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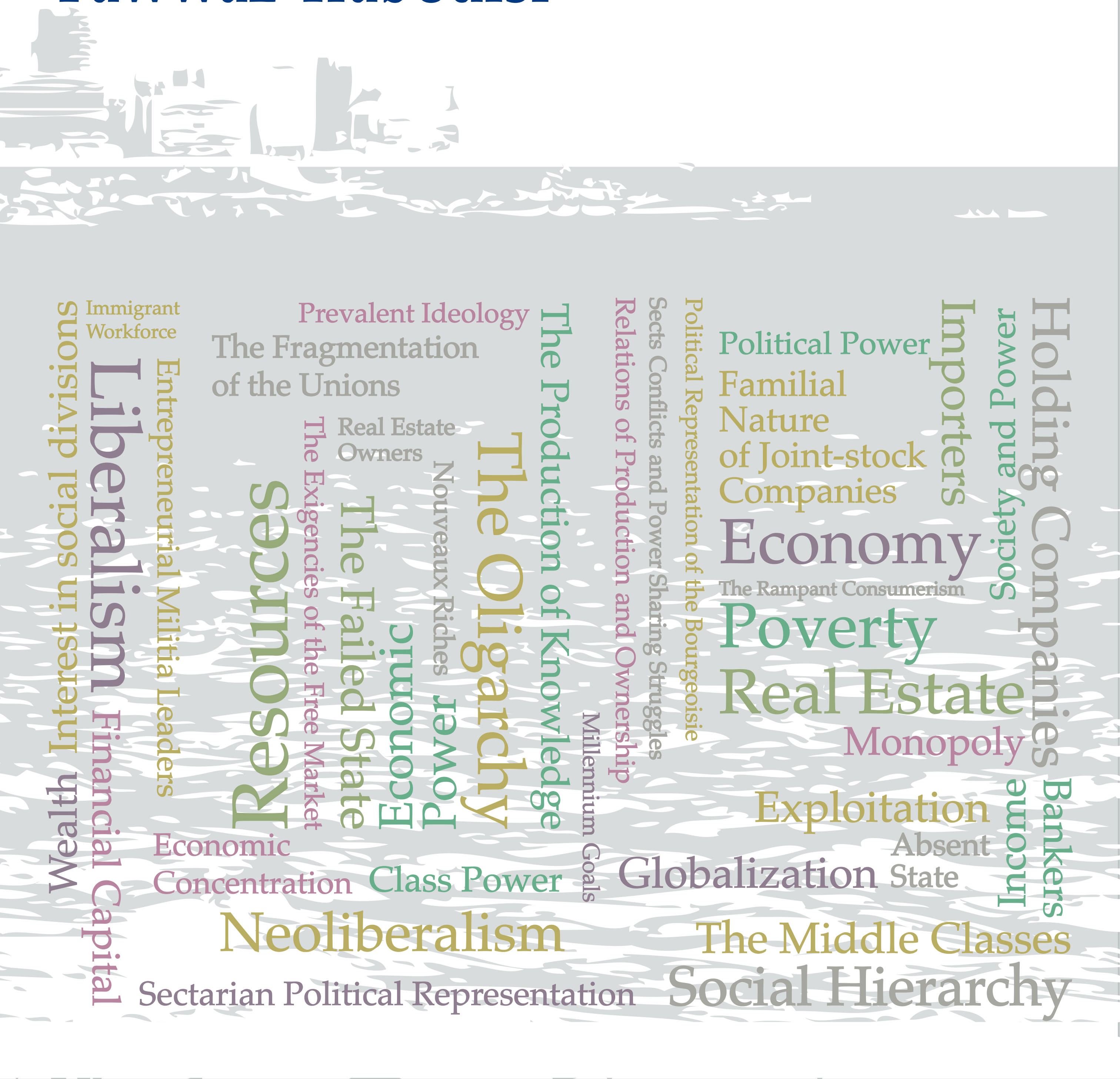

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Content

Chapter 1

Methodology

1- Denial

The denial of the existence of class comes as no surprise. Every social system exercises its own special logic when it comes to concealing manifestations of privilege, inequality and exploitation between its members. What counts is the means by which this denial and the various forms of cover-up and distortion are effected.

The denial of exploitation

On the subject of the denial of exploitation in Lebanon, Michel Chiha writes that the Lebanese, "[…] derives his wealth from the farthest corners of the earth and does no harm to any of his Lebanese brothers far away at home or exploits the sweat of his fellow-citizens. In the final analysis he is immune to criticism by either socialist or sociologist, and in any case there is no one in the world so lavishly generous as he" (**Chiha: 1962, 130**). The Lebanese in question is assumed to operate in the diaspora, just as the wealth he accrues in "the farthest corners of the earth" is presumed not to generate a domestic economic and social system that harms the broad mass of Lebanese, nor to exploit the labour of those who are "far away" from the source of this wealth - but not so "far away" from where this wealth is invested..

The denial of the existence of vast wealth

In the same way, Ghassan Teuni denies that the Lebanese themselves possess vast wealth, because they work with the wealth of others without this wealth being their own "legitimate property." (**Ghassan Tueni: *Al Nahar* Annual Edition, 1966**). This is a revealing slip of the tongue about the distinction between (religiously) legitimate and illegitimate earnings, which shows an ongoing obsession with the idea of religious prohibitions surrounding wealth and the owners of wealth that calls to mind Christ's words about the poor odds of the wealthy entering the Kingdom of Heaven. In any case, there is no real difference between working with the funds of others and the accumulation of vast fortunes, indeed quite the opposite is true, since the wealthiest Lebanese of all are those who amassed their millions or billions outside the country, brokering the wealth of others.

