

What to Watch for as Lebanon Forms a New Government

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Dec 20, 2018

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Brief Analysis

The cabinet's composition is a fait accompli, but foreign officials may still be able to influence key security appointments—or, failing that, up the financial and diplomatic pressure on Hezbollah and its political allies.

After seven months of post-election bickering, Lebanon's political factions seem poised to form the next government in the next few days. Many observers are hoping that the new leadership will not only advance long-stalled economic reforms, but also deal with the fragile security situation caused by Hezbollah's recently discovered [cross-border tunnels \(https://www.washingtoninstitute.org/policy-analysis/view/the-big-the-small-and-the-needless-rebalancing-three-un-peacekeeping-missio\)](https://www.washingtoninstitute.org/policy-analysis/view/the-big-the-small-and-the-needless-rebalancing-three-un-peacekeeping-missio) and other provocations. Yet the host of domestic and international initiatives that led to the current agreement on government formation provide three sobering takeaways: Hezbollah will now have a bigger say over government policies, including security decisions; Prime Minister-designate Saad Hariri will be weaker this time around; and Lebanon's economy is unlikely to see any growth.

THIS IS NOT A NATIONAL UNITY GOVERNMENT

In the May parliamentary elections, Hezbollah and its allies [won more than 70 of the 128 seats \(https://www.washingtoninstitute.org/policy-analysis/view/what-does-hezbollahs-election-victory-mean-for-lebanon\)](https://www.washingtoninstitute.org/policy-analysis/view/what-does-hezbollahs-election-victory-mean-for-lebanon), while Hariri lost more than a third of his bloc. Since then, Hariri has faced many obstacles in trying to form a government, the last of which centered on pro-Hezbollah Sunnis. The Shia group repeatedly demanded a cabinet seat for one of these Sunni bedfellows, and after two months of stalemate, President Michel Aoun agreed to include one in his coalition, led by the Free Patriotic Movement.

In all, Hezbollah is expected to gain [direct control over the Ministry of Public Health](#)

<https://www.washingtoninstitute.org/policy-analysis/view/why-does-hezbollah-want-lebanons-health-ministry>) and as many as two other ministries, while its allies will hold most of the sovereign portfolios. Ali Hassan Khalil of the Amal Movement is expected to remain as finance minister, while Free Patriotic Movement leader Gebran Bassil will likely stay on as foreign minister. Elias Bou Saab, also part of Aoun's bloc, would be the next defense minister.

If anything, this looks like a Hezbollah government, not a "national unity" government as many outlets have taken to characterizing it. All of the group's demands have been met, meaning that a designated terrorist organization will have direct or indirect access to all the ministries it needs in order to advance its domestic and foreign agenda. The remaining portfolio shifts are just details.

Although much of the delay since May has been pinned on the status of pro-Hezbollah Sunnis, the group's true focus has been to arrange a government that would allow it to alleviate its own financial challenges. U.S. and international sanctions have clamped down on the group's budget, affecting its relationship with the Shia domestic support base that receives most of its social welfare aid and other assistance. Hezbollah leaders also wanted to weaken Hariri so that he cannot work against them if further sanctions and other international pressures come to bear in the near term. In addition to ensuring that he lost a large portion of his bloc, they sought to corner him in his own government by elevating other Sunni figures willing to carry out the group's agenda—and serve the interests of Syria's Assad regime.

SLIM HOPES FOR ECONOMIC GROWTH

Despite assurances that the next government will address Lebanon's dire economic problems, current indicators show little prospect of improvement. The ongoing deterioration began well before the post-election vacuum and is rooted in numerous factors unrelated to the current political situation, including a decrease in remittances from expatriates, rising global interest rates, a drop in overland exports to Persian Gulf countries due to the Syria war, and the previous government's failure to pass key reforms. If Beirut continues to delay reforms, and if the new government is not inclusive enough, it might also be denied access to assistance loans pledged at the French-sponsored CEDRE conference last April.

