



## A Strategy to Contain Hezbollah Ideas and Recommendations

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Image: Hezbollah secretary-general Hassan Nasrallah addresses a crowd by video to mark the Ashura festival, August 19, 2021. REUTERS

Lebanon is not collapsing because it lacks a government or because enacting reforms is too difficult. Rather, it is collapsing because its political and financial elites refuse to undertake the decision to implement reforms. Instead, they want the next government to look exactly like its predecessors so that it can guarantee the status quo and preserve the corruption at the heart of the country's politics. Since shortly after the devastating explosion at Beirut's port in August 2020, an interim government has ruled Lebanon, and the country's entrenched actors have failed to make the compromises necessary to allow the deep political-economic reforms that could facilitate a pathway out of the national crisis. The worsening economic situation has produced alarming rates of child hunger, falling wages paired with unaffordable prices for basic goods, and rising desperation across the Lebanese demographic spectrum.<sup>1</sup>

Operationally, the road map for resolving Lebanon's crisis is clear. It has been laid out with great specificity by numerous international conferences, defined as requirements for aid packages, and integrated into strategies by international and local actors alike. The road map includes a fundamental restructuring of the country's economic, financial, judicial, and electoral systems, to be implemented by a new government whose twin tasks are to oversee these reforms and to hold parliamentary elections in May 2022. This is a long and complicated process, but it is doable. The only requirement is political will; without that, rescuing Lebanon is mission impossible.

Since the protests that shook Lebanon in October 2019—and despite multiple international efforts and initiatives for Lebanon—the country's political class has displayed enormous will in the opposite direction. Indeed, it has been remarkably unified in its resistance to this road map for reform, opposing any compromises to save Lebanon from what could become state failure. The term *political class* has special relevance to Lebanon in that it has become a common target for all the country's opposition movements. Indeed, the main cry of the 2019 protests that saw hundreds of thousands of Lebanese of all sects and political trends take to the streets was “All of them!”—reflecting the sentiment that every political figure, leader, and sector in the country bore responsibility for Lebanon's dire situation.

But “All of them!” actually glosses some very important specifics in the Lebanon crisis. While many actors in the national system deserve blame, the undoubted principal culprit—the country's main decisionmaker and the most effective defender of the corrupt status quo—is Hezbollah.

For the “Party of God,” corruption is high policy. Through corruption, Hezbollah weakens state institutions and builds allegiance in Lebanese communities to its political bloc and sect rather than to the state. Hezbollah prefers a Lebanon that looks more like the Shia community it has worked so hard to isolate: a Lebanon that lacks diversity, freedom, and agency. Transforming citizens into dependent

followers loyal to sectarian leaders works perfectly well for Hezbollah, allowing the group to both claim total control of the Shia community and to form alliances with other Lebanese sects and groups. Hezbollah did not devise this strategy on its own, of course—using corruption as a tool to hold political power has been nurtured by Iran, Hezbollah's sponsor, in all the countries where it has proxies.

When in 2018 Hezbollah won parliamentary elections, formed a government with its allies, and engineered the election of its ally Michel Aoun as president, the group became the glue holding together the country's political class.<sup>2</sup> Despite a series of upheavals—the protests of 2019, the resignation of the Hariri government in October of that year, the cataclysmic August 2020 Beirut port blast that triggered the resignation of Prime Minister Hassan Diab's government, the French reform initiative of September 2020,<sup>3</sup> and the imposition of U.S. sanctions on Hezbollah's allies in November 2020<sup>4</sup>—the organization made sure nothing would alter the system that protects its power.

Even if outside actors manage to impose their will on Lebanon and compel some reforms and elections, the fundamentals in the country are unlikely to change, because Hezbollah has a plan for that, too. As the most powerful organization in the country—far better armed than the Lebanese Armed Forces (LAF)—Hezbollah is ready to protect by military might what it has preserved through a corrupt political system. This is precisely what Hezbollah did when it lost the 2005 and 2009 parliamentary elections, using its arms against fellow Lebanese and forcing the majority so-called March 14 coalition—formed in 2005 after Lebanon's Cedar Revolution—to assemble unprecedented national unity governments. By brandishing its weapons, it defined a new “win or lose” political reality: when Hezbollah wins, it governs; when it loses, it still governs.

With Hezbollah's guns trained on the Lebanese people, efforts to promote democracy, elections, or reforms will always hit a wall. In the meantime, the people of Lebanon grow more desperate, as do the

international actors poised to save the country from the abyss if only its leaders would bend. Breaking this cycle will not be achieved by one more round of pleading with the “political class,” by one more attempt to form a “technocratic government,” by one more appeal by global leaders. For international actors, it is indeed a mistake to focus on technical questions associated with implementing reforms and addressing the economic crisis. All international attempts in the past two years to pressure the political leadership to implement reforms and form a government have failed.<sup>5</sup> The technical discourse, for its part, plays into Hezbollah’s hands because it directs attention away from the group itself, the real obstacle to change in Lebanon. Rather, the most important question that the United States and other friends of the Lebanese people must answer is how to limit and undermine Hezbollah’s dominance.

Only undermining Hezbollah can open space for reforms, political change, and accountability, shaking the immunity the group provides to corrupt figures. Likewise, breaking the bond between Hezbollah and non-Hezbollah figures will make the latter more vulnerable and open to compromise. This all being said, curbing Hezbollah’s power will not be easy. As with so many challenges in the region, it must be part of a larger U.S. strategy that pushes back against Iranian influence, including in Lebanon, and seeks to weaken the pillars of strength that Hezbollah has erected over the past four decades.