The denial and 'othering' of poverty

Michel Chiha claims the poor of post-independence Lebanon come from those regions and territories annexed to Mount Lebanon and the coast to form the state of Greater Lebanon in 1920. He is careful to distinguish between the peasant farmer of Mount Lebanon (i.e. Smaller Lebanon) and the influx of poor immigrants from the annexed regions to the coastal cities (**Lecture entitled**

"Commerce and Morals" delivered in French in 1940 and republished in *L'Orient-Le Jour* on 28/12/1994). Chiha does not hesitate to call for this poverty - and these poor individuals - to be hidden away, at the very least from the eyes of tourists and summer visitors: "Let us start by issuing standard uniforms and cleaning implements to the porters at the docks and train stations" (**Traboulsi: 1999, 139**).

This conflation between "foreigners" and poverty would recur on numerous occasions, including in 1965 when Lebanon made the sudden, simultaneous discovery of material want and the existence of foreigners. Father Semaan El Doueihi MP called for a tallying up of the total number of indigent individuals, whom he called "aliens", describing them as, "those who steal the crust from the mouths of the Lebanese," and as constituting a, "wellspring of filth, corruption and disease infecting every moral, human and spiritual aspect of the country's character." It is noteworthy that those charged with stealing a crust from the mouths of the Lebanese were also accused by the priestly MP with selling the country's banking secrets overseas, an accusation in which the absolute conflation of poverty and "otherness" falls apart. The man accused of selling banking secrets was none other than Lebanese-Palestinian banker Yousef Beidas, the subject of a conspiracy by the ruling classes to bankrupt his bank (**Waddah Sharara: 1980, footnote 730-731; Traboulsi: 1999, 131-132**).

Disguising class power with politics

Under the heading "Who rules Lebanon?" *Al Nahar* newspaper convened a round table in which a number of leading public figures - including Samir Frangieh, Simon Karam, Talal Husseini, Karim Muruwa, and Assem Salam - agreed almost unanimously that the answer to the question was that "Syria" (i.e. the Syrian regime) ruled Lebanon. Karim Muruwa, former deputy secretary general of the Lebanese Communist Party dissented from this view. The former communist derided the view he once held - that Lebanon was ruled by a social class - and stated that he now believed the country to be under the control of "hidden forces" with ties abroad. He called for these forces to be exposed before people made up their minds that it was the Syrian regime which was really in control. Frangieh responded that nothing was being hidden and that Lebanon's true ruler was well known: Syria, or the Syrian regime. Assem Salam did not argue with the assumption of Syrian dominance, but dissented in so far as he asserted that, "the most powerful force controlling Lebanon is money." Salam's interjection was largely ignored by his fellow participants (***Al Nahar*, 6/1/2001**).

Disguising class power with sect

No sources or evidence are required to back up this assertion since it is a form of denial rooted in a powerful and undeniable cliché: that Lebanon is a sectarian country, a country of sects. There is no need to set out to prove this. Sectarianism is viewed as a bane and plague, and thus this "bane" becomes the basis of all ills, a plague from which all plagues spring. During the course of the youth movement campaign that had, "The people demand the fall of the sectarian system," as its rallying cry, walls in the city bore the following slogan - "Why is there poverty in Lebanon? Because of the sectarian system!" - and others of the same type.

Denying the existence of classes because they do not conform to a particular definition of class

This denial is born of a blend of despair and denial. One of its manifestations - in the literature of the Lebanese Left - is a belief that the Lebanese class structure is "blurred" because it does not conform to the parameters of social classes in industrialized capitalist societies and fails to fall into the simplistic dualities of the bourgeois/proletariat type. At other times, this "blurring" impacts the middle classes, whose complex sectarian make-up produces its own distinct lifestyle and value systems; the interaction with sect renders class boundaries indistinct (**Haddad: 1996**).

2- The neoliberal paradigm in measuring income distribution

A market-centered methodology

The currently fashionable methodology used to study class divisions and inequality is market-centered, insofar as it uses measures of income distribution and consumption as the basis of its analysis rather than measures of production, the means of production and the relationships of production. Small wonder, in a world where markets are the axis of the new economic life as long as markets are the energy that supposedly drives the engine of existence in an age of globalization. Given this state of affairs, distribution of income is assessed not so much by estimates of wealth and property and the proportion of GNI allotted to the different social groupings, but rather based on disparities in income, calculated first and foremost by family expenditure. Economic concentration (the genteel term for monopoly) is measured by the extent to which competition laws - the foundation on which the free-market operates - are being broken, and the consequences of corruption are attributed to the burgeoning government bureaucracy, overburdened budgets and expenditure on social services. Last but not least, the very concept of social justice is reassessed, with the original standard of equality inverted to emphasize distinction and difference.

Studying poverty, not wealth

There is a focus on studying poverty at the expense of an examination of wealth, since statistics on income distribution do not, by and large, extend to the incomes of the rich. Indeed, in the majority of these studies the figures cited go no higher than the mid-range of the middle classes.

In the new international standard for assessing income distribution (which has been adopted in Lebanon: see, **Study of Living Standards, the Central Administration of Statistics: 1997; 2003; 2007**), nine monthly income brackets are arranged in pyramidal formation. The highest bracket is composed of two separate cohorts: an upper one composed of 4.3 per cent of the population who earn between 3.3 and 4.9 million LL per month (25,000 dollars annually) and a second group - 0.3 per cent of the population - who earn up to 5 million LL per month (40,000 dollars). It is noteworthy that the ration of the lowest to highest incomes is 1 to 12 in the IRFED report, while that in 1997 Study of Living Standards is 17 to 1.

The Living Standards report of 2007 sets the income of the highest earning group (3.31 per cent of the population) between 5 and 20 million LL per month (i.e. between 1,500 and 13,000 dollars per month). The group is made up of businessmen, parliamentary deputies, ministers, senior civil servants and so on.

