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To cite this article: S. Baroudi (2001) Conflict and Co-operation within Lebanon's Business Community: Relations between Merchant's and Industrialists' Associations, Middle Eastern Studies, 37:4, 71-100, DOI: [10.1080/714004420](https://doi.org/10.1080/714004420)

To link to this article: <http://dx.doi.org/10.1080/714004420>



Published online: 08 Sep 2010.



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Conflict and Co-operation within Lebanon's Business Community: Relations between Merchants' and Industrialists' Associations

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International Relations scholars, and writers from a variety of disciplines, have been devoting increased attention to the subject of globalization. One feature of globalization has been the growth in the role of private capital in Third World economies as a result of privatization policies and the universal relaxation, or in some cases complete dismantling, of barriers to private sector activities. The effects of globalization have not been restricted to the economic sphere; for globalization has also contributed to the increase in the political power of the business class *vis-à-vis* the state. As John Lucas notes: 'Globalization has indirectly encouraged a more activist business class by altering the bargaining relationship between the government and the private sector'.¹ Lucas further observes that 'in each [Third World] region there has been a movement toward a more assertive business class'.²

In the Middle East, policies of economic and political liberalization – pursued since the early 1980s – and increased integration into the global economy have led to redefining the relationship between the public and private sectors to the advantage of the latter.³ As a result, academic interest in the role of the private sector in the development process in the Middle East has been on the ascent, without this translating into a corresponding increase in the so far scant attention being paid to the activities of voluntary business associations. Middle East scholars, including political economists, have (with very few and partial exceptions) chosen almost completely to ignore the activities of business associations in their analyses of state-society relations in the Middle East.⁴ Robert Bianchi's and Dennis Sullivan's works on Egypt represent very partial exceptions to this trend, since they both deal, albeit in a very limited way, with Egyptian business associations.⁵ Both works, however, suffer from major limitations in their treatment of the subject. Bianchi sheds light on the Egyptian Businessmen

Association, but his analysis stops at the mid-1980s, that is prior to the economic reforms of the 1990s which expanded the scope of private sector participation in the economy. Dennis Sullivan, who is not a political economist, pays limited attention to Egyptian business associations. As with most students of civil society and state-society relations, his main units of analysis are non-business voluntary groups. At a more basic level, we even lack a basic inventory of the main business associations that are active today in the countries of the region, and the formal aims of such organizations. In brief, Middle East specialists, especially political economists, must pay greater attention to business associations not only as partners to the state in the development process, but also as an active component of civil society.

It is hoped that the present article will generate better understanding of the roles played by business associations, their relations with each other, with labour and with the state. It is further hoped that it will contribute to the debate on whether or not business associations should be considered as influential political and social players in the changing map of the Middle East; actors who can restrict the exercise of arbitrary power by the state and pressure governments to become more efficient, transparent and even accountable in their work. In other words, does John Lucas's observation that '[b]usiness associations have been a central element in the changing balance of power between public and private actors'⁶ apply to the Middle East?

If one is to judge by the sheer number of business groups and the scope of interests that they represent (from owners of bakeries, petrol stations and hotels to bankers, retailers and industrialists) one may be tempted to conclude that most business people in Lebanon belong to at least one association. However, that is not true, for most small retailers and industrialists (the latter sometime operating from the basements of buildings and without licenses) do not belong to any association. Nevertheless, one can safely note that most private capital is in the hands of a much smaller number of firms, the owners of which almost invariably belong to one or more business association. As a rule, the larger the business enterprise the greater the likelihood that it will be registered with at least one business association.

Let us take the example of the retail sector. Most retail activity takes place in the Greater Beirut area, which has seven main shopping districts (Zalka, Arax, Furn el-Shebak, Mar Ilyas, Ashrafieh, Hamra and Verdun). A committee (*lajnah*) that carries the name of the district represents retailers in each district. These committees are one hundred per cent funded by their members and are represented by elected officers who carry out a variety of political and nonpolitical tasks on behalf of the

members. These activities range from collecting money from members for holiday decorations, to maintaining regular contacts with representatives of other committees and peak business associations, particularly the Chamber of Commerce, Industry and Agriculture in Beirut (CCIAB) and the Beirut Traders Association (BTA) to lobbying government officials at both the municipal and national levels. In addition to belonging to the committee in their district, large retailers (and virtually all wholesalers) tend to be members of the BTA and the CCIAB, and in most cases of either the Rally of Lebanese Businessmen (Tajamu' Rijal al-A'mal al-Lubnaniyyin usually referred to by its French name *Rassemblement des Dirigeants et Chefs d'Entreprises Libanais – RDCL*) or the Economic Forum (al-Nadwah al-Iqtisadiyyah).⁷ For large merchants, membership in (and often the presidency of) several business and non-business associations is a sign of importance, and in many cases a prelude to being elected to public office.⁸

The organization of the industrial sector is similar to that of the trading sector. The very small industrialists are unorganized, and operate as part of the informal sector, usually without licenses. Reliable data on the number (and scope of activities) of these micro-enterprises are unavailable owing to the difficulty of locating such enterprises and the high rates of entry and exit.⁹ Larger industrialists tend to belong to at least the industrial association of the region in which they operate. Basically every region that has industrial enterprises has its own association. Among the more powerful regional associations of industrialists one can mention those of Chouaifat, the Southern suburb, Bouchrieh, and Northern Maten.¹⁰ Besides the regional associations, there are the sectoral associations, which group together industrialists from the same sector (such as chemicals, apparel and ready-made clothes). Small industrialists are discouraged from seeking membership in ALI (Association of Lebanese Industrialists, the peak industrial association) by relatively high membership fees and the Association's by-laws, which disqualify small industrialists from being elected to ALI's Board of Directors. Medium-sized industrialists, however, tend to be well represented in ALI, including the Association's Board of Directors.¹¹ Despite the over-representation of large industrialists in its membership, ALI claims to speak for all industrialists regardless of their size, and has close corporate ties with most of the regional and sectoral associations of industrialists. As is the case with large merchants, large industrialists – such as Jack Sarraf, the current president of ALI – tend to belong to a score of industrial, business and non-business associations.

In summary, and with the exception of the very small enterprises, Lebanon's business people tend to be very well organized, quite aware of

their basic (but often divergent) interests, and not in the least shy in pressing their demands on the government through independent bodies. There are scores of business associations in addition to the above mentioned ones. A book-length study is needed to survey the activities of these associations and their relations with each other and with labour and the government. The scope of this article is more limited. It seeks to understand the complex relationship between two of Lebanon's most influential business associations (ALI and the Beirut Traders Association – BTA) and to shed light on the relations of each association with the government.

Before examining the main areas of agreement and disagreement between ALI and the BTA, it may be useful to focus briefly on the evolution of the two associations, their goals and internal organization.¹²

ALI was formed in 1943 by a small group of predominantly Christian industrialists.¹³ However the association soon acquired a national and multi-confessional character, as it embraced those members of the Sunni and Druze bourgeoisie who succeeded in branching out (usually from commerce) into industry. With the rapid expansion of industry in the late 1960s and early 1970s, ALI reached the zenith of its power under the presidency of the prominent industrialist and importer, Sheikh Boutros Khoury (1965–75). The early 1970s also witnessed the first serious clash between industrialists, led by a more assertive ALI, and merchants belonging to the Beirut Traders Association.

ALI, like most long established business associations, lost much of its power and prestige during the fifteen-year war (1975–90). There was little that the association could do to halt the escalating violence that totally or partially destroyed more than half of industrial establishments, causing industrial output, exports, employment and investment in new capital goods to all decline.¹⁴ To fill the vacuum left by the decline in ALI's power, several regional associations of industrialists emerged during the war years, challenging ALI's monopoly over the representation of industrial interests. In addition to the classic role of lobbying government officials, the regional associations assumed a new role, namely the provision of collective goods for the industrialists in their region – garbage collection, the repair of power lines, and sometimes collecting money to pay off the local militias in exchange for protecting the lives and properties of industrialists.

Perhaps more importantly, the regional associations, as well as ALI, were instrumental in persuading industrialists to keep on paying their electricity bills to the government, at a time when virtually all households and small businesses had ceased to do so. The money from industrialists helped pay for shipments of fuel necessary to keep the power plants

operating, even if at far less than full capacity. With the virtual collapse of state authority after 1988, ALI (with the support of the regional associations) took over the task of collecting electricity bills from industrialists in the Christian enclave in East Beirut to pay for fuel shipments to keep the Zouk power plant, which supplied East Beirut (and parts of West Beirut) with electricity, operating.

ALI's inability to perform its traditional role of influencing government policy (as there was no longer a government with credible authority to influence) led it – with the support of some regional associations – to venture into a new and controversial role, that of the provision of collective goods. The manner in which ALI's leadership during the war years performed this latter role, however, subjected it to criticisms from several industrialists, and probably contributed to the defeat of Fuad Abi-Saleh – ALI's president from 1977 to 1992 – who was personally responsible for collecting money from industrialists to pay for fuel shipments.

With the ending of the war in November 1990, ALI reverted to its traditional role of lobbying the government on behalf of industrialists. As will be seen below, however, ALI had only limited success in influencing government policy for a variety of reasons, not the least of which was the competing demands and pressures of the BTA. Notwithstanding the renewed focus on lobbying activities (triggered by the restoration of state power after its virtual collapse during the war years), ALI has continued to play a limited role in the provision of collective goods for industrialists in three main areas. First, the association launched in the early 1990s a major advertisement campaign to encourage local consumption of 'made in Lebanon' products; the campaign has not been pursued with any seriousness, since the mid-1990s, apparently because it was not successful in achieving positive results.