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## Hezbollah’s Three Pillars

The three pillars on which Hezbollah’s power rests are its military arsenal, its allies, and the Shia community. Over the past forty years, the organization has invested all its resources in building and reinforcing these pillars. Yet despite

all that effort, the pillars are teetering, under both internal and external pressure.

Lebanon’s Shia community represents Hezbollah’s main strength and main weakness alike. Without this community, the group cannot recruit fighters or protect itself with a political and material support base, and that is exactly why Iran has spent as much of its resources since the 1980s on the Shia base as on Hezbollah’s military strength. But the Shia community today has become deeply divided over Hezbollah’s mission and vision. In fact, the elements of Hezbollah’s Shia support—the resistance narrative, provision of jobs and services, and Shia identity—are all buckling due to both Lebanon’s and Hezbollah’s financial and political crises.

There is no doubt that the Party of God is still financially stronger than other Lebanese parties—given its access to hard currency, smuggling operations, and drug trafficking—despite all its economic challenges and Iran’s inability to fund the group as it did prior to the imposition of U.S. sanctions in 2018.<sup>6</sup> But Hezbollah has since had to make major budget shifts affecting its social services, military operations, businesses, and recruitment mechanisms.

Since Iran shrank its support to Hezbollah as a direct result of the sanctions, the organization has implemented a series of austerity measures that chipped away at its position as protector of Lebanon’s Shia community. This started with pay cuts to employees in Hezbollah’s media, education, medical, and military systems. Nonmilitary employees reportedly received just 50 percent of their salaries,<sup>7</sup> and were eventually paid in Lebanese pounds,<sup>8</sup> a currency that has lost about 95 percent of its value in the past year. Hezbollah has also closed about a thousand offices and housing complexes for its employees throughout Lebanon, merged many of its institutions, and frozen all hiring. The group’s social services allocation has decreased sharply, from 50 percent of its budget to just around 20 percent, according to a Hezbollah medical employee who recently quit his job.

The expenses it has incurred in Syria and elsewhere in the region have also damaged the group's finances.<sup>9</sup> As for Hezbollah's allies, without the direct partnership of Michel Aoun's Free Patriotic Movement and Nabih Berri's Amal Party and the indirect support of the political organizations of Saad Hariri and Walid Jumblatt—both of whom have shown an inclination to compromise to maintain their positions and financial strength—Hezbollah could not have enjoyed a parliamentary and government majority or arranged Aoun's election as president. This pillar is also shaking following the massive 2019 street protests and the U.S. imposition of sanctions based on the Global Magnitsky Act, which targets corrupt political figures.<sup>10</sup>

The third and most important pillar of Hezbollah's power—its military assets—includes precision-guided missiles and a robust fighting force. Notwithstanding the group's multiple challenges, it has maintained a budget aimed at preventing losses to its military infrastructure. But this pillar, too, has been unsteadied—and today the perceived threat of Hezbollah military force, sponsored as always by Iran, exceeds the reality of the group's assets. U.S. sanctions on Iran have presented Hezbollah with serious difficulties in developing its arsenal, but maintenance of a coherent, disciplined, ideological force poses the larger problem. Over the past decade, the previously formidable force has grown fragmented and disorderly. Without proper funding and other resources, Hezbollah cannot carry out the rehabilitation process it requires, and the group dares not use its weaponry for fear that Iran will be unable to resupply it, given the impact of sanctions on its finances. This explains why Hezbollah's leadership keeps threatening war against Israel but never actually retaliates against Israeli attacks on its personnel and military bases in Syria or Lebanon.

Hezbollah's unenviable situation can thus be summed up like this: corrupt allies, a financial crisis that has prevented the group from sustaining its

vaunted network of social services—medical, educational, and charity institutions in particular—and resistance rhetoric with less resonance for its constituents. The group's previously loyal support base, in turn, finds itself at a crossroads of identity, collective awareness, and allegiance. For those who value a strong Lebanon, the current situation presents a major policy opportunity: to increase pressure on Hezbollah and its allies, while establishing lines of communication and support with Shia groups—specifically, the business community—that want to emerge from the group's shadow.

For Hezbollah, the perceived solution to the group's crisis lies in Vienna, where U.S.-Iran negotiations are aimed at rehabilitating the 2015 Joint Comprehensive Plan of Action, as the Iran nuclear deal is known. Such a development, the Lebanese group hopes, will result in lifted sanctions on the Iranian economy, opening the floodgates to substantial financial support to Tehran's principal Arab proxy. With the rest of the Lebanese system foundering, in this view, Hezbollah would firm up its position as the country's most powerful institution. Indeed, given the precipitous fall of the Lebanese pound, every dollar Hezbollah receives from Iran would be worth some twenty times its value just two years ago.

But more generous Iranian funding is not likely to be a panacea for Hezbollah's systemic challenges. Even if Hezbollah managed to revive its social service institutions, it would take many billions of dollars—much more than Iran would ever send—to address the financial rot in the Lebanese state. In addition, the discontent within the Shia community requires more than money to be mended—it will take time to regain the trust and loyalty of disaffected Shia. The nuances of this discontent and the emergence of a nontraditional Shia opposition open up possibilities for new policy tools—but these tools must similarly be nontraditional, shaped for the community it seeks to address.

