State.](#)" April 27, 2021. It should be noted that the research admits the actual profits to the producers is likely much lower as this is based on the street values of the drug. Also, it is not known how much Hizballah makes and how much goes to other players in the war economy of Asad-controlled Syria.

<sup>44</sup> *Reuters* "[Lebanon's Hezbollah Says Logistics Ready for Iranian Fuel Imports.](#)" (republished by) *U.S. News & World Report*, June 25, 2021.; Laila Bassam and Nafisa Eltahir, "[Hezbollah arranges Iranian fuel for Lebanon.](#)" *Reuters*, August 19, 2021.

<sup>45</sup> "[Hezbollah's response to the economic crisis in Lebanon.](#)" *The Meir Amit Intelligence and Terrorism Information Center*, January 4, 2021.

<sup>46</sup> Melani Cammett, "[Sectarianism and the Ambiguities of Welfare in Lebanon.](#)" *Current Anthropology* 56:S11 (October 2015), S76-S87.

<sup>47</sup> Randa Slim, "[economic crisis has widened gap between 'Hezbollahis' who are on Hezb payroll & majority of Shia in #Lebanon.](#)" *Twitter*, July 1, 2021.



assassination of Lokman Slim, a vocal anti-Hizballah activist on February 4, 2021.<sup>48</sup> Thus, while Hizballah significantly aids its supporters across Lebanon, the organization also contributes to increased social division and economic inequality, isolating non-Hizballah supporters and further damaging their quality of life.

## **The Future of Lebanon**

There are at least three ways in which Hizballah is poised to benefit from the current situation: First, if Lebanon decides to increase its imports from Syria, Hizballah will profit; second, if Lebanon adopts a ration-card system for basic goods for citizens; and, third, as noted above, Hizballah will be the broker, if Lebanon finds a way to import Iranian fuel on a large scale. Hassan Diab, the caretaker prime minister, in fact, has met with other Lebanese officials and sent a delegation to Syria to consider the first and second as potential moves.<sup>49</sup> Hizballah already has a rations “smart card” that allows families to purchase basic goods from their own special stores, and the Lebanese caretaker government, which is on its way out has promised to implement a limited quantity of dollar-based rations cards in the near future.<sup>50</sup> Syria, likewise, also uses a smart card system for those under regime control who currently wait in long bread lines to meet their own basic needs. Diab claims that further economic cooperation with Syria could be done in a way that does not run afoul of the U.S. Caesar Act sanctions.<sup>51</sup> However, even if there are legal ways for Lebanon to do this, it will further tie Lebanon to the Asad regime, and to the Syrian economy, which has few prospects for long-term economic recovery as long as Asad remains in power. Lebanon's fuel shortage is the area most likely to be helped by greater cooperation with other countries in the “resistance axis” – namely, Iraq or Iran. However, proposals such as the construction of a pipeline from Egypt to Lebanon via Syria would both violate the Caesar Act and likely prove inefficient. This kind of large infrastructure project would not help Lebanon's immediate electricity shortages, which are caused by a lack of fuel.<sup>52</sup> In sum, while Iran would like to expand Hizballah's economic role in the axis of the resistance, so far, the various economic

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<sup>48</sup> Bilal Y. Saab, [“Hezbollah Amid Lebanese Collapse.”](#) *Lawfare*, February 21, 2021.

<sup>49</sup> [“Diab Chairs Meeting on Ration Card.”](#) *National News Agency*, July 15, 2021; SMM Syria, [“#Lebanon’s Prime Minister Hassan Diab met with a number of ministers to discuss setting an agenda for an official visit of Lebanese ministers to #Syria.”](#) *Twitter*, July 15, 2021.

<sup>50</sup> Kareem Chehayeb, [“Lebanon launches cash card programme. Who will it really benefit?”](#) *Al-Jazeera*, September 9, 2021.

<sup>51</sup> [“Lebanon Seeks Economic Cooperation with Syria that is Aligned with Caesar Act.”](#) *Al-Bawaba*, July 15, 2021; Steven Heydemann, [“The Caesar Act and a pathway out of conflict in Syria.”](#) *Brookings*, June 19, 2020.

<sup>52</sup> Simon Watkins, [“Iran Uses Iraq to Tie Lebanon into Massive Power Plan,”](#) *Oil Price*, August 3, 2021.

schemes that have benefited Hizballah have tended to harm Lebanon and, pending investigations into the Beirut Port explosion, perhaps far more than is currently known.

*Sarah Cahn, who is B.A. student at Haverford College, was an intern at the [Moshe Dayan Center \(MDC\) for Middle Eastern and African Studies, Tel Aviv University](#) from May through August 2021.*

*[Joel D. Parker](#) is a Researcher at the [Moshe Dayan Center \(MDC\) for Middle Eastern and African Studies, Tel Aviv University](#).*

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