Second, ALI has been quite active in organizing exhibitions, both locally and in the Arab region, to promote Lebanese products, and in sending (at its expense) several delegations to Arab countries (mainly Syria, Egypt, Libya, Yemen and especially Iraq) to explore the possibilities of expanding exports to such markets.¹⁵ It is worth noting here that since early 1997 ALI has been openly advocating the improvement of official ties with Baghdad, in part to take advantage of the sizeable Iraqi market, which until the Iraqi invasion of Kuwait constituted a major source of demand for Lebanese industrial exports.¹⁶ In March 1998, the BTA joined the call for upgrading official ties with Baghdad, by presenting the Minister of the Economy and Industry, Nasser al-Saidi, with a memo in which it outlined a number of concrete steps to strengthen commercial ties with Iraq, including the reopening of the commercial sections in the embassies of the two countries.¹⁷ The Iraqi case

demonstrates how in their pursuit of collective goods, ALI and the BTA sometimes assume political roles with implications for Lebanon's foreign relations.

Third, and perhaps most controversially, ALI has sought to play the role of intermediary between small industrialists who needed capital to expand, but lacked sufficient equity to qualify for loans, and the commercial banks.¹⁸ This last role, championed by ALI's president since 1992, Jack Sarraf, drew criticism from some Board members on the grounds that it encouraged small industrialists to take undue risks in borrowing at commercial rates.¹⁹

ALI's by-laws (as amended on 8 March 1994) list ten basic goals for the association, paramount among them being: incorporating Lebanese industries from different sectors and regions into the association; coordinating, organizing and developing industrial activities in Lebanon; representing Lebanese industry with respect to the state, third parties, and international forums; defending Lebanese industry and protecting its rights, educating public opinion about the importance of Lebanese industrial products, and informing it about the role of industry in the nation's development; and improving Lebanon's trade balance by encouraging exports via the Export Promotion Council.²⁰ The association's by-laws then spell out the means by which the aforementioned goals are to be achieved.²¹

ALI's current organizational structure is of relatively recent origin, dating back to a special meeting on 8 March 1994 of the association's General Assembly which amended the association's by-laws. ALI's main organs include: a General Assembly, which meets once a year and includes all members who have paid their dues;²² a 24-member Board of Directors, which serves as the association's executive organ; three councils which operate under the supervision of the Board (Geographical Council, Sectoral Council and Export Promotion Council);²³ and four directorates, staffed by paid personnel, which are responsible for research, legal and administrative work.

Clearly, the Board of Directors is ALI's most powerful body. It elects all senior officers (including the president), articulates ALI's positions on all issues concerning industry, and oversees the work of the Geographic, Sectoral and Export Promotion Councils.

The Beirut Traders' Association (BTA), founded in April 1921 by a small group of 11 wealthy Sunni and Christian merchants, has the distinct honor of being the oldest business group in Lebanon.²⁴ Given the strength of the trading sector in the Lebanese economy and the concentration of large merchants in Beirut, the BTA has always been a force to reckon with.²⁵ According to a BTA pamphlet, the association 'has a large autonomy and a wide liberty of action and represents a powerful lobbying

force. Its advice is praised in the official circles ... Many of its members had acceded to official positions in the Council of Ministers or in the Parliament.²⁶ Despite the growing role of foreign capital in the Lebanese economy in the mandate and post-independence periods, BTA membership was always restricted to the Lebanese bourgeoisie. Lebanon's merchant class fared well under the French mandate – in not a small measure because the French wanted to see Beirut become a major regional entrepôt – and continued to grow in wealth and power in the post-independence period, particularly under the presidencies of Bishara el-Khuri (1943–52) and Camille Chamoun (1952–58).²⁷ As Carolyn Gates argues, the role of the Beirut merchant class went beyond importing for the local market to include triangular trade (transit and re-export trade).²⁸ This historic reliance on transit and re-export trade explains the aforementioned enthusiastic response of the BTA in April 1998 to the Iraqi offer of using Beirut port to import products into Iraq.²⁹

The BTA probably reached the peak of its power in the 1950s, during the heydays of what Carolyn Gates calls 'Lebanon's Merchant Republic'.³⁰ Presidents Khouri and Chamoun had close personal and business ties to merchants and financiers and shared their vision regarding the superiority of an open economy unfettered by state intervention over an inward-looking one subject to state regulation.³¹ Given his military background, and the special circumstances under which he was elected, President Fouad Chehab (1958–64) was less dependent on the support of merchants and financiers than were his predecessors.³² Furthermore, he deviated from the doctrine of the 'minimalist state' championed by merchants and bankers, by moderately increasing the role of the state in the economic and social realms.³³ Nevertheless, there is no evidence to suggest that the BTA actively opposed the Chehabist reforms, particularly since the latter did not threaten the dominant position of merchants within the economy. The BTA, and merchants in general, were further relieved when Chehab's successors – Charles Helou (1964–70) and Suleiman Franjeh (1970–76) – significantly slowed down the tempo of reform.

A far more serious threat to the position of the BTA came from the rapid development of industry in the second half of the 1960s and early 1970s, and the accompanying growth in the status and power of ALI, particularly under the presidency of Sheikh Boutros el-Khoury (1965–75). The early 1970s saw the first serious clash between the historically dominant BTA and the rising ALI, a matter to be dealt with below.

The Lebanese war (1975–90) had extremely adverse effects on all segments of the business community. Merchants were hard hit by the violence as a result of the destruction of the old commercial district in Downtown Beirut, where most BTA members had their shops; the looting

and burning of their warehouses at the Beirut port; and the frequent closures of the Beirut port and airport and major roads, which adversely affected transit trade, a major source of profit for Beirut merchants. As an institution, the BTA almost ceased to operate. Elections to the association's Board of Directors were suspended and there were no Board meetings. In the words of the BTA's former president Victor Kassir, (1972–94): '[the BTA] stopped its work and activities during the war due to the impossibility of commuting from one locality to another and the difficulty of meeting in one place. But throughout this period excellent ties were maintained among members.'³⁴

The virtual immobilism of the BTA and the establishment of new commercial districts in Beirut and Mount Lebanon – after the destruction of the old commercial district in the first two years of the war – encouraged the formation of a score of merchants' associations. By the end of the war, almost every commercial district had its own association. On top of the merchants' associations, Christian merchants and other businessmen formed the RDCL in 1989, while their Sunni counterparts founded al-Nadwah al-Iqtisadiyyah. Thus, by 1990, the monopoly that the BTA once enjoyed over the representation of Beirut merchants was effectively terminated.

Once the war was over, it proved difficult for the BTA to regain its pre-war status as the 'Mother Association' of all merchants. One hindrance stemmed from the association's ageing leadership. Elected in 1972, Victor Kassir stayed on as BTA's president until June 1994, although his involvement in the work of the association was significantly reduced after he became Minister of the Economy and Trade in 1984. It is a mystery why it took the association four years from the ending of the war to hold an election for a new Board of Directors.³⁵ Another problem stemmed from the growth in the number of regional associations and committees of merchants, which competed with the BTA for the representation of merchants. A third and very serious problem was sectarian in nature and revolved around the number of seats to be allocated for each major sect on the association's Board of Directors. This last problem plagued the BTA until 1998.

The BTA's first post-war election, held in April 1994, was a divisive one. It was preceded by sharp disagreements over the appropriate distribution of seats on the Board of Directors between Christians and Muslims, and on the Muslim side between Sunnis and Shiis.³⁶ The 1994 election was boycotted by most Christian and Shii merchants which led to the victory of 'last minute list' drawn exclusively by the Sunni dominated al-Nadwah al-Iqtisadiyyah, which included 14 Sunnis, ten Christians and no Shi'is.³⁷ The election led to a barrage of criticisms from Christian and Shii merchants, which continued until 1998. According to the critics, the Board elected in 1994 lacked legitimacy because it was not 'sectarianly balanced' and did

not include the presidents of the larger regional associations of merchants. Among the sharpest critics were André Yared and Antoine Jazra, the presidents of the Furn el-Shebak and Ashrafieh Associations of Merchants respectively.³⁸ Both men had aspired to be elected to the 1994 Board, and Jazra had his eyes set on the BTA's presidency.

Critics of the 1994 Board were handed a new weapon when, in June 1997, the BTA failed to prevent the government from raising customs on a variety of imported items.³⁹ It is not clear, however, how a different Board could have dissuaded a government, desperate for new sources of revenues, from raising tariff rates on selected imports. Never in the BTA's history were divisions among its members so bitter and so openly displayed as between 1994 and 1998. Fortunately for the BTA, matters improved with the election in June 1998 of a new Board of Directors that was sectarianly balanced – by Lebanese standards – and which included many of the critics of the 1994 Board.⁴⁰ With its internal unity restored, the BTA could once again concentrate on its principal task of representing the interests of Beirut merchants.

The basic objectives of the BTA have changes little since the Association's founding in the 1920s. A recent BTA pamphlet identified five main objectives for the Association:

1. To protect the interests of the Lebanese traders in general and of its members in particular;
2. To promote and encourage Free Trade, which constitutes the basis of the Lebanese Economy;
3. To promote the private initiative which constitutes the basis of Free Competition;
4. To defend the Lebanese Banking Security Act;⁴¹
5. In the framework of its mission, to inform, initiate and assist the traders of Beirut about any local, regional or international economic change and development.⁴²

These objectives reflect the liberal ideology of the merchants, and their opposition to government intervention in the economy, particularly as it concerns the regulation of imports. It is this determined opposition to restrictions on 'free trade' that constitutes the principal ground for conflict between merchants and industrialists.