## Hezbollah's Waiting Game

Until a new U.S.-Iran deal emerges in Vienna, Hezbollah has decided it will manage Lebanon's political, financial, and social crisis rather than allow any effort to resolve it. With its allies in conversation with the international community, Hezbollah has moved to block the formation of any government that could lead to reforms. In the group's view, a collapsed Lebanon under its control is preferable to a recovered Lebanon out of its control. Managing the crisis also means benefiting from it by using uncontrolled borders to increase smuggling operations and exploiting corruption to amplify illicit drug production and trafficking. Along the way, Hezbollah is demonstrating continued indifference to the country's humanitarian crisis—evident in its continued smuggling of subsidized goods desperately needed by the people.<sup>11</sup> Hezbollah in actuality welcomes the humanitarian crisis, which distracts from the group's role in Lebanon's collapse, and the brain drain—which thins the ranks of educated elites and weakens the overall challenge to Hezbollah's power.<sup>12</sup>

Hezbollah knows that its core Shia constituency is increasingly restless, seeking stability, security, and economic opportunity. Until the group has the money to reinvigorate its social services, it will rely on threats, violence, and assassinations to silence dissidents. The February 2021 killing of Lokman Slim—a fearless critic and a Lebanese Shia who was murdered with impunity despite having extensive international connections—was a clear message. Threats, however, cannot mask the growing hostility and alienation of many Shia toward Hezbollah.

The group, seeking to bolster its financial prospects since the U.S.-imposed sanctions on Iran in 2018, has tapped alternative sources. After increasing its control over state institutions in the 2018 parliamentary elections, for example, Hezbollah seized direct control over Lebanon's Ministry of Health, which commands the state's fourth-largest

budget line item and apportions most of its funds directly to the public. Authority over this ministry gave Hezbollah an avenue to divert large sums to supporters harmed by the group's internal austerity measures; it also gave the group a medium to funnel Iranian pharmaceuticals to Lebanon. Hezbollah promotes and sells these Iranian drugs, often smuggled through Syria, in its own pharmacies. Most of the sellers and buyers involved in this unregulated, often illegal trade are close to Hezbollah's businesses and support networks, potentially allowing the group to emerge from the economic crash less damaged than other Lebanese entities. Hezbollah used these products to help a small subset of poor Shia families. Although the effort was quite modest, Hezbollah's media amplified it as a major initiative to help the Shia community during a crisis period—specifically, by highlighting the Hezbollah-owned al-Nour grocery chain and the al-Sajad card, a social security benefit that allows users to obtain discounts at the stores.<sup>13</sup> Al-Sajad cardholders receive free refills at 300,000 pounds per month (about US\$15, as of August 1), which is enough to make an impact in poorer communities.<sup>14</sup>

In December 2020, an official document leaked to the Lebanese press showed that the Health Ministry was sending more government funding to Hezbollah's hospitals than all other hospitals across Lebanon combined.<sup>15</sup> For example, al-Rasoul al-Azam, a hospital in Dahiya—in the southern suburbs of Beirut—received almost as much financial support as that allocated to the city's three most prominent hospitals: American University of Beirut Medical Center, St. George Hospital, and Hotel-Dieu de France. In raw numbers, al-Rasoul al-Azam in 2020 received the equivalent of \$9.7 million (at the official exchange rate with the Lebanese pound, an increase of \$3.6 million from 2019; meanwhile the three major hospitals, all of which were affected by the Beirut port blast, received no more than \$10.8 million.

Beyond soaking the government through the Health Ministry, Hezbollah drew on its political allies to gain access to the Ministries of Public Works and

Transport, Agriculture, and Energy and Water, using the proceeds to fund its own projects and businesses. But the group does not always channel state funds directly to its institutions, instead sometimes using its influence in state institutions to benefit communities and fund operations. Under political pressure and enabled by corruption, ministries give profitable contracts to Hezbollah supporters, while municipalities fund projects that benefit Hezbollah and its supporters. For example, the Baalbek municipality has funded a number of events organized by Hezbollah in the city and some Dahiya municipalities paid for Hezbollah charity events in 2019.<sup>16</sup> But as the state's finances grew increasingly dire, bordering on bankruptcy, Hezbollah realized it would need to adopt a more sustainable strategy. Thus, it shifted from relying on state finances to state assets to promote its illegal operations such as smuggling and drug production. The increase in smuggling across the border with Syria and via the Beirut port has increased dramatically since the end of 2019—due to Hezbollah's ever-worsening financial crisis. Hezbollah diverted many of Lebanon's subsidized essential items, such as fuel, medicine, and food, to sell at higher prices for a profit abroad, resulting in shortages and a black market at home. During this period, drug production and trafficking flourished between Lebanon and Syria, two countries that increasingly seemed to be run by cartels.<sup>17</sup>

Hezbollah also exploited the national crisis to arrange for the import of huge amounts of Iranian products into Lebanon, which enter tax-free and are therefore very cheap. After Hezbollah launched its campaign to boycott American products in 2020,<sup>18</sup> many of its social media outlets started promoting Iranian goods as replacements. It is no secret that Tehran has been flooding the Lebanese market with various products for years and will likely accelerate these efforts amid ongoing financial pressures. Between 2017 and 2019, for example, Iranian steel imports to Lebanon reportedly jumped from a mere \$13,000 to \$1.4 million.<sup>19</sup>

On the retail front, Hezbollah opened three of its

al-Nour markets in southern Lebanon, two in the Beqa, and two in the Beirut suburbs. Each location is stocked with Iranian and Syrian products sold at lower prices than imported goods in rival supermarkets. Furthermore, the Hezbollah finance firm al-Qard al-Hassan installed ATMs in its southern suburban Beirut branches, reportedly facilitating for locals cash payments and loans without the restrictions experienced at conventional banks. Because al-Qard al-Hassan is neither a bank nor an official financial institution, it does not receive money from the Central Bank of Lebanon or any other state entity. Thus unregulated, it can set its own rules, cut its own deals, and otherwise boost Hezbollah's parallel economy and financial structure in a way that could eventually transform al-Qard al-Hassan into the country's only viable banking system.