What is clear is that the organization of incomes into a pyramid takes place without examining the source of these incomes (i.e. labour, profit, interest, rent, etc.) and regardless of the economic sector in which they earned, or the ownership of capital and the means and instruments of production. It is a methodology that studies poverty, not wealth; indeed, it fails to incorporate estimates of high incomes, with its ceiling of 13,000 dollars per month, which is a mid-range middle class income. This is why the ratio of lowest to highest income can be given as 1 to 15, whereas the real disparities in income are between 2,400 dollars per year, for the lowest incomes, those of the middle classes at 24,000 dollars per year and the incomes of the bourgeoisie and oligarchy at 2.4 million dollars per year, and more.

Nor is this approach to measuring poverty the end of the matter, for poverty is treated as a social ill which must be eradicated rather than as a manifestation of imbalances in the social structure that should be corrected, or as the product of specific economic policies that must be amended or jettisoned.

The neoliberal formulation of fighting poverty

In its simplest definition, courtesy of Transparency International, corruption is the product of "exploiting public office for the purpose of private gain."

In the neoliberal narrative of corruption, attention is directed at the corrupted and bribe-taking bureaucrat and away from the one who hands out the bribes and corrupts. The briber is the individual who possesses sufficient wealth to bribe and corrupt and who usually wields enough influence to protect himself and divert attention away from the practice of corruption. The worst form of corruption - the corruption that has the greatest economic and social impact - is that practiced by rulers, who exploit their position of power over the state for private gain, reaping billions at the expense of the public purse. These activities usually take place under cover of the term "wastage", thus compelling a reexamination of government expenditure. And nor is the term "wastage" inappropriate, since it opens a space for calls to "stop wastage", to "fight corruption" and to "become transparent" that first and foremost serve the interests of the World Bank's project to streamline government bureaucracies, hand over "extra" government services to the private sector, reduce administrative and government budgets, halt government subsidies of foodstuffs and fuels and reign in social welfare and social redistribution. Furthermore there is a rise in preaching and moral platitudinizing, such as the organization of ever more workshops that teach "business ethics".

Inversion and substitution of the concept of social justice

In the age of globalization a new definition of social justice has taken root that quite seriously focuses on a specific type of politicized culture, on the right to be different and on distinct identities - gender, race, homosexuality, religion and nationality. This concept of social justice has imposed itself over and against that of social redistribution of resources, wealth and national income, based on the principles of "the public interest", equal opportunity, and equality.

Nancy Fraser uses the term "conflicts over recognition" to refer to these struggles to gain acceptance of these different identities, which are themselves the result of politicized cultures. Her response is to suggest a bi-faceted and inclusive definition of social justice. The first, involves the equitable distribution of resources, wealth and national income, while the second proposes "mutual recognition" as a substitute for mere "recognition"; in other words, Fraser's duality is a dialectic that incorporates two concepts of social justice: the distributive and the validatory. She calls for a distributive justice to cover all aspects of exploitation, deprivation, marginalization, rejection and discrimination in the workplace. In exchange, Fraser calls on the partisans of social justice to engage in "mutual recognition" of social differences, i.e. to refrain from confining social justice to the recognition of the predefined social group as a group, and instead extend recognition to the individuals of that group, as valid and effective participants in social exchange, who enjoy full membership and rights in society (**Fraser: 2001**).

The middle class: the neoliberal class par excellence

It is beyond dispute that the middle class is the class most suited to the globalized, neoliberal age (**Thorburn: 2012**). It is the class most closely bound to the marketplace and the most directly targeted by the new wave of consumerist economics, in addition to being portrayed as the class with the greatest interest in democracy (which, in developing countries at any rate, is seen as the cradle of security and stability). Indeed, the relationship between the middle classes and democracy is by and large asserted in order to claim a causal relationship between economic and political liberalism.

Following the recent financial collapse, in the only country in the world where race is the sole basis for classifying its inhabitants, we no longer hear anything except analyses, claims and promises regarding the middle class. During the course of the public addresses and debates during the second round of the last US presidential elections, President Obama's obsessive focus on the declining income of the middle class was plain to see, as he put all his emphasis on the vital need, "to improve the condition of the middle classes."

In South America we have Dilma Roussef, President of Brazil and head of the country's Workers' Party announcing her dream to "transform Brazil into a country of entirely middle-class inhabitants" (**Thorburn: 2012, 14**). The transformation that Roussef speaks of is an operation that conforms to the criteria of the United Nations' financial and developmental organizations, in which membership of the middle classes is the definitive indicator that one has moved out of poverty. "Eradicating" poverty is famously at number one on the list of Millennium Goals, and the UN has set the date for extreme poverty's eradication for 2015. Not all targets have been met. UN statistics show that an overall 50 per cent reduction in extreme poverty had been achieved in the last twenty years, but the promise made by President Obama in February 2013, that the US would join its allies in eradicating poverty over the course of the next two decades, emboldened President of the World Bank, Jim Yong Kim, to declare 2030 as the date for the universal eradication of poverty.

President Obama spoke of "extreme poverty" and President Jim Yong Kim spoke of "poverty" in general, but both agree that the poverty line lies at one-and-a-quarter US dollars per day. UN agencies attribute successes in the process of eradicating poverty to two main factors: annual economic growth (which is the most important: playing "two-thirds" of the role in fighting poverty) and the growth in social equality (one-third). Ironically, this equation is asserted as fact without any clear evidence to support it, particularly in light of the fact that China, which has registered the greatest achievements in the fight against poverty, does not seek the assistance of UN programs and has seen its poverty eradication efforts keep step with a growth in class divides. Whatever the case, China is the biggest success story in the field of poverty eradication and one of its targets is to ensure there are no Chinese living below the poverty line by 2020.

But does crossing the poverty line automatically imply rising into the ranks of the middle classes? This is what the UN and its anti-poverty program seem to imply. They would point out that in China and Asia the numbers of those belonging to the middle classes has reached 500 million individuals, and that this figure will triple over the next seven years to top one 1.7 billion by 2020 (***Le Nouvel Observateur*****, 12/9/2013**). If these forecasts prove correct, however, then it will mean a radical drop in middle class income levels, as we shall see later.