As for the organizational structure of the BTA, it is quite simple. The BTA is made up of three main organs: (a) a General Assembly that includes all members who have paid their dues; (b) a 24-member Board of Directors elected every four years by the General Assembly; and (c) an eight-member Executive Board, elected by the Board of Directors, which prepares the

agenda for the meetings of the Board of Directors and may in special cases act on its behalf.⁴³ Beyond electing the Board of Directors the General Assembly has very few powers. The Board of Directors is the association's most important organ: it articulates the positions of the BTA, prepares studies and position papers on behalf of the association, and represents the association *vis-à-vis* other parties, including the government. The Executive Board includes the President (Greek Orthodox⁴⁴), the first and second vice-presidents (Sunni and one Shii respectively), the secretary general (Sunni) and four other officers.⁴⁵

Relations between merchants and industrialists (and between the two associations that represent them) have been characterized since independence by a mixture of conflict and co-operation. Students of Lebanese political economy have tended to place more emphasis on the conflictual aspect of the relationship between merchants and industrialists, although Gates admits that the dividing lines between the two groups 'were frequently blurred'.⁴⁶ In what can be considered the most empirical study to appear so far on the development of the Lebanese political economy during the first half of the twentieth century, Gates traces the origins of the conflict between the two groups to the beginnings of industrialization in Lebanon in the inter-war period and especially during the Second World War. Her analysis of the development of Lebanese industry between the 1930s and the end of the Second World War leads her to observe: '[Industrialists] intensified their collective voice in Lebanon's political economy which became evident in the early postwar years, as they mobilised support for protectionist industrial policies against traditional mercantile interests.'⁴⁷ Was ALI the embodiment of this 'collective voice' of industrialists? It is unfortunate that Gates refers only once to ALI, although she acknowledges the significant role it played in the 'battle' (to borrow a term from Gates) between industrialists and merchants.⁴⁸ 'The battle pitted two powerful interest groups against each other: international traders and bankers, on the one side, opposing industrialists, organized in the Association of Lebanese Industrialists, and workers, on the other.'⁴⁹ As Gates and Traboulsi amply demonstrate, this early 'battle' was decisively won by the merchants and their allies and this led to the rise of an open economy characterized by heavy reliance on imports, triangular trade and the export of services to the countries of the region.⁵⁰

Clearly, Lebanon's nascent industrial sector suffered major setbacks in the immediate post-independence period, as a result of the adoption of a liberal trading regime, the rapid lifting of restrictions on imports (imposed during the war years), the relative abundance of foreign exchange reserves (again accumulated during the war years) which were used to finance

imports, the loss of the Syrian market following the dissolution of the customs union with Syria in 1950, and the government's commitment to a strong national currency (making imports relatively cheap and exports relatively expensive).⁵¹

With time, however, Lebanese industry was able to overcome these initial setbacks. While many factories, which were operating at full capacity during the Second World War, had to cut down on production or even completely close down, many others were able to survive. It did not take Lebanese industrialists a long time to discover the basic truth that the key to survival in a small and unprotected economy lay in becoming competitive (at least on a regional basis) and developing exports. The regional environment in the 1950s and 1960s played the key role in helping Lebanese industry survive and even prosper. Two factors are worth mentioning here: the loss of Palestine, which eliminated a major rival to Lebanese industry in the region; and the discovery of vast quantities of oil in countries that lacked even the most basic industries, creating strong demand for a wide variety of industrial products that Lebanon (given its higher level of industrialization) could supply.⁵² Finally, one must not neglect the role that Lebanese merchants played in promoting Lebanese exports, given the extensive commercial ties they had with all the countries of the region. While eager to preserve the local market for imports, Lebanese merchants were all too happy to sell the manufactured (and agricultural) products of their countrymen (naturally for a profit) to all the countries of the region. Lebanese merchants were able to tap the upper and the lower income groups in the Arab (especially Gulf) markets: to the former they re-exported expensive European products, and to the latter they exported cheaper (and generally lower quality) Lebanese products.

In sum, the long-term effects of the liberal trading regime on Lebanese industry (and the economy in general) were much more positive than originally anticipated. The lack of any government policy in support of industry forced the latter to become self-reliant, competitive and outward looking. The same can be said with regard to agriculture, although this is not our concern here. To quote Gates one final time: 'industry and agriculture were able to grow and make important structural changes. On the whole, however, they lagged behind the tertiary sector'.⁵³

Despite their export successes, Lebanese industrialists never gave up hope of expanding their share of the local market. By the early 1970s the appeal of the domestic market had greatly risen, following years of steady economic growth, which improved per capita income and increased the size of the Lebanese middle class with its notorious capacity to consume. Furthermore, and also by the early 1970s, production capacity in several export industries had expanded beyond what could be absorbed by the

regional market. Exporting to the Gulf was becoming increasingly difficult given the growth in competition from East Asian exporters and in some cases from local producers. After years of expansion of industrial capacity, output, exports and employment, ALI, under the capable leadership of Sheikh Boutros el-Khoury, was ready for another round of confrontation with its old rival over the issue of protection of local industry.

The occasion for the clash was a sudden reversal in government policy regarding protection of local industry. In September 1970 Suleiman Franjeh became President of the Republic, and veteran politician Saeb Salam formed a new cabinet. For their cabinet, Franjeh and Salam chose a team of 12 young technocrats from outside the traditional club of politicians who had dominated post-independence cabinets and parliaments.⁵⁴ For the key post of Finance Minister, Franjeh and Salam chose Ilyas Saba, a young economist with Keynesian views, who once in office advocated protection of local industry and government spending on economic development and social programmes. On 15 September 1971 the Council of Ministers, upon Saba's recommendation, adopted Decree 1943, which substantially raised customs duties on all imported items, particularly consumer goods.⁵⁵ The decree led to a wave of protests from business associations, with the exception of ALI, which welcomed the decree, although many of its members had commercial interests which were threatened by the application of the higher tariff rates.⁵⁶

As one would expect, the strongest reaction came from the BTA; the latter went beyond vehement denunciations of the decree and Minister Saba to call for an open strike by all merchants, until the government revoked the decree.⁵⁷ As a further instrument of pressure, the BTA asked all merchants not to withdraw any merchandise they had from customs, and hence not to pay any customs duties to the government. In the face of the strike, which nearly paralyzed economic activity in Beirut for eight days, the government was forced to rescind its decree. Both the President and his Prime Minister were taken aback by the militant approach of the BTA, and its willingness to resort to tough (even crude) measures to defend its interests. They were also deeply disturbed by the Association's success in persuading most members of parliament to back its demands for the immediate revoking of Decree 1943.

From inside the political establishment, the attacks on Decree 1943 were spearheaded by former President of the Republic Camille Chamoun, who at the time was the leader of the 'National Liberals' (al-Wataniyyun al-Ahrar) bloc in Parliament. In a language reminiscent of the writings of the 'New Phoenicians',⁵⁸ Chamoun observed 'Decree 1943 deviates from the basic principles of the Lebanese economy'.⁵⁹ Former Prime Minister Rashid

Karami joined Chamoun in denouncing Decree 1943, insisting that it should be annulled and not merely amended (*al-Ilgha' la al-ta'dil*).⁶⁰ To hear both Karami and Chamoun (who had not been on speaking terms since the 1958 crisis) denounce Decree 1943 (and the Government) was no music to the ears of the President and Prime Minister. The Government's predicament was worsened when several parliamentarians signed a petition calling for the convening of a special session of Parliament to debate decree 1943. Fearing that the decree might be annulled in parliament, the President and Prime Minister called for a Government meeting on 30 September, the same day that Parliament was supposed to begin its deliberations of Decree 1943.⁶¹ Following some serious persuasion by the President and Prime Minister, the Government agreed to annul Decree 1943.⁶²

The repercussions of the merchants' strike (the first and last in Lebanon's history) went beyond increasing tension in the relations between ALI and the BTA. To start with, the credibility of the Salam government was seriously undermined by the episode. On the subject of revoking Decree 1943 sharp disagreements surfaced between the Prime Minister and the Minister of Finance and between the latter and the Minister of Public Works (Henry Eddé), threatening to bring down the cabinet.⁶³ Furthermore, the strike hurt the image of President Franjieh, while he was still in his first year in office. More important, the defeat of the government, and its backers, at the hands of a few merchants provided further persuasion to critics of the Lebanese system that a 'revolution from the top' was not possible, and that the only path to change was through a 'revolution from below'.⁶⁴ Finally, Chamoun's staunch defence of the prevailing economic system and his dire warnings to the government against raising duties and taxes⁶⁵ solidified the divide between the advocates of the status quo (primarily Chamoun and the leader of the Kataib party, Pierre Gemayel) and those who favoured fundamental change (such as the head of the Progressive Socialist Party, Kamal Junblatt, and the head of the Higher Shia Council, Imam Musa al-Sadr).⁶⁶ While this is not a study into the causes of the 15-year war, it is evident that the political map in Lebanon became extremely polarized in the early 1970s. It is probable that the merchants' strike contributed to this growing polarization by re-igniting the debate over the respective roles of industry and trade and the appropriateness of Lebanon's taxation and overall economic systems. By the early 1970s, Lebanon's political elite, and the entire population, were sharply divided over a myriad of issues, the socio-economic issues being among them.⁶⁷ In short, the political fallout from the merchants' strike was quite substantial.

We must, however, return to our original subject. To save face, and appease ALI which rallied behind the embattled Finance Minister and supported Decree 1943, Prime Minister Salam promised on 1 October that

the Government would consider certain unspecified measures to help local industry.⁶⁸ He went on however to reiterate the argument that merchants had been making since independence, namely that industry should concentrate on exports to the Arab markets.⁶⁹ In late May 1972, Salam promised a visiting delegation from ALI that a separate ministry for industry would be established.⁷⁰ The BTA clearly won the day in September 1971, just like it won its earlier battle with ALI in the immediate post-independence period; and this time it won in spite of the government. The September crisis left ALI wounded and in need of some victory, even if symbolic, over its traditional rival. An opportunity for at least a symbolic victory was very soon to present itself in the 21 December elections for a new CCIAB Board of Directors.

The CCIAB had always included representatives from all major business sectors (trade, industry, banking, and construction, insurance). Merchants and industrialists however clearly formed the majority on the CCIAB's Board of Directors. All CCIAB's presidents had been merchants or industrialists. Even though a year had lapsed since the episode of Decree 1943, relations between ALI and the BTA were still tense, and ALI had some scores to settle with the BTA. The CCIAB election (traditionally not a highly contested one) was transformed into a test of strength between ALI and the BTA. All efforts at convincing the two associations to avoid a 'battle' by agreeing on a consensus list – or at least to have each association submit a partial list so that candidates from the two lists could win – failed. ALI wanted a showdown with the BTA, and the latter was more than happy to oblige.

