

## **The Issue of Lebanon and the Lebanese Economy**

According to Human Rights Watch, the economic crisis in Lebanon is a result of three decades of deliberate, reckless fiscal and monetary policy.

While arguably this has been a growing problem for many years, the extent of this crisis became apparent in August 2019. Several external pressures including global conflict, the pandemic but also the Beirut Port explosion worsened the Lebanese predicament and prior liquidity shortages. While the focus remains primarily on the economy of Lebanon the creation of this plight has its roots in corruption and fiscal engineering by the governor of the central bank of Lebanon.

At present the Lebanese dollar has devalued by 95% to the dollar, which for what was considered the 'Switzerland of the Middle East' is a shocking development. However, it is important to understand the impacts that this economic crisis has brought. Public services are virtually non-existent, with hundreds of thousands reporting no access to fresh water and subsequent outbreaks of cholera. This is worsened by hospitals still taking subscription fees but not offering any services. There are national shortages of vital medicines, but this is just the surface of the problems Lebanese citizens face daily.

The development of the economic predicament and its worsening has largely been due to management, though EU and US sanctions have had a minor role. When initial fiscal problems first occurred, fiscal engineering operations referred to as the 'swap' meant that while public debt grew and the economy weakened, the banks made 40% returns on transactions worth several billion dollars. As value continued to plummet, banks then began illegally deterring their clients from withdrawing funds. They then closed illegally for two weeks in 2019 and then further restricted cash withdrawal access. This was devastating to relations between the government and bank, and the people which resulted in further devaluation and the resignation of the Prime Minister and his cabinet. When people were prevented from even using their credit cards and not just investors were restricted, citizens took matters into their own hands and held bank employees hostage to gain access to their funds.

The governor of the Central Bank was found guilty of money laundering, embezzlement, and ill enrichment however even with this ruling the political instability caused is still unrectified. The effects of this crisis are expansive, with many unable to heat or power their homes, some have emigrated to Europe or been internally displaced. The military is shrinking day by day as the government cannot afford to pay their soldiers, and as the governmental grasp on their security forces weakens their actions become less defensible. Reports of torture and grievous incidents by the security forces are increasingly concerning and so the battle against femicide and discrimination laws is non-existent.

This composite issue stems from economic imbalance but means that grievances spread across several sectors so there are multiple things to consider.

**Points to consider:**

- How can future risk of corruption or mismanagement be reduced?
- How can access to necessities and utilities be ensured?
- How can public services such as schools and hospitals be made to run again?
- Can the value of the Lebanese dollar be improved?
- Can faith in the establishment be returned?

**Useful links:**

<https://www.hrw.org/world-report/2023/country-chapters/lebanon#:~:text=According%20to%20the%20World%20Bank,of%20its%20pre%2Dcrisis%20value.>

[https://en.wikipedia.org/wiki/Lebanese\\_liquidity\\_crisis](https://en.wikipedia.org/wiki/Lebanese_liquidity_crisis)

<https://country.eiu.com/lebanon>

