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The other costs of Hezbollah's Syrian campaign

The war effort in Syria and Iran's economic troubles leave Hezbollah to face political and financial challenges in Lebanon



Dahiye is now empty and yellow, Reem* says, smiling. “Ya Zeinab’ everywhere,” she points out and shrugs. The woman, who is in her early 20s, grew up in the Hezbollah-controlled neighborhood but, unlike others her age, does not embrace the Party’s ideology. She says she can’t repeat the usual “We are not afraid; We will resist til the end” line that most inhabitants of Beirut’s southern suburbs would tell a foreign journalist.

Residents told NOW that the series of suicide bombings that hit Dahiyeh after the Party's Secretary General, Hassan Nasrallah, confirmed Hezbollah's intervention in Syria last May changed life in the neighborhood. "The economy is down, streets are empty. The people who used to shop in Dahiyeh stopped coming," Reem said. "Things are slowly, progressively going back to normal, but it is still not like before. All the buildings damaged in the bombings were mostly rebuilt by the Lebanese government, a few by Hezbollah," she said.

"After [the Party] got involved in Syria, it was obvious that they were investing more in this war effort. We used to feel secure in the neighborhood: nobody dared to approach or plot anything. Now we live with constant fear," Reem added.

Hezbollah's reputation as an invincible security force was bound to suffer from its involvement in the Syrian war, analysts told NOW. But they say the war effort has also affected its financial and political status on the domestic front.

"Hezbollah is paying a lot of money to the families of soldiers killed in Syria [for monthly salaries, education fees, etc.]. This is a priority for Hezbollah. After the 2006 war, Hezbollah paid the damages [...] Now, they are spending less," Lebanese analyst Ali al-Amine told NOW. Iran's ongoing economic crisis, the result of continued international sanctions, has contributed heavily to Hezbollah's spending cuts on community projects. And while the nuclear deal signed at the end of last year promises to bring new bilateral agreements with several countries interested in trade with Tehran, it will take time before the results are visible, Amine added.

For now, Iran is struggling to tackle inflation, with President Hassan Rouhani presenting **an austerity budget** to the Iranian parliament a few weeks ago. Iran's budget for the year starting March 2014 tops \$66 billion, calculated on an open-market exchange rate; former president Mahmoud Ahmadinejad's budget last year was \$200 billion, but was amended in October when the government said it was unable to fund it.

Iran is not Hezbollah's only source of funding. "The Party's financial situation definitely changed, but not to the extent to say that Hezbollah is in a financial crisis," Amine stressed. "There is always an impression that Iran is the only funder of Hezbollah. It is an essential funder but not the only one. We should not forget that Hezbollah has a self-funding policy."

According to Amine, the Party has its own business strategy and its own import-export activities through the Beirut harbor and the airport. It also gathers donations from supporters through organizations located abroad.

Mario Abou Zeid, an analyst at the Carnegie Middle East Center, told NOW that in order to

secure its participation in the Syrian conflict, Hezbollah had and still has to make some compromises in Lebanon, politically as well as financially. “It was obvious in the bargaining that took place in the formation of the government. They had to bargain and the participation in the Syrian conflict was the main card played,” he said.

Abou Zeid told NOW that Hezbollah has many methods it can use to preserve its status on the Lebanese political scene while maintaining its involvement in Syria. The Party is still one of the strongest Lebanese political forces, and can overthrow the government at any time in conjunction with its allies. A political vacuum would allow it to operate in Syria without real pressure from the Lebanese political adversaries, he noted.

Indeed, other Lebanese political analysts don't see any weakness in Hezbollah's strategy at home, even if the Party is investing most of its human and military resources on the Syrian front. “In Lebanon, I didn't see any effect on the Lebanese people from Hezbollah's involvement in Syria on the financial level,” analyst Kassem Qassir told NOW. “It definitely needs more financial resources but the financial effect on Shiites in Lebanon is not really visible. Hezbollah has a big experience and knows how to make a balance between the different battles it is leading.”

Myra Abdallah contributed reporting and translating.

**Name has been changed at the interviewee's request so they could speak more candidly.*