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Hezbollah Embroiled in Challenges, at Home and Abroad

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The challenges facing Hezbollah have intensified recently on three fronts. Domestically, Lebanon faces economic collapse, the Hezbollah-led government demonstrates incompetence, and violent demonstrations against the government and economic elites have resumed around the country, and now include direct criticism of the organization and demands for its disarmament. Internationally, there is greater pressure on the organization and its partners on the Shiite axis, including the recent adoption by the US Congress of the Caesar Act. For its part, Israel continues its activity in Syria in the framework of the campaign between wars while challenging Lebanon's sovereignty over its airspace and along the shared border. Nasrallah is trying to advance an alternative strategy in place of the Lebanese economy's dependence on the West and the US dollar, but the proposed alternative – looking east and expanding trade along the Shiite axis and with China – is futile. As these pressures converge, the organization faces a dilemma about its future direction, and has two extreme options – albeit less desirable – to change its dire situation. One is to enact a military takeover of Lebanon; the second, to increase military friction with Israel in Syria or Lebanon, entailing a risk of direct all-out confrontation. At this stage it appears that the organization prefers to maintain its "strategic patience," as it works behind the scenes to tighten its grip and influence over the Lebanese system and maintain its military independence.

Over the past few weeks, the economic and political crisis in Lebanon has reached unprecedented levels in the country's history. Decision makers are struggling to offer solutions for rescuing the collapsing economy: the Lebanese pound dropped in value by some 80 percent as of mid-June 2020 (it officially trades at LBP 1507 pounds to the US dollar, but is now trading on the black market for between 7000 and 9000 LBP to the dollar.) Power outages are longer, unemployment is rising and has already passed 40 percent, and more than half of Lebanon's residents are below the poverty line. Food prices have risen by some 200 percent, and suicide, attributed to economic hardship, is on the rise. People struggle to cover monthly rent and food expenses, and the social media abound with offers to trade furniture and clothing for food and baby products. Stores that remained open have been emptied of goods and shoppers. Lebanon's external debt is among the largest in the world, some \$90 billion, which constitutes over 170 percent of

its GDP; according to official estimates, by the end of 2020 the Lebanese economy will have a negative growth rate of 12 percent.

The deteriorating economic plight brought protesters back to the streets, and since early June there has been a second wave of popular protests, as protesters ignore the restrictions imposed in order to check the spread of the coronavirus. These protests are more violent than those of the previous wave, and reflect deep despair and distrust in the political and economic leadership. The immediate catalyst for the turmoil was the fall of the Lebanese pound against the dollar. Most of the anger was directed at banks and large stores; windows were smashed with rocks and batons, and fires set off with Molotov cocktails. Another prominent feature of the new wave of protest is the blame cast directly at Hezbollah. During the protest on June 6, contempt of the organization was rampant, including demands that it be disarmed. These cries have led to more severe violence against protesters by Shiite forces, including with live weapons.

It appears that the Lebanese public now understands the negative ramifications of the organization's activity regarding the economy, which result both from its military activity in Syria and Lebanon, and from its economic practice, which includes tax evasion, smuggling, and money laundering. The rumor that the organization sent large sums of dollars into Syria just before the June 17 implementation by the US Congress of the Caesar Act against the Assad regime and its supporters, thereby furthering the collapse of the Lebanese pound, fanned the flames of protest. Meanwhile the public is dissatisfied with the organization, which is the hegemonic power in the current Lebanese government, for failing to advance necessary reforms. Hezbollah for its part is trying to take advantage of public disgust with the banks to take control of this major sector, but as of now has not succeeded.

Government paralysis and inter-sectarian criticism and violence were the context for President Michel Aoun's initiative to convene the Lebanese leadership from all generations and all sects for a "national dialogue" on June 25. This initiative was a resounding failure and only emphasized existing divisions, as the past four Sunni prime ministers, a former president, and the heads of three Christian parties all boycotted the event, and no agreement of any kind was achieved about what to do next. An additional expression of rising inter-sectarian tension was a report of an attempt to attack the convoy of former Prime Minister Saad Hariri. Meanwhile there are difficulties in the ongoing dialogue with the International Monetary Fund, which led to the resignation of two senior negotiators from the Lebanese side. The Lebanese government has requested a \$10 billion loan from the IMF, but the negotiations with it are thorns in Hezbollah's side, given that the aid is conditioned on advancing significant reforms in transparency and external oversight. If implemented, these reforms would make it much more difficult for

the organization to retain its assets and influence. Nasrallah agreed to the dialogue because he had little choice and hoped it would fail, and in fact it appears that it will continue for a long time without any resolution in sight.