It is worth remembering too, that this internationally subscribed normative framework simultaneously bequeathed researchers a directly contradictory article of faith: a fear of, "the collapse of the middle classes". Indeed, it asserted that such a collapse was an inevitability, until mention of the phrase became a sort of international watermark found throughout income distribution studies from across the globe.

3- Defining classes

How to view inequality?

The terms used to describe the class divisions mentioned above follow a single approach, which is to say pyramidal: income brackets are stacked downwards from a narrow summit representing the rich to a broad base of the poor, the two separated by middling incomes. Another possible approach is a relational one, and is the method we mean to adopt in this study. This methodology starts from the premise that there is no such thing as purely abstract social classes stacked one above the other in a pyramid, but rather human beings connected by social relationships that are the key to understanding the inequalities that exist between them. Perhaps the finest explanation of this relational model is the proverb attributed to Imam Ali Bin Abi Talib: "The poor man lacks only what the rich man has." Contrary to the inflexible pyramidal model, the relational model is dynamic and dialectic, founded on the twin principles of dominance and exploitation.

Vladimir Lenin's definition of social class may be a fruitful starting point for inquiry, because it is the most inclusive of all the factors that define class, without ignoring the importance of income and the power to make decisions: "Classes are large groups of people differing from one another by the place they occupy in a historically determined system of social production, by their relation [...] to the means of production, by their role in the social organization of labour and, consequently, by the dimensions of the share of social wealth of which they dispose and the mode of acquiring it. Classes are groups of people one of which can appropriate the labour of another owing to the different places they occupy in a definite system of social economy" (Lenin "A Great Beginning", Collected Works, Vol. 29, p 421).

To this might be added the concept of "social mobility". Contrary to portrayals of classes as being strictly delineated blocs, they in fact have relatively porous boundaries through which individuals may pass as their economic circumstances change, a journey that can take place in both directions: down as well as up. Indeed, the nebulous, fuzzy nature of these boundaries causes serious difficulties for researchers and precise categorizations.

When categorizing people into classes one must join Anthony Giddens in differentiating between the industrial-capitalist mode of production characterized as a "class-based society", in which 'class' is the organizing principle, and those dependant capitalist countries which Giddens describes as, "societies with class divisions, in which classes do not rise to the status of the single organizing principle of society, nor the single explanatory framework for the hierarchical inequalities between those individuals that live within it." (**Giddens: 1993**)

Class-based analysis does not for one minute ignore the importance of 'orders' that are, according to Maurice Godelier's summary of Marx, "a hierarchy of groups whose members enjoy a set of material or non-material activities that they perform or are prohibited from performing according to their membership by virtue of birth into a local community in which town and country, urban and rural pursuits, may be combined," - a definition that certainly applies to Lebanon's sects and confessions, which are a topic we shall return to later.

For his part, Immanuel Wallerstein insists on what he terms, "the ethnicization of the capitalist division of labour," viewing the capitalist labour market as always divided horizontally, constructed on pre-capitalist forms of exploitation. This necessarily means it is imperative not to mix the mechanisms of capitalist economic reproduction with those of social reproduction, i.e., the reproduction of structures such as family, tribe, ethnicity and religious confession (politicized and enshrined in law). From this we can draw three conclusions:

First, that class solidarity has a role to play in dependent capitalist societies, but overlaps with other forms of solidarity - familial, ethnic, sectarian and so on.

Second, that these social orders - i.e. groups bound by ties of blood, gender, religion, sect or ethnicity - are not simply a reflection of class relations but actually intersect with them without conforming exactly to their pattern - bearing in mind that ultimately they remain governed by the class structure to the very extent that this structure controls access to social resources, or, in other words, controls the social surplus (**Balibar and Wallerstein: 1988; Wallerstein: 2012/2013**, **212-220**).

Third, and most importantly, the political and legal recognition of social orders in capitalist society means, "allowing people to organize themselves into social, cultural and political entities capable of competing with other entities over needs and services that are accorded value in their environment" (**Wallerstein: 2012/2013, 215**).

Based on this we might state that in certain societies there is a struggle between and within the various social orders and classes to appropriate the social surplus. This why it is so important to focus on the duality of "control" and "exploitation" and to make sure to differentiate clearly between them, with control (a political phenomenon) being the ability to exercise power over the activities of others, while exploitation (a class phenomenon) being the appropriation of economic benefits generated by the labour of others; in other words: appropriating the social surplus (**Wood: 2009, 107-109**).

Class consciousness

Given the focus of this study we shall be skirting round definitions of class based on degrees of class consciousness, though not without reference to the highly significant incidences of class consciousness and ideology revealed in the interviews contained in Dubar and Nasr's seminal book.

Sufficient, perhaps, to revisit Wallerstein's response to Weber's dictum that class consciousness is never more apparent than when some technological change or social transformation takes place. Wallerstein claims this is wrong: "Class consciousness comes to the forefront in a much rarer circumstance than these: in a "revolutionary" situation, in other words, when it is simultaneously the ideological expression of the revolutionary state and the revolution's principal ideological support" (**Wallerstein: 2012/2013, 218**). It is possible to take Weber's proposition and Wallerstein's response as expressions of the same general point, to wit: classes are entities that appear in specific circumstances and in the wake of significant social dynamics and conflicts.

From another perspective, too, history tells us that the most class conscious of all the social categories are the ruling classes: the propertied, dominant, exploitative classes.

4- The relationship between sect and class

In 1974, Claude Dubar penned an article in French entitled *Structure confessionelle et classes sociales au Liban* (**Dubar: 1974, 301-328**) in which he reviewed the results of research conducted over the course of many years with his colleague Salim Nasr, and which had formed the basis of their seminal work, first published in 1976: *Les classes sociales au Liban* (**Nasr and Dubar: 1982**).