Despite the limited scope of these and other Hezbollah initiatives, the group's crisis-management efforts appear to have easily surpassed those of every other Lebanese political party, civil society organization, and foreign assistance channel. The group's military structure, organizational expertise, access to alternative income sources, and unified media network enable it to pursue temporary strategies for surviving the current crisis, while also retaining independence from state institutions. In so doing, Hezbollah can preserve a measure of support from its core Shia community, while discouraging many Shia from joining any further rounds of public unrest.

Yet even if Hezbollah seems fairly well positioned to weather the storm, the Lebanese people—including the group's support base—are not. The group's effort to offset national shortages by providing supporters with food, household items, and medications does not extend to other pressing national needs, such as electricity, Internet service, inpatient hospital care, and employment. Lebanese Shia have felt a sharp, quick decline in their standard of living and know the main reasons behind it: the corruption and clientelism that Hezbollah staunchly defends.<sup>20</sup>

Since 2018, the financial and social gaps between the group's military and civilian employees have widened, in addition to the gap between Hezbollah members and the wider Shia community. The sense of inequality is exacerbating communal discontent, even as Hezbollah's limited social services could help the group maintain loyalty among its closest circles.

The al-Sajad card, despite Hezbollah's public relations efforts, exemplifies the group's challenges. According to residents of Dahiya, only Hezbollah members and employees have so far received the card and are allowed access to the al-Nour markets.<sup>21</sup> Sources add that Hezbollah officials have been preparing their high-ranking members and employees for a further worsening of Hezbollah's own finances, tracking with Lebanon's continuing national decline.<sup>22</sup> These preparations have been taking place on two levels. First, Hezbollah has been buying and hoarding essential items subsidized by the central bank, largely in private units in southern Lebanon and the Beqa.<sup>23</sup> Second, Hezbollah has been organizing special security units to handle expected protests, mainly in Shia areas, primarily aimed at preventing such protests from cutting off roads vital to Hezbollah operations, such as the Beirut-South highway and the airport road skirting Dahiya.

In short, the group's tools for providing social and humanitarian assistance are flawed, insufficient, and largely geared toward ensuring its own survival. This opens up opportunities to expose Hezbollah's weakness and empower its adversaries within the Shia community, thereby further chipping away at Hezbollah's dominance of Lebanon's Shia. Specifically, the international community should consider filling the gaps that Hezbollah cannot address, and providing an alternative network of services and aid via independent grassroots organizations. In Shia areas, now-prominent groups were spawned by the 2019 protests, such as "Independent Southerners" and "Southerners for Freedom."<sup>24</sup> If the international community fails to act, however, the Shia will continue to depend on Hezbollah for survival, strengthening the group and its enablers.

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## U.S. Policy vs. Iran Strategy in Lebanon

To further widen the gap between Hezbollah and the Shia community and to build long-lasting strategies to help the Shia move on to a new phase, the usual policy recommendation is to support *political* alternatives to Hezbollah. Sadly, this is not a viable approach, either within the Shia community or more broadly across Lebanon. In the wake of Lebanon's 2019 protests, political alternatives are taking a more complicated shape, and these are even more complex within the Shia community.

Traditional Shia families—e.g., the al-Asaad, al-Amin, and Husseini—longstanding opposition figures, and religious figures from the holy Shia city of Najaf, Iraq, all still wield some influence and ability to strengthen anti-Hezbollah rhetoric. Their clout, however, is diminishing and increasingly has been replaced by nontraditional groups whose members are younger, more entrepreneurial, and more social media savvy. Such groups are leaderless and do not constitute a single coherent entity—on the contrary, they are very different in background, form, organization, and mission and represent a range of trends within the Shia community.

These emergent groups, nevertheless, can be described in general terms: they are the business networks whose members want to set themselves apart from Hezbollah, the students who participated in the street protests, the social media activists capable of organizing online campaigns, and the young professionals who came of age after the Lebanese civil war (1975–90) and therefore did not witness Hezbollah's "divine victories" or hear the recounting of past glories. These groups and individuals are not intimately identified with Shia collective memory, and they look to a future free of *velayat-e faqih* (rule of the jurisprudent), the theocratic principle that grants ultimate authority to Iran's

Supreme Leader. Their primary concerns are economic and social rather than political or ideological. They yearn to be part of the change they know Lebanon needs, and traditional political parties do not appeal to them.

If supported and protected, these political alternatives could lead to change. Although not represented by a traditional leadership or party, these groups have established effective communication channels since the protests. But to date, the international community has not responded in kind. Regarding American's Lebanon policy specifically, it has largely emphasized security and humanitarian assistance.<sup>25</sup> Other efforts have been designed to impose sanctions on Hezbollah and, recently, some of its Lebanese political allies, such as Free Patriotic Movement leader Gebran Bassil and Amal parliamentarian Ali Hassan Khalil.<sup>26</sup> Washington has not invested much in soft power initiatives targeting Hezbollah's narrative and rhetoric, and when it has done so, the funds have gone to traditional sources focused on short-term plans with immediate results. What is missing is a concerted U.S. effort to counter Iran's (and Hezbollah's) soft power in Lebanon—and the time has never been more propitious to carry out such a program. The recent U.S. initiative to bring electricity to Lebanon using Egyptian natural gas is a step in the right direction.<sup>27</sup>

The U.S. assistance numbers also help tell the story: since 2010, such assistance to Lebanon has exceeded \$4 billion.<sup>28</sup> Mostly, these funds have gone to support Lebanon's security agencies, economic needs, good governance, and improvement of critical public services such as water sanitation and education. Washington has provided more than \$2 billion in bilateral security assistance to the LAF since 2006, and \$2.3 billion in humanitarian assistance since 2011, when the Syrian civil war began, mostly to support refugees and host communities. In addition, through the U.S. Agency for International Development, Washington has provided immediate assistance of \$41.6 million during the Covid-19 pandemic, and \$18 million in humanitarian aid following the August 2020 Beirut port explosion,

including more than \$15 million in USAID support for emergency response efforts. All told, the United States is by far the largest single donor state to Lebanon.

