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**Structural Limitations to Modernization in
Lebanon:
The Experience of Chehab and Hariri**

by

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B.A., Political Studies, American University of Beirut, 2005

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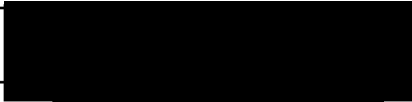
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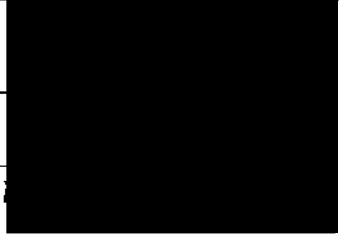
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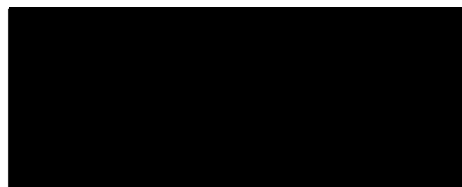
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To Ahmad M. Zaaza,
a man whose sacrifice knows no end...

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Though I hope that whoever actually reads these pages does find an answer to their question, I remain optimistic in the fact that they posed a question in the first place.

To every Lebanese individual interested in understanding our dilemma, I quote:

“Some people see things that are and ask why? Some people dream of things that never were and ask, why not? Some people have to go to work and don’t have time for all of that...”

George Carlin

Abstract

The Lebanese state has seldom played a role in the modernization of Lebanon. The study attempts to address the problem of structural inertia in the Lebanese polity despite the obvious need for systemic change. Whichever way 'modernization' may lead the Lebanese polity, this study aims to understand the structural limitations of the current system to any such attempts—the structural limitations to any move away from the long-standing status quo. Throughout this exploration, the term structure refers to institutions and groups, interaction patterns that have been sustained over time, constitutive rules and norms, and the relationships that link institutions to each other. These structures are classified into four categories: social, economic, political, and regional structures.

Fouad Chehab offered the option of an expanded welfare state while Rafiq al-Hariri sought a minimal and non-interventionist state. Seemingly the Lebanese, through their political elites, rejected both. Despite intermittent political crises, a sustained civil-war, a highly unstable regional environment, and massive emigration; there remain three constants: Lebanon's consociational democracy, its liberal economy, and its ruling elite. These constants must rest their legitimacy on more solid pillars than the manipulation of the few. This study is committed to understanding systemic resistance to reform and modernization in Lebanon by exploring the limitations that the social, economic, political, and regional structures manifested against the Chehabist and Hariri attempts at state modernization.

Contents

Section 1	1
1.0 Chapter One: Introduction	2
1.1 The Failure of Lebanese Consociation	2
1.2 The Question of Modernization: How or Why?	5
1.3 State Modernization under Chehabism.....	8
1.4 Rafiq al-Hariri's Non-State Modernization.....	11
1.5 Opposite Visions, Similar Failures	13
1.6 Methodology	15
2.0 Chapter Two: Social Structures	17
2.1 Identity.....	17
2.2 The Public Sphere.....	18
2.3 Social Structure.....	21
2.3.1 Social functions and residential structure	24
2.3.2 Welfare Functions	27
2.3.3 Economic Functions.....	28
2.3.4 Political Functions.....	30
2.4 The Oligarchy of Politico-Communal Elites: Relevance and Pattern Persistence	32
3.0 Chapter Three: Economic Structures.....	41
3.1 The Incomplete Transition to Capitalism	41
3.2 The Social Formations of Peripheral Capitalism in Mount Lebanon	45
3.3 An Outward-Looking Economy for a Consociational Polity: Laissez 'Monopolizer'	49
3.4 Sandcastles: Structural Weaknesses in a Peripheral Capitalist Economy	53
3.4.1 Income Distribution and Investment Patterns.....	54
3.4.2 Labor Structure	55
3.4.3 Market and Production Structure.....	57
3.4.4 External Orientation and Productivity	62

3.4.5	Output, Expenditure, and Consumption Structures	65
3.5	The Militia Economies.....	68
3.6	'Financialization' in the post-war Economy	70
3.6.1	The Vicious Circle	73
4.0	Chapter Four: Political Structures.....	75
4.1	Structural Lock-In	78
4.2	The Dynamics of State Governance in Multi-Communal Lebanon	83
4.3	A Graphical History of the Evolution of Lebanon's Constitutive Structures	87
4.3.1	Qa'im Maqamiyas	88
4.3.2	Mutasarifiya.....	92
4.3.3	Greater Lebanon	95
4.3.4	National Pact.....	98
4.3.5	Ta'if Accord.....	101
4.4	Community versus State	102
4.5	De Facto Alternatives to State Governance.....	105
4.5.1	Social Development: Communal Welfare and Religious Institutions	105
4.5.2	Economic Governance: Banks.....	108
4.5.3	Political Governance: Communal Leaderships – Zu'ama	112
5.0	Chapter Five: Regional Structures.....	115
5.1	Lebanon's relation to the wider Middle East.....	115
5.2	Regional Facets of the Political Development of Modern Lebanon	120
5.2.1	Mount Lebanon in Egyptian, European, and Ottoman Competition	120
5.2.2	The Regional Roots of Politico-Communitarian Identities in Lebanon	123
5.2.3	Creating Independence	125

5.2.4	Bipolarity, Nasserism, and the 1958 Crisis	128
5.2.5	Out with Nasser, in with the Fida'iyeen: The PLO and Lebanon's Neutrality	133
5.2.6	In Syria's Custody	137
Section 2	142
6.0	Chapter Six: Checklist of Structural Limitations to Modernization	143
6.1	Social Structures	143
6.2	Economic Structures	143
6.3	Political Structures	145
6.4	Regional Structures	146
7.0	Chapter 7: Modernization under Fouad Chehab	147
7.1	Chehabist Policies toward Plotted Social Structures	151
7.2	Chehabist Policies toward plotted Economic Structures	154
7.3	Chehab's Policies toward plotted Political Structures	159
7.4	Chehab's Policies toward plotted Regional Structures	165
7.5	Conclusion	171
8.0	Chapter Eight: Hariri and Post-War Modernization	174
8.1	Hariri's Policies toward plotted Social Structures	176
8.2	Hariri's Policies toward plotted Economic Structures	178
8.3	Hariri's Policies toward plotted Political Structures	183
8.4	Hariri's Policies toward plotted Regional Structures	186
8.5	Conclusion	190
9.0	Chapter Nine: Comparisons and Conclusions	193
9.1	Chehabism and Harirism: Lessons Learned	193
9.1.1	The Global Setting of each Experience	193
9.1.2	Different Systemic Characteristics	196
9.1.3	Approach to Modernization	198
9.1.4	Dealing with the Communal Elites and System	201
9.2	Conclusion	203
References	206

List of Figures

Figure 2.1 The PRE Circles	34
Figure 4.1: The Qa'immaqamiyas	90
Figure 4.2: The Administrative Council under the Mutasarrifiya – 1861 and after Règlements Organiques	93
Figure 4.4: State Institutions under the Ta'if Agreement	97
Figure 4.3: Greater Lebanon – The Constitution of 1926	100
Figure 4.5: The Impact of Communal Autonomy and Fragmentation on State Structures	102
Figure 5.1: Adjustment between Domestic and Regional Structures	118

List of Tables

Table 2.1 Order of Identity Labels among the Lebanese.....	21
Table 2.2 Familism and Residential Distribution Patterns	26
Table 2.3 Family ties in times of war	27
Table 2.4 Financial Assistance among Kinsmen	27
Table 2.5 Quantitative Significance of Kin-related Assistance	29
Table 2.6 Kinship Ties among Parliamentarians	31
Table 3.1: Structural Representations in Lebanese Nationalist thought.....	53
Table 3.2: Policy Representations in Lebanese Nationalist thought	53
Table 3.3: Labor Structure by activity	55
Table 3.4: Labor Skills by education levels.....	55
Table 3.5: Skill type distribution of Lebanese Labor	56
Table 3.6: Manufacturing establishments, size and employment distribution (percentage)	61
Table 3.7: The structure of merchandise trade (Annual averages in %)... ..	63
Table 3.8: Economic and political milestones	65
Table 3.9: The structure of output and expenditure	67
Table 3.10: Cumulative government expenditure by economic category, 1993-2002	71
Table 4.1: Inter-communal Politics and the Post-Ta'if Lebanese State	10

Section 1

Chapter One

Introduction

We have not yet been able to build a country in the sense of a nation. We must strive to create a sound state, so that if we were able to include the Lebanese in it, it becomes possible for us to become a nation.

President Fouad Chehab¹

1.1 The Failure of Lebanese Consociation

Not all states have achieved the required social cohesion that leads to the sustainable well-being of their polities. Deep societal divisions have led to numerous failed states by virtue of “ascriptive ties” that “generate segmentation in the society based on identities with political saliency sustained over a substantial amount of time and a wide variety of issues.”² From this perspective, sustaining divisions over ‘time’ and ‘issues’ makes these divisions an integral factor that defines state governance. It does so vis-à-vis state governance as “a never-ending process of negotiating and renegotiating the rules and practices that define, organize, and regulate domestic politics.”³ Once these divisions are enshrined into the state governance process, they become constitutive prerogatives that are necessary to preserve any state, let alone its model of governance.

Arend Lijphart’s consociational model of government relies on several characteristics that attend to multi-communal states. Consociational democratic systems are often led by coalition governments. They rely on mutual vetoes or the formation of consensual

¹ Conversation with Minister Fouad Boutros on 30 September, 1959. Cited in: Antoine Saad, *Fouad Boutros, the Memoires*, Dar An-Nahar, Beirut (2009), p.53

² Ian Lustick, *Stability in Deeply Divided Societies: Consociationalism versus Control*, *World Politics* 31, no.4, (1979), 325-44

³ Badreddine Arfi, *International Change and the Stability of Multiethnic States*, Indiana University Press, Bloomington (2005), p.18

majorities that are sensitive to the vital interests of the minority as means to manage inter-communal relations. As measures of mutual assurance, political communities demand proportional allotment of political representation, administrative positions, and public funds. In parallel, these sub-national groups often manifest a relatively high level of autonomy especially in terms of self-administration and internal affairs.⁴

Many scholars have accepted the system of consociational democracy as a transitional period to be gradually reinforced by social and institutional unity. Accordingly, such unity ushers in more democratic reforms and practices to replace power-sharing.⁵ Instead of being means to an end, Lebanon's consociational democracy became an end in itself. However, Lijphart's model did not achieve even its transitional objectives in Lebanon. Consociational democracy in multi-communal states aims to stabilize governance which it failed to do in Lebanon. The model is meant to survive the shared institutions and enhance their success, whereas in Lebanon, not one institution has remained intact for the whole period following independence. The power-sharing ethos is also meant to help avoid violence—a clear failure in the case of Lebanon. Finally, the consociational model helps preserve societal unity within its pluralism and to ensure state consolidation. One can argue that in the Lebanese case, this purpose has only been partially actualized. While the state has broken down at certain periods, societal divisions have never reached the brink of cessation, probably because of the substantial autonomy religious communities enjoy over the state.

Consociational democracies require several supportive factors in order to survive and succeed. Lijphart provides a few. One relevant factor is to have diffused loci of communal power that constantly directs political groups toward power balancing. Another factor is the ability of political elites to maintain their position and ability to compromise. Lijphart also identifies more system-related factors such as maintaining a small state and enjoying relatively low levels of external pressure on the system.

⁴ Arend Lijphart, *Democracy in Plural Societies: A Comparative Exploration*, Yale University Press, New Haven (1977), p.47

⁵ Hasan Krayyem, *al-Ta'adudiya al-Thaqafiya w al-Siyasiya w Takween al-Dawla fi Lubnan*, chapter in: *Ishkaliyat al-Democratiya al-Tawafuqiya fi al-Mujtama'at al-Muta'adida: Lubnan w al-Iraq*, Group work, Lebanese Center for Policy Studies, Beirut (2007), p.19

Lebanon's case nearly lacked every factor mentioned above. The concentration of power in Maronite hands had been a major cause of the 1958 and 1975 conflicts. Lijphart's notion of power balancing did not anticipate the violent dimension of 'balancing' especially in periods of low inter-communal trust. This shortcoming clearly undermined the consociational model's ability to adapt to more long term demographic and geopolitical changes. After all, the model is not supposed to be beyond transitional, but how long is transitional?

The Lebanese political elite have rarely manifested a move away from the sectarian pattern of power consolidation. Their ability to maintain their position has actually made them less willing to compromise. Chamoun's aspirations to renew his presidency were only curbed by the Muslim outbreak in 1958. The Maronite grasp on the political system, despite having become a minority, was only ended by civil war. Inter-communal distrust arises again today in face of a rapidly increasing Shi'a power in Lebanon. The question of whether the Shi'a would be willing to compromise on central issues such as Hezbollah's arms remains to be determined in the mid- to long-run.

State institutions have witnessed steady inflation since independence, mainly to meet the increasingly hard-to-maintain power sharing formula of the system. Parliament seats have steadily increased from 66 to 99 under the 1960 electoral law and then up to 128 in light of the Ta'if amendments. Both increases were driven mainly by the need to widen political representation of the different sectarian parties. Similarly, ministerial cabinets have grown from an average of 6 ministers for governments under Khoury's presidency to 10 under Chehab, 14 under Franjiyeh, 26 under Hrawi, and 30 under Lahoud.⁶ In parallel, the public/government sector in Lebanon also witnessed substantial inflation from 4% of total employment in 1949-51 to 11% of total employment in 1997.⁷ Its share of the GDP rose from an average of 1.5% for 1991-95 to 7% for 1996-2000 whereas its

⁶ Jean Malha, *Houkumat Lubnan, Maktabat Lubnan Nashiroun, Beirut (2003)*

⁷ Toufic Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, Brill (2004), p.57

share of public expenditure stood at costly levels of 21.2% for 1991-95 up to 22.6% for 1996-2000.⁸

1.2 The Question of Modernization: How or Why?

The debate on the definition and notional use of modernity is a tenuous one. To avoid such a pitfall, this study focuses on what I believe is a minimal but universal definition by Jurgen Habermas. To try and reflect the systematic efforts toward modernity, Habermas refers to it as a 'project' that was first formulated by the 18th century enlightenment philosophers. The seeds of this project were "to develop objective science, universal morality and law, and autonomous art, according to their inner logic."⁹ This 'project' was driven by the "desire to demystify and secularize, to subject natural forces to rational explanation and control, as well as by the expectation that doing so would promote social welfare, moral progress, and human happiness."¹⁰ The project was later questioned, altered, shattered, and radically politicized. After all, who gets to define what is rational without risking ethnocentricity? More relevant to the political aspect of the debate, how do we make sure that usages of the modern versus obsolete dialectic are not convoluted with politicized expressions such as 'democratization' or 'liberalization' or 'freedom of speech'?

One cannot list enough reasons why such a 'project' should be considered obsolete. Many thinkers have already debunked the claim such as Nietzsche, Proust, Foucault, and Derrida, to name but a few. Many developments have also hammered nails in this coffin: colonialism, two world wars, a holocaust, the great depression, nuclear attacks, and Watergate, also to name a few. This study circumvents the need to justify any potential

⁸ Public Administration Country Profile, Republic of Lebanon, Division of Public Administration and Management (PDAM), Department of Economic and Social Affairs (DESA), United Nations, October 2004, p.4

⁹ Jurgen Habermas, *Modernity and Postmodernity*, New German Critique 22 (Winter 1981), p.9

¹⁰ John Ruggie, *Territoriality: Problematizing Modernity in International Relations*, International Organization, Vol. 47, No. 1. (Winter, 1993), p.145

adoption of 'a right path' toward more modern states and societies. The premises of my theoretical approach are simple. People are aware of space and time and thus become aware of where they relatively stand in terms of objective advancement. They can pursue this advancement based on their own perceptions of 'the better good'. By virtue of this awareness, the task of determining 'how to catch up' is irrelevant to my study. Instead, I am interested in understanding why the Lebanese may or may not choose to subject the "natural forces" of concern to their polity to whichever "rational explanation and control" they may adopt.

The Lebanese may choose to secularize their political system, liberalize their economy, industrialize their country, remove any trade or customs barriers, and further reduce the size of their state. They may choose to fully implement the Ta'if Accord, restrict sectarian representation to the senate and implement administrative decentralization. The Lebanese may choose to federalize their system, separate, or even accept a dictatorship that introduces a command economy, establishes state-owned industries, and represses sectarian identities. The Lebanese may suffice with what modernization entails from certain measures toward social cohesion, state sovereignty and efficiency, rule of law, as well as economic and political well-being. Whichever way 'modernization' may lead the Lebanese polity, this study aims to understand the structural limitations of the current system to any such attempts—the structural limitations to any move away from the long-standing status quo.

The conceptual framework of this research work is to understand two different eras that witnessed two state models and modernization approaches. Comparing the two eras in terms of successes and failures can help us understand the workings of state-society relations in Lebanon. The main discourse I am adopting is to highlight the structures that have remained unchanged despite the radically changing circumstances in which the two experiences took place. Henceforth, the structuralist approach that I adopt is closer to the concept of structuralism used in anthropology and sociology than the IR notion of structuralism. In IR, structuralism indicates the impact of international structures on social, economic, and political organization in the national realm. Hereunder, the

comparative case study approach can explain whether or not and how different international (and regional) structures have shaped social, economic, and political organization in Lebanon. However, an in-depth discussion of structuralism reveals more interesting findings that may underline the importance of the structuralist viewpoint in understanding the Lebanese dilemma.

Structural theory in the anthropological and sociological disciplines focuses on systems of significance. Systems of significance refer to practices, phenomena, and activities that lie at the base of cultural life and that define and redefine systems of social, economic, and political organization.¹¹ Anthropologists such as Claude Levi-Strauss rely on practices relating to myth, linguistics, religious rites, kinship norms to explain how as systems of significance, these observations serve as the foundations for organizational structures. This approach has been criticized for being reductionist. It is considered to minimize the role of the individual and his/her ability to shape the system he lives in. Indeed, this debate, in both its spectra, proves to be very handy for our understanding of structural inertia in Lebanon. It addresses a basic but central question: did individualism – as a reflection of modernization truly actualize in Lebanon? The study will touch on this subject when explaining why the political system favors the community to the individual. Finally, when addressing state-community relations, the take of Marxist philosophy on structuralism casts a worthy explanation of the relations between the Lebanese ruling elite and the state. Structural Marxism argues that the state, in its current form, continues to reproduce the capitalist system itself regardless of the nature of its relation with the ruling class. By observing the social, economic, political, and regional structures, the study will explain how the state, in its very ethos, has been a tool for preserving Lebanon's economic liberalism.

Throughout this study, the term structure refers to institutions and groups, interaction patterns that have been sustained over time, constitutive rules and norms, and the relationships that link institutions to each other. This study classifies these structures into

¹¹ Claude-Levi Strauss, Translated by Claire Jacobson and Brook Schoepf, *Structural Anthropology*, United States (1958), p.17

four categories: social, economic, political, and regional structures. These structures are thoroughly discussed in section one of the study.

The first chapter of the study presents Lebanon's social structures and discusses their impact on modernization. In this part, I discuss the complexity of identity patterns among the Lebanese. I also assess the impact of identity management, both inside the religious communities and between them, on social and political development. I then identify the extended family system as the main functional structure of Lebanon's society. Hereunder, I observe the overlapping social, economic, and political functions between the extended family and religious institutions on one hand and state institutions on the other. Finally, this chapter focuses on the role of the political elites in guiding social mobility. To do so, I introduce the elements of relevance and pattern persistence which shape the elite structure in Lebanon.

Chapter two introduces Lebanon's economic structures. In this chapter I discuss the historical events of an incomplete transition to capitalism. This transition embodies a metamorphosis of Lebanon's pre-capitalist feudal economy into what Samir Amin describes as Peripheral capitalism. The chapter then explains the shortcomings of the outward-looking economy and how they deterred sustainable economic development. This approach attempts to explain why Lebanon's economy portrays certain aspects of advancement while harboring structural deficiencies underneath. The study puts forth a detailed discussion of income distribution, investment patterns, labor structures, market and production structures, as well as output, expenditure, and consumption structures. Finally, this chapter discusses the central role of debt structures in the post-Ta'if era and their relation to the financial locus of the Lebanese economy. The economic aspect of structural limitations to modernization in Lebanon is the clearest explanation of how and why the polity sustains itself and consequently resists impacting reforms.

The third Chapter explains the political structures. It provides insight on how political institutions have developed since the *Mutasarrifiya*. The chapter introduces two types of political structures: state and non-state. Based on this duality, the study poses the major

challenge of state-society relations and suggests that the problematic relation implies an inevitable clash between two legitimacies, one communal and one institutional. This chapter introduces the role of two non-state structures: religious institutions such as the Supreme Islamic Shi'a Council and sectarian leaderships such as Walid Jounblat. The alternative definition of their role in the political system is not that they intermediate between state and society but rather replace the state as a whole. This problem thus leads to chronic paralysis of state structures that is only resolved by means outside the parameters of the political system.

Chapter four introduces the regional structures that have both bound Lebanon to its wider regional environment and sustained its penetrability to supranational trends. In this chapter, I present a modality that explains how regional developments have found a way to penetrate the inter-communal mechanism of state governance in Lebanon. This dynamic, as sustained over time and issues, predates the birth of the Lebanese 'nation-state'. Its very sustainability promotes it to a 'structure' and instates it as a central pillar of state governance in Lebanon. Thus far, regional structures have been hefty barriers to modernization in Lebanon.

The second section of this study presents case studies of attempts at systemic modernization in Lebanon. The first case study is on Chehabism. It will tackle the era of 1958-1964 in which Fouad Chehab was the president of the country. The second case study is concerned with the two Hariri premierships of 1992-1998 and 2000-2004. Both Chehab and Hariri can be considered as leaders who represented a well defined vision for state governance in Lebanon.

1.3 State Modernization under Chehabism

Fouad Chehab is hailed by all the Lebanese as the man who built the Lebanese state's institutions as we know them today. His vision for Lebanon, coupled with his unique stature as an objective personality in a society plagued by communal tensions, have

indeed made him stand out from among his presidential peers. From the outset, President Chehab knew what he was up for. In the same conversation cited above, he told Fouad Boutros, who shared his background of being an outsider to the Lebanese ruling elite: “when I was commander-in-chief of the army, for years I watched everything from my balcony. I have seen everything; there is nothing I don’t know of. I know much about the political game. I can evaluate all men of politics for I have watched them and I know them pretty well. What I have seen has unsettled me and implanted in me a great fear over this country and its future.”¹²

As a president, Fouad Chehab succeeded. However, he failed in completing his long-run objective to build a nation-state. But neither can he be blamed for this failure nor can anyone else. Chehab’s conversation with Boutros reveals enough of what stands against the quest for a Lebanese nation-state. It is commendable enough that Chehab, a man who had built Lebanon’s army, was aware of the shortcomings of the Lebanese state. He wanted to build a ‘sound’ state. But what is the definition of a ‘sound’ state? More significantly, how do the Lebanese define a ‘sound’ state? Can we expect of them to provide a single unifying definition? These are the questions that stand to our present day for it was never Chehab’s responsibility alone to answer.

Chehab’s words to Fouad Boutros are deep-reaching. His statement about “including the Lebanese in the state” highlights a major obstacle to nation-building in Lebanon. It suggests the need not only to create a state acceptable to the Lebanese but also to provide the latter with the proper incentives to join the former. This still is an outstanding issue in our present day. The mechanism by which the Lebanese are included in their state is concerned with the consent of their religious community. The notion of communal consent itself is also subject to scrutiny. What really signifies a certain community’s ‘will’ and what is the right medium that can objectively represent such a will? These questions underline the validity of the consociational democracy adopted by the Lebanese. They give an additional dimension to the structural

¹² Antoine Saad (2009), p.53

organization of the social sphere and its relationship to the Lebanese state in any form it may be.

Let us get past these questions for the time being and zero in on Chehab's notion of the "men of politics." The political prerogatives granted to the religious community by the 1926 constitution (and all the subsequent amendments) cannot be but mutually exclusive with any prerogatives given to individuals. But let us temporarily disregard that for argument's sake. Perceiving communities as political entities does not negate the fact that the constitutive rules that govern what Chehab called the "political game" are inevitably determined by interactions. Interactions are undertaken by people who are agents governed by the dynamic turnover of circumstance. Over extended periods of time, these interactions form into patterns which aggregate into structures and systems. Therefore, it would be a philological fallacy to assume that the aggregation of these interactions – i.e. the system – is representative of the community and not of the individual interactions that lie at its base.

Chehab's thoughts on what lied ahead of his presidency were similar to a self-fulfilled prophecy. His rule was eventually deterred by the interactions of "the men of politics." Moreover, those who helped him eventually found themselves immersed in these interactions. They either had a falling out with Chehabism's 'objectivity' such as Charles Hilou (1964-1970) or became increasingly helpless such as Elias Sarkis (1976-1982). Following SNSP's attempted coup d'état on New Year's Eve of 1962, the *deuxieme* bureau tightened its grip on Lebanese politics. Consequently, the Chehabist security agents established the same clientelist networks that Chehab himself abhorred. They intervened in elections, in trade unions, rallied local power brokers (*qabadays*), and controlled the carrying of arms. While they did indeed represent the sovereign state, their activities were directed at manipulating the political game in Chehabism's favor. Chehab himself justified the actions of the *deuxieme* bureau by stating that "there are seventy *deuxieme* bureaux in *Bourj* (Square) bickering", in an insinuation on foreign

intelligence agencies and their influential role in Lebanese politics. Chehab then added: "It's alright if we placed an extra bureau to keep them off of each other."¹³

Chehab's plans for a stronger centralized state were perceived by his opponents as attempts to create a "police state" that undermined Lebanon's democratic practices. Such accusations reflected the positional interactions of "the men of politics" or what Chehab called the "cheese eaters." However, their ability to gain the required momentum to actually undermine Chehabism at its height can best be explained by a general distaste for central authority among the Lebanese. This distaste is directed toward any authority that is external to the communal 'circle of trust'. While subject to the interests of the "men of politics", this circle is delineated from the inside by certain social, economic, and political structures and from the outside by regional and international structures.

1.4 Rafiq al-Hariri's Non-State Modernization

Prime Minister Rafiq Hariri was involved in the backstage politics of Lebanon long before he first assumed an official position. It was only after his assassination that his role in attempting to put an end to armed conflict in Lebanon for nearly a decade was announced. At first glance, it seemed that Hariri was dropped onto the Lebanese premiership from a Saudi plane with a Syrian parachute. The circumstances leading to his ascendancy were almost identical to those that led to the Ta'if Agreement. He had benefited from a Syrian-Saudi consensus under an American blessing that bequeathed Lebanon for Asad's patronage.

Like Chehab, Hariri also came from outside the Lebanese elite. He made his riches as an emigrant in Saudi Arabia and won enough royal praise to earn himself an exceptional

¹³ Private interview with Brigadier General Michel Nassif cited in Nicolas Nassif, *Joumhouriyat Fouad Chehab*, Dar an-Nahar, Beirut (2008), p.479

Saudi nationality. He too had a similar view to that of Fouad Chehab. In a private conversation with MP Mohsen Dalloul, Hariri professed: “we do not have a state in the real sense of the word. What we have is authority, an authority which some are keen to preserve. Those often raise the banner of a ‘state of institutions’, where is that state?”¹⁴ But it would not be precise to claim that he himself did not take part in the political game the same way “the men of politics” did. For nearly a decade between 1982 and 1992, Hariri invested his wide network of relations to try and ease the country out of civil war. Once in power, just like Chehab, Hariri attempted to achieve his aims for reconstruction and modernization by engaging in the political game from within. Hariri may not have shared the primordial aspect of playing the political game, but he definitely entertained the business side of it.

Hariri established relations with almost every Lebanese warlord he could reach, such as Amine Gemayel, Walid Jounblat, Nabih Birri, and Elie Hobeika. His luxurious residences in Paris, Monte Carlo, Saudi Arabia, and Lebanon housed several meetings among political representatives that aimed at finding a resolution to the conflict. Once a prime minister, Hariri accepted Syria’s role in managing Lebanon’s political life. Although he said that Lebanon could not be governed by Syria or governed against it, Hariri often accepted Syrian intervention in Lebanese politics. Mohsen Dalloul, whose son is married to Hariri’s step-daughter, admits that when he conveyed to him the Syrian request to allow three candidates to run on his lists in the parliamentary elections of 2000, Hariri not only accepted but promised their electoral success.¹⁵

Hariri’s vision for state administration can be summarized by “constructing a small, efficient, and conveniently salaried administration.”¹⁶ This vision is clearly supplemented by two premises that Hariri upheld inseparably: preserving the liberal economy as stated in the constitution and the claim that “the defections of the governmental administrations and institutions has impeded the role of the private sector

¹⁴ Mohsen Dalloul, *Rafiq al-Hariri, Rijal fi Rajol, Mahattat fi 'Aqdayn min as-Sadaqa*, Arab Scientific Publishers Inc., Beirut (2009), p.41

¹⁵ Mohsen Dalloul (2009), p. 79

¹⁶ Government working paper, 27 June, 1995, Prime Minister’s Office, Issue: 639/S. Cited in: Bechara Merhej, *Hurras al-Haykal*, Riyad al-Rayyess Books, Beirut (2004), p.304-11.

in resuscitating the national economy.”¹⁷ Bridging the two together, Hariri suggested privatization as the primary tool of sidelining the inefficient bureaucracy of the state and decreasing corruption.

1.5 Opposite Visions, Similar Failures

If Chehab opted for an increased role of a welfare state, Hariri wanted less government and more ‘laissez faire’. To achieve further economic growth and prosperity Hariri believed that “we have the optimism and the capability” but added that “we just need to deal with one obstacle: the government.”¹⁸ Unlike Chehab, Hariri preferred to pass his projects via autonomous state agencies such as Council for Development and Reconstruction (CDR) or private sector options as ‘Solidaire’ for the reconstruction of the Commercial Center in downtown Beirut.

There can be no clear empirical basis to conduct a comparative analysis on the two eras in the classical sense. In fact, this study aims at comparing the two experiences based on their differences and not similarities. Hariri thought that “developing institutions and laws should be matched by not only the development of interests, but particularly, the development of the human mind, i.e. societal awareness.”¹⁹ Hariri firmly believed in the need to fill certain constitutional and legislative gaps until “the idea of change matures among the basic constituents of the Lebanese society.”²⁰ He strongly believed that the country was not ready for rapid political modernization. For instance, Hariri believed that no current secular movement had gained enough momentum to push for the abolishment of political sectarianism. For as long as that was the case, calling for such a

¹⁷ Bechara Merhej (2004), p.304

¹⁸ Daily Star, 9th of March 2003.

¹⁹ Mohsen Dalloul (2009), p.54

²⁰ Mohsen Dalloul (2009), p.54

change will be received by the Christian Lebanese as “an issue that targets them and threatens their interests.”²¹

To achieve the societal awareness that Hariri considered as a necessary ingredient for balanced modernization, he focused on infrastructure, both physical and human. Since such an investment only pays back in the long run, Hariri handled the more short-term challenges by circumventing the bureaucracy. However, there was much more than the bureaucracy to deal with. Hariri had to bide all other “men of politics”, Syrian presence in Lebanon, and the Israeli threat to his promising projects.

Fouad Chehab on the other hand, believed that societal development and national unity were coterminous. He strongly felt that the country’s backwardness was a main cause of its disunity.²² Unlike Hariri, he firmly believed that “a modern state would be the pathway to nationhood and citizenry instead of starting reversely which is more difficult for Lebanon.”²³ While aware of the need for comprehensive reforms, Chehab wanted evolution and not revolution.²⁴

Both Chehab and Hariri wanted modernization but wanted it differently. Both men injected substantial dosages of it. Chehab restored national unity and laid the institutional foundations for the Lebanese state. His developmental approach spread state services to the country’s limbs for the first time. His rule introduced the 1960 electoral law which won the appraisal of all political circles. In turn, Hariri revamped the Lebanese economy and re-established the country on the international map after the end of the civil war. He rebuilt the country’s destroyed infrastructure and managed to restore normalcy to a post-conflict polity of third world status in record time. However and from the outset, we can establish that neither Chehab nor Hariri had succeeded in introducing radical change to the political system. Neither did the latter usher in enough social

²¹ Mohsen Dalloul (2009), p.54

²² Nicolas Nassif, *Jourhouriyat Fouad Chehab*, Dar an-Nahar, Beirut (2008), p.387-408

²³ Interview with Fouad Boutrous, cited in Nicolas Nassif (2008), p.412

²⁴ Interview by with Fouad Chehab by Charles Rizk cited in: Nicolas Nassif, (2008), p. 389

cohesion as he had hoped, nor did the former manage to include all the Lebanese into his state model.

Chehab offered the option of an expanded welfare state while Hariri sought a minimal and non-interventionist state. The Lebanese, mainly the political elites, rejected both. The end and failures of each of the two attempts signaled a slide back into the same crisis which Fouad Boutros calls the “crisis of a nation and its entity” and that requires dealing with “its essence and not symptoms.”²⁵ The power-sharing formula in Lebanon has benefited a select few. Political orientations while remaining strongly driven by communalism, have left the country exposed and have debilitated its state institutions. Lebanon’s capitalist economy has trickled very little profit down the vertically segregated base of the societal pyramid. The state remains marginal and incapable of tending to the ailments of its citizens. Despite intermittent political crises, a sustained civil-war, a highly unstable regional environment, and massive emigration, there remain three constants: Lebanon’s consociational democracy, its liberal economy, and its ruling elite. These constants must rest their legitimacy on more solid pillars than the manipulation of the few. This study is committed to understanding systemic resistance to reform and modernization in Lebanon by exploring the limitations that the social, economic, political, and regional structures manifested against the Chehabist and Hariri attempts at state modernization.

1.6 Methodology

The research design is based solely on qualitative analysis. The study attempts to address the problem of structural inertia in the Lebanese polity despite the obvious need for systemic change. To do so, the study exhibits relevant structures categorized along four axes: social, economic, political, and regional. Certain events are explained by several structures such as the case of issuing a general pardon to the Dandash clan. This issue is explained through a social prism when attempting to understand the extended

²⁵ Antoine Saad (2009), p.587

family system in Lebanon. It could also have an economic dimension relating to uneven development. However, this division is based on the nature of their impact on state autonomy and functionality. Some elements such as the role of religious institutions in society cover at least three of the four types of structures. However, observing their social role apart from their political and economic role would better explain the practical implications of this incongruence on state governance.

The research relies on a comparative case study of two different political eras in terms of international, regional, and domestic circumstances. Chehab acted during a time when state interventionism was a much more commonly accepted model for government. Hariri on the other hand, became a prime minister at a time when the liberal model had overturned Keynesian economics and unleashed market forces from state regulation. The regional environment was just as different. Chehab dealt with a Middle East shaped along the lines of the bipolar system which strongly affected alignments and state behavior in general. In contrast, Harirism contemporized a time when the world had shifted to unipolarity. This shift had its most hard-felt impact on the Middle East via the war on Iraq and the launch of the Madrid peace process. Finally, the domestic conditions were also as starkly different under each of the two eras. Chehab functioned in a presidential system with executive power mostly in his control. Hariri became prime minister under what is known as the 'Ta'if State'. Under Ta'if, the executive power was the prerogative of the Council of Ministers – in congregation, thus giving Hariri less control of the executive than Chehab.

The two eras under study: Chehabism and Harirism, are juxtaposed against a checklist of the structural limitations identified in the first section. Hereunder, I will assess how each of the two leaders dealt with the plotted variables. For instance, how did Chehab's discourse and policies deal with the overlap between familial functions and state functions? How did Hariri deal with it? What results did each of them reap? And what are the implications of my findings?

The study relies on primary sources such as presidential memoirs, official reports, interviews, surveys, newspaper archives, and data sets extracted from journal articles. The study also refers to ample secondary sources distributed along the works of historians, social scientists, economists, political analysts, and philosophers.

Chapter Two

Social Structures

The identity a person lays claim to is often based, in reverse, on that of his enemy.

Amine Maalouf, On Identity

2.1 Identity

The signature identity is "the distinctive label that stands out among all other defining social attributes." These attributes "locate the primary position of a person on the social map."²⁶ The most prominent form of identity in Lebanon is based on sectarian affiliation: *al-hawiyya al-ta'ifiyya*. As a form of communalism in Lebanon:

Ta'ifiyya covers the politico-administrative system of government, the social reality of multi-communalism, the institutional organization- in the widest sense - of a community, a collective or individual attitude tending to involve communal institutions in the global organization and management of society, the rather exclusive, or at least privileged, identification with a religious community, affiliation with an institution or even a way of communal thinking acting or living.²⁷

Lebanon's history has rarely witnessed true social solidarity among its signature identity groups. Many academics consider that reducing the Lebanese identity to sectarian affiliation is "too simplistic and reductionist an approach to an extremely complex situation."²⁸ Various aspects of the Lebanese identity are often overshadowed by the

²⁶ Iliya Harik, from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p. 9.

²⁷ Ahmad Beydoun, from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p.75

²⁸ Fawaz Traboulsi, *A History of Modern Lebanon*, Pluto Press, London (2007), preface.

sectarian affiliations of the Lebanese. Important questions arise concerning overlapping identities. Which identity takes precedence and how? Are overlapping identities active simultaneously or is one identity active while others remain dormant?²⁹ Why has the sectarian identity outweighed political and class cleavages?

According to Amine Maalouf, whenever a certain identity is threatened, that label is most likely to gain supremacy above all other identity labels a person may hold.³⁰ This is often the case during times of conflict like ethnic conflict in Sri Lanka, or religious conflict in Ireland. Hereunder, the primacy of one's signature identity takes place on various levels of the human consciousness both individually and collectively. Identity here seems to be a process more than it is a brand. It is often 'formed' and not just simply 'borne'. Maalouf reaffirms that "man is not himself from the outset... He doesn't merely 'grow aware' of his identity; he acquires it step by step."³¹

2.2 The Public Sphere

There are two models by which multiple identities coexist: the *overriding model* and the *contextual model*. The overriding model is one in which groups are molded under "the fold of their own signature identity by means of indoctrination, force, or persuasion." The contextual model is more of a pluralist form with a more democratic approach in terms of recognizing multiple identities. Hereunder, social differences "are acknowledged as equally legitimate parts of one commonwealth."³² The problem often lies, then, in the actual spatial management of multiple identities. The overriding model usually brings about an attempt to suppress all forms of identity in favor of one dominant form. The contextual model extends the recognition of multicultural

²⁹ Harik, p.11.

³⁰ Amine Maalouf, *On Identity*, translated to English by Barbara Bray, The Harvill Press, London (2000), p.12.

³¹ Maalouf, p.21

³² Harik, p.12.

differences into the public sphere and leaves no restrictions to smaller limitations. The contextual model highlights the principle of "separate but equal."³³

Unfortunately, Lebanon has been a textbook case of derisory management of multiple identities by adhering to a rigid power-sharing quota system: the *consociational democracy*. Socially, the power-sharing system favors the rights of the religious community at the expense of the individual.³⁴ As a result, spatial management of overlapping identities in Lebanon is governed by the contextual model when it comes to 'communities' but the overriding model when it comes to 'individuals'.

Political communities as sub-entities of society, follow a rigid approach of coexistence in a contextual model. Malcolm Yapp best described this communal coexistence by comparing sects to '*watertight compartments*'.³⁵ Exactly like ships, in order for society to resist 'flooding' its communities play the role of compartments dividing the volume of the hull. Socially particular, these 'compartments' proved durable by surviving the plethora of political and economic changes which had taken place in the Middle East since the 19th century. Communities recognize each other's existence, but continue to bargain – both by peaceful means and through violence – on the position and prerogatives of each. In other words, communities recognize that they are separate but might not agree on 'how exactly equal they are'.

The contextual model of managing multiple identities by Lebanon's community is commonly referred to as *confessionalism*. Ahmad Beydoun describes confessionalism as "an unequally accepted and diversely interpreted contract between the confessional communities that constitute Lebanese society."³⁶ This 'communal pact' provides the minimal public space in which all communities are ensured the right to actually exercise the internal functions as well as the international privileges of the state. This greater

³³ Harik, p.12

³⁴ Hassan Krayyem, *al-ta'adudiya al-thaqafiya wa al-siyasiya wa takween al-dawla fi lubnan in Ishkaliyyat al-democratiyya al-tawafuqiyya fi al-mujtama'at al-muta'adida: lubnan wal Iraq* (Group work), Lebanese Center for Policy Studies, Beirut (2007), p.22.

³⁵ Malcolm E. Yapp, *The Near East since the First World War : a history to 1995*, Longman (2nd ed.), London (1996), p.5.

³⁶ Ahmad Beydoun, p.75

range of social and political autarky allows each community to be directly involved in international, political, social, and economic networks.³⁷ Fawaz Traboulsi for instance, criticizes the over-legitimization of politicized religious sects as historical products. Instead, Traboulsi considers them to be "a-historical essences rooted in religious differences as mere political entities." In other words, sects simply became the suitable mediums through which pre-capitalist Lebanon was catapulted into the 19th century. Usama Makdisi's views on the culture of sectarianism coincide with Traboulsi's view. To Makdisi, sectarianism emerged as a practice in result of French and Ottoman attempts to "define an equitable relationship of the Druze and Maronite 'tribes' and 'nations' to a modernizing Ottoman state."³⁸ Sectarianism, at a point in time, was a practice of modernization that evolved into a discourse. That discourse continues to this day.

The reproduction of sectarian identities became a major defining element of religious communities. Managing overlapping identities *inside* every sect adheres to the overriding model. Social acceptance by one's sect requires full commitment to the beliefs, practices, and even mentality of the community. This reality is managed through a rigid social structure that rests on the prominence of familial, territorial, and religious ties as primordial labels of identity. The impact of the community on the individual is sizeable and often traces down to the human subconscious. To Maalouf, what determines one's affiliation to a certain group is "the influence of those about him – relatives, fellow-countrymen, and co-religionists - who try to make him one of them."³⁹ The influence comes from the 'others' too, from those who are keen on excluding him.

The impact of sectarian communalism on how the Lebanese perceive their identity has proven resilient. In a 2002 study, Theodor Hanf asked a representative sample of the Lebanese to identify themselves by listing their identity-group affiliations in order of importance. According to the initial results (shown figure 1.1), more than half of the Lebanese chose other forms of identity than national belonging first. The Christians

³⁷ Ahmad Beydoun, p.75.

³⁸ Usama Makdisi, *The Culture of Sectarianism*, University of California Press, London (2000), p.7.

³⁹ Amine Maalouf, p.12.

were more inclined to define themselves as Lebanese. Forty-Eight percent of Christians view themselves as Lebanese first compared with 38% of Muslims. The Maronites, Greek Orthodox and Druze were more inclined to call themselves Lebanese. The majority of Lebanese Sunnis referred to themselves as "Arab" first. Shi'a Lebanese were less likely to call themselves Muslim than Sunnis. Smaller Christian groups like the Greek Catholics and Armenians were more inclined to view themselves as Christians first. This complexity in the identity patterns of the Lebanese mostly reflects regional and domestic demographic and geopolitical considerations which we will discuss in the political section.

Table 2.1 Order of Identity Labels among the Lebanese

Choice of identity Label	1 st Place	2 nd Place	3 rd Place
Lebanese	41	21	12
Normal Person	8	2	1
Personal Characteristics	7	10	16
Arab	6	10	4
Muslim	5	9	9
Christian	4	4	2
Occupation	3	4	4
Other*	8	15	15
No reply	18	25	37

Figures in % rounded

*includes religious or political choices and place of origin

Iliya Harik, from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p.14

2.3 Social Structures

Sociological theory typically suggests that a fundamental change in the structure of social solidarity is inherent with modernization. Emile Durkheim formulates that the increase in the division of labor in a society is bound to transform mechanical social solidarity to organic social solidarity.⁴⁰ In a modern society, the individual's loyalty is not concentrated in and exclusive to the family but is dispersed outwards toward many

⁴⁰ Emile Durkheim, *The Division of Labor in Society*, Glencoe, 111, The Free Press, 1933.

structures such as occupational categories, class considerations, political orientations, and socio-economic preferences among many others. In light of such developments, family influence as a primary agent bridging members of a society together is meant to recede.

Contrary to modernization theorists, the extended family system in Lebanon is the cornerstone of Lebanon's social structure. The persistence of the traditional family system in the context of modernization is "dependent on the continued performance of pivotal functions which are not fulfilled adequately by other existing or emerging structures in the society."⁴¹ While the Lebanese society has shown clear elements of modernization, the family structure continues to play a major role in society's most basic functions. Several factors contribute to the continued reliance on the extended family, of which are:

A. *Mutual dependence* on kinsmen leads to an ethic of amoral familism that overweighs a culture of 'achievement-orientation' and pride in self-reliance. Family members are culturally inclined to feel responsible for helping each other. This applies even with 'individually skilled classes of the society such as professionals.'⁴² This culture transposes itself as a tool of integration and adaptation within the wider social basin. Both the public and the private sectors in Lebanon are shaped by traditional kin-based particularistic ethics and practices. When the Lebanese deals with more formal structures such as government offices, legal procedures, or political decision-making, he searches for and relies on ties which are kinship-like and adhere to a system of reciprocity. This is what Samih Farsoun defines as "the infusion of particularistic and ascriptive practices into the differentiated structures of a modernizing society qualifies the structural differentiation, and in turn reinforces traditional familism."⁴³

⁴¹ Samih Farsoun, *Family Structure in a Modernizing Society (Lebanon)*, PhD Dissertation 1971, University of Connecticut, University Microfilms - Ann Arbor, Michigan (1971), P.201

⁴² Farsoun, p.208.

