

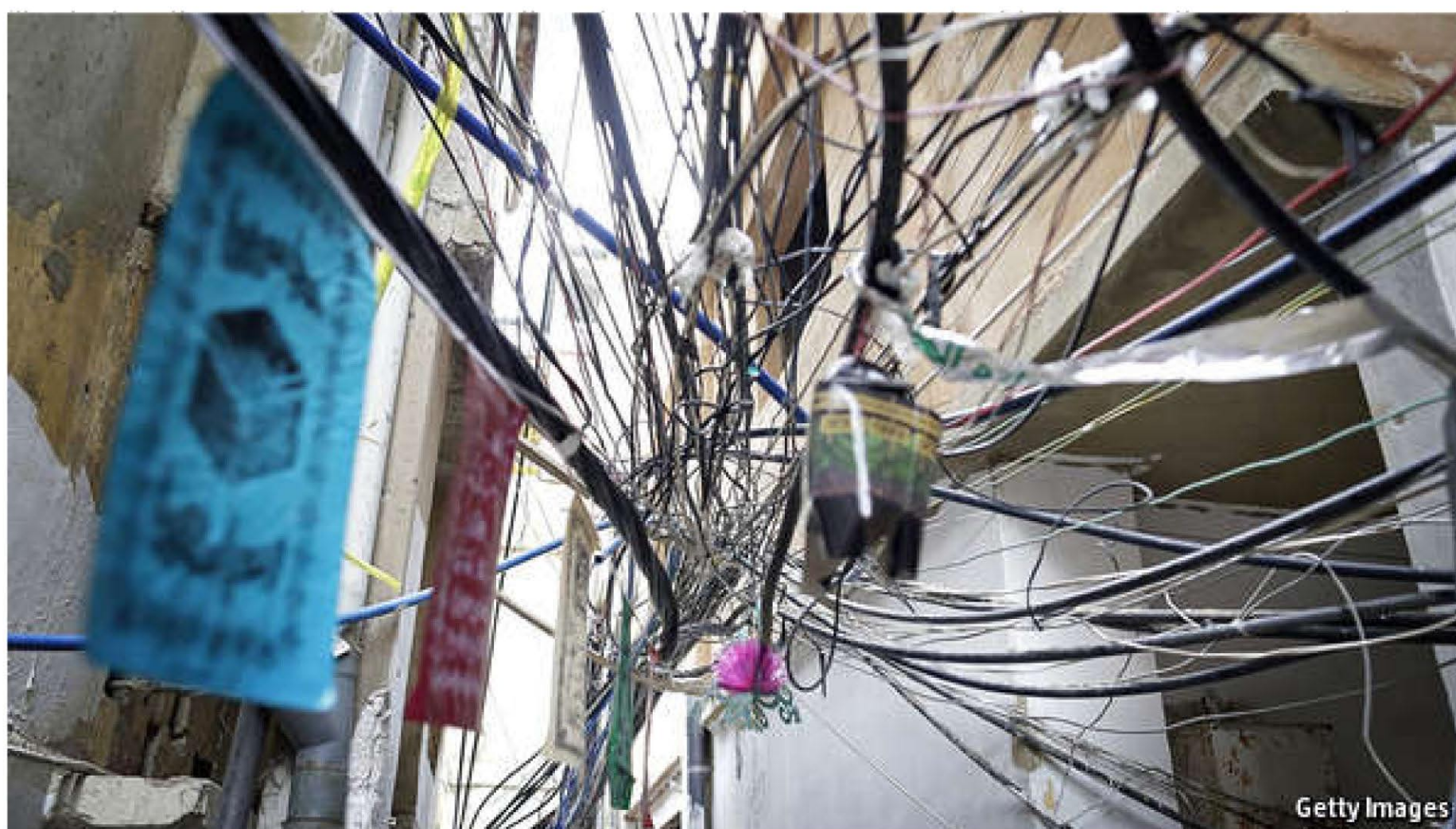
Business in Lebanon

Lights, handguns, action

In Lebanon's fractured society, even keeping the lights on is a battle

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SERIOUS business disputes in Lebanon's Bekaa Valley are normally settled one way—the bosses simply hire gunmen to sort things out. For informal-sector mainstays such as hashish production, kidnapping for ransom and currency counterfeiting, the way of the gun still rules this lawless agricultural basin bordering Syria. But perhaps no instance better illustrates the rough business culture here, and across much of Lebanon, than recent armed confrontations between private-generator owners and a local electricity provider.



A tangled web

Lebanon has been without state-supplied, round-the-clock electricity since its 15-year civil war began in 1975, giving rise to what is essentially a generator mafia. But when officials from Zahle announced last December that their city and 18 Bekaa villages at the foot of snow-capped mountains would soon get 24-hour electricity from a grid provider, local generator owners blocked roads with burning tyres. They threatened worse, since they would soon be out of what has been an incredibly lucrative business. Then in early February, four main transformers belonging to a power provider, Electricité de Zahlé (EDZ), were targeted in mysterious late-night gun attacks, rendering them useless. Until they are repaired, many residents of the area can get only 12 hours of electricity from the grid, forcing them to buy the remainder from generator owners.

Even more than celebratory gunfire and car horns, the most constant sound in every corner of Lebanon is the steady rumble of generators. In some remote areas of the country, residents get less than four hours of electricity from the national grid every day. In Beirut, savvy residents monitor the daily, timed blackouts with a smartphone app which tells them which three-hour block they will have to endure that day. A drop or two of rain can easily extend those blackouts to 12 hours or more.

Michel Massad, a Zahle *mukhtar* (a mayor-like local elder who mediates neighbourhood disputes), says locals are fed up with paying price-gouging thugs to keep the lights on. “When the price of oil dropped, the generator prices should have dropped too, but they didn’t,” he says. “This showed that they are a mafia, a gang, and they should all be arrested.” Mr Massad adds that some generator owners earn at least \$30,000 per month, and even more during the cold winter.

The blame ultimately falls on the Lebanese state. The bitterly divided sectarian parliament has passed no meaningful legislation in years, and has been unable to elect a president since last May. The national debt currently stands at 211% of GDP and is still rising. And a well-entrenched system of patronage has ensured that the same handful of family dynasties share Lebanon's riches.

Even when politicians did respond to popular anger by hiring floating power-stations from Turkey to supply more juice, they generated only a tiny amount of the electricity they were supposed to. The \$360m deal was temporarily scuttled when the power supplier claimed that Lebanon had provided substandard fuel to operate them. Lebanese politicians, in turn, blamed the Turkish company for supplying shoddy generating equipment.

The fight over electricity reflects a problem faced by countries emerging from civil war. The collapse of the state opens up a vacuum. The gangsters who fill it remain in control after the fighting has stopped. Even in areas of the capital with chic night-life, valet parkers (known locally as the “parking mafia”) sometimes brandish firearms to protect their turf.

Lebanon often presents a veneer of normality and progress in a region known for the opposite, but the reality is very different. Along with its power grid, nearly all of the country's infrastructure was clobbered during the civil war and has been only partially rebuilt. Repairing it is not easy in a society where corruption is rife.

“Lebanon is built on kickbacks,” says Kamel Wazne, an analyst in Beirut. “The government and political parties are hindering the country's progress.” Indeed, even the generator gangs have troubles of their own with corruption. Several generator owners in Beirut's southern suburbs say that, in order to operate, they must pay a fluctuating monthly fee to street-level officials of local Shia militias, which are also tied to prominent political parties. The same goes for many towns and villages, whether Christian, Muslim or Druze.