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Lebanon

The Lebanese October revolution against sectarian realism and neoliberal authoritarianism:

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As the Lebanese revolutionary uprising enters its third month, the ancien régime has already unleashed its counterrevolutionary practices in all its forms. Fear mongering of pre-October 17 sectarian tensions alongside blaming the impending economic collapse on the continuous protests and reviving the spectre of the civil war are rife on Lebanese TV channels as members of the Lebanese ruling class battle to hold on to a sinking structure. Although the momentum is not as prominent as it used to be during the first weeks of the revolution, slogans, chants and demands are witnessing a sharp politicization that opens endless possibilities for class conscious struggles as the anger of the masses are directed at the main perpetrator of the economic crisis, local banks. Mattia Gallo, from Global Project, interviews Elia El Khazen on the recent developments and the “Nationalize the banks” campaign of which he is a member.

What are the social conditions in Lebanon that are leading people to protest in Lebanon? Can you tell us what happened in the last few weeks on the streets of Beirut? What are the images that struck you most in this street protest?

Before I answer this question, allow me to give you a brief overview of the political economy of Lebanon.

Since its post-independence era, Lebanon has historically been the favoured site for consecutive laissez-faire and neoliberal experimentation. The erection of a robust banking sector that transcended national capital alongside the formation of the state has been one of the hallmarks of state and class formation in Lebanon. Fleeing the formation of the Zionist state, Palestinian capital in the late 1940s onwards, Egyptian, Syrian and Iraqi capital escaping nationalisation back home in the early 1960 and surplus capital from the Gulf from the 1970s onwards has precipitated the solidification of a deregulated banking sector that has, since its inception adopted one of the most unfettered forms of laissez-faire capitalism. The banking sector in Lebanon has been transnational in nature since its inception.

The Lebanese uprising that started on 17 October 2019 is the result of an accumulation of almost 30 years of austerity measures that have exponentially accelerated in the last couple of months mostly manifesting in the instability of the local currency that has resulted in bread and gasoline shortages all over Lebanon. The Lebanese Central Bank has been subjecting the country to countless speculative measures in order to stabilise the Lebanese lira loosely tying it to the dollar solvency. The import/export deficit is, in part, responsible for the disappearing dollar liquidity but this ratio does not tell the whole story. Most of the Central Bank's monetary and financial measures have also been contingent upon the liquidity of the dollar currency, i.e. either a constant flow of foreign direct investments, huge state loans or remittances. Given the increasing shortages in these three forms of dollar flows in the country, due in no small part to the catastrophic public debt that sucks a large part of the dollar deposits and channels them to debtors and local banks, currency instability has become the norm. Last year when local banks (who own most of the public debt) stopped providing housing loans. The housing loans had been frozen between March and September of last year, following the depletion of the support package provided by the Central Bank. In late January, the Central Bank launched a new “stimulus package” worth over \$1 billion, the eighth such package since 2012. Against a backdrop of persistent low economic growth and high interest rates, such packages aim to support construction and real estate sectors of the economy through subsidised loans granted through local banks. These packages are nothing more than a reallocation of wealth that aim to postpone the imminent crisis while ensuring that the realisation of capital is reproduced through the local banks-real-estate-construction sector, a financial trilogy that has been benefitting of most of the capital reproduction under the Hariri era. By allocating nearly half of each year's package to housing loans, the Central Bank and the Lebanese government act as an intermediary that ensures the viability of