⁴³ Farsoun, p.214

B. The *post-colonial legacy* is a decisive element that governs public life in Lebanon. Both the political and the economic realms are shaped along the lines of the social structure. Patrimonial enterprises are “the dominant form of economic organization in Lebanon.”⁴⁴ Family is the primary source of capital for business where the trust element is best found with kinship. As a result, “the fusion of economic and kinship structures” is maintained.⁴⁵ Political organization is also glued to the communal and familial composition of the country. This is translated to feudal and mercantile coalitions that find ease in driving modernizing elements out of government.⁴⁶ The modern state lacks the trust element of the kinship system. Consequently, the government lacks the requirements that can help establish its position as the primary caregiver of society. Most government agencies “have been subverted through particularistic practices that simply reinforce the extended family.”⁴⁷

C. Another shaping factor behind the persistence of the extended family is *communal homogenization*. As a cohesive social unit, the religious sect persists mainly through endogamy and children born to endogamous marriages. Personal law in Lebanon is exclusively administered by the ecclesiastical courts of every sect. Social and cultural values continue to be traditional. Pro-fertility and patriarchal values escort the stressed traditional values of filial piety, family solidarity, and family responsibility.⁴⁸ As a result, people find themselves “obliged to abide by the traditional precepts of the religious institution and the sacred law whether they personally hold them or not.”⁴⁹

⁴⁴ Ibid, p.209.

⁴⁵ Ibid.

⁴⁶ Ibid, p.210.

⁴⁷ Ibid.

⁴⁸ Ibid, p.213

⁴⁹ Ibid, p.212

D. Social structure in Lebanon is also affected by uneven development which brings about the notion of *the Primate City*. Most economic, political, and social activities are concentrated in the capital. Rural-urban migration to Beirut is a defining character of the country's demographic distribution. Nearly 50% of Lebanon's population resides in Beirut and its direct surroundings (Suburbs and the closer towns of Mount Lebanon).⁵⁰ As a result of demographic concentration in Beirut, the frequency and intimacy of contact among members of the extended family increases as a result. This symbiosis reinforces the "ethnic-based ecology" both in the primate city and the peripheries.⁵¹

2.3.1 Social functions and residential structure

The Lebanese society exhibits a generally high level of solidarity and interaction among the extended family and not just the nuclear family. Solidarity among family kinsmen continues to be strong and generally supersedes solidarity with others outside the family. Family often influences life decisions like marriage, choice of residence, and the individual's way of life.

Religious institutions continue to precede state authority in personal law, education, and defining social boundaries.⁵² At times, religious authorities even 'outlawed' and delegitimized national policies when they saw that necessary. In a rather feisty opinion piece, Sheikh Mohammad Kanaan – a prominent Sunni Jurist from the Orthodox Sunni establishment Dar al-Fatwa – demonized those who had endorsed the draft law of optional civil marriage in Lebanon. Kanaan defended the precedence of Islamic Shari'a law to civil law due to the fact that "Muslim systems were being applied centuries before the announcement of the civil law in 1936." Kanaan even refuses to recognize the right of secular Lebanese for equal representation under the law. He erroneously equates

⁵⁰ United Nations Development Programme Report, *Mapping of Living Conditions in Lebanon* (internet edition), <http://www.undp.org.lb/programme/pro-poor/poverty/povertyinlebanon/moic/main.html>

⁵¹ Samih Farsoun, , p.211.

⁵² Malcolm E. Yapp, *The Near East since the First World War : a history to 1995*, Longman (2nd ed.), London (1996), p. 7.

secularists with atheists calling them “non-religionists.” Kanaan then declares that Sunnis “are not at all harmed by those people’s exit from our sect so that our Muslim society is purified from intruders and hypocrites that use the name of Islam to serve their interests.”⁵³

The extended family system and religion enjoy a strong symbiotic relation. The extended family is the primary agent of religious indoctrination and persuasion for the Lebanese individual. The nature of social interactions witnesses generally much higher levels of indoctrination and influence on the individual’s beliefs, behavior, and preferences.

Education is probably the most important social function that contributes to the persistence of Lebanon’s social structure. Families often prefer to enroll their children in schools of the same religious order. This phenomenon is highly skewed by education costs. The option of secular teaching is restricted to expensive private schools leaving the option of cheaper education mostly in schools run by religious associations. 40% of Lebanese students are enrolled in government schools. In 1997, the government tried to remove religious education from the curriculum of public schools and restricted it to voluntary choice. This decision was faced by opposition from all religious quarters whether Muslim or Christian.⁵⁴

The residential structure of extended Lebanese families is a good indicator of how the family system still is the most influential cornerstone of social organization. Little change in the size and distribution of households has taken place in Lebanon. The proportion of stem-family households was 15% among the middle-class sample and 30% among the low-income families. Evidence led to substantial patterns of residential connections that indicated a relatively high level of extended family interaction. Nearly 30% of low-income families of the respondents lived with kinsmen outside the nuclear

⁵³ Mohammad Kanaan, *Mashrou’ Qanun al-’Ahwal al-Shakhsiyya al-Madani*, Dar al-I’tisam, Beirut 1998. pp 2-4.

⁵⁴ Munir Bashshur, from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p. 160.

family on a temporary basis. Similarly, 27% of the respondents did not experience neo-local residence right after marriage. A decade after independence little had changed in the structure of the family household in Lebanon.

More indicative evidence lies in the patterns of spatial distribution of related households. These patterns highlighted two major characteristics of Lebanon's society: regionalism and the primate city. Extended families were mostly concentrated in the same city, region, or neighborhood (See figure 1.2)

Table 2.2 Familism and Residential Distribution Patterns

Location of residence	Extended Family Kinsmen			
	Parents	Married Children	Married Siblings	Married Nephews & Nieces
Same city quarter	69%	78%	66%	52%
Elsewhere in Beirut	31%	22%	34%	48%
Total	100%	100%	100%	100%

Samih Farsoun, *Family Structure in a Modernizing Society (Lebanon)*, PhD Dissertation 1971, University of Connecticut, University Microfilms - Ann Arbor, Michigan (1971), p.71

At least two thirds of the independent units of the extended family reside in the same city quarter. This is due to having what is known as 'ethnic quarters'. This "ethnic ecology of the primate city" keeps "the different nuclear subunits of the contemporary family spatially close together."⁵⁵ The persistence of the traditional family distribution and the sustainability of the 'ethnic quarters' can be directly related to the primate city – in other words unequal development. Any reversing of this contributing factor would require the creation of "a much wider job market and a more equitable urban population distribution" that may only develop out of consistent modernizing trends.⁵⁶

⁵⁵ Samih Farsoun, P.71.

⁵⁶ Farsoun, P.76.

Family structure as a primordial mode was often strengthened by the occurrence of war. Violence often reinforced the ethnic ecology through massive displacement and migration. War also dictated a de facto division of the economy to regions and communities at times. Social relations in nature and identity have also been shaped by the war.

Table 2.3 Family ties in times of war

	Immediate Family	Relatives	Friends	Colleagues
Strengthened	58.2%	22.9%	27.6%	18.8%
About the same	39.4%	65.4%	57.7%	68.6%
Weakened	2.4%	11.7%	14.9%	12.6%
Total	100%	100%	100%	100%

Samih Farsoun, *Family Structure in a Modernizing Society (Lebanon)*, PhD Dissertation 1971, University of Connecticut, University Microfilms - Ann Arbor, Michigan (1971), p.108

2.3.2 Welfare Functions

The extended family still plays a welfare role for kinsmen. The level of cooperation indicates a rather high level of involvement for the extended family compared with Western societies. Sixty percent of the total sample reported either receiving or giving financial assistance to kinsmen. Below is a survey of kinsmen receiving financial assistance done in 1954:

Table 2.4 Financial Assistance among Kinsmen

Recipient Kinsmen	Respondents Donating	Percentage
Parent(s)	19	30
Siblings & Nephews	20	31
Uncles, Aunts, Cousins	16	25
Distant Kin & In-laws	9	15
Total	64	100%

Samih Farsoun, *Family Structure in a Modernizing Society (Lebanon)*, PhD Dissertation 1971, University of Connecticut, University Microfilms - Ann Arbor, Michigan (1971), p.109

The pattern is higher among the lower classes of Lebanon.⁵⁷ The range of welfare involvement by the extended family covers all areas of daily life. Welfare assistance is often given to reasons of financial need, security in retirement, aiding youngsters in establishing themselves, health and nursing, and other ordinary occasions of life. The government's role is limited and sectarian agencies are often inefficient. Kinsmen are not embarrassed to ask for help and continue to feel responsible for each other.⁵⁸ The clearest form of familial organization here are family associations as formal patterns of familial incorporation. The economic power and the social eminence of a certain family – now clearly understood as a cohesive socioeconomic unit – is crucial for any potential role it could play in terms of political organization. Welfare functions are the stepping stones for a broader role in business, politics, and society as a whole.

2.3.3 Economic Functions

Although the main modernizing factor, occupational differentiation, has advanced to a high degree in Lebanon, it has not brought forth the consequences hypothesized in modernization theory. It has not brought an ethic of achievement orientation, of independence and of individualism. It has neither removed kinsmen from a position to help each other nor has made it difficult or embarrassing for an individual to seek the aid of his kinsmen. Contrary to the expectations of modernization theorists, the network of mutual services and the family economic cooperation create a web of subtle reciprocal obligations which continue to orient the extended family kinsman inward towards the family.

The vast majority of economic organizations in Lebanon exhibit the extended family pattern. Family businesses characterize all types of economic activity regardless of advancement. Traditionally, this pattern of 'family business' was inherited from the

⁵⁷ Farsoun, p.108.

⁵⁸ Farsoun, p.124.

Ottoman Empire were “urban mercantile houses and craft establishments were family firms.” As a result, business becomes realistically dependent on the capabilities and the size of the extended family that “supplies the capital, the trustworthy personnel, the knowhow, the contacts, and the training.”⁵⁹ Based on a survey conducted by Samih Farsoun, 32% of the total sample reported obtaining employment through *wastah*. Of those, nearly 65% helped another kinsman get employment in turn. Each respondent helped an average of 2 kinsmen with a range from one to forty kinsmen receiving help. Respondents who indicated the number of kinsmen they helped in finding a job are distributed as follows: (See Table below)

Table 2.5 Quantitative Significance of Kin-related Assistance

Number of Kinsmen Helped	Number of respondents giving help
1-5	16
6-10	4
Over 10	3

Samih Farsoun, *Family Structure in a Modernizing Society (Lebanon)*, PhD Dissertation 1971, University of Connecticut, University Microfilms - Ann Arbor, Michigan (1971), p.159

This system of transactions reinforces amoral familism. This is why nepotism is considered to be part of structural corruption in Lebanon whereas it correlates to the very social construction of the country. Almost all day-to-day transactions of the Lebanese individual require the notorious *wastah*. Even the linguistic origin of the word indicates a form of social acceptance to its use and function. It is derived from the word *waseet* – intermediary.

The wastah system is generalized throughout the society and performs important functions within the family and outside it. One needs a wastah in order not to be cheated in the market place, in locating and acquiring a job, in resolving conflict

⁵⁹ Farsoun, p.85

*and legal litigation, in winning a court decision, in speeding government action, in establishing and maintaining political influence, in finding a bride, and (for the social scientist) in locating and establishing the rapport with respondents. The **wastah** procedure is complex, and its rules vary, depending on the sphere and nature of activity, legal, familial, economic or political.*

Samih Farsoun

One factor that may have led to this persistence is the cultural pattern of mistrust of everyone except kinsmen. This pattern puts a limit on the size and character of economic, social, and political organizations so that they remain small, fragmented, and patrimonial. Kinsmen are the main pillar of security and are providers of critical services unavailable in public institutions. Such factors prohibit economic institutional differentiation from the family, and in turn, they contribute to the continuity of some of the traditional economic functions of the family system.

2.3.4 Political Functions

Modernization in Lebanon failed to “supplant the kinship and *za'im* structures in the performance of the health, education, welfare, and protection functions.”⁶⁰ Spatial management between communal and state prerogatives is often in favor of the earlier. Even when the latter gains primacy it is either by communal consent or else rejected with varying intensity or at least snubbed upon.

Family ties and personalistic loyalties continue to shape the political process. Sectarian loyalty often overshadows social injustice and dilutes it to a point of unconsciousness.⁶¹ On the individual level, religiosity – more prominently among Muslims – becomes a pretext for the absence of accountability by portraying injustices as manifestations of one's destiny: a plot drawn to man as per the wisdom of god. Primordial rivalries often parallel regional polarizations and reflect political developments. Adoption of ideologies, political alliances (both external and internal), economic benefits, and

⁶⁰ Farsoun, p.159

⁶¹ Halim Barakat, from *Lebanon in Crisis*, P. Haley & L. Snider, Syracuse University Press, New York (1979), p.6.

adherence/refusal of certain systems are often sugarcoats of the motive of reinforcing communal leadership for politicians.

Over a period of fifty years, from 1920 to 1972, 425 deputies belonging to 245 families have occupied a total of 965 seats in 16 assemblies. Only 28% of all parliamentary representatives are unrelated to other parliamentarians. (See table below) There are oligarchic tendencies in the disproportionate share of parliamentary seats that only a few prominent families enjoyed. According to Khalaf, not more than 26 families have monopolized 35% of all parliamentary seats since 1920. This means that 10% of the parliamentary families have produced nearly one-fourth of the deputies and occupied more than one-third of all available seats.⁶²

Table 2.6 Kinship Ties among 425 Parliamentarians

Kinship Ties	Number	Percentage
Fathers(a)	36	9
Sons(b)	41	10
Brothers	33	7
Cousins	37	8
Nephews	12	3
Uncles	19	4
Brothers-in-law	16	4
Distant relatives	76	17
Unrelated	129	28
Not determined	44	10
Total	443	100

(a) Includes two grandfathers: Qabalan, Franjiyye, and Ahmad al-Khatib

(b) Includes two grandchildren: Antoine Franjiyye and Zaher al-Khatib

Source: Samir Khalaf, from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p.121

⁶² Samir Khalaf, from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p.121

The Extended family structure has a substantial impact on the sociopolitical culture. The term '*political families*' refers to forms of pseudo-polities built around the traditional legacy and leadership of certain families. Political families are the primary social vehicles of political organization in Lebanon. Social interaction in Lebanon continues to be mostly conformant along the basic social structure described in this section.

The traditional religious institutions play the role of the intermediary which gives them substantial power. In light of that, the power of the state is second to traditional family organization as a constituent of the sectarian order. The state is reduced to "a collection of religio-political *zu'ama* whose power base depends on the kinship system."⁶³ Political dynamics become the aggregate transposition of kinship societal interactions. These interactions are governed by "a reciprocal reinforcing pattern that can be seen between the extended family and the religio-political system."⁶⁴

As in the pre-modernization period, the political organization of Lebanon continues to be that of state-*za'im*-client rather than state-party-citizen. Under such rigid societal structure, often more than not; the *zu'ama* are left with substantial leverage power in the political realm. They enjoy the near absence of accountability as their power base is the product of communal consensus and social prominence. Any emerging political institutions "tend to be undermined by particularistic kinship and sectarian values and practices."⁶⁵ The wider is the base of kinsmen that serves a communal *za'im* the more services are rendered in his name. Hereunder, familial relations contribute to the strengthening of the *za'im* who in turn, now with a broader power network, demands communal support and loyalty.

⁶³ Samih Farsoun, , p.159.

⁶⁴ Farsoun, p.161.

⁶⁵ Samih Farsoun, *Family Structure in a Modernizing Society (Lebanon)*, PhD Dissertation 1971, University of Connecticut, University Microfilms - Ann Arbor, Michigan (1971), p.159.

2.4 The Oligarchy of Politico-Communal Elites: Relevance and Pattern Persistence

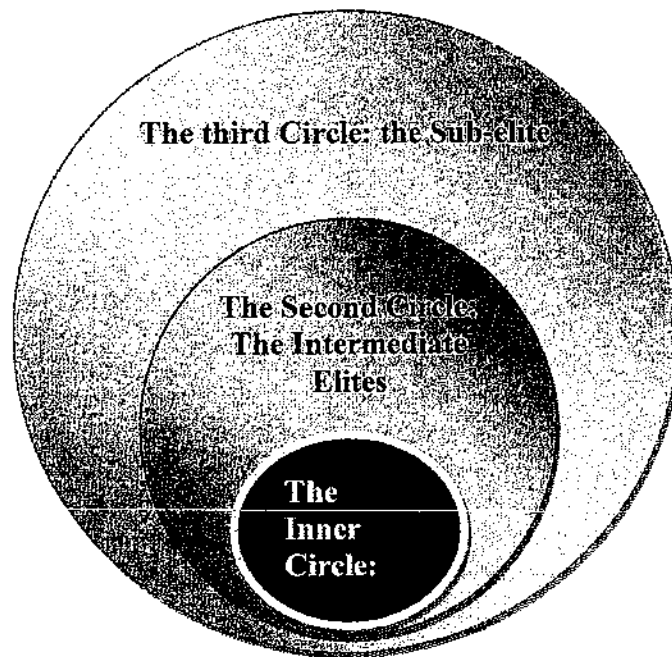
To further assess which patterns of social mobility are more relevant to Lebanon's public sphere, we need to look at the formation of the *Politically Relevant Elites*. Volker Perthes defines the PRE as the stratum of people who "wield political influence and power in that they make strategic decisions or participate in decision-making on a national level, contribute to defining political norms and values (including the definition of 'national interests'), and directly influence political discourse on strategic issues."⁶⁶ The concept of the PRE automatically rules out the 'ruling elite' versus the 'counter-elite' classification as an artificial distinction between those who are 'in' and those who are 'out'. This probably applies best in Lebanon than anywhere else in the Arab region. Members of the ruling oligarchy in Lebanon are constantly competing for political and material resources. Even when some leaders were considered to be in the 'opposition', they often continued to enjoy a substantial share in the pie splitting. Leaders also controlled well defined spheres of regional public and private resources.

There are different degrees of influence within the politically relevant elites that fit into the model shown below. (See figure 1.7) The core elite are those who "make decisions on strategic issues". The intermediate elite are "groups and individuals who exert considerable influence on or make decisions of lesser political importance, but do not have the power to make decisions on strategic issues unless these are delegated to them." The sub-elite are less influential and are "capable of indirectly influencing strategic decisions or contributing to national agenda setting and national discourses through their position in the government and administration, interest organizations, and lobbies, the media, or other means."⁶⁷ Movement into and out of the three PRE circles reflect social mobility and political change and should be of interest to our study.

⁶⁶Volker Perthes (ed.), *Arab Elites: Negotiating the Politics of Change*, L. Rienner, London (2004), p.5.

⁶⁷ Perthes (2004), p.6.

Figure 2.1 The PRE Circles



Elite structure in Lebanon is the accurate transposition of social structure. Elites maintain their grip on their communities by benefiting the prerogatives of the overriding model. They do so by establishing clientelist networks, terror, and corruption. These practices seem to work out perfectly well with the social practice of communal indoctrination of the individual. Inter-Elite relations are also similarly transposed from the contextual model of managing the inter-communal sphere. The dominant elites, also referred to as the 4% of Lebanon's population, consolidate themselves in the system by

settlement, convergence, and co-optation.⁶⁸ This is the social backbone of the communal pact, the Ta'if Accord, and the Doha Agreement. Both Ta'if and Doha for instance, are the best example of "previously disunified and warring elites suddenly and deliberately reorganize their relations by negotiating compromises on their most basic disagreements."⁶⁹

The core elite status in Lebanon is exclusive to those who establish clear monopoly on their communal constituency. Accordingly, Decision-making often takes place outside the institutional structure of the political system. Once stamped by the 'consensual' green light of communal leaders, core decisions are then taken as packaged by the institutional bodies of the executive and the legislative alike. Similar processes also apply to the judicial body which is openly condoned for being subdued to political influence. Media, as the fourth "unofficial" authority, follows suit. Television stations in Lebanon are mostly owned by communal leaders and are subject to politico-sectarian influence much more than to state regulation and to the rule of law.

In light of that, a more accurate assessment of social mobility and social change in Lebanon should exceed pure institutional and positional approaches in decision-making to explicate the relationship between elite structure and social organization. By the beginning of the 20th century, top Ottoman functionaries, religious figures, and traditional landowning notables such as *Emirs*, *Walis*, and *Sheikhs* slowly receded in favor of a new elite stratum of notables and *zu'ama* on one hand and a rising class of businessmen, liberal professionals, bankers and members of a new urban upper middle class. In the pre-war era, consociationalism under the communal pact was to the satisfaction of the elites in regulating the sharing of power. In many ways, it allowed the elites to control political life in Lebanon as a '*cartel*'. However by 1975, elites were unable to sustain their 'grand coalition'. Participation in the war alleviated many warlords to elite status and eventually they were incorporated by the Ta'if agreement as 'self-reinvented' politicians.

⁶⁸ Rola el-Husseini, in Volker Perthes (ed.), *Arab Elites: Negotiating the Politics of Change*, L. Rienner, London (2004), p.243.

⁶⁹ Husseini, p.243

The post-war elites can be classified into redefined elites, conjunctural elites, and emerging elites. The first group is mainly of former warlords who turned politicians, entrepreneurs, and Syrian clients. The 'political families' and the clerics are conjunctural elites. The notables (political families) and the clergy lost prominence in the post-Ta'if era. However, they resurged in the era following PM Hariri's assassination in 2005. Members of the Islamic resistance, Hezbollah, stand out as the exception among elites in terms of how they got to power. The party started as an Iranian loyalist militia that took part in the civil war and sought to establish an Islamic state in Lebanon. The post-Ta'if era, saw the results of the '*Lebanonization*' of the party. Hezbollah dropped its claims for an Islamic state and managed to redefine itself as an Islamic resistance force to liberate and later defend the country from Israeli aggression. Hezbollah is the only major political party in Lebanon that is truly institutional. The party has an ideology, a clear model for society, and an extremely efficient 'rank and file'. The party is not a family affair, does not adhere to kinship ties and amoral familism, and has so far remained outside the clientelist pyramidal structure of power-sharing state apparatuses. However, the party is openly supportive of the '*wilayat el-faqih*' doctrine (the rule of the jurispudent) and copies other elite types in terms of knitting relations with external partners at the expense of state and nation.

The exclusive character of the elite structure in Lebanon is most apparent when exhibiting the emerging elites. Civil society activists and technocrats are considered emerging elites. Those are restricted to "waiting in or on the fringes of the third circle of the PRE" at best.⁷⁰ They are excluded from political leadership to older elites who monopolize communal support, congest cross-sectarian movements, and control all material resources of both nation and state.

The lines separating the types of elites are extremely blurred. In fact, many political figures seem to satisfy more than one criterion at the same time. Walid Jounblat for instance, is a warlord who is also the heir of Kamal Jounblat – a Druze notable. At present, Jounblat is grooming his son Taymour to assume his leadership. Moreover,

⁷⁰ Rola el-Husseini, p.25

Walid Jounblat became a major business player investing his money in projects such as the Kefraya Vineyards. Jounblat solely nominates Druze candidates to government positions, nearly dominates the Druze share of the public and private sectors, and heads a vast network of clientelism among his constituencies. So does Nabih Berri, a warlord turned politician who dominated the parliament speakership since 1992. After taking over the Shi'a Amal militia, Berri received military, financial, and political support from Syria as its client. Berri himself amassed substantial wealth and "created a wide clientelist network using the apparatus of the state" placing loyal men in almost every state organ there is such as Tele Liban or Middle East Airlines. Another identical elite symbol of the post-Ta'if era is Michel Murr who is "proud to have started his own familial dynasty."⁷¹

Another group of Elites that defined the post-Ta'if era were the entrepreneurs such as Rafiq al-Hariri and Issam Fares. The entrepreneur came with international experience, riches, and an attitude different to that of traditional politicians. He built on his prominence in the business world to advance his political career. Hariri for example, was known as Saudi's man in Beirut. Once advanced by the Saudi royal family as Lebanon's Prime Minister, Hariri built his constituency in a similar fashion to the rest of the political elites. He established a wide network of services such as offering 32,000 scholarships to young Lebanese from all confessions and regions. He also established ties to the Asad regime similar to those of former warlords and clients but gradually had a falling out with Syria's policy. Moreover, Hariri laid foundations for his own familial dynasty by running his sister Bahia on his deputy list in Saida and was rumored to plan to run his son in Tripoli but was banned by the Syrians.⁷² After his assassination, Hariri's entrepreneurial approach to politics transformed into a familial legacy under the auspices of his son Saad, his sister Bahia, and to a lesser extent his nephews Ahmad and Nader.

⁷¹ Rola el-Husseini, p.249

⁷² El-Husseini, p.250

Hafez el-Asad's death in 1999 and his son Bashar's accession weakened the Syrian regime's grip on Lebanese politics. This led to a partial comeback of the Gemayel family to the political scene signified by Amine's return from self-imposed exile and the election of his son Pierre in 2000. The Gemayel's comeback then expanded to include Sami, the son of Amine, and Nadim the son of Bachir. Other major Christian figures only regained their positions among the elite following Syrian withdrawal in 2005. Michel Aoun returned from his Parisian exile and led the Free Patriotic Movement in the same year's legislative elections. Samir Geagea was released from prison right after the elections which his group participated in for the first time. Those two figures also represent an exception to the elite pattern in Lebanon. Aoun is an army general appointed interim Prime Minister with a resounding political agenda and popular base. He has managed to implant himself as a major Maronite figure following his victory in the 2005 and 2009 alliance. While he calls for everything opposite to what Lebanon's elites stand for, he finds himself impelled to play by the rules of the game for political survival. Samir Geagea on the other hand, is a militia leader whose process of 'redefinition' was interrupted by a falling out with the Syrian element in Lebanon. He was imprisoned from 1994 till 2005 and his Lebanese Forces were banned from any form of political participation.

The role of the clergy generally dwindled after Ta'if. Their influence on core leaders slowly weakened and their position within the elite depended on the political primacy of their communities. It remains noteworthy though, that whenever communal representation lacked a strong enough political figure, the clergy was a good surrogate. Such is the case of Mufti Hasan Khaled in the 1980s and the role of Patriarch Mar Nasrallah Sfeir in the post- Ta'if era. After Khaled's assassination, and in light of the ascent of Hariri, the Sunni mufti's role gradually ceded the political primacy. Similarly, Patriarch Sfeir's leadership role of *Qornet Shehwan* receded after the return of General Aoun and the release of Samir Geagea.

It is important to differentiate between emerging elites and young elites who followed the footsteps of their elder kin. Suleiman Franjiyye is an example of being young elite

who inherited his grandfather's Christian leadership in the north. Basel Fuleihan on the other hand was of the emerging elite. As a technocrat, Fuleihan was the type of elite who had "placed himself under the protection" of a "community leader, advising the latter on technical matters,"⁷³ thus belonging to the third PRE circle.

The highlight of the elite system in Lebanon is not only the rigid structure that is dominated by the very few. In fact, the most important element here is the persistence of the primordial patterns that govern elite circulation. Even when renewing itself, the elite stratum depends on family inheritance, clientelism, servitude to external balancers, and co-optation with other elite members. Hariri, for instance, was an entrepreneur who sidelined the traditional Sunni political families such as Solh, Salam, and Karameh. However, he himself eventually implanted his own family into political leadership. In a way, the Hariri experience is the perfect example of how potential forces of change are eventually co-opted into the regressive traditional patterns of socio-political organization in Lebanon. The *Toueini* family for instance substantiated a bigger share of the pie. In 2005, outstanding journalist Gibran was elected into parliament. Following his assassination, his father Ghassan filled his seat in the legislative. In the 2009 parliamentary elections, the seat went to Gibran's daughter Nayla who announced in her electoral agenda: "I decided to run (for elections) and I do not believe in family inheritance. But what if the national and political project that members of my family adopted, deserves my follow up?"⁷⁴

Elements of change seem highly unlikely as emerging elites such as civil activists and those with an interest in a political career in Lebanon will find no other means but to join the ranks of the existing leaderships in order to secure *the relevance element*.

Lebanon's political elites reside on its social structure claiming a contradictory duality of being both communal protectors and national agents simultaneously. This duality is none but the political version of what we had described as the coexistence of two

⁷³ El-Husseini, p.257

⁷⁴ Press conference on April 21, 2009 at an-Nahar newspaper offices.

opposing social organization models: the overriding intra-communal model and the contextual inter-communal model. Elites command loyalty for dispersing clientelist services to their community members. Socially, their actions are viewed as philanthropy similar to how amoral familism can be viewed as social solidarity. Their clientelism is viewed not as a tool of undermining the role of the state but as a substitute to its weakness. The services that they may render such as securing job appointments are also seen as ways of ensuring the rights of the community in face of the other communities. Vertical mobility for the individual becomes nearly impossible without accentuation by an elite. The elite here become the indispensable intermediary between the community and the state. They become the stabilizing element in times of cooperation and the protection heroes in times of conflict. A change in the system would with no doubt cause a change in its elites which makes them highly resistant to any such scenario. Moreover, any attempts to introduce different discourses in the political realm – let alone a change in the political system itself - seem to be just as impeded by the structure and predominant patterns of social organization.

Chapter Three

Economic Structures

Modern Lebanon did not undergo a period of entrepreneurial capitalism similar to the one that built Disneyland and invented the cellular phone. The Levantine culture is a ritual in Lebanon, and the political-business connections go beyond the exchange of goods and services. They color the social and political life of the country, and become an art unto themselves.

Kamal Dib⁷⁵

3.1 The Incomplete Transition to Capitalism

The fall of feudalism in Mount Lebanon was mainly the result of European, Ottoman, and Egyptian competition.⁷⁶ The Egyptian occupation of Syria from 1832 until 1840 tilted the balance in the Ottoman-European competition for influence in the Levant. Ibrahim Pasha's policies expanded the industrial export crops which stressed the external orientation of the local economies. This external orientation was tipped in favor of European interests by virtue of a series of Commercial treaties that the Porte established with European governments. In terms of Ottoman-European competition, these treaties limited Ottoman monopolies and favored European imports over local production. European influence in the region, mainly British and French, had its toll by imposing free trade on the whole Ottoman Empire. This policy opened the region to European commodities and reduced customs duties on them.⁷⁷ As a result, the Levant became a net exporter of raw materials and importer of finished industrial products. Beirut, as in the case of most economies of the region, could at best produce and export

⁷⁵ Kamal Dib, *Warlords and Merchants: The Lebanese Business and Political Establishment*, Ithaca Press (2004), p.2

⁷⁶ see Poliak (1977), Salibi (1988), Yapp (1996), Makdissi (2000), Gaspar (2004), and Traboulsi (2007)

⁷⁷ Fawaz Traboulsi, *The History of Modern Lebanon*, Pluto Press (2007), p.15

raw materials then import the final goods. Most manufactured goods arrived from England, invading the markets of Mount Lebanon and the Syrian interior and contributing to the collapse of traditional handicrafts and local production. In Mount Lebanon, this delegation of tasks was translated to the integration of Mount Lebanon's sericulture into the French silk industry. By the end of the nineteenth century, French capital investment had shifted to utilities, communications, and transportation infrastructure in the region. As a result, economic circulation in terms of goods and capital between the French 'center' and the Mount Lebanon 'periphery' constituted an unequal exchange. Furthermore, this opening up to the world market led to "the transformation of the original uneven social locations of the Druze and Maronite communities into a pattern of uneven socio-economic development."⁷⁸

The transition from a pre-capitalist economy to a market economy was a result of the European extension of interests through corporations working in silk and tobacco.⁷⁹ This transition immediately exhibited the scale effect on production. During the last quarter of the 19th century, the number of silk-reeling factories in Mount Lebanon increased from 67 to 105. Foreign investment in sericulture was shifting from the productive sector to market control. French ownership of these factories decreased from the seven largest and most modern factories to only five. Employment in silk-reeling factories was 14,500 workers of which 12,000 were women and the vast majority Christian. Approximately 59% of silk-reeling laborers were Maronite (8,500 workers), 17% Greek Catholic and 17% Greek Orthodox (2,500 workers each), and only 7% Druze (1,000 workers).⁸⁰ Manufacturing and trading capital was gradually shifting from foreign to local. In 1827, 21 out of 34 commercial firms trading with Europe were Lebanese (62%). In 1862 the share of Lebanese silk-reeling firms rose to 75% as 33 out of 44 firms were Lebanese.⁸¹ The process by which foreign capital abjured to domestic capital was mainly the result of human and physical infrastructure development.

⁷⁸ Fawaz Traboulsi, *The History of Modern Lebanon*, Pluto Press (2007), p.15

⁷⁹ Toufic Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, Brill (2004), p.60

⁸⁰ Fawaz Traboulsi, *The History of Modern Lebanon*, Pluto Press (2007), p.46-47

⁸¹ Toufic Gaspard (2004), p.47

The Lebanese were acquiring a reputation for literacy and education. Control of education was restricted to Churches, religious institutions, traditional authorities, and foreign powers through missionaries. By the latter half of the 19th century, Beirut had become an important commercial and intellectual center housing renowned schools and universities such as the American University of Beirut – then called the Syrian Protestant College (established in 1866) and the Jesuit St. Joseph's University (1875).

Midway through the 19th century, major changes and administrative reforms had paved Mount Lebanon's future economic path away from feudalism. The abolition of the inequality of the *miri* payments in 1844-8 compromised the fiscal prowess of the sheikhs under the tributary system. Furthermore by 1845, every Muqata'ji was compelled to share his authority with a wakil (agent) in the mixed Druze-Maronite districts.⁸² Social Classes in 19th century Lebanon reflected an articulated map of the *Manasib* (titles, and ranks) and '*Amma* (commoners) division. At the top of the social hierarchy, the Sheikhs were usually landowners and tax farmers who maintained their fortunes through tributary taxes, crops, and cuts from exported merchandise. Most merchants in Mount Lebanon were Christian middle-class. They gradually overpowered the more traditional rentier profiteer sheikhs and of course the disadvantaged peasants who worked land by paying its rent or by wage farming. The *Mudabbirs*, mostly Christian, represented the educational advantage that Maronites enjoyed vis-à-vis clerical and missionary education. The *Mudabbirs* were intellectuals and administrators. They worked as private secretaries to the *Manasib*, tutored their children, and served as treasurers and administrators. As a result of their functions, the *mudabbirs* made good leaders and notables; they were a "middle class of functionaries and members of the liberal professions" whose merit was "invested in a multiplicity of economic, social, and political functions."⁸³

Landownership in Mount Lebanon's agrarian economy naturally outlined class cleavages in the region and shaped its output structures. The majority of land in Mount

⁸² A.N. Poliak, *Feudalism in Egypt, Syria, Palestine, and Lebanon 1250-1900*, Philadelphia, Porcupine Press (1977), p.80

⁸³ Fawwaz Traboulsi, *A History of Modern Lebanon*, Pluto Press (2007), p.19

Lebanon was owned by the Maronite church and a limited number of Muqata'ji families. The Khazen and Hubaysh families owned 60% of the land in Batroun and Jubayl. The Jounblat family owned land in the Biqaa', most of the Chouf, most of western Biqaa' and the Iqlims. The other territories were either subjected to 'tenant farming' or considered as the village commons: musha'. Apart from a few small and middle-level agricultural owners, most inhabitants in Mount Lebanon were landless peasants. Those were tenant farmers, priests, hermits, agricultural workers, day laborers, muleteers, lumbermen and so on.⁸⁴

Economic activities of the time revolved around sharecropping where rent was in-kind or at times mixed with monetary rent. Mount Lebanon exhibited a unique mode of production "carried out inside 'kin-ordered' units in which social labor was allocated on the basis of family ties."⁸⁵ Social labor drew class cleavages along the family structure. Serfdom in Mount Lebanon was generally milder than in the surrounding region "owing to the tribal connection between the lord and the serf".⁸⁶ Serfdom was abolished in the Northern Maronite strip of Mount Lebanon by the 1854 revolt and in the Southern Druze Chouf by the 1861-4 constitution. However, rent-based activities continued to coexist with the more modern commercial, trade, and insurance activities. Modern activities often resorted to the 'older practices' where "merchants and middle-men frequently resorted to the Muqata'jis in order to impose on peasants the delivery of their share of the harvest or payment of debts."⁸⁷ Rulers imposed rent on the merchants who in turn were gradually sidelining the tributary system benefiting the feudal families. Ninety percent of the silk harvest in Mount Lebanon (1,500 quintals) "was appropriated by the emirs, sheikhs, monasteries, middlemen, and Beirut merchants and usurers" leaving "a population of some 300,000 people no more than 10% of the product of their toil."⁸⁸ By the end of the 19th century, the dynamics of the commercial-tributary coexistence had become the defining economic character of Mount Lebanon.

⁸⁴ Fawwaz Traboulsi (2007), p.16-17

⁸⁵ Ibid

⁸⁶ A.N. Poliak (1977), p.81

⁸⁷ A.N. Poliak (1977), p.81

⁸⁸ A.N. Poliak (1977), p.81

Parallelism between the rapid induction of the monetary economy, the persistence of large landed holdings and the church waqfs substantiated migration waves.⁸⁹ Peasant surplus, population growth, and sericulture were also of the main causes for migration. Between 1860 and 1914, it is estimated that the inhabitants who had left Mount Lebanon amounted up to a third of the total population. Despite constituting almost 45 percent of total revenues, remittances “hardly covered the commercial deficit, which also drained the country’s gold reserves.”⁹⁰

3.2 The Social Formations of Peripheral Capitalism in Mount Lebanon

Immanuel Wallerstein argues that the commoditization of labor acts as a substitute to slavery and feudalism in terms of recruiting labor. Problems like over-accumulation in market mechanisms started to sharpen and perpetuate inequalities, and in the longer run, over-accumulation led to uneven development. To Wallerstein, the rise of the nation state was used to reinforce capitalist command of the market by political and non-market constraints, which allowed further division of labor and additional expansion. Although there was no necessary relationship between the nation states and the capitalist social relations, the nation state played (and continues) a dominant role of organizing and expanding these relations. The spread of the capitalist social relations and productive forces throughout the non-capitalist world carved further inequality and uneven development. This problem became not only existent within the nation state but also among nation states, i.e. the international market economy. This is the origin of the categorization of nations into north and south divisions, advanced nations and developing nations. Wallerstein concludes that under the global order in which the nation state was the central actor, the development of strong states and weak states leading to ‘unequal exchange’, has copied the ‘unfair’ appropriation of surplus value

⁸⁹ The Church owned almost one third the lands of Mount Lebanon. See Fawwaz Traboulsi (2007), p.47

⁹⁰ Fawwaz Traboulsi (2007), p.47

(profit) by owner from laborer, to strong state from weak state.⁹¹ Wallerstein's analysis best explains economic developments in Mount Lebanon after the opening of Ottoman markets to European interests up to French colonial rule in the Levant.

Samir Amin attests that capitalist development customarily tends "to destroy the old classes and to substitute the two new antagonistic classes, bourgeoisie and proletariat." However, he contends that in the 'dominated periphery' – the less-developed southern states; "modes of production and the classes corresponding to them were maintained."⁹² Hereunder, Amin explains that the subordination of the old modes of production to capitalist modes leads to the formation of a new bourgeoisie that is engendered by the imperialist system. Whether this new class is limited or reinforced by the Smithsonian notion of capitalism – the laissez faire – has been a prominent intellectual debate. Carolyn Gates argues that by embracing "outward-looking non-interventionist institutions," this new Lebanese bourgeoisie was adopting "a risky strategy."⁹³ Amin on the other hand, was aware of the looming contradiction that this new class would face from the onset; the fact that capitalism would eventually limit its development. The reason behind this contradiction is the need of the new bourgeoisie to recourse to "pre-capitalist relations—for instance the patriarchal one"⁹⁴—to maintain its advantages. Gates eventually seconds Amin's claims by stating that Lebanon's laissez faire system, resting on two balancing characteristics of an unchained right to pursue economic interests and a non-interventionist minimalist state, would not do much to regulate market activity, rectify its failures, or to encourage internal competition.⁹⁵

In common with its regional counterparts, the Lebanese bourgeoisie "used, and sometimes reinforced, the pre-capitalist methods of exploitation characteristic of the preceding social relations."⁹⁶ Amin explains that peripheral capitalist social formations

⁹¹ Immanuel Wallerstein, *The Modern World-System I. Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, New York, Academic Press (1974)

⁹² Samir Amin, *The Arab Nation: Nationalism and Class Struggles*, Zed books (1978), p.25.

⁹³ Carolyn Gates, *The Merchant Republic of Lebanon*, The Centre for Lebanese Studies, I.B. Taurus (1998), p.7

⁹⁴ Samir Amin (1978), p.25

⁹⁵ Carolyn Gates (1998), p.8

⁹⁶ Samir Amin (1978), p.28

weren't the mere replacement of the term 'feudalists' with 'bourgeoisie'. Instead, his analysis is that fundamentally, both class interests "tended to fuse in the very process of dependent development."⁹⁷ Indeed, dependent development – more particular to the Levant as colonial development – saw the resuscitation of an old class which "progressively became a dependent bourgeoisie, as a result of the country's integration into the capitalist system."⁹⁸

The 19th century economic transformations in Mount Lebanon were triggered by the *Mutasarrifiyya* administrative reforms package of 1861 as recommended by an international commission. As mentioned before, these international concessions tacitly acknowledged the rising European influence in the Near East at the expense of Ottoman control. European economic interests and presence in Mount Lebanon found a strong ally in the indigenous bourgeois class. This alliance was built on trade and investment activities, which led to the overdevelopment of the foreign and tertiary sectors of the economy.⁹⁹ The primacy of Beirut under the colonial economy, its opportunities, and profits went to serve its merchant class. Merchants, the majority of whom were Christian, imposed their prominence as "representatives of European companies, as local retailers for European wholesalers, intermediaries in the silk market and brokers for local corps, in addition to their role as usurers."¹⁰⁰ They invested their profits in manufacture, mainly silk-reeling as well as banking.¹⁰¹ Religious denomination among the merchants coincided with an economic delegation of labor. While Christian merchants dominated the international import trade, Muslim merchants were limited to the confines of the Ottoman Empire and to a much lesser extent, re-exporting agricultural products to Europe.¹⁰²

⁹⁷ Samir Amin (1978), p.29

⁹⁸ Samir Amin (1978), p.30

⁹⁹ Carolyn Gates (1989), p.9

¹⁰⁰ Fawwaz Traboulsi (2007), p.58

¹⁰¹ Fawwaz Traboulsi (2007), p.58

¹⁰² Fawwaz Traboulsi (2007), p.58

Feudal privileges in the judicial, fiscal, and political domains were being recycled into the new administrative structure of the *Mutasarrifiyya*.¹⁰³ The social transformations in ushering the rise of a new bourgeoisie of mudabbirs and merchants, both as a social class and a political force, were also cementing the new 'middle class' as the social modicum that was to determine the socioeconomic path of Lebanon. This new class not only mediated the Manasib-'Amma division but also the Druze-Maronite factionalism. By the beginning of the 20th century, predominant Christian economic and political interests were shaping the role and structure of Beirut as the primate city. Control over trade, finance, and representation of European firms was almost fully reserved to Christian merchants. Only three families out of the 26 who engaged in the export of raw silk were Muslim. Banks were controlled by Christian families with the exception of two Jewish-owned banks. Christian domination also covered the liberal professions with ten Muslim lawyers out of 81 and two dentists out of 20.¹⁰⁴

Social transformations resulting from the peripheral capitalist development of Mount Lebanon's economy were also gradually unraveling the bourgeois merchants from the aristocratic merchants. The latter category was mainly composed of Greek Orthodox families, whose activities spread over several Ottoman wilayas. Families such as the Abella, Sursuq, Boustros, Trad, Fayyad, Jubayli, Toueini, and Tabet families were "originally mudabbirs, tax and customs duties collectors, merchants and moneylenders" who eventually "appropriated landed property and accumulated capital" and nearly all of them "benefited from the protection of one consulate or another, a privilege granted to Europeans under the famous capitulations."¹⁰⁵ Landownership was the locus of the aristocratic merchant families whose scope of activity was regional and international in light of good relations with the Ottoman authorities, Tsarist Russia, Germany, and Great Britain.¹⁰⁶

¹⁰³ Fawwaz Traboulsi (2007), p.58

¹⁰⁴ Fawwaz Traboulsi (2007), p.58

¹⁰⁵ Fawwaz Traboulsi (2007), p.59

¹⁰⁶ Fawwaz Traboulsi (2007), p.59

On the other hand, the rising bourgeoisie were mostly Greek Catholics of Syrian origin and had arrived more recently to Beirut.¹⁰⁷ This category had bigger access to European capital by nature of their involvement in silk-reeling and export activities, money lending, banking, and importing European manufacture. Two of the most prominent bourgeois families were Pharaon and Chiha, joined by matrimonial relations, the two families engaged in speculative activities on raw silk and expanded to establishing the prominent 'Banque Pharaon-Chiha'. In 1894, the Pharaon and Chiha group had created a near monopoly on the import of British coal which was the main source of energy for silk-reeling firms. Their ship flew the English flag and its bases for storage extended to Mersine, Yafa, and Beirut. In 1914, Pharaon-Chiha commercial activity neared 12 percent of the total volume of silk exports from Beirut.¹⁰⁸ Their economic ascendancy is a clear illustration of how land ownership and appropriation, social stature, and direct foreign support favored certain families and shaped class configurations in the region's population. Fifteen of the country's prominent families amassed fortunes up to L.L.245 million which are nine times the 1944 state budget and more than 40% of the national revenue for 1948. Most of these fortunes were invested overseas.¹⁰⁹ As we shall see, the advantages that the Pharaon-Chiha conglomeration established it as an economic heavy weight that monopolized the Lebanese economy and polity.