Both associations engaged in lengthy preparations before the 'battle' – or rather the 'duel' – for there were certain rules that the two sides abided by. The first rule was that each association had to include representatives of all major business sectors in its list. ALI's list thus included some wealthy merchants, and the BTA backed list included some prominent industrialists. The second rule stemmed from the confessional nature of the Lebanese system. Each list included an equal number of Christian and Muslims, and was presided over by a Sunni (Rafiq Ghandour in the ALI list and Adnan Kassar in the BTA list), since by custom the president of the CCIAB has to be a Sunni Muslim.

The 21 December 1971 was not a good day for ALI. All members of the list it backed (dubbed the 'Economic Solidarity List') lost to the list backed by the BTA (dubbed the 'Economic Development List').⁷¹ The CCIAB December 1971 election was the most competitive election to the governing body of a business association in pre-1975 Lebanon. It was also a democratic election, characterized by government neutrality, extensive campaigning prior to the election, high level of participation, and complete respect for the results once the votes were cast.

Coming on the heels of the success of the September merchants' strike, the CCIAB election demonstrated the greater power of the BTA in comparison to ALI. ALI's prestige must have suffered as a result of its defeats in confrontations with the BTA and its inability to obtain government support for local industry. Nevertheless, the Association continued to benefit from an expanding industrial sector, strong leadership and disciplined membership.

Thus far, the analysis has focused on the conflictual aspect of the relationship between ALI and the BTA, which may lead to the erroneous conclusion that the two Associations never worked together to achieve common goals. The pre-1975 period offered many occasions for conflict but also for co-operation between the two Associations. The formation of al-Hay'at al-Iqtisadiyyah (Economic Associations) in the 1960s provided the main forum for co-operation between the two Associations. Al-Hay'at al-Iqtisadiyyah was the brainchild of Boutros al-Khoury, wealthy entrepreneur and ALI's president between 1965 and 1975. It was never intended to serve as the 'Peak Business Association', but as a forum – or a roundtable – bringing together Lebanon's leading business associations to assess overall economic conditions and discuss strategy towards the government and labour. Al-Hay'at al-Iqtisadiyyah is not an institution, for it does not hold regular meetings, and lacks internal by-laws, a secretariat, or legal standing.

Despite its major organizational limitations, and inability to resolve basic differences between ALI and the BTA with regards to protection of local industry, al-Hay'at al-Iqtisadiyyah was quite effective in the pre-1975 era in articulating common positions for business enterprises on issues of wages, workers' fringe benefits, and taxation. On questions of taxation and labour relations, ALI and the BTA had similar views, and they utilized the mechanism of al-Hay'at al-Iqtisadiyyah to arrive at common positions on these issues. Under al-Khoury's leadership, al-Hay'at al-Iqtisadiyyah adopted a flexible approach towards labour relations. The president of the Confédération Générale du Travail Libanais (CGTL), Gabriel Khoury, was often invited to the meetings of al-Hay'at to try to forge agreements on wage increases. Al-Hay'at accepted the principle of wage indexation (that is, annual wage adjustments to correct for inflation), and most of the bargaining with labour was over the amount by which nominal wages should rise. From 1964 (the first year for which statistics on the movement of real wages are available), the real minimum steadily rose from LL125 (in constant 1964 prices) to LL200 in 1975 (55 per cent growth).⁷² The pre-1975 experience of al-Hay'at al-Iqtisadiyyah reveals how, in the absence of government intervention, co-operation evolved not just among rival business associations but also between business associations, on the one

hand, and labour on the other. But one should not exaggerate the extent of co-operation among business associations and between the latter and organized labour even in the heyday of al-Hay'at al-Iqtisadiyyah. Such relations have always been multifaceted ones, revealing a mixture of conflict and co-operation.

During the Lebanese war (1975–90), the conflict between ALI and the BTA lay dormant most of the time, as the two Associations were rendered virtually ineffective. Furthermore, many associations were formed during the war years that included merchants and industrialists (RDCL, al-Nadwah al-Iqtisadiyyah and a score of regional associations such as the Association of Merchants and Industrialists of Kissirwan). These associations tried to supplant ALI and the BTA, but they lacked the scope of representation and genuinely multi-confessional character of either association. On a few occasions, however, as in May–June 1983 the conflict between ALI and the BTA over the issue of protection resurfaced.⁷³

With the ending of the Lebanese war, and the restoration of government authority, ALI and the BTA were anxious to resume their roles as pressure groups. Both associations needed government assistance to help overcome war losses, and to adjust to the changes in the regional and international environments that took place while Lebanon was embroiled in the war. The BTA and ALI did see eye to eye on a number of issues. They both supported the restoration of government authority over ports, since the illegal and totally unregulated flow of products into Lebanon hurt merchants and industrialists during the war years. At least until the mid-1990s, the two associations also backed the government's reconstruction efforts and its foreign exchange policy, which aimed at restoring confidence in the national currency.

Equally important, the two associations adopted almost identical positions on the questions of wages and fringe benefits, resisting pressures from trade unions (and on some occasions from the government) to improve wages and social benefits to their workers.⁷⁴ Al-Hay'at al-Iqtisadiyyah continued to play a key role as the body that coordinated policy towards labour issues, although the prestige of Al-Hay'at and its flexibility were diminished given the more troubled economic performance of most business firms in the post-war era and the absence of strong leadership (similar to the one provided by Boutros al-Khoury).

As in the pre-war era, the issue of protection of local industry remained a highly divisive one, clouding relations between the two associations and causing frequent clashes and standing as an obstacle in the way of closer ties. In the early 1990s, many of these clashes centred on the 'customs dollar' (*al-dollar al-gumruki*) used by the government since 1985 to calculate customs duty on imports.⁷⁵ To encourage imports through the legal

ports, and reduce the flow of smuggled goods, the government had introduced a system whereby a special rate for the dollar (significantly lower than the market rate) is used to pay customs duties on imports by traders. This was the first time in Lebanon's history that a dual exchange rate regime prevailed. Soon after the war ended, ALI launched a campaign to abolish the customs dollar, arguing that it was giving an unfair advantage to importers. ALI's campaign in favour of abolishing the customs dollar (without slashing customs duties) intensified in the aftermath of the formation of the first Hariri government. In the first two weeks of January a delegation from ALI visited the Speaker of the House and the Prime Minister to argue its case.⁷⁶

Following the meeting with Hariri, Sarraf held a press conference in which he referred to studies conducted by ALI, which 'proved' that eliminating the customs dollar, without lowering custom duties, would not have an effect worth mentioning on the consumer's purchasing power, especially as most essential products (that is, basic foodstuffs) are exempted from duties.⁷⁷ Sarraf went on to reveal that the Prime Minister was in favour of abolishing the anomaly (*bid'at*) of the customs dollar. He concluded by observing that: 'His Excellency was totally receptive to the principle of encouraging national industry, on condition that the interests of the popular classes are protected'.⁷⁸ Sarraf was right about government intentions with regard to the customs dollar. Officials were concerned, however, about the reaction of the BTA to the cancelling of the customs dollar and the implications of such a step for the flow of smuggled goods to the country.

The next day after ALI's meeting with Hariri, the BTA's Board of Directors issued a lengthy statement which began by noting that 'cancelling the customs dollar, without slashing custom duties, opens the door to inflation and price increases, that all Lebanese are complaining from now ... therefore the Association has decided to demand the lowering of customs duties, and the elimination of some, in case the customs dollar is abolished.'⁷⁹ The statement went on to warn that 'high customs duties limit competition and create monopolies ... any restrictions on imports, whatever their type may be, will increase product prices and will consequently have negative and harmful effects on the consumer and the national economy'.⁸⁰ The BTA statement did not reject protection of national industry in principle, but it spelled out three very difficult (and even impossible to achieve) conditions under which protection of particular industries might become acceptable.⁸¹

As if Sarraf's statement of 12 January was not enough, ALI's vice-president, Hassan 'Alam el-Dine, accused merchants of seeking profit margins of up to 400 per cent. He went on to boast that ALI would present the government with a plan to eliminate the customs dollar within three

months.⁸² By early February 1993, following the failure of efforts by the CCIAB to resolve the differences between the two Associations, the BTA struck hard. In a strongly worded statement (which according to *Al-Nahar* went beyond what is customary in relations among economic associations) issued by its Board of Directors on 1 February, the BTA blasted ALI's vice president, accusing him of making quixotic statements (*tasrihat 'antariyyah*). According to the BTA, 'Alam el-Dine's remarks were filled with 'violent attacks, empty rhetoric, hatred and unsubstantiated accusations directed against merchants'.⁸³ The BTA statement went on to criticize Lebanese industry for its lack of competitiveness: 'The prices of Lebanese industrial products are higher than those of imported products, which enjoy ... high [read higher] quality. All of this is due to the lack of supervision and the reluctance of industrialists and state officials to limit production costs.'⁸⁴

Two days later, ALI's response came also in the form of a statement from its Board of Directors. In its 3 February statement, ALI 'expressed its surprise and shock at the over-reactive statement (*al-bayan al-infi'ali*) of the BTA's Board of Directors, which went beyond the accepted parameters in relations between merchants and industrialists, by targeting ALI's vice-president'.⁸⁵ The statement then reiterated ALI's established position that abolishing the customs dollar would not cause 'sharp rises in prices' and that increases would only affect the 'prices of luxury items which under any circumstances will not increase by more than 10 per cent'.⁸⁶ Furthermore, abolishing the customs dollar 'will improve state revenues and reduce the budget deficit ... thus combating inflation'.⁸⁷ ALI's statement concluded by reminding merchants that 'private initiative covers all fields (and not just trade) and is especially evident in the industrial sector which depends on the initiative of industrialists without any backing or help'.⁸⁸

It must be pointed out here that the BTA was not categorically opposed to abolishing the customs dollar, but it insisted that such a step be accompanied by a comprehensive reform of the tariff regime, leading to substantially lower tariffs so as to neutralize the effects of eliminating the customs dollar.⁸⁹ In conclusion, the controversy over the customs dollar led to some very heated exchanges between ranking officers in ALI and the BTA, greatly reducing the effectiveness of al-Hay'at al-Iqtisadiyyah as the body representing the common interests of business, and re-igniting the (at least 50 year old) debate over the respective roles of trade and industry in the national economy. The solution to the customs dollar problem came from the government but for reasons that had more to do with improving state revenues than helping local industry.