In the article, Dubar examines the theoretical ambiguity surrounding the relationship between sect and social class. He discards those analyses that automatically reduce all social phenomena to class struggle and says it is imperative to recognize in the Lebanese social structure two co-existing structures: a politico-sectarian structure, which he defines as, "a set of symbolic locations and relationships that unify the different religious-ethnic communities (Christians and Muslims in particular)," and a class structure, composed of social locations and relationships that spring from a given economic system.

Based on this, Dubar calls for a double break to be made: a break with the cultural idealization which denies any efficacy to the social base, and a break with the mechanistic materialism which denies any independence to "traditional social relationships" (**Dubar: 1974, 312**). Thus Dubar defines his (and Nasr's) methodology as a quest for the means by which this structure might be able to use economic relationships to determine the social practices of individuals, and to adjust the structure of symbolic relationships, that are first and foremost arranged according to a sectarian logic that cannot be readily resolved into effective economic relationships (**Dubar: 1974, 313**).

The sample on which Dubar and Nasr based their study demonstrates the degree to which sectarian discrimination (and privilege) and class discrimination (and privilege) intersect. Christians - Maronites in particular - constitute the majority in the upper and middle classes, while Muslims - the Shia especially - form a majority in both the urban and rural working classes. The study emphasizes the inequalities in access to education (one of the most obvious manifestations of sectarian-social discrimination), with some 60 per cent of Muslims in their sample group failing to complete their primary education, while for Christians the figure is only 28 per cent. Again, while 34 per cent of Christians completed their secondary education, only 15 per cent of Muslims did the same (**Dubar: 1974, 319-324**). But these differences in access to socio-educational privilege are not confined to inequalities between Christians and Muslims as sectarian groupings, since the same Islamo-Christian divide is reflected in differences between Muslims and Christians within the middle class bracket itself.

After addressing two more "criteria" that separate classes along sectarian lines (i.e. differing attitudes towards Arabism and to self-identification on a sect/class basis) Dubar concludes that, "the apparent disjunction between political and economic spheres in Lebanese society is a result of an 'articulation': a connection between socio-economic circumstances and sectarian identity on the one hand, and between sectarian relationships and political institutions on the other. In this way the sectarian structure functions as an intermediary between socio-economic circumstances and political events, in which role it is as much an obstacle to translating economic demands into political action as it is an incentive […] Thus those who are most exposed to economic exploitation coupled with sectarian deprivation are best able to perceive the political roots of exploitation and deprivation and their sense of economic deprivation grows in tandem with demands for 'sectarian participation.'" (**Dubar: 1974, 327-328**)

However, this 'binary' split in Lebanese social life prevents a fractured social consciousness paving the way for an independent political consciousness. It is this that explains, "the coherency of the leading classes, which transcend sectarianism, versus the fractured nature of the working classes, immured in the world of the politico-sectarian." (**Dubar: 1974, 328**)

Two structures

The biggest plus of Dubar and Nasr's contribution is that it recognizes the existence of two structures in Lebanese society, the class structure and the sectarian structure - though it is on shaky ground when outlining the relationships between the political and economic and between sect and class. Dubar's preference for locating sects within the arena of politics, symbolism and consciousness, and the classes within the economic sphere, is a return to the ideology of the Left and the nationalist movement of the 1970s, in which sectarianism was either described in ideological terms (as "false consciousness") or located within a "semi-feudal superstructure" insisting that the main contradiction that led to the eruption of the civil war was the that between the economic development of the country's infrastructure and the backwardness of its superstructure (i.e. feudalism, sectarianism, etc.).

Dubar and Nasr address this duality in their own terms when they state that, "the apparent disjunction between the political and economic spheres in the functioning of Lebanese society is the result of a twofold 'articulation': "that of socio-economic circumstances hinging on sectarian identity on the one hand, and on the other the articulation of sectarian relationships hinging on political institutions." The truth of the matter is that this twofold articulation is still lopsided, since it ignores yet another 'articulation': that of class relationships hinging on power, political institutions and the state.

Let us examine these articulated relationships.

Sectarianism and religion

One cannot separate sects from religion on the grounds that they are political institutions, or by claiming that the religions - supposedly open, tolerant, based on love and non-violence - should not be tarred by the irreligious words and deeds of the sects' members. Not because this distinction between sect and religion is not a valid one, but for another reason altogether, which is that the defining characteristic of any confession or sect is a specific community distinct and different not only from all other faiths and confessions, but from all other groups and communities too, whether ethnic, tribal, dynastic, gender-based, etc. And the thing that sets it apart is shared membership of a faith, or of a confession within that faith. At the very least, one can concur with Maxime Rodinson's perceptive formulation that the sect "is a community with religious contours", i.e.: boundaries that are guarded by anthropological taboos forbidding movement from one religion to another, and from one sect to another, and which outlaw exogamy.

Constructed entities

There is another formulation that defines sects as "constructed" entities or, following Benedict Anderson's famous work on nationalism *Imagined Communities* (**Anderson: 1991**), as "imagined" entities - though in many instances the inspiration from Anderson goes no further than the phrasing of the title. We should emphasize that by "imagined" communities, Anderson does not mean to imply that they belong to a mental or imagined world. Rather, he claims it is impossible for individual community members to truly know one another, despite their belief that they share a common group existence. Anderson seeks to differentiate the organic community, whose model is the village, from the imagined community. Furthermore, Anderson believes that the process of imagination implicit in the rise and formation of national identities is a very materialist bond, which he attributes to "print capitalism", in other words a specific period in the development of capitalism which saw the printed word transmitted at speeds far greater than the manuscript and oral transmissions of previous periods.

The sects are true societal entities, albeit ones that could be described as "imagined" in Anderson's usage. Certainly they are not ahistorical immutable essences, but are constructed and deconstructed, united and separated, their importance within the social sphere swelling and ebbing, all for reasons most of which do not lie within the sect but outside it.