3.3 An Outward-Looking Economy for a Consociational Polity: Laissez 'Monopolizer'

With economic development in Mount Lebanon tied to the needs of European imperialism, the structure of Mount Lebanon's economy coincided with 'peripheral capitalist development' characterized by "extraversion (external orientation),

¹⁰⁷ Fawwaz Traboulsi (2007), p.60

¹⁰⁸ Fawwaz Traboulsi (2007), p.59

¹⁰⁹ Fawwaz Traboulsi (2007), p.117

dependence and underdevelopment.”¹¹⁰ In synergy with the rapid growth in the European economy, Mount Lebanon’s economy was witnessing structural changes. Sericulture developed at the expense of the other sectors such as cereal production and hence increased Mount Lebanon’s dependency on the Biqaa’ and the Syrian interior for two-thirds its needs in cereals and livestock.¹¹¹ Dependency on external markets and submission to French market control of sericulture, the biggest source of revenue, undermined subsistence agriculture, led to increasing commercial deficit, and resulted in substantial economic shortages. In the period of 1826 to 1865, 65% of imports were covered by exports. This share dropped to 60% from 1870 to 1900 and further down to 50% from 1910 to 1920 despite the expansion of silk exports.¹¹² This drop signaled the negative impact of the absence of diversification. By the eve of World War I, silk related products had comprised over 70% of Mount Lebanon’s production and silk goods more than 60% of its exports. Around 35% of the region’s revenues were generated by the silk industry with 50% of the population working in sericulture.¹¹³ By the first decade of the Mandatory period, the Syro-Lebanese trade deficit had doubled. From 1920 to 1933, the ratio of imports to exports had reached 25%. The great depression deepened the wound not by a mere 4% decline in imports in the Levant, but by a 50% decrease in commerce value due to the fall in world prices.¹¹⁴ Well into independence, Lebanon’s imports were still surging in contrast to its low level of exports. Import coverage had reached 30% in 1951. By 1958, coverage dropped to 21% and further down to 12% in 1961.¹¹⁵ Despite the inauspicious conditions for Lebanon’s bourgeois-envisioned intermediary economy, the structure of peripheral capitalism was being reinforced.

The external orientation of the economy precluded any strongly needed efforts for agricultural diversification. The majority of cultivated land in Mount Lebanon, which

¹¹⁰ Carolyn L. Gates, *The Historical Role of Political Economy in the Development of Modern Lebanon*, Oxford, Centre for Lebanese Studies (1989), No. 10, p.8

¹¹¹ Fawwaz Traboulsi (2007), p.46

¹¹² Carolyn Gates (1989), p.11

¹¹³ Carolyn Gates (1989), p.10

¹¹⁴ Carolyn Gates (1989), p.12

¹¹⁵ Raymond Mailat, *Seventy Years of Money Muddling in Lebanon: 1900-1970*, Beirut (1973), p.39, table 15.

constituted just 4% of its total surface, was devoted to growing mulberry trees. 45% of the scarce cultivated land of Mount Lebanon was devoted to sericulture.¹¹⁶ The agricultural sector shifted to agro-export production for the international market. Local crafts and industry practically disappeared, paving way to European goods and drawing a path of industrial decline in Mount Lebanon ever since. The infrastructure created by European-Lebanese capital was aimed at servicing the European economies instead of promoting autonomous development in the region. These forces eventually bound the political economy of Mount Lebanon to an ever-increasing dependence on unequal commercial-economic relations that seeped substantial revenues, caused the loss of income, diminished capital formation and prevented industrialization.¹¹⁷

This incomplete transition to capitalism was contemporizing the rise of religious communalism as a basis for power-sharing in government. Both the end of feudalism and the rise of sectarianism were manifest in the 1861 Administrative reforms. These changes dispersed feudal privileges along the lines of rising strata in light of social transformations that were clearly favoring the Maronites. An important element of the administrative reforms included a cadastral survey which served as the basis for land redistribution. Its impact extended well into the French mandate period. The redistribution process clearly favored large landowners such as the Church. These early notions of inequity in Lebanon were heightened by the large numbers of emigration mostly among the poorer classes.

Domestic and foreign trade was gradually outweighing agriculture as the dominant economic activity along with peasant-artisan handicraft production as secondary economic activities of family production. Well into the 20th century, mandatory policies were favoring French capital and facilitating the expansion of Lebanon's externally oriented service economy. These policies were quickly embraced by Lebanon's bourgeoisie. Political and financial power-brokers such as Rene Busson, and the

¹¹⁶ Fawwaz Traboulsi (2007), p.47

¹¹⁷ See Boutros Labaki, *Introduction a L'Histoire Economique du Liban*, Beirut (1984); Carolyn Gates, *The Role of Political Economy in Lebanon*, Oxford: Centre for Lebanese Studies (1989); and Carolyn Gates, *The Merchant Republic of Lebanon: Rise of an Open Economy*, Oxford: Centre for Lebanese Studies (1998)

Lebanese Michel Chiha, Henri Pharaon, Emile Edde, and Bechara el-Khoury among others, “posited Greater Lebanon’s viability on its development as an international commercial-financial-service center which would attract large amounts of foreign capital.”¹¹⁸

The duality of communalism and commercialism are engrained in the nationalistic ideology of Lebanese politics as put forth by Michel Chiha, one of the founding fathers of the 1926 constitution. Chiha is considered to be “at the heart” of what is known as the ‘Consortium’,¹¹⁹ a core group of families epitomizing the privileges and vested interests of the bourgeois minority which Carolyn Gates calls the ‘new Phoenicians’ and who were to later be referred to as ‘the ruling four percent’. Chiha was a banker, journalist, and a backstage politician who was at the heart of this consortium. His financial and business prowess led to the primacy of the *Constitutional bloc* the political vehicle for his projects. His dominance was depicted bitterly by Iskandar Riyachi who accused him of “appointing three quarters of the parliament and controlling a bloc of 24 deputies who received their monthly salaries from him.” Riyachi also indicated that Banque Pharaon-Chiha was “the actual administrator of the state’s economic and fiscal policies” during the 1930s.¹²⁰ The Prime Minister back then, who later on became the first President of independence, was Bechara el-Khoury, Michel Chiha’s brother-in-law.

Chiha’s discourse propagated what Fawwaz Traboulsi calls the ‘geographic imperative’. Chiha often referred to Lebanon as ‘the sea and the mountain’.¹²¹ To him, Lebanon is the sea because the Lebanese were maritime traders who traveled the seas just as their Phoenician ancestors did. The mountain on the other hand was the ‘fortress’ that protected the freedom of the Lebanese ‘sea’. Chiha’s discourse streamlined the sea as Phoenicia and hence the Merchants.¹²² Similarly, the Mountain is the fort protecting the minorities of Lebanon – the sectarian communities or what Chiha prefers to call ‘the

¹¹⁸ Carolyn Gates (1989), p.17

¹¹⁹ Fawwaz Traboulsi, *Silat bila Wasil*, Beirut, Riad el-Rayyes (1999), p.28

¹²⁰ Fawwaz Traboulsi, *Silat bila Wasil: Michel Chiha wal Ideologiya al-Lubnaniyya*, Beirut, Riad el-Rayyes Books (1999), p.28.

¹²¹ The two words are found in the Lebanese national anthem.

¹²² The term Merchants is adopted by several economists such as Carolyn Gates (1998), Kamal Dib (2004) et al.

spiritual families'.¹²³ By that Chiha perpetuates the equation of a people of merchants and minorities as a defining character of Lebanon's openness and diversity. Indeed, Chiha's discourse was to become a dominating nationalistic school of thought—a discourse that can be viewed as the pedagogical antecedent of contemporary slogans such as al-'aysh al-mushtarak (common living) and al-wifaq al-watani. Figures 2.5 and 2.6 show Traboulsi's prompt concoction of how Chiha's thought ensnares Lebanon's raison d'être by weaving its liberal economy well into its consociational system.

Table 3.1: Structural Representations in Lebanese Nationalist thought

Figures of speech	Structural Representations				
<i>The Sea</i>	Phoenicia	emigration	merchants	individuals	administration
<i>The Mountain</i>	Mount Lebanon	asylum	sects	community	parliament

Source: Fawwaz Traboulsi, *Silat bila Wasil*, Riad el-Rayyes books (1999), p.58

Table 3.2: Policy Representations in Lebanese Nationalist thought

Figures of speech	Policy Representations			
<i>The Sea</i>	the past	the economy	mobilization	money
<i>The Mountain</i>	the present	politics	tradition	ethics

Source: Fawwaz Traboulsi, *Silat bila Wasil*, Riad el-Rayyes books (1999), p.58

3.4 Sandcastles: Structural Weaknesses in a Peripheral Capitalist Economy

By early 20th century, Lebanon's step into capitalism had been an exogenous transition that implied commercializing the economy as part of its opening to European markets

¹²³ Michel Chiha, translated to Arabic by Fouad Kan'an, *Lubnan fi Shakhshiyatihi wa hodorihi*, Beirut, Al-Nadwa al-Lubnaniyya (1962).

and capital. This modernization trend introduced the social organization that is characteristic of capitalism. It ushered in economic growth as a result of the scale effect. It failed however to introduce an expansion in labor markets in parallel with capital accumulation.¹²⁴ Capital investment continued to flow to commercial activities, importing European manufactured goods, banking, and related services. Capital investment structure seemed synergetic with the rising social formations crystallizing as the result of the end of feudalism. As a result, agricultural production never shifted to industrial production as a component of sustainable development that inevitably directs labor toward capitalist lines of production. As part of the process of capitalist development, it is expected that skilled labor become a substantial vector of productivity. This however never materialized in Lebanon. A probable explanation is that in light of the structural inequity between wage labor and profit, very few market actors could conduct market exchange with the aim to accumulate. In 1950, private sector profits as shares of the GDP reached 59% in contrast to a 30% in wages. In 1964-70, the former constituted 51% of the GDP and the latter 33%. In 1997, the distribution became 41% to 36% respectively.

3.4.1 Income Distribution and Investment Patterns

One of the most important structural shortcomings of Lebanon's laissez faire economy is income distribution. Income distribution during the period directly preceding the outbreak of the civil war was as follows: 32% earned moderate income, 14% earned a relatively good income, and 4% were considered rich. The wealthiest 4% of the population received 32% of the total GNP of Lebanon, more than half the population received only 18% of total GNP, and a little less than 82% of the population received only 40% of the GNP. Prior to the civil war, there were two poverty belts, one indicating the rural and peripheral areas in Lebanon and the other indicating the areas surrounding Beirut. The problem lies in the investment of profits which ranged between 21% and 25%.¹²⁵ Reinvesting profits was centered on the primate city and particularly on the services sector which reaped quicker, easier, and greater rewards. Furthermore, the rate

¹²⁴ Karl Marx, Simon Kuznets, and Hollis B. Chenery in R.B. Sutcliffe, *Industry and Underdevelopment*, London: Macmillan (1971): p.315, Cited in Toufic Gaspard (2004), p.103-5

¹²⁵ Toufic Gaspard (2004), p.163

of investment has also contributed to preserving the non-capitalist sector of the persistence and independent modes of production.

3.4.2 Labor Structure

Labor structure and skills gradually moved away from an already underdeveloped productive industrial and agricultural base toward commerce, telecom, finance, and services. (See figure 2.1)

Table 3.3: Labor Structure by activity

Labour in	1950	1959	1970	1997
Manufacturing Goods	66	56	44	35
Intermediary Activities	-	27	38	45
Human Infrastructure	34	6	9	12
Personal Services and others	-	11	9	8

Source: Toufic Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, Brill (2004), p.105

Labor structure by activity was rapidly shifting from laborers involved in manufacturing goods to those undertaking intermediary economic activity.¹²⁶ This shift contemporized an increase in labor skills as the number of Lebanese laborers who had only completed elementary education dropped from 80% in 1970 to 45.2% in 1997. (See figure 2.2)

Table 3.4: Labor Skills by education levels

Education Levels	1970	1997
Elementary	80%	45.2%
Intermediate	9.4%	21.1%
Secondary	6.3%	17.4%
University	4.3%	16.2%

Source: Toufic Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, Brill (2004), p.105

¹²⁶ Toufic Gaspard (2004), p.105

One could safely assume that the biggest portion of unskilled labor faces highly unfavorable odds in the absence of sufficient employment opportunities in the industrial or agricultural sectors. Indeed, Toufic Gaspard rightfully notes that such a high percentage of waged labor with only elementary education levels in 1970 undermines the prevailing claims of outstanding human development under *laissez faire* in Lebanon.¹²⁷ One would think that the marked improvement in labor skills by 1997 would increase economic productivity. However, Lebanon's GDP in 2002 had equated that of 1974 despite the fact that labor volume had doubled.¹²⁸ The reason behind this shortcoming is no doubt, structural. The impact of sectoral imbalances is traceable on the skill type distribution of Lebanese labor. (See figure 2.3) Lebanese laborers with skills relevant to industrial manufacturing remained in the relatively low range of 11% in 1970 to 8% in 1997, while the services sector maintained its 50% high share throughout that period. This structural inertness is caused by what we've identified as a form of incomplete capitalism.

Table 3.5: Skill type distribution of Lebanese Labor

Economic Activity	1970	1997
<i>Education Levels</i>	<i>Intermediate or higher</i>	<i>Secondary or higher</i>
Manufacturing Goods	15%	11%
of which are industrial	11%	8%
Intermediary activities	50%	50%
Human Infrastructure	32%	37%
Personal Services & others	3%	2%

Source: Toufic Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, Brill (2004), p.108

¹²⁷ Toufic Gaspard (2004), p.106

¹²⁸ Toufic Gaspard (2004), p.106

3.4.3 Market and Production Structure

The liberal economy of Lebanon has so far failed to create an organic relationship between labor and capital where the latter systemically attracts the former toward capitalist lines of production. Apart from the obvious emphasis on a mercantilist economic agenda, a main reason behind this failure is the prevailing pattern of clientelism in economic activities that both predated and overlapped with the wider 'national' economy. Market structures in Lebanon, while allowing for a professed margin of freedom of initiative, evolved into shape along the lines of 19th century social formations that were growing over steep class cleavages and privilege gaps.

Two indigenous structural factors undermine the Smithsonian focus, also adopted by the 'Washington Consensus', on markets as the cornerstone of capitalist development. The first is that of having a disproportionate volume of intermediary, speculative, and financial activities in the late 19th century markets of Beirut vis-à-vis primary and productive sectors from the outset. This caused the labor market to lag behind and failed to upgrade patterns of independent production to capitalist production.¹²⁹ Failure to develop the industrial sectors in Lebanon is typical of less developed countries (LDC) that have pursued a policy of export-oriented industrialization (EOI). Once compared to the relative success of EOI in Asian countries, it is concluded that the lacking factor was "a powerful, interventionist developmental state" as opposed to Lebanon's "weak minimalist state."¹³⁰ The role of the state within the envisioned economic model for Lebanon is restricted to the constant preservation of the right for 'individual initiative' mostly by ensuring minimal intervention in the market. The state is also expected to provide infrastructure such as roads and communications. State institutions such as Banque du Liban, which was established during Fouad Chehab's presidency in 1963, are primarily responsible for maintaining financial stability and fiscal management to preserve economic stability, as well as presenting a fiscal policy favorable to business

¹²⁹ Toufic Gaspard (2004), p.113-123

¹³⁰ Carolyn Gates, *The Merchant Republic of Lebanon*, I.B. Taurus (1998), p.6 and Toufic Gaspard (2004), *A Political Economy of Lebanon* (translated to Arabic), Beirut, Dar an-Nahar (2005), p.280

environment. Within this economic scheme, customs, rather than being a tool for protecting the Lebanese goods market, were and still are meant for revenues.¹³¹

Lebanon's economy was the typical case of a tertiary outward looking economy—a colonial economy “producing raw materials and agri-products for the metro-economy.”¹³² This brings us to the second structural factor that undermined capitalist development in Lebanon: investment structure. The recycling of feudal privileges into the administration as well as the booming commercial markets of 19th century Beirut gave preferential access to capital and profit for a select few. Once profit was made, it was often reinvested in sectors that reaped quick gains as per the interests of the Lebanese bourgeoisie. With time, investment in the primary sectors was weakened by undercapitalized financial institutions, corrupt lending practices, loans for non-productive uses, and a pattern of re-lending capital at exhaustively usurious interest rates.¹³³ This practice instilled the privileges that reflected Lebanese class cleavages into the economic structure. For instance, commercial profit on agricultural products reached 83% of agricultural added value in between 1964 and 1970. This number increased to 88% in 1994-1995. The share of the agricultural sector from total loans granted to the private sector in Lebanon is a bare 3%, most of which was granted to large farm owners.¹³⁴

Gaspard explains that from the onset, “the Lebanese peasants did not constitute the necessary pool of potential waged labor since they were relatively autonomous and independent in terms of their direct access to their means of subsistence. In other words, the spread of industrial capitalism may have been checked by the resilience of independent production.”¹³⁵ Farm owners and silk producers had little contact with market activities and exchange. Their contact with markets was restricted to selling agricultural surplus in order to buy commodities for their own consumption. Little market activity served their purposes of reinforcing their production capacity and

¹³¹ Toufic Gaspard (2004), p.73-81

¹³² Carolyn Gates (1998), p.6

¹³³ Carolyn Gates (1989), p.23-26

¹³⁴ Toufic Gaspard (2004), p.114-115

¹³⁵ Toufic Gaspard (2004), p.49

sustainability. Smaller enterprises favored economic independence over being incorporated in a more significant industrialization process. Their tendencies were reinforced by another shaping characteristic; the substantiality of remittances generated by an estimated quarter of the Lebanese population that had emigrated to Egypt, the Americas, and West Africa.¹³⁶ Beirut banks advanced credit to silk farmers, financed silk manufacture and handled the remittances of emigrants, estimated at one million sterling pounds per year in 1908.¹³⁷ Both the silk economy and immigration contributed to the development of Beirut's intermediary role, economic prosperity and dominance over the Mountain. The city became the base for maritime and insurance companies (the latter numbered twenty by the end of the nineteenth century). Other elements also shaped the workforce in parallel. Such is the case of low wage employment of women who constituted the majority of the workforce in the silk industry at the time. This 'missed chance' is justified by "institutional and moral considerations of bad reputation" as explained by Gaspard.¹³⁸

The structural move away from local industry was further augmented after the establishment of Greater Lebanon in 1920. The joining of Beirut and Mount Lebanon meant that the trading eminence of Beirut dominated and at times overshadowed industrial production via its capital. Silk production was dwindling due to foreign competition and alternative synthetic varieties. Moreover, local production suffered from lack of interest from financiers and authorities. Interestingly enough, policies of low tariffs severely weakened local production and directed focus towards commerce. Infrastructure development revolved around Beirut, consequently favoring commerce and services. By 1900, the region had 415 kilometers of roads and the 111 kilometer Beirut-Damascus road that was built by private French capital.¹³⁹

The pattern of recurrent fluctuation in economic activity persisted without ever leading to sustainable markets. Taxation was low and boosted demand. Education was in

¹³⁶ Charles Issawi, *An Economic History of the Middle East and North Africa*, Methuen, London (1982), p283.

¹³⁷ Fawwaz Traboulsi (2007), p.54

¹³⁸ Gaspard (2004), p49

¹³⁹ Gaspard (2004), p50

consistent spread. Along with health services, it was still being provided by missionaries, charitable organizations, and public institutions. All forms of human and infrastructure development were sorted and funded by non-market institutions and sources. Industry was stimulated again by several elements most significantly by tariff protection in 1924. Emigration dropped significantly from a peak of 15,000 between 1900 and 1914 to an average of 2,000 persons per year in the 1930s.¹⁴⁰ It remains difficult to determine how much of immigrant savings were turned into capital. Hesitation to invest savings in local businesses and industries is one of many economic signs of the low propensity to establish a sustainable self-sufficient market in Lebanon. In addition, internal migration from rural to urban areas and the influx of Armenian refugees indicated a larger and cheaper labor force. To our present day, remittances are seldom invested in productive sectors and are rarely employed by means of reinforcing sustainable markets in Lebanon.

Patterns of independent production typify the dominant commercial sector as well. Its persistence even with rural-to-urban migration can be traced in activities of small economic enterprises. In 1960, it was calculated that an average of 5000L.L. was enough to establish a grocery store. In 1968, a survey indicated that 50% of Lebanon's grocery stores were located in Greater Beirut with 80% of those considered as small-scale. There was one grocery store for every 125 persons and an employment of 1.5 persons in every store.¹⁴¹ Independent production is also apparent in size and employment distribution of manufacturing establishments in Lebanon. (See figure 2.4)

¹⁴⁰ Gaspard, p50.

¹⁴¹ Toufic Gaspard (2004), p.117

Table 3.6: Manufacturing establishments, size and employment distribution (percentage)

Workers/Establishment	Number of Establishments				Employment			
	1955	1964	1970	1998	1955	1964	1970	1998
Less than 5	77	78	81	74	33	33	42	40
5 to 9	13	11	17	22	13	11	25	25
10 to 24	7	7	-	12	16	15	-	9
25-49	2	2	2	4	10	10	33	6
50 or more	1	1	-	2	29	31	-	20
Total Number	7,946	9,558	15,669	22,025	50,827	67,476	94,620	141,923

Source: Toufic Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, Brill (2004), p.118

It remains noteworthy to mention that remittances, bundled with public sector employment and financial aid as political favors, amount up to 30% of household income in Lebanon.¹⁴² Politics and good business in Lebanon seem inevitably synonymous. In fact, it is no secret that often more than usual, excelling in one line certainly paved way for primacy in the other. This phenomenon, particularly the openness in practicing it and the public acceptance of it, can be best defined as neo-feudalism. Indeed, the recycling of feudal privileges into the Mutasarrifiyya administration – what became the cornerstone to latter modernization of Lebanese political institutions – christened what Kamal Dib calls “the labyrinth of blood and money” and legitimized the “Sicilian” feature of patrimonial leadership being translated into an enterprise.¹⁴³ Several billionaire businessmen, politicians, public figures, warlords, and zu’ama employed their business riches and empires to expand their clientelist networks. As a result, Gaspard’s inclusion of public sector employments as political favors should be expanded to cover such political favors in the private sector as well. Big business consortia of prominent persons in Lebanon’s history such as ‘Sultan’ Salim el-Khoury, Michel Chiha, Yusuf Beidas, Roger Tamraz, Rafiq Hariri, Najib Miqati, Issam Fares, Nabil Boustani, Michel Murr and many more have played massive

¹⁴² Toufic Gaspard (2004), p.120

¹⁴³ Kamal Dib, *Warlords and Merchants*, Ithaca (2004), p.

roles in advancing the political careers and interests of their respective owners or whoever they were allied with. Indeed, these informal 'structures' have continued to obstruct a true upgrade of independent patterns of production into sustainable development in Lebanon.

3.4.4 External Orientation and Productivity

The external orientation of the economy contributed to weakening its productive sectors, primarily small agriculture and primitive industrialization. The resulting sectoral imbalance, persistent to our present day, coincided with the rigid social formations that cemented structural inequity. Both the silk economy and emigration contributed to the development of Beirut's intermediary role, economic prosperity and dominance over the Mountain. The city became the base for maritime and insurance companies that numbered up to 20 by the end of the 19th century. Agricultural sufficiency never amounted to becoming a serious goal. The agricultural sector was, and continues to be, underprivileged in terms of access to financial credit. Moreover, agricultural policies continuously favored large landowners who often made use of their favorable access to credit and state support by rechanneling these resources to smaller farms in exhaustive usury.

As a result of Beirut's growing intermediary role, the financial sector almost doubled its share in Lebanon's NNP between 1948 and 1957, from 3.8% to 7%.¹⁴⁴ Moreover, in the early 1950s, it was estimated that Beirut conducted about 1 billion L.L. of foreign-exchange operations per year and, by 1951, over 30% of all private international gold trade went through Beirut.¹⁴⁵ Tourism, which was concentrated in Beirut and Mount Lebanon, became a major industry: the number of tourists grew from less than 30,000 in 1937 to about 216,000 in 1952 and a little over 544,000 in 1957.¹⁴⁶

¹⁴⁴ George Medawar, *Monetary Policy in Lebanon*, PhD Dissertation, Cornell University (1963), p.12, table 3.

¹⁴⁵ UN, *L'Evolution Economique au Moyen Orient, 1945-1954*, New York (1955), p.182.

¹⁴⁶ Britain Board of Trade, *G.T. Harvard*

As we've already seen, external economic factors were among the earliest shaping elements of the sectoral distribution of the Lebanese economy. The local reaction to the fall in prices of silk originating in the French market was "to reduce operations rather than modernize them or shift to other lines of production, despite the fact that capital and general demand conditions had remained favorable."¹⁴⁷ In fact, demand conditions were responsible for floating Lebanon's exports. As we can see in figure 2.7, two thirds of the exports were sent to Arab countries by virtue of the cultural ties as well as the efforts of diaspora in the region. Accordingly, Lebanon's external performance up until 1975 at least, is the result of a 'rent element' more than it is the result of its output and productivity which we will discuss further.

Table 3.7: The structure of merchandise trade (Annual averages in %)

The Structure of Merchandise Trade					
	1951-52	1964-66	1971-73	1986-87	2001-02
<i>Merchandise Exports</i>					
<i>Manufactures (% of total)</i>	46	55	72	69	90
- Processed food products		12	10	6	18
- textiles, clothing products		13	17	16	7
- wood, chemical products		7	15	14	11
- metals, machinery		12	16	13	26
- other		11	14	20	28
<i>Destination of exports</i>					
Arab countries	49	66	67	68	47
Industrial countries	39	18	15	17	33
Other	12	16	18	15	20
Total	100	100	100	100	100
<i>Use of merchandise imports</i>					
					1997
Consumption	43	39	41		41
Intermediates	44	51	49		42
Investment	13	11	10		16
Total	100	100	100		100

Sources: Banque du Liban, Annual Report and Quarterly Bulletin (various issues); Ch'aib (1980); Fei and Klat (c.1954); Salem (1964); UNDP/FAO (1980) – cited in Gaspard (2004).

¹⁴⁷ Toufic Gaspard (2004), p.49

The economic growth that Lebanon witnessed between 1950 and 1975 was mostly due to “positive shocks” that had “a more lasting effect” mainly in terms of capital inflows in Lebanon. (See figure 2.9) The economy enjoyed capital flight and cash inflow from the outside, especially from the Arab gulf and the iron grip of the region’s command economy. Cash inflow is also boosted by remittances and capital investments from Lebanese abroad. Confidence in the Lebanese economy was apparent in the appreciating trend of the L.L./USD exchange rate from 1950-75 reaching L.L.2.30/\$ on average in 1975.¹⁴⁸ This dependence on externalities definitely indicates that Lebanon’s laissez-faire system “lacked the autonomous drive to resume satisfactory growth levels” which were more or less reflections of the external positive shocks.¹⁴⁹

¹⁴⁸ Toufic Gaspard (2004), p.145

¹⁴⁹ Toufic Gaspard (2004), p.145

Table 3.8: Economic and political milestones

(Annual averages; GDP per capita & CPI in %)

Period	Growth (GDP p.c.)	Inflation (CPI)	Exchange Rate (L.L./\$)	Main Events
1948-52	7.5	-1.6	3.5	Influx of Palestinian refugees and capital. Break up of customs union with Syria (1950). Korean war boom (1951-53)
1953-57	1.0	0.4	3.3	End of Korean war boom (summer 1953) Bank Secrecy law (1956)
1958	-13.7	4.0	3.2	Civil disturbances (summer 1958)
1959-64	4.3	1.7	3.1	Chehab developmental regime; Capital inflow from Egypt and Syria
1965-69	1.7	2.6	3.2	Intra Bank crash (1966); Suez Canal closure diverts trade through Beirut; Israel bombs Beirut airport
1970-74	4.8	4.7	2.9	Oil boom in Gulf; inflow of oil capital
1975-81	-6.8	19	3.1	War begins (1975); extensive fighting during 1975-76; intermittent fighting thereafter.
1982		20	4.7	Israeli invasion (summer 1982).
1983-90	-5.6	88	236	Intermittent fighting and political instability; war ends (1990)
1992-97	2.5	11.8	1,644	Reconstruction
1998-2002	0.2	1.2	1,509	Public debt overhang

Source: Toufic Gaspard p.178-179

3.4.5 Output, Expenditure, and Consumption Structures

Economic structures in Lebanon have been nearly stock-still since independence, with a marked shrinkage of the agricultural sector from 20% of GDP in 1950 to 6.3% in 1997. (See figure 2.8) Gaspard highlights the aspects of rigidity in the development of the Lebanese economy visible in the structures of output, aggregate expenditure (most importantly investment as a major macroeconomic directive), domestic saving, consumption, and employment.¹⁵⁰ The share of merchandise and infrastructure (human and physical), necessary precursors for economic growth, have been declining regularly from 41.4% in 1950 to 34.2% in 1997. Some protagonists of the Lebanese laissez-faire

¹⁵⁰ Toufic Gaspard (2004), p.151-56

system argue that this decline was in favor of intermediation. However, intermediation itself saw a rise from 36% in 1950 to 45.7% in 1987 but eventually dropped back to 32.1% in 1997. The real increase in output actually resulted from the inflating public administration in comparison to the 1950s. The public administration's share of the GDP in terms of output rose from 7% in 1950 to 11.6% in 1997, which is a rather natural consequence of an expanding bureaucracy from independence till the early 1990s. Structural rigidity is more impacting on the consumption side. Investment, as part of aggregate expenditure in Lebanon amounted to an average of 20% of GDP between 1950 and 1974. The strategic role of investment in directing growth as a primary tool of structural expansion varies has been underused to say the least. Gaspard compares investment patterns in Lebanon with that of Singapore as a success story to find that investment in the latter increased systematically from 18% of GDP in 1960-66 to 25% in 1966-69 and over 40% in 1970-79.¹⁵¹ Lebanon's investment was mainly directed toward construction, mostly concentrated on residential building, with a high average of 64% of total investment between 1964 and 1972.¹⁵² The only exception to this investment pattern was the brief but impacting Chehabist developmental phase between 1958 and 1964. Similar to investment, relative business profitability in Lebanon did not lead to saving which reached an average of 11% of GDP before 1975. The number is considered low if to be compared with an average of 23% for developing countries in the period of 1964-72.¹⁵³ Consequently, reinforced by the appreciating L.L., consumption always exceeds GDP and is reinforced by consumer credit for purchasing durable consumer goods. In between 1950 and 1974, direct bank consumer credit increased at constant prices at an estimated annual rate of more than 10%.¹⁵⁴ This phenomenon is indeed a feature of popular Lebanese culture captioned by a well known proverb stipulating that the Lebanese would resort to a "loan to adorn."

As we can see, the structure of consumption in Lebanon has remained "out of sync with the structure of production" and the laissez-faire model "has been living beyond its

¹⁵¹ W.G. Huff, "What is the Singapore model of economic development?", Cambridge Journal of Economics, 19:735-759 – Cited in: Toufic Gaspard (2004), p.153

¹⁵² Toufic Gaspard (2004), p.153

¹⁵³ Toufic Gaspard (2004), p.153

¹⁵⁴ Toufic Gaspard (2004), p.154

means, in good times and bad.”¹⁵⁵ This situation was only sustained by the continuous surplus in the balance of payments that is resulting from income “originating outside the production sphere than to a productivity-based advantage” particularly in rent advantages.¹⁵⁶

Table 3.9: The structure of output and expenditure
(Annual averages, in % of GDP unless otherwise indicated)

The structure of output and expenditure					
	1950	1964-66	1971-73	1987	1997
<i>Merchandise</i>	32.3	24.6	23.3	23.4	19.8
Agriculture	20.2	11.6	9.3	8.7	6.3
Manufacturing	12.1	13	14	14.7	13.5
<i>Infrastructure</i>	9.1	10.3	8.9	8.8	14.4
Education	5	4.5	4.5	4	5
Construction	4.1	5.8	4.4	4.8	9.4
<i>Merchandise & Infrastructure</i>	41.4	34.9	32.2	32.2	34.2
Intermediation	36.1	42.8	43.4	45.7	32.1
Commerce	28	31.2	31.9	34.2	21.3
Transport & Communication	3.5	8.1	7.7	2.8	5.3
Finance	4.6	3.5	3.8	8.7	5.5
<i>Other</i>	22.5	22.3	24.4	22.1	33.7
Public Administration	7	8.1	7.7	5.2	11.6
Housing	9.4	7.6	8.9		8.5
Energy & Water	1.4	2.2	2	0.8	1.5
Other Services	4.7	4.4	5.8		12.1
<i>Gross domestic product</i>	100	100	100	100	100
- in 1972-74 L.L. Millions	1,946	4,489	6,739	7,812	6,547
- in current \$ Millions	330	1,142	2,160	3,296	15,662
<i>Consumption</i>	88	90	89	102	105
Private	81	80	80	96	89
Public	7	10	9	6	17
<i>Domestic Saving</i>	12	10	11	-2	-5
<i>Investment</i>	18	23	20	16	30
Private	15	19	17	14	23
Public	3	4	3	2	7
<i>Foreign Balance</i>	-6	-13	-9	-18	-35

¹⁵⁵ Toufic Gaspard (2004), p.154

¹⁵⁶ Toufic Gaspard (2004), p.154

Export of goods & nfs	28	35	41	33	11
Imports of goods & nfs	34	48	50	51	46

Source: Badre (1953); Bankers Association of Lebanon, Annual Report 1997-98 (in Arabic); Banque du Liban, Annual Report (various issues); Cha'ib (1985); Gaspard (1990); Republique Libanaise (c.1967,c.1971,c.1972a-b, 1997,1998b,2003); UNDP/FAO (1980) – Cited in Toufic Gaspard (2004)

3.5 The Militia Economies

The war-time economic structures though fundamentally different as they can be from times of peace, reflected with utmost clarity the oligopolistic tendencies of the Lebanese laissez-faire system. Moreover, the militia takeover of even the trivial economic functions of the state was a striking flashback to the commercial-tributary ‘coexistence’ of 19th century Mount Lebanon. The militia economies are best described by Fawwaz Traboulsi as “a monstrous mutation of its prewar political and economic system” where “the autonomy of the sects mutated into armed control and ‘sectarian cleansing’, while the wild laissez faire economy transformed into mafia predation.”¹⁵⁷

Militia-controlled ‘economic zones’ evolved around ports and vital outlets such as *Hamat* airport that was controlled by the Lebanese Forces. Militia’s engaged in external trade through the *al-‘Abdeh*, *al-Mahdi*, *Shikka*, *Jounieh*, Beirut’s fifth basin, *Uza’i*, *Khaldeh*, *Jiyye*, *Saida*, *Zahrani*, and *Naqura*, ports. Militias exported products to Syria, Cyprus, Europe, and even Israel. The *Naqura* port for instance, was the re-exportation hub for Israeli merchandise to Arab markets under a Lebanese cover. To make sure his business flourishes, Samir al-Hajj paid large sums of \$15 million per annum in protection money to the South Lebanon Army.¹⁵⁸ Levying customs and taxes on imports and exporting goods such as cement from the *Shikka* port substantiated revenue volumes for the militias. Calculations have recorded the value of goods smuggled into Syria,

¹⁵⁷ Fawwaz Traboulsi (2007), p.231

¹⁵⁸ Fawwaz Traboulsi (2007), p.236

Israel, and Cyprus through Lebanon at L.L. 21 billion in 1986.¹⁵⁹ Some militias engaged in maritime transportation to Cyprus such as the LF-controlled *Jounieh* port. Chiha's notion of the merchant legacy of the Lebanese was also to mutate into modern forms of piracy. Ships were abducted and returned to service under different names, their goods often confiscated, and some piracy activities reportedly went international as in the case of an alleged cooperation between the LF and the Italian mafia.¹⁶⁰

Militia-taxation took the form of protection money. In parallel with 'cantonization' through 'sectarian cleansing' and massive waves of internal displacement, militias eventually carved out clear areas on which they imposed protection money. In return, militias allowed for the passage of necessary goods. Luxury goods were mostly processed through smuggling and of course for skyrocketing prices. Drug production and trafficking were an extremely profitable stock-in-trade. The areas devoted for Hashish cultivation occupied around 40% of total cultivable land in the *Biqaa*.¹⁶¹ Estimates on the value of narcotics that were produced during the war in Lebanon amounted to \$6 billion while their market value reached \$150 billion dollars. Annual tributes paid to parties involved in the trafficking 'drug line' are estimated to be between \$500 million and \$1 billion.¹⁶²

Part of the massive revenues generated by militia economies were of course used to finance war activities. Substantial parts however contributed to social mobility where Warlords were the primary beneficiaries of the militia economies. Blood money was to be recycled into 'clean' business. The newly acquired riches of drug traffickers and arms dealers would be re-injected into the post-war economy of Lebanon through business ventures, banks, dealerships, and overseas accounts.

¹⁵⁹ Fawwaz Traboulsi (2007), p.235

¹⁶⁰ Fawwaz Traboulsi (2007), p.235

¹⁶¹ Fawwaz Traboulsi (2007), p.234

¹⁶² Fawwaz Traboulsi (2007), p.234

3.6 'Financialization' in the post-war Economy

Economic patterns of Lebanon have been consistent with the vision set forth by the liberalist advocates such as Chiha. The Chehabist era of 1958-64 was the only exception where the state expenditure on infrastructure, administration, and public institutions led to boosting economic activity. Even this brief developmental period achieved its successes due to regional factors in light of capital inflow escaping nationalization waves in Egypt and Syria. In fact, its setbacks, mainly epitomized by the Intra Bank crash in 1966, also had an external dimension. The financial crisis coincided with a Western financial campaign to raise interest on bank deposits and employ direct political pressure to attract Arab capital, primarily petrodollars, toward their own economies. Accordingly, the circumstances leading to and surrounding the Intra Bank crash could be understood to have been "a tendency for the reduction of the intermediary role of the Lebanese financial sector in favor of more direct relations between the two poles of that mediation: the oil-producing countries of the Gulf, on the one hand, and the Western financial centers on the other."¹⁶³

How the Lebanese financial sector regained its primacy after 1990 can be explained both domestically and externally. Domestically, the Lebanese banks made massive profits by lending the state for reconstruction purposes at skyrocketing interest rates. Interest rates on loans in L.L. averaged 41.03% in 1992, 25.2% in 1996, 18.15% in 2000, and gradually decreased to stabilize at an average rate of 10.49% for the years 2004-08.¹⁶⁴ Externally, the banks boosted their profits from deposits by remittances of Lebanese abroad especially in the absence of taxes on banking profits in Lebanon. Furthermore, the networking capabilities of business tycoons such as Rafiq Hariri with regional partners such as the Bin Laden Group among others often produce luring opportunities of access to capital and profit for Lebanese bankers. Hariri's partnership with the Bin Laden group in financing the startup of 'Solidaire' was one such example.

¹⁶³ Fawwaz Traboulsi (2007), p.149.

¹⁶⁴ Banque du Liban: <http://www.bdl.gov.lb/edata/elements.asp?Table=t5272-3>

After the end of civil war in Lebanon, an ambitious reconstruction plan was soon in thrust embodied in a project called 'Horizon 2000 for Reconstruction and Development'. The plan originally suggested \$14.3 billion in sectoral and regional expenditures to extend till 2002, but the plan never panned out as such. Sectoral composition during the reconstruction period remained fairly the same as the pre-war period. The ratio of trade and services to the GDP ranged between 53 and 62%.¹⁶⁵ Financial services, as part of the services sector, increased to 18 percent by 2000. Manufacturing and agriculture continued to play the lesser roles with 10 to 13% for the former and 9 to 12% for the latter.¹⁶⁶

Very little light is shed on the simple fact that during the reconstruction period of post-war Lebanon only 6 percent of the GDP was spent on reconstruction activity, the vast majority of it in Beirut and surroundings.¹⁶⁷ The surging public debt rose from \$3.1 billion in 1991 to \$31.3 billion in 2002 based on official estimates. Several unofficial estimates have by far exceeded official accounts reaching up to 47 billion.¹⁶⁸

Table 3.10: Cumulative government expenditure by economic category, 1993-2002

Economic Category	\$ Billions	% of Total
Interest on public debt	21	38
Wages and Salaries	16.3	29
Goods and Services	6.2	11
Transfers	3.3	6
Investment	9.2	16
Total	56	100

Source: Toufic Gaspard p.266

The banking sector has been effective in managing the substantially large volume of remittances to Lebanon. Commercial banks had also been successful at financing

¹⁶⁵ Samir Makdissi, *The Lessons of Lebanon*, I.B. Taurus & Co. (2004), p.97

¹⁶⁶ Makdissi (2004), p.97

¹⁶⁷ Gaspard (2004), p.217

¹⁶⁸ See Ex Minister of Finance Mohamad Chatah's estimates of public debt: http://yalibnan.com/site/archives/2009/01/public_debt_of.php

Lebanon's economic needs during the war. Moreover, Banks played an influential role in financing the overambitious reconstruction process following the end of the war. This contribution has been quite costly. Commercial banks in Lebanon were the primary beneficiaries of the reconstruction process. Their capital accounts, totaling \$143 million at the end of 1992 had reached \$3.3 billion by the end of 2002. State indebtedness to commercial banks in Lebanon estimated at little less than \$2 billion in 1991. However, in ten years time, throughout the period of reconstruction, this share had increased to over \$16 billion.¹⁶⁹ The capital increase of commercial banks in Lebanon vis-à-vis increased state lending took place through treasury bills' purchases. The net earnings of the commercial banks had "exceeded the increase in their capital accounts during the period."¹⁷⁰

The reconstruction process saw "massive financial transfers to the political elite and banks."¹⁷¹ These processes by which government borrowing is administered remain completely unaudited. Gaspard's estimates for instance that "at least half the 18% rate on L.L.-TBs, amounting to about \$8.5 billion, was paid in excess of what the cost would have been in a normally operating market."¹⁷² Gaspard also adds an extra \$7 billion constituting a 20% rate of 'waste' or 'corruption' leading a total of almost \$16 billion in wasteful spending. These claims, regardless of how accurate they may be, are reinforced by the fact that the TB market is often regulated by "an unofficial understanding between the central bank and the major commercial banks than by independent supply and demand forces."¹⁷³ It is doubtless that this process has served the interest of the five largest commercial banks hosting a large 45% chunk of total deposits during the post-war period. Gaspard describes the public debt debacle, part of Government expenditure in post-war Lebanon, as "a mechanism of money transfer to rentiers and to the politically privileged."¹⁷⁴ With time this continued practice has become unsustainable

¹⁶⁹ Charbel Nahas, *Economic Functions of the Lebanese Banking Sector*, www.charbeinahas.org, November 2000

¹⁷⁰ Toufic Gaspard (2004), p.220

¹⁷¹ Toufic Gaspard (2004), p.220

¹⁷² Toufic Gaspard (2004), p.218

¹⁷³ Toufic Gaspard (2004), p.218

¹⁷⁴ Toufic Gaspard (2004), p.219

whereas the beneficiaries are increasingly widening in scope to cover the political elite and the growing banking sector.

The privileged position of the banking sector in the post-war economy has had structural implications of equally disastrous ramifications. What Charbel Nahas calls the 'financialization'¹⁷⁵ of the Lebanese economy, has allowed commercial banks to practically overpower the state in administering investment expenditure. Having survived the 2009 financial crisis, Lebanese commercial banks are now directing efforts to investment in physical and human infrastructure. Schooling loans are a prominent examples averaging up to 4.5% in interest.¹⁷⁶ The impact of disengaging the financial sector from the real sectors and of restricting economic opportunity to a minority of people and economic agents has led to a high average of real interest rates of 11% in the 1993-2002 period. After crystallizing in times of war, the practice of neglecting actual production and enshrining dependence by increased importation was becoming an undeniable economic label. Meanwhile, the state is left to manage public debt and maintain fiscal and monetary stability leaving economic planning, as we've seen, to the banks – the jewel of the crown according to Toufic Gaspard.¹⁷⁷

3.6.1 The Vicious Circle

The post-war economy fell into the trap of maintaining both fiscal balance and containing inflation levels. The government resorted to monetary accommodation measures such as increasing money supply in order to deal with the recurrent budget deficits. However, these attempts caused exchange rate depreciation and severe inflation which reached a 99.87% rise by December 1992 in comparison to December 1991.¹⁷⁸ In turn, price increases worsened the budget deficit which threw the state right into the trap of conciliating between the need to maintain exchange rate stability and to decrease inflation. As a result, the successive governments during the 1993-2002 period were

¹⁷⁵ Charbel Nahas, *Le Liban, Dix ans depuis la guerre: des enjeux sans joueurs*, www.charbelnahas.org, June 2000

¹⁷⁶ For an example, see Bank Audi's schooling loan:
<http://www.banqueaudi.com/getserved/retail/Schooling/Schooling.html>

¹⁷⁷ Toufic Gaspard (2004), p.192

¹⁷⁸ Samir Makdissi (2004), p.133

entrapped in a macroeconomic vicious circle of stabilizing exchange rates and decreasing inflation on one hand, and decreasing budget deficits while managing the rising public debt on the other.¹⁷⁹ Failure in juggling such contradictory tasks seemed inevitable, especially in light of policy insistence on avoiding structural reform. The Hariri governments advocated the need to replace internal debt with external debt vis-à-vis Paris I and Paris II, which both promised financial assistance to Lebanon by replacing current debts with those of lower interest rates and presented the country with grants. The pattern of dependence on external support was to keep the neoliberal economy incubated. This time the role of the 'consortium' was becoming more straightforward—Rafiq Hariri was mobilizing his own massive network of relations to solicit the necessary bail out. These developments, once again, swung the laissez faire model right back to where it started: dependency, structural imbalance, financialization, and of course, the enshrinement of the social formations of a peripheral capitalist economy.

¹⁷⁹ Samir Makdissi (2004), p.124-127

Chapter Four

Political Structures

He who controls the past controls the future. He who controls the present controls the past.