After months of hesitation, the Council of Ministers finally abolished the customs dollar on 6 July 1995 and slashed duties on imports, but not to the

extent that would completely neutralize the effects of abolishing the customs dollar.⁹⁰ The measure was intended to improve state revenues – especially in light of the government's agreement with the Sector Teachers Bureau to increase the salaries of public sector teachers by 20 per cent – and rationalize the tariff system (by removing the anomaly of the customs dollar), while balancing the competing demands of ALI and the BTA.⁹¹ Helping local industry was at best a secondary objective, although the Minister of Finance did mention the potentially positive effects on local industry that cancelling the customs dollar would have. Reactions to the abolition of the customs dollar were relatively mild, given the accompanying reductions in tariffs. Most public anger focused on the accompanying surcharge of LL3,000 on every 20 liters tank of petrol, which the government insisted was needed to help finance the increase in teachers' salaries.⁹² However the government's balancing tactics satisfied neither ALI nor the BTA. Each association kept trying to push government policy on tariffs in its favoured direction.

From July 1995, government policy oscillated between raising and lowering customs duties, reflecting the competing interests of ALI and the BTA, the government's growing need for revenue and the lack of consensus within official circles on how to tackle the customs issue. While some ministers and deputies favoured raising customs duties to increase state revenue and provide better protection for local industry, other ministers and deputies argued that raising tariffs would encourage noncompetitive industries and smuggling and lower legal imports thus reducing, instead of raising, state revenue. Let us take one example. In Hariri's third government (November 1996–November 1998) the Minister of Industry, Nadim Salem, advocated increasing customs duties on imported products that had local substitutes, while the Minister of the Economy and Foreign Trade, Yassine Jaber, favoured lowering tariff rates to stimulate commercial activity and attract shoppers from the Arab countries. A similar situation prevailed in Hariri's second cabinet (May 1995–November 1996) between the Minister of Industry and Petroleum (Chaheh Barsomian) and the Minister of the Economy and Trade (Yassine Jaber). Between 1992 and 1998, Hariri was the final arbitrator of the conflicts between ALI and the BTA (and among his ministers) on the customs issue. While Hariri lacked a coherent policy towards industry, he was not opposed to its development, as some of his critics claimed.⁹³ Hariri's ambivalence and the relative ease with which he shifted from one position to its opposite (at least on the customs issue) go a long way towards explaining the government's erratic policy with regard to tariffs during his long tenure as Prime Minister (November 1992–November 1998).

Perhaps the case of the ready-made clothes sector best illustrates this oscillation in government policy. In September 1995, the government approved a decision by the Higher Customs Council (al-Majlis al-A'la lil-Gamarik) which increased tariffs on a range of consumer items while lowering them on certain raw materials and intermediate products used in industrial production. The decision was taken after lengthy discussions between the Council and representatives from the Ministry of Industry and ALI. The basis of the decision was a formal request by ALI to reconsider the tariff structure in order to provide better protection for selected Lebanese industries facing stiff competition from cheap imports (particularly clothes). ALI applauded the government's endorsement of the decision of the Higher Customs Council, but it led to a wave of protests from merchants, particularly from wholesalers and retailers who traded in imported clothes.⁹⁴

As one would expect, the BTA and other associations of merchants launched an intense lobbying campaign directed primarily at the Prime Minister and the Minister of the Economy and Trade, with the aim of reversing the September decisions. By late 1996 these lobbying efforts bore fruit and the government (without the consent or knowledge of the Minister of Industry) adopted Decree 9758, which restored the tariff rate on imports of ready made clothes to 20 per cent (it was raised to 30 per cent in September 1995). This time it was the BTA's turn to applaud, and even gloat a bit. However, ALI was not about to accept defeat. It immediately launched a counter-offensive with the aim of revoking Decree 9758. A delegation from ALI met with Hariri at his residence (in the presence of the Minister of Industry and the Minister of State for Finance) on 24 January 1997 and was able to persuade him to freeze Decree 9758.⁹⁵

In the meantime (January and February 1997), ALI and the BTA were engaged in a war of words all over the pages of the Lebanese press. The reciprocal attacks targeted the ranking officers of the two associations in a manner similar to what happened in early 1993. The BTA warned that high customs duties on imported clothing items would force many shops to close and lay off workers, while ALI made similar warnings about the fate of manufacturers of ready-made clothes who would go bankrupt if duties on imports were lowered. The government seemed doomed: regardless of which group it sided with, scores of businesses were going to close down and employees were going to get laid off. Eventually, industrial interests (and those of the treasury) prevailed and the Government did not lower the tariff rate on imports of ready-made clothes.

However the debate between ALI and the BTA over tariff rates (particularly in the clothing sector) persisted, albeit at a lower intensity. In June 1997, in a desperate bid to improve state revenues, the government

resorted to another wave of tariff increases, particularly on cars and luxury items, causing an outcry in merchants' circles, to the extent of undermining the legitimacy of the BTA which seemed incapable of stopping the government.⁹⁶ By the summer of 1997, Government policy had become more supportive of industrial interests, by default if not by design.

Following the election of the Army Chief, General Emile Lahoud, to the presidency on 15 October 1998 and his fallout with Hariri, Salim Hoss formed a new government on 3 December 1998.⁹⁷ The Hoss government vowed to reverse many of Hariri's policies and to give greater attention to the development of the country's productive sectors, particularly industry and agriculture.⁹⁸ While all business groups (and the labour leadership) appeared willing to give the new government a fighting chance, ALI was particularly pleased by the selection of George Corm for the Ministry of Finance and Nasser Saidi to head the two Ministries of Industry and of the Economy and Trade. Before coming to office, both individuals, who were economists, had made statements in support of developing national industry. ALI was, however, disappointed when the Hoss government announced that it would merge the recently established Ministry of Industry with the Ministry of the Economy and Trade.⁹⁹ Establishing a separate Ministry for Industry was a long-time demand of ALI.¹⁰⁰ On the more important question of protection of local industry, the Hoss government went a long way towards meeting ALI's demands with regard to the lowering or elimination of duties on imports of raw materials and capital goods.

The BTA had fewer reasons to be cheerful. From the outset, the Hoss government indicated that it would give absolute priority to tackling the mounting public debt problem and would not shirk from raising taxes (on those who could afford to pay them) and customs duties (particularly on luxury imports). Two swords loomed over the heads of merchants: higher taxes and higher tariffs. Industrialists were, by and large, spared the higher tariffs since the government lowered customs on imports of raw materials and intermediate and capital goods to a mere three per cent.¹⁰¹ Consequently, ALI's reaction to the 1999 budget was less negative than that of the BTA. Relations between ALI and the BTA were not adversely affected by the increases in customs duties on consumer imports, because it was evident for the BTA that the increases in duties were the result of the government's desperate need for funds and not of ALI's lobbying efforts. On a more positive note, the government simplified import procedures in 1995 and again in 1997, with the introduction of a computerized system for checking import manifests. Steps aimed at

streamlining import procedures, through cutting down on red tape (and corruption) by customs officials, have accelerated under the Hoss government.¹⁰²

Nevertheless, since the presentation of the 1999 budget (in April) and its approval by Parliament on 15 July,¹⁰³ the BTA, and merchants in general, have become increasingly weary of government policy. The feeling among merchants is that the government – in its bid to raise revenue in order to service a mounting public debt,¹⁰⁴ pay government employees and provide the minimum necessary of social services – is placing a disproportionate burden on the trade sector. This feeling is being exacerbated by the government's insistence that merchants pay back taxes for the war years (when the government was unable to collect taxes). In the view of the BTA, the assessments by the Ministry of Finance of the back taxes owed by merchants are too high, even unrealistic, given the heavy losses enterprises incurred during the war.¹⁰⁵ Another argument made by the BTA in this respect is that merchants did not keep their business records for the war years, or that such records were burned or lost during the fighting.¹⁰⁶

To conclude: The relationship between merchants and industrialists is a multifaceted one, involving a mixture of conflict and co-operation. This complex relationship can be seen in the interactions between ALI and the BTA, Lebanon's two most important business associations. This article has shown that the two associations have acted more as rivals than as partners, with their conflict revolving mainly around the issue of protection of national industry. Nevertheless, ALI and the BTA held similar views on a myriad of interrelated issues in the areas of taxation, wages and workers' fringe benefits. With regard to labour, ALI and the BTA have resisted government intervention in the setting of the minimum wage, and Government decreed annual increases in wages.¹⁰⁷ Both associations have also been vocal in advocating radical reforms in the structure of the National Social Security Fund (NSSF) to reduce the annual amounts that all enterprises are required to pay to the Fund on behalf of their employees. ALI and the BTA have also called for the abolition of the education of employees' children and transport allowances that businesses, under considerable government pressure, have 'agreed' to provide their workers with.¹⁰⁸ Threats of strikes and demonstrations have prevented the government from responding positively to business demands in the 'social offerings' (*al-Taqdimat al-Ijtima'iyyah*) domain. At a more fundamental level (and as one would expect), the two associations have always advocated the continued dominance of the private sector in the Lebanese economy.