Even if the CEDRE pledges come through, they will not be enough to ease Lebanon's crushing public debt without serious structural reforms that address widespread corruption. The country's deteriorating infrastructure needs immediate attention—especially air transport, electricity, waste management, water, and roads—but such projects cannot be completed effectively when their funding is siphoned off by graft.

Lebanon has the third-highest debt rate in the world, currently estimated at \$81 billion, or 152 percent of its GDP. The latest Moody's report revised the country's outlook from "stable" to "negative" and kept its credit rating at "B3," meaning "speculative and a high credit risk"—an assessment based on the government's weak liquidity position and financial instability. This is unlikely to change now that Beirut is poised to bring back the same old corrupt political leaders who benefit from the status quo.

WHAT TO WATCH FOR

While the composition of the new government is largely a done deal, officials still have two more steps to take that will affect Lebanon's diplomatic and security standing. First, they are required to come up with a ministerial statement on their vision for Lebanon. In the past, the most controversial part of this statement has usually been the language pertaining to defense strategy. Hezbollah has long insisted on maintaining the distinction between the "the army, the people, and the resistance," since this formulation legitimizes its "right" to maintain a massive military arsenal outside the government or national army's control. Now that the group has gained more power in the government and helped fragment the opposition, such language will probably pass again, perhaps

without debate.

The new government will also have to make several key military and security appointments, any of which could spur friction with Washington. The Lebanese Armed Forces have received more than \$1.6 billion in U.S. assistance since 2006. Yet some officials have raised concerns about this funding given reports of Hezbollah's increasingly close relationship with the LAF, including potential access to its intelligence apparatus and sway over its security decisions (though there is little worry about the militia accessing U.S.-provided weapons). While the LAF remains institutionally independent, it engages with Hezbollah via government appointees, so any coordination between the two forces will no doubt increase under the new leadership.

Apart from these two big steps, decisions that affect Hezbollah's influence on other institutions and policies bear watching. In addition to shaping or directly controlling the decisions and finances of the Health, Finance, Defense, and Foreign Ministries, the group will have a say in how Beirut deals with international sanctions, national defense strategy, and **indictments stemming from the Special Tribunal for Lebanon**

(<https://www.washingtoninstitute.org/policy-analysis/view/prosecution-highlights-hezbollah-syrian-links-to-hariri-assassination>). It will also seek to advance its policy of reestablishing official relations between Lebanon and Syria's Assad regime. This likely includes exerting more pressure on Syrian refugees to return home—a policy that has already spurred multiple international warnings due to humanitarian concerns.

RECOMMENDATIONS

On December 18, an unnamed State Department official expressed hope that Lebanon's next government will work "with the United States on areas of mutual interest." Yet the official also noted Washington's "deep concerns regarding Hezbollah's growing political power inside Lebanon," and regarding "the efforts of Hezbollah's political allies that provide it with top cover and a veneer of legitimacy."

Given the apparent results of the formation process, the new government is highly unlikely to address these "areas of mutual interest" any better than the caretaker government. On the contrary, it is set to provide stronger cover for Hezbollah military operations, including dangerous escalatory behavior like constructing tunnels into Israel and beefing up its precision missile arsenal. The tour that interim foreign minister Bassil **recently provided** (**<https://www.washingtoninstitute.org/policy-analysis/view/irans-precision-missile-project-moves-to-lebanon>**) to foreign ambassadors in the hope of dispelling the missile accusations is indicative of how he will deal with such issues going forward.

Once Hezbollah has formally blurred the line between Beirut's policies and its own, Lebanon will be even more vulnerable—both to international sanctions and to Iranian-ordered provocations aimed at deflecting international pressure on Tehran. Accordingly, foreign governments should not only place more financial and political pressure on Hezbollah and Iran, but also impose a price on the group's domestic political allies. Otherwise, these partners will ensure that Hezbollah can use bureaucratic means rather than weapons to enforce its agenda in Lebanon.

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