George Orwell

Iliya Harik once stated that the nature of the political system is only the medium representing the rules by which political agents play the game for power. Once this medium becomes defined events are merely lined up in the political calendar.¹⁸⁰ It is from this angle that the Lebanese system truly stands out as unique. Apart from its consociational nature, the evolution of the Lebanese political system has been taking place in a relatively repetitive fashion. Since the *Qa'im Maqamiyas* in 1847 followed by the *Mutasarrifiyya* in 1861, the cyclical trend of systemic evolution has been the same. Internal clashes, for whatever reasons that may have triggered them, lead to communal instability. Lebanon's communities have roots, affiliations, and extensive interactions with their regional environment that predate and outweigh their connections with, let alone the lawful subordination to, the Lebanese state. Once circumstances mature, a resulting process of re-stabilization prompts the need to address an internal-external synergy of factors and interactions. In turn, this process sketches the outline for a concessionary systemic adjustment. These adjustments establish a new two-fold equation of communal and regional compromise. Until this equation of compromise fails to manage the communal and regional state of affairs, again for whatever reasons behind that failure, the system of checks and balances is mostly governed by ranging forms of consensus.

¹⁸⁰ Lecture at a Lebanese American University graduate seminar on *The Position of Lebanon in Different International Systems*, November 10, 2005.

This model erroneously assumes many constants. The first and most dangerous has been the assumption that the religious community itself is constant as we've discussed in chapter one.¹⁸¹ Instead, Traboulsi offers an alternative definition that is more grounded in the dynamic turnover of reality. As perfect examples of the recycling of pre-capitalist formations, he defines them as "multifunctional forms of identification and solidarity that came to permeate all aspects of Lebanon's life with a specific mode of articulation between the struggle for power, on the one hand, and socioeconomic structures and interests on the other."¹⁸² Demographics are disregarded in a formula that only recognizes identity groups and not individual citizens. A system of checks and balances is not about rights versus obligations, prerogatives versus accountability, and privileges versus transparency. Checks and balances in Lebanon mean that all political communities check each other's powers. They mean that communal power, be it strengthened by political prerogatives, demographic realities, economic capabilities, or simply military ones, should always remain in balance. Keeping such a balance is yet another unachievable constant. Moreover, the determinants of this balance are obscure if not theoretically unattainable such as demographic, economic, geopolitical, and even developmental shifts.

The power-sharing consociational system was introduced by Arend Lijphart, based on his observation of European countries, as a system designed to manage the transitional period in which multiple communities can coexist in a single state and gradually lay the foundations for a nation in unity. The equation is to reassure the community and co-opt it in a single state project by granting it a vital share of political, economic, and military prerogatives proportional to its size.

The resultant stability brought forth by the consociational model is expected to help build inter-communal trust as a launching pad for nation building. Ideally, communal institutions are expected to gradually recede and state institutions to take over. However,

¹⁸¹ Fawwaz Traboulsi brings this grave error to attention by criticizing the treatment of "politicized religious sects" as "historical products" rather than "ahistorical essences rooted in religious differences or as mere political entities."

¹⁸² Fawwaz Traboulsi (2007), preface viii

this expectation was built on two paradigms of Western political thought: modernization theory and rationality. As we've seen so far, that is clearly not the case in Lebanon. Synonymous with structures, state institutions are overshadowed by communal institutions both official and unofficial. Religious institutions are formidable socioeconomic agents. They own massive amounts of land, generate substantial income, and have vested economic interests in nearly every sector. Each institution is politically legitimized by its own communal constituency and enjoys unearthing autonomy in a vertically divided society. Headed by *Zu'ama*, communal coalitions of extended families, one-man political parties, and their joint interests often dictate their will on the consociational state. Whether formal or informal, these communal structures control the two major tools for restructuring society: education and development. They control the majority of schools, universities, hospitals, public and private firms, as well as governing personal status laws. With nearly no state jurisdiction left, communal participation in state institutions is a minimal gesture of consent to national forgery devoid of any real obligations.

Another condition for the successful transition toward stronger nation-building is the regional context in which a certain multi-communal state functions. In contrast to European consociational models that Lijphart observed, the Lebanese state has found itself functioning amid one of the most unstable regions in the world. A sharply divisive regional environment, the Middle Eastern system has contributed to the weakening of the Lebanese polity. French colonialism helped tip the communal balance in favor of the Maronites thus causing Muslim animosity. Arab nationalism threatened the Christians hold on power thus reinforcing their troublesome relationship to Arabia. The Arab-Israeli conflict also constituted a source for diverse issues of conflict between the Lebanese such as the country's role in confronting Israel, PLO's presence and activism over Lebanon's territory, Hezbollah's singlehanded responsibility for a military confrontation, and the question of repatriating Palestinian refugees in Lebanon.

Systemically, the region has seen three shifts since the beginning of the 20th century all of which have been shoving Lebanon into the intense regional polarization trends.

During colonialism, bipolarity, and unipolarity, the sectarian nature of the Lebanese society has provided fertile grounds for powers seeking to enlist clients in face of their competitors. In short, the Lebanese polity never enjoyed the external stability required to fortify the weak inside, which was a factor that led to eventual stability in the cases of Switzerland and Belgium for instance.

4.1 Structural Lock-In

Sectarian cleavages and the segregated expression of collective memories of each community combine with the 1926 constitution to structure the Lebanese polity by the power-sharing formula. Since independence, the state has been the pyramidal structure conjoining or absorbing communal relations. The National Pact for instance joined the two largest communities, the Sunnis and the Maronites, under the umbrella of the state. The pact organized the external relations of each community in respect to the concerns of the other communities. It rationed each community's access to resources and revenues according to its demographic and political presence. Indeed, the Pact managed to bind Lebanon's major communities to one structure, but it did not provide the medium to foster their harmonious development and peaceful fusion into a single Lebanese society. From there on it was clear, any sort of growth in any one community was a threat to another. In the eyes of a Maronite, a stronger Muslim partner meant the dissolution of Lebanon into Arabia and subsequently the gradual fading of Christian presence in the region. For a Muslim, a stronger Maronite partner inclined a humiliating complacency with the West as opposed to the rightful Arab belonging. But is that necessarily true? Is this inter-communal distrust valid? Did the system provide enough mechanisms to stabilize the dynamic positioning of vertically divided substructures vis-à-vis their surrounding? More importantly, did it provide the mechanisms to engineer a national society harnessing communal identities while developing allegiance to one nation?

Baddredine Arfi introduces the notion of structural lock-in as "a symbiotic relationship, an 'informal' and hard-to-surmount linkage between state institutions and domestic

social structures.”¹⁸³ Structural lock-in is the ability of state institutions to shape society, organize economic and political ties, and act as a welding frame that catalyzes but also organizes development and growth. In cohesive societies, structural lock-in naturally annuls any potential for one group to be intrinsically threatened by the increased strength of another. However, as we’ve seen in chapter one, the Lebanese society has developed along lines counter to those sketched by modernization and rational theorists. In parallel with this phenomenon, having adopted the hybrid model of parliamentary democracy and power-sharing that they did, the Lebanese find themselves adapting the state to their social structures rather than the expected other way round. Insofar, state institutions have not yet succeeded in shaping sociopolitical organizations and interest groups.

Most political interactions are played outside these institutions and then transposed symbolically to gestures within the range of constitutive rules. The real game is played in the more legitimate communal medium. If conflict arose, state institutions became irrelevant. If an agreement could be reached or dictated, joining ranks under state institutions became a factual ritual. Such is the case of parliamentary elections. Pundits often view successful electoral processes as measures of inter-communal stability rather than processes for defining a ruling majority. So is the case with Presidential elections. When in disapproval such as in 1958 and 2008, the Lebanese communities threatened, stalled, or abandoned the election of a President: “the symbol of the nation’s unity.”¹⁸⁴ Participating in government means a form of communal sanctioning of its policies. Respect for the rule of law is also heavily subjected to communal consensus. Prosecuting criminal offenses is often preceded by a pseudo-tribal declaration of ‘removing the political cover’. But this is not a practice foreign to the Lebanese social structure. In less politicized crimes, it is common that when proven undoubtedly guilty, the families of the indicted often publicly disown them. In cases of politicized criminal offenses, unregulated and socially biased media dealing with such issues reinforces what the notion of ‘information complexity’ characterizing inter-communal relations. This complexity eventually becomes the driving force behind which public opinion is shaped.

¹⁸³ Badreddine Arfi, *International Change and the Stability of Multiethnic States*, Indiana University Press (2005), p.36.

¹⁸⁴ Lebanese constitution, Article 49.

Fact-based positions on all sorts of issues are thus less likely in a society of primordial identities and atavistic ties top-down.

Almost all structures resulting from the primacy of the politicized religious community constitute a systematic erosion of the nation-state logic. In cases of criminal offenses, criminals can often resort to communal protection if circumstances allow. This is more frequent in rural areas than it is in the urban center. However, even in the latter, *Wasta* comes in handy. This is not to mention that criminals in the eyes of one community can be heroes in the eyes of another. These incidents recur on a daily basis thus methodically undermining the rule of law.

To understand this seemingly wide array of correlations one needs to understand the structures that 'lock in' to form Lebanon's state governance. Those are the social structures which are namely, historical collective memories that form the politico-communal conscience of each sect, along with the constitutive rules and the state institutions.

As we've seen so far, social structures are rigidly sculpted along sectarian cleavages and informally recognized familial ties. This social pyramid is organized by an inequitable and informally segmented economic order that strongly limits horizontal mobility. The prominent socioeconomic structure in Lebanon is organically bound to seek autonomy from any central state. Communal groups, and to a lesser extent extended families as subgroups, tend to manage their own affairs. This informal divide line is present in parallel with constitutive rules, national norms, and governance programs. The divide applies to social norms: a Christian policeman cannot arrest a Shi'a man without being suspected for doing so 'just because he is Shi'a'. He can only do so once the political cover is de facto removed or just simply declared obsolete by some acceptable 'communal authority'. A Sunni businessman cannot buy land in Maronite Bsharri without arousing a sense of communal xenophobia. Why would he want to buy land in an area that is demographically not of his denomination? The political drivers behind such behavior are many, strongest of which is collective memory.

Collective memories vary widely between sects. For the Maronites, Lebanon was a Christian stronghold that adopts Western style nationalism as a guise that could protect their domination. They reasoned their claims for an independent Lebanon to their perception of their identity heritage. The Maronites viewed themselves to own a heritage of ancient Phoenicia and a broader Mediterranean identity that they shared with Greece, Rome, and later on with Western Europe.¹⁸⁵ This historical memory of a minority that sought refuge in the rugged tops of Mount Lebanon created a historically rooted animosity with the wider Arab inland and a desire to maintain independence and freedom. The problematic aspect of this historical and social perception is that the Muslims occupying the newfound Lebanese entity did not share the same feelings. As a result, Lebanese Sunnis understood Maronite calls for independence to be "independence from Syria not from the French mandate."¹⁸⁶ While it seems that many of the Lebanese have put this issue behind them, the legacy of inter-communal disagreement over Lebanon's Arab commitments manifests itself whenever bilateral relations with Syria are discussed. This legacy is also traced in the troublesome question of repatriating Palestinian refugees and Lebanon's role in the Arab-Israeli conflict.

The role of collective memories does not stop at that. The Lebanese often view their state as 'being in the hands of' one communal group or another. By virtue of the Maronite domination over the leading administrative positions in state, the relationship between most Muslim Lebanese and their state was heavily strained by this perception. This troublesome linkage or lack of, between the individual and the state is a problem sustained by the constitutive rules administering inter-communal relations. The state-society relationship in Lebanon is instead conducted through a 'political short-circuit': a parasitical form of intermediation by the communal leader. As a result, strong communal leaders can delegitimize any government, policy, or event simply by not participating in it, let alone public disapproving of it. Once they do that, the whole communal structure they reside on top of would immediately perceive the state with animosity. The relevance element is remarkably negligible here since smaller communal leaders can

¹⁸⁵ Kamal Salibi, *House of Many Mansions*, University of California Press, California (1988), pp.87-107

¹⁸⁶ Kamal Salibi (1988), p.33

often choose to challenge state authority even in their smaller communes of authority. The reason why the base of the pyramid complies with this top-down participation dynamic is simple: an overriding model of managing intra-communal identities and a large clientelist network substituting state functions.

When a certain individual or group – mostly the family – receives benefits from the state, they perceive it as a service bestowed on them by a communal patron. Accordingly, the public perception of state-citizen relations is that the former only demands but rarely gives. Hereunder, the communal leader steps in to cover for the fact that the state falls short of assuming its responsibilities. Rarely do the Lebanese realize that the services they receive from their *zu'ama* are actually their own fruits. After all, taxes are the main sources of revenues to the state rising from a meager 5% directly after the civil war in 1991 to 23% by 2004.¹⁸⁷ Keeping in mind that state debilitation is the result of the civil war, the average of public revenues from taxes collected between 1994 and 2004 is 12.54%. In return, public expenditure on community and social services averaged 2.76% for the same period. Spending reached 1% on health affairs, 1.06% on social and welfare and 2.86% on economic purposed— all for the same period as well.¹⁸⁸ Most of those expenditures, marginal as they have proven to be, are often feeding the clientelist system empowering communal leaders at the helm of state positions. A large chunk of public expenditure is spent on public wages and salaries amounting to an average of 13.96% over the period of 1991-2004. One can safely assume that the majority of this percentage feeds into the clientelist system based on sectarian quotas institutionalized by Lebanon's constitutive rules. By this creed, not only does the parasitical role of communal leaderships hinder state-citizen relations but also perpetuates a regenerative collective memory of passive dissidence.

¹⁸⁷ World Bank Report, *Lebanon Public Expenditure Reform Priorities for Fiscal Adjustment, Growth, and Poverty Alleviation*, March 2005, Report No. 32857-LB, p.71

¹⁸⁸ World Bank Report No. 32857-LB, p.74

4.2 The Dynamics of State Governance in Multi-Communal Lebanon

Once we've identified the structural lock-in that forms the Lebanese state, we can better understand the actual impact of this build-up on state governance. The state requires inter-communal consensus to be able to pass laws, decrees, and take decisions on nearly all public issues. While Muslims viewed Maronite primacy as a *fait accompli* they were to gain momentum in rejecting this reality in the first two decades of independence. In order to make power sharing more egalitarian among the country's communities, more *zu'ama* had to be incorporated in decision making, political, and administrative positions. The more power dispersion was required the less of an effective managing entity the state can be. Furthermore, the more shares of state to be distributed among communal leadership the less a cross-communal state there can be. In terms of functionality, the state became a multi-cameral congress segmented along what we identified as the PRE along the three identified circles (see chapter 1). It is thus necessary to understand the elements that define state governance in Lebanon through a framework that is more grounded in inter-communal relations.

The primary factors that shape the impact of inter-communal relations on state governance in Lebanon are vulnerability and information complexity. Information complexity is based on the basic notion of private information "which is anything that is known by one group but not the others."¹⁸⁹ Communal groups may withhold, misrepresent, or distort private information about their intentions, capabilities, and objectives. Those may include, for instance, a group's preferences about its specific policy objectives and how cohesive the group would be when faced with a challenge. Information complexity mainly pertains to "how group leaders would use their organizational power should the intercommunal relationship come to be at stake."¹⁹⁰ The situations in which private information is misrepresented can be summed up to specific inter-communal scenarios. Communal groups misrepresent information about themselves to bluff in order to increase their gains. They do so by exaggerating their

¹⁸⁹ Badreddine Arfi (2005), p.32

¹⁹⁰ David Lake and Donald Rothchild, *Containing Fear: The Origins and Management of Ethnic Conflict*, International Security 21, no.2: 41-75, pp.12-13.

strengths or understating weaknesses and misstating preferences. The misrepresentation of facts in belief that revealing sensitive information would weaken their ability to pursue and realize their objectives and protect their interests.

In a country where communal factionalism is a historical and genealogical reality, distrust is inherent. The assumption that a certain community is withholding information is inevitable even among allies. This assumption becomes a philological constant thus haunting communal consciousness at any particular period in the country's history. As a result, power becomes mutually exclusive among communities. Due to the inevitable fragmentation, development is seldom collectively exhaustive. Moreover, this environment mutates all the possible decision drivers for any body administering public policy. This is the cross-cutting impact of information complexity. But its impact within each community is completely different. This dual role of information complexity is similar to what we've identified in chapter one as a duality in managing multiple identities. Inside one community, information complexity reinforces personalism in politics. It is as repressive as the overriding model of managing multiple identities is. Whether through co-optation, coercion, clientelism, conviction, or just outright bribery, a za'im's leadership and uncontested control is also fueled by information complexity. It instills fear into people, mostly fear of the other's intentions and of the consequences of their further empowerment. This fear breeds stronger allegiance to the communal za'im in pursuit of protection. This za'im, now viewed as the protector of a community, is also the same 'enemy' from whom another community's za'im should be checking.

In Lebanon, intercommunal vulnerabilities, trust, and distribution of institutional power are the three primary factors that combine to determine the nature and outcome of debates on state governance. These debates define intercommunal relations, the status quo in particular, as well as state-group relations. Groups fear becoming more vulnerable to one another vis-a-vis their relations to the state by virtue of institutional power. For as long as debate is leading to a relatively consolidated level of state governance, intercommunal relations are managed by power brokerage. A bigger share of institutional power means that sectarian powers can participate in key decisions and

become less assailable to their counterparts. In multi-communal Lebanon, the right formula that has led to relatively consolidated state governance has often been a delicately achieved *quid pro quo* between the sectarian political powers. Such instances were either infrequent or imposed by an external patron. Thus became the regional role a longstanding component of the consolidation of state governance in Lebanon.

Generally, in cases of *state collapse*, intercommunal vulnerability is usually high and trust is very low. Communities rely strongly on gaining institutional power in order to guarantee political and security gains. In cases of *consolidating state governance*, intercommunal vulnerability is moderate and trust is very susceptible to domestic and external developments. Communal reliance on institutional power is usually low or decreasing in cases of consolidating state governance. Finally, in cases of *consolidated state governance*, there is low to significantly declining intercommunal vulnerability, an equally falling reliance on institutional power, as well as high to significantly increasing intercommunal trust.¹⁹¹

In each of the three general levels of state governance consolidation, the state is tied down by communal interactions, interests, and political ethos. In the very rare cases where the state was in the hands of what one can consider a 'third party', the conflict shifts to a struggle for the autonomy of state from the multi-communal polity. This was the main challenge that Chehabism faced: to be able to advance a program for governance that was rooted in a vision external to, and in conflict with communal agendas.

The main structural limitation to any change in policy prerogatives within the system is the convergence between intercommunal vulnerability and information complexity in inter-communal relations. Politicized religious groups in Lebanon, often no more than partisan crusts of communal leaderships and their bases, have historically distrusted each other. This vulnerability has debilitated the state system by instilling the principle of

¹⁹¹ Badreddine Arfi, *International Change and the Stability of Multiethnic States*, Indiana University Press (2005), pp.10-16

powersharing both in decision-making and in administrative posts. This vulnerability disperses the prerogative of decision-making onto the different communities as a preventive measure. Otherwise, any one community representative cannot make a decision alone especially when its implementation is a cross-community matter. Any such decision will be contested by communal opponents and thus loses legitimacy in record time. Here comes the role of information complexity. In light of intercommunal distrust, policy and decisions are not assessed for context and scope but for the mere communal identity of whoever is endorsing it. In such a chaotic and primordial subjectively environment, on all the different levels of human consciousness, information complexity heightens intercommunal distrust.

From this standpoint, the decline of the state, as described by Farid el-Khazen,¹⁹² assumes the presence of an actual cross-communal institution of state in Lebanon. The reason why such an assumption should be questioned is because the state never surmounted the community. It lacks the basic ingredients of authority such as exclusive grab on armed presence, primacy of national law over communal law (or any other forms of normative practice for that matter), and the presence of a decision-making body outside communal spheres. Based on this interpretation, the state should not be considered 'absent' but actually enjoys strong presence, a presence in the nature of intercommunal interaction at any given time. If the state was 'doing fine' in 1970 it was because the politicized religious communities were willing to administer their affairs under a *consolidating* form of state governance. The state collapsed in 1975 because communal leaderships could no longer manage their conflicts within the debate on state governance. In all cases, including the times where a 'third party' took helm of the state, governance is limited to the communal reality of political and administrative authority and is practically in-existent outside that realm. Looking at the bigger picture, no state policy or law will be able to address any public issue outside this dialectic range.

In 1958, communal *zu'ama* rallied their supporters against president Chamoun and eventually held up arms against what should count as the state. Then the Phalanges

¹⁹² Farid el-Khazen, *The Breakdown of the State in Lebanon, 1967-1976*, I.B. Tauris, London (2000), p.

followed suit in what came to be known as the counter revolution. In both cases, the army remained neutral. The reasons are stated clear by the then commander-in-chief Fouad Chehab: if the army gets involved, the soldiers, or rather members of their respective communities themselves, would become partisan and hence divided. The absence of state is also apparent in law enforcement as we've discussed earlier. Apart from transposing communal power sharing into the judiciary, personal law in Lebanon is administered by religious courts. Moreover, most criminal and non-criminal cases brought forth to civil courts can often lead to delegitimizing the rule of law. This is due to a widespread belief that the judiciary lacks independence from political authority and more detrimentally from communal consideration. Finally, not one governing body or constitutional authority exists outside communal political spheres. Be it legislative or executive, decision making is made by communal representatives naturally congregating communal interests which remain subject to varying degrees of disagreement. This philosophy of governance trickles down to nearly all state institutions whether among General Directors of the various ministries or the different clientelist groups within the public sector. As a result, there can be no 'state' in Lebanon that is autonomous from the community thus no 'state' that can function outside the fragmented communal spheres. In fact, one can perceive the spatial presence of the state to be restricted to a minimal public sphere in which communities may choose whether or not to deal with each other.

4.3 A Graphical History of the Evolution of Lebanon's Constitutive Structures

A historical reading of the way Lebanon's constitutive structures evolved helps explain how the political system and its role in managing society is a pretext for weakening state autonomy. Such a wholesome review observes a cyclical pattern by which the engineers of the system, mostly international and regional actors, have attempted to manage incongruence between the autonomy of a unitary state and the autonomy of the politicized religious communities. There are seven major constitutive junctures that

modern Lebanon can relate to, five of which were based on Pactual agreements or events. Each and every one of these 'texts' either aimed to end a certain communal conflict/problematic by injecting a dosage of systemic restructuring or simply was the practical adjustment to a definitive shift in the balances determining systemic structure. At the heart of the processes shaping the constitutive rules of state governance in Lebanon was a plethora of complex priorities. Practically, the objective of creating a strong state and a cohesive society was the least of these priorities in every one of our identified junctions. This objective was preceded by foreign and communal interests; the need to restore stability; the need to maintain the interdependent domestic and regional balances of power; and to a lesser extent the need to address demographic realities.

4.3.1 Qa'im Maqamiyas

The first stop is the system of the two Qa'immaqamiyas. The reforms at the base of the Qa'immaqamiyas system, what came to be known as the *Règlement Organique*; were never meant to serve as a constitutional text or "a blueprint for a state-like political system" let alone become "a recipe for permanent communal representation."¹⁹³ Instead, the reforms introduced administrative regulation in order to re-establish Ottoman order in Mount Lebanon. The main purpose behind them was to limit European influence in the region and to attempt to curb the "informal subjecthood to European powers [that] developed alongside formal subjecthood to a changing Ottoman state."¹⁹⁴ This however does not mean that the new reforms were not trying to address the then rampaging sectarianism. Nonetheless, these reforms highlight the true issues underpinning and inciting inter-communal tensions: control over land and resources and managing the 'game of nations' on Mount Lebanon territory.

The Qa'immaqamiya can be seen as the prototype model that first instituted a 'lock-in' between a state-like structure and all of Mount Lebanon's politico-religious communities. The *Qa'immaqamiyas* system assigned a Maronite *qa'immaqam* as a local ruler to Northern Mount Lebanon with its Christian majority. The *qa'immaqam* acted as

¹⁹³ Hanna Ziadeh, *Sectarianism and Inter-Communal Nation-building*, Hurst & Co., London (2006), p.55

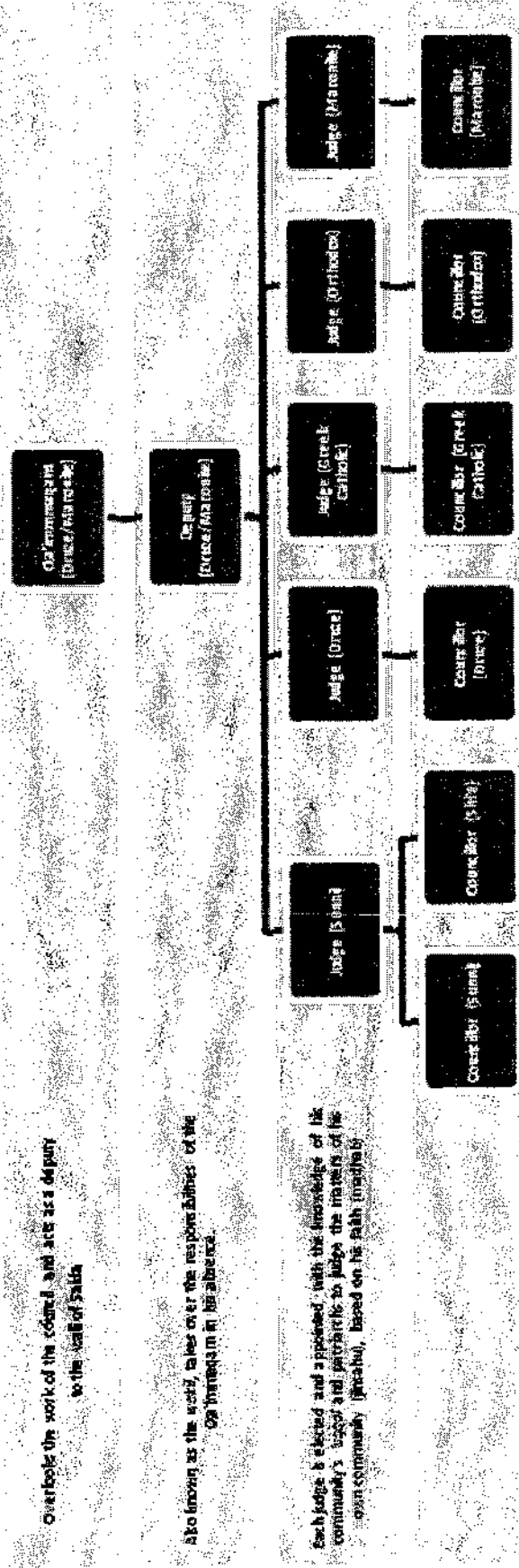
¹⁹⁴ Ussama Makdisi, *The Culture of Sectarianism: Community, History, and Violence in Nineteenth-Century Ottoman Lebanon*, University of California Press, London (2000), p.68

a deputy to the Sunni *wali* of Saida. On the other hand, the Qa'immaqam of Southern Mount Lebanon was to be Druze despite having a substantial Maronite population there. The *qa'immaqams* were appointed by the Ottomans in consultation with European powers and local *a'yan* or *manasib*. From the onset, we can conclude that more or less the first modern attempt to create a state, was designed to cater to communal considerations and regional influence. As a first 'text' – a constitutive 'moment' - the *qa'immaqamiya* adapted the structure to the norm. Formally, Mount Lebanon was subject to the sovereignty of the Sultanate, but informally, European influence in the region was a factor to reckon with. As a result, the practice of consultation with European powers laid grounds to the large margin of practicing norms.

To restore inter-communal stability, the system introduced changes that came to be known as *nizam* of 1845. The idea then was to establish administrative councils to set a system of checks and balances between the region's communal representatives – mostly Maronite and Druze. Interestingly enough, this shift from mustering power into the hand of one man towards power diffused into a council was the same to be undertaken in the Ta'if Accord 145 years later. In Southern Mount Lebanon, a substantive number of Christian peasantry found itself subject to a cross-communal segment of Druze and Maronite *Muqata'jis*. In parallel, while gradually undergoing changes itself, the Church was increasingly seeking an autonomous role within the rigid social order. This conflict-prone environment was very inviting to European powers of whom the French supported the Maronites and the British supported the Druze. To counter this influence, restore order, and sustain allegiance, the Ottomans imposed an "inviolable hierarchical social order that demanded the obedience of the periphery to the centre and of the peasantry to the Ottoman elite."¹⁹⁵ This instance counts as the first blow to any Lebanese notion of state autonomy in favour of Ottoman control in Mount Lebanon then.

¹⁹⁵ Hanna Ziadeh (2006), p.58

Figure 4.1: The Qa'immaqamiyas



This system aligned the Druze and the Maronites in face of each other. The latter viewed the former as part of the Ottoman order imposing heavy taxation, harsh justice, the rule of historic feudal masters, and the Druze. At the time, there were distinct social changes taking place inside the Maronite community where a rising class of merchants and cultural elites were benefiting privileged relations with European powers to gain an economic and political edge. This conflict between segmented modernity, socio-political change, and allegiance to the Ottoman Empire sees sectarianism as a tool for both modernity and repressiveness.

The *Qa'immaqamiya* can be considered an early prototype of any form of decentralization or federalism to be adopted in Lebanon. It was the first attempt to give autonomy to communal representatives by separating them administratively. However, the first shortcoming this system faced was the complex demographic intermixes between Lebanon's diverse politicized religious communities. It is important here to stress the notion of politicized religiosity as an essential component for a certain community to view itself as a distinct political entity being governed by another. At the time, conflict arose between the Maronites and the Druze with marginal participation from Sunnis or Shi'a who had not yet crystallized any form of politicized religiosity other than their tacit allegiance to the High Porte. With that in mind, the smaller communities were generally content with the system of administrative distribution of seats among them. Still, the *Qa'immaqamiya* is rightly considered to have been the earliest constitutive manifestation of the communal drive toward "political action to form a pre-state, representative, self-ruling entity."¹⁹⁶

This political reality also manifested itself on the ground with commoners. Members of one community were only to be judged and administered by their own kind. Court cases witnessed those sensitivities, the choice of tax collectors by region, and the resolution of conflict as well. The *Qa'immaqamiya* system widened social gaps and sharpened structural rigidity. It strongly favoured and empowered the *manasib* over the *'amma* mainly to restore Ottoman order and to create a local base of opposition to the

¹⁹⁶ Hanna Ziadeh (2006), p.60

increasingly effective European influence. This influence was gaining ground in the Maronite community where 'democratization' was becoming a popular demand, unlike the case of the Druze community where Druze *'amma* exhibited continued obedience to their feudal lords. The duality between Ottoman claims of equality between all subjects and the *Qa'immaqamiyas*' enshrinement of tribalism and sectarianism would become a defining element of the constitutive rules shaping state governance in the Lebanon to come.

4.3.2 Mutasarifiya

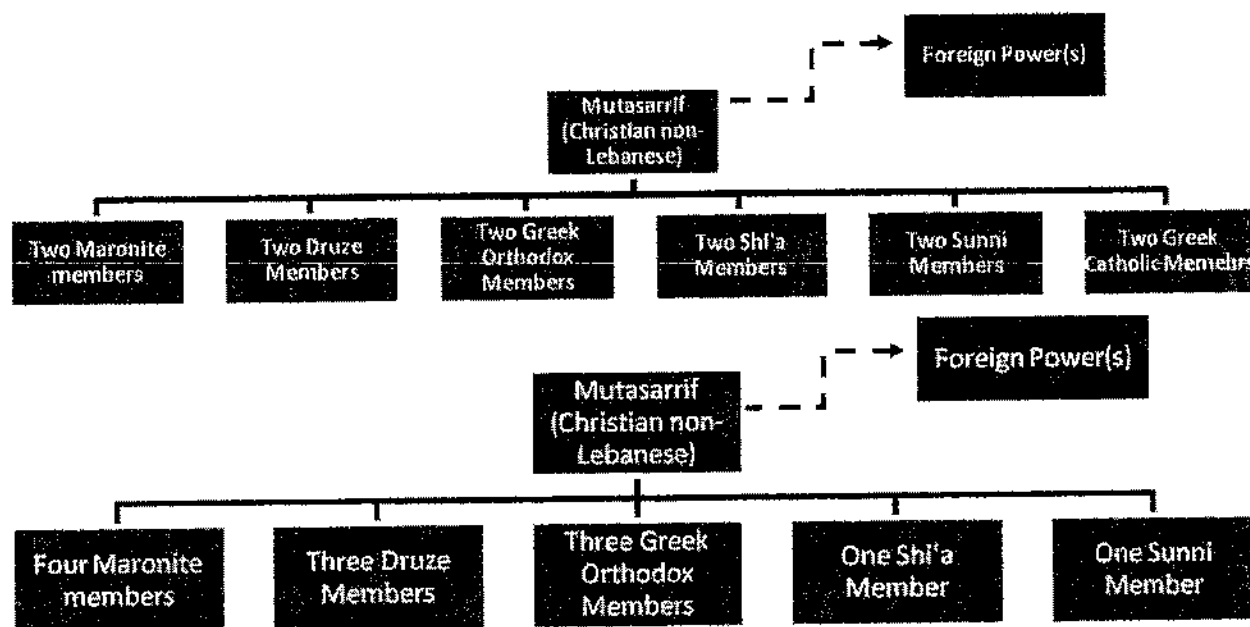
If the *Qa'immaqamiya* system is a prototype for administrative decentralization in Lebanon, our second stop; the *Mutasarifiya* is the earliest attempt at a system of governance based on power-sharing. The *Mutasarifiya* is described by Hanna Ziadeh as an 'apprenticeship for statehood'.¹⁹⁷ Moreover, if the *Qa'immaqamiyas* system was an experiment in giving communities autonomy vis-à-vis each other, the *Mutasarifiya* was the first baptism of pseudo-state autonomy. Under the *Règlements Organiques* of 1864, there was to be an extension of autonomy to Mount Lebanon recognizing the right of European powers to openly intervene in the region. The big picture in Mount Lebanon itself was clear: the sectarian fighting that led to this new system clearly reinforced Maronite claims for a yet-to-be national homeland under European protection. Nowhere in this gradual evolution of a political entity can one find the realization of an obscure sketch of a true unitarian nation-state realizing. Instead, regional balances helped build an 'imagined' national body on a communal skeleton.

The system itself established an administrative council of twelve communal representatives initially distributed as follows: two Maronites, two Druze, two Roman Catholics, two Greek Orthodox, two Shi'a, and two Sunni. To meet communal aspirations – mainly Maronite, the distribution of seats in the administrative council was then reconfigured to the following: four Maronites, three Druze, two Orthodox, and one seat for each of the Catholics, Sunni, and Shi'a Muslims. As in the case of the *Qa'immaqamiya*, the new system included a duality in dealing with communalism.

¹⁹⁷ Hanna Ziadeh (2006), pp.71-84

Underneath the power-sharing surface of the administrative council, which was headed by a Catholic non-Lebanese ruler, the system attempted to create as distinct communal cleavages as possible. The main purpose was to make use of the lessons learned from the Qa'immaqamiya system and avoid subjecting any members of one community to the authority of a member from another. In terms of functional authority, the administrative council was granted fiscal autonomy that allowed it to collect taxes and partially administer its own fiscal policy. Taxes collected in Mount Lebanon constituted the basis for the budget, and only the surplus was to be turned over to Istanbul. In the event of a budget deficit, aid was to be provided by the central Ottoman treasury.

Figure 4.2: The Administrative Council under the Mutasarrifiya – 1861 and after Règlements Organiques



The Mutasarrif was a non-Arab Christian appointed by the High Porte. He enjoyed wide executive powers. The dotted arrows in the graphical display indicate informal ties of extra-state allegiance to external powers. In that sense, the Mutasarrif pledged formal allegiance to the High Porte. The members of the Administrative Council, prominent

communal figures themselves, held informal allegiance to external powers themselves. These relations to the outside had a history of their own that is traced along bloodlines, economic ties, and political interests. The Administrative Council was granted the right to veto the Mutasarrif's decisions on two critical issues: the intervention of Ottoman troops in the territory of the Mutasarrifiya and tax increases. Communal autonomy was further empowered as each village chose a sheikh as a *qadi solh* to manage disputes and elected a local *Sheikh Shabab* required to receive official confirmation from the Mutasarrif. Then, the *Sheikh Shababs* of each constituency proceeded to elect the 12 councilors. Administratively, the territory of the Mutasarrifiya was divided into seven districts (*cazas*) governed according to the majoritarian community in each.

The only armed force on Mutasarrifiya territory was a local police force, the gendarmerie, trained and organized by French officers, whose number was set at 1,400 but never reached half this figure.¹⁹⁸ The Mutasarrif, with a military rank of *mushir*, was granted the right to disarm the population. The Judicial system was vested in courts of first instance, and in a court of appeal whose judges were appointed by the Mutasarrif, as well as elected village sheikhs, who also acted as justices of the peace. There were six judges, a Maronite, a Druze, a Sunni, a Shi'a, an Orthodox, and a Catholic.¹⁹⁹

Socially, and despite the annulment of both formal and informal privileges granted to the *Manasib* under the *Qa'immaqamiyas*, the new system continued to favor the more socially and economically endowed. However, the transformations taking place within this segment were introducing new forms of social structure in Mount Lebanon as we've previously seen. Nonetheless, these transformations did not erode the prominent role of the religious institutions, feudal lords and communal leaders, as well as rich and landowning families as the pillars of the actual governing structures: the politicized religious communities.

¹⁹⁸ Fawwaz Traboulsi (2007), p.42.

¹⁹⁹ Fawwaz Traboulsi (2007), p.42

4.3.3 Greater Lebanon

The third constitutive junction is the establishment of Greater Lebanon. The constitution of 1926 (see Figure 3.3) was itself the product of years of inter-communal negotiation which resulted in Maronite primacy supported by the French. The competing British colonial administration tellingly criticizes French heavy-handedness in managing the work of the constitutional assembly. In an administrative report, a British Liaison Officer aptly describes French control over the assembly saying that "... the procedure adopted is that only those candidates [who] the High Commissioner wished to be elected have been elected."²⁰⁰

The political survival of Mount Lebanon was the result of French sympathy and support for Maronite national ambitions. From the onset, Maronite communal ambitions were the main driver for a nation-state model for Lebanon. The Maronite political project was in competition with the rising Arab nationalist project of Faisal whom most Muslim Lebanese supported. The latter resisted the Maronite project for a 'state' until the National Pact. To them, Lebanon "remained a transitional territorial entity, lacking legitimate claims to nation-statehood."²⁰¹ Sunni Muslim *zu'ama* boycotted the constitutional committee meetings. Some totally distanced themselves from the whole process and others expressed reservation on key points of the new constitution. Sunni members of the constitutional assembly even disagreed with the most basic precepts of the text such as Article 4 which denoted Beirut as the Capital of Greater Lebanon.

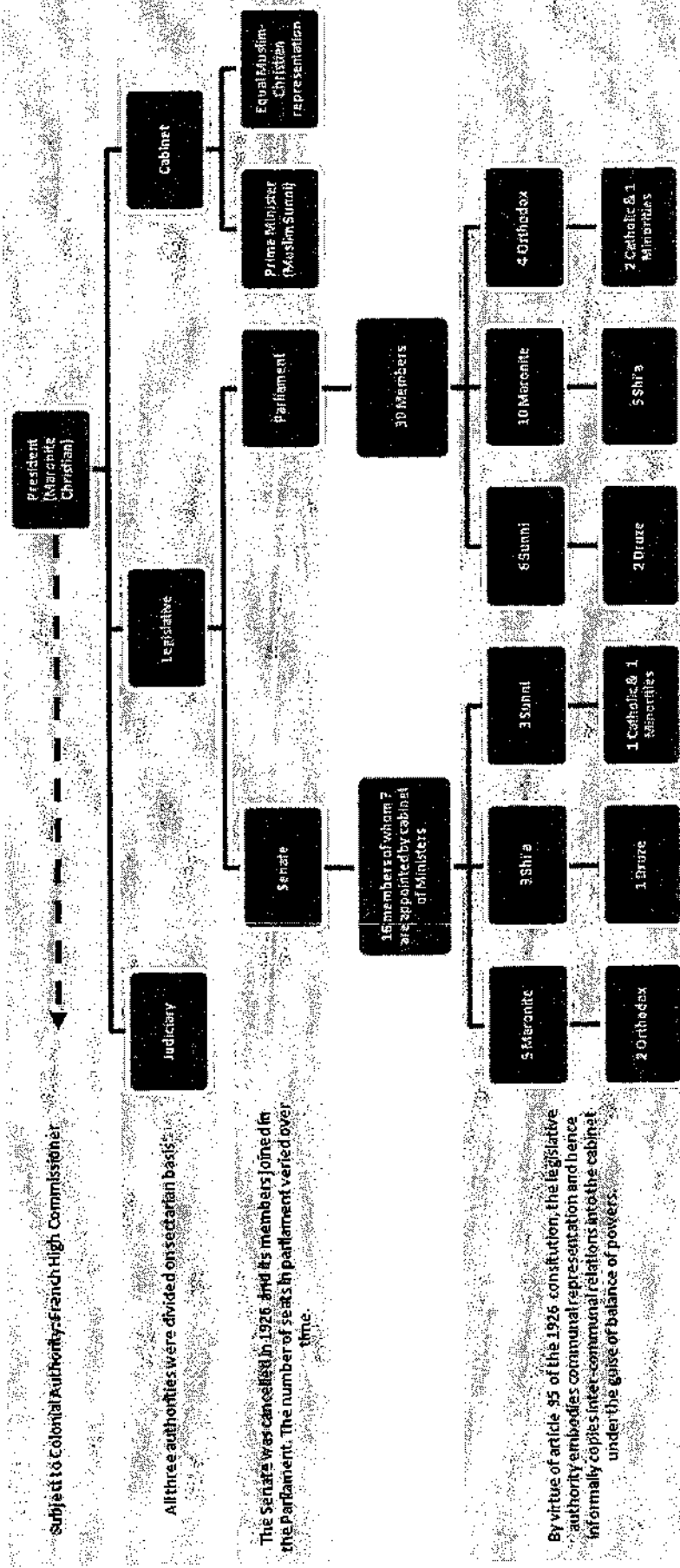
The impact of inter-communal interactions on the drafting of a national constitution nearly obliterated any functional role of an autonomous state adrift from communal politics. The contradiction between the Maronite led 'Lebanonist' project and the Muslim 'Arab Nationalist' project wasn't necessarily inevitable. Nevertheless, any Maronite attempts to negotiate with the protagonists of Faisal's Arab national project were severely curbed by the French. Patriarch Huwayik's brother tried do so but was

²⁰⁰ Foreign Office 371, 7847, E5994, no.81, general officer commanding Egyptian Expeditionary Force to the Secretary of War Office, Cairo, 6 June 1922, Information received from the British Liaison Officer, Beirut. Quoted in Ziadeh (2006), p. 90

²⁰¹ Hanna Ziadeh (2006), p.88

imprisoned and then exiled to Corsica. Counter to the staunchly divided inter-communal reality, the 1926 Constitution was presented as the fruit of national consensus. This text remained as the backbone of the polity until the Ta'if Agreement. Originally a source of inter-communal disagreement, it was to be resuscitated only by reorganizing communal distribution of power. For that end, there remained a structural inertia concerning community-state relations in favor of a more 'urgent' need to pacify raging communal contradictions.

Figure 4.3: Greater Lebanon -- The Constitution of 1926



One cannot view the formation of 'Greater Lebanon' as merely a French decision but a synergy between French colonial interests and Maronite national claims. The emergence of an independent Lebanon can also be viewed as a reflection of the colonial struggle to co-opt communal representatives. The constitution was a means to realign Maronite personalities in support of French control as a guarantee of the finality of Greater Lebanon. On the other hand, the French presented the constitution to the Muslim Lebanese as a first step toward independence from France. This political strategy was partly responsible for making the constitutive claim that "all Lebanese are equal before the law"²⁰² practically devoid in terms of state-citizen relations. For the Maronite community the state project was positioned in a way to safeguard their interests. However, their drive for independence contradicted their dependence on the French to subjugate the non-Christians to their national project. For the Muslim community, the state was a tool that imposed Maronite rule, kept the French in Lebanon, and prevented them from joining the Arab national project. These contradictions were becoming a reality to reckon with on the ground. The Druze revolt against the French had spilled over to Lebanese Druze areas, violent Shi'a unrest in the South, and frequent demonstrations by Coastal Sunni Muslims clearly spelled two realities. The first is a realization that the non-Christian communities rejected any French political role. The second and more relevant to our work is that inter-communal relations were not amenable to the notion of nation-statehood.