Iran has a different strategy. Rather than respond to immediate crises, it uses aid as a soft power tool to establish roots based on trustworthiness, reliability, and consistency. Throughout Hezbollah's many phases since its inception some forty years ago—and despite all the shifts and challenges it has faced—one priority has remained constant: to maintain the Shia community's trust, loyalty, and dependability. Most of Hezbollah's nonmilitary efforts have thus been aimed at creating and maintaining soft power initiatives. Iran understands that soft power nourishes roots and is difficult to reverse through wars or sanctions, and the only reason the dynamics between Hezbollah and the Shia community are shifting now is that these soft power tools are being challenged.

Hezbollah's Iranian backers have likewise learned that putting down roots in a community requires a long-term approach that transcends military might and financial power. So while the United States and Europe were investing in the old-fashioned political opposition, development programs via municipalities, and security assistance, Iran was placing its resources in nontraditional groups, educational and extracurricular programming, and tuition support; particular recipients included its network of al-Mahdi and al-Mustafa schools and Imam al-Mahdi Scouts.<sup>29</sup> Iran has also invested significantly in both traditional and social media networks, and created jobs for educated professionals to enrich the group's own business and professional community.

As this paper has already made clear, now is the time for the international community to adjust its soft power approach in order to weaken Hezbollah and its Iranian sponsors. Hezbollah's involvement in the Syrian war on behalf of the Assad regime, its corrupt abuses as Lebanon's dominant political party during a national economic meltdown, and a changed Shia community all present major

opportunities to diminish Hezbollah and promote a revitalized Lebanese society.

## Cracks Within Hezbollah's Constituency—and Policy Options

Lebanon's Shia community has experienced various stages and attendant challenges. Fissures have now opened up between Lebanese Shia and Hezbollah, and the subtleties of this dynamic offer distinct policy opportunities for international actors.

### The Widening Gap Between Hezbollah and the Shia Community

One discrete cause for the widening gap between core Hezbollah supporters and the rest of the Shia community is payment to some employees in U.S. dollars as the Lebanese pound plunges in value. Before the financial crisis, which began in 2019,<sup>30</sup> the average monthly Hezbollah salary was \$800–\$1,000, while a private-sector worker in the same role received around \$2,000. Such Hezbollah workers generally lacked the qualifications to secure a private-sector job, explaining why they would accept such low pay. But payment of a private-sector employee—assuming that employee has not been laid off—in weakened Lebanese pounds, versus U.S. dollars for some Hezbollah personnel, especially in the military field, has changed the game. Today, low-income private or public sector employees can bring in less than \$20 a month, while their Hezbollah counterparts earn \$400.<sup>31</sup>

In addition, Hezbollah's community is receiving food and humanitarian aid through the group's new social security unit, while other Lebanese Shia are losing access to basic services. The economic gaps are growing and Hezbollah's rhetoric about a U.S.

“siege”—i.e., targeted sanctions against Hezbollah assets—and the value of “strategic patience” is ringing hollow.

### Amal vs. Hezbollah Supporters

For the same economic reasons, supporters of the Amal movement—Lebanon's second major Shia party, which is allied with Hezbollah—are increasingly feeling the difference between their lifestyle and that of Hezbollah members. This has been the case especially since Amal stopped paying salaries to many of its members and employees after 2019. Amal has historically depended on state jobs to reward its loyalists, but these jobs—with salaries paid in Lebanese pounds—are no longer sufficient to support a family.

Separately, bad blood has lately resurfaced between the two parties—with Hezbollah having spun off from Amal in the early 1980s—as manifested in street fights in Shia cities and towns. Amal is also becoming a liability for Hezbollah, with Nabih Berri, speaker of the Lebanese parliament, having elicited the ire of protestors for his and his family's alleged corruption. Moreover, one of Berri's top aides—Amal parliament member Ali Hassan Khalil—was sanctioned in September 2020 by the U.S. Department of the Treasury for corruption.<sup>32</sup>

For now, Hezbollah has signaled a preference to keep its alliance with Berri, but if Berri's popularity and access to institutions suffer, the group could easily turn to another figure such as Abbas Ibrahim, who heads Lebanon's General Security Directorate, or former GSD head Jamil al-Sayeed, a pro-Hezbollah parliamentarian and staunch supporter of Syria's Assad regime. Such a development would further widen the rift between Amal and Hezbollah supporters.

### Najaf-Affiliated Groups

Many Shia figures affiliated with the more moderate

school of religious thought based in Najaf—Iraq’s leading center of Shia learning, and a rival to Iran’s (and Hezbollah’s) center in Qom, Iran—are speaking out against Hezbollah in Lebanon, especially after anti-Iran street demonstrations in Iraq’s Shia areas in 2019. Religious figures and political activists are looking to Najaf for inspiration and guidance, but, most importantly, for empowerment. Some of these figures are religious, express anti-Hezbollah and anti-Iran regime sentiments, and at the same time enjoy a vast following. One is Sheikh Yasser Aoude, who has supported the protests and called for a Shia awakening.

## Beqa Clans

Shia clans in the Beqa Valley have always been more outspoken than those in southern Lebanon, owing to the empowerment engendered by their tribal structure. With Hezbollah’s failed promises to the Baalbek-Hermel clans regarding development projects, poverty alleviation, and the public amnesty law on drug crimes—the last of which was promised to calm the crowds during the October 2019 protests—the feeling of disillusionment has deepened.<sup>33</sup> Multiple reports suggest that Hezbollah is worried that Beqa Shia will take out their frustrations on Hezbollah in the May 2022 municipal and parliamentary elections.

