

Colonial Legacies in Lebanese Financial Infrastructures and the Impact on Financial Crisis

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I Introduction

It was pitch black as I drove through the streets of Beirut. The buildings, which usually lined the roads haphazardly, were barely visible. The lights from the apartments with electricity looked like yellow squares floating in the dark skies. The headlights from other cars were blinding, making it difficult to recognize where I was at first. I felt like a stranger in my own city, until a hint of light from a familiar landmark in the distance would remind me of my location, whether it was a small grocer, a shawarma shop, a supermarket, a coffee place, or an advertising billboard.

One billboard caught my attention. It was a big yellow advertisement for OMT, the biggest money transfer operator in Lebanon and a daughter company of Western Union. The billboard featured an elderly man and a younger one embracing each other, with the Arabic words ‘haddak bi-kull al-zurūf’ (there for you in all circumstances) and the subtitle ‘istilim ḥawāltak min al-kbārij bi-l-dulār’ (receive your transfer from abroad in US dollars).¹ For some Lebanese people, if not most, remittances in US

Dollars have been the only means of survival in times of financial collapse. (Excerpts from fieldnotes, 2022)

During my fieldwork in Beirut between May and December 2022, the exchange rate of the US dollar to the local currency, the Lebanese lira (LL), was the subject of daily conversations. I was frequently approached by self-proclaimed ‘financial experts’ speculating about the increase or decrease of the rate, and regular passers-by and friends would enquire about the most recent exchange rate. The exchange rate fluctuated drastically, varying between 30,000 LL and 40,000 LL for one US dollar within the span of a month. This exacerbated the dire economic situation for Lebanese citizens, because the exchange rate of the local currency to the US dollar determined what they could afford to buy since most products were imported.

Being pegged to the US dollar, the value of the local currency was dependent on the availability of US dollars at the central bank’s reserves. In 2019, Lebanon’s credit rating by several financial corporations dropped

significantly, indicating that the Lebanese central bank was acquiring more debt than it could account for (Cordall, 2019; Rickards, 2020). To manage its debt and the dollar peg, the central bank depended on financial engineering and created attractive conditions to lure foreign dollar deposits from the diaspora and investors into the country (Rickards, 2020). However, this financial plan was not sustainable. The drop of Lebanon's credit rating coupled with the financial sanctions targeting the region discouraged dollar deposits.

By 2020, it became clear that the central bank had failed to preserve enough US dollars in its reserves. This led to severe shortages of essential goods such as fuel, medicine, and food (Hubbard, 2021). The situation was compounded by the COVID-19 pandemic and the devastating explosion in Beirut's port in August 2020. Lebanon's financial crisis began to take headlines in major newspapers, and since then, Lebanon has been cited as having suffered one of the worst financial crises in the world since the mid-1800s (Hubbard, 2021).

Popular media reports have attributed the Lebanese financial crisis to clientelism and corruption among political and financial elites (Chaya, 2019; Rickards, 2020; Blair, 2021). According to these accounts, the financial schemes of the elite led to the shortage in US dollar reserves at the Lebanese central bank. However, little attention was paid to how the system of dependency on US dollar reserves was established in the first place. This chapter aims to answer the question: How did Lebanon become so dependent on the US dollar? Exploring this question through an infrastructural gaze sheds light on the deeper colonial capitalist structures and embedded dependency relations that enable present-day inequalities.

2 An Infrastructural Perspective

Stemming from science and technology studies, the concept of infrastructure is used to highlight the ways in which seemingly technical devices and systems, such as roads and payment systems, are not neutral, but rather

embedded in politics and power dynamics (Star, 1999; Larkin, 2013; Appel, Anand, and Gupta, 2018; de Goede and Westermeier, 2022). Notably, post-colonial research found that infrastructures reinscribe power dynamics that were dominant at the time of their creation (Bear, 2020; Sims, 2021; Bernards, 2022). Therefore, in conceptualizing the central bank of Lebanon as an infrastructure, this chapter focuses not just on the physical building itself or the services it provides, but on the intertwined network of monetary policies and decrees it produces, the rationalities and motivations behind these policies, the monetary reserves and currencies it works with, the people who work there, and the political relations that influence its work.