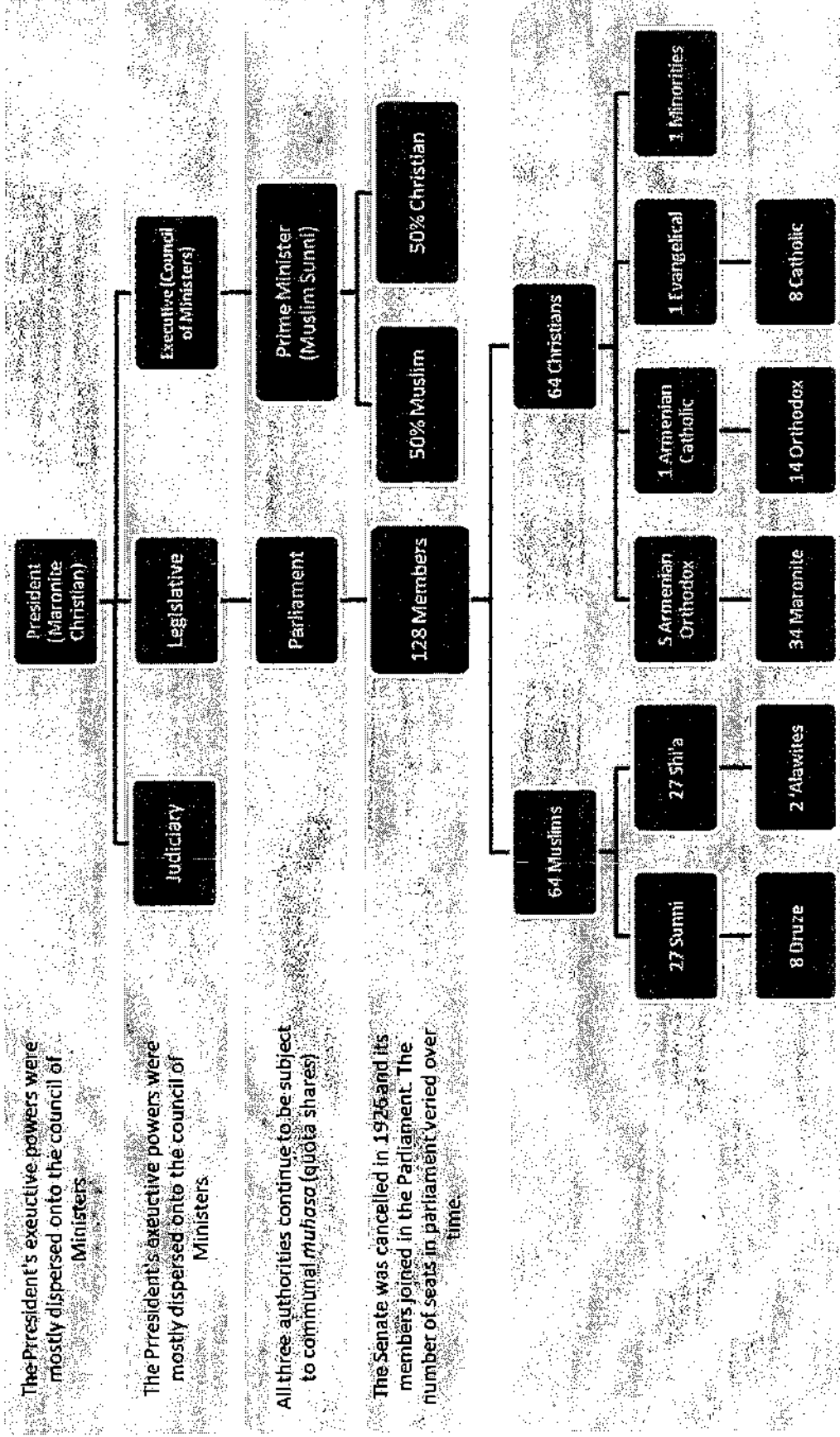
4.3.4 National Pact

The National Pact, the fourth step, stands out among all other systemic determinants as an unwritten pact driven by the norms of inter-communal political practice. The basic alteration in the governance equation was that the Sunni Prime Minister was to be more of an equal partner than simply the President's First Minister. This step signaled the end of the overt Muslim disgruntlement with the idea of independence from Syria. Such an improvement should have reinforced state autonomy and functionality. While it did reinforce its autonomy from Syria (and the wider Arab nation), it actually weakened its functionality. The 6/5 power sharing ratio only meant that non-Maronite factions be

²⁰² Article 7, Lebanese Constitution of 1926.

given a more active stake in the system in return for their commitment to it as a national umbrella. Internally, the change in the governance equation was only to enhance community-community balances thus weakening the state in the community-state balance. In other words, for the state as governing body, initially the bulwark of a Maronite imagined nation, getting Muslim recognition of its independence was only at the cost of losing its autonomy and functionality. The presence of a Sunni Prime Minister partner reinforced the communal legitimacy of the executive authority but weakened its very functionality. In a typical dynamic of inter-communal governance, the Prime Minister negotiated policy making with the President based on his politico-communal 'weight'. In cases of collapse, the Sunni President could resign and thus delegitimize any decision as one which the Sunni community rejects. A typical example explaining state debilitation by such a dynamic was Saeb Salam's resignation following the Israeli assassination of three PLO leaders in Beirut. This decision reflected the Christian-Muslim division over PLO's presence in Lebanon.

Figure 4.4: State Institutions under the Ta'if Agreement



4.3.5 Ta'if Accord

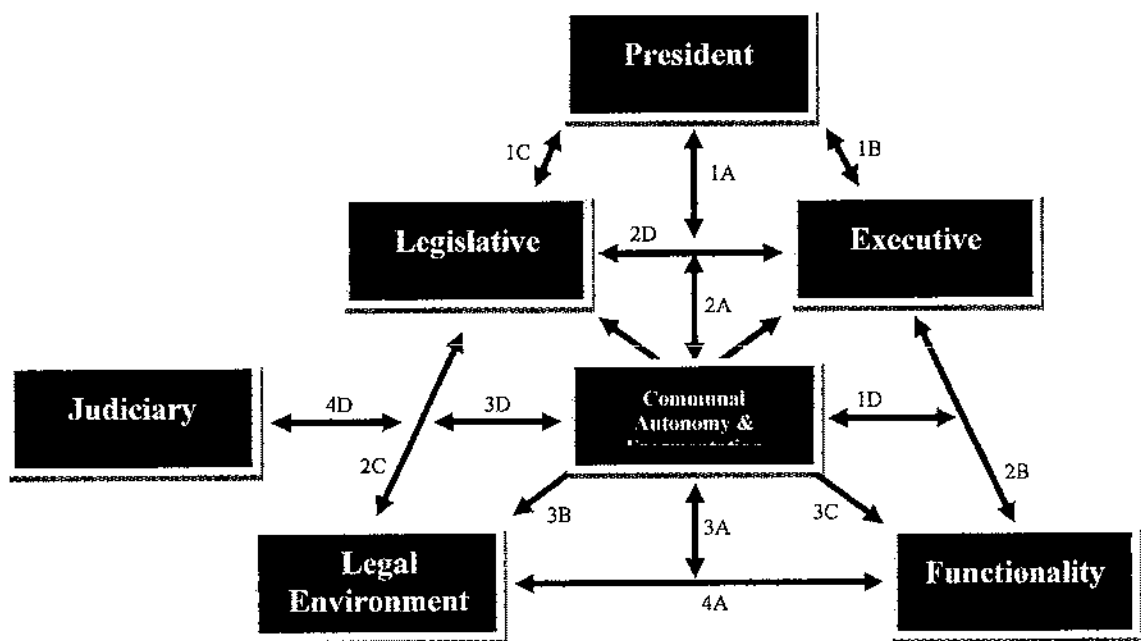
The fifth constitutive element is the Ta'if Accord. While it ended the inter-communal conflict, the Accord was mainly a tool to institutionalize the aggregation of domestic, international, demographic, and functional changes that were already practically introduced to the Lebanese polity. The Accord simply recognized the changes and introduced them into the constitutional text. It deposed the President as a 'Republican king' and diffused his powers to the cabinet of ministers. By doing so, Legislators recognized the definitive predominance of the politicized religious communities over any project for state autonomy. From that point on, any attempts to strengthen the state can only happen through communal consensus and not in spite of it.

The dispersion of executive power from the hand of one person, a Maronite President in particular, to the hands of a communally distributed Cabinet of Ministers, follows the same rationale that was applied under the Qa'immaqamiya. Such a change in the constitutive rules of state governance allows for the ambiguity required to manage the plethora of communal, regional, and international interests penetrating the system. Instead of having power be concentrated in one circle of authority, the dispersion allows each power group to seek its own connections and interests without having to overtly clash with another. This loose constitutional loop avoids having a rigid text that would tie down the rather erratic and conflictual straights of the different politicized communities. The primary objective of the Ta'if was to avoid rigidity. In the long run, just like the preceding texts, it obliterates the ability of state to plan, implement, and enforce governance measures. This triumph of the community over state became even more professed in the Doha Agreement in May 2008. This conference ended a 3-year political crisis which paralyzed state institutions to practical halt. It actually annulled state and constitution as the medium in which communities battle each other out and granted communities further autonomy to act as states themselves.

4.4 Community versus State

Figures 3.1, 3.2, 3.3, and 3.4 represent the structural evolution of the Lebanese political system to our current day. It is graphically apparent that there is no actual presence of a state that could disengage from the communal political essence. This absence implies that the political pragmatism which brings forth what Khazen aptly describes as 'the lowest common denominator'²⁰³ approach to state governance, also limits the ability of state to improve its governance.

Figure 4.5: The Impact of Communal Autonomy and Fragmentation on State Structures



²⁰³ Farid el-Khazen, *The Communal Pact of National Identities*, Centre for Lebanese Studies, UK (1991), p.5

Table 4.1: Inter-communal Politics and the Post-Ta'if Lebanese State

1A	The President's ability to be the mediator between the Executive and the Legislative is practically dependent on his ability to amass solid political support both within his Maronite community and nationwide. Only then can the president have influential stakes in both institutions.
2A	Communal alliances and coalitions inside the government determine the cabinet's decisions/policies. These alliances are often prepared for inside the Parliament first. This dynamic annuls the notion of checks and balances since MPs are committed to their communal allegiances.
3A	Both the Council of Ministers and the Parliament are subject to communal <i>muhhasasa</i> which subjects their work to inter- and intra-communal relations which strongly affect the legal environment and state functionality.
4A	Governmental functionality on the ability to found a working environment in which Ministers can collaborate as one team: a textbook weakness of coalition governments. It also depends on the legal environment it works in. Consociation forces both mediums to adapt to communal autonomy and fragmentation and limits them to Khazen's "lowest common denominator." ²⁰⁴
1B	The President's ability to influence the work of the executive is limited to chairing Ministerial sessions. More significantly, there is a duality between his role and that of the Maronite ministers representing their <i>zu'ama</i> . Maronite-Maronite competition can potentially be battled out inside the cabinet. This role can also contradict that of the Prime Minister and can obstruct governmental functionality.
2B	Having Ministers who represent communities and <i>zu'ama</i> weakens executive teamwork. It also fails to 'universalize' the government's authority over territory and people by enshrining the communal 'intermediary'.
3B	The government contributes to the legal environment by decrees (<i>marasim tashri'iya</i>). It depends on communal representation to extend its legitimacy. As a result, its ability to shape the legal environment it functions in is subject to communal considerations. Its ability to enhance the rule of law is curbed by the resultant fragmentation and lack of 'universality'.
1C	The President can no longer dissolve parliament. He can only address the legislative with non-binding letters. After Ta'if, no President has had a parliamentary bloc as an active stake in passing laws and votes. This limits his ability to shape policy and state decisions.

²⁰⁴ Farid el-Khazen (1991), p.5

2C	The parliament is made up of communal clusters each with considerations and politics of their own. The legal environment is then tailored to these elements. Such is the case of electoral laws, public budgeting, institutional oversight, the work of the parliamentary committees, and even the international treaties Lebanon ratifies.
3C	The absence of real parliamentary oversight on the work of the executive weakens state functionality. Be it in the cabinet itself, or in the ministries and public administrations, government executives, policy makers, and practitioners are more answerable to communal centers than to parliamentary oversight – including oversight from MPs who belong to the same communal/political side.
1D	Communal autonomy and fragmentation impacts the ability of the executive to improve its functionality. Ministers can be part of a government which policy they would publicly reject. Coordinating strategies, policies, and decisions is often lacking. In fact, this tradition has accumulated decades of executive fragmentation that impacted economic policies, urban planning, development, etc...
2D	Each parliamentarian bloc has a share in government. The blocs that don't are already too weak to be able to make a difference in terms of voting or lawmaking. The blocs that do have ministers in the government are bound to abide by its policies and practices regardless of their content. The relationship between the two institutions is more like a family affair: big communal clusters in the parliament send representatives according to their proportion to a similarly administered yet smaller council.
3D	Legislators can envision a required change but often find themselves bogged down by communal considerations. Such is the case with laws such as optional civil marriage, lowering suffrage to 18, sanctioning oil rigs in Lebanese regional waters, abolishing exclusive agencies, etc...
4D	Little if any of state affairs is relayed to the judiciary to arbitrate or adjudicate. Assuming that the judiciary is adrift from communal and political considerations (which it wasn't under Syrian control), most state affairs are conducted outside the official circles. National courts have little to offer when it comes to administering inter-communal affairs that have already superseded every other state institution.

4.5 De Facto Alternatives to State Governance

4.5.1 Social Development: Communal Welfare and Religious Institutions

The extended family system often supersedes the state in performing social, welfare, economic, and political functions. (See Chapter One) There are bigger social agglomerations that also overlap with the state such as the neighborhood, the village, the political allegiance, and of course the religious community. These spatially defined societal mediums are like compartments along which economic, social, and political gains trickle down the population. The instances in which these mediums supersede the state in its basic functions, including its security functions, are almost daily.

The most glaring instance is the absence of state when it comes to personal laws. By virtue of Articles 9 and 95, the constitution gives the politicized religious communities the right to autonomy in civil law and to protect their 'religious interests'. Apart from its contradiction with the principle of having all citizens equal under law, the state concedes its prerogative to the Shari'a courts for Muslim Sunni, Shi'a, and Druze citizens and the independent ecclesiastical courts for each of the Christian communities.

Religious institutions, both official and communally based associations, dominate the field of social development. A recent study by Chaaban and Seyfert shows that socio-economic factors contribute to the emergence of confessional NGOs as prominent tools of community welfare. The study attributes this rapid growth in the NGO sector to the inability of governments to provide a sufficient amount of development services. These associations are mainly identified as "gathering(s) of individuals willing to pool resources to supply public goods when the government and/or markets fail to provide them."²⁰⁵ However, additional attributed characteristics explain the role they play in nurturing the widespread clientelist system. Faith-based NGOs are primarily "dominated by powerful leaders and/or donors who use the NGOs' provision of public services for

²⁰⁵ Jad Chaaban and Karen Seyfert, *Faith-based NGOs in a Multi-Confessional Society: Evidence from Lebanon*, working paper, unpublished, p.2

patronage and to gain social control over beneficiaries.”²⁰⁶ These confessional NGOs, while acting as vehicles for control along communal lines, can further instate vertical fragmentation in society and undermine the authority of the state. Unable and unwilling to cooperate due to “aversion to mixing (them) selves,”²⁰⁷ faith-based NGOs conduct themselves under the pretence that individuals “prefer to contribute to a public good if it benefits groups whose characteristics mirror their own.”²⁰⁸

Historically, the provision of private social service is institutionalized in prominent religious endowments and foundations.²⁰⁹ The annual turnover of the NGO sector in 1999 was estimated at USD 250-300 million with a few large NGOs handling budgets of USD 5 million and medium ones handling budgets of USD 100,000 – USD 1million.²¹⁰ Social services mainly include scholarships, medical assistance, and food subsidies. Providing social services and aid relief in war time was a common way to ease the populace in areas that militias controlled. Such services amounted to 20% of the large militias’ budgets.²¹¹ Many war-time aid relief agencies were turned in post-war NGOs. Individual politicians and political parties have their own NGOs such as Issam Fares, Rafiq Hariri, Moawad and Safadi foundations, the Mikati foundation called al-‘Azm wal Saadeh, as well as welfare organizations linked to the Amal Movement and Hezbollah. The smashing majority of these organizations are financed in varying degrees by private wealth, international support and other contributions.²¹²

In similar fashion to how the state recoils from the arena of personal status laws, the state gives way to private, mostly communal NGOs, to provide social services. Even

²⁰⁶ Chaaban and Seyfert, unpublished, p.4

²⁰⁷ Alberto Alesina and Eliana La Ferrara, “Participation in Heterogeneous Communities,” *Quarterly Journal of Economics* Vol. 115, No. 3 (2000), pp. 847-904.

²⁰⁸ Jacob L. Vigdor, “Community Composition and Collective Action: Analyzing Initial Mail Response to the 2000 Census,” *Review of Economics and Statistics* Vol. 86, No. 1 (2004), pp. 303-312.

²⁰⁹ Brigitte Rieger, *Rentiers, Patrone Und Gemeinschaft: Soziale Sicherung Im Libanon*, Europaeische Hochschulschriften (Frankfurt am Main: Peter Lang Europaeischer Verlag der Wissenschaften, 2003), p.78.

²¹⁰ LCPS, ‘Civil Society and Governance in Lebanon: A Mapping of Civil Society and Its Connection with Governance’, in (Beirut: The Lebanese Center for Policy Studies, 1999), p.25.

²¹¹ Samir Makdisi and Richard Sadaka, ‘The Lebanese Civil War, 1975-1990’, in, *Lecture and Working Paper Series*, (Beirut: American University of Beirut Institute of Financial Economics, 2003), p.17

²¹² Chaaban and Seyfert, unpublished, p.8.

when financed by the state, social services are sub-contracted to NGOs or other private providers. Chaaban and Seyfert estimate that 80% of the budget of the Lebanese Ministry of Social Affairs "is earmarked for distribution to NGOs to deal with the disabled and orphans as well as education and health." Similarly, the Lebanese Ministry of Health estimates that 60% of health centres are run by non-profit groups, though many of them sub-contracted by the government.²¹³ A World Bank report adds that most government funds destined for NGOs are channelled through old, established, religious or family NGOs and, since the 1990s, also to new NGOs linked to and founded by prominent politicians.²¹⁴

What applies to social services applies to Education where the large majority of the 60% of students in private education attend schools run by NGOs.²¹⁵ Religious control over education is more or less protected by the constitution which grants the state an unrealistic prerogative of regulating educational services and monitoring schools. As a tool of social management in a multi-communal nation, the state has failed to properly manage the education sector. Four major indicators highlight this failure: the teaching of religion, the teaching of history, the regulation of the private sector of education, and the derisory status of the Lebanese university. The first two failures are attributed to nearly irresolvable inter-communal sensitivities. However, the latter two failures clearly highlight the state's inability to regulate the privately dominated Education sector or to be able to provide a viable 'national' arena for education services vis-a-vis a unified Lebanese University. Indeed state failure is best concluded by Munir Bashshur as not being able "to put laws already in books to practice" simply due to the absence of management in the form of a "government working for (people's) interests, not the interests of its own individuals or the interests of others."²¹⁶

²¹³ Kareem el-Bayar, "Ngo Laws in Selected Arab States," *International Journal of Not-for-Profit Law* Vol. 7, No. 4 (2005).

²¹⁴ Omar Traboulsi, "Mapping and Review of Lebanese Ngos (Attachment 3)," in World Bank Middle East and North Africa Group Human Development Group ed., *Republic of Lebanon Poverty Review*, (Beirut: World Bank, 2000).

²¹⁵ Jihad Makhoul and Lindsey Harrison, "Development Perspectives: Views from Rural Lebanon," *Development in Practice* Vol. 12, No. 5 (2002), p.616

²¹⁶ Munir Bashshur from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p.179

The constitution institutionalized communal prerogatives by granting the heads of the 'legally recognized communities' the right to directly appeal to the Constitutional Council exclusively for matters that affect their communities pertaining to: civil status, freedom of conscience, religious practice and the freedom to religious education.²¹⁷ This constitutive development gave further recognition to the role of autonomous religious institutions such as Bkirki (the Maronite Patriarchy), Dar al-Fatwa, and the Supreme Higher Shi'a Council. The autonomy of these institutions is another challenge to the autonomy of the state. Their activities also overlap with stately functions such as running schools, raising funds, providing social services, and administering personal status services.

The *Zakat* Fund is one example of how advanced these institutions have become. The institution administers a sophisticated program for collecting *Zakat* nationwide. Donations are now diversified and can be collected in the form of donations in-kind, cash donations, stocks and bonds, real estate, investment, and gold. In a recent study, the Fund praised *Zakat* as a means "to stimulate cash flows, encourage investment, expenditure, and productivity." *Zakat* reinforces social solidarity by creating jobs, fighting unemployment, and redistributing income.²¹⁸

4.5.2 Economic Governance: Banks

Suggesting banks as de facto alternatives to the state can be a bit surprising. However, when taking a closer look at the role that the banks played in the post-war Lebanese economy, one could trace a gradual take-over of economic management by the major banks, and especially state debtors.

Public debt drove the state to seek external loans in order to finance the interest on its internal loans from Lebanese banks (which are not entirely Lebanese considering foreign investors, overseas assets, and investments). Debt management policies have incurred

²¹⁷ Ta'if Accord – Document of National Understanding, Chapter 3, Article D.

²¹⁸ <http://www.zakat.org.lb/Library/BookPages.aspx?BookID=36>

heavy fiscal burdens on a struggling population thus draining the bulk of public spending. The practical implication of this reality is that the state's ability to administer economic, financial, and development policies retracted in favor of the banks. This situation is forcing the state to commit to certain reforms as demanded by donors and international institutions. These suggested reforms all fall within a range of economic liberalism, such as privatization, public expenditure cuts, removal of subsidies on protected goods, and the curbing of corruption.

So far we have seen that social, economic, and political structures already sideline the state by limiting its autonomy and functionality. In that context in particular, such reforms further deprive the state of additional policy tools for managing the economic. The problems that such reforms are meant to rectify actually originate beyond state institutions and the classical realm of policymaking. As we have seen in chapter two, the malpractices that international donors and financial institutions point out are fostered by the mutated implementation of economic liberalism in Lebanon.

Corruption for instance, is identified according to levels of severity from petty corruption to structural corruption. The last category is when corruption "involves government contracts and 'commissions' on them, often with the knowledge and blessings of the highest echelons of power."²¹⁹ Another safe assumption when typifying forms of corruption is that when higher levels are recorded, it is definite that lesser forms such as petty corruption do exist.

In a survey conducted in 2004, 74% of the Lebanese considered that "bribery is necessary to secure a contract from any public institution" and 18% of those believed that "all Lebanese politicians are corrupt".²²⁰ Gerrymandering, unregulated funding of electoral campaigns and nepotism are examples of regular instances in the Lebanese political scene. In 1991, a Ministry for Refugees and a Refugee Fund were established with the mission statement of reinstating 135,000 internally displaced citizens. Out of an

²¹⁹ *Corruption in the Arab Countries*, link: <http://www.al-bab.com/arab/background/corruption.htm>

²²⁰ *Corruption in the Arab Countries*

estimated \$800 million allocated for that purpose, the biggest share was spent for other purposes such as funding Solidaire projects, evacuations, and property appropriations in favor of Hezbollah, Amal, and Sunni families. Some of that money was also used to fund parliamentary elections in 1996 and municipal elections in 1998.²²¹ The disputed allegations were confirmed by the then Prime Minister Salim al-Hoss who said: “none but god and whoever is firmly grounded in the knowledge of those in power can identify the gravity of the corruption that is perpetrated in the name of the return of displaced persons.”²²²

The need to address the raging issue of managing public debt is incurring detrimental impact on the state’s ability to take the lead in economic management. Debtors have refused alternative policies such as improving the Lebanese pound to US dollar exchange rate as a means to decrease debt burden. This measure was included in the Paris II paper by the consent of external debtors and donors. However, the policy was never implemented, which means that it was resisted by the major internal debtors.²²³ The only option for the state to finance its budget deficit is to attempt and borrow from Lebanese banks for 0% interest. As a result, the state is left at the mercy of the major commercial banks which now enjoy troubling cash availability that exceeds state capabilities by far. Bank assets in Lebanon amount up to \$130 billion of which \$70 billion belong to the four major banks. Bank profits by the end of 2009 have reached \$1,680,000 of which at least one billion belongs to the big four.²²⁴

State interventionism in the 1990s was a major factor that helped banks to achieve such enormous profits. The issuance of treasury bills at record high 40% interest rates to the order of the banks was instrumental in accruing such heavy public debts. Today, the banks are not willing to return the favor. Under the guise of economic liberalism, the state is not allowed to dictate policies on where and how to invest bank profits. Communal leaders align themselves with major bankers such as Joseph Tarabay (Credit

²²¹ Nicolas Nassif, An-Nahar, 10 July 1998.

²²² Kamal Dib, *‘Oumara’ al-Harb wa Tujjar al Haykal: Rijal al-Sulta wal Mal fi Lubnan*, Dar an-Nahar, Beirut (2007), p.545.

²²³ Fawwaz Traboulsi, As-Safir, 11 February 2010.

²²⁴ Fawwaz Traboulsi, As-Safir, 11 February 2010.

Libanais), Raymond Audi (Bank Audi), and the Sahnawi family (SGBL Lebanon). Saad Hariri, Walid Jounblat, Nabih Birri, Michel Aoun, and Michel el-Murr, all own stakes in the banking sector. Not only so, but some of them have relied on banking channels to accrue their personal riches, fund business deals, and finance electoral campaigns. These interest-based alliances have brought bankers into the heart of the political game, mainly through its back channels, giving them substantial bargaining power.

Influential persons such as Tarabay, Audi, and Sahnawi reside over private institutions that can now administer much more impacting economic policies than state policies. When compared to the meager resources of the state, they can employ their ample capabilities to offer education, housing, and business loans with a much more impacting outreach.

However, bankers are not elected representatives. They are driven by profit and not by responsibility. With the substantial share of cash flow in the economy under their control, they can choose to invest abroad only to be checked by the Central Bank. In light of their preferential standing with the communal leaders, the state has failed to enforce taxes on bank profits or on the next-in-line good: real estate acquisition. In an ongoing negotiation between the state and the banks, the latter have obviously enjoyed the upper hand. As President of the Association of Lebanese Bankers, Joseph Tarabay announced that the banking sector would agree to finance infrastructure development projects. However, Tarabay set two conditions for such involvement by the banks. The first condition is to quickly provide the legal grounds for a sound private-public partnership is secured. The second condition was that the state “set its priorities based on immediate economic impact, primarily water, electricity, dams, roads, and communications.”²²⁵ Tarabay attributed the second condition to the need to involve overseas assets to finance long-term project.

These conditions openly reaffirm the banking sector’s active role in the economic and financial policymaking. As financiers, banks are most probably expected to dictate their

²²⁵ <http://www.almarkazia.net/Economics.aspx?ArticleID=22389#top>

profit-oriented priorities based on the popular saying: "he who pays the piper calls the tune."

4.5.3 Political Governance: Communal Leaderships – *Zu'ama*

Joseph Maïla, one of the earliest critics of the Ta'if Accord described the constitutional aim of "asking the communal elites to willingly abolish communalism" as a "plan (that) amounts to political suicide."²²⁶ Maïla's Orwellian interpretation relies on the notion that power is an end not a means. Since the *Qa'immaqamiyas*, the norm of including communal representatives into governing bodies has been a prerequisite for legitimizing these bodies. The crux of *Dawlat al-Istiqlal* (the State of Independence) was the Maronite-Muslim partnership in the National Pact. It was Riad el-Solh's communal stature that shorthanded Muslim participation in the Lebanese state. His participation announced a 'national moment' and any revocation on his behalf would be a reversal of the moment itself.

Communal leaders carry their popular legitimacies with them to state institutions. Their participation sanctions policies and certifies practices. Their autonomy is most apparent in their foreign relations. The leaders of the 1958 opposition enjoyed ties with the Nasserist regime. They exchanged public visits with Nasser as the Egyptian head of state. Communal leaders conducted their affairs as heads of state themselves. They bought weapons, negotiated politics, and signed treaties such the tripartite agreement of 1983 which included a bilateral treaty with Syria. By the time the civil war erupted, each za'im had taken his portfolio of international friendships in his own directions. Chamoun's ties with the British, Saeb Salam's ties with Saudi Arabia, and Mousa Sadr's affiliation with Iran, are indicators of how each community was to conduct its affairs with substantial autonomy. 'Communal sovereignty' is based on a two-fold reality.

Communal leaders reside over sub-state entities without which there can be no 'national sovereignty'. They command sub-polities that await their approval to accept the

²²⁶ Joseph Maïla, 'Document d'entente nationale, commentaire', Les Cahiers de l'Orient, 16-17/1, Paris: Societe Francaise d'Edition, 1990.

different forms of state presence in their territory and implement national laws. Once communal elites accrue enough power within their sects and regions, their participation and consent is integral to any state-led initiative. This reality is institutionalized in the constitutional under the guise of “balanced cultural, social, and economic regional development as an essential foundation for the unity of state and the stability of the system.”²²⁷

The Ta’if Accord constituted a shift from “a hierarchical communal partnership among the major communities into a consociational, inter-communal collective partnership.”²²⁸ By shifting power from the Maronite President to the Council of Ministers *congregated*, the Ta’if has given every communal leader the power to disable the work of the cabinet via a variety of tools. Communal leaders can negotiate deals over cabinet votes which was a very common practice in the Hariri governments. In fact, in its 1993-1994 reports, *Diwan al-Muhasaba* (the Audit Court) warned officials of “the consequences of the policy of contracting by consent.”²²⁹ Another means for communal leaders to dominate the policymaking arena is to have their ministers withdraw from voting sessions. For instance, when Prime Minister Rafiq Hariri was faced by ministerial rejection over his project for sea piling, he threatened to withdraw from the session and publicly announce his resignation.²³⁰ Shi’a Ministers walked out on cabinet sessions in December 2006 in objection to its policies. The move strongly delegitimized the government by stripping it from any claims on representing the Shi’a community. The crisis was only resolved by the Doha Agreement of 2008 following the outbreak of violent clashes.

Inter-communal vulnerability, coupled with the substantial autonomy given to *zu’ama* as the only legitimate powers of attorney in a divided society, have functionally sidelined the state as an autonomous entity capable of working as a cohesive entity. Its functionality has copied its very ethos: a lowest common denominator. Hanna Ziadeh

²²⁷ Ta’if Accord – Document of National Understanding, Preamble, Article G.

²²⁸ Hanna Ziadeh, *Sectarianism and Inter-Communal Nation-building*, Hurst & Co., London (2006), p.140.

²²⁹ Kamal Dib, *‘Oumara’ al-Harb wa Tujjar al Haykal: Rijal al-Sulta wal Mal fi Lubnan*, Dar an-Nahar, Beirut (2007), p.544.

²³⁰ Elias el-Hrawi, *‘Awdat al-Jumhuriya min al-Duwaylat ila al-Dawla*, Dar an-Nahar, Beirut (2002), p.401.

describes this gradual process of fragmenting the power circle vis-à-vis consociation as “the rise of a nation and decline of a state.”²³¹

²³¹ Hanna Ziadeh (2006), p.158.

Chapter Five

Regional Structures

*Nor the stranger's sword
Be thy sad weapon of defense, and so,
Victor or vanquished, thou the slave of friend or foe.*

Lord Byron – Childe Harold's Pilgrimage

5.1 Lebanon's relation to the wider Middle East

Iliya Harik describes the Middle East as a “subordinate system that is not autonomous enough.”²³² The most professed aspect of this subordination is military weakness that is best highlighted by Israel's undeterred ability to invade Egypt and Syria. Economic aspects of the subordination of the Middle East are equally glaring such as dependence on foreign aid and the rentier nature of Arab economies mainly due to dependence on oil. MENA fuel exports amount to 85% of total Merchandise exports between 2000 and 2009. Apart from high oil and gas exports concentration, non-oil exports in the MENA also lack the desired diversification. In the non-oil MENA countries, the top four export categories constitute 43.57% of the share of total exports.²³³ Export concentration and the region's geography of trade flows (diversity of export destinations) imply that “not only is MENA's exposure to terms-of-trade shocks larger, but the expected gains from trade are lower.”²³⁴ Trade performance in the MENA region leaves its countries to face high volatility due to extreme exposure to external shocks. Weak internal cohesiveness is another aspect of the region's subordination since religious and tribal divisions often undermine and weaken national identities, civil society, and state authority. An equally important factor that constitutes a major aspect of the Middle East's subordination is

²³² Iliya Harik, lecture to a Lebanese American University graduate seminar on *The Position of Lebanon in Different International Systems*, November 11, 2005.

²³³ International Bank for Reconstruction and Development / World Bank, *Economic Developments and Prospects*, 2009 Annual Report, p.67

²³⁴ IBRD/World Bank, 2009 Annual Report, p.66

related to the mechanisms of managing inter-Arab relations. Inability to take unitary action on key issues has left the League of Arab states vulnerable to external penetration.

International and regional developments often trigger changes in bilateral relations, regional realignments, or systemic changes as a whole. These reactions are destined to impact Lebanon via changing state interests and mostly by virtue of sub-state challenges such as religious divisions. This dynamic has been a constant set of interactions between Lebanon's internal elements and the regional environment. Any two states can battle out their differences in the open political and economic arena of Lebanon. The bickering 'princes of olive and cheese'²³⁵, resting their uncontested leadership on kin-ordered sectarian clans, have always been, and continue to be, fertile receptacles of regional competition.

As we've seen in chapter three, political communities in Lebanon should be understood as per Fawwaz Traboulsi's definition to be "ahistorical essences rooted in religious differences or as mere political entities."²³⁶ They are vehicles through which the Lebanese structure their society and economy and struggle for power. These extra-religious functions explain the true dynamics of inter-communal relations. Thus, it is important to understand the impact of external factors in that same dynamism. Figure 4.1 explains the dynamics of how Lebanon's power-sharing system interacts with an externally penetrated Middle East. The dotted lines symbolize a negative relationship between the structures that they connect and the plain lines a positive one. Hereunder, a positive relationship means that a structure reinforces the other and maintains the prevailing balance of power. A negative relationship indicates a change that leads to a change in the correlating structure(s).

The balance of power among the sectarian communities, as the main actors in the political system, defines the power sharing formula that establishes Iliya Harik's 'rules

²³⁵ Fawwaz Traboulsi (2007), p.29-30

²³⁶ Fawwaz Traboulsi (2007), preface viii

of the game'.²³⁷ Communal connections with the wider regional context influence the internal process itself. For instance, the end of the Cold war established an American unipolarity in the Middle East. America's unchallenged hegemony incited the pragmatic Asad regime to participation in the international coalition that led the first war on Iraq in 1990. Damascus was rewarded by an American recognition of its patronship over Lebanon. As a result, Syria became the dominant power broker and arbitrator in domestic politics. The structural impact here is that a change took place in (a) which negatively related to (b). Afterwards, (b) negatively relates to (c) and (d). In the Ta'if Accord aftermath, all opponents to the new 'formula' were either coopted (Samir Geagea) or defeated militarily (Michel Aoun). This process was best captured by Albert Mansour's conclusion that "it is imperative that the balance of power is adjusted in order to establish respect for the new text (the Ta'if Accord)."²³⁸

²³⁷ Iliya Harik, lecture to a Lebanese American University graduate seminar on *The Position of Lebanon in Different International Systems*, November 11, 2005.

²³⁸ Translated from "Harb Lubnan", Omar Al Issawi, Al-Jazeera TV (2001), Interview with Albert Mansour.

state, major actors no longer bind themselves to the rules of the game whereas under consolidated state governance they conform to these rules as 'normal'.

There are varying degrees of governance consolidation that correlate to the specificities of every state. The process itself constitutes an interplay between several factors that determine the type of governance and its degree of consolidation. In Lebanon, this process is governed first and foremost by communal consensus: '*al-wifaq al watani*'. In terms of governance, this consensus is translated to powersharing which applies to all state institutions including the judiciary.

The mechanism by which the international environment can affect the domestic process itself exceeds the means of direct intervention. International and regional structures can impact the process of consolidating state governance by inducing pressures leading to debates on reconfiguring state governance itself. The international and regional environment can have a *regulative effect* on states by influencing the opportunities for and constraints to power and practice of political actors. The external environment also plays a *constitutive role* in the formation and functioning of state institutions and political practices.²⁴¹ As we've already seen in chapter 3, foreign powers were the main engineers of most of Lebanon's constitutive structures.

The set of connections described in figure 4.1 explicate the workings of the link between the regional system – in its instability and shifting balances of power – and the constitutive rules of inter-communal relations shaping state governance in a consociational system. These linkages are like joints that attach Lebanon to the wider Middle East. They embody dynamics that continue to our present day. They have auctioned 19th century Mount Lebanon as stock-in-trade to Ottoman-European rivalries. In 1958, they opened the newly independent state to Cold-War competition and the rise of Nasserism in the Arab world. After the 1967 defeat, Lebanon's openness to regional trends was definitely inviting to the military ambitions of the PLO. In turn, Palestinian activism invited bigger Israeli involvement in the process of debating state governance.

²⁴¹ Badreddine Arfi (2005) p.10

This dynamic was most clear whence Syria and Israel engaged in outright battle on Lebanese territory such as the battle of Sultan Ya'qoub in 1982. Today, Iran's domestic and regional ambitions, notwithstanding the ambiguous divide between the two, are of substantial impact on Lebanon's internal stability and its regional relations vis-à-vis Syria and Hezbollah.

5.2 Regional Facets of the Political Development of Modern Lebanon

5.2.1 Mount Lebanon in Egyptian, European, and Ottoman Competition

Ottoman control of the region in the 19th century was being strongly challenged by the European powers. At the time, regional involvement and alignment with international competition was drawn along the following lines. The Egyptians under Mohammad Ali's son Ibrahim took control of Syria with the support of the French. The Ottomans were backed by the British and were preparing for a counter-offensive. In Mount Lebanon, Bachir Chehab aligned himself with the Egyptians thus causing enmity with the Ottomans. Let us base our reading of these historical events on our modular interpretation of how the international and regional environment affects inter-communal relations and the constitutive rules of state governance in the then Mount Lebanon. Ibrahim Pasha's military campaign in Syria was the event that translated the shifting rules of regional and international balances. The Egyptian rule of Syria triggered a sectarian confrontation between the Christians and the Druze. In 1838, a Druze rebellion against Egyptian rule in Hawran led by Shibli al-'Aryan was spreading to the Biqaa', and Wadi al-Taym. In response, Ibrahim Pasha armed a 4000-manned Christian force and asked Bachir Chehab to send his son Khalil to lead the force against the Druze rebels.²⁴² Joining the ranks of the rebels were the Imad and Jounblat leaders, whom as we've seen earlier, had scores to settle with Bachir Chehab. This instance is a good example of how regional interests converge with communal and tribal interests. In fact, the resulting confrontation was only settled by foreign military intervention. The

²⁴² Fawwaz Traboulsi (2007), p.12

Ottomans, alongside their British and Austrian allies, succeeded in ending the Egyptian occupation. The results of this confrontation highlighted a change in the regional balance of power that in turn ushered an equally impacting shift in the communal balance of power inside Mount Lebanon. By 1840, with his regional patrons withdrawn to Acre, Bachir Chehab lost his emirate and was arrested and exiled to Malta.

British and French competition in the Middle East also hedged on Beirut's economic role in the 18th century. The French held a monopoly over the silk industry while the British controlled export activities, insurance, maritime transport, and banking. The competition was locked in mainly on the control over ports, transportation, and communication infrastructure. The French enjoyed the upper hand in the infrastructure pouring nearly 168.3 million francs in investments in Lebanon, Syria, and Palestine. The British on the other hand focused their efforts on the port of Haifa. However, the Beirut port reportedly handled 75% of the trade to the Syrian inland.²⁴³

Based on our model, once the shift in regional balances had dictated a change in inter-communal relations, a change in the constitutive rules was due. The British, Austrians, and the Ottomans supported the Druze demand for a Muslim governor. On the other hand, the French insisted on the return of Chehab to sustain a viable mainstay for Christian power in Mount Lebanon. This balance of power and interests led to a compromise, proposed by the Austrian Chancellor Metternich, which suggested dividing Mount Lebanon between the Christians and the Druze.²⁴⁴ The resultant system, the *Qa'im Maqamiya*, was to be carved out of this dual balancing between regional and communal interests. Moreover, the suggested formulations of the constitutive rules under the *Qa'im Maqamiya* clearly paralleled the regional economic interests of Britain, France, and Mount Lebanon's rising bourgeoisie.

Despite the fact that the conflict was formally ended by an international commission joining the consuls of Britain, France, Prussia, Russia, and Austria and Fouad Pasha,

²⁴³ Fawwaz Traboulsi (2007), p.55

²⁴⁴ Fawwaz Traboulsi (2007), p.24

Ottoman-French rivalry had been far but settled. The foreign powers would battle each other out through their local clients. And again, external divisions found internal accomplices who in turn reflected local social, economic, and political problems. The French covertly supported the peasant revolt while the Ottomans had delegated Yusuf Karam, *Qa'im Maqam* of the Christians, with the task of putting an end to the revolt. In March 1861, Karam successfully defeated the leader of the revolt Tanyus Shahin who sought refuge with the French consul. This limited success allowed the Ottomans to partially recover political ground in the region. The domestic ramifications spelled the end of the *Qa'im Maqamiya*, which was the trial of separating Mount Lebanon to two administrative districts, one Maronite and one Druze. The *Mutasarrifiyya* was the offspring of an Ottoman-European compromise that was to last longer than that of 1843. In contrast to the *Qa'im Maqamiya*, the *Mutasarrifiyya* opted for a unified administration based on communal power-sharing, mainly between the Maronites and the Druze.

This period of the events of 1860 poses a serious question on the extent to which sectarian violence and local rivalry over power, clearly played out in favor of external power interests, were an expression of socioeconomic frustration as well. As these events subsided, the factors fueling them can be seen to fuse into a triad synergy of international interests, vertical communal divisions, and socioeconomic rigidity. It is through this analytical prism that one can best explain the 19th century clashes in Mount Lebanon. In Mount Lebanon, the peasant revolt of 1858-60 is seen by Traboulsi as "a commoners' revolt against the Muqata'ji system" that led to two different outcomes: "a social revolt of Christian commoners against Christian overlords in the north and a sectarian civil war between Christian commoners and Druze overlords in the southern mixed districts."²⁴⁵ The war was described by American missionary William Thomson as "simply a rising of the people against the wishes of the ruling classes, on all sides."²⁴⁶

²⁴⁵ Fawwaz Traboulsi (2007), p.29

²⁴⁶ Fawwaz Traboulsi (2007), p.29. Cited in Usama Makdisi, *The Culture of Sectarianism*, University of California Press, London (2000), p.138.

The convergence between the local and the regional-international environment is the overlapping of interests, clearly. However, this convergence is manifested by the ability of regional powers to penetrate the arena of inter-communal debate on state governance. Such is the case in the event of the December 1860 Damascus riots. Taking the form of sectarian violence, the riots mirrored a larger context of ‘overlapping predicaments’ concerned with the centralization imposed by the *Tanzimat* and the economic crisis back then.²⁴⁷ The *Tanzimat* treated both Christians and Muslims equally which triggered widespread Muslim rejection inspired by a conspiratorial view of the reforms as being Christian and European plans against Islam. Moreover, historical claims state that the peasant’s revolt was reported to have received the French troops with the blue, white, and red flag. The truth was that these reforms were initiated by the High Porte, as measures of secularizing the empire, in an attempt to reestablish central control and safeguard Ottoman territories from European penetrability. However these measures clearly backfired. By 1860, the Ottoman complicity with the hostile rejection of the reforms cannot be seen apart from its international context: a concern with increasingly losing power to the Europeans, the French in particular. The validity of this concern takes us back to Arfi’s notion of ‘information complexity’ (see chapter 3). The varying interpretations of the *Tanzimat* by the local leaders, communal reactions to the *Qa’im Maqamiya*, and the way foreign powers employed them for political ends are of the earliest historical instances of information complexity in inter-communal relations and foreign penetrability. As a reflection of the domestic-regional convergence, 19th century Mount Lebanon was the social paradox of being a model of Ottoman modernity but at the same time, a base for European control over Syria.²⁴⁸

5.2.2 The Regional Roots of Politico-Communitarian Identities in Lebanon

At the base of Lebanon’s modern political system are two schools of thought that originated and developed along the communal structure. On one hand, the Maronite vision for Mount Lebanon was developing into an ‘*independentist*’ school which

²⁴⁷ Fawwaz Traboulsi (2007), p. 36

²⁴⁸ Fawwaz Traboulsi (2007), p.52

stressed Lebanon's independence from Arab Unitarian projects. On the other hand, the second half of the 19th century introduced a heightened sense of Arab nationalism in the region. The Muslims of Lebanon, especially the Sunni notables and rising bourgeoisie, were of the enthusiastic social, cultural, economic, and political echelons of Arab nationalism.

European and Ottoman influences constituted a two-tiered impact of 19th century modernization on the city of Beirut. Ottoman modernization and European colonialism were not only radically changing the face of the city but also drawing the contours of the political projects over its future. European interests in the Middle East were slowly converging with Maronite aspirations for their own independent state. Beirut was becoming a center for international trade. The city hosted foreign consulates, foreign investment, and a number of religious missionaries. The new-found riches of Beirut mostly belonged to the Maronites and served their political aspirations: the creation of a Christian enclave in a Muslim Middle East. The Maronites reasoned their political claims for an independent Lebanon to their perception of their identity heritage. They viewed themselves to own a heritage of ancient Phoenicia and a broader Mediterranean identity that they shared with Greece, Rome, and later on with Western Europe.²⁴⁹

On the other hand, the Muslim community was reacting somewhat differently to its surroundings. Once aware to the rising Turkish nationalism, the Arab Muslims were increasingly driven toward a nationalism of their own.²⁵⁰ By 1877, the Arabs articulated their own political project in reaction to Midhat Pasha's constitution and the 'Hamidian revolution' in Istanbul. The aspiration was to establish an independent Arab kingdom over the territories of Palestine, Syria, and Lebanon. The Arabs felt that the international environment was favorable as the Ottomans were busy with their war with Russia. On 18 April 1877, a convention of Muslim notables and intellectuals called on Abdel Qader to lead a movement for the unity of Bilad al-Sham within the Ottoman Empire.²⁵¹

²⁴⁹ Kamal Salibi (1988), p.27

²⁵⁰ Traboulsi's version of Arab nationalism converges with Salibi's version. Their common point is that Arab nationalism only upgraded to a movement in reaction to developments inside the Ottoman Empire.

²⁵¹ Fawwaz Traboulsi (2007), p.68

The Russo-Ottoman war hastened the receding of Ottoman control over the region in favor of increasing European influence. This international environment allowed for more frequent Arab national confrontations with the waning power of regional Ottoman rulers such as Midhat Pasha Wali of Syria. The Ottomans tried to ease Arab agitation by stressing Muslim unity but to no real avail. Arabs clearly wanted a bigger stake in governing the affairs of the Sultanate. Arab nationalist movements mirrored those of the Turkish nationalists who were exerting the same decentralist pressures against Ottoman authoritarianism. In 1912, Arab nationalist members of the Beirut Reform Movement demanded decentralization, the officialization of Arabic, the extension of the wilaya's council to 30 members divided in half between Muslims and non-Muslims, the control over a bigger cut of budget revenues, and the reduction of military service.²⁵²

The divisive international environment was exerting pressures on the region but in opposing directions. The waning power of the Ottomans allowed the Christians to upgrade their links with Europe to a clear 'Lebanonist' project. The Muslims reacted to the Sultanate's internal crises by pushing for a more autonomous Unitarian Arab nationalist kingdom. Clearly, World War I, or more particularly the Ottoman defeat, radically changed the face of the region and instated the 'Lebanonist' project as part of the wider plans of colonial division of the Middle East.