## Leftist Groups

It is no surprise that most Shia who participated in the October protests self-identify as leftists or as former or current communists. These groups and individuals felt empowered by the revolutionary leftist rhetoric, especially given the string of Hezbollah disappointments, both in the region and at home, following its triumph in parliamentary elections. In addition, leftist politics has a long history in Lebanon’s Shia community, with leftist and communist parties being historically composed largely of Shia. Leaders from the community included Hassan Hamdan and Hussein Mroueh,

both of whom were assassinated by Hezbollah in 1987. Although today the leftists of Lebanon are leaderless, they still constitute a large segment of Shia. In southern towns known for their history of leftist politics, such as Nabatiyah and Tyre, protest organizing was especially active. Likewise, in these locales anti-Hezbollah rhetoric was vociferous, along with the usual critiques of the banks and the governor of Lebanon’s central bank. As the country prepares for elections, these groups will become still more active and organized.

## The Business Community

Lebanon’s Shia business community has been trying to distance itself from Hezbollah for a while, mainly to spare itself from sanctions or financial isolation. Signs now suggest that a part of this community may be organizing itself toward forming an economic-political counterweight to Hezbollah, especially given the group’s economic fragility.

Not only members of the business community but also other professionals and students have been quietly forming new structures and communicating with political activists.<sup>34</sup> Yet the businesspeople in particular—whether their enterprises are based in Lebanon, Europe, or Africa—are seeking distance from Hezbollah in light of U.S. sanctions against Hezbollah-affiliated businesses and an increased hesitancy among Gulf actors to deal with Lebanese Shia. Most important, these individuals want to change the international perception of Shia businesses and the stigma they face in trying to win financing and investment. In interviews with the author, a number of Shia business figures expressed interest in communicating their views to and seeking advice from U.S. and European policy circles. From a purely financial point of view, the association of Shia with Hezbollah is exacting a cost.

In seeking to open space for themselves and their Shia successors, these businesses are, first, supporting or publicly affiliating with the opposition

to Hezbollah and, second, discreetly raising funds to create economic alternatives—jobs and loans—for the younger generation of Lebanese Shia to have opportunities outside Hezbollah’s orbit. Yet such efforts are in their early stages and will only succeed if Shia youth especially embrace them, and if they gain moral and practical support from international actors.

Challenging Hezbollah from within the Shia community is dangerous, as the Lokman Slim murder demonstrated. The group consistently cracks down on activists, journalists, and businesspeople as soon as it feels they are gaining influence. But this oppressive approach, however effective, is feeding discontent and opening new avenues to develop alternatives for the Shia community.

Since its early days as a “resistance” group, Hezbollah has indeed gained much: a leading regional role valued by Iran, wide-reaching power in Lebanon that can facilitate smuggling and access to state services, and an improved military profile, including precision missiles that threaten strategic Israeli targets. But in 2018, Hezbollah began asking for donations from those who were supposed to be its Shia beneficiaries—and something changed. Cracks began to show in the group’s structure and support base. A principal casualty of Hezbollah’s recent swoon has been the soft power campaign directed by Iran. For the first time in the group’s history—and for purely financial reasons—Iran is focusing on Hezbollah’s military apparatus rather than its soft power programs, which are either on pause or notably constricted.

This highlights the need for U.S. (and international) strategy for Lebanon to develop reliable, durable, and relevant soft power tools to engage the Shia community. Such an approach, as already noted, will have to engage the nontraditional, and largely nonhierarchical, younger Shia actors now seeking change in Lebanon. It will also require understanding why the old soft power approaches no longer work, and what adaptations are necessary to ensure future success.

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## Economic Alternatives for Shia Businesses

Because of Hezbollah’s many illegal activities both at home and abroad, Lebanon’s Shia community as a whole is now considered “high risk.” For many investors, to avoid exposure and legal liability, the easiest decision is to steer clear of any partnership with Shia-owned companies, an approach that unfairly blacklists legitimate businesspeople. According to a 2015 poll by Hayya Bina, a Lebanese NGO that promotes independent Shia voices, many Lebanese Shia believed that the United States viewed Shia in general negatively.<sup>35</sup>

The U.S. government should therefore focus on educating international institutions and Lebanese citizens about which entities and activities are targeted by Hezbollah-related sanctions. That includes reiterating frequently that sanctions are not meant to punish the entire Shia community. Indeed, very few serious efforts have been made to reach out to Shia businesses unconnected to the group. Such discussions would help Washington better understand the impact of sanctions and develop strategies to avoid collateral damage.

At the same time, the sanctions themselves have had promising results so far. As this paper has indicated, they have weakened Hezbollah’s allies and cost them public support. In addition, sanctioned individuals in Lebanon tend to become alienated from their business community, especially those figures holding U.S. and European Union passports. Businesspeople who oppose Hezbollah want to protect their investments. More significantly, many Shia businesses are eager to extricate their interests from companies close to Hezbollah, and are looking for guidance on how best to do so. Further, the Magnitsky sanctions against corrupt politicians come with strong evidence, and even if the targeted individuals do not change their positions, the public can examine the evidence and decide for itself.

Bassil, for example, can no longer fulfill his dreams of becoming Lebanon's next president with international backing. A Lebanese president under U.S. sanctions simply cannot have good relations with the international community.