This chapter aims to add to the insights gained in historical and sociological analyses of the case of Lebanon, which have found that the monetary system of Lebanon has never been sovereign because of the aligned interests of the political elites and dominant powers (Halabi and Boswall, 2019; Safieddine, 2019; Noe, 2022). Economic trade relations between the mercantilist Lebanese and the French not only facilitated the infiltration of colonial capitalism in the region, but also the continued orientation towards financial policies which benefit both the colonial and mercantilist elites. Ever since the Ottoman Empire, Mount Lebanon was home to a group of mercantilist elite who benefited from specific trade in silk and other goods with the French (Gaspard, 2004). Right after the end of the French colonial mandate, Lebanon was dubbed as the Merchant Republic (1950s–1960s), which Carolyn Gates describes as a time of extreme *laissez faire* (in Khater, 2000, p. 569). Along with other researchers validating her findings, Gates attributes this phenomenon to a combination of historical conditions and trade relations between the mercantilist and French that also predated the colonial rule (Gaspard, 2004).

The purpose of this chapter, however, is to show that the continuity of the influence of both the colonial and mercantilists is not only implicated through political and economic relations, but also through physical infrastructures. The central bank of Lebanon, which was mandated by the French, was

designed under specific rationalities which continue to embody the bank today. To demonstrate this, I will use an infrastructural perspective to discuss Lebanon's present-day monetary dependencies and to show how the dependency on the US dollar is a monetary policy sedimented in the *Banque du Liban*. I show this sedimentation by highlighting reoccurring patterns in the historical development of the central bank that were centred around colonial rationalities.

This chapter thus contributes to a theoretical discussion of the central bank of Lebanon which has not yet been discussed using an infrastructural gaze. To achieve this, I draw upon observations conducted during fieldwork in Lebanon in 2022,² and the extensive archival research conducted by historians, particularly Hicham Safieddine's comprehensive studies on Lebanon's financial history (Safieddine, 2015, 2019). First, I conceptualize the establishment of the central bank of Lebanon as a product of colonial rationalities. It was created under the auspices of the French colonial rule to monopolize their currency, to benefit their financial markets at the expense of local development, and to maintain control through debt relations. Secondly, I demonstrate how these colonial rationalities were sedimented, persisting as reoccurring patterns during the development of the bank, extending even after the official termination of the French colonial mandate. Consequently, I contend that these colonial rationalities have become ingrained in the central bank, maintaining foreign currency-dependency relations that continue to shape the contemporary financial landscape of Lebanon.

3 Sedimentation of Infrastructures

Today, central banks are the infrastructures that connect countries to the global financial system. However, the way in which they are connected differs from country to country. Eric Helleiner argues that central banking in colonized countries created dependencies on the economies and financial markets of colonial powers (Helleiner, 2002a, 2002b). Despite the end of the

colonial rule, these dependencies continue to shape the financial markets of previously colonized countries today.

Conceptualizing the central bank of Lebanon as an infrastructure allows us to connect these past dependencies, created by colonial capitalism, to the present-day financial crisis. Infrastructures in socio-technical sciences are defined as an 'amalgam of technical, administrative and financial techniques' (Larkin, 2013, p. 330), and as a 'relation between technology, space and power' (Tribillon, 2021, p. 40). Therefore, in addition to being systems that facilitate the circulation of things or people, infrastructures are also about knowledge, meaning, and power. In this section, I synthesize the literature that has used infrastructures to discuss the continuities of power relations throughout history. These researchers show that infrastructures are stubborn and difficult to change.

De Goede and Westermeier (2022) use the concept 'sedimentation' to discuss how social and political relations are embedded in infrastructures over time. Sedimentation refers to the way in which historical power relations and dependencies become inscribed in the material structures of society, such as infrastructure. In his study on post-Apartheid South Africa, Edwards argues that the persistence of racial segregation is not enforced by separate facilities per se, but rather by automatic acts ingrained in habits and norms (Edwards, 2019, p. 364). He finds that infrastructures are path dependent because they are shaped by historical, social, and technical factors that create durable and difficult-to-change configurations. Other research has also shown the stubbornness of infrastructure, whether it is fintech technologies replicating spatial inequalities in Kenya (Bernards, 2022), former colonizing countries acting as major payment hubs in global payment systems (de Goede and Westermeier, 2022), or contemporary railway developments utilizing colonial techniques of calculations of risk, state guarantees, and debt accounting in India (Bear, 2020). In all this research, the continuities of colonial legacies through infrastructures are shown by highlighting

the social conditions and rationalities that were dominant at the time of the creation and planning of infrastructures.