That said, the process of "constructing" a confession or sect can only take place if the members of this potential community are willing to take a religious creed or sectarian partisanship as the main bond for their community. Comparisons of sects with tribes, on the grounds that both types of community are based on solidarity (**Salibi: 1988**) are ultimately superficial. It is true that membership of both tribal and sectarian structures is involuntary and determined by birth, and it is also true that sects may borrow tribal allegiance in a bid to strengthen their own cohesion, but the principal behind the unity of the sectarian community is different from that of the tribe. The tribe is united by bonds of blood and common descent - and shared sanctuary on occasion - while the only unifying thread between members of a sectarian community is the religious or confessional identity into which they are born. We should not forget that this construction cannot take place without a leadership, a presidency, or domination of some sort, as Ibn Khaldoun reminds us.

Residues of underdevelopment?

So there is no reason to regard the sects as "*residues of underdevelopment*" hanging on in the modern social structure, nor indeed as remnants of pre-capitalism (i.e. tribalism, clannishness, feudalism, etc.) within capitalist structures, with the implicit assumption that the evolution of capitalism is itself sufficient to sweep clean the Augean Stables of society. In the kind of capitalist society we are discussing, the sects are self-supporting social orders. They may well have their origins in elements of pre-capitalist structures and relationships of production, but they have merged with capitalism and have been capitalized and globalized and come to play defined roles that bear no clear relation to their former functions. Nor does returning sects and sectarianism to their theological past help us understand much about them, their efficacy, and their political, social and mobilizing roles in modern Lebanon.

Politics and economics

Mahdi Amel denies that the adjectives "religious" or "confessional" can be applied to sects. For him, the term "sect" refers to politics; it is defined by its political function. Sectarianism refers to a political relationship, one that only exists within and through the state (**Amel: 1986, 30**). Oddly enough, Mahdi was insisting on this theory at a time in which the state itself was disintegrating in Lebanon and sectarian leaders and warlords were laying claim to their "territories" and "peoples". Not content to decouple the religious from the sectarian, Mahdi goes out of his way to sever any link between the political and the economic and between state and society. The sectarian issue is a political issue and not an economic one (**Amel: 1986, 152**): there are no sects in economics, where people are defined by their class affiliations alone. The sectarian balance has no relevance to the bourgeoisie or the working class, even though some 80 per cent of these individuals belong to a single sect. That said, the sole possible connection between the political and the economic (and the sects and classes) in Mahdi's eyes is, "a relationship of articulation between two entirely separate levels" (**Mahdi Amel: *Al Tariq*, Issue 6, January 1978, Volume 37, 63-64**). Mahdi gives no detail about what he means by "articulation", or whether or not the "separation" between the two realms precludes the possibility of mutual interaction.

Where Mahdi does go into detail is outlining the functional role of the sectarian in serving the class-based structure, where the sectarian is, "the distinctive historical form taken by the political system with which the bourgeoisie exercises its class-based control," preventing the working classes from constituting itself into "the masses" (i.e. into an "independent political force"). In Mahdi's eyes, the sect is not an entity, nor an essence, nor indeed it is a "thing" at all: it is a political relationship (**Mahdi: 1986, 255-257**).

In and of itself, Mahdi's definition is not the problem; the problem is one of clarity, since Mahdi's definition gives rise to two seemingly unanswered questions: What is that allows the bourgeoisie to exercise dominance? What is that compels the working masses to abide by this relationship and prevents them from forming into an independent political force? After much circling we find that Mahdi can only explain politics in terms of politics, and given that he has reduced sectarianism to the status of a political relationship in the service of class dominance, we are not even able to talk about it as an ideological component of this dominant/subservient relationship.

A bourgeois state or a sectarian state?

Building on this view of sectarianism, Mahdi informs us that "the critical contradiction" from which the bourgeoisie suffers is caused by the sectarian phenomenon: for even as sectarianism is the basic precondition for the existence of the state (the bourgeois Lebanese state) it also constitutes the primary obstacle to the construction of this state as a bourgeois state. Lest this turn into an insoluble riddle we should make it clear that Mahdi Amel differentiates between two types of bourgeois state: sectarian and non-sectarian. The non-sectarian state is essentially the bourgeois state as it evolved in Europe. It is the secular state in other words, and the very type that is meant to be the model on which the Lebanese state should be based. To put it another way, what is at stake is how successful or unsuccessful the Lebanese bourgeois state is at shedding its sectarian 'form' and reshaping itself into the other, non-sectarian 'form', becoming a bona fide secular state, its bourgeois nature now fully realized.

Strange to say, calling on the bourgeoisie to shed its sectarian clothing is akin to asking it to commit suicide, so long, that is, as Mahdi Amel continues to define sectarianism as a political relationship in the service of the bourgeois class, whose function is to bind the working classes to the bourgeois in a dependent relationship.

Let us go on: historical precedent and common sense tell us that the state can be bourgeois without having to be secular, and that it can be secular without having to be bourgeois. For instance in the former Soviet Union, the state was secular, atheist no less, yet was not governed by a bourgeois class that owned the means of production and could bequeath them to the younger generations.

The question before us now, with the neoliberal age as yet unfinished, is: Is there truly a contradiction, a "critical contradiction" no less, between neoliberalism and sectarianism? Georges Corm sees no critical contradiction at all, indeed he denies the existence of any such contradiction and gives his reasons: neoliberalism is the enemy of the welfare state, which strives to ensure equal opportunities, both economic and social, for all citizens; the neoliberal ideology of globalization happily coexists with ideologies of belonging, which foreground identities, emphasize the "right to be different" and give that right precedence over the masses' right to equality (**Corm: 2003**).