Al-Hay'at al-Iqtisadiyyah served as the main forum for coordinating policies between ALI, the BTA, and other business associations on those issues that united the diverse segments of Lebanon's business community. In this context, it must be pointed out that al-Hay'at al-Iqtisadiyyah never developed into a conflict resolution body that would bridge the differences between ALI and the BTA on the tariffs issues. Its role has always been a more modest one. Given the inability of ALI and the BTA to resolve their conflicts on their own, the government (particularly its executive branch) came to play the role of the arbitrator in the conflicts between merchants and industrialists, and between labour and business. The government, however, had its own interests to protect, and much of its intervention in the economic realm was aimed at increasing its revenue, rather than at resolving conflicts between competing economic interests.

What does the future hold for ALI and the BTA? Major challenges lie ahead for both associations. Since 1995, the Lebanese economy has entered a period of retrenchment, characterized by low growth, persistent budgetary and trade deficits, and rapidly mounting public debt. The Government's desperate need to increase revenue is likely to put major pressure on all business associations, which traditionally have resisted higher taxation. The BTA, in particular, faces the threat of entirely losing its credibility if it fails to dissuade the government from further increases in taxes and custom duties. As mentioned above, merchants feel that their sector is being made to pay more than other sectors.

Lebanese merchants and the BTA also face the threat of losing the race for a major slice of the region's trade, given the development of several ports in Lebanon's immediate region (Latakia and Tartous in Syria and 'Aqaba in Jordan) and in the Gulf States (such as Jabal 'Ali). If peace comes to the Middle East and normal commercial ties are established between all Arab states and Israel, Beirut's position as an entropot city will be in even greater jeopardy, given how extremely well developed Israeli ports and transport networks are.

The challenges facing ALI, and industrial interests, are no less serious. Probably the most pressing problem is the low competitiveness of most Lebanese industries even by regional standards. While the government and ALI have been talking about this problem for years, hardly any concrete steps have been taken to tackle it. A related problem stems from the government's commitment to join (at a future unspecified date) the World Trade Organization, and (probably before that) to enter into a partnership agreement with the European Union.¹⁰⁹ Meeting either commitment would require progressive reductions in duties on imports of manufactured products. The coming years will be crucial for the government and for ALI,

as they must strive together to restructure Lebanon's industrial sector to prepare it for the eventual dismantling of trade barriers.

At the organizational level, ALI and the BTA face competition from other (less prominent, but often more vocal) associations of merchants and industrialists. In the post-war era, ALI has been more successful than the BTA in forging corporatist links with the sectoral and regional associations of industrialists, by incorporating most of the heads of such associations in its regional and sectoral councils. The difficulties that the retail sector has been facing since 1995 (and especially since 1997) have pushed most associations of merchants to close ranks with the BTA and to hold joint meetings at its headquarters.¹¹⁰ Nevertheless, relations between the BTA and other associations of merchants remain tenuous, given the tendency of the heads of regional associations and committees of merchants to criticize the BTA leadership whenever they think it is not acting with enough vigour to defend merchants' interests. This trend is likely to continue into the future.

Finally, what about the future relations between ALI and the BTA? The two associations have been active since Lebanon's independence and have learned how to coexist. Except on a few (and very well publicized occasions) they have conducted their rivalry in a professional manner, while maintaining an ongoing (if often heated) dialogue. As in the past, the two associations are expected to maintain a common stance on labour matters. But there is little doubt that the issue of custom duties will continue to divide them for the foreseeable future. In the long term, and once trade barriers are dismantled – as the Government and ALI insist they would – the protection issue will disappear. It will be many years before that happens, however.

NOTES

1. John Lucas, 'The Politics of Business Associations in the Developing World', *Journal of Developing Areas*, Vol.32, No.1 (Fall 1997), pp.71–96.
2. *Ibid.*, p.81.
3. See, for example, Thomas Callaghy, 'Vision and Politics in the Transformation of the Global Political Economy: Lessons from the Second and Third Worlds', in Robert Slater, Barry Schutz and Steven Dorr (eds.), *Global Transformation and the Third World* (Boulder, CO: Lynne Rienner, 1993), pp.161–258.
4. A few examples on how the issue of business associations has been treated in the literature should suffice here. Eva Bellin provides a detailed treatment of the relations between the state and industrialists in Tunisia until the late 1980s, but devotes no attention to the role of formal associations of private industrialists: Eva Bellin, 'Tunisian Industrialists and the State', in I. William Zartman, *Tunisia: The Political Economy of Reform* (Boulder and London: Lynne Rienner, 1991), pp.45–66. In his article on the political economy of Jordan since the Gulf war, Riad al-Khouri devotes a mere paragraph to discuss business lobbying: Riad al-Khouri, 'The Political Economy of Jordan: Democratization and the Gulf Crisis,' in

Dan Tschirgi (ed.), *The Arab World Today* (Boulder and London: Lynne Rienner, 1994), p.65. Bahout provides a more detailed treatment of business entrepreneurs in Syria since Syria's economic opening (*Infitah*) but does not deal specifically with business associations: Joseph Bahout, 'The Syrian Business Community, its Politics and Prospects', in Eberhard Kienle (ed.), *Contemporary Syria: Liberalization between Cold War and Cold Peace* (London: British Academic Press, 1994), pp.72–80. Recent books on the political economy of Egypt, notably Iliya Harik, *Economic Policy Reform in Egypt* (Gainesville: University Press of Florida, 1997) and Yahya Sadowski, *Political Vegetable: Businessman and Bureaucrat in the Development of Egyptian Agriculture* (Washington, DC: The Brookings Institution, 1991), provide no treatment of the activities of business associations. Despite its otherwise comprehensive coverage of the political economies of the Middle East, Alan Richards' and John Waterbury's *A Political Economy of the Middle East* (Boulder, CO: Westview Press, 1996 and 1990) pays no attention to the role of business associations.

5. Robert Bianchi, *Unruly Corporatism: Associational Life in Twentieth Century Egypt* (Oxford: Oxford University Press, 1989), especially p.173; Dennis Sullivan, *Private Voluntary Organizations in Egypt: Islamic Development, Private Initiative, and State Control* (Gainesville: University Press of Florida, 1994), pp.107–11.
6. Lucas, 'Politics of Business Associations', p.84.
7. The RDCL is predominantly a Christian grouping of businessmen that was established in 1989. Al-Nadwah al-Iqtisadiyyah is made up of Sunni businessmen and a few Druze and was also established in 1989. When working in concordance, these two groups can determine the outcome of elections to the Boards of Directors of peak business associations, primarily the CCIAB, the BTA, and the Association of Lebanese Industrialists. For a study of the effect of sectarianism on the composition of the governing bodies of leading business associations see Sami Baroudi, 'Sectarianism and Business Associations in Postwar Lebanon', Paper submitted to the 32nd Annual Meeting of the Middle East Studies Association, Chicago Hilton Towers, 4–6 Dec. 1998.
8. A good example is the Sunni Beirut deputy Salim Diab. Before winning a parliamentary seat, he was (as he remains) a member of a score of business and non-business (mainly sports) associations. He still presides over al-Nadwah al-iqtisadiyyah and Tajamu's Rijal al-A'mal al-Lubnaniyyin wa Al-Misriyyin (Assembly of Lebanese and Egyptian Businessmen). Another example is the Shii second vice-president of the CCIAB. Mohammed Lamah. On his curriculum vitae, he lists membership in ten business associations and two non-governmental organisations (NGOs) (CV provided to author courtesy of Lamah).
9. See, however, the results of the industrial census that was carried out in 1994 and 1995 by the Ministry of Industry with funding from the German Agency for International Cooperation, which revealed that only 9.5 per cent of an estimated 22,107 industrial firms employed ten workers or more. *Al-Safir*, 22 Dec. 1995; *Al-Nahar*, 20 Jan. 1996.
10. I am currently in the process of compiling an inventory of all business (including industrial) associations in Lebanon.
11. With only one exception – Fuad Abi-Saleh (1977–92) – ALI's president has always been a large-scale industrialist.
12. This part is based on my article 'Business Groups and the Representation of Business Interests in Postwar Lebanon: The Case of the Association of Lebanese Industrialists', *Middle Eastern Studies*, Vol.36, No.3 (July 2000), pp.23–51.
13. In the spring of 1942, eight prominent Christian businessmen notified the Minister of the Interior of their intention to form an 'Association of Lebanese Industrialists. In May 1942, the Minister of the Interior acknowledged the industrialists' request. See text of the memo from the Minister of Interior, included with the preamble to ALI's 1942 by-laws as amended in 1955. Text of the by-laws provided courtesy of ALI.
14. A 1993 UNIDO report summarized the effects of the war on industry: 'Equipment and plants were destroyed sometimes three, four or even more times through the [war] years. Over half of the factories in Lebanon suffered some damage.' UNIDO, *Guidelines for an Industrial Strategy in Lebanon* (Project DU/LEB/92/001– Substantive Report, Prepared for