In addition to these domestic pressures, there is also rising external pressure on Hezbollah and other members of the Shiite axis. Between the lines of Nasrallah's apologetic June 16 speech, in which he tried to claim that the organization had no part in the violence against the protestors, lies a sign of distress. Nasrallah denied claims that Hezbollah is funneling dollars and goods to Syria and emphasized that the organization will not give up its weapons, which are intended to defend Lebanon: "We would rather die of hunger than give up our weapons." His attack on the Caesar Act was accompanied by a suggestion of an alternate strategy for solving Lebanon's economic situation, based on the idea of ending Lebanon's economic dependence on the West and the US dollar (the US gave Lebanon \$750 million in aid this year) and looking east toward developing economic relations with Iran, Iraq, and Syria and promoting ties with China, which is willing to invest in Lebanese infrastructure. This alternative strategy is not promising, given the economic difficulties of the states on the Shiite axis and the low likelihood of Chinese interest in investing in Lebanon at this time.

Continued Israeli efforts as part of the campaign between wars to prevent the expansion of the organization's military power, and specifically to prevent acquisition of precision missiles, and the use Israel makes of Lebanese airspace and its activity along their shared border, add to Hezbollah's difficulties. The organization fears that Israel will take advantage of its distress to increase military activity against it, and is working to retain its deterrent power, including via a cognitive campaign. In that framework it recently released a video showing precision missiles attacking Israeli targets, while in the background Nasrallah is heard declaring that the organization has precision missiles that are capable of hitting every target in Israel, and the Israeli attempt to prevent this outcome "is over," i.e., has definitively failed. At the same time commentaries of unclear origin and credibility were quoted in the Lebanese press, to the effect that Hezbollah is preparing for a possible war against Israel this summer.

The increasing domestic and international threats against Hezbollah sharpen the primary dilemma facing the organization: whether and how it should continue its currently policy, which focuses on maintaining its political and military assets in Lebanon and Syria behind the scenes, or whether to take radical steps that could improve the circumstances it faces. Such a potential shift could take one of two different forms – although it appears that Hezbollah prefers to avoid such extreme measures.

Within Lebanon, Hezbollah could decide to use military power to prevent a concrete threat to its hegemonic status in Lebanon, maintain the independence of its armed militia, and ensure its influence on the country's political and economic system. In an extreme scenario of a threat to its hegemony and its assets, Hezbollah is likely to exercise its military power to complete its takeover of Lebanon, while abandoning the strategy that it adopted many years ago of consolidating its influence behind the scenes. Such a move could lead to chaos and an additional civil war in Lebanon.

Vis-à-vis Israel, Hezbollah could redirect attention away from the domestic situation to the struggle against Israel by initiating a military move that would like cause confrontation. At present it seems that for Hezbollah the disadvantages of such a step outweigh its advantages: it could cause a large-scale unwanted war with Israel, with the heavy price such a war incurs, while worsening Lebanon's economic and political situation; such a development would clearly exacerbate criticism of the organization.

In the near future Hezbollah will likely adhere to its current strategy of ongoing_behind-the-scenes efforts to improve its position and enhance its political and economic influence over the Lebanese system, while maintaining its military independence. It will likely focus its efforts on increasing its sway over the banking sector (specifically by attempting to neutralize the powerful longstanding governor of the Central Bank), the justice system, and the press, in order to change the face of Lebanon.

It appears that domestic challenges are distancing current concrete thoughts of a military initiative against Israel, and therefore the organization is working hard to strengthen its deterrent power and strengthen its outposts in Syria, while taking care to uphold the rules of the game that have been established. In this situation, with Hezbollah preoccupied with domestic and international pressures, Israel should continue its determined efforts to disrupt transfers of advanced weaponry to the organization and weaken its Syrian outposts. At the same time, it too would do well to avoid significant deviations from the rules of the game, so as not to push Hezbollah into a corner where it feels compelled to respond, thereby indirectly assisting in extracting it from its distress in case a belligerent acts erupts by redirecting public attention to support the so-called defender of Lebanon.