

Lebanese Shia in the Economy

A Parallel Entity Attracting Sanctions



Lebanese Shia in the Economy

A Parallel Entity Attracting Sanctions

Researcher: **Ali Khalifa**

Editor: **Sawssan Abou-Zahr**

Research Coordinator: **Mahmoud Hemadi**

Documentation: **Abbas Hadla**

General Supervision: **Monika Borgmann, Ali Mansour**

A Cross Section of a History The Shia Community in Lebanon

تواریخُ مُتْقَاطِعَة حِصَّة الشیعة منها فی لبنان

UMAM Documentation and Research (UMAM D&R) is undertaking a history project in Lebanon entitled A Cross Section of a History. This project will create a space to explore and deepen understanding of the socio-political histories of specific communities within Lebanon - including the Shia, among others - to trace and explore their historical dynamics until today. Micro-level histories of individuals, families, and towns in Lebanon will be addressed, out of the belief that examination of these various histories will show the mosaic of personal and collective experiences of communities in Lebanon over history.

The title of the project "a cross section of a history" embodies this mission: by focusing on specific elements of Lebanon's collective, cacophonous history, we aim to illuminate unique and collective dynamics, identities, and transformations that help to explain the Lebanon we are seeing today. This project aims to directly engage with community members around Lebanon and in the diaspora, as well as academics and experts. The outputs of the project will be a research report and collections of archival material.



Beirut, 2023
Tel: +961 1 553604
P.O. Box: 25-5 Ghobeiry, Beirut - Lebanon
www.umam-dr.org | www.memoryatwork.org



**Bundesamt für
Auswärtige Angelegenheiten**

German Federal Foreign Office

The views expressed herein belong solely to the writer.
The contents of this book do not reflect the opinions or
organizational perspectives held by the German Federal
Foreign Office.

This book was produced and published thanks to financial
support from the German Federal Foreign Office.

Table of Contents

Introduction	9
---------------------	---

Chapter One: Historical Introduction to the Mount Lebanon Mutasarrifate

Chapter Two: The Economic Reality of the Shia Regions until the End of the Ottoman Era

1) Mount Lebanon	19
2) Bekaa	23
3) Jabal Amel	26
4) The Beginning of Migration and Displacement Movements	27
5) World War I and The Famine	31

Chapter Three: The Economic Reality in the Shia Regions from the End of the Ottoman Era to the Beginning of the Civil War

1) Bekaa	37
A- Traditional Agriculture	37
B- Hashish and Opium	38
C- Trade and Professions	40
D- Industry	42
2) The South	43

A- Agriculture	44
- Citrus Fruits	44
- Tobacco	47
B- Trade	48
- Trade with Palestine	49
- Maritime Trade	49
C- Industry and Services	50
D- Migration and Consequences	52
3) Southern and Northern Suburbs	55
4) The Shia and Banks	57
A- Beirut Riyadh Bank	58
B- Jammal Trust Bank	58
C- Bank Saderat Iran (Export Development Bank of Iran)	59
5) The Shia in Senior Positions	61

Chapter Four: The Economic Reality in Shia Regions during the Civil War

1) The South	63
A- Agriculture	65
B- Trade and Professions	67
C- Industry	69
D- Impact of Israeli Occupation	70
2) Bekaa	72
A- Traditional Agriculture	73
B- Hashish and Opium	75
C- Trade and Professions	76
D- Industry and Services	77
3) The Southern Suburb of Beirut	79
4) Banks	83

5) The War Economy in Shia Parties	85
A- Amal Movement	87
B- Hezbollah	88
6) Emigration	100

Chapter Five: The Economic Reality of the Shia from the End of the Civil War to the Present Day

1) The South	105
A- Agriculture	105
B- Industry	107
2) Bekaa	109
A- Traditional Agriculture	109
B- Hashish and Alternative Agriculture	110
C- Industry	111
3) Beirut and the Southern Suburb	113
4) Banks	115
A- Jammal Trust Bank	115
B- Middle East and North Africa Bank (MEAB)	116
C- Fenicia Bank (Banque de la Méditerranée)	117
D- Beirut Riyadh Bank	117
E- Lebanese Canadian Bank (LCB)	119
F- Bank Saderat Iran (BSI)	120
5) The Shia and Financial Institutions	121
6) Financial Collapse	121
7) From War Economy to Parallel Economy	123
A- Diverse Institutions of Hezbollah	125
- Central Labor Unions and Workers' Unit	127
- Independent Professions Unit	128
- Central Financial Unit	129

