

# The US Is Pushing Lebanon into the Arms of Iran and Russia: US Sanctions Affect the Local Economy

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*Lebanon is expecting the visit of US Secretary of State Mike Pompeo this week at a time when the Lebanese economic-political map is being redrawn and while Lebanon is suffering its most serious economic downturn in recent history.*

Reasons for the deterioration of the local economy include not only the corruption of Lebanon's political leadership and lower level administration but also US sanctions imposed on Iran. The latest sanctions are the [harshest](#) ever imposed. They will also dramatically affect Lebanon so long as President Donald Trump is in power if Lebanon does not follow US policy and dictates.

If, as anticipated, Washington declares economic war on Lebanon, the sanctions will leave Lebanon few alternatives. They may force Lebanon to fall back on Iranian civilian industry to overcome US economic pressure, and to rely on the Russian military industry to equip Lebanese security forces. This will be the result if Pompeo insists on threatening Lebanese officials, as his [assistants](#) have done on previous visits to the country. The consistent message from US officials has been: you're either with us or against us.

Politically, Lebanon is divided between two currents, one pro-US (and Saudi Arabia) and another outside the US orbit. The economic situation may well increase internal division to the point that the local population reacts angrily in order to exclude the US and its allies from influence in Lebanon.



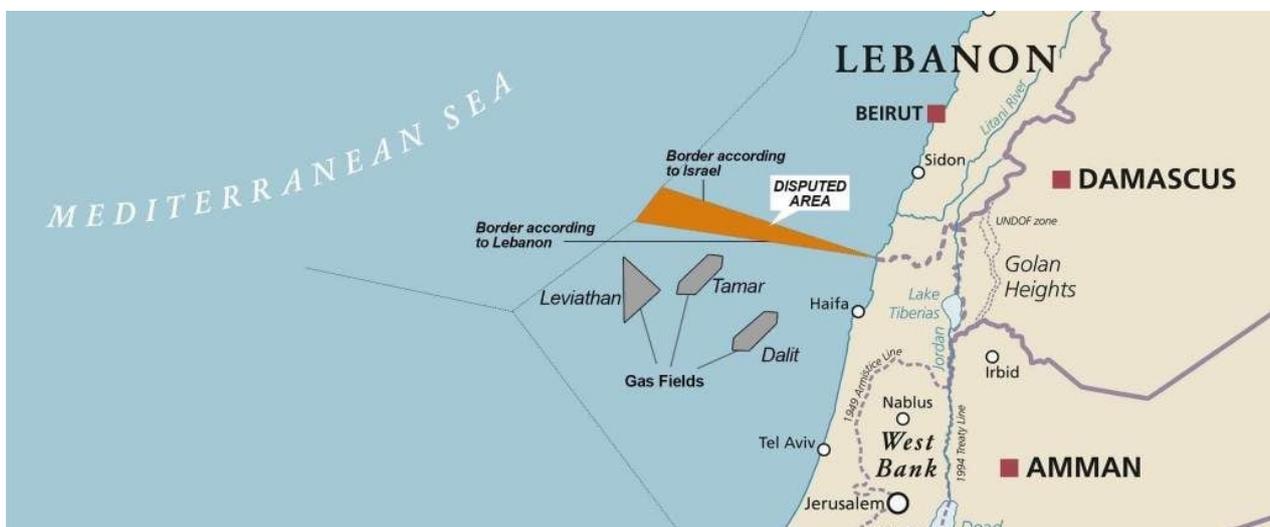
Such a scenario may still be avoided if Saudi Arabia injects enough investment to reboot the agonising local economy. Nevertheless, Saudi Arabia fears that those who are not aligned with its policies and those of the US could benefit from its support. To date, Riyadh has not fully understood the internal Lebanese dynamic and what it is possible or impossible to achieve in Lebanon. The [kidnapping](#) of Prime Minister Saad Hariri was the most flagrant indication of Saudi ignorance of Lebanese politics. The Saudis' lack of strategic vision in

Lebanon will likely prevent any serious support to the failing economy and may lead the country into serious instability.

Before 1982, one US dollar was equivalent to 3 Lebanese Lira. This was in part because the Palestinian Liberation Organisation (PLO) was spending tens of millions of dollars in the country on its own people and on Palestinian families living in Lebanon. Moreover, United Nations organisations (UNRWA) and other NGOs were also distributing financial support to Palestinian refugees whose homes had been taken by Israel forcing them to leave their country.