the banking sector's capital reproduction (estimated at \$4billion per year), the manufactured shoring up of housing demand and the prevention of a collapse in prices that keeps the real-estate sector afloat. This year, the instability in the currency manifested itself in early October in blocked cash withdrawals and currency conversions by local banks that claimed to be suffering from dollar shortages. This, in turn, forced bakeries and petrol stations to shut their doors, due to the fact that they are obliged to buy their commodities in dollars and are to earn profits in a devalued local currency. Even though this financial crisis was temporarily postponed, a series of wildfires that have ravaged the country in mid October exposed the consequences of austerity measures on the state's response to catastrophes. The straw that broke the camel's back came in the form of last week's cabinet meeting that discussed and approved a new round of austerity measures to be deployed to conform with the IMF and the World Bank's conditions. The CEDRE conference, an international conference in support of Lebanon development and reforms, hosted in April 2018 helped secure soft loans that provide around \$10.2 billion and grants amounting to around \$800 million to the Lebanese state conditioned by harsher austerity measures to be applied within a year of the conference. The four pillars of the conference include: increasing the level of public and private investment; ensuring economic and financial stability through fiscal adjustment; undertaking essential sectoral and cross-sectoral reforms, including fighting corruption and the modernisation of the public sector and public finance management; and developing a strategy for the reinforcement and diversification of Lebanon's productive sectors and the realisation of its export potential. These pillars, if properly discursively deconstructed, constitute a clear imposition of further privatisation of most of the revenue making sectors of the Lebanese state (mainly telecommunications, which is still profitable due to the fact that it is one of the most expensive services in the world) and an attempt to replace the Lebanese state's infrastructure budget with FDIs (Foreign Direct Investment have dropped from 16% in 2003 to a meagre 0.8% this year which explains the IMF and the World Bank's enthusiasm in filling in the gaps and the economic crisis that has precipitated this revolution). The message at the CEDRE conference was clear: If the Lebanese government is unable to increase austerity measures by increasing taxes, it will then ensure the sale of public property, i.e. large sections of the Beirut Port, the Middle East Airlines, Airport Services, the Beirut Stock Exchange, the Regie Libanaise, the national Casino, future Oil Installations, and others. One of CEDRE's main conditions also implied that the government would refrain from spending on infrastructure projects, i.e. stopping all projects related to infrastructure that stimulates growth and job creation. In essence then, the CEDRE conference aims to monetize the deepening of the economic crisis by imposing privatisation and FDIs as the only viable alternative to what is perceived as the corruption of the public sector. A message that has been clearly adopted by Hariri's latest speech last Monday in response to increasing pressure from the streets where he has vowed to further privatize several public sectors and gave a go-ahead to LINOR and ELISSAR real-estate projects. These huge real estate projects are nothing more than an attempt by Hariri to franchise the Solidere project in the periphery of Beirut and Metn district. Under pressure from the streets, Hariri also declared on Monday that the government would not impose any new direct or indirect taxes, during the year 2020 without giving assurances about later years. Also announcing an additional tax on large bank transactions and profits that amounts to \$600 million only applicable during 2020 along with progressive taxation and slashing government and parliamentary salaries by half. These series of reforms were just meant to deflate the momentum and divert the anger away from Hariri, as he claimed that these reforms were part of his initial plan but were derailed due to interferences from other sections in the ruling class. People responded in kind by flooding the streets where they live, regrouping in its biggest squares and demanding the fall of the regime. "We do not trust the government nor do we trust Hariri" was the word of the day on Monday night and Tuesday where it was reported that more than 2.5 million people roamed the streets of Lebanon across more than 30 cities. Since Rafic Hariri came to power in the early 1990s, the economy has been completely reliant on foreign investment because of its over-reliance on the dollar currency that is linked to the stabilisation of the Lebanese lira. Furthermore, the monetary system guarantees a fixed exchange rate while adopting a high interest rate on the differential between the Lebanese pound and the dollar, which allows not only banks to make significant profits but also large depositors who take on debt. dollars at an interest rate of 5, 6 or 7% and place these sums in Lebanese pounds at an interest rate of 25, 30, 35% is organised looting. This over-reliance on foreign investment and dollar solvency has started to bite since 2011 as the effect of the economic crisis has hit remittances of Lebanese expatriates sending dollars back combined with a dip in Gulf investments in the Lebanese economy since 2014 (because of their own economic crises) and an increase of economic sanctions since 2016 when Trump came to power. As a result, SMEs (small and medium enterprises), which constitutes the majority of the Lebanese economy have opted to physically displace this insolvency on the Lebanese working class by opting to hyper-exploit migrant labour from the large pool of labour