Building on this research, I show how colonial monetary rationalities are sedimented in the central bank of Lebanon. I use the concept of sedimentation as defined by de Goede and Westermeyer (2022) and conceptualize the colonial rationalities behind the initiation of the central bank of Lebanon as routes. Through a historical account of the development of the central bank, I find that these routes are inscribed and reinscribed at different times and in different social conditions. As such, in line with the purpose of this part of the book, using the case of Lebanon, this chapter responds to a call for more research on how histories and colonial relations continue to shape modern financial infrastructures (de Goede, 2021).

4 Colonial Rationalities of the Central Bank

In this section, I lay out the colonial rationalities under which the predecessor of the central bank of Lebanon, the Banque de Syrie et du Liban, was created. I argue that the Banque de Syrie et du Liban was mandated under the French rule to benefit the French colonial rule. I do this by showing that the bank was established under three colonial rationalities: to monopolize colonial currencies, to benefit colonial financial markets, and to uphold control over colonized regions. These rationalities can be seen in the goals and aims of the constitution of the colonial bank, and the historical events that influenced its development.

I conceptualize these rationalities as routes that were inscribed at the time of the creation of the Banque de Syrie et du Liban's infrastructure. These routes were meant to lead to beneficial outcomes for the French monetary regime. The structuring of these monetary routes in this way was not unique to Lebanon. Helleiner (2002b) shows that colonial powers took care of their monetary expenses through restructuring the monetary regime of colonized countries in their favour

(Helleiner, 2002a, 2002b). The first route was the creation of a currency dependency, by linking the local currency to the French franc, to monopolize the colonial currency in the region. The second route was the creation of monetary policies that were centred around de-regulation to benefit the French market rather than local development. The third route was the creation of debt relations to uphold control of the region.

4.1 Route 1: Monopolizing the Colonial Currency

Much like the post-Ottoman territories in the Middle East, Lebanon was under the occupation of colonial powers after the collapse of the empire (Saffiedine, 2015; Daher, 2022). The French Mandate was authorized in the region of Syria and Lebanon in 1919–1943 under the Sykes–Picot Agreement. In 1924, a convention was signed under the financial mandate to institutionalize what could be understood as a central bank in present times, called the Banque de Syrie et du Liban (Saffiedine, 2015).

Under the French financial mandate, a local currency, the Syrian lira, was created under the management of the Banque de Syrie et du Liban. The Syrian lira was created as legal tender and replaced all other currencies that were present at the time (Saffiedine, 2015).

Before colonialism, foreign, domestic, and even local currencies were used alongside each other and across countries (Helleiner, 2002a). Colonial powers introduced what Helleiner (2002a) calls the territorialization of currencies: through a central bank, one currency was given legal tender within a country. Having one currency as legal tender reduced transactional costs and was meant to boost the emergence of national markets (Helleiner, 2002b).

Colonial powers territorialized currencies differently in their home countries compared to their colonies. While colonial powers stabilized their currencies by backing it by gold reserves, colonized countries had their local currencies linked to colonial currencies. This meant that colonial powers

could benefit from monetary gain through seigniorage,³ a greater degree of control on the money supply, and influence on macro-economic conditions (Helleiner, 2002b).

In the case of Lebanon and Syria, the Syrian lira issued by the Banque de Syrie et du Liban was linked to French francs (Saffiedine, 2015). While the French francs were backed by gold reserves, the Syrian lira was backed by the French francs. This meant that the value of the Syrian lira was fixed at a specific rate which was determined by the French. Originally, 1 Syrian lira was equal to around 20 francs. This meant that linking the Syrian lira to the French francs did not necessarily benefit the local monetary situation. As such, Saffiedine argues that Syrian lira was merely the French franc in disguise (Saffiedine, 2019). One of the rationales behind linking the Syrian lira to the French franc was to monopolize the colonial currency in the region. Therefore, currency dependency constitutes the first route.

4.2 Route 2: Benefiting the Colonizer

In addition to linking the local currency to the French franc, the French financial market also benefited from the Banque de Syrie et du Liban's monetary policies rather than national markets. Coupled with controlling the value of the Syrian lira, the Banque de Syrie et du Liban was exclusively governed under French law and had a French governor (Saffiedine, 2015).