- the Government of Lebanon by Austin E. Cambon, Consultant to UNIDO on behalf of the United Nations Development Office for Project Support, 1993), p.7.
15. One example would be the visit to Iraq in April 1997 and the industrial fair held in Baghdad between 13 and 20 Oct. 1997 to promote Lebanese products, in which 150 industrialists participated. See *Al-Nahar*, 31 Oct. 1997, p.10; *Al-Sina'a Wa al-Iqtisad* (Industry and Economy) (Beirut), 43 (May–June 1998), pp.13–14; and *Al-Nahar*, 9 July 1998, p.10. For a similar visit to Yemen see *Al-Nahar*, 1 July 1997, p.8. *Al-Safir*, 9 Aug. 1999, p.7 reported an agreement between ALI and the Beirut Port Authority, which would provide ALI with access to 9,000 square meters at the Beirut port to display industrial products.
 16. *Al-Sina'a Wa al-Iqtisad*, 43 (May–June 1998), pp.13–14.
 17. The BTA was particularly lured by an Iraqi proposal to use the Beirut port, and Beirut merchants, to import products into Iraq, under the UN 'Food for Oil' programme. *Al-Diyar al-Iqtisadi* (Appendix to *al-Diyar*), 7 March 1998, p.17.
 18. *Al-Safir*, 30 Oct. 1996, special appendix on industry, p.10
 19. Author's interview with a Board member held in Beirut on 19 Aug. 1997.
 20. ALI, *Al-Nizam al-Asasi li-Jam'iyat al-Sina'yyin al-Lubnaniyyin* (Bylaws of the Association of Lebanese Industrialists), undated pamphlet provided to author courtesy of ALI, p.5.
 21. *Ibid.*, p.6.
 22. The powers of the general assembly are limited: it elects all Board members, approves the financial reports submitted by the president, and approves any amendments to the bylaws. *Ibid.*, pp.25–8.
 23. The Geographic Council is headed by the first vice-president and serves as the main formal link between ALI and the powerful regional associations of industrialists. The Sectoral Council is headed by the second vice-president and is responsible for coordination with the sectoral associations of industrialists. The Export Promotion Council is headed by the secretary for foreign relations, and is in charge of promoting exports. The three Councils have not been that effective in fulfilling the roles they were charged with. One Board member, who serves on the Geographic Council, gave it low marks, saying that he rarely attended its meetings. However, his appraisal of the Sectoral Council, of which he is not a member, was more positive. Author's Interview with a Board member of ALI on 21 Aug. 1997, Beirut.
 24. For the names of the founders see Beirut Traders Association, *Information About Beirut Traders Association*, undated BTA pamphlet (in English), provided to author courtesy of Nassim 'Ofeish, BTA's general manager.
 25. There are no reliable figures on the exact contribution of the mercantile sector to GDP. Salim Nasr however notes that the share of the tertiary sector in GDP (which includes commerce, banking, tourism and other services) rose from 62 per cent of GDP in 1950 to 72 per cent in 1970. Salim Nasr, 'The Crisis of Lebanese Capitalism', MERIP Reports, No.73, p.3.
 26. *Ibid.*, p.1.
 27. Carolyn Gates, *The Historical Role of Political Economy in the Development of Modern Lebanon* (Papers on Lebanon, No.10) (Oxford: Centre for Lebanese Studies, 1989), p.20.
 28. *Ibid.*
 29. *Al-Diyar al-Iqtisadi* (Appendix to *al-Diyar*), 7 March 1998, p.17.
 30. Carolyn Gates, *The Merchant Republic of Lebanon: Rise of an Open Economy* (London: Centre for Lebanese Studies in association with I.B. Tauris & Co, 1998).
 31. President Khouri was the brother-in-law of Michel Chiha, the prominent banker, and chief ideologue of the Merchant-Financier class. See Fawwaz Traboulsi, *Silat Bila Wasl: Michel Chiha wa al-Ideologiat al-Lubnaniyyat* (Interrupted Links: Michel Chiha and the Lebanese Ideologies) (Beirut: Riad el-Rayyes Books, 1999), especially pp.15–32. One of the better works that deals with this period in Lebanon's history (1943–58) is Irene Gendzier, *Notes from the Minefield: United States Intervention in Lebanon and the Middle East, 1945–1958* (Boulder, CO: Westview Press, 1999).
 32. See, for example, Nadim Shehadi, *The Idea of Lebanon: Economy and State in the Cenacle Libanais: 1946–54* (Papers on Lebanon No.5) (Oxford: Centre for Lebanese Studies, 1987), pp.11–12.

33. Ibid.
34. Interview with Kassir in *Al-Anwar* (Beirut), 1 July 1991 (author's translation from Arabic).
35. Other business associations (notably ALI and the Chambers of Commerce, Industry and Agriculture in Beirut, the South, Biqa' and the North) held their elections in 1992.
36. Elsewhere I deal in detail with the sectarian issue in the composition of the governing bodies of leading business associations in Lebanon. See Sami Baroudi, 'Sectarianism and Business Associations in Postwar Lebanon', Paper submitted to the *Post Ta'if Lebanon: Problems and Prospects* Panel, MESA Annual Meeting 1998.
37. Ibid.
38. See, for example, the interview of André Yared in *Al-Diyar al-Iqtisadi*, 21 March 1995, p.15, and the interview with Salim el-Zein (Shii) in *Al-Diyar al-Iqtisadi*, 24 April 1994.
39. See *Al-Nahar*, 13 June 1997, p.8.
40. The coalition list that won all 24 seats included 12 Christians and 12 Muslims (eight Sunnis and four Shiis). For the 1998 election see *Al-Nahar*, 24 June 1998, p.10; *Al-Nahar*, 27 June 1998, p.10; *Al-Nahar*, 29 June 1998, p.10; and *Al-Diyar al-Iqtisadi*, 30 June 1998, p.21. See also Sami Baroudi, 'Sectarianism and Business Associations in Postwar Lebanon', p.21.
41. The Act was introduced by former Member of Parliament Raymond Eddé and adopted by Parliament in 1956. See Traboulsi, *Silat Bila Wasl*, p.305. See also Gates, *The Merchant Republic*, p.88 It is interesting how the BTA lists defending the banking secrecy law as one of its primary objectives. Critics of the 'merchant-financier' class have attributed this obsession with protecting banking secrecy to the questionable means by which such a class has obtained at least part of its wealth, and to its long-honoured tradition of falsifying its tax records.
42. BTA, *Information About Beirut Traders Association*, p.2. (The document I am quoting is in English; I decided not to edit it.)
43. Ibid., p.1.
44. The BTA's first president, Abdallah Bayhum was Sunni; however all his successors were Greek Orthodox.
45. For the composition of the 1998–2002 Executive Board see *Al-Diyar al-Iqtisadi*, 30 June 1998, p.21.
46. Gates, *The Merchant Republic*, p.88.
47. Ibid., p.58.
48. Ibid., p.88.
49. Ibid.
50. Ibid., pp.80–145, Traboulsi, *Silat Bila Wasl*, especially pp.37–169.
51. Ibid.
52. In 1968, 67.5 per cent of Lebanon's industrial output was exported to the Arab countries. See Ronald Farhana, 'Export Industrial Expansion in Lebanon: An Evaluation', MA Thesis, American University of Beirut, 1977, quoted in Tabitha Petran, *The Struggle over Lebanon* (New York: Monthly Review Press, 1987), p.62. See also the lecture delivered by the current Minister of Finance, George Corm, to the La Société Royale pour les Affaires Internationales à Bruxelles (Royal Society for International Affairs in Brussels), in which he highlights the importance of the Gulf market to Lebanese industrial exporters in the pre-1975 period. Lecture quoted in *Al-Diyar al-Iqtisadi*, 10 Sept. 1999, p.21.
53. Gates, *The Merchant Republic*, p.134.
54. Petran, *The Struggle*, p.110.
55. For the text of Decree 1943 see *Al-Jumhuriyyah al-Lubnaniyyah: al-Jaridat al-Rasmiyyah* (Lebanese Republic: Official Gazette), Year 111, No.79, 4 Oct. 1971, pp.1234–53.
56. For AII's favourable response see *Al-Nahar*, 29 Sept. 1971, p.4, and *Al-Nahar*, 30 Sept. 1971, p.4.
57. For the coverage of the strike which was called for at a special meeting of the BTA's General Assembly see *Al-Nahar*, 2 Oct. 1971, p.5.
58. The 'New Phoenicians' were a group of ultra-liberal Christian businessmen and thinkers who – in the mandate and immediate post-independence years – argued that Lebanon's comparative advantage lay in trade and services rather than industry and agriculture; they favoured strong and stable currency, low taxation and minimal government intervention in

the economy. Their ideas had a great impact on the evolution of Lebanon's political economy during the Mandate period and especially under the presidencies of al-Khoury and Chamoun. They included the economist Gabriel Menassa, the renowned journalist Michel Chiha and the politicians Henry Pharoun, Philip and Salim Taqla and Habib Abu Chahla. For their ideas see Traboulsi, *Silat Bila Wasl*; Gates, *The Merchant Republic*, pp.82, 89, 95, 137; Gendzier, *Notes from the Minefield*, pp.49–51, 55–6, 82–6, 192–3.