Following the Israeli invasion of Lebanon in 1982, the PLO was forced to [leave](#) the country. Not much later, one US dollar reached an exchange rate of 3000 Lebanese Lira, later devalued to stabilise at the current rate of 1\$ for 1500 L.L. Iran entered the scene to support local Lebanese fighters (the Islamic Resistance in Lebanon, i.e. Hezbollah) to recover their territory from Israeli occupation. In the year 2000, Iran began to make a serious investment in Hezbollah as the group managed to [force the Israelis](#) out of most Lebanese territory. Iranian financial investment had reached a very high level by the [2006 war](#) when Israel was prevented from disarming Hezbollah to keep its rockets and missiles out of range of Israel.

In 2013, the Syrian government asked Hezbollah to support the Syrian Army to prevent disintegration of the country and to keep Takfiri militants from taking over. Iran pumped billions of dollars to defeat ISIS and al-Qaeda and to prevent them from overwhelming Syria and Iraq, aware that Iran would be the next target. The budget for Hezbollah troops went sky high. Support for movements of troops, logistics and daily allowances given to fighters, contributed to boosting the Lebanese economy. Hezbollah's monthly budget went much beyond \$100 million per month.



Lebanese disputed blocks with Israel (Source: EJM)

But after the arrival of Donald Trump in power and [his rejection](#) of the Iran nuclear deal, the US government has imposed the severest sanctions on Iran and [halted](#) donations to the United Nations organisations supporting Palestinian refugees (UNRWA). Sanctions on Iran have forced a new budget on Hezbollah, a five-year austerity plan. Forces have been reduced to a minimum number in Syria, movement of troops are slowed accordingly and all additional remunerations are suspended. Hezbollah reduced its budget to a quarter of what it had been without suspending any militants or contractors' monthly salaries and medical

care as stipulated by a personal order from Sayyed Hassan Nasrallah, Hezbollah's Secretary General.

This new financial situation will affect the Lebanese economy as cash flow and foreign currency dry up. The consequences are expected to be more noticeable in the coming months, leading to a plausible domestic reaction from the local population that will feel the weight of the failing economy.

The US and Europe are imposing strict controls on any monies transferred to and from Lebanon. The country is on a financial [blacklist](#) and there is tight scrutiny on all transactions. Religious donations from abroad are no longer possible since they expose donors to serious accusations of support for terrorism by western countries.

As long as Trump is in power, Hezbollah and Iran believe the situation will remain critical; they estimate that the US President will most probably enjoy a second term. The next five years are expected to be hard on the Lebanese economy, particularly if Pompeo's visit brings messages and dictates that Lebanon cannot obey.

Pompeo wants Lebanon to give up on its demand to redraw its disputed [water borders](#) with Israel, compromising on blocks [8, 9 and 10](#) to the benefit of Israel. This request will not be granted and Lebanese officials have said on several occasions that they are relying on Hezbollah's precision missiles to stop Israel from stealing Lebanese water.

Pompeo also wants Lebanon to give up on Hezbollah and its role in government. Again, the US establishment seems ignorant that Hezbollah is almost a third of Lebanon's population, enjoying the support of more than half of Lebanese Shia, Christian, Sunni and Druse, with official members in the [executive and legislative authorities](#) of the country.

What then is the alternative? If Saudi Arabia moves in, Lebanon doesn't need one or two or five billion but tens of billions of dollars to resuscitate its economy. It also needs a hands-off policy from the US establishment to allow the country to govern itself.

The Saudis are already suffering from Trump's bullying, and its funds are drying up. If Saudi decides to invest in Lebanon, it will seek to impose terms not much different from US demands. Saudi Arabia engages in wishful thinking when it aims to expel Iran's influence and Hezbollah supporters from Lebanon, an impossible goal to fulfil.

Lebanon's remaining choices are few. Lebanon can move closer to Iran to lower its expenditures and the cost of goods, and it can ask Russia to support the Lebanese army if the West fails to do so. China is preparing to move in and can be a positive alternative for the country, using Lebanon as a platform to reach Syria and later Iraq and Jordan. Otherwise, Lebanon will have to prepare to join the list of poorest countries.

A shadow is hanging over the land of the cedars, a country that has already had to fight for survival in the 21<sup>st</sup> century. Hezbollah, now subject to US and UK sanctions, is the same force that protected the country from ISIS and other takfiri fighters who threatened to expel Christians from the country, in accordance with French President Sarkozy's advice to the Lebanese patriarch that Lebanese Christians abandon their homes. The takfiri jihadists and NATO shared the same intentions for Lebanon. The failure of the US establishment's plan to divide Iraq and create a failed state in Syria as part of a "new Middle East" woke the Russian bear from its long hibernation. Today Russia competes with the US for hegemony in the

Middle East, obliging Trump to pull out all the stops in an attempt to break the anti-US front.

It is a battle with no taboos where all blows are permitted. The US is pushing Lebanon into a bottleneck with no alternatives to closer partnership with Iran and Russia.

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