reserve army within the refugee community. This has further exasperated the formation of the local economy that is reliant on dollar solvency remaining within its borders and not leaving it through counter-remittances or remittances leaving the countries. This, in turn, explains the rise in racist discourse within the Lebanese society that blames Syrian and Palestinian refugees for rising unemployment rather than economic engineering and manipulation by the Lebanese Central Bank and the Lebanese financial sector. Additionally, the import/export balance in Lebanon is a largely negative one that favours import and accentuates the problem by adding \$15 billion of expenses every year which is also affecting the Lebanese Central Bank's dollar reserves (since all import expenditures are done in dollars). If the dollar reserves of the Central Bank stood at \$35 billion in 2015, it is important to note that the same central bank owned local banks more than \$62 billion in local debt. The fact that most of our public debt is owned by a handful of local bank is a huge impediment to the formation of a productive economy. This predicament however is also a blessing in disguise for the agents of neoliberalism. Even though Hariri's economic reforms were overwhelmingly rejected by protesters, which led to his ultimate resignation, the CEDRE conference sponsored by the IMF and the World Bank marked a clear tactical shift from austerity politics to privatisation, a dangerous turn in the logic of financialisation and late capitalism manifesting a major crisis of neoliberalism in its modalities and processes: political unrest and a crumbling monetary and economic system can however constitute opportunities for neoliberalism in crisis for the privatisation of key economic resources comes for cheap.

What is the importance of this protest in the history of Lebanon?

This is truly a historical revolutionary moment in Lebanon's history, as we have finally caught up with the revolutionary wave that has swept the region and is being continuously reignited in places like Algeria, Sudan, Jordan and Iraq. But, as I mentioned earlier, although the revolutionary wave is indeed a continuation of the Arab uprising it also has its discrete material conditions. Without falling into methodological nationalism, we can safely assume that there is a certain specificity to what I'd like to call (borrowing from Mark Fisher) sectarian realism, the idea that it is impossible to conceive a Lebanese subjectivity, a Lebanese economy and a Lebanese superstructure outside of any sectarian affiliation and sectarian structural dependency, to borrow from Mehdi Amel, that has been foundational to the formation of capitalism in Lebanon since the 1860s. This specificity can somehow explain why Lebanon's revolution came this late within the waves of the Lebanese revolution as sectarian affiliation within a neoliberal era combines individualism with competing sects in the market for limited resources. But sectarian realism is only a viable form of capitalism as long as crony capitalism and its clientelist network are able to provide the services they promise. The financial and economic crisis detailed earlier precipitated the delinking of people from the sectarian market due in large part to the fact that this system was not able to fulfil its promise on a much larger scale that now included all sects. This is why Lebanon benefitted from what Trotsky calls "the privilege of historic backwardness", ideologically and from a class perspective Lebanon was not primed for a revolution as the form of financialisation described earlier rendered most of its Lebanese working class (now mostly in the service sector) powerless, unorganised and constantly pegged against a migrant working class which is continuously hyper-exploited. As you might know, the Lebanese economy has, since the early 1990s, centralised the reproduction of surplus capital around the financial and real estate sectors which in turn continually denies the formation of proletarianised labour outside the service sector. But this privilege has manifested itself clearly with the giant leaps that the masses were able to achieve and was characterised by the chants and slogans and novel forms of organising that were adopted.

The efficacy of grassroots organising, combined with the failure of the neoliberal sectarian state to fulfil the false promise of competitive prosperity, generalised a sense of class-for-itself specifically in rural areas. If sectarian neoliberalism's original *raison d'être* lies in the premise that sectarian divide is not only inevitable but crucial for communal prosperity, what a new round of austerity measures has proven in less than a week's time is that these premises were conditioned on sectarian competition continually bearing fruit.

The spread of the revolution was instant as it set about to settle long overdue scores with its detached ruling class refuting in its way years and years of empty analysis by most political scientists, who had long buried any revolutionary potential under the rubble of what they've collectively agreed to call "the conviviality between the

oppressed and the oppressor” and the “overwhelming sectarian nature of Lebanese people and institutions”.

An observation they claimed was now a reality that should be accepted. In the face of these liberal acolytes’ deep and undying faith in institutional progress and stageist strategies of “dual power”, the class struggle has prevailed in the streets, as roadblocks were erected across most working-class neighbourhoods within hours.

In this context, decentralised roadblocks are not just temporary alternatives to a call for a general strike by a centralised trade union but aimed at flipping the central and peripheral paradigm on its head. Beirut is no longer the centre that is relied upon to inject revolutionary fervour, as the beating heart of this revolution moves from one rural area to the other following the state’s coercion of roadblocks. Roadblocks become then a monument that celebrates the very refusal of participating in the labour market through sectarian subject formation.