5.2.3 Creating Independence

As we've discussed so far, the convergence of local, regional, and international interests is as dynamic as the factors shaping them. For instance, the Maronites benefited their alignment with the French to achieve economic and political gains in the era directly following World War I. However, when the French economy was struggling and their colonial policies were facing increased opposition, the Maronites found their interests to be better served by the British.

²⁵² Fawwaz Traboulsi (2007), p.68

Arab nationalism among Lebanese Sunnis, mainly prominent notables such as Riad al-Solh, was clearly being tempered by the evolving Syrian and Egyptian nationalisms apart. Similarly, the French influence in the region, that achieved Greater Lebanon for the Maronites, was now expired politically. For the Lebanese elites like Chiha and his Constitutional Bloc, it was time to shift their bets to stronger cards. Lebanon's independence from France was partially the result of a British-Egyptian understanding. On one hand, this concurrence inclined Egypt to recognize Lebanon's independence as a guarantee against Syria's unitarian ambitions. On the other, it pushed Britain to bully the French out of Lebanon. Indeed, the famous Rashayya prisoners were only released after a British ultimatum by General Spears to the free French who later declared the Mandate period over. The Lebanese elite's position on these developments are best expressed by Michel Chiha who tells his protege Charles Hilou that "Lebanon could not remain a French trading post in a dominantly British region."²⁵³ After all, independence would liberate the Lebanese 'consortium' from the then deteriorating economic and monetary situation of the French. Breaking off from the French, would also offer lucrative opportunities of more profitable economic ties with the rising British power and the oil-rich Gulf states. Accordingly, one could associate Lebanon's independence to three evolving chain links: a domestic chain of the Maronite-Sunni rapprochement embodied in the Solh-Khoury understanding, a regional chain of the Egypt-Syria dynamic vis-a-vis Lebanon's independence, and an international chain of the British-French competition in the Middle East. This parallel and interdependent metamorphosis in the regional and the domestic elite-led environments produced Lebanon's independence.

The regional conditions that ushered in the era of independence left a bitter taste for the Lebanese Muslims who aspired for Arab unity. After all, Sunni notables made their fortunes trading with the Syrian hinterland. They wanted political autonomy without breaking their economic ties with Syria. Their social, economic, and political hierarchies rested on their privileged relations with the Arab depth. Thus the situation cannot be portrayed as the defeat of a Unitarian project to the isolationist 'Lebanonists'. In many

²⁵³ Fawwaz Traboulsi (2007), p.108

ways, the idea of Arab nationalism was undergoing various changes in light of regional conditions. Since no viable project for unity was going to materialize in the near future, the Lebanese Muslims were not opposed to the idea of an independent Lebanon. Their main concern however was the synonymy of 'Lebanonism' with 'Christianism'.²⁵⁴

These conditions had ripened the formative elements of Lebanon's equation for state governance: the National Pact. The 'National Pact' between Bechara el-Khoury and Riad el-Solh was an unwritten establishment of the constitutive rules of the political game in Lebanon. It set very obvious limitations to how the Muslims and the Christians would 'play'. Neither would abandon the other to unite or flock under an external power. Internally, they would divide state power and shares onto themselves in proportion to their demographic weight. Regionally, the National Pact was a static formulation of constitutive rules for an erratically dynamic game. Moreover, the pact itself clearly wasn't sufficient enough to bring both parties of negotiation to full confidence in each other's intentions. Khoury's handling of the Arab federalist project presented by Egypt was one telling example of inter-communal distrust. Khoury replaced Riad el-Solh with Abdul Hamid Karami in order to prevent the former from committing Lebanon to the federal union project presented by Egypt. Interestingly enough, Karami himself was a Syrian unionist, signaling a skilful and pragmatic policy by Khoury and his elite regalia. Karami left the task of handling foreign policy to Henri Pharaon who succeeded in obstructing the federal project which was to be signed in the 1945 Alexandria Protocol.

Bechara el-Khoury went against the constitution and renewed his presidential term. His move led to internal upheavals driven by widespread disapproval of his policies and practices. At the risk of causing sectarian clashes and with the then army commander Fouad Chehab refusing to suppress any uprising, el-Khoury resigned on 18 September 1952. However, his downfall also mirrored external factors concerning regional alignments in the early 1950s. Khoury's foreign policy aligned official Lebanon with the Mutual Defense Treaty led by Egypt through the Arab League (TACS). The answer to

²⁵⁴ Fawwaz Traboulsi (2007), p.99

TACS came from the Tripartite Declaration of May 1951 by the US, Great Britain, and France (the Mediterranean Collective Defense Pact). Khoury's regional alignments divided his *Constitutional Bloc* and amassed Maronite opposition that was spearheaded by the president-to-be Camille Chamoun.

5.2.4 Bipolarity, Nasserism, and the 1958 Crisis

The regional environment was to witness a radical change in the 1950s and so were the active interests of Lebanese political communities. The 1956 Suez crisis was the floodgate to radical changes in the political map of the Middle East. It signaled the British and the French out, established the US and the Soviet Union as the new regional patrons, and triggered the rebirth of a new Arab nationalist aspiration in the image of Jamal Abdel Nasser.

Nasser managed to avoid the international and regional systemic factors that had bottled all other Arab aspirations for centuries. His rise was similar to slipping through a strongly guarded gate during guard change. With the French and the British on their way out, right before the Americans and the Soviets were to settle in, Nasser pressed on for the pillars of an Arab nationalist movement that is resistant to foreign hegemony.

Globally, world politics were now polarized around the two superpowers: the United States and the Soviet Union. For the Arabs, the bipolar system was more clearly defined than colonialism. France and Britain were not as diametrically opposed to each other as the US and the Soviet Union were. Clearly the transition period that the Middle East was witnessing had left what Eisenhower called "a power vacuum" and stressed that it "must be filled by the US before it is filled by Russia."²⁵⁵ Driven by the Cold War between the two superpowers, the bipolar system was influencing the Middle Eastern system and molding it into its own shape. First, the nation-state system was being fortified. This of course reshaped the whole map of national and elite interests in the region. It changed the rules of the sub-systemic game and altered the dynamics that govern inter-Arab

²⁵⁵ Eisenhower Doctrine 1957, quoted in Stephen Walt, *The Origins of Alliances*, Cornell University Press, Ithaca (1990), p.67

interactions. Second, both powers attempted to influence the region by widening its political scope to include its periphery, mainly Turkey, Iran, and Pakistan. Third, each of the two superpowers was trying to attract the Arab regimes to its side.

The regional environment was evolving rapidly. In Lebanon, Muslim communal leaders were growing fonder of Nasser who championed the Arab causes whereas their Christian counterparts were becoming increasingly alarmed by regional developments. Middle Eastern politics were undergoing a major change in their constitutive rules and practices. There was a confrontation between two trends: Arab nationalism promoted by the Nasserist camp and the cold war logic primarily initiated by US policy in the region. These transformations in the regional order were pressuring Lebanon toward a new regional role that implied abandoning its neutralist policy. Lebanon's neutralist regional role had become "an integral element of state legitimacy as part of the system of state governance which was initiated through the 1943 National Pact."²⁵⁶ Bechara el-Khoury never committed Lebanon to any treaties that aligned Lebanon with any one camp against another. This neutralism had kept Lebanon adrift from the political impact of the 1948 Arab-Israeli war and the conflictual inter-Arab politics in the period between 1948 and 1957.

Arab nationalist movements were rapidly gaining momentum in the main Arab capitals. The Muslim Brotherhood and Young Egypt movements advocated such trends, so did the Ba'ath and Syrian National Parties in Syria, as well as the Ba'ath and Communist parties in Iraq. On the other hand, US policy in the Middle East was being administered along five main objectives. First, the US wanted to contain and deny any regional role for the Soviet Union. This was the main purpose behind the Truman Doctrine (1947) and the Eisenhower Doctrine (1957). Second, Washington aimed to deny any neutrality policy by the states of the Middle East. Third, the US pledged its continued support for the state of Israel. Fourth, Americans wanted to ensure the continued availability of oil to itself and its Western allies. Not only so, but the US pursued this policy with the intention to maintain free and equal access to for its own energy companies. Finally, the

²⁵⁶ Badreddine Arfi (2005), p.153

US sought continued control over existing strategic regional positions for military, communications, and commercial transit purposes.²⁵⁷

This buildup led to a number of foreign policy decisions by which President Camille Chamoun infringed on Lebanon's international neutrality. He supported the Baghdad Pact in 1955 by declaring during a visit to Ankara that "Lebanon and Turkey's positions on regional issues are identical."²⁵⁸ Famous for his pro-British relations and stance, Chamoun voiced his disapproval of Nasser's nationalization of the Suez Canal. During the 1956 Suez Crisis, he brushed off Arab pressures to break off diplomatic with Britain and France. However, Chamoun tried to play the role of mediator by calling for a regional conference in Beirut. He then called on the US for support by adhering to the Eisenhower Doctrine. His decision was met with a quick response. On 16 July 1958, American troops landed on Beirut beach strips and proceeded to overtake the airport.²⁵⁹

How did regional transformations trigger a shift in the domestic political debate over state governance? As mentioned above, the increasing influence Nasser had on the Muslim communal leaders on one hand and Chamoun's alignment policies on the other were gradually increasing inter-communal distrust, information complexity, and vulnerability. As a result, the regional shifts, paralleled by deterioration in inter-communal relations, were impacting the system of state governance vis-à-vis the National Pact. Chamoun would accuse the opposition of prioritizing Arab nationalism to belonging to Lebanon and thus veering away from the mutual reassurances of the National Pact. Opposition leaders would counter these claims by accusing Chamoun of pursuing regional alignments that favored the Western camp and compromised the Christian part of the deal in preserving neutrality.

These claims and counterclaims were being battled out through conflict over state institutions. Chamoun wanted to secure himself a parliamentary majority to pass the required constitutional amendments that would ensure his reelection. There was a

²⁵⁷ Badreddine Arfi (2005), p.158

²⁵⁸ Omar Issawi, *Harb Loubnan*, Documentary Film, al-Jazeera, Part I.

²⁵⁹ Sami Khatib (2008), p. 45-6

widespread opposition to the 1957 elections which resulted in the loss of leaders such as Kamal Jounblat, Saeb Salam, and most opposition's candidates. The opposition accused Chamoun of rigging the elections and the latter denied such allegations. Violent street confrontations broke out in May 1958 which evolved into armed confrontation. The army remained neutral, and each side accused the other from receiving foreign support. However, neither did the UN inspection committee found any significant intervention from the UAR and nor did Chamoun ever actually expressed his desire to renew his presidency.²⁶⁰ However, in a period of increasing to significant information complexity such findings have little impact on the political developments at the time.

Regional developments gradually penetrate the inter-communal debate on state governance by virtue of the impact of foreign policy choices on communal perceptions of security. The crisis was mainly concerned with Chamoun's foreign policy orientation as inseparable from seeking a parliamentary majority and a subsequent presidential term. In a power-sharing system, Chamoun rested his leadership on a wide clientelist network which benefited his influence in nearly every state institution and administration. His adversaries were no different, with their Arab nationalist revolutionary discourse set aside; they too depended on access to power. The claims of each for governmental posts, revenues, and resources clash by virtue of their political conflict. Hereunder, inter-communal trust had decreased because each party of the conflict considered that the other was challenging the status quo. Under such circumstances, downsizing the share of a politicized religious community is a means to reduce its role in effective decision-making. Moreover, allowing one community to increase its power within the state allows it to gradually overpower the other communities in the political, economic, and security realms.

²⁶⁰ Gallau Piassey, Head of the UN Inspection Delegation to Lebanon stated in a television interview the following: "we haven't found, I would say, massive intervention from the UAR. There must be some intervention, we can smell it. But it's certainly not massive. Lebanon is a country which very existence depends on a series of balances and counter-balances. If anything affects these balances, it will affect the country's balance and very existence. Add to that the Presidency problem. I would say in few words that it is an internal problem with international overtones." Interview cited in: Omar Issawi, *Harb Lubnan*, Documentary, al-Jazeera, Part I.

Information complexity leads to increased suspicion since communities no longer have a clear formulation of each other's intentions and capabilities. As a result, the system is weakened by virtue of the resultant decrease in inter-communal predictability. Each party to the conflict no longer commits itself to the constitutive rules of the game of 'normal politics'. One of the main factors that lead to conflict in times of inter-communal crisis is the reliance on state institutions. Commonly, the conflict often revolves around communal claims on a share in institutional power for reasons we have already discussed.

The major issue under scrutiny in the 1958 crisis was Lebanon's foreign policy. President Chamoun's policies against pan-Arabism were antagonizing Nasserist Sunni leaders. Nasserism among the Lebanese Muslims was making Chamoun and the Maronite leaders increasingly wary of their isolation and hence their position as a politically dominant minority. With those two being interconnected – the status of the politicized religious community and its position within the system—regional factors become integral to the system of state governance.

Just like how it started, the end of the 1958 crisis was the result of regional intervention. The resolution was ushered by a regional détente between the US and Nasser through the mutual reassurances of the Murphy-Nasser understanding. The US was comforted by Nasser that Lebanon would not be affected by a domino effect of the Iraqi coup d'état or by an invasion from the UAR.²⁶¹ Likewise, Nasser was reassured by Presidential representative Robert Murphy that the US would not aim to impose a puppet government in Beirut. Murphy and Nasser found a perfect compromise agreement in the election of Fouad Chehab as President. America's neutralist policy toward the 1958 crisis dissuaded Chamoun from pursuing a new presidential term. The US also avoided any military confrontation with the Lebanese opposition which was instrumental for building the much needed confidence for a political resolution with Nasser.

²⁶¹ Mohammed Shafi Agwani, *The Lebanese Crisis 1958: A Documentary Study*, 1965, p.

The Murphy-Nasser agreement immediately set its shadow on the crisis. Pro-Chamoun Premier Sami el-Solh declared on May the 27th that neither the president nor the council of ministers had requested any constitutional amendments to allow for a presidential reelection. In turn, Chamoun denied seeking a reelection, a clarification he could have made much earlier but never did. The opposition dismantled its military bands and accepted Chehab's election to the presidency. Before 'normal politics' could be resumed under Chehab, a counter-revolution was triggered by the kidnapping of a Journalist working for the Phalange newspaper al-'Amal and Rashid Karami's statement that "it is now time to reap the fruits of the revolution."²⁶² The militant uprising was put to rest by the Phalanges who declared their trust in Chehab's abilities to reinstate the game of normal politics based on the famous "no victor, no vanquished" principle.

5.2.5 Out with Nasser, in with the Fida'iyeen: The PLO and Lebanon's Neutrality

The 1967 defeat spelled the downfall of Nasserism. The *naksa* (setback) declawed Arab Nationalism in almost every sense. Militarily, the Arabs had suffered a humiliating defeat which clearly demonstrated Israel's supremacy. Politically, the Arab failure strongly shook the image of not only the regimes of the belt states but of almost every Arab regime. The defeat triggered a major question concerning the Arab nationalist discourse and its ability to achieve the two most popular Arab aspirations: liberating Palestine and breaking free from foreign hegemony. Out of this disappointment sprang the image of the *fida'i* – the Palestinian freedom fighter. As an alternative to the waning military claims of the Arab states, the PLO was the remaining entity that the Arabs could rely on to rally in support of Palestine. For the Arab regimes, backing the PLO proved harder and more costly than what seemed since providing the *Fida'iyeen* with territorial grounds adjacent to the occupied territories threatened internal stability and inevitably unleashed indiscriminate Israeli wrath onto them. For that latter purpose, Egypt's borders were strategically impractical. With the Syrian regime firmly in control of its Palestinian contingency, Jordan was left to house the PLO. King Hussein, with half his population of Palestinian origin, didn't bode well with the idea of a military organization challenging his control and exposing his state to Israeli attacks. Eventually the King

²⁶² Ommar al-Issawi, Harb Lubnan, al-Jazeera (200

rallied his Hashemite following and his army against the PLO and eventually expelled the PLO's military ranks out of the country. With all Arab territories adjacent to Palestine sealed off, the PLO found its perfect refuge in Lebanon.

Lebanon's share of regional subordination is noteworthy both in type and intensity. Its political system played a role in further exposing internal cohesion to regional shake-ups. The short-lived military experience of the PLO in Jordan, and the ease by which the Hashemite regime dealt with PLO's military presence over its territories show that relative demographic homogeneity and the authoritarian nature of Arab regimes allow for a broader margin of maneuver for Arab rulers. In contrast, by virtue of Lebanon's confessional system and the practical reality that state sovereignty is only secondary to communal spatial management, the PLO managed to establish clear military control over well defined areas to the extent that the mainly Shi'a southern Lebanon was named: Fatah land. Eventually, the PLO 'adventure' in Lebanon lasted till 1982 when it was expelled by the Israeli invasion. The PLO succeeded in penetrating the Lebanese political system and nearly took control of it had it not been for Syrian intervention by Maronite demand.

One could view this parallelism between internal problems and external ones in a common connection of 'three synergies'. As this rigid system failed to accommodate the regional crises and their local manifestations in the 1958 crisis, it also failed to do so in the pre-1975 period. There is a lack of consensus on the identity of Lebanon with different ideologies and visions on issues like Arab nationalism, the role of Lebanon in the region, the Palestinian question and others. This division, reinforced by the lack of dialogue on sensitive issues which Halim Barakat called 'purposeful depoliticization',²⁶³ resulted in outside influence and intervention and strengthened the power of the ruling elite. To the detriment of Lebanon, these outside influences, which the different religious communities modeled themselves after, identified with and sought protection and support from, were also conflicting at times. This brought the differences of these 'references' to the heart of the Lebanese polity. This embodied 'the first synergy'

²⁶³ Halim Barakat, *The Social Context*,

between the failure of founding consensus on national identity and organizing the subsequent identification with competing external 'references'.

System rigidity also applied to the class structure of the Lebanese society. As we've seen previously, income distribution during the period directly preceding the outbreak of the civil war was as follows: 32% earned moderate income, 14% earned a relatively good income, and 4% were considered rich. The wealthiest 4% of the population received 32% of the total GNP of Lebanon; more than half the population received only 18% of total GNP, and a little less than 82% of the population received only 40% of the GNP. With increasing inflation prior to the civil war aggravating religious divisions and patterns, there were two poverty belts, one indicating the rural and peripheral areas in Lebanon and the other indicating the areas surrounding Beirut. These areas were overwhelmingly of Muslim (particularly Shi'a) inhabitants while Mount Lebanon was inhabited by Christians. The Maronites were on top of the socioeconomic and political structures in Lebanon while the Muslims occupied a lower status where they suffered most. Following the sudden prosperity in the country as a result of the neighboring Arab oil, the rush for accumulating wealth witnessed the development of large inequity in fortunes and opportunities, the scarcity of legitimate means, lack of law enforcement, absence of authorities, and a 'totally free' economy. Prosperity was confined to few areas and few families. The supposed prosperity did not result in balanced and significant development outside Mount Lebanon and some parts of the capital. This caused social unrest and anomie for the deprived majority, and it was these conditions that led to the exhibited violence in the outbreak of the civil war. This in turn, overlapped the social class factor with the religious factor and applied the resultant stratification to religious communities and not just individuals into privileged and deprived communities. 'The second synergy' occurs with the presence of the Palestinians in Lebanon, whereas the 'disinherited' Lebanese found themselves in similar conditions with them. This further contributed to the increased polarization between those demanding for change and those supporting the status quo, now based on socioeconomic, political, ideological, and religious variables.

The weakness and corruption of the central government manifested itself in numerous characteristics that played the destructive role of 'absenting' the state and its potential capability of nation-building. This absence brought about the patterns of direct interference by foreign powers in Lebanese internal affairs and free movement of foreign agents including those of Israel and other enemies of Arab countries, and the use of Lebanon as a stage for conflicting Arab groups, governments, and movements. In that sense, Halim Barakat typifies the Lebanese system as "a unique form not of governing but of non-government" where "several states have always existed within the state" and where "the Palestinian armed presence was only one of several sovereignties within the state."²⁶⁴ Furthermore, the political system failed in updating the sectarian power sharing formula of 6/5 to accommodate the population change in favor of the Muslims (Shi'a in particular). It also proved unresponsive to public opinion and to demands for reform, where the majority had voiced their desire to end the Maronite monopoly over the office of President and to open the chance to all Lebanese regardless of religion through popular vote and not parliament. It did not allow the liberals and the emerging bourgeoisie to share power—all attempts at reform seemed far-fetched. The ruling oligarchy and the traditional families maintained their significant control on the political realm. The system proved unable to transform itself according to the changing popular support and choice. Climbing the rigid hierarchical ladder was extremely restrictive and as a result, the Shi'a and Sunnis who expected improvement in their circumstances would form "the future ranks of the militias and in the latter the cadres."²⁶⁵ This led the 'reformers' to ally themselves with the Palestinians as a result of the general Arab sentiment with the Palestinian cause and as an internal empowerment and balancing factor. On the other hand, the supporters of the status quo gained the support of a number of Arab governments as well as Israel. This 'third synergy' constituted some sort of a marriage between the internal demands for reforms or preservation of the status quo, and the support or rejection of the right of the Palestinians to use Lebanese territory for operations against Israel.

²⁶⁴ Halim Barakat, *The Social Context*

²⁶⁵ Theodor Hanf, p. 555

5.2.6 In Syria's Custody

The war in Lebanon was ended by two major events, both the result of decisions by foreign actors. The Ta'if Accord was the result of US-Saudi-Syrian understanding. The agreement itself was facilitated by Foreign Minister Sa'ud al-Faysal and Rafiq al-Hariri as beacons of a newfound Saudi influence in Lebanon. The agreement was only put to force by ousting Aoun militarily – which required an American 'green light'. Not only so, but Syria's use of Lebanon's airspace to attack the general huddling in Ba'abda, a breach of the 1976 red lines agreement, was only allowed by an Israeli permission. The Ta'if agreement was best described, rather symbolically, by Sayyed Mohammad Fadlallah as "an American agreement with an Arab headband and a Lebanese Fez."²⁶⁶

The strategic competition on Lebanese territory that was fuelling the civil war subsided partially in 1990 for three reasons. First, the cold war ended and the US prevailed as the monopole in the Middle East. Second, the US granted Syria full control in Lebanon in return for its participation in the war on Iraq. This deal was met with a passive Israeli position. Third, the conflict had reached a deadlock, it was becoming aimless as it lost its regional role, and the embattled parties were definitely fatigued by extensive and mostly aimless fighting. This period spelled a strong regional reality that Lebanon was to come to terms with. If external influence must exist in Lebanon it should be either Syria's, through it, or in its own interest eventually. Any other scenario would lead to a confrontation on Lebanon's territory as the post 2005 era proved.

The declared tenets of George H. Bush's 'New World Order' were the peaceful settlement of disputes: solidarity against aggression, reduced and controlled arsenals, and the just treatment of all people. Against this backdrop, the war on Iraq was waged under the guise of solidarity against its invasion of Kuwait. To resolve the protracted Arab-Israeli conflict, the US was veering the Middle East toward peace. This shift in the international and regional order was to be translated to a shift in the domestic political map of Lebanon.

²⁶⁶ Interview with Sayyed Mohammad Fadlallah, translated from *Harb Lubnan*, Omar al-Issawi, al-Jazeera TV (2001)

Habib Malek argues that Israel's security requirements vis-à-vis Lebanon are finite, defined by Lebanon's strategic location and role as a continuing source of terrorism. Syria's aims in Lebanon are theoretically limitless.²⁶⁷ The build up to Syria's control of Lebanon had started since its initial involvement in 1976. The abrogation of the 17th of May Agreement was the critical turning point that signalled the failure of the Israeli attempt to transform Lebanon into a satellite state. Syria had successfully brushed aside Bachir Gemayel, subdued his moderate brother Amine, and penetrated the Lebanese Forces by people such as Elie Hobeika. A major factor behind Syria's increased ability to manoeuvre was the removal of the PLO from Lebanon by 1982. PLO's expulsion made Syria the only patron for the Lebanese warlords.

It is doubtful that the US, or any other power for that matter, was fully aware of the impact of the Soviet Union's collapse. The period between 1990 and 2001 was a transitional period in which all international political developments were more the results of the collapse than reactions to the new unipolarity.²⁶⁸ This new era in the Middle East further proved the saying that there can be no war without Egypt and no peace without Syria. Syria's role in Lebanon had an immediate impact on Lebanon's regional stance in terms of the peace process, in what came to be known as *talazum al-masarayn*. The idea was that the Lebanese and Syrian tracks in the peace process go hand in hand. This notion was then upgraded to *wihdat al masar wal masir* indicating a united track and destiny for both countries.

Israel's continued occupation of the South was a vital intersection point between regional strategies and local dynamics. It reflected the coexistence of American disregard of Israel's occupation of Arab land with its political understanding with Syria on running Lebanese affairs. In turn, Syria allowed Hezbollah to develop both militarily and politically, also facilitating a growing role for Iran. This complex situation was inevitably heading toward confrontation. Iranian support to Hezbollah helped the

²⁶⁷ Habib Malek

²⁶⁸ Birthe Hansen, *Unipolarity and the Middle East*, St. Martin's Press, New York (2001), p.214.

religious party to gradually overpower all other Shi'a representatives in Lebanon. The Iranian-Syrian understanding helped reconcile and ultimately join Hezbollah and Amal in electoral alliances since 1996. On the ground, a highly organized body, coupled with Hezbollah's politicized religious ideology and its rapidly rising popularity for its successes in face of Israel, made its leader Hasan Nasrallah "the new Nasser."

However, this situation was harnessing the seeds of conflict that were to breakout at the first sign of fallout between Syria and the US. The first step toward conflict in the Middle East was the failure of the peace process. It put Washington at odds with the Arab and Islamic world for its failure to push Israel for any real concessions. Strategically, the American position limited Syria's ability to bargain for peace. The second best alternative for Damascus to improve its position vis-a-vis Israel was Lebanon.

Syria's geopolitical interests in Lebanon were driven by the need to make sure Damascus is not weakened by an unstable neighbour. Control of Lebanon contributed economically, politically, and militarily to the survival of the regime. Occupying Lebanon triggered a realization among Syria's ruling elite that its ability to act as a regional power broker depended on its control of Lebanon. Moreover, Syria's grab on the chaotic power-sharing process of governance in Lebanon gave the Ba'athist regime access to a "realm where Syria can manage its informal economic sector."²⁶⁹ High ranking Ba'athist officials enjoyed shares in large deals in both the private and public sectors. At the same time, Lebanese politics influenced internal politics in Syria itself. This was clear in how Ghazi Kan'an was rewarded for his role in Lebanon by being appointed head of political security in Syria.

Syria's domination was encouraged from the outset by the behaviour of regional and foreign powers. This consent took the form of what former Parliament speaker Hussein Husseini described as "an informal American agreement to postpone withdrawal of their

²⁶⁹ Samir Kassir in from Theodor Hanf & Nawaf Salam (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft Baden-Baden, Germany (2003), p.103

troops until the liberation of South Lebanon from Israeli military occupation.²⁷⁰ But this domination was not solely sanctioned by regional consent. Lebanese politicians clearly acquiesced to Syria's control over them. Samir Kassir explains three reasons behind this collaboration. The main reason behind political collaboration is interest, as politicians would not have occupied their positions and power without support from Damascus. Others collaborated due to lack of courage, choosing to conform in fear of physical harm or legal retribution. Finally, many politicians were allied to Syria out of conviction, whether it was Syrian or Arab nationalism, or just simply the belief that a withdrawal from Lebanon would lead to chaos.²⁷¹

Syrian hegemony was the decisive factor in Lebanon's internal politics. This is of course without any disregard to domestic factors such as sectarianism, mercantilism, and factionalism. The new constitutive rules that were introduced by the Ta'if Agreement made it easier for the Syrians to penetrate the Lebanese political game. With the executive authority now diluted to the council of ministers, the Syrians could now play the Lebanese factions against each other in nearly every political venue. The question of Palestinian refugees has an effect on both the society and the polity in Lebanon. The issue of resettlement, more accurately termed as repatriation, suggests the naturalization of a popularly cited estimate of 500,000 refugees in Lebanon. Permanently resettling such a number of whom the majority is Sunni Muslim highly unsettles the Shi'a and Maronite Lebanese. The sectarian and demographic sensitivities have made this issue a stock-in-trade of domestic political banter.

The Syro-Lebanese relationship became "far too complex to be forced into an occupier/collaborator dyad, particularly because it is not a one-way track."²⁷² Influence was not one way. Syria's Lebanese clients were also able to influence Syrian policy in Lebanon through venues such as: presidential elections, naming premiers, administrative appointments. After all, the historical, anthropological, religious, and familial

²⁷⁰ Samir Kassir in Hanf & Salam (2003), p. 89

²⁷¹ Samir Kassir in Hanf & Salam (2003), p.101

²⁷² Samir Kassir in Hanf & Salam (2003), p.101

connections constituted a “deep and complex connective meshwork” that constituted background against which Syria established its control.²⁷³

The Syrian dominated period was also the building block for the crises to come. Those disgruntled by Syria’s control, mainly Maronite politicians such as Michel Aoun and Samir Geagea, were good targets for Western powers aiming at weakening Syria’s dominion in Lebanon. Hariri’s primacy in Lebanese politics, mainly through the economic realm, was signalling a growing and active Saudi stake in Beirut. Hezbollah’s growing popularity and military capabilities were, in turn, Iran’s access to the heart of the Middle East. All in all, despite Syria’s professed domination, Lebanon was gradually diversifying sources of foreign influence in its polity, making it more vulnerable to external shocks than at any point in its modern political history.

One could argue that regional influences on the Lebanese polity have exceeded alignments and power balancing to even penetrate the very formative elements of society and state. Ottoman and European competition introduced changes to the class structure in Mount Lebanon through mudabbirs and merchants. French and British competition granted Lebanon its independence. Their political exit from the region ushered the rise of the Western competition with Pan-Arabism. These regional tensions led the country to crisis but also triggered substantial changes in the Muslim political ranks. The 1967 defeat eventually introduced the PLO in Lebanon. PLO’s involvement came to mark Lebanese politics well into the 1980s and empowered Muslim, Nationalist, and Leftist parties in face of the Maronites. Syria’s domination also penetrated elite formation and the balance of power in domestic politics. It sidelined many and empowered just as much. The crisis that was triggered by Rafiq Hariri’s assassination in 2005 deeply reshaped inter-communal relations, as well as the very game that governed the debate on state governance. Indeed, regional structures have been as intrinsic as domestic structures in resistance to modernization in Lebanon if not reinforcing of these limitations.

²⁷³ Samir Kassir in Hanf & Salam (2003), p.102

Section 2

Chapter Six

Checklist of Structural Limitations to Modernization

Based on the extensive discussions presented in section one, the study presents the following structural limitations as 'timeless characteristics' based on pattern persistence over 'time' and 'issues'.

6.1 Social Structures

- The impact of duality in managing multiple identities on social development, national cohesion, and strengthening the communal elites.
- The role of the contextual model in managing inter-communal relations in weakening state autonomy and functionality.
- The overlapping functions of the state and the extended family system.
- The impact of the primate city phenomenon on the ethnic-based ecology.
- The role of social organization in weakening state-citizen relations.
- How communal control on education and social welfare turns them into tools of co-opting individuals rather than being vehicles of change.

6.2 Economic Structures

- Economic production patterns remain mostly kin-ordered and independent thus contributing to the sustenance of clientelism.

- The historical evolution of the market economy has coupled external orientation with lack of regulation. It thus failed to produce autonomous incremental growth that benefits all social classes with minimum sustainability.
- There arises a need for the bourgeoisie to recourse to pre-capitalist relations in order to maintain its advantages. Problems in work contracts, absence of social security, arbitrary let offs are reflections of the modern forms of such 'pre-capitalism'.
- The impact of recycling feudal privileges on power and income distribution has seen consistent patterns of inequitable income distribution and rigid income mobility except by means of war.
- Coupling the unregulated outward-looking economy with the power-sharing system allows the communal elites to establish a monopoly on power and resources. The impact of external orientation on sectoral imbalances.
- Investment patterns are centered on the primate city phenomenon which in turn reinforces the ethnic-based ecology.
- Investment patterns reinforce the services sector and preserve non-capitalist sectors which are dominated by the politico-economic oligopoly along communal lines.
- Export Oriented Industrialization models in the absence of state regulation and intervention leave the economy exposed to external variations. This external-internal synergy remains unattended and mainly affects the poorer segments of society. In the absence of state, those affected find no means but those provided by what we've identified as de facto alternatives to the state.
- Investment structure is shaped mainly by the impact of social privileges on access to capital.
- Investment structure is flawed with corrupt lending practices, loans for non-productive use, and unregulated market for interests.
- The rentier economy is reinforced by remittances. Other than taxation on interests, no policy exists with the aim to administer systematic utility of remittances as a national resource.

- Output structure is characterized by low productivity and thus contributes little to development.
- Consumption structure is shaped by the fact that spending is always higher than output mainly due to the fact that income is generated outside the productive sphere, primarily through rent.
- Low share of investment expenditure to GDP which empowers the private sector with stronger tools to influence the economy than the state.
- Limiting the range of economic policy options to financial management.

6.3 Political Structures

- The political process is centered in the inter-communal arena. Politicians bargain, make decisions, and contest others in the communal realm not inside state institutions. This dynamic applies to all other institutional and legal procedures where decisions are made outside the official framework. They apply to court cases, public procurements, cabinet decisions, and parliamentary voting. These practices weaken the rule of law and the state's ability to practice its authority.
- The structural lock-in in Lebanon between community, collective memory, and state structures recycles the conflict prone environment. It reinforces communal cohesion which in turn weakens state functionality and autonomy.
- The parasitical role of the communal leaders on state functionality and autonomy can be traced in more specific indicators. The duality of their role as both zu'ama and statesmen often leads to abusing policy tools such as investment expenditure, public employment, and better decision making mechanisms.
- The impact of inter-communal vulnerability on state autonomy and functionality.
- The impact of the power-sharing model on state effectiveness: erratic power dispersion weakens the ability of state institutions to make quick decisions, debilitates them, and limits their menu for choice.

- Communities are the primary caregivers in terms of welfare which deprives the state of a main tool for managing society and ushering social cohesion.

6. 4 Regional Structures

- The Arab League's inability to take action on critical issues leaves Lebanon open to issues that eventually jeopardize its stability.
- Susceptibility to regional systemic changes, bilateral relations, and regional realignments often penetrate the domestic balance of power, destabilizes inter-communal relations, and weakens state autonomy and functionality.
- Community-region relations overshadow state-religion primarily through the communal leader as a de facto autonomous representative. Communal leaders enjoy stronger popular legitimacy than the state. For external powers, they are more credible and capable of influencing the social, political, and economic arenas.
- Regional pressures on the process of consolidating state governance influence the opportunities for and constraints to power and practice of political actors.

The study will present two case studies of modernization in Lebanon. The first is Fouad Chehab's presidency from 1958 to 1964 and the second is Rafiq al-Hariri's Premiership in 1992-1998 and 2000-2004.

Chapter Seven

Modernization under Fouad Chehab

It is not I who the Lebanese have elected. I only represent the impossibility of their agreement on electing another.

Fouad Chehab

Fouad Chehab was the first military man to become president in Lebanon. He also became the first president not to try to amend the constitution to renew his term. Chehab himself holds the very contradictions that this country's history harbors. Fouad Chehab is an emir descendant of Bachir Chehab II. But Chehab experienced poverty as a child. He was raised to a very faithful Christian environment. As an army officer, Chehab was among a group of 41 Army officers who signed a document in which they pledged their allegiance to Lebanon and its national government only.²⁷⁴ His involvement in politics had been forced by the crises of 1952 and 1958, both revolving around the attempts of Bechara el-Khoury and Camille Chamoun to renew their presidential terms. In both cases, Fouad Chehab played a major stabilizing role as a moderator who, along with his army, maintained considerable distance from Lebanese politics and its factionalism.

How Chehab became president is best explained by Chehab himself: as the product of the collapsed state governance and the high inter-communal vulnerability that had made agreement on a president impossible. During the 1958 crisis, the Lebanese army had remained the only institution adrift from the austere divisions and polarizations. Chehab thus became the sole candidate for the presidency as a result of an American-Egyptian understanding embodied in the Nasser-Murphy agreement. It is believed that Chehab

²⁷⁴ Cited in Nicolas Nassif, *Jumhuriyat Fouad Chehab*, Dar an-Nahar, Beirut (2008), p.69

never really intended to become president calling his term an “exceptional mission.”²⁷⁵

The main reasons behind choosing Fouad Chehab can be summed up in the following:

- 1- The national esprit de corps that he built the army on;
- 2- His moderate unprejudiced positions that earned him people’s respect;
- 3- A general belief that he alone held the key to a solution;
- 4- His 1952 and 1958 successes as an adjudicator among the partisans of the conflict;
- 5- Reliance on the army as an institution that could maintain security and restore stability;
- 6- His ability to reconcile foreign policy with internal compromise while meeting the requirements of both.²⁷⁶

The work plan for the first interim government under Chehab was the earliest blueprint of the Chehabist discourse in government. It established broad policy lines on three main axes: foreign policy; Arab policy; and domestic policy. The conveners established six principles for foreign policy:

- 1- To restore the traditional neutrality of 1943 in Lebanese foreign policy and maintain no prejudice, no privilege, no advantageous position, no military bases, no alliances, no military facilities, and the annulment of any agreement that contradicts this principle.
- 2- To accept any form of unconditional aid regardless of its source.
- 3- Withdrawing the Lebanese complaint to the Security Council (that Camille Chamoun’s regime had submitted on claims of UAR’s involvement in the 1958 crisis).
- 4- To demand the immediate withdrawal of all foreign armies from Lebanese territory (in reference to the American troops).

²⁷⁵ See Basem al-Jisr, Nicolas Nassif, Sami Khatib, Fouad Boutros, et. al.

²⁷⁶ Private memoirs of General Emile Boustani, unpublished, cited in Nicolas Nassif (2008), p.217

- 5- To demand the withdrawal of all monitors and the rejection of any other international measures or forms of presence on Lebanese soil.
- 6- Reiterating adherence to the Charter of the United Nations and its principles and the equal treatment to all foreign states.

In terms of Lebanon's policy toward its Arab neighborhood, the work plan established the following:

- 1- Reiterating adherence to the Arab League Charter and the adoption of a liberal Arab policy.
- 2- Adherence to the covenant of collective security as the only valid tool for defending Lebanon and the whole Arab region.

The cautiousness prevalent in Chehab's external policies was met with an ardently decisive approach to domestic issues. The document did not adhere to principles but established a 'road map' that Chehab and his aides were to follow in order to achieve their yet-to-be defined reforms:

- 1- To demand exceptional legislative powers to the cabinet by granting it the right to issue legislative decrees on electoral law, the public budget, general pardon, reversing Chamoun's decrees, lifting constitutional immunities, and banning political parties.
- 2- Dissolving parliament in case the requested power is not granted to the government.
- 3- Cleansing the administration from corrupt persons or what is referred to as *tat'hir*.

Chehabism was the first all-encompassing program for governance and reform in Lebanon since independence. Immediately Chehab contracted a commission from IRFED; the Institute of Research, Training, and Development, headed by French Catholic Priest Louis Le Bret to conduct a study on the socioeconomic situation of

Lebanon. His choice of a French Catholic priest was a conscious choice he made to appease the Maronites and preempt their rejection of his reforms. The main finding of this major study was “to enable all Lebanese, regardless of career interests, political beliefs, and confessional identity, to swiftly reach the minimum level of satisfaction that allows them to lead a truly humane life.”²⁷⁷ The study suggested that a more equitable dissemination of riches would prevent any “future tragic contradictions that may damage national peace and general prosperity in the country.”²⁷⁸ The basic routes that IRFED determined for achieving such a change were: rural development, income redistribution (to make it more equitable), modernizing the fiscal system, establishing modern labor laws, and creating a nationwide social security network.

To aid him with his ambitious program, Chehab sought to surround himself by people he trusted: his military subordinates and a new class of independent, competent, and motivated professionals from outside the traditional elite circle. The broad lines of Fouad Chehab’s socioeconomic policies came to crystallize along the lines of the IRFED study into the following basic principles:

- 1- Maintaining the liberal pillars of the Lebanese economic system while establishing laws and limitations to regulate economic freedoms. The regulations were meant to organize the economy and limit chaotic freedoms that were otherwise dominated by fraud and speculative activities and widening class and sectarian gaps.
- 2- Establishing modern governmental and economic institutions such as the Central Bank and the Central Administration for Statistics with the aim of cultivating the economy and tuning it.
- 3- Adopting a nationwide five-year plan to spread water, electricity, and roads to all districts and villages in deprived regions such as ‘Akkar, Biqaa’, Hirmil, and the South; which were mostly Muslim areas.

²⁷⁷ Lecture by Father Le Bret on 20 January 1964 republished in ‘Ahd al-Nadwa al-Lubnaniya, p. 440, cited in: Nicolas Nassif (2008), p.392

²⁷⁸ IRFED (Institut de Recherche et de Formation en vue du Developpement integral et harmonise): Besoins et possibilites de Developpement du Liban, 2 vol. Ministry of Planning, Republic of Lebanon, 1962.

- 4- The establishment of a Social Security Fund with the purpose of protecting labor rights, senior citizens' security, and health care for all.
- 5- Improving the Lebanese University such as establishing a Law school and providing nationwide intermediate, secondary, and vocational education.
- 6- Establishing sectoral equilibrium by maintaining and improving the services and commercial sectors while encouraging Lebanese industry, mainly small industrial companies capable of exporting to Arab countries.²⁷⁹

Decree 193, published on 6 December 1958, was the theoretical reference and main guiding document for Chehab's administrative restructuring, the terms of reference for public servants, and all required transactions, tasks, and monitoring of institutional performance. The decree was drafted by the Central Authority for Administrative Reform. In the first few months of Chehab's presidency, a bundle of 162 legislative decrees were issued dealing with all scopes of governance and public administration.²⁸⁰

7.1 Chehabist Policies toward Plotted Social Structures

The clans of the Biqaa' and Hirmil areas, such as the Dandash clan, often clashed with the Lebanese army. Chehab's position on these confrontations was of the earliest signs of his alternative vision to the predominant political outlook of the regime and its communal components. As commander-in-chief of the army, Chehab repeatedly called on Camille Chamoun to issue a general pardon to those living in these areas believing that their inhabitants suffered from extreme deprivation and thus saw the state as an oppressor more than a legitimate authority.

As president, Chehab set the objective of balanced regional development as a priority. His policies aimed at decreasing the urban-rural gap in order to introduce the state into

²⁷⁹ Basem el-Jisr, *Fouad Chehab, Thalika al Majhoul*, Sharikat Matbou'at lil Tawzee' wal Nashr, Beirut (2000), pp 81-82

²⁸⁰ Nicolas Nassif (2008), p.397)

the deprived periphery. The widespread provision of state services to the periphery would inevitably weaken the popular bases of the traditional zu'ama of these areas. However, Chehabism offered them greater inclusion in the political circles otherwise restricted to the urban center. This policy managed to lessen the impact of the primate city on the ethnic-based ecology and gave the rural elites a greater role in decision making and share of power.

In terms of identity, Chehab did not disregard the communal identity of those he worked with but gave greater importance to their backgrounds and their competencies. He tried to direct the public administration toward modern performance against corruption. Chehab wanted to remove public jobs from the circle of communal and political influence. By doing so, Chehab breached the hegemony of some communities over certain state positions. His openness succeeded in recruiting a generation of youths who found his program as an alternative to the traditional political communities and elites. Chehab's statist discourse competed with the zu'ama in each of their territories and popular bases.

Chehab improved the overall level of education in public schools to match the levels provided by private schools. Public expenditure on education increased and so did the number of students enrolled in public schools. Making high quality education available to the less privileged was crucial to the aim of decreasing the gap between rich and poor. It made government jobs, liberal professions, and other functions available to a wider scope of social groups.

Chehab tried to deliver state services straight to the citizens without having to pass through communal leaders and their clientelist networks. This policy had a positive impact on state-citizen relations and sponsored a bigger social segment of those with direct allegiance to the state and less dependence on communal elites. Chehabist policies aided the rise of a middle class that was beginning to enter the economy with a newfound notion of citizenry. By expanding the functions of his welfare state, increasing social spending, and investing in infrastructure, Chehab provided jobs, good health, and

higher education to those who were previously deprived. He also paved the way for new economic activities. For the people who benefited his policies, the Chehabist state did substitute the elite patrons and their influence. For this segment, the monopoly of merchants, 1958 warlords, and communal elites on economic and political power had been an obstacle to its own social and political development. Chehab's consequent clash with the traditional communal elites is evidence that any project for state autonomy would threaten the power of those elites. For instance, Chehab was not popular among the Maronites who considered that his policies of equal Christian-Muslim representation turned the state into a tool in the hands of the other communities.

Chehabism penetrated the contextual model in which communities negotiated politics. Chehab favored those more accepting of his statist program and willing to collaborate with him for whatever their interests may have implied. He allied himself with Pierre Gemayel, Kamal Jounblat, Ahmad al-Asa'ad, Sabri Hamade, Rashid Karami, and Hussein Oueini among others. Gemayel for instance, agreed to give his support to Chehab because the Kata'eb party was facing strong competition from leftist political parties over Christian supporters. Interestingly enough, Gemayel would turn on Chehabism once the Christian public opinion became more alarmed by the Palestinian issue. Nevertheless, this penetrative strategy weakened many traditional leaders who used their shares of power to broaden their political and financial influence at the expense of state.