The Syrian and Lebanese governments at the time were only granted small shares of the central bank. According to Saffiedine, the French minister justified the exclusion of the local states from participating in the convention that established the bank by citing 'the uncertain political situation' in the territories of Syria and Lebanon (Saffiedine, 2015, p. 66). As such, the Banque de Syrie et du Liban could be said to have been a French private bank that was authorized to act as a central bank. However, this meant that monetary policies executed were favourable to the French market. This is seen through the laissez-faire policies that were implemented at the time.

Even though the 1924 convention included a commitment to promote local economic development, in practice there was little evidence of economic planning and support of local industry (Saffiedine, 2015, p. 69). Monetary policies implemented by the French were outward-oriented, motivated by free-market capitalism with limited government intervention and regulation. These policies included little regulations on businesses and private banking, minimal ratio requirements, and the introduction of a mortgage-lending regime that private banks could indulge in (Saffiedine, 2015). Foreign banks in the region were dominated by French ones, who favoured foreign commerce and trading foreign exchange. Investment and credit in industry and agriculture were sidelined by these banks and the Banque de Syrie et du Liban. These policies thus contributed to an import-reliant economy, strengthening the power of financial elites and leading to an increased inequality in the region (Saffiedine, 2015).

As such, the rationale behind laissez-faire policies of the Banque de Syrie et du Liban was to benefit the French economic and financial markets, rather than boost local development and prosperity. Therefore, financial de-regulation constituted the second route.

4.3 Route 3: Upholding Control of the Colonized Region

By inscribing the first two routes in the Banque de Syrie et du Liban, the French were able to link their financial markets with Lebanon and Syria and boost their local economy. Additionally, Saffiedine shows that even the economic statistical missions that occurred were only meant to infiltrate French capital rather than boost local development. Saffiedine finds that 'by 1932 close to half of the [central] banks holdings in deposits were siphoned off into investments abroad, namely in French government bills and securities' (Saffiedine, 2019, p. 69). This created unsolicited loans of the local governments to the French government (Saffiedine, 2019). The French inscribed a third route in the bank which was meant to uphold control

within the region. This route constituted the creation of debt relations to cover colonial military expenditures.

This rationale is not unique to the case of Lebanon; as Graeber argues in his historical analysis of debt, the development of national currencies originated from financing the military expenditures of rulers and the waging of foreign war (Graeber, 2011). During World War II, the French used the Banque de Syrie et du Liban to finance their military expenditure in the region (Safieddine, 2015; Ghosn, 2021). Allied military expenditures in the region were financed by taking out loans from the Banque de Syrie et du Liban and denominated in the Syrian lira (Safieddine, 2015). The creation of this loan arrangement could only be possible due to the link of the Syrian lira to the French franc, and the control of the French government of the Banque de Syrie et du Liban. The French high commissioner applied the monetary provisions which he found fit to make this loan arrangement. This meant that the French were able to take out loans denominated in Syrian lira as they pleased. As such, a surging number of French francs were printed to secure this loan, leading to hyperinflation (Safieddine, 2015).

Significant economic and social consequences were felt by the region during period between 1941 and 1944, and trust in the French franc diminished (Safieddine, 2015). The debt configuration that the French colonial powers created through the Banque de Syrie et du Liban was thus solely purposed to uphold their power in the region, even though it led to the deterioration of the local monetary system. Therefore, the third route inscribed in the Banque de Syrie et du Liban was the creation of debt relations that favoured foreign powers.

5 'Decolonization' of the Central Bank

Despite the suffering the French monetary system brought, it was not easy for the local governments to disconnect from the French financial rule. Even though Lebanon gained

its independence in 1946, the French maintained their financial mandate until 1948 (Safieddine, 2019). After negotiations in Paris with the local governments of Lebanon and Syria, the two independent states developed their own financial trajectories (Safieddine, 2019; Daher, 2022). In the case of Lebanon, I demonstrate how the development of the central bank, even after gaining independence in 1946, continued to be influenced by the colonial routes outlined in Section 4. This influence is evident, first, in the minimal central bank reforms in Lebanon following the end of the mandate and, secondly, in the fact that significant reforms were only initiated in 1964, under the influence of a new imperial power, namely, the United States.