The fact is that Mahdi Amel's vision of the crisis of the Lebanese bourgeois state is, in theoretical terms, indistinguishable from the Lebanese Left's belief (mentioned above) in the existence of an incompatibility between the capitalist infrastructure and the pseudo-feudalist, sectarian superstructure of Lebanese society. It is a vision that dominated the democratic reform project announced by the Lebanese Nationalist Movement in the summer of 1975. Mahdi envisioned that this contradiction would be pushed to the point of rupture. What was not envisioned in both cases was the possibility that the bourgeoisie and its sectarian regime could coexist. The search for contradictions in the sectarian and bourgeois systems should have taken place elsewhere.

Whatever the case, the belief in a fundamental contradiction within the Lebanese state between its bourgeois and sectarian natures led Mahdi Amel to be permanently torn between the need to make his theory coherent and his desire for revolutionary change. One moment you find him urging the bourgeoisie to construct its bourgeois, non-sectarian/secular state along the lines of the Western bourgeois model, the next, there he is prophesying the downfall of the bourgeoisie, brought down by its own political sectarian system which will be swept away by the "crisis of rupture" - which itself was the catalyst for the outbreak of the civil war in 1975.

To sum up we are confronted by two classes that, in Mahdi Amel's vision, seem not to behave as they should do: a bourgeoisie too dazed to carry out its historically appointed task to construct a non-sectarian, bourgeois state, and a working class trapped in a politico-sectarian subservient relationship, incapable of apprehending the vital need to liberate itself and form an independent political force.

We are deliberately avoiding the term "interests" here, because Mahdi's entire argument is centered around consciousness, and ignores the material interests of the two classes in question. The response to the incapacity of these two classes (the two most important classes in society according to Mahdi) is as follows: consciousness, consciousness and more consciousness.

But how can "consciousness" have an effect without any material base from which to work? How can consciousness and ideas really make their mark on people's thinking without any soil in which to set their roots? Then again, what if the whole issue is not one of consciousness? We have used the term "dazed" due to Mahdi's supposition that neither group seems to know what it is doing, nor is it fully aware of the consequences of its actions; somewhat like Christ's words: "Father, forgive them for they know not what they do." What if we were to repeat Slavoj Zizek's troubling reformulation: But what if they *do* know what they're doing? That they aren't bothered by consequences so long as those consequences serve their interests, so long as they look promising? And then what of the question that follows: What if it's a question not of awareness, but of action? (**Zizek: 2012**).

Merely posing such problematic questions should suffice to prove that our aim is to present an alternative vision of the relationship between sect and class, one which takes the following themes into account:

One: That the sectarian structure has penetrated all areas of society, and affects the economy, social life and culture just as much as it does politics, symbolism and ideology.

Two: That the sects cannot be confined to the political sphere, since this sphere is also - especially - the domain of class power.

Three: That sects and classes in Lebanese society are two separate groups that compete for their share of the social surplus and play out their battles in both the social and political arenas. That said, the relationship between the two is not one of mirroring, but rather a distribution of labour, a relationship of overlap and of mutual influence and effect.

5- Unequal origins and uneven development

Historically, Lebanese sectarianism arose from the unequal levels of access to various political and socio-economic positions in the late-feudal system of Mount Lebanon, by the Druze community on the one hand and by the Maronites (or Christians in general) on the other. The upper classes - the rulers of Mount Lebanon - belonged to Druze landowning families (plus two or three Maronite families) while the vast majority of commoners - of all trades and various social levels: merchants, money-lenders, artisans, farmers, labourers - were Christians. The gulf between these two distinct communities within the Ottoman social structure was further exacerbated by the early association of certain groups within the Christian community with the capitalist penetration of the coastal regions and Mount Lebanon by the silk economy and, furthermore, by the fact they had early access to education in civil religious schools (established in 1736 at the Synod of Al Luwayzah) and in foreign missionary schools. The civil war of 1860 (and the peasant uprising in Kisrawan that preceded it) had a counterintuitive result: the Druze community won a military victory but then went into decline because of a breakdown in the feudal system they controlled; the Christians were defeated on the battlefield, but won themselves a form of self-rule in Mount Lebanon, where they constituted the majority. The seal was set on this outcome by the establishment of the Mount Lebanon Mutasarrifate (1861-1915) governed by a two-tier elected council whose twelve seats were parceled out between the six main confessions, with a majority of Christians.

It was not long before the uneven political, economic, cultural and social development of the various sects expressed itself in the form of Christian-Maronite privileges, and disadvantages for the remaining sects:

- Privileged access to positions of political and military power; the near absolute powers enjoyed by the president of the republic and his oversight of the heads of the armed forces, the security services, the intelligence services, the financial ministry, the Bank of Lebanon and the defence ministry.

- The fact that Christians had been given first access to the most profitable sectors of the economy - services, trade and finance - and owned financial, trade, industrial and tourist institutions.

- The cultural head start they enjoyed as a result of two centuries of contact with Europe and the educational advantages that resulted from an early exploitation of foreign missionary schools and the attendant decline in state education.

- The difference in levels of growth between the centre and the margins/regions, and their differing access to development, resources, state services, knowledge and health, plus their disproportionate benefitting from the distribution of wealth.

6- Sects and classes as part of the system of domination and exploitation

Recognizing the existence of two structures - sect and class - within Lebanese society is meaningless without further accepting that sectarianism is part of the system of power in Lebanese society. This is what Dubar and Nasr state: that the relationship of a sect's members with the sect, its institutions and its leadership is not a simple matter of choice, but is to a degree compulsory, and possesses a sense of institutional and legal obligation. This is because the Lebanese system defines the individual's political, social and educational rights as things he enjoys as part of a sectarian-confessional community, outside of which he has no effective identity. His rights conform to the share of rights enjoyed by his sect, and theoretically they guarantee him access to this share - but beyond this he cannot go, no matter that his skills and talents and education might outstrip these talents. It is worth emphasizing here that in the post-war period the degree of control and constraint exercised over sects' members by their leaders did not weaken, but instead grew stronger. First and foremost this is because the six main sects came under the control of one-man (or tandem) leaderships allowing them to increase command-and-control over members and to exercise greater freedom in unilaterally representing the sects and speaking on their behalf as well as imposing on them the policies and conflicts (sometimes violent) they engaged in.