For its part, Hezbollah is blaming its financial problems on the United States and is asking supporters to resist and persevere, acknowledging the depth of the problem while seemingly casting it as temporary. For example, one high-ranking commander said in January 2020 that the group had lost more than 40 percent of its Shia supporters: "We know that this figure will rise; however, we are not worried. Those we've lost have nowhere to go, and they will come back to us when the crisis is over."<sup>36</sup>

For disheartened Lebanese Shia seeking such an alternative, the current sense of isolation can be reversed if the United States, Europe, and Gulf countries coordinate through the Shia private sector, mainly those components outside Lebanon and thus unaffected by the economic collapse. Many Shia businesspeople in Africa and the Gulf are willing to work with the international community to provide these alternatives. Their motivation is to help establish roots in their communities, but also to distance themselves from Hezbollah in the eyes of states where they have assets, mainly the United States, the Gulf, and Europe. Lebanon's private sector has weakened because of the economic crisis, but this business community could be a good channel to establish initiatives—outside Hezbollah's orbit—centering on small-scale industry, business opportunities, and small loans. Such efforts will confront obstacles in the Lebanese landscape, but small-scale initiatives are important at this point to establish deep roots in the community. Humanitarian aid is necessary, but it cannot establish roots that promote economic alternatives.<sup>37</sup> For young men in particular, such alternatives might not prompt outspokenness against Hezbollah, but they could offer a path away from dependence on Hezbollah's resources. To be sure, ending the militarization of the Shia community will require

reducing its sense of isolation from the rest of Lebanon, a current reality that plays into Hezbollah's hands.

Perseverance by the international community must be accompanied by persistent efforts to reveal Hezbollah's hypocrisy. This will be a challenge, given Hezbollah's long-successful formula of rallying the Shia community based on the notion that "I am your protector and provider, but you must embrace my ideology and my wars and forget you are citizens of the Lebanese state." The challenge, though, is not insurmountable, especially now that Hezbollah has effectively become the state and offers no sustainable socioeconomic vision.

Furthermore, given the current unfeasibility of political alternatives pushed by the West, the emphasis should shift toward a longer-term strategy of using economic programs—such as jobs and small loans—to help Shia viably meet their basic needs. Favorable political rhetoric will follow. The worsening crisis in Lebanon, moreover, requires a bailout by international financial institutions such as the IMF. The conditions that would accompany any bailout provide an opportunity to strengthen the Lebanese state and undercut Hezbollah's access to state institutions. In addition, they can allow desperately needed space for initiatives to empower independent Shia businesspeople and the private sector, with the goal of boosting economic alternatives to Hezbollah's grip on the Shia economy.

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## Humanitarian Relief

In Lebanon, food security is becoming a serious challenge, and famine is no longer a scenario—it is a reality. A July 2021 survey by UNICEF found that around 30 percent of children in Lebanon are going to sleep on an empty stomach. In the words of Yukie Mokuo, the fund's representative in Lebanon since July 2019,

With no improvement in sight...[c]hildren’s health, education and their very futures are affected as prices are skyrocketing and unemployment continues to increase. More and more families are being forced to resort to negative coping measures, including sending their children to work in often dangerous and hazardous conditions, marrying off their young daughters or selling their belongings.<sup>38</sup>

In directing essential humanitarian aid to Lebanon, the United States and its international partners must follow a concerted strategy of channeling it through trusted civil society groups, especially those that oppose Hezbollah.

After the devastating Beirut port explosion, the international community sent relief through the LAF, Washington’s main partner in Lebanon. This made sense, considering the urgency of the situation and the military’s status as the country’s most organized institution. In the future, however, some funds can also go through independent organizations based in Shia areas, or else tied to Shia civil society and opposition groups that were integral to the 2019 protests and are preparing for the 2022 elections.<sup>39</sup>

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## Competing in Information Operations

Historically, the United States has implemented a number of information operation campaigns against Hezbollah. Usually, the focus of these campaigns has been the group’s support for international terrorism, including against the United States. As important as this theme is, it is not effective in the local Lebanese context and sometimes has even backfired. Far more valuable would be to focus on exploiting Hezbollah’s weaknesses in the eyes of its own constituency, such as its corruption, exploitation of women, and financial difficulties. A successful information campaign would expose the hypocrisy that characterizes

Hezbollah today, driving an ever deeper wedge between the organization and the people it claims to defend, protect, and support.

Members of the Shia community accepted Hezbollah’s rhetoric of the 2006 “divine victory” against Israel because they also hoped it heralded an end to the rhetoric of endless war. After the war, many Shia started to develop a business mentality focused on investing in their livelihoods and properties.<sup>40</sup> Even with the economic hardships, this mentality still prevails and most Shia want nothing to do with a renewed confrontation with Israel. Accordingly, any information campaign should also expose Hezbollah’s military infrastructure in Lebanon, including its precision missiles facilities, underscoring the risk that Hezbollah will drag the people of Lebanon—especially the Shia—into another round of costly fighting with Israel.

Any campaigns highlighting Hezbollah’s recklessness, corruption, and other faults must use only platforms credible to the Shia community. Here, the credibility of the platform matters even more than the facts themselves. When Israel exposes Hezbollah military facilities—e.g., in the July 2021 exposé on weapon stockpiles kept dangerously close to a Nabatiyah school<sup>41</sup>—few Shia listen. But the international community must also provide protection—namely, clear assurance that such partners (e.g., journalists and activists) will not be abandoned if they are threatened or arrested.

All this requires an infrastructure of independent Lebanese media organizations, which have lost much of their funding in the past decade as Hezbollah’s media institutions have grown and evolved. Revisiting a U.S. and international strategy of media assistance, to include new institutions and voices, with a focus on independent Shia voices—in addition to an innovative social media structure—could go a long way today. As a frustrated and desperate Lebanese public turns away from Iran-sponsored media sources, the international community has an opportunity to strengthen independent media through technical assistance, training, and funding.