5.1 *Reinscribing Colonial Routes*

The Paris negotiations 1948 led the economies of Lebanon and Syria to be separated. Given that Lebanon and Syria had different monetary approaches, they requested that the customs union between the two countries be abolished too (Safieddine, 2015, p. 82). Influenced by more socialist ideologies, Syria's monetary reform took a different turn than Lebanon's. It created a separated central bank and completely withdrew from the Banque de Syrie et du Liban's concession. In so doing, Syria was able to focus on local industrial and agricultural development (Safieddine, 2015; Daher, 2022). Being based in Beirut, the Banque de Syrie et du Liban continued to act as the central bank in the case of Lebanon and was managed by a French governor, Rene Busson (Safieddine, 2019). As such, Lebanon continued to use the same financial infrastructure as was set up by the colonial powers. Despite some changes in the monetary policies of the bank, colonial routes of the bank remained intact.

First, due to the instability of the French franc, the local government wanted to de-link from the French franc and create a new currency. However, to de-link from the franc, the French asserted that it should be relieved from the debt that was acquired to fund its military expenditures during World War II (Safieddine, 2015). The argument

was that the debt would equate the assets and investments it left behind after the mandate. After looking for help from foreign powers to dispute the French argument, a Belgian financial advisor recommended that they accept this deal instead (Safieddine, 2015).

As such, the new currency, the Lebanese lira, was issued under these conditions. The new currency was not linked to the French franc, but instead was a floating currency backed by gold and foreign currencies (Safieddine, 2015). To stabilize the Lebanese lira against the free market, the Banque de Syrie et du Liban used foreign exchange reserves to buy and sell Lebanese lira. Similar to the first colonial route, the focus was still on currency dependency and stability, by replacing the link to French franc with a link to foreign guarantees. In addition to that, even though the new currency was de-linked from the French franc, the French were able to benefit from this by relieving their debt.

Secondly, monetary policies continued to prioritize *laissez-faire* ideals of financial de-regulation. The Banque de Syrie et du Liban used foreign exchange reserves to buy and sell Lebanese liras and set interest rates to encourage foreign investors to hold the local currency. As such, there were no restrictions on foreign currency transactions and low reserve ratio requirements for banks to give out loans (Safieddine, 2015). This meant that by prioritizing the value and the stability of the Lebanese currency, the monetary policies under the Banque de Syrie et du Liban were aimed at encouraging and attracting foreign investments into the economy. This monetary model fit well for the mercantilist and financial elites who acquired vast fortunes from import trade and capital inflows (Yassin, 2012; Daher, 2022). In addition to that, given that the governor of the Banque de Syrie et du Liban was still French and the long-lasting relations between the French and the Beirut financial elite, French capital was still favoured (Safieddine, 2015). As such, prioritizing financial de-regulation over local development is in line with the colonial rationality to infiltrate foreign markets.

Thirdly, by being a signatory to the Bretton Woods Agreement after World War

II, Lebanon became embedded in the new financial order regulated by international financial institutions such as the International Monetary Fund (IMF) (Safieddine, 2015). The IMF regulatory framework was centred around central bank reform. Key reforms included establishing an independent central bank that was far removed from political influence, and ensuring stable exchange rates with the US dollar being the global reserve, were also essential parts of these reforms (Safieddine, 2015). In the first decade of Lebanon's IMF membership, the organization lacked an enforceable mechanism to impose such regulations. However, the IMF did provide technical assistance and missions to ensure a transition to these reforms (Safieddine, 2015). The IMF principles challenged the Banque de Syrie et du Liban's *laissez-faire* policies, which were based on de-regulation and were highly politicized. However, although this new financial order aimed to remove French colonial influence from the central bank, the IMF ultimately facilitated a new form of control. This was done by facilitating debt relations and conditionalities that introduced an alternative model of imperial influence, namely US influence.

5.2 *New Headquarters, Same Rationality*

According to Safieddine, the financial policy advisors who played a crucial role in the monetary reform in Lebanon were educated at the American University of Beirut (AUB) (Safieddine, 2015, 2019). He calls them the AUB institutionalists. The IMF's influence, as well as the AUB institutionalists' advocacy for independent institutions and a strengthened central bank, led to the establishment of the Banque du Liban in 1964, with a Lebanese governor.

With the construction of new headquarters for the Banque du Liban, Safieddine argues that this was meant to symbolically represent its independence from the Banque de Syrie et du Liban. Notably, the employees merely transferred from one bank to the other. French financial experts and advisors to the Banque de Syrie et du Liban

also contributed to the Law of Money and Credit, which established the reform of the new bank (Safieddine, 2015). As I will show in Section 6, the colonial routes thus remain stubbornly sedimented within the financial infrastructure, directing the development of the central bank.