- Jihad Al Binaa Development Foundation	129
- Islamic Resistance Support Association	130
- Muslims Treasury (Bayt al-Mal)	131
- Al-Qard Al-Hasan Association	133
- Islamic Social Solidarity Fund	137
- Al-Wafaa Union for Workers and Employees in Lebanon	139
B- The Shia and Non-Governmental Organizations	145
- Banin Charity Association	147
- German Associations	151
C- The Shia and "Ponzi" Schemes	157
- Khalil Hassoon (Al Jawad)	161
- Salah Ezzedine	165
D- Al-Sajjad and Al-Nour Cards	167
E- Sources of Financing for Hezbollah	173
- Iran	175
- Al-Khums	177
- Donations	181
- Commercial Networks	185
- Black Financing: Drugs, Captagon, and International Networks	189
F- Sanctions	193
Conclusion	201
Research Sources and References	203
Image Sources and References	205

Introduction

The economy is a complex system of interconnected production, consumption, and trade activities that is specific to a nation, region, state, or community. It is also one of the most prominent pillars of any society, to the extent that there does not exist a society that seeks to achieve self-sufficiency and meet its essential needs, as well as to expand its trade with surplus production with other societies that do not have an economy. The economy reflects the strength of its society, the nature of its people's lives, and their level of prosperity. As it is impossible to separate the economy from politics, the relationship between them is a constant dialectic; the economy influences politics, and vice versa.

With the historical emergence of Shiite communities in the current geography of Lebanon, these communities also developed local and reciprocal economic activities, similar to other groups in the country. The forms of these activities vary depending on the diversity of available or influenced intrinsic elements, and there emerges a multiplicity of prevailing economic patterns in each era that include those that are traditional, legitimate, and/or prohibited.. To shed light on this topic and its significance in understanding an aspect of the lifestyle of this sect, we have presented this research.

As for its temporal scope, it covers the period from the

tenth century AD, when significant Shiite communities emerged in Lebanon, up to the present day. As for its spatial scope, it focused on the current geography of Lebanon within its international borders, with glimpses into several countries across continents.

In addition, another aspect to consider is the sources we resorted to in order to enrich this research. They are diverse, ranging from references, journalistic articles, journals, and both general and specialized websites. In light of this, we encountered difficulties regarding historical periods in the middle era due to the scarcity of information at times and its generality in other periods, especially given the limited availability of specialized works on the economic reality of Shiite communities.

We also adopted the historical methodology by narrating information related to the subject within specific temporal and spatial boundaries. Additionally, we employed the descriptive approach, focusing on classification, statistics, and data analysis.

The research is structured with an introduction, five chapters, and a conclusion. The first chapter addresses the economic reality of the Shiite community in Lebanon up to the Mount Lebanon Mutasarrifate phase in the second half of the nineteenth century. The second chapter presents their situation, reaching the conclusion of the Ottoman era in the second decade of the twentieth century. The third chapter covers the period from the disappearance of the Ottoman phase until the beginning of the civil war in 1975. The fourth chapter delves into the era of the civil war. As for the fifth chapter, it sheds light on the economic reality of the Shia from the end of the war in 1991 until today.

Through this research, we hope to have covered as much as possible of the economic history of the Shiite sect, which cannot be separated from their other aspects, including political and cultural aspects.

Conclusion

In conclusion, this research has meticulously delineated the economic reality of the Shia in Lebanon from the tenth century AD to the present day.

The first chapter examines the community's conditions in agriculture, industry, and trade, with a focus on the flourishing cities of Tyre (Sur) and Tripoli at that time, leading up to the Mount Lebanon Mutasarrifate phase, during which the major Shiite communities became concentrated in the Bekaa and Jabal Amel regions.

The second chapter presents the Shia's economic reality at the end of Ottoman rule: it addresses the beginnings of external migration, internal displacement movements, and the famine that struck the country, as well as the regions of Shiite concentrations during that period.

The third chapter covers the economic situation of the Shia and their domains in the South, the Bekaa, and the southern suburbs of Beirut between the end of the Ottoman period in 1918 and the beginning of the civil war in 1975. It also addresses the increasing cases of internal displacement towards the suburbs of Beirut and the initial entry of the Shia into the world of banks and various government positions.

The fourth chapter discusses their reality during the

civil war, addressing the impact of the Israeli invasions and the role of the Shia diaspora in bolstering the community's economy. It also dives into the war economy adopted by the two Shiite parties, the Amal movement and Hezbollah.

As for the final chapter which extended chronologically to the present day, it covers the fields of agriculture, industry, and trade, expanding into the realm of banks and financial institutions. It also addresses the parallel economy that gained strength after the financial collapse that hit Lebanon in 2019, along with its local and international repercussions, including sanctions targeting Shiite individuals and entities.

The research necessitated significant efforts due to its importance in shedding light on the economic reality of the Shia throughout history up to the present time. It required considerable effort, given the lengthy time span it covered and the absence of detailed materials on various periods. Additionally, it faced challenges in exploring aspects of the parallel economy that are not always clear, especially during the post-war period when the Shia deviated from traditional economic patterns in their parallel and partisan economy.

This research aimed to cover a significant portion of the posed challenges and serves as a future incentive for more detailed studies in this field. These subsequent studies could