59. *Al-Nahar*, 30 Sept. 1971, p.2.
60. *Al-Nahar*, 1 Oct. 1971, p.2.
61. See *Al-Nahar*, 1 Oct. 1971, p.5
62. Decree 1943 was annulled by Decree 1987. See Official Gazette, year 111, No.81, 11 Oct. 1971, p.1393.
63. Minister Eddé resigned on 2 Oct. following a heated exchange with Minister Saba over the circumstances leading to the adoption of decree 1943 and subsequent reductions in the budget of his Ministry. See *Al-Nahar*, 3 Oct. 1971, pp.1 and 2; and 6 Oct. 1971, p.3. For the deterioration in the relations between Salam and Saba and speculations on the imminent resignation of the cabinet see *Al-Nahar*, 1 Oct. 1971, pp.1 and 8; *Al-Nahar*, 2 Oct. 1971, pp.1 and 81 and *Al-Nahar*, 4 Oct. 1971, p.1.
64. See Petran, *The Struggle*, pp.110–11.
65. See Chamoun's statement to the press on the day that Decree was 1943 was annulled. Quoted in *Al-Nahar*, 1 Oct. 1971, p.2.
66. For al-Sadr's ideas and political involvement in the late 1960s and 1970s see Fouad Ajami, *The Vanished Imam: Musa al Sadr and the Shia of Lebanon* (Ithaca: Cornell University Press, 1986).
67. For an analysis of the role of socio-economic factors in the Lebanese conflict see Iliya Harik, 'Economic and Social Factors in the Lebanese Crisis', *Journal of Arab Affairs*, Vol.1, No.2 (April 1982), pp.209–44, reprinted in Nicolas Hopkins and Saad Eddin Ibrahim (eds.), *Arab Society: Social Science Perspectives* (Cairo: American University in Cairo Press, 1985), pp.412–32.
68. On 2 Oct. Salam inaugurated a new production line at the Lecico plant in Kfarchima (for manufacturing sanitary products). In an improvised speech addressed to assembled industrialists and workers he said: 'My presence among you is the backing you require [*sic*]. We provide you with this moral backing, but in our souls and minds we contemplate all possible ways for backing you [*sic*]. Industry demands protection, and we realize that. But there are scientific and logical conditions for protection [*lil himayah shrut 'ilmiyah wa mantiqiyah*] that must be thoroughly studied before adopting any measure.' Despite the colourful language, it was evident that the Prime Minister was unable, or unwilling, to provide any concrete assistance to industry. Quoted in *Al-Nahar*, 2 Oct. 1971, p.4 (speech in Arabic, translation by author).
69. In reality, the only positive news that Salam had for industrialists was that King Faysal of Saudi Arabia (who was on holiday in Lebanon) had told him that Lebanese industrial products were welcomed in his Kingdom; *ibid*.
70. *Al-Nahar*, 1 June 1972, p.5.
71. For the results of the election see *Al-Nahar*, 22 Dec. 1971, p.6. For the preparations preceding the election and the composition of the competing lists see: *Al-Nahar*, 31 Oct. 1971, p.5; 7 Nov. 1971, p.6; 10 Nov. 1971, p.6; 20 Nov. 1971, p.5; 1 Dec. 1971, p.5; 3 Dec. 1971, p.5; 5 Dec. 1971, p.5; 14 Dec. 1971, p.5; and 20 Dec. 1971.
72. Banque Du Liban, *Al-Taqrir al-Sanawi Li al al- 'AM 1974* (Annual Report for 1974) (Beirut: Banque du Liban, 1995), p.158. See also Sami Baroudi, 'Economic Conflict in Postwar Lebanon: State-Labor Relations Between 1992 and 1997', *Middle East Journal*, Vol.52, No.4 (Autumn 1998), p.531–50.
73. On 30 May the BTA issued a statement rejecting calls for raising duties on imports of textiles in order to offer some help to the faltering spinning and weaving sector. See *Al-Nahar*, 1 June 1983, p.5. A day later ALI's President, Fu'ad Abi Saleh, expressed his dismay at the attitude of the BTA, which opposes all industrialists' demands for government assistance, even if such assistance was not going to be at the expense of merchants. *Al-Nahar*, 2 June 1983, p.5.

74. Baroudi, 'Economic Conflict in Postwar Lebanon', pp.544–5.
75. The customs dollar was introduced by the Rashid Karami Government to encourage imports through the legal ports rather than the ones controlled by the militias. The customs dollar was first fixed by Camille Chamoun, then Minister of Finance, at 6 LL while the rate on the open market was \$9. To reflect the rapid depreciation in the value of the Lebanese lira, the customs dollar was raised to 100 LL and then 200 LL in 1991, and to 800 LL in July 1992. Throughout, however, it continued to represent only a fraction of the real value of the dollar. (In July 1992, the exchange rate for the dollar was US\$ 1 = 1,850 LL; see BDL, *Al-Taqrir al-Sanawi lil 'Am 1994* (Annual Report for 1994), p.52. For the introduction of the customs dollar and changes in its value see the interview with Jack Sarraf, ALI's president, in *al-Sharq*, 22 Aug. 1995. For the debate over the customs dollar see *Al-Mal wa al-'Alam*, June 1993, pp.ii–viii.
76. The visit to the Speaker of the house, Nabih Berri, took place on 8 January 1993. See *Al-Nahar*, 9 Jan. 1993, p.6. The visit to the Prime Minister was on 12 January. See *Al-Nahar*, 13 Jan. 1993, p.6.
77. Ibid.
78. Ibid.
79. Quoted in *Al-Nahar*, 14 Jan. 1993, p.7 (translation from Arabic by author).
80. Ibid.
81. The three conditions were: (1) industries (worth offering protection) must be real (that is not assembly operations), successful and viable; (2) concerned industries must utilize raw materials and local manpower by at least 50 per cent of total value (that is 50 per cent minimum value added); and (3) concerned industries must have the capacity to produce at least 50 per cent of local consumption; *ibid.*
82. Quoted in *Al-Nahar*, 1 Feb. 1993, p.5
83. Ibid. Quoted in *Al-Nahar*, 2 Feb. 1993, p.6 (translation from Arabic by author).
84. Ibid.
85. Quoted in *Al-Nahar*, 4 Feb. 1993, p.6 (translation from Arabic by author).
86. Ibid.
87. Ibid.
88. Ibid.
89. See, for example, the statement issued by the BTA's Board of Directors on 13 January 1993, quoted in *Al-Nahar*, 14 Jan. 1993, p.6.
90. *Al-Nahar*, 7 July 1995, pp.1–2. See also BDL, *Al-Taqrir al-Sanawi lil 'Am 1995* (Annual Report for 1995), p.21.
91. The World Bank also exerted some pressure on the Government to (re-)adopt a unified exchange rate. See *Al-Mal wa al-'Alam*, June 1993, p.iii.
92. *Al-Nahar*, 7 July 1995, pp.1–2.
93. Writing in the Lebanese (English language) weekly *Monday Morning*, 6 Oct. 1997, p.5, journalist Edgard Jallad observed: 'He [Hariri] had initially said there was little point in encouraging industry or agriculture, since Lebanon had no competitive advantage in these spheres; better to devote attention to commerce and the service sector. Recently, he changed track and spoke of giving significant backing to the industrial and farming sectors. But he was too late', p.5.
94. For the reactions of merchants to the Sept. 1995 increases in tariffs see *Al-Nahar*, 23 Sept. 1995, p.9; *Al-Nahar*, 27 Sept. 1995, p.9; and *Al-Nahar*, 28 Sept. 1995, p.11.
95. *Al-Nahar*, 25 Jan. 1997, p.8.
96. See *Al-Nahar*, 13 June 1997.
97. The Hoss government received the parliament's vote of confidence on 17 December 1998. See *Al-Anwar*, 18 Dec. 1998, pp.1 and 4.
98. This can be seen from *al-Bayan al-Wizari* (Ministerial Statement) of the Hoss government – which was presented to Parliament on 14 December 1998 – especially the section on restoring the competitiveness of the Lebanese productive sectors, particularly industry (pp.9–12). Text of *al-Bayan al-Wizari* provided to author courtesy of the Prime Minister's Office.
99. See, for example, the statement by Sarraf after a meeting he had with Hoss, *Al-Anwar*, 13 Jan. 1999, p.8.

100. See, for example, the memo submitted by ALI to former President of the Republic, Charles Helou, in Dec. 1964. Cited in *Al-Iqtisad al-Lubnani wa al-'Arabi (Lebanese and Arab Economy)*, Dec. 1964 (Beirut: CCIAB, 1964), p.8.
101. See *Al-Safir*, 15 June 1999, p.7; and Nasser Sa'idi speech at *Mu'tamar al-Bahth al-'Imi wa al-Tanmiyah al-Sina'iyyah* (Conference on Scientific Research and Industrial Development) cited in *Al-Nahar*, 21 Oct. 1999, p.8.
102. See, for example, BTA, *Iqtirahat wa Mulahathat li-Tabsit al-Mu'amalat wa al-Khadamat al-Gumrukiyyah wa tahdithiha* (Suggestions and Remarks for Simplifying and Modernizing Customs Services), unpublished BTA document, 14 March 1999. Document supplied to author courtesy of Nassim 'Ofeish, BTA General Director.
103. Out of 128 deputies, 73 voted for the budget, 15 abstained and 40 were absent. For Parliamentary deliberations over the 1999 budget see *Al-Safir*, 13 July 1999, p.3; *Al-Nahar*, 14 July 1999, p.4; *Al-Safir*, 15 July 1999, p.3; *Al-Diyar*, 16 July 1999, p.3; *Al-Mustaqbal* (Beirut), 16 July 1999, p.3.
104. In Aug. 1999, public debt reached US\$18.4 billion (76 per cent of which is domestic debt and 24 per cent is foreign debt). Source: the August *Bulletin of the Association of Lebanese Banks*, quoted in *Al-Nahar*, 25 Sept. 1999, p.8.
105. The issue of back-taxes has caused much friction in relations between the BTA and the government throughout the post-war era. For the BTA's position on this issue see the statement issued by the BTA's Board of Directors on 11 March 1993, quoted in *Al-Nahar*, 12 March 1993, p.5. See also the statement issued after a meeting of the main associations and committees of merchants at the BTA's headquarters, quoted in *Al-Mustaqbal* (Beirut), 24 Sept. 1999, p.11. See also the proposal submitted by the BTA to all ministers and deputies on how to deal with the back-taxes owed by merchants; quoted in *Al-Nahar*, 25 Aug. 1999, p.8; and *Al-Safir*, 25 Aug. 1995, p.5.
106. Since 1996, pressure from business groups represented by *al-Hay'at al-Iqtisadiyyah* has blocked any increases in wages. Much to the dismay of labour, nominal wages have been frozen since 1996. Despite repeated threats from labour to hold strikes and demonstrations, the government and business associations have not relaxed their opposition to any wage increments. See, for example, *Al-Anwar*, 25 Jan. 1999, p.8. For a discussion of the divergent views of business and labor on wages see Baroudi, 'Economic Conflict in Postwar Lebanon', pp.544-5.
107. Baroudi, 'Economic Conflict in Postwar Lebanon', pp.546-7.
108. Ibid.
109. See, for example, the statement made by Economy and Trade Minister Nasser Sa'idi at a meeting held at ESCWA (Economic and Social Commission for West Asia) headquarters in Beirut to discuss the barriers that stand in the way of Lebanon joining the WTO and ways to overcome these barriers. Quoted in *Al-Diyar al-Iqtisadi*, 14 Sept. 1999, p.21.
110. See, for example, *al-Mustaqbal*, 24 Sept. 1999, p.11.