First, the mandate of the Banque du Liban prioritized *laissez faire* and currency stability. The first annual report of the central bank stated that ‘the central bank of Lebanon should avoid compromising the free economy and the immunity of the currency’ (Beit Beirut Museum, 2022–2023). Financial regulation was thus limited to currency stabilization, and monetary policies were geared towards maintaining exchange rate stability, rather than economic development.

Even during times of instability and economic crisis, reforms were still centred around currency stability. Due to the deterioration of the trust and value in the local currency, in the mid-1960s and 1970s, the Lebanese lira was no longer able to be upheld by its floating exchange rate (Safieddine, 2015; Daher, 2022). In response, the Banque du Liban eventually pegged the Lebanese lira to the US dollar at a fixed exchange rate by 1997 (Daher, 2022). This was in line with the expectation of Bretton Woods, which encouraged stabilizing currencies using the US dollar (Helleiner, 2006). As such, the US dollar was preferred as the global reserve currency over gold. Therefore, the development of the central bank from the Banque de Syrie et du Liban to the Banque du Liban still followed the colonial route of focusing on currency dependency, but at a fixed rate with the US dollar.

Secondly, the Banque du Liban’s reformed policies continued to be centred on open markets and *laissez-faire* policies. According to Safieddine, even the AUB institutionalists did not challenge *laissez-faire* policies. Instead, they only advocated for conservative rather than radical central bank reforms. For example, they advocated for increasing the minimum reserve requirements for loans. However, there was little discussion of the regulation of private businesses (Safieddine, 2015). Therefore, these

policies appeared to provide more state regulation on money markets but did not diminish the privileges of the private banking sector. Thus, they further consolidated the interests of the financial elite.

Nevertheless, this was not favourable to the local development of the economy itself. Researchers found that the persistent *laissez-faire* policies contributed to increased inequalities in Lebanon, resulting in extreme economic and social downturns between 1966 and the 1970s. Coupled with local sectarian conflicts, these social inequalities instigated the fifteen-year civil war from 1975 to 1990 (Daher, 2022). The destabilization of the economic and political situation caused the value of the Lebanese lira to deteriorate. The following shift from a floating currency to one pegged to the US dollar increased confidence in the Lebanese lira. However, it also increased reliance on the US money markets (Safieddine, 2015; Daher, 2022). As such, despite the emerging power stemming from the Bretton Woods System, the colonial routes of currency dependencies and de-regulation continued to privilege foreign markets.

Following the civil war, foreign entities together with international organizations (such as the IMF and World Bank) continued to facilitate and provide loans to Lebanon, with conditions that emphasized economic liberalization and the integration of Lebanon into the global economy. This led to the further opening up of the economy to foreign investment, especially in the financial and real-estate sector, and a decline in what was left of the agriculture and manufacturing sectors (Daher, 2022).

6 Sedimentation of Colonial Rationalities in Lebanon’s Central Bank

The previous sections demonstrated how colonial routes inscribed in the predecessor of the Lebanese central bank have directed its development in certain ways. These colonial routes were originally only meant to benefit the French colonial powers. However,

throughout history, shifting power dynamics have reinscribed these routes in different ways. Despite the shifting power dynamics, the development of the bank was directed towards currency dependency, financial de-regulation, and more debt relations.

These three routes are in fact intertwined with each other. By depending on foreign currencies, the central bank was constantly looking towards foreign markets to stabilize its currency. This meant that the central bank sought monetary policies that would benefit foreign investments. These policies first benefited the French market, then the financial and mercantilist elite, and later the Bretton Woods System. However, this meant that throughout history less attention was given to the development of agriculture and manufacturing. History has shown that these *laissez-faire* policies have contributed to exacerbating inequalities in the region (Gaspard, 2004; Yassin, 2012; Safieddine, 2015; Daher, 2022). The combination of these inequalities with specific socio-political conditions have led to financial instability at different points in time. The debt relations acquired in times of financial crisis and instability also only leveraged foreign power. As seen in the debt conditionalities under the IMF financial order, integration in the world economy through financial de-regulation and stabilizing the currency with the US dollar peg were further encouraged.