Chehab's policies had substantial impact on the prevailing social structures. Known for his dislike for communal elites, his ability to penetrate the traditional political circles and to challenge its influence can be considered a partial success. Being forced to wield political and popular support, Chehab had no other option but to ally himself with at least a group of the communal leaders that he could work with. Some of the Zu'ama he co-opted also resided on similar social structures to those he marginalized and challenged. They benefited their share of the Chehabist state to nurture their own clientelist bases and overpower their political opponents.

Naturally, Chehab's social policies did not enjoy the constitutional longevity that would reap longer term results that would reverse the prevailing trends and structures such as the prevalence of state functions over extended family functions, familism, and communal welfare. In the short term, Chehab managed to rebalance elite distribution by injecting new emerging elites of technocrats and rebuffing some of the more moderate conjunctural elites. The army which Chehab depended on, particularly Deuxieme bureau officers had maintained considerable distance from politics until his election to president. Their newfound role would turn them into formidable agents of power brokerage and shove them into the heart of the political game.

7.2 Chehabist Policies toward plotted Economic Structures

Chehab's approach to Lebanon's economic problems was through building and strengthening state institutions and role in regulating the economy. He established numerous public institutions responsible for civil service and designing and implementing public projects for infrastructure and agrarian development. Once the concession for Banque du Syrie et du Liban expired in 1964, Chehab established the Central Bank and initiated the first state efforts to publish regular data on national accounts. Chehab established a long and impressive list of modern institutions such as the National Council for Grand Projects, Council for Greater Beirut Projects, the National Council for Scientific Research and Urban Planning (NCSR), the Fruit Office, the Wheat Office, the Planning Bureau, water utilities, Financial Inspection, Lebanese University Faculty of Law, Court of Accounts, Presidency Offices, the Tripoli Exhibition facility, Supreme Judicial Council, the State *Shoura* Council, Civil Service Board, Central Inspection Board, Institute of Judicial Studies and Shar'ia Courts, Inheritance Law for Non-Muslims, Economic Planning and Development Council, Social Welfare Department, Social Development Office, Central Administration for Statistics.

Fouad Chehab was serious about modernizing state institutions. He expedited the process of issuing modern legislative decrees with unprecedented speed and noteworthy efficiency. His aim was to establish new laws, offices, and official institutions to improve the developmental equation in Lebanon. Chehab's government adopted programs that aimed at improving ministerial work and services. Chehabist efforts for modernization were well-rounded. The President and his team of technocrats established Ministries for Public Planning, Information (Media), and Higher Education. They also established the National Tourism Board, Sports and Youth Directorate, Teachers' Institute, Cooperative State Employees, as well as plans for regulating foreign labor and the Master Plan for the City of Beirut. Chehab gave special interest to the Biqaa' area and established the Green Project and the Litany Project. Those projects however, failed to become a substantial part of Chehab's economic strategy of placing the Biqaa' at the heart of the productive sector.

The findings of the IRFED study were alarming. The study showed that in 1960, 300 Shi'a towns out of 450 were completely deprived of roads. By 1961, a wide network of roads succeeded in connecting 1138 villages.²⁸¹ In 1959, only 500 villages enjoyed fresh water and by 1960 only 100 villages of 450 Shi'a villages had electricity. Only 300 out of 1500 villages in Akkar and the South lacked public schools. There were only nine secondary schools in the whole of Lebanon.²⁸² The Karami government adopted a five-year plan to spread water, electricity, and roads to all districts and villages. The list of development projects includes the Third Basin of Beirut Port, the Jounieh port, major parts of the coastal highway, a master plan for modernizing public lighting, and the construction of a big number of schools in rural areas.

Chehab was keen on producing a modern legal environment that would support his modernization attempts. His government issued specialized laws to regulate appropriations, shore protection, and constructions. The most important legal achievement under Chehab was the Law on Credit and Currency which was issued in

²⁸¹ Nicolas Nassif (2008), p.405

²⁸² Nicolas Nassif (2008), p.405

1963. These laws placed the state at the heart of the planning process and allowed state institutions to regulate economic activity in Lebanon.

By the time Chehab assumed the presidency, the banking sector in Lebanon enjoyed substantial political leverage. In the 1960s, the ratio of politicians who had started their careers in banking was 25%.²⁸³ Since independence, bankers played an important role that exceeded political influence to cover financing electoral campaigns through grants and loans. Those who opposed the law argued that the mandate given to the Central Bank to monitor commercial banks was an infringement on bank secrecy. Others argued that the law gave substantial power to central bank employees that they could abuse for personal gain from speculative activities. Some bankers argued that specialized banking was to the detriment of Lebanon because it limits the vibrancy of Lebanese banks which were accustomed to providing diverse banking services. The law on Credit and Currency faced strong opposition from Bankers who tried obstructing its implementation and spent copious amounts of money campaigning against it, and “managed to get some professors of economics with close ties to the Prime Minister to convince him to delay its issuance.”²⁸⁴

Eventually, Fouad Chehab gave into pressures from the bankers and annulled some articles of the new law. The main shortcoming in Chehab’s program was that it lacked the alternative tools to amass enough political and societal support for his reforms. Without such power, Chehab could not face the prevailing interests of those monopolizing the Lebanese economy. Similar to how they dealt with the communal elites; the only alternative for the Chehabists was to resort to forging their own networks within the economic oligopolies. Prominent Chehabists such as Elias Sarkis, Abdallah al-Yafi, and Philip Taqla who was the Central Bank Governor, established ties with bankers like Yusuf Baydas and his Intra Bank group. They invested these networks as tools of leverage in their favor. This strategy helped the Chehabists acquire stronger stakes to influence market forces toward what they saw as the better public good.

²⁸³ Kamal Dib (2007), p.205

²⁸⁴ Basem al-Jisr (2000), p.83

Chehab laid the foundations for the Social Security law which established the National Social Security Fund. The system only came to force in the beginning of the 1970s. The Social Security system included partial medical coverage, end of service and family indemnity, and retirement pensioner plans for monthly payment shared by the employer and the insured laborer. By 1974, Social Security covered agricultural laborers and all forms of wage labor. The introduced system raised the official minimum wage and had 340,000 subscribers, who constituted 45% of total labor in Lebanon.²⁸⁵ However, only major companies abided by the Social Security System. The system's efficiency was weakened by the administrative delay in settlement of arrears and corporate reluctance in paying the required premiums. The Social Security law was also opposed by major businessmen and industrialists as it incurred major costs on them. Journalist Basem al-Jisr claims that one industrialist justified his opposition to the law due to the fact that "it opens laborers' eyes to their rights and would get them to demand more!"²⁸⁶

Fouad Chehab's strong and steadfast personality gave his program the resilience needed to overcome structural resistance. Major industrialists and businessmen intervened with parliamentarians to try and get them to obstruct the project and delay its ratification. In a cabinet session, one minister tried to argue against the suggested law. He asked: "what guarantees that the project does not lead the state treasury to bankruptcy?" In response, Fouad Chehab addressed the Council of Ministers Secretary General Nazem Akkary saying: "note down Nazem, the Council of Ministers approved the project..."²⁸⁷

Despite all accusations that Chehab's Economic policies were socialist and interventionist, economic and financial authorities did not intervene much in the market. The wide array of infrastructure projects and institutional achievements that Chehab initiated provided the suitable framework for more efficient and sustainable market structures. His projects' main contribution to the system was to develop the material and institutional environment to enable greater market efficiency. Nowhere in the vast web

²⁸⁵ Toufic Gaspard (2005), p.76

²⁸⁶ Basem al-Jisr (2000), p.84

²⁸⁷ Nicolas Nassif (2008), p.406

of decrees that applied Chehabist policies was the free movement of labor and capital curbed. Chehab tried to address sectoral imbalances by bridging the gap between the monetary and real sectors. He was intent on utilizing more public funds to develop labor skills and industrial production, to lay the foundations for a productive economy through the state as a management tool. Under Chehab, public expenditure rose from 200 million Lebanese Liras in 1959 to 520 million in 1964.²⁸⁸ However, Chehab's policies maintained economic liberalism, bank secrecy, monetary autonomy, promoted import and export activities, and developed the commercial sector, a share that Christians held onto dearly. What Chehab wanted was to "set ground rules and regulations to regulate – not restrict – [economic] liberties in order to prevent chaos, corruption, and class differences."²⁸⁹

Chehab's economic policies were successful in achieving an annual 4.3% increase in income per capita between 1959 and 1964. These policies were only moderately successful in terms of income redistribution. By 1966, the share of income for households of the lowest 50% of income earning groups had risen from 13% in 1952 to 17%. The households belonging to the higher 40% of income earning groups rose from 36% in 1952 to 39% in 1966. The highest 10% saw a drop in their share from 51% to 44% in 1966.²⁹⁰ Moreover, 84% of savings were in the hands of 4% of the most prominent families. This inequitable income concentration did not curb the rising immigration which reached 8,566 persons per year in 1969 compared to 2,580 in 1960.²⁹¹ By 1974, only 5% of loan beneficiaries got two thirds the total loans while the ratio of those capable of opening bank accounts did not exceed 14% of Lebanon's households.²⁹² Chehab's policies helped spread national resources to wider segments of society. Chehabism was the first political movement that paid systematic attention to Lebanese emigrants by creating the World Lebanese Cultural Union (WLCU). These efforts reaped substantial economic benefits through tourism, remittances, and investments.

²⁸⁸ Kamal Dib (2007), p.192

²⁸⁹ Basem al-Jisr (2000), pp.81-82

²⁹⁰ Toufic Gaspard (2005), p.127

²⁹¹ Toufic Gaspard (2005), p.121

²⁹² Kamal Dib (2007), p.197

We have seen in chapter two that the majority of businesses are family-owned or revolved around familial interests.²⁹³ Additionally, the small size of the economy sharpens geographic and productive concentration. In the absence of truly autonomous regulation, this reality facilitates the formation business and political oligopolies. Chehab faced staunch opposition from these financial and economic circles of power, especially from the Christian communities that enjoyed a historical advantage over their Muslim countrymen. Many of his opponents succeeded in linking economic liberalism with political liberalism. They portrayed Chehab as Nasser's protégé who was leading a coup against the democratic character of the Lebanese system, the economy included. Some even argued that Chehabist policies bankrupted the state treasury.

Chehab's state achieved only partial success in increasing economic productivity and regulating investment structure toward more sustainable markets. His state-centered programs did indeed aim to raise the levels of education and labor skills. Chehabism tried to balance the investment structure by pouring in public funds to agricultural and industrial projects. However, these efforts were undertaken by state only. The extent to which market forces joined the Chehabist efforts remains questionable. This explains the lack of momentum for Chehab's reforms after he ended his presidency. In that sense, a six year presidential term was a very short time to apply an ambitious project that requires a change in social, economic, political, and legislative trends.

7.3 Chehab's Policies toward plotted Political Structures

The first two years of Chehab's presidency were dedicated to restoring national unity and stability in the 1958 aftermath. Chehab could not have passed his reforms had it not been for his legislative decrees and cabinet decisions that circumvented the tedious procedures of the communal parliament.

²⁹³ Toufic Gaspard (2005), p.139

The 1958 crisis and the Christian-led counter-revolution left a high level of inter-communal vulnerability in Lebanon. Intent on restoring stability as a precursor for state modernization, Chehab could not ignore the communal reality he was to govern. To strengthen the state's impact on what we've identified as the 'structural lock-in', the Chehabists penetrated the communal balancing game in the hope that they could solidify their program for state governance in Lebanon. Chehab adopted a strategy of parallelism between restoring stability and introducing reforms. He laid a simple political equation that "the Christians should choose their representatives, so should the Muslims. Thereafter, a sound and solid national consensus can be reached by achieving a balance in authority."²⁹⁴

Chehab was keen on restoring inter-communal stability and injecting new life into the political body. His intention was to make it clear that no community could do without the others.²⁹⁵ Chehab wanted electoral districts that "guaranteed the election of real representatives to the popular segments so that all voices would be present in parliament."²⁹⁶ To that end, he intended to organize early elections for two main reasons. On one hand, he wanted to reverse the disputed results of the 1957 elections and secure the return of prominent communal leaders such as Sa'eb Salam, Abdallah al-Yafi, Ahmad al-Asa'ad, and Kamal Jounblat to parliament. On the other hand, Chehab aimed to encourage the rise of new elites more amicable to his state project and responsive to his ambitious vision. Chehabism needed to rely on this first category as "an imperative gateway to political life" for the second younger category."²⁹⁷

For that purpose, the electoral law for the 1960 parliamentary elections adopted small electoral districts while increasing the number of deputies to 99. To achieve a cross-communal and diverse majority supportive of his presidency, Chehab backed Jounblat in face of Chamoun and Pierre Gemayel in face of Raymond Edde. Indeed, the elections of

²⁹⁴ Nicolas Nassif (2008), p.425

²⁹⁵ Fouad Boutros (2009), p.56

²⁹⁶ Fouad Boutros (2009), p.67

²⁹⁷ Nicolas Nassif (2009), p.427

1960 served their two-fold purpose and gave Chehab an undisputed parliamentary majority. Adopting small districts reassured the politicized religious communities in terms of true representation. However, adopting small electoral districts lessens the number of mixed districts which often play the role of national 'melting pots'. In that sense, the 1960 electoral law succeeded in restoring inter-communal stability and contributed to consolidating state governance under Chehab's leadership. His success in joining Jounblat and Gemayel under his banner was a key element of stability thus breaking a major communal barrier. Nonetheless, as a tool for the long-term objective of nation building in a multi-communal state, the 1960 electoral law clearly fell short of significant success.

The role of the Deuxieme Bureau in political life, a responsibility limited to a select few army officers, was mainly aimed at maintaining the political stability required to complete Fouad Chehab's reform program. Their first influential experience in the political game was their involvement in the 1959 Chouf by-election. The bureau successfully supported Kamal Jounblat's candidate Salem Abdel Nour in face of the Chamoun supported SSNP candidate In'am Raad. The Deuxieme Bureau's practices in the by-elections were reason enough for Raymond Edde to resign from Chehab's government.

The 1960 elections gave the Deuxieme Bureau a foothold in the political game. Zealously involving themselves in politics, the Bureau's officers adopted practices no different than those used by the traditional powers such as clientelism, subservience, co-optation, and intimidation when needed. They became directly involved in the communal balancing game as key powerbrokers. Their involvement favored Chehab's allies and triggered indignation among his opponents. However, this involvement only intensified to substantial lengths following the SSNP attempted coup on New Year's Eve of 1961.

In the aftermath of the coup, the Deuxieme Bureau expanded its intelligence activities to dominate political life. The Bureau planted informers in political parties and associations and involved them in social networks and gatherings. Eavesdropping techniques were

modernized to provide wider coverage, including the main communal leaders, as part of revamping the work of the Bureau as an intelligence agency. The Deuxieme Bureau delivered daily reports as 'private mail' to President Chehab updating him on political and social developments.²⁹⁸ Chehabist security agents sought revenge from Chehab's non-SSNP opponents. For instance, they imprisoned the Chamounist Shi'a leader Kazem al-Khalil and his brothers Abdel Rahman and Nazem, as well as the pro-Chamoun retired army officer Fouad Lahoud accusing him of playing a role in the coup.²⁹⁹ However, it remains noteworthy that Chehab refused to announce a state of emergency after the coup. Chehab himself clearly disliked many actions that his men undertook. He sided with his civilian aides in reprimanding his military loyalists for influencing the judiciary and their excessive violence while dealing with detainees.³⁰⁰

The Deuxieme Bureau employed different tactics to influence electoral processes that mainly revolved around supporting their allies and obstructing the movement of their adversaries. In his court testimony on 25 August 1972, Major Kamal Abdel Malak, head of Deuxieme Bureau in the South (1959-62) and Biqaa' (1962-64), admitted his "intervention in the 1964 elections as in the 1960 elections by offering employment, financial assistance, and persuasion." Abdel Malak stressed that his actions were "as per the directions and instructions of his superiors, particularly Chief Antoun Saad, Lieutenant General Mohammad Halabi, and General Jean Njeim." He controversially explained that these orders were "orally delivered during regular meetings and personal conversations yet not generalized."³⁰¹

In his criticism of the role of the Deuxieme Bureau, Chehabist journalist Basem al-Jisr personally told Chehab that "the officers should have been restricted to counter-intelligence, state security, and undercover work instead of the public influential roles they played."³⁰² Chehab responded to al-Jisr's criticisms saying "do you think they are angels?" and held politicians equally responsible "for succumbing to them and asking

²⁹⁸ Nicolas Nassif, *al-Maktab al-Thani: Hakem fil Thul, Mukhtarat*, Beirut (2005), p.142-43

²⁹⁹ Nicolas Nassif (2005), p.123

³⁰⁰ Fouad Boutros (2009), p.80-92

³⁰¹ Nicolas Nassif (2005), p.148

³⁰² Basem al-Jisr (2000), p.116

their help for weapons licenses and other services.”³⁰³ Indeed, Chehab’s observation was in place. The role and practices of the Deuxieme Bureau between 1959 and 1970 had not been an exception to the norm. However, they were the first instance in which the army actively involved itself in political life as a communal power balancer.

Though Chehab had no intention to renew his presidential term, his officers were working for that end. They believed that in order to continue with his reformist path, amending the constitution was a necessity. On the other hand, Chehabist opponents were keen on preventing the renewal and securing the election of either Suleiman Franjiyye or Raymond Edde. Chehab’s opponents, including Maronite Patriarch Boulos Meouchi, were collaborating with the American embassy in Beirut for that end. In a letter dated July 8 1964 to Philip Talbot,³⁰⁴ US Ambassador Armen Maier accuses Chehab of playing a “double game” of publicly denying his intention to remain President while “using every possible means of getting the constitution changed.” Maier identifies these means as Chehab’s firm control over the Public Administration and “great influence through the exercise of nepotism on a grand scale.” Maier expresses gratification over the “increased funds [that] are being put at [the embassy’s] disposal for judicious distribution during the election campaign.” However, he urges “more spectacular action” as “necessary to demonstrate our lively interest in the situation and thus to modify it in our favor.” Maier suggests that the annual courtesy visit of the Sixth Fleet to Lebanon be timed to coincide with the election and include “ostentatious maneuvers”. Finally, he proposes that news on such maneuvers “be leaked to suitably chosen newspapermen, including perhaps one or two of the Lebanese journalists who are committed – for the usual reasons – to our interest.”³⁰⁵

The letter samples some of the ‘tools’ through which external intervention coincides with communal balancing to influence political outcomes in Lebanon. More particular to this issue, it is representative of information complexity in communal relations. In this case, Chehab’s opponents did not trust his declared intentions not to amend the

³⁰³ Basem al-Jisr (2000), p.116

³⁰⁴ The then Deputy Secretary of State for Near East and South Asia Affairs

³⁰⁵ Nicolas Nassif (2009), p.536

constitution. Their concerns were fueled by the actions of the Deuxieme Bureau. However, Maier wasn't completely wrong about these concerns. In his memoirs, Sami al-Khatib admits his role in the 1964 elections. As the Deuxieme Bureau head in Beirut, his task was to support Abdallah al-Yafi's list in face of Sa'eb Salam's. Khatib states that "there was a deal between a 'working group' tasked with seeking another six-year term for President Chehab on one hand, and Sa'eb Salam on the other."³⁰⁶ The deal was to 'exile' Khatib for 8 days during election time in May 1964, thus indirectly guaranteeing Salam's success. In return, "Salam and his bloc would support the renewal of Fouad Chehab's presidency." The main intermediary in this deal was Colonel Yusuf Chmeit who enjoyed personal ties with Salam. Khatib admits that the deal and everything pertaining to it was done without President Chehab's knowledge. He also lists Colonel Yusuf Chmeit, Colonel Antoun Saad, Ahmad al-Hajj, Gaby Lahoud, President Taqieddine al-Solh, Fouad Boutros, and President Renee Mouawad as members of the 'working group'. Chehab however, despite the overwhelming pressure from his communal allies, his civilian partners, and his military aides, refused to seek another term. His reasons were indeed visionary, as Chehab stated that his "mission as President ends now so that the army doesn't end."³⁰⁷

Ghassan Toueini, one of the most ardent critics of Chehab, highlights the schism between Chehab's political ideals and the Deuxieme Bureau's 'tools'. Toueini writes: "Fouad Chehab will realize that they (Deuxieme Bureau men) were [purposefully] trying to misunderstand him exactly like he spent six years trying not to become one of them."³⁰⁸ In the bigger scheme of things, the Deuxieme Bureau's involvement was representative of a stronger presence for the state in managing the 'structural lock-in' and altering the inter-communal debate on state governance. While admittedly threatening the civil and democratic character of the system, the Deuxieme Bureau was not the only structure to undermine the system from within.

³⁰⁶ Sami al-Khatib, *Fi 'Ayn al-Hadath, al-Dar al-'Arabiya lil 'Ouloum*, Beirut (2008), p.112

³⁰⁷ Nicolas Nassif (2009), p.438

³⁰⁸ Ghassan Toueini, *an-Nahar* 4 June 1964, Cited in: Nicolas Nassif (2008), p.526

Fouad Chehab was successful in managing Iliya Harik's 'political game' both at the inter-communal level and at the level of individual interactions that lie at its base. Chehab could not weaken the parasitical role of the traditional elites but managed to use it to its own aims as the best available solution. To do so, Chehab depended on his military aides. This made Chehab's only weakness a necessary evil. This success enabled him to temporarily neutralize the negative impact of inter-communal vulnerability on state functionality and autonomy. Chehabism itself became the guarantor of stability as a precursor for gradually reversing communal conflict to nation-building. However, it failed to alter this organic equation as a whole. Chehabism's success was limited to a certain period of time before it collapsed under a synergy of internal and external pressures on state governance. In that sense, the Chehabist experience becomes proof that for any 'modernist' sociopolitical trend to gain the required momentum, it would need to compete with the ever-prevalent communal powers over tools that help shape state governance toward modernity. Chehab's success is most apparent in the fact that his successor Charles Hilou was the first president to be elected without any external intervention.

7.4 Chehab's Policies toward plotted Regional Structures

The regional structures plotted in our study had been at the heart of the 1958 crisis that brought Chehab to power. The core of the regional problem was to fortify national independence through state autonomy while nurturing the deep-reaching cultural, religious, familial, and ideological ties that join the Lebanese with their Arab neighbors. Indeed, the regional environment in 1958 was highly unstable. The American military involvement as per the Eisenhower Doctrine was aimed at containing what seemed as a communist threat in Lebanon and Iraq. In the latter, the instability following the coup that dethroned King Faysal, had left the contours of the new regime unknown yet. The Nasser-Murphy agreement had been facilitated by a series of CIA reports recommending that the United States harness the United Arab Republic. The reports suggested that the

US provide Nasser with financial assistance and facilitate his regional role as a measure of containing communism in the Near East. These reports paved the way for the American-Egyptian rapprochement that led to the Nasser-Murphy agreement on Chehab's election as president.³⁰⁹

The first thing that Chehab did, even before being sworn in, was to send Ali Bazzi as his emissary to Nasser. Bazzi conveyed Chehab's desire to consider the positive steps that the UAR and Lebanon could undertake to enhance practical cooperation between them. Once Chehab became president, he immediately reversed Chamoun's decision to expel the Egyptian Ambassador Abdel Hamid Ghaleb from Beirut. The Quartet Government also allowed the return of thousands of Syrian workers who had been expelled by Chamoun under accusations for taking part in the 1958 revolution.

Chehab and Nasser met at the Syro-Lebanese border in what came to be known as the 'tent meeting'. The idea of meeting on the border was proof of the importance of inter-communal sensitivities and their direct relation to the regional order. The former avoided visiting Damascus so not to be accused by the Lebanese Christians of subservience to Nasser. Nasser in turn, did not visit Beirut in order not to cause a popular Muslim movement in his support and thus cause Christian unrest. The meeting concluded with an agreement between Nasser and Chehab to give the latter full autonomy in government. Nasser pledged not to intervene in Lebanon's affairs. In return, Lebanon was to coordinate its foreign policy with Nasser in particular and not to join any Arab or regional axes that would threaten Egypt and Syria alike. The equation was a return to the traditional policy adequately described by Riad al-Solh as making Lebanon "neither a headquarter nor a passageway" to any activities that may destabilize Syria. Nasser also promised not to circumvent Chehab and to restrict his political influence in Lebanon to their relationship as heads of state.

³⁰⁹ Department of State, NSC 383, NSC 5820, NSC 386, NSC 392, cited in: Ghassan Issa, *Al-'Alaqaat al-Lubnaniya as-Souriya*, Sharikat Matbou'at lil Tawzee' wal Nashr, Beirut (2007), p.472

The Chehab-Nasser cooperation remained subject to criticism by Lebanon's communal leaders. Whether opposed to or allied with Chehabism, communal leaders were deprived of a main tool for leverage in the power balancing game. The Chehab-Nasser understanding guaranteed stability and enhanced state-to-state cooperation. It allowed Chehab to manage politico-communal conflict and to employ communal contradiction in favor of state autonomy. Important aspects of Chehabist political and security decision making were influenced by Nasserism, but this influence never amounted to subservience.

The Chehabist experience with Nasser, the UAR, and its subsequent disintegration highlights a significant reality for any autonomous Lebanese state to deal with. Regional trends appeal strongly to the Lebanese whether positively or negatively. This appeal is bound to cause internal divisions which in turn weaken state autonomy and functionality. Chehab clearly defined the equation by which he intended to govern. He intended to establish constructive relations with the Arab and Western world, based on national cohesiveness and independence, and devoid of subservience to neither. This equation was based on the principle that Arab and international relations may contribute to Lebanon's stability and prosperity. However, the major factor for stability would be the unity of the people – the unity of Lebanon's communities which Chehab reasons as “the unity that no other nation's history as Lebanon's, is evidence of being the origin of any independence and the guarantee against any limitation.”³¹⁰

The cornerstone of Chehab's foreign policy was the objective of establishing balanced international relations as the crux of Lebanon's independence. Chehab was aware that Lebanon's proneness to external conflict was fueled by its deeply rooted social, communal, and ideological contradictions. His strategy was to keep Lebanon adrift from inter-Arab conflict and international-regional confrontations in order to prevent the country from becoming an arena for such conflicts. His vision on Lebanon's role in

³¹⁰ Fouad Chehab speech on 20 May 1960, cited in: Nicolas Nassif (2008), p.336

inter-Arab politics was built on the fact that the country “had been scarred by reasons enough to be ever thoughtful and seeking of Arab unity and fortitude.”³¹¹

While remaining committed to Lebanon’s relations with Nasser, Chehab maintained the traditional diplomacy of openness in privileged relations with major states such as the United States and France as well as the Vatican by virtue of cultural, religious, and economic ties. His unique affinity to the French culture brought him closer to its model of governance. Chehab’s political and administrative crew was overwhelmingly of French culture including a French retired officer and graduate of the Ecole Nationale d’Administration (ENA) Jean Lay. Chehab replaced Chamoun’s pro-American tendencies with a more harmonious and publicly accepted relationship with the French. For instance, he refused to follow suit with many Arab states in severing ties with Paris in light of the Algerian crisis. Chehab’s relations with Nasser and De Gaulle constituted a dual balancing policy which guaranteed that neither the Muslim Lebanese nor their Christian counterparts could entertain age-long affinities at the expense of state autonomy.

Chehab was successful in paralleling his foreign policy with his domestic policy. His internal alliances were representative of his external views. Chehab believed that Lebanon’s neutrality puts it at odds with ideological trends that had swept the Arab world since 1930s. He considered the calls for regional and Arab unity by parties such as the Syrian Social National Party (SNSP), the Lebanese Communist Party (LCP), the Baath Party, and the Arab Nationalist Movement to be contradictory with Lebanon’s multi-communal structure. Similarly, Chehab remained cautiously aversive to the Soviet Union. He made sure not to provoke the Soviets, a mistake that the Deuxieme Bureau officers committed during the Mirage abduction crisis in 1969. From that same perspective, Chehab ignored Nasserism as a trend and focused on Nasser’s personal and political impact. He built on Nasser’s understanding of Lebanon’s particularity and the delicate balances at its core.

³¹¹ Nicolas Nassif (2008), p.346

Chehab's equation faltered with the breakup of the United Arab Republic in 1961. After their cessation, the Syrian authorities closed their border with Lebanon and pressed its government for immediate recognition of the new regime in Damascus. The cessation was met with immediate mobilization of pro-Nasserist demonstrations in Beirut, Tripoli, and Saida. The Syro-Egyptian schism was automatically copied to internal Lebanese divisions. On one hand, Pierre Gemayel, Camille Chamoun, Raymond Edde, Patriarch Boulos Meouchi, the SSNP, and LCP were among those who supported the separation. On the other hand, Kamal Jounblat, Rashid Karami, Sabri Hamade, and Sa'eb Salam were among those opposed to it.

The deterioration in Syro-Egyptian relations put Chehab in an awkward position. On one hand, Chehab needed to abide by his initial understanding with Nasser without getting involved in the latter's feud with Damascus. On the other, Chehab needed to reassure Syria that Lebanon would maintain an equal distance from both Arab states. Chehab immediately deployed the army to disband the demonstrations against the separation. Yet he exhibited his tacit proclivity to Nasser when the Deuxieme Bureau facilitated Abdel Hamid as-Sarraj's escape to Cairo through Beirut.³¹²

Maintaining neutrality was not an easy balance to strike. Immediately following the breakup, several developments highlighted the tensions that were to characterize Syro-Lebanese relations. Brief confrontations between the two armies led to border tensions. Damascus was insistent on the delivery of Syrian Nasserists who had fled to Beirut; a request that contradicted with Lebanon's law protecting persons seeking asylum. Syro-Lebanese relations were also weakened by mutual distrust resulting from security-related suspicions. Another major point of contention was the Syrian unrest with Lebanese media.³¹³ Prominent pro-Nasserist journalists were launching staunch campaigns against the Syrian cessation. To the clear distaste of the Syrian regime, the Chehabists found it difficult to orchestrate media restraint in a country that sings praise of its free press and political vibrancy.

³¹² Sami al-Khatib (2008), pp. 98-101

³¹³ Sami al-Khatib (2008), pp.103-104

The Syro-Lebanese relation was further destabilized by the rise of the Baath in Syria in 8 March of 1963. In a swift attempt to reassure the Baathists, Prime Minister Rashid Karami welcomed the new regime and praised the Egyptian-Syrian-Iraqi talks for a federal union. Karami's statement was seconded by Chehab's letters to the heads of the three states. However, these measures were not seemingly enough. The disruption in bilateral relations continued through political and security provocations, border closure, and the disruption of cross-border movement for persons and goods. In an attempt to further reassure its eastern neighbor, Lebanon implemented a measure that disallowed granting political asylum to any Syrian national that enters the country illegally. Chehab conveyed a clear message to the new Baathist leader Abdel Karim al-Nahlawi saying "when I met President Nasser on the border, I was meeting him as a President of Syria and not of Egypt." Chehab made his point clear: "We cannot slant Nasser nor deny him. More than half the nation supports him, so do not ask of us more than what we are capable of."³¹⁴

By then, the Syro-Egyptian crisis disconcerted Chehab's neutralist foreign policy who could not side with Nasser in face of the Syrians. The Syrians viewed Chehab as Nasser's ally and thus treated his rule as part and parcel of their confrontation with Nasser. In turn, Chehab was becoming increasingly aware of the difficulty in maintaining neutrality in times of inter-Arab upheaval. Syro-Egyptian tensions were being fought out on Lebanese soil. Based on information from Egyptian intelligence in May 1963, the Deuxieme Bureau arrested a group of Syrian secret agents on their way to execute bombing attacks on the Egyptian embassy. The group were tried and indicted. However, Chehab felt obliged to maintain Lebanon's neutrality as the only means to avoid inviting the upheaval into Lebanon's domestic political stage. His decision, in this instance to issue a presidential pardon for the Syrian officer, was telling of his attempt not to sever ties with the Baathist regime.

³¹⁴ Interview with Sami al-Khatib, cited: Nicolas Nassif (2008), p.364

Chehab was wary of the historical Syrian ambitions in Lebanon. His suspicions were accentuated by Khaled al-Azem's view on the tense relations between Syria and Lebanon. Al-Azem explains that "the problem between Syria and Lebanon is Lebanon's internal policy not its foreign policy."³¹⁵ Syrian authorities often justified their activities in Lebanon as those that counter Egyptian intelligence in Beirut. However, the Syrians also resorted to every means available to monitor the Lebanese opposition to the Baath among SSNP and LCP partisans as well as Christian leaders such as Gemayel, Edde, and Chamoun. The arrest of 25 Syrian militants, sent by the Syrian Deuxieme Bureau to assassinate LCP and SSNP partisans also substantiated Chehabist concerns of Syria's dealing with Lebanon.³¹⁶ On the other hand, Egyptian intelligence activities in Beirut were more subtle under Abdel Hamid Ghaleb's management aided by "military intelligence men whose actual roles were camouflaged by a Diplomatic one, such as Mohammad Nassim, Mohamad Hamam, Fathi Qandil, Yehia al-Tawileh, and Anwar al-Jamal who gave special attention to Lebanese Journalists with temptations one of which was money."³¹⁷ In both cases, maintaining neutrality in foreign policy, proved to be a stressful task that extended beyond Chehab's ability to conduct best state-to-state practices. Indeed, true neutrality also required of Chehabism the highly unlikely ability to regulate external penetrability of the multi-communal Lebanese polity.

7.5 Conclusion

Historically, 'Chehabism' has been associated with the militarization of political life in Lebanon while 'Chehab' is associated with the Lebanese state. When describing Chehabism, Boutros stated that as an Army Officer, Chehab often built his strategy for state building and modernization on the premise of "Pensez loin et commande court" (think long-term and act short-term). In that sense, he presented his program as a

³¹⁵ Nicolas Nassif (2008), p.360

³¹⁶ Ghassan Issa, *Al-'Alaqaat al-Lubnaniya as-Souriya*, Sharikat Matbou'at lil Tawzee' wal Nashr, Beirut (2007), p.492

³¹⁷ Nicolas Nassif (2008), p.360

substantial multi-track reform package in which he attempted to strengthen state institutions. Chehab wanted to nurture Lebanese nationhood by strengthening state-citizen relations. He built infrastructure, spread state services, modernized public education, and administered an extensive legislative module that became the crux of the Lebanese state.

Chehab's efforts were met with hesitance, complacency, and opposition from the influential communal elites. His statist program clearly proved to be at odds with communal spheres of power. Other elites joined his ranks as partners to the Chehabist era and benefited the influence that his men accrued. Only those whom he had brought in as emerging elites remained loyal to his vision. Pierre Gemayel joined the tripartite alliance against the Chehabists in 1970. His actions were part of the overall Christian reaction to PLO presence and the subsequent deterioration that came to follow. Kamal Jounblat's position during the elections was also representative of the communal balancing game. Jounblat instructed his communal bloc of six deputies to vote an equal three votes to Chehabist Elias Sarkis and three votes to the *hilf* candidate Suleiman Franjiyye.

Chehab's policy of neutrality was an integrated element of his overall reform program. He wanted to maintain considerable distance from regional issues of potentially divisive impact on the Lebanese society. He succeeded in positioning the state at the heart of Lebanon's relation to its immediate and distant environment. His experience with the Syro-Egyptian divergence proved that the Lebanese state cannot administer a policy of neutrality alone. The ability to regulate Lebanon's relations to its neighbors proved to be inextricably linked to the ability to regulate the inter-communal debate on state governance.

Chehabism's partial success revealed the potential responsiveness of marginalized social classes to an autonomous state. Its partial failure revealed that the communal elites continue to grab power through tools more effective than those owned by any autonomous state project. Fouad Boutros admits that while Chehab succeeded in terms

of state-building, 'Chehabism' fell short of molding circumstances toward nation-building. Boutros explains that "the circumstances prevalent in the region during Nasserism did not facilitate the process of fortifying true national consensus." As a result, "everything remained superficial; disparity remained deep in positions and opinions on the grand issues."³¹⁸ Boutros concludes that "Chehab succeeded tactically, but failed strategically."³¹⁹

Chehab tried to institutionalize state-society relations as the launching pad for a steady march toward nationhood. However, Chehabism failed to institutionalize its own presence in state, which is to practically transform its discourse to structure. As a result, it was only a matter of time before Chehabism lost its grasp on the tools necessary to retain power. Chehabism would eventually be weakened by the very social, economic, political, and regional structures it failed to influence.

³¹⁸ Fouad Boutros (2009), p.104

³¹⁹ Interview, Lebanese Broadcasting Corporation, 1998.

Chapter Eight

Hariri and Post-War Modernization

I hope you become the second Riad al-Solh

Samir Franjiyye to Rafiq al-Hariri

Rafiq al-Hariri was raised to a poor family in Saida. After one year of Business Administration studies in the Beirut Arab University, Hariri left to Saudi Arabia in 1965 at the age of 25. Having started as a school teacher, Hariri worked as an accountant before he established a company for small constructions and public works called Ciconest. By 1974 Hariri made his first million and gradually expanded his business to cover major infrastructure projects in Saudi Arabia. His business success quickly paid off. Hariri established strong ties with the Saudi royal family and soon became partner with Abdel Aziz son of King Fahed in the famous Saudi Oger. His business covered Saudi Arabia, Lebanon, and France.

Rapid business growth coupled with growing Saudi and French influence, introduced Hariri to the Lebanese scene as a Saudi emissary providing education scholarships and other charitable deeds. His company Saudi Oger cleaned up the rubble in downtown Beirut in 1982-83. Hariri gradually became Saudi's political emissary as well. He was a member of the Saudi delegation to national dialogues in Geneva, Lausanne, and Ta'if. Hariri was one of the people who engineered the Ta'if Accord in 1989. Throughout the 1980s he slaved to broker an end to the civil war. It is claimed that he was intended to become Prime Minister under Bachir Gemayel's presidency, a plan foiled by the assassination of Gemayel.³²⁰

Hariri's political career in Lebanon is divided into three different eras. Hariri held no official post in the period between 1979 and 1992 but played an active role in attempting to restore consolidated state governance. During that time, Hariri was involved in early

³²⁰ Kamal Dib (2007), p.524

stages of philanthropy, welfare, reconstruction, and resuscitation – usual stepping stones for a political career in Lebanon. The second period was his official entry to Lebanese political life in 1992 until he left the executive in 1998 following the election of Emile Lahoud. Coupled with economic setbacks in his reconstruction plan, this second period was Hariri's political baptism of fire. He had experienced government and come to realize the underlying limitations of the post-Ta'if system. The third period extended from 1999 till 2004 when he declined from accepting his nomination for the premiership. While outside government, Hariri reformulated his program and approach to his planned modernization. His sweeping electoral success in 2000 was a turning point in Lebanon's political life. It professed his position as the strong Sunni *za'im* instead of a national figure carrying a cross-communal project for Lebanon.

Hariri's vision for governance in Lebanon is dominated by the businessman in him. The style by which he laid out ambitious plans and set daring objectives was reminiscent of his reputation for completing construction projects in record time. Many accused Hariri of having a depoliticized vision for Lebanon and "of reiterating neoliberal clichés and running the government as a private firm in the aim of developing personal interests of his political allies, followers, and his own."³²¹ In contrast, following his assassination, former Deuxieme Bureau officer Johnny Abdo claims that Hariri had conveyed his political agenda to him in 1983. In response to an inquiry from Abdo, he responded:

*"We can contribute by pressuring the international community to force an end to the Israeli occupation of Lebanon; then we can take our independence from Syria, quietly and subtly, so as not to turn a Syrian withdrawal from Lebanon into a defeat for Syria."*³²²

In a manifesto-like recapitulation of his first governmental experience, Hariri published a series of newspaper articles in 1999 that constituted his revised vision for Lebanon's

³²¹ Asa'ad Abu Khalil, Lebanon one year after the Israeli Withdrawal, MERIP, May 29 2001, cited in: Kamal Dib (2007), p.530

³²² George Bkassini, *The Road to Independence: Five Years with Rafiq Hariri*, al-Dar al-'Arabiya lil 'Ouloum, Beirut (2009), p.17

path. Economic revitalization “so as to enhance competitiveness, create job opportunities, and improve the standard of living of the Lebanese through balanced development” was at the forefront of Hariri’s plans. To achieve this task, Hariri identifies the need to fortify the following factors:

- 1- Maintaining democracy, freedom, the rule of law, and the independence of the judiciary.
- 2- Renewing confidence in the Lebanese economy and reinforcing its attributes.
- 3- Establishing a foreign policy with economic returns. .
- 4- Addressing the fiscal issue.
- 5- Reducing the cost of production.
- 6- Efficient use and development of human capital.
- 7- Enhancing social services and rendering them more efficient and effective.³²³

8.1 Hariri’s Policies toward plotted Social Structures

In the period between 1979 and 1992 Hariri’s approach to alleviate the country from civil war was along two main lines. He established a humanitarian foundation that provided education grants, health services, and financial aid. Hariri also extended financial aid to the main militias of the Lebanese Forces (Geagea), the Progressive Socialist Party (Jounblat), and Amal (Nabih Birri). He allegedly financed Elie Hobeika with a monthly amount of 400,000 USD to facilitate the 1985 tripartite agreement and sent half a million dollars in aid to the pro-Aoun factions of the Lebanese Army.³²⁴ Approaching communal warlords with financial incentives was Hariri’s way to keep open channels for negotiation during times of rupture. However, this pattern persisted

³²³ Rafiq al-Hariri, *Statesmanship in Government: Emerging from War and Entering the Future*, Arab United Press Co., Beirut (1999), p.61

³²⁴ Kamal Dib (2007), p.524

after the recommencement of political life as those men continued to benefit economically from their relations to Hariri by different means.³²⁵

Rafiq al-Hariri personally contributed to the renovation of 1,250 public schools. Through his foundation, he helped an estimate of 34,000 university students from all Lebanese communities between 1979 and 2005. His fund had spent around 1.5 billion USD on education grants to Lebanese students studying in worldwide universities.³²⁶ Hariri also owned a chain of private schools in his name Hariri High School and later on established the Hariri Canadian University in 1999. His preference for the private sector also applied in the education sector. He focused his efforts on overall human development through the private sector while disregarding its communal segmentation. Hariri never approached education as a tool for nation-building. Instead, he focused on the role of education in human development, its role in improving labor skills, and enhancing economic productivity.

Lebanon's liberal media sector had always been an open space for political diversity. Television channels and internet outlets were proof of the continued coexistence of tradition and technology. The Media sector under Hariri became a tool for communal leaders. In parallel with all other public sectors and utilities, permits for television stations and other media outlets became subject to communal power sharing. Hariri established Future TV, Michel el-Murr's brother Gaby along with Elie Hobeika and Ghazi al-Aridi established Murr TV (MTV), the Lebanese Broadcasting Corporation (LBC) was seen as the Maronite television, Hezbollah started *al-Manar* TV, Hariri's Sunni opponent Tahseen Khayyat owned New Television (renamed *al-Jadeed*), and Nabih Birri's National Broadcasting Network was often nicknamed as Nabih Birri Network.

Hariri invested in substantial ties with local, regional, and media figures. In Lebanon, he supported Nabil Khoury who helped establish his daily newspaper *al-Mustaqbal* and as-

³²⁵ Georges Corm, *Le Liban Contemporain – Histoire et Societe*, La Decouverte, Paris (2003), p.226, cited in Kamal Dib (2007), p.525

³²⁶ Marwan Iskandar, *Rafiq al-Hariri and the Fate of Lebanon*, Saqi, Beirut (2006), p.57

Safir publisher Talal Salman. Hariri also bought 36% of Ghassan Toueini's *an-Nahar*.³²⁷ His friendliness with the press also earned him regional friends such as Imadeddine Adib and foreign friends such as Robert Fisk and Lara Marlow, both of whom were critical of Hariri's policies and nepotism.

In 1998, Hariri supported the demands of religious clerics to reinstate the teaching of religion in the public curriculum.³²⁸ He also rejected President Hrawi's Draft Law for optional civil marriage in Lebanon. In line with his relations with the Saudi royal family and Dar al-Fatwa in Beirut, Hariri's social policies were conservative. Though he believed in the need for national belonging to supersede communal identity, practically, he did little to engineer the social reality toward such an aim.

8.2 Hariri's Policies toward plotted Economic Structures

Following the 1982 Israeli invasion, Hariri's company cleared the ruins in downtown Beirut after securing aid from King Fahed. He was obsessed with the idea that the "restoration of Lebanese unity and the Lebanese state had to start with the declared intention of restoring the central commercial district through the implementation of a clear program."³²⁹ Hariri did not wait for the war to end. He employed his resources, both in cash and in kind, to prepare and schedule the reconstruction of downtown Beirut. These efforts included firms such as Dar al-Handassah and Bechtel. Hariri mobilized a vast group of engineers, bankers, legal experts, accountants, and urban planners to complete the task. The first building block in the new commercial center of Beirut was laid on 21 September 1994.

³²⁷ Marwan Iskandar, *Rafiq al-Hariri and the Fate of Lebanon*, Saqi, Beirut (2006), p.55

³²⁸ Munir Bashshur, *The Deepening Cleavage in the Educational System*, in Nawaf Salam and Theodor Hanf (eds.), *Lebanon in Limbo*, Nomos Verlagsgesellschaft, Baden Baden (2003), p.161

³²⁹ Marwan Iskandar, *Rafiq al-Hariri and the Fate of Lebanon*, Saqi, Beirut (2006), p.47

The reconstruction plan initially required investment expenditure of 14.3 billion USD that were distributed across several sectors and regions over an implementation timeline between 1993 and 2002. It was projected that by 2002, income per capita would be double of what it was in 1992. On the shorter run, the GDP was expected to increase by 36% by 1995 with investment expected to average up to 31% of it. Export of goods and services was also expected to grow by double the projected rate of GDP growth. In sum, Hariri's plans expected an annual average of 9.3% GDP growth.