Specifically, a number of existing institutions could benefit from support and protection, and many others are trying to expand and develop.<sup>42</sup> Still other voices lack an institutional platform and are mostly popular on social media. Both are under serious threat of harm, with Lokman Slim's assassination serving as a clear warning to outspoken Lebanese, especially Shia.<sup>43</sup> The absence of serious international punitive measures following the murder—or corresponding messaging to the Lebanese leadership—effectively signaled to Hezbollah that it could carry out brutalities in the future to blunt dissent.

Many Lebanese actors can also be supported in publishing information to expose Hezbollah's corruption and illicit activities that are harming the national economy. Such support can come through programs focused on media training and institution building—in addition to funding—to compile, verify, and publish information for use as part of a comprehensive strategy.

Content framing is also significant. While exposing Hezbollah's financial corruption and military recklessness matters, debunking Hezbollah's claim to be a sacred movement, imbued with a holy mission, is an equal priority. For example, when the U.S. Treasury Department sanctioned Hezbollah financier Mohammad Ibrahim Bazzi in May 2018,<sup>44</sup> the Shia community reacted mainly to Bazzi's involvement in the sex trafficking of Syrian women refugees to Africa, a detail only reported by U.S.-supported Alhurra television and not widely disseminated on social media. This was, in other words, a lost opportunity.

Here, Hezbollah provides much fodder for derision and ridicule. It engages in a wide array of illegal and immoral businesses, from drug production and money laundering to sex trafficking and prostitution networks, and while ordinary Lebanese are fighting over scraps at the grocery store, Hezbollah's leaders live in wealth and luxury—in particular, in two of the wealthiest areas of the southern Dahiya suburb, Moawad Street and the Jinah neighborhood.<sup>45</sup> All this

should be exposed in a well-orchestrated strategy aimed at breaking Hezbollah's sacred narrative and patriotic image, severing the bonds that connect it to an increasingly disaffected Shia community.

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## Continue Sanctioning Hezbollah's Allies and Corrupt Lebanese Politicians

The U.S. decision to impose sanctions not just on Hezbollah and its leaders but on the group's foremost allies across the Lebanese political spectrum sent ripples of fear across the country's political class. Especially consequential was the November 2020 sanctioning of parliament member Gebran Bassil, one of Lebanon's most widely criticized politicians—often blamed for causing the financial crisis due to his corruption. The move thus struck a chord with the Lebanese people, while also weakening Bassil's ambition to succeed Michel Aoun, his father-in-law, as president.

The message sent by the U.S. designations was clear: Hezbollah's accomplices—those who profit by working within the organization's corrupt schemes—will face repercussions and must understand that breaking with the group is ultimately more profitable than sticking with it. Future U.S. sanctions, therefore, should continue targeting corrupt political figures in Lebanon, including those outside Hezbollah's political camp, to show that Washington is not going after the Shia leadership per se, but all corrupt leaders who bear responsibility for the country's crisis. Moreover, maintaining sanctions as part of a comprehensive U.S. policy aimed at restoring political balance in Lebanon could further damage Hezbollah's alliances and financial support. Because it targets corruption specifically, without regard to other political factors, the Global Magnitsky Act is an excellent tool that could also cripple

Hezbollah politically, hindering its corrupt allies in government and limiting the group's access to state institutions.<sup>46</sup>

With a relatively unified international position, the United States, Europe, and key Arab states—Saudi Arabia and the United Arab Emirates in particular—could also develop a unified sanctions policy focused on Hezbollah and its allies, as well as other corrupt individuals who benefit from the status quo. The EU position on Hezbollah is likewise crucial, especially the need to dispense, once and for all, with the fiction of it having distinct military and political wings. As of July 2021, the EU has finally decided to sanction Lebanese leaders responsible for the country's political stalemate and economic crisis.<sup>47</sup> It should not delay in announcing and implementing the sanctions.

A real concern for Europe involves refugees, and a complete collapse in Lebanon could lead to waves of Lebanese migrants to Europe, on top of the more than one million Syrians who arrived in the 2010s. But a European approach rooted in ensuring stability will be insufficient. That has indeed been the approach long taken by Europe, and it has failed to address the deep-rooted problems in Lebanese society. The country's social upheaval will persist until Europe (and its partners) help truly rid the country of its endemic corruption, with Hezbollah at its core.

When it comes to migrants finally, Israel itself might be a destination for some Lebanese desperate for medical help, food, and work, as a recent border-crossing attempt illustrated.<sup>48</sup> The international community should coordinate with Israel on border initiatives to monitor future such

incidents but also offer help to the Lebanese people. This could be an opportunity for Israel to lend humanitarian assistance, such as essential medical care, without having to hamper security.

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## Conclusion

Even as Washington attempts to negotiate a new nuclear deal with Tehran, Hezbollah's current weakness presents a strategic opportunity to alter the balance of power in Lebanon, shrink Iran's long-range influence, and promote true political diversity within the Shia community. Hezbollah is losing power and access because of U.S. sanctions and the spread of domestic political protests. It is losing the resonance of its resistance rhetoric because of its inability to retaliate against Israeli attacks on its weapons depots and operational units. After years of deployment in Syria and huge numbers of fighter deaths, it now lacks a robust, disciplined fighting force, the rebuilding of which will take years. And without money to fulfill Hezbollah's decades-old promise to protect its core constituency, the collapse of the Lebanese state is fueling an unprecedented loss of support among many Shia, whose votes and blood are as vital as Iran's missiles and dollars.

Hezbollah has a way of waiting for the next opportunity to repair its alliances, finances, and armies. That is why now is the right moment for a concerted U.S. policy to exploit these weaknesses to contain Hezbollah, stifle its effort to restore its former position, and encourage a new brand of Shia politics in Lebanon. ❖

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