The deepening of class consciousness through a reconfiguration of the Lebanese subjectivity in peripheral rural areas such as Nabatieh, Sour, Tripoli, Jal el Dib constitute, following from Dan La Botz, rural laboratories searching for the cure for capitalism where peripheral working class scientists mostly serving in the service, financial and educational sectors experiment on the streets in an attempt to revive hollowed trade unions waiting to be born again.

These rural areas do not constitute anymore impenetrable sectarian cantons that are religiously homogenised, essentialised and atomised as competing sectarian strongholds in the Lebanese psyche but direct battlegrounds of confrontations with the state and its complementary sectarian militias that continuously reaffirm the centrality of the class struggle. The more violent, repressive and humiliating sectarian militias are, the more they reaffirm their role as agents of the ruling class. By insisting on taking down the sectarian system through generalised road blocks across Lebanon, protesters have actually dismissed the logic of the market, the logic that continually reaffirms that there is no alternative to sectarian competition that vertically binds the atomised individual with his/her sect, and, by association, the sectarian ruling class.

What are the main slogans and claims of this protest? Are there connections with the 2015 street protests?

Since day one, the masses have chanted “The people want the fall of the regime”, a slogan that has been inspirational in the Arab uprising since 2011. A more popular slogan that is almost a decade old in Lebanon but was popularised by the 2015 protests was “All of them means all of them” and a lesser chanted one, but equally poignant, “If Syria and Sudan have one dictator we have 100” - which is a reference to the fact that the neoliberal sectarianism in Lebanon conjoins all members of the ruling class who have dominated the power for decades. “We are the revolution of the people, you are the civil war!” is another more recent chant that refers to the ruling class’ imbrication in the civil war and its role in destroying the very social fabric that is being knitted again by the protesters on the streets. Another important chant comes from the university and school students who took it upon themselves to reignite the revolution as participation was dipping during the second week. Their participation was as crucial as their chants were also on point: “We are not here to study history, we are here to write it”, as students rewrote the history of the revolution and gave it another lifeline.

The beautiful images of crossborder solidarity with other revolutionary comrades across the Arab world in Sudan, Syria, Iraq, Egypt and other countries should however not keep us from asking about the lack of participation of migrant labour in the revolution. Our revolution will not be one that is marred with methodological nationalism that forgoes our Syrian, Palestinian, Egyptian, Sri Lankan and Ethiopian comrades in the name of homogeneity and finding a “common denominator”. Our comrades have been sidelined, over-exploited and alienated from politicisation and organising for far too long. Their upcoming revolution should be the base on which we build the second and third waves of revolutionary momentum.

What will be the prospect of this protest? Do you think the government will increase repression?

Contrary to Iran, Iraq, Chile and other countries that are witnessing historical revolutions, the Lebanese government has not yet unleashed the full power of its repression on the protesters. Although the number of dead now stands at 7 martyrs, the Lebanese government has opted to use its security apparatus for crowd control purposes opting to outsource violence against protesters to the complementary sectarian militias. This form of organised racketeering serves two purposes, it first pegs working class constituents against each other and momentarily relieves the state from its repressive duties. Racketeering, as Charles Tilly reminds us, is not exclusive to para-state organisations that challenge the state but is the original *modus operandi* of the state that is frequently later outsourced to sectarian militias in order to defend order, legitimacy and the original act of dispossession. Tilly helps us cast doubt over the “failed state notion” that is often paraded in political circles when describing states in the global south as sectarian militias during the Lebanese civil war played the role of reifying the Lebanese state rather than compromising its authority. The incremental incorporation of belligerent militia groups into the state’s security apparatus only proves that their motivation behind their racketeering civil war was a continuation of politics rather than an absence of it. It is this incorporation that paved the way for the organic and yet violent passage from unfettered *laissez-faire* capitalism to savage neoliberalism headed by Rafic Hariri. The sectarian militia’s role in hollowing out and colonising of state structures went hand in hand with Hariri’s financialisation of the Lebanese economy.

Hezbollah stands as a major pillar of counterrevolutionary repression and organised racketeering. Hezbollah and their satellites have taken up the primary role of the counter-revolutions as a continuation to their role in Syria, the so-called resistance bloc had nothing to offer the protesters but conspiracy theories about embassy funding and physical coercion in Beirut and the south of Lebanon. In his infamous second speech, 9 days after the revolution began, Nasrallah questioned the very legitimacy and the spontaneity of the people on the streets deploying conspiratorial narratives around “embassy funding”, reviving civil war tropes, humiliating the protesters for being leaderless and confused in their demands and reminding his followers and protesters alike that the Syrian civil war could be a likely scenario if the protests continue. By doing so, Hezbollah, through Nasrallah’s speech, embodied the historical role of petty-bourgeois politics, increasingly reflecting the backbone of its constituency.