The financial objectives that Hariri set for Lebanon were even more ambitious. The plan projected that a surplus would be reached in current accounts starting 1995 and in overall balance by 2000. Public debt was expected to grow to 84% of GDP by 1995 to fall back to 39% by 2002. Inflation in price of consumption goods would rapidly decrease from 15% in 1993 to 4% starting 1996. Real interest rates (nominal interest rates minus price inflation) were expected to remain at 3% throughout the reconstruction period.

The results were nowhere near what Hariri's plan had anticipated. Between 1993 and 2002, GDP growth only reached an average of 3.7%, which is lower than the prewar average of 6.2%. Income per capita only grew by 0.7% per annum. Growth rates decreased to an average of 1% in 1999 down to no growth in 2000. Unemployment remained unchanged and markets unregulated.³³⁰ While the officially recorded balance of payments reached 1.3 billion USD in surplus, the real balance of payments was a deficit of 5.7 billion USD after deducting cash inflows from foreign debt. Interest rates reached much high rates on debt in the Lebanese Lira. Toufic Gaspard argues that "the consecutive governments should have noted that weak financial performance and economic growth indicated structural flaws in the liberal economy of Lebanon."³³¹

Investment expenditure of Hariri's governments (and Hoss 1998-2000) constituted only 14.4% assumingly spent on reconstruction. The vast majority of these amounts were

³³⁰ Toufic Gaspard (2005), p.263

³³¹ Toufic Gaspard (2005), p.264

spent on projects in downtown Beirut and its immediate surroundings. The cost of interest on public debt reached 39% of the amounts borrowed which equals 15% of the GDP.³³² Based on the fact that interest on treasury bonds was, in principle, defined by weekly auctions, interest rates remained stable from 1996 to 1999. With 45% of bank deposits restricted to the five main commercial banks, Gaspard argues that the high interest rates were “the result of a tacit agreement between the Central Bank and the main commercial bank and not the result of independent forces of supply and demand.”³³³ Gaspard further compares the average annual interest rate of 17% (based on return) at which the government had been lending to that of interest rates in London’s international market. With interest rates averaging around 5% in London, Gaspard concludes that the Lebanese state had been borrowing at an interest margin of 12% above international market levels.³³⁴

Hariri stresses that “enhancing the comparative advantage of the Lebanese economy is contingent on reasserting Lebanon’s economic identity” to what he felt would mobilize “Lebanese, Arab, and foreign investments and capital flows.” Hariri identifies the following fundamental economic strengths:

- Support for individual initiatives;
- Free mobility of capital;
- Legislative and tax stability;
- Banking secrecy laws; and
- A free and liberal market economy.³³⁵

Hariri made a firm stance against what he called “interventionist anti-growth policies” affirming his opinion that these policies “deter investors and propel the private sector into paralysis; the end result being economic contraction, a reduction in the standard of

³³² Toufic Gaspard (2005), p.266

³³³ Toufic Gaspard (2005), p.267

³³⁴ Toufic Gaspard (2005), p.268

³³⁵ Rafiq al-Hariri (1999), p.63

living, and undermining public confidence in the future.”³³⁶ Hariri compared his vision for Lebanon’s economic role and structure to that of “the emergence of Asia as a major economic power that has altered the global competitive structure, the universal acceptance of market economics, and the decline in transport and telecommunications costs.”³³⁷

When he became Prime Minister, Hariri’s multibillionaire status had an immediate positive impact on the economy. By 31 December 1992, the exchange rate of the Lebanese Lira had recovered from L.L. 2,500 to the dollar to L.L. 1,837. Hariri placed the need to create institutional, legislative, and tax conditions that are conducive to investment. He linked the fiscal environment, as part of a sustainable legislative framework, with the need to establish an independent and efficient civil and criminal judiciary. For Hariri, the main indicators of concern should be the economic growth and capital inflows which would allow for an expansion in money supply and a reduction in interest rates. This chain of positive effects continues with lowering debt service, creating more job opportunities, and eventually decreasing the fiscal deficit. In order to administer a modern economic policy, Hariri believed that there arises the need for a coherent, unified, and enlightened economic team.

Hariri presented his policy mix as follows:

- 1- Providing a combination of modern basic infrastructure with sustained confidence in the economy;
- 2- Stabilizing expenditure;
- 3- Revitalizing private sector activity;
- 4- Revising and redefining the role of the public sector with aim of transforming it into a competitor in terms of obtaining a larger share of GDP for itself;
- 5- Reducing the cost of production through: privatization after undertaking the required steps to increase their profitability and administrative reform;

³³⁶ Rafiq al-Hariri (1999), pp.63-64

³³⁷ Rafiq al-Hariri (1999), p.60

- 6- Encouraging the productive sectors only after developing electricity, water, and telecommunications through privatization;
- 7- Developing the human element;
- 8- Rendering social services more effective.³³⁸

Clearly, Hariri wasn't keen on considering the fiscal deficit a structural shortcoming related to the overall performance of the economy.³³⁹ He sufficed with seeking increased capital inflows as a solution. Hariri felt that by focusing on infrastructure development and lowering costs of production, the fiscal balance would be bound to fade. However, in light of the communal oligarchy and the Syrian stake in the Lebanese economy, the costs of infrastructure development itself proved to be too high. None of the oligopolies headed by Hrawi, Jounblat, Birri, Hezbollah, or Damascus opposed Hariri's 'road map'. Each of those benefited his project in one way or another. The cost of 'Horizon 2000 for Reconstruction and Development' was gradually increasing from 11.7 billion USD in 1992 to 13.9 billion in 1993 and 18.5 billion in 1995.³⁴⁰ Hariri had initially hoped that the costs be covered by an expected budget surplus starting 1996, public borrowing through treasury bills, and hard currency grants from Arab and foreign countries. The expected budget surplus was never achieved and grants never amounted to what Hariri had hoped for. Treasury bills became the primary source of cash with record high interest rates.

Hariri's plan failed to anticipate the increasing demands of the communal oligopolies under the guise of power sharing and at times simply in straightforward 'brokerage fees' and political extortion. In the third period between 2000 and 2004, Hariri tried to revamp his economic policy program through Paris I and Paris II meetings in which he sought to replace Lebanon's debt to local banks by foreign debt with lower interest rates.

³³⁸ Rafiq al-Hariri (1999), pp.59-86

³³⁹ Kamal Dib (2007), p.536

³⁴⁰ Kamal Dib (2007), p.537

8.3 Hariri's Policies toward plotted Political Structures

To help him achieve his magnanimous task, Hariri chose a number of key people to help him avoid the stifling bureaucracy in order to complete the major construction plan of downtown Beirut. He chose Fouad Siniora as his minister for financial affairs, Mustapha Razian to run the affairs of his Mediterranean Investment Group, Bassil Yared to follow up on financial and political affairs with France, Bahij Tabbara as full-time legal advisor and later on minister, Nouhad Machnouk as press and political affairs counselor, Riad Salameh as Central Bank (BdL) governor, Mohammad Ba'asiri as head of the Banking Control Commission, al-Fadel Chalaq as head of the Council for Development and Reconstruction and the Hariri Foundation as well as a minister for telecom. Hariri appointed Naser al-Chammaa' as Solidaire chairman. Also aware of the need to maintain strong ties with the Maronites, Hariri entrusted Daoud al-Sayegh with the task of political advisor and liaison with Patriarch Mar Nasrallah Boutros Sfeir. During his second period in politics, he appointed Ghazi Yusuf as head of the Privatization Council and brought in the young Bassel Fuleihan on his economic team. Fuleihan became a deputy in 2000 and a Minister of Economy in Hariri's subsequent government.

This impressive list of recruits indicates the type of elites that Hariri had introduced to the political system. However, it also highlighted Hariri's favored tools for governance. Being forced to claim a share into the post-war oligopoly, he chose to hold the central junctures of the country's economic, financial, and services domains. While he did have supporters in other public administrations and ministries such as the diplomatic corps, it was his team of more direct associates who administered his modernization program.

Hariri avoided a wide scale reform approach to the post-Ta'if administration. Instead he his governments "kept it intact and established at the apex a parallel one tied to the Prime Minister."³⁴¹ Unable to practice true authority over other communal leaders, especially in light of Syria's involvement in Lebanon, Hariri chose to delimitate his

³⁴¹ Hassan Krayem in Paul Salem (ed.), *Conflict Resolution in the Arab World: Selected Essays*, American University of Beirut (1997), p.429

sphere of power to the vital sectors he felt served his immediate objectives most. Within his governments, Hariri constantly shared authority, as stipulated by the Ta'if Accord, with other communal elites, warlords, and Syrian clients. The equation applied to nearly every other state institution as well as the public and private sectors. In light of this situation, Hariri was not interested in reform and believed that the existing system was the best possible system. Instead he believed in the need for "better coordination and more hardworking efforts."³⁴² Hariri was satisfied with the Troika equation.

Outside his own team, Hariri found it increasingly difficult to create a harmonious team of ministers to help him achieve his plans for governance. Under the Ta'if system, Ministers enjoyed greater autonomy within the cabinet. With executive power dispersed onto the cabinet – *in congregation*, Hariri had to co-opt many potential adversaries in order to pass his decisions. The very formation of his governments was an intricate process that often troubled the presidential troika. To deal with the increasingly demanding communal *Sigha*, Hariri chose to keep control of ministries he felt were more directly needed for his plans. He thus preferred the finance, economy, and telecommunications. Interestingly enough, this choice mirrored Hariri's own career achievements. After all, the sectors entailed in his choice of ministries were the most relevant to his vision for creating "the necessary conditions to encourage greater private sector participation."³⁴³

Under the post-Ta'if state, the inter-communal debate over state governance had become much more complicated. The return to consolidated state governance came at the expense of state autonomy and functionality. The militia system of the war years was transformed into a communal oligopoly in government. During Hariri's rule – as part of the Presidential Troika and the communal oligopoly, there existed several institutions that functioned independently from auditing or review of the judicial, executive, or legislative institutions. As we've seen, Hariri's share included institutions such as the CDR, the Central Bank, and the Higher Commission for Relief while the Council of

³⁴² Hassan Krayem (1997), p.430

³⁴³ Rafiq al-Hariri, *Statesmanship in Government: Emerging from War and Entering the Future*, Arab United Press Co., Beirut (1999), p.39

South Lebanon was tied to Nabih Birri and the Fund for the Return of the Displaced and Refugees to Walid Jounblat.³⁴⁴

Hariri never read the signs of the dangerously demanding political environment in its structural corruption. Whether he did so intentionally or not remains contentious. It remains noteworthy yet often disregarded, that Hariri was never in full control of his constitutional prerogatives. From as early as 1994, the Court of Accounts reported that “more than 58% of the contracts awarded were consensual between the contractors and the various ministries.”³⁴⁵

The power sharing ethos inside the public administration was copied by the oligopolies to the realm of public procurements and of course the private sector. In the administration, Hariri appointed his supporters and his allies in key positions in Electricity du Liban (EdL), the Central Bank, Urban planning department, Council for Greater Beirut Projects, Investment Development Authority of Lebanon, the National Social Security Fund, Council for Constructions Project Management, and OGERO. Other public posts were given to Birri such as the Director General of the Ministry of Information, the DG of Emigrants, and the President of the Council of the South. Hrawi took his share too through the Mayors of the North, the Biqaa', the DG of the Ministry of Oil, and the DG of General Security. Most of these appointments took place in the communally controlled cabinet and outside the Civil Service Board. This power sharing formula served the purpose of reinforcing political authority and financial gains of the Troika and the major communal elite.

The increasingly complicated formula for power sharing made it nearly impossible to maintain communal balances in public administration and promote competence as a standard of employment. As a norm, the CDR had become a Sunni/Hariri dominion, the

³⁴⁴ Hassan Krayem in Paul Salem (ed.), *Conflict Resolution in the Arab World: Selected Essays*, American University of Beirut (1997), p.431

³⁴⁵ As-Safir 1994, exact date not available, cited in: Hassan Krayem, in Paul Salem (ed.), *Conflict Resolution in the Arab World: Selected Essays*, American University of Beirut (1997), p.430

Council of the South a Shi'a/Birri dominion, and the Ministry of Refugees a Druze/Jounblat dominion.

The state, through public procurements for development projects, became the communal cash cow. The insolently unregulated spurt of public spending during Hariri's premiership was crystal clear. Projects with similar specifications such as highways would cost 11 million USD in one area and 1.5 million in another, nearly ten times as much.³⁴⁶ Instances of corrupt procurement practices such as high-level political nepotism were countless. For instance, procurement for glass shields in the airport witnessed a bid as low as 7 million USD only to be given to George Elias Hrawi for 12.5 million. Pitches for Airport catering reached 44 million USD to be paid to the state for the contract. Instead, Abella, a company close to Hrawi won the bid for a mere 11 million USD. Similar practices occurred in the telecommunications sector where the operating privileges were given to a Norwegian company in which Nizar Dalloul, Hariri's step son-in-law, was a partner. The company was contracted for 13 million USD despite a pitch by a Swedish firm for 10.5 million. The electricity sector was probably the worst, where leakage is estimated at 600 million USD amounting up to 50% of public expenditure on the sector. The beneficiaries were many and represented nearly all political factions, Hariri included.

8.4 Hariri's Policies toward plotted Regional Structures

In his first period of experience, Hariri had built key friendships with high ranking Baathist officials such as Abdel Halim Khaddam, Hikmat al-Chehabi, and Ghazi Kanaan. He had accompanied Saudi Foreign Minister Saud al-Faisal and Prince Bandar bin Sultan on their visits to Damascus and eventually became a frequent visitor himself. From the onset, being a businessman in profession and a conservative in political orientation, Hariri was not a daring man. The way he conducted his relations with

³⁴⁶ Kamal Dib (2007), p.546

communal elites in the 1980s indicates his cautiousness in political practice. In 1985, Hariri was working on establishing ties with President Amine Gemayel. However, when he felt that Syria was pulling away from Gemayel and leaning toward Hobeika, he chose to follow suit.

The Saudi-Syrian understanding surrounding the Ta'if Accord and their participation alongside the US in the war on Iraq also paved the way to their agreement on Rafiq Hariri as Prime Minister in Lebanon. Syria played a direct role in the election of Elias Hrawi to President by instruction from President Hafez al-Assad to Parliament Speaker Hussein al-Husseini.³⁴⁷ Similarly, Hariri's nomination by Syria was met by sweeping consensus among the Lebanese elites. However, Saudi Arabia's preoccupation with the Gulf Crisis, and Syria's more hands-on involvement in Lebanon gave Damascus the upper hand in managing the multi-communal debate on state governance in Lebanon. Saudi Arabia's influence was insignificant when compared to the micromanagement that Syria practiced in Lebanon.

France was another circle of power that brought Hariri to power. He had substantial economic and political leverage in Paris which was home for companies he owned like Saudi Oger and his famous Hariri Foundation. He enjoyed good ties with French politicians for contributing to the release of French hostages in Lebanon. His most famous partnership was with President Jacques Chirac with whom he had a number of business partnerships in Indosuez, Paribas, and the Port Mayo real estate project.³⁴⁸ Hariri's connections in France contributed to its unique presence in Lebanon in the 1990s. During his premiership, there were around 5000 french firms with active interests, investments, and connections in Lebanon. 150 companies of those had established Beirut as their business headquarters.

³⁴⁷ Elias al-Hrawi, *'Awdat al-Jumhuriya minal Douwaylat ila al-Dawla*, Dar an-Nahar, Beirut (2002), p.114

³⁴⁸ Henri Edde, *al-Mal in Hakam, Sharikat Matbou'at lil Tawzee' wal Nashr*, Beirut (1999), p.129, cited in Kamal Dib (2007), p.526

Hariri employed his international stature and network of relations to help stop the Israeli operation Grapes of Wrath on Lebanon in 1996. His outreach included Jacques Chirac, Boris Yeltsin, and John Major in Europe. He depended on Bandar bin Sultan who mediated with Bill Clinton and Warren Christopher to interfere and stop the massacres. The result of Hariri's worldwide campaign led to what came to be known as the "April Accord" which was a double declaration between Hariri and French foreign minister de Charette in Beirut on one hand, and Shimon Peres and Warren Christopher on the other.

Hariri would resort to his international position again during the Paris conferences for donor support of Lebanon. His friendships, along with the trust element that he personally constituted, helped secure financial aid to Lebanon.

Hariri's formulation of Lebanon's foreign policy was inevitably restricted by Syria's hegemony over Lebanese politics. It was first and foremost restricted by Syria's encroachment on Beirut's policy toward the peace process. Syrian influence over different politico-communal components, including Hariri himself, was another limitation to his ability to conduct an autonomous foreign policy. In what seems to be a form of self-censorship, Hariri's view on the role of foreign policy was restricted into transforming "foreign policy into an effective tool in the economic contest and in the race to open markets for national products, to attract foreign investments, and to obtain grants and concessionary loans."³⁴⁹

Hariri relied on the Madrid Conference as an event that would bring about a major reshuffling of the regional order. He assumed that the collapse of the Soviet Union and the US-Saudi-Syrian rapprochement would lead to a resolution of the Arab-Israeli conflict. The breakdown of the peace process and the subsequent events obstructed his plans for revitalizing Lebanon's economy. A decade later, Hariri still held hopes for regional peace stating that "regional developments now are such, that determined efforts are under way to reinvigorate the peace process in a manner that is no less dynamic than

³⁴⁹ Rafiq al-Hariri (1999), p.65

the momentum of the Madrid Conference.”³⁵⁰ Clearly, Hariri’s assumption missed by far.

Hariri had to react to Syrian pressures on him both directly and indirectly. His 2000 victory in Beirut was a formidable step for Hariri who imposed himself back into the Syrian-engineered communal *Sigha* during Emile Lahoud’s presidency. His success was particularly resounding in Beirut where the electoral law, popularly referred to as the Law of Ghazi Kanaan, was believed to be tailored to weaken his cross-communal popularity all over Greater Beirut. The main problem that Hariri faced throughout his premiership was Syria’s monopoly over foreign influence in Lebanon.

Hariri’s ascendance to power in Lebanon was the result of a major shift in regional balances. The collapse of the Soviet Union pushed the pragmatic Hafez al-Assad to improve his relations with the US. His participation, along with Saudi Arabia, with the US in its war on Iraq had sketched the contours of the US-Saudi-Syrian understanding. In return for its participation, Syria was given full custody of Lebanon. The shift in regional balances facilitated the change in the communal power sharing formula in the Ta’if Accord. Under Syrian auspices, the Saudi-supported Rafiq al-Hariri came to power. For over a decade, the conditions that had nurtured the US-Syrian rapprochement were gradually receding. The failure of the peace process, one of Hariri’s main bets on which he structured his program for modernization, was a key factor in the gradual deterioration in US-Syrian relations. By 2000, the circumstance had changed completely. American pressures on Syria to withdraw were increasing. Hezbollah’s militant presence was also becoming a major issue of contention. The 2003 US invasion of Iraq and Syria’s position on the war worsened Syro-American relations and thus increased pressures on Damascus to withdraw from Lebanon under the auspices of UN Resolution 1559. These consecutive developments were signaling a radical change in the regional environment that had allowed Hariri to govern in Lebanon.

³⁵⁰ Rafiq al-Hariri (1999), p.59

8.5 Conclusion

Hariri never surmounted becoming a pillar of the post-Ta'if communal oligopoly. However, he established himself as the most prominent Sunni leader since Riad el-Solh. Indeed, Hariri's moderate discourse constituted the return of the Sunni community to the Lebanonist circle. His policies left behind an undeniable legacy of restoring the Sunni-Maronite 'National Pact' that Riad el-Solh had established with Bechara al-Khoury. Though the shift materialized en masse only after his assassination, Rafiq al-Hariri's policies had been crucial to the process of redefining the political role of the Sunni community in the debate on state governance.

Economically, Hariri misjudged the Lebanese economy's productive capacities and thus overestimated his projections for GDP growth, increase in income per capita rates, and returns on export of goods and services. His initial plan failed to anticipate the impact of the absence of independent modes of production and the clustering of investment patterns around non-productive sectors. While many explained the failure as the result of the impact of war since 1978 on economic productivity, the truth remains that the failures lied in the economic and political structures themselves – mainly the loss of autonomous decision making. From this viewpoint, al-Fadel Shalaq described the security regime under Syrian hegemony as “political void.” As a Minister of Communications in Hariri's government, he felt that “the basic issues were not discussed inside the constitutional institutions, and are not discussed by the legitimate officials. They are discussed outside.”³⁵¹

On the state level, Hariri's vision for modernization in Lebanon remained a personal ambition which he failed to confound any true support for. Following his exit from power in 1998, Hariri attempted to upgrade his economic vision for Lebanon to a multifaceted program for modernization. Having felt that the Syrians were changing their Lebanese strategy, Hariri chose to remain outside the government. Indeed, the regional role that Syria dominated in Lebanon in the 1990s strongly stifled Hariri's

³⁵¹ Al-Fadel Shalaq, *Tajribati ma' Rafiq al-Hariri*, Arab Scientific Publishers, Beirut (2006), p.277

modernization efforts. The Baath became the dominant partner in sharing spoils of state. Pro-Hariri economist Marwan Iskandar claims that the Syrian share of wasteful expenditure through illegal or politically extracted benefits averaged five billion US between 1990 and 2005. Though he admits the absence of an accurate means to assess these benefits, Iskandar suggests that Syrian practices in Lebanon included drug activities, avoiding payment of customs, tampering with transit trade, benefits from contracts secured for construction works, and payments by al-Madina Bank to name a few.³⁵²

Al-Fadel Chalaq comments on Hariri's style in administering his projects and way of dealing with the communal oligopoly stating that "there is a difference between compromises as means to maintain your project and your project becoming compromises as means to maintain power."³⁵³ Chalaq concludes that "Hariri came to power with vision for governance. This vision collided with the rock that is the political elite... In the end, the vision faded, the project shattered, and power lost."³⁵⁴

When linking the second period of Hariri's governance with the third, one finds an obvious 'turnaround' in Hariri's policies after exiting government in 1998. There are three main reasons behind this shift: one pertaining to economic structures, the second to political structures, and the third to regional structures. First, Hariri found himself grappling with policy failures that revolved mainly around his misreading of potential market responsiveness to his 'shock therapy' by reconstruction. Second, Hariri's plan was deterred by the outrageous political costs of his economic project. His feasibility studies did not anticipate the astronomical amounts of wasteful spending resulting from the structural corruption of the communal oligopoly. Finally, Hariri was faced with Syrian hegemony that not only limited his decision making, but also required a massive share of political money for its Baathist ranks.

³⁵² Marwan Iskandar, *Rafiq al-Hariri and the Fate of Lebanon*, Saqi, Beirut (2006)

³⁵³ Al-Fadel Chalaq, *Tajribati ma' Rafiq al-Hariri*, Arab Scientific Publishers, Beirut (2006), p.285

³⁵⁴ Al-Fadel Chalaq, *Tajribati ma' Rafiq al-Hariri*, Arab Scientific Publishers, Beirut (2006), p.285

From that perspective, Hariri's 'political paper' in 1999 seemed to be an extremely subtle form of 'self-imposed revisionism'. Under the new circumstances he'd been subjected to, Hariri found no room for subtlety. His electoral success clearly overcame the Syrian attempts to further limit his power by dividing Beirut into three voting districts. Once back in government, Hariri attempt to reverse the economic failures of his second period in politics. He organized the Paris II donor conference in which he presented a bundle of political reforms he wished to introduce including the privatization of electricity and communications. In return, Hariri secured 4.4 billion USD in foreign grants. Moreover, Hariri got a pledge from Lebanese commercial banks to buy two billion USD worth of treasury bills with 0% interest rate. Little if any of Hariri's reforms came into force.

Throughout his career in business, Hariri surrounded himself with young professionals from different tracks. His dynasty pitted him with engineers, management consultants, media executives, financial advisers, and economists. As he gained international stature, he established an outstanding network of relations with business leaders, diplomats, international journalists, and political leaders. Along the way, he appointed his family members in key business positions. When Hariri entered government, he brought in the vast body of both young and experienced professionals, like himself, with him. Throughout his political journey, his team evolved from advisers to managers and ministers. His business dynasty had been transposed into his political and economic crew for governance. After his tragic death, Hariri's cult was only to be survived by his son Saad, ending a modernization experience with a familial transition of power.

Chapter Nine

Comparisons and Conclusions

We are living in hell and happen to be enjoying it.

Ahmad Baydoun

9.1 Chehabism and Harirism: Lessons Learned

There are five main elements to consider when observing the experiences of Fouad Chehab and Rafiq Hariri. It is important to understand the global and regional setting in which each of the two experiences took place. Consequently, understanding the systemic structure in which each man worked also helps us understand the approach of each and the tools that were available to them. Another important question to address is the way Chehab and Hariri dealt with the need for modernization in Lebanon. Then it is important to evaluate the results that each discourse achieved and what implications these results have on any future modernization attempts. Finally, it is equally impacting to observe how each man related to the system. How did Chehab and Hariri deal with the ruling elites and the defining elements of the system? What can we learn from their experiences with the standing pillars of the Lebanese polity?

9.1.1 The Global Setting of each Experience

The first element of comparison is the fact that each of the two men assumed his responsibilities in radically different eras and under different global, regional, and domestic politics. Chehab was influenced by state interventionism in economic, political, and social affairs. He was a strong believer that “nationhood and citizenry can be realized by achieving statehood rather than starting with the more difficult inverse.”³⁵⁵ His presidency came at a time when Keynesian economics encouraged market regulation by the state. Keynes argues that leaving economic management to the

³⁵⁵ Nicolas Nassif, *Jumhuriyat Fouad Chehab*, Dar an-Nahar, Beirut (2008), p.409.

private sector may lead to macroeconomic inefficiency. He thus promotes the idea of state intervention through monetary policies via central banks and fiscal policies to stabilize economic output and regulate the economic cycle.³⁵⁶ This school of economic management dominated the globe in what came to be known as the Post-World War II Economic Boom or the *long boom* that lasted till the mid 1970s. Chehab was particularly fond of De Gaulle and his experience in France. Five months after Chehab's election, De Gaulle became president of what came to be known as the Fifth Republic. Chehab's approach differed significantly from that of his French counterpart. However, the most common character with De Gaulle's rule was the reintroduction of a strong statist system concurrent with the interventionist trend.

Hariri on the other hand formulated his political views at a time when global politics were shifting back to the non-interventionist trend. This reversal came to be known as the worldwide liberal revival which brought governmental change in the United States, the United Kingdom, and Canada. This trend shift was a major transformation caused by globalization.

Many have argued that this new global economy poses a threat to the role of the state in running the economy and hence in exercising its authority and maintaining its acclaimed sovereignty. Some argue that the impact is only partial through the economy and the market; others argue that this impact is much greater. Hard-core realists such as Hans Morgenthau argue that "modern technology has rendered the nation-state obsolete as a principle of political organization."³⁵⁷ Modern technologies of transportation, communications, and warfare were main tools that reduce the original functions of the nation-state. This is exactly where Hariri came from. A business tycoon, Hariri believed that all efficiency lied in the private sector. His political discourse was grounded in his experience and achievements in the business world. His experience in the communications and construction sectors formed the cornerstone of his economic vision.

³⁵⁶ Arthur Sullivan and Steven M. Sheffrin, *Economics: Principles in action*, Upper Saddle River: Pearson Prentice Hall (2003).

³⁵⁷ Russell - Starr - Kinsella, *World Politics, The Menu of Choice – Sixth Edition*, Bedford St. Martin's – London 2004, pp. 43-65

Often more than usual, Hariri found it difficult to deal with politics, communal in particular, with tools other than private market forces. For instance, during Chehab's presidency, International Financial Institutions had not yet attained the influential role that they did when Hariri was in government. Indeed, Hariri found himself increasingly reliant on IFIs and foreign economic support especially during his 2000-2004 period as Prime Minister.

When measuring the extent of state interventionism under Fouad Chehab in terms of influencing market conditions we find that the Chehabist model was nowhere near being a command economy. In fact, Chehab's developmental policies brought Lebanon closer to the Asian EOI models that Hariri used as benchmarks to market his economic vision for Lebanon. When juxtaposing the limited structural changes that Chehab induced with Hariri's non-structural approach we find that economic growth requires an "inevitable transformation to more productive components of the economy such as industrial transformation."³⁵⁸

The regional environment had a substantial impact on Lebanon's economy both during Chehab's presidency and Hariri's premiership. Under Chehab, economic liberalism in Lebanon benefited its contrast with the then lagging Arab economies. The regional role during Hariri's premiership was more directly tied to Hariri's own influence as a business tycoon with strong relations with the Saudi royal family. However, two major factors have altered Lebanon's economic ties with its Arab neighbors. The first is the redirecting of petrodollars toward the West and the Gulf preference for increased military expenditure as opposed to putting money in Lebanon banks. This clustered Arab investment structures in Lebanon around the real estate sector. The second factor is the exponential improvement that Arab economies have experienced. Many regional economies have become more competitive and attract more investment than the Lebanese economy such as Jordan, Qatar, and Dubai.

³⁵⁸ Toufic Gaspard (2005), p.103

9.1.2 Different Systemic Characteristics

When observing the reasons why the Lebanese have not yet joined the ranks of state without communal intermediation, we realize the following: The Lebanese need to agree to adhere to the idea of a unitary state before determining which model of state they prefer. Similarly, the Lebanese should form a sustainable market before they decide how to regulate their markets.

Each of the two men functioned under a radically different systemic equation – *Sigha*. Chehab was president at a time when the Maronites enjoyed political supremacy that granted him unchallenged executive authority. He controlled the cabinet, its plans, and its decisions. In the period between 12 November 1958 and 12 June 1959, Rashid Karami's government was granted exceptional powers that enabled it to issue legislative decrees in the fields of economy, finance, and administrative reorganization. Chehab tasked his second government with drafting a new electoral law and dissolving parliament in preparation for an early election. Indeed, he enjoyed substantial control on the executive and came to barricade his program with a strong parliamentary presence in the 1960 elections.

Chehab tried to give the state the role of welfare by raising the level of public expenditures on education, labor skills, and balanced development. Hariri on the other hand, spent his own money, thus posing himself, maybe unintentionally, as another source of communal welfare and de facto alternative to the state. Chehab succeeded to maintain considerable distance from communal politics. Hariri on the other hand, found himself obliged to seek Sunni support in the 2000 elections in order to reinstate himself as an indispensable element in a Syrian-dominated political system. Chehab's constitutional prerogatives allowed him to pursue his program with much less obstruction than what Hariri faced under the Ta'if system. In relation to both experiences, it becomes apparent that transferring executive prerogatives from the President to the cabinet *in congregation*, inevitably translates to empowering the community over the state.

Chehab also enjoyed relative autonomy from regional intervention and meddling in state affairs. His famous 'tent agreement' with Nasser guaranteed the UAR's respect for state autonomy. This agreement gave Chehab a free hand that allowed him to have the final say in all political, economic, and social affairs of the country. In that sense, Fouad Chehab benefited from a very low level of regional penetration to the inter-communal debate on state governance; an advantage that none of his presidential peers enjoyed.

Chehab dealt with a regional environment that functioned within a bipolar world order which allowed Nasser to benefit from the US-Soviet power balancing game. In fact, it was the US-UAR cooperation, stemmed from the US policy of containing communism (See Chapter 5), that allowed for the stability that Chehab's policy of neutrality sought. Hariri's appointment as Prime Minister was a result of the regional changes that forged a US-Saudi-Syrian agreement. These regional conditions were in turn, the reflection of global unipolarity after the collapse of the USSR. The two radically different environments offered equally different menus of choice for each. On one hand, Chehab could negotiate Nasser for full control over the state in Lebanon while Hariri was himself a component of Syrian control over Lebanon. What Chehab did with De Gaulle and Nasser, Hariri could not do with al-Assad and Chirac. As Prime Minister, Hariri faced intermittent Israeli attacks and an occupation that lasted until the year 2000. Chehab on the other hand, governed under full sovereignty of land and decision.

Hariri on the other hand faced a totally different working environment. His ascension to the Premiership was during the era of "an American mandate for Syria to manage communal balances in the 1990s."³⁵⁹ This era was a time in which communal leaderships were redefining themselves from warlords to statesmen. Kamal Dib describes the political process of the 1990s as that of the crystallization of the warlord system.³⁶⁰ As the head of the executive, Hariri had much less control on his cabinet. His Ministers often complained about his unaccommodating way of running his

³⁵⁹ Jihad Bazzi, *an-Nahar*, 6 April 2006.

³⁶⁰ Kamal Dib (2007), pp.568-86

governments.³⁶¹ Within the system as a whole, unlike Chehab, Hariri's role cannot be viewed apart from what was known as the 'Troika'. In reference to the three presidents: Elias Hrawi, Nabih Birri, and Rafiq Hariri; the 'Troika' referred to the oligopolistic way in which the three presidents influenced decision making and shared the spoils of state.

Unlike Chehab, Hariri owed a lot of his riches and leadership to the Saudi royal family. He became a millionaire in Saudi Arabia and expanded his business activities to France. Hariri often accompanied Saudi Foreign Minister Saud al-Faisal on his visits to Damascus. Hariri made friends with Baathist officials such as Abdel Halim Khaddam, Hikmat al-Chehabi, and Ghazi Kanaan. Hafez al-Asad's regime blessed his appointment as Prime Minister in 1992 and constituted the crux of his support within the system. Hariri functioned in a system that was subjected to full Syrian hegemony over the inter-communal 'political game'. Indeed the limitation that Syrian presence put on Hariri's program is most apparent in Ghazi Kanaan's advice on the delegation of tasks between the neighboring countries. Kanaan said: "Each has his domain in Lebanon: yours is trade; ours, politics and security."³⁶²

9.1.3 Approach to Modernization

Synonymous with the difference of eras in which each man came to power, both approached Modernization differently. On one hand, Chehab believed in the urgency for extending state services and infrastructure to the periphery. As commander-in-chief of the army, he felt that the popular uprising of 1958 was fueled by the derisory socio-economic conditions that many Lebanese suffered, especially those living on the periphery. By the time he'd assumed the presidency, Chehab was well aware of the shortcomings of the state system which had failed to provide roads, electricity, fresh water, and social and medical security to most of its people.

Fouad Chehab's choice to begin with the periphery also had a twofold impact on society. First, his focus on the rural population contributed to their gradual inclusion in the

³⁶¹ Kamal Dib (2007), p.531

³⁶² Arabies, Paris, no.54 (June 1991) cited in: Fawwaz Traboulsi (2007), p.246

political system. Second, this change bridged the rural elites with the urban political center which turned leaders like Pierre Gemayel and Kamal Jounblat a core elite status.

Hariri on the other hand focused his work on the urban center as the point that bridged all the warring factions. His priority may have been set by his preoccupation with the need to restore a polity which had been destroyed by civil war. Both Chehab and Hariri assumed their responsibilities at a time when the country was recovering from a crisis. However, by the end of the civil war, Beirut had been destroyed to the ground. Its commercial center had been demolished and its infrastructure obliterated. Nonetheless, it is Hariri's background that influenced his approach to development by starting with the commercial center, focusing on the economy, investments, and financial stability outside the sphere of state influence.

A common element between the two experiences is that both men sought to enable government to issue legislative decrees in order to allow it greater freedom of maneuver. However, with Hariri unable to lead a cohesive cabinet, he resorted to independent state institutions and private companies that practically functioned outside the state sphere. In fact, while Chehab's experience proved that the state/public sector was not ready to transcend the social, economic, political, and regional structures, Hariri's experience proved that the private sector was not ready to transcend these timeless structures either. When comparing the practices of the Deuxieme Bureau under Chehab with the deals and compromises that Hariri had to make, we find that both modernization experiences had to resort to the same tools that the prevalent elites utilized in the debate on state governance. In that sense, both experiences faced similar failure.

Administering social policies that could lead to national cohesion and introducing the state as the highest authority for societal organizing is a task of extreme complexity. There are simply too many variables to control with such little policy tools. Without such an active policy, social organization in Lebanon will continue to evolve along community and family. Take for instance the ethnic-based ecology. By reinforcing the primate city phenomenon, uneven development leads to widening communal gaps in a

more stringent ethnic-based ecology. In fact, as it becomes increasingly difficult for lower classes to buy suitable apartments in Beirut, they move to its surrounding suburbs, most probably to areas inhabited mostly by their co-religionists.

At least half the markets in Lebanon range from monopolistic to oligopolistic with at least 40% of gross sales of these markets owned by the top three enterprises. These monopolies/oligarchies are among the most change-resistant structures. While these structures rejected Chehab's developmental approach, they failed to achieve the economic performance that Hariri had projected. These interests have coincided with communal considerations that are directly linked to the political elite. In fact, the extended family structure is clearly linked to the persistence of independent forms of production as most financing sources for industrial production in the 1960s came from "family, siblings, and friends".³⁶³ For instance, when Hariri attempted to introduce a law abolishing exclusive agencies, he was faced with staunch Christian rejection claiming that the law "targeted the few remaining privileges" that benefited Christian merchants.³⁶⁴

As we've already seen, in the absence of state regulation, the sole authority to legitimately transcend all communal considerations, economic profit is often blended with political influence and vice versa. This phenomenon increases the level of corruption to structural corruption that characterizes both public and private sectors which are both subject to political and economic monopolies/oligopolies.

Sustainable development requires driving labor structures toward productive sectors and high skills, mainly in industry. Once active along capitalist modes of production, the increase in productivity would influence the markets of supply and demand and lessening the likelihood of independent production which is more prone to clientelist influence and social inclination to resort to the communal welfare alternative. In the

³⁶³ Toufic Gaspard (2005), p.155

³⁶⁴ Daily Star, November 2004.

mid- to long-term, this developmental pattern is bound to abolish the phenomenon of pre-capitalist practices and undo the synergy of class-conflict with communal divisions.

Infrastructure development is heavily concentrated in a way that continues to reinforce the primate city phenomenon and worsens sectoral imbalances. This policy is bound to segment local markets and limit their ability to expand. This pattern in development does not attract strongly needed investments to peripheral areas. The absence of market sustainability absents capitalist labor free of pre-capitalist patterns thus keeping the communal oligopoly alive.

In terms of infrastructure development, Fouad Chehab succeeded in achieving almost exactly what Hariri achieved without incurring any public debt. In addition, the average income per capita growth per annum under Chehab reached 4.3% after recovering from a 13.7% contraction in the average during 1958. This exceeded Hariri's 2.5% after recovering from a 5.6 % average income per capita contraction per annum in the war years of 1983-1990.³⁶⁵

9.1.4 Dealing with the Communal Elites and System

Fouad Chehab was an army officer who built the Lebanese army as the first commander-in-chief after independence. Though he had been brought in to head a transitional government to oversee the presidential election of 1952, Chehab had no clear interest in politics. Moreover, he was disgruntled with the Lebanese political elite. Chehab guaranteed the support of part of the elites by aligning with them such as Jounblat, Gemayel, and Karami. His ability to amass enough support among the various political circles left his opponents marginalized.

Hariri on the other hand was an emigrant who made his riches abroad. His political aspirations were not driven by communal considerations or the desire to acquire further riches. Indeed, like Chehab, Hariri was an outside. He was neither a warlord nor a communal representative. He came from a humble family which enjoyed no social or

³⁶⁵ Toufic Gaspard (2005), p.178

political prominence. Once in power, Hariri tried to win over the communal elites by compromise and conciliation. His main tool was money – the main tool for coalition building in a power-sharing system. His approach was probably the product of his belief in the prominent tools of his era: investments, business and construction projects, lucrative contracts, and partnerships. After all, this was Hariri's specialty.

Hariri tried to maintain a two-sided balancing strategy: his first concern was to balancing between his project and the Syrian presence and his second was to balance inter-communal rivalries within the system. Chehab remained outside the elite even after the end of his presidency. However his aides earned themselves an important role in political life for decades after his era. Nevertheless, Chehabist politicians such as Elias Sarkis and Fouad Boutros maintained considerable distance from the communal character of the system. Hariri's relationship with the system radically changed after Emile Lahoud's election to President in 1998. Syria had started to exert political and security pressure on Hariri and his aides. Being forced to fight the pressure off drove Hariri toward the only option he had left: his community. Hariri emerged from the 2000 elections victorious, not just as a cross-communal President for all but also as the uncontested leader of the Sunni Lebanese.

Both Chehab and Hariri came from outside the traditional elite which enabled them to have a different and unique vision on the system and how it functions. The two experiences reveal that it is difficult for the PRE, in its prevalent patterns of practicing politics, to formulate any comprehensive vision for systemic modernization. The majority of public officials emerges from and builds on communal circles which are delineated by the prevalent structures. As a result, these delineations limit the vision and set objectives that any personality may have for the system. Any individual or movement that functions outside those delineations loses the relevance element.

Chehab was keen on reinstating the state's role in managing society through tools such as education, social security, and balanced development. Hariri on the other hand, while recognizing the ailments of the Lebanese society, restricted his approach to the economic realm. Both approaches failed to compete with the deeply-rooted communal

characteristics of the Lebanese society. The experiences of Fouad Chehab and Rafiq al-Hariri pose a major question concerning the nature of the Lebanese political system. In light of the social, economic, political, and regional structures that contribute to the recycling of communal divisions: is it possible to reverse this course through a non-interventionist state?

Both men's political experiences ended bitterly. In his statement of refrainment, Chehab elegantly stated that "the Lebanese political institutions and the traditional norms adopted in politics are no longer, I believe, valid tools for Lebanon's development by 1970's standards in all different fields."³⁶⁶ He privately conveyed his disgruntlement to his aides saying "I have a program for development and reform that requires a total change in the methods of government. This is something I can only achieve by democratic means, by the parliament's consent. However, alas, the Lebanese people continue to hold on to their traditional *zu'ama*. That cannot be changed before 25 years, before a whole generation."³⁶⁷ Hariri's end was much more violent and dramatic. One day before his assassination, Hariri bid the country goodbye in a clear sign of his knowledge of where he stood.

9.2 Conclusion

Neither Chehab nor Hariri succeeded in advancing the Lebanese toward nationhood or in achieving cross-communal consensus over a nation-state project. Chehabist politician Fouad Boutros concludes his memoirs by stating the need to question "Lebanon's receptivity for true nationhood and statehood."³⁶⁸ Historian Kamal Salibi makes a similar conclusion that the Lebanese "have to learn exactly why and how they came to be Lebanese, given the original historical and other differences between them."³⁶⁹ In

³⁶⁶ Nicolas Nassif (2008), p.554.

³⁶⁷ Nicolas Nassif (2008), p.556.

³⁶⁸ Fouad Boutros, *Fouad Boutros al-Muzakarat*, Dar an-Nahar, Beirut (2009), p.588

³⁶⁹ Kamal Salibi (1988), p.218

other works, Salibi acknowledges that if the Lebanese society is to head in such a direction it means that it should “break with its history to become truly a commonwealth involving citizens rather than community rights.”³⁷⁰ Otherwise, for Salibi, the Lebanese “will continue to be so many tribes: each tribe forever suspicious and distrustful of the others; each tribe always alert, extending feelers to the outside world in different directions, probing for possible sources of external support in preparation for yet another round of open conflict.”³⁷¹

Many scholars have suggested that any move toward nationhood and statehood should be guided by certain social, economic, and political forces. Nawaf Salam believes that any attempts to secularize the state would most likely “stimulate the self-defense mechanisms of the various groups and lead to *sectarian* cohesion, rather than *national* integration”.³⁷² Despite cross-sectarian alliances, the communal cleavages have not by any means, retreated to lines behind communal defense lines.³⁷³ Salam provides a check list of guiding principles for any potentially “nation-wide” acceptable solution, which he claims to require political engineering skills.³⁷⁴ Any suggestion should prove ‘mutually advantageous’ to all communities and of benefit to all political parties. He claims that “past experience in Lebanon has shown that since all parties cannot be satisfied on all issues, workable formulas must be comprehensive and presented as package deals.”³⁷⁵

Salam agrees with Salibi and argues that only the prevalence of the norms of social and political individualism over sectarian identity and affiliation would lead to the desired nationhood. This however, requires a lengthy process of cultural and social transformation. The outstanding questions that remain are: what stands against such a

³⁷⁰ Kamal Salibi in Nadim Shehadi and Dana Haffar Mills (eds.), *Lebanon: A History of Conflict and Consensus*, Center for Lebanese Studies and I.B. Tauris & Co. Ltd. Publishers, London (1988), quoted by Hassan Krayem in Paul Salem (ed.), *Conflict Resolution in the Arab World: Selected Essays*, American University of Beirut (1997), p.432

³⁷¹ Kamal Salibi (1988), pp.217-18

³⁷² Nawaf Salam, *An Essay on Political Opportunities and Constraints*, Centre for Lebanese Studies, Oxford 1987, pp.11

³⁷³ Published in 1987, the ideas continue to apply to the day. Proving the primacy of the sectarian sentiment in Lebanon.

³⁷⁴ *Ibid*, pp.21

³⁷⁵ *Ibid*, pp.12

transformation? Is this inertia only the result of inter-communal vulnerability and the manipulation of the few? How do social norms actually affect the political culture of the Lebanese? Economic advancement is often accompanied by autonomous developments that unleash irreversible forces of change. Why hasn't the liberal economy in Lebanon created a productive base that could reshuffle social formations, interests, and interest groups?

Many changes are considered crucial to form the national base that could bring the change both Chehab and Hariri aspired for. A closer look at these structures reveals the deeper fears of the various constituent communities. Answering more practical questions can help explain what keeps the current system intact and slows down both individual and collective development in Lebanon. This approach builds on the assumption that there is more to the system than just a select few who manipulate the majority in order to remain in power. It focuses on how issues such as identity, social organization, productivity, sectoral balances, communal welfare, and the debate on state governance form an environment that is resistant to change. Moreover, these structures are the tools by the communal system regenerates itself. Observing structural limitations as timeless characteristics helps us to create a deeper understanding of their interchangeability and connectedness. As formative elements of the political system, structural limitations can prove that communalism in Lebanon is as much of an effect as it is a cause of the country's instability.

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