As a result of these intertwined routes, the central bank of Lebanon has been directed towards hinging the local economy to the Western market in a way that is not beneficial nor sustainable for the local economy. Similarly, the colonial bank was meant to connect the local economy to the French one in a way that was not beneficial to the local economy either. Therefore, the rationale behind the establishment of the colonial predecessor of the central bank is still relevant to the way it functions today. As such, we cannot understand the financial crisis resulting from the policies of the central bank today without looking back at the rationalities behind its creation.

Research on post-colonial systems has argued that political independence from

colonial rule does not necessarily mean economic or cultural independence. Power continues to be reproduced through the acquired know-how that has been passed on during the colonialism (Young, 2016). As such, decolonization in Gramscian terms only corresponds to a shift between political and civil societies. A 'civil society' is that which no longer requires physical control, but rather the ruling class operate in complicity with the needs of international benefit (Young, 2016, p. 45). As I have shown using the case of the central bank of Lebanon, infrastructures too are complicit in the continuity of colonial legacies.

This complicity is seen through the rationalities that are sedimented throughout the development of colonial infrastructures even after the alleged 'decolonization' process. I have shown this by conceptualizing colonial rationalities as routes that are inscribed in the infrastructure of the Banque de Syrie et du Liban. I found that these routes, which were meant to benefit the French market, continued to direct the bank towards foreign markets and dependencies. The sustenance of this model relied on the skills and know-how of the urban elite 'and their long-standing relationship with the Western market system' (Yassin, 2012, p. 68). As such, the development of the Banque du Liban through its colonial routes was not only familiar but also favourable for the urban financial elite of Beirut. The Banque du Liban's development continued to serve the interests of the ruling elites, both through its policies and through its colonial, and later US, connections. Thus, even though there were changes in the shift of power after 'decolonization', the financial infrastructure continued to function under the rationalities that created it.

7 Conclusion

As Bernards (2022) points out, while colonial infrastructures are durable it does not mean that they necessarily determine the present or future. For that reason, it is important to bring to view the ways in which infrastructures develop over time alongside shifting

power dynamics. By recounting the social conditions and rationalities behind the development of the central bank of Lebanon, I showed the reoccurring patterns over time. As such, I argued that colonial rationalities are inscribed in the central bank, dictating it in a certain direction. Through currency dependency, monetary development, and debt relations, the Banque du Liban became hinged on foreign financial infrastructures.

As shown in the research on global financial infrastructures, without banking relations with major banks it becomes almost impossible to reliably transfer money to the Global South. This can result in the economic isolation of countries that are targeted by nationwide sanctions, such as Venezuela, Iran, and Syria (de Goede, 2011; Daher and Moret, 2020; Brandl and Dieterich, 2021). While Lebanon's economy was not isolated, financial restrictions and a decrease in foreign financial flows to the country did bring about a complete financial collapse. In Lebanon, the harm of financial restrictions was indirect, by impacting access to foreign currency, which in turn limited access to basic resources. The shortage in the US dollar reserves led to a complete collapse of the financial infrastructure in Lebanon, compounding the collapse of other infrastructures and shortages such as electricity, water, and fuel, and thus depriving most of the local population of basic needs and public utilities.

In conclusion, journeying through Lebanon's financial history using an infrastructural lens shows us the persistence of colonial rationalities in shaping the present. Years of foreign currency dependency has casted a shadow over Lebanon in 2020. Much like the OMT billboard stood as a familiar landmark in the midst of darkness, it serves as a metaphor for the reoccurring theme of reliance on foreign currency to rescue Lebanon from the abyss. The money-transfer advertisement promises that foreign transactions in US dollar will be there for citizens 'in all circumstances'. The reliance on foreign currency as a lifeline in times of crisis is ingrained in the very fabric of Banque du Liban and mirrors the historical

pattern of dependence that has perpetuated itself over time. These dependencies cannot be solely attributed to local actors but are deeply ingrained in old and emerging infrastructures, reinforcing financial relations that favour dominant powers.

Notes

1. This transliteration follows the guidelines provided by the *International Journal of Middle East Studies*.
2. The research and insights in this chapter are part of an ongoing research project for a PhD dissertation. This work was supported by the small grants scheme of the research initiative on Rebalancing Public & Private Interests and Erasmus Centre of Empirical Legal Studies of Erasmus School of Law and the sector plan for law funding of the Ministry of Education, Culture and Research.
3. According to Helleiner, 'Seigniorage is usually defined as the sum of money accruing to the issuer of money that is derived from difference between the cost of producing money and its nominal value' (Helleiner, 2002b, p. 19).

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