Hezbollah has historically played the role of the intermediary that carefully resolves tensions between sections of the working class and the ruling class and further abstracts the class struggle by constantly projecting it into an unknown, unresolvable future while national liberation remains a constant priority.

As Joseph Daher has shown in his book on Hezbollah, the party continues to receive support from people from different classes, but the party’s priorities are increasingly oriented towards the higher classes. This has created friction within the Shia community and specifically within Hezbollah supporters, where lower-class supporters have realised that they are not Hezbollah’s priority, but constituted the recruiting base for Hezbollah’s war on the Syrian people, a war that is bound to benefit to higher classes of Hezbollah’s cadres and their entourage that are increasingly constituted from the upper middle classes and the Shia bourgeoisie. This is why Hezbollah has opted to channel that friction away from within its community and reignite a sectarian tension by pushing lower-class Shia supporters against the 17 October revolutionaries. By doing so, Hezbollah not only momentarily solves the growing class tension within the Shia community by redirecting and physically displacing the class contradiction towards a sectarian struggle and dissipating the anger of its working class as regards Hezbollah’s alliance with other members of the ruling class, but Hezbollah is also able to push against any talk of a technocratic government that is being branded by Hariri and other (backed by the US). By sending its lower-class supporters to clash directly with October 17 protesters, Hezbollah aims to redeploy and magnify the sectarian tactic that was lost on October 17, a tactic that says that the general public is still entrenched in its sectarian allegiances and is still not ready for a technocratic government. Reifying sectarianism as a counterrevolutionary tactic serves then Hezbollah on two fronts, both internally and externally and helps salvage its alliance with the President’s front that secures the status quo.

The Lebanese army, rarely mentioned as the other major component of the counterrevolution in Lebanon, has also

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historically played both a passive and an active role complementing the role of militias. Since the ascension of Fouad Chehab to power in 1958, a move orchestrated as a compromise between Nasserist and US hegemony, the Lebanese Army has been a major component of counterrevolutionary practice that has tactically stood on the fence until it was able to take power. Although it is now shackled by its funders (the US and Saudi Arabia), the ruling class is still able to rely on some generals within its ranks that are able to manoeuvre political frictions in order to repress some areas (Jal el Dib, Zouk and others) or ignite sectarian tensions within others (Tripoli).

Can you tell us more about the campaign you're working on?

There is one slogan that I have failed to mention earlier which has to do with what the general public is calling "reclaiming the stolen capital" and what they're referring to is, in small part, corruption by the crony capitalist ruling class but, in large part, the ever-growing public debt that is eating up more than 40% of the government's yearly budget to cover the compound interest rate of this debt. The majority of the public/private debt, i.e. more than \$50 billion of this debt (out of approximately \$85 billion) is owned by local private banks. For this reason, we decided, as a group of leftists, to organise around the issue of nationalising the banks, which is, given the historical prominence of the banking sector mentioned earlier, not only novel but would have been usually frowned upon pre-October 17 revolution. We also felt that the socio-economic demands that were part and parcel that drove the masses to protest the first two days were getting drowned out by more populist demands around corruption and the application of the constitution. The demand for the nationalisation of banks, in an era of neoliberal crisis caused by public debt (sponsored by CEDRE, the World Bank and the IMF) not only signifies transfer of ownership of private banks to the public sector - meaning banks to become a public domain, the property of the people, without compensation to their owners - but also reverses years of privatisation and austerity measures. Private banks (partly owned or close to the ruling class circles) have loaned the state tens of billions of high and compounded interest rate debt using state sponsored treasury bonds. Our campaign has camped in front of most of the bank branches distributing leaflets on the necessity of nationalising the banks, free food and open discussions on the economy. People's reaction to the campaign has been largely positive and encouraging as the repressive measures private banks have taken in the last couple of weeks to pressure both the masses and the government have increased the animosity of people towards the banks. We are tapping into this specific anger that comes out of the interaction with the bank to politicise it and direct it towards the centre of capital reproduction and dispossession in Lebanon.

Source [Historical Materialism interviews](#).

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