So much for compulsion. Yet at the same time consent was on the rise: a development promoted by the ideological and religious mobilization practiced by sectarian leaderships and institutions. For this reason it is imperative to recognize that sectarian/confessional loyalty can play a role in guiding consensual actions, no less important than its role in organizing of coersion and control.

The central issue here is that we start from the premise that politics is the battlefield on which the various groups (ethnic, regional, sectarian, tribal, etc.) and social classes compete for a share of the social surplus. It is a battle that takes place both in state and society and it is what we mean when we state that Lebanese society contains two structures, sect and class.

7- The role of the sect in the class structure

Sects operate in the nooks and crannies that the classes cannot enter. Their preferred theatre of operation is employment, public administration and the division of labour, and the spaces between city and countryside, centre and periphery, and mental and manual labour - just as they are governed by the dynamics of professional and social mobility, etc. What brings the sects into this is their resistance to the laws of the market: they guarantee certain individuals a share in the labour market, either preventing monopoly or, alternatively, protecting monopolist positions, according to each sect's position in the social pyramid. But in all cases ,the sectarian differences - via minor educational, regional, labour and social privileges and disadvantages - are apparent within the broader pattern of the larger class divisions.

Sects interfere in the labour market via restrictions and amendments to the market's laws necessitated by the presence of sectarian "allocations" of positions within the state and the public sector. Slowly but surely this sectarian system of allocation became a customary practice widely followed in the private sector. This is evident in the preference given by employers or heads of economic institutions to members of their particular sect. This leads to discrimination in employment, in the apportioning of wages, in the granting of promotions, in the allocation of executive power within an organization, and elsewhere. Nor is it just a matter of simple bigotry: positions and responsibilities within an organization can be distributed for the purposes of maintaining or securing a certain balance of power between staff members from different sects - such as controlling the workforce by utilizing agents from a given sect or political persuasion. During the civil war, a number of institutions relied on militias, both as employment agencies in their own right and to control and supervise the workforce.

Sects also play a role in social mobility. A number of factors are involved here, such as the unequal access to cultural capital (i.e. access to private versus public education at all levels of the educational system), unequal drop-out rates at all stages of education, unequal access to educational opportunities abroad (and differences between the countries accessed and the subject studied: Romania versus the United States, for example).

In any case the sectarian system oversees a vast game: a competition over rent in and through the state and the struggle over the distribution of state services, public works and contracts, and battles to optimize the various regional allocations taken from the state budget. It is a competition that also includes the apportioning of state contracts and the division of various forms of rents between the sectarian blocs and alliances. We call it a "game" because the squabbles quickly peter out into a series of negotiated settlements and partnerships that ensure all warring parties are content, receiving outcomes that reflect the balance of power between them.

Perhaps the most notorious instance of the competition for the social surplus was the battle between President Emile Lahoud and Prime Minister Rafic Hariri (in his second term) over the privatization of the mobile phone network. While Lahoud insisted that the mobile network should be state property, Hariri pushed for its privatization: the former seeking to appropriate it via the state, the latter via the market. On this occasion, it was President Lahoud who emerged victorious.

Coming up to date, the dispute between the two March 8 Movement allies - the Free Patriotic Movement and the Amal Movement - over the state electricity company's day-workers is still raging. The minister, Gebran Bassil, refuses to regularize their working conditions on the grounds that their majority are Shia, foisted on the electricity company by the political influence of Parliamentary Speaker Nabih Berri, calculating that if he wants to reduce the company's losses many of these workers have to be licenced. On the other hand, the dispute between the March 8 and March 14 movements (more precisely, between the Future Movement and the Free Patriotic Movement) over commissions for the contract to use Turkish power ships to cover Lebanon's electricity shortfall, ended when the Energy Minister (allied to the FPM) and the former head of the Engineers' Syndicate (a member of the Future Movement, with economic ties to Fouad Siniora) agreed to work together to broker a deal to rent two Turkish ships in the summer of 2013. One of the power ships did not arrive on time, and the electricity output was below that stipulated in the contract.

In this same context, the most prominent instance of the competition over resources and their allocation via sectarian blocs is the recent fight within the March 8 Movement, between Amal and the FPM, over the manner in which offshore zones are divided up for out-sourcing oil and gas drilling concessions, and over the stipulations and priorities of such out-sourcing; a dispute which conceals the competing interests of the companies that each of the March 8 parties represent.

In such politico-economic relationships the sects act as conduits to modify the class structure, by means of two processes: firstly, their role within the arena of political power, which allows them to generate new economic interests or defend/develop existing ones; and secondly, upward social mobility, which is the product of sectarian groups providing services outside the institutions of the state in education, charity, social and health services, the distribution of political funds, etc.

Politics is as much the realm of the action of classes as it is that of the actions of sects; indeed, it is the realm of the classes *par excellence*. In other words, the reproduction of classist discrimination and exploitation and of the class structure of Lebanese society as a whole, depends first and foremost on the social affiliation of those who hold the reins of political power, their growing post-war merger with the economically dominant class, and their ability to guide policy- and decision–making in the economic and social spheres.

Put another way, the state constitutes a space for the reproduction of sectarian/confessional allocation policies based on sectarian partisanship (including negotiated settlements), just as it provides a space for the reproduction of the class structure, including all adjustments to this structure based on the relative strength of each class and the nature of political power.

8- The effect of class mobility on the sects and their leadership

Not content to explain everything that happens outside the sect in purely sectarian terms, sectarian discourse also seeks to explain everything that takes place within the sect or between sects in sectarian terms. If we follow the school of thought that says sects belong to the political arena alone, then sectarian discourse can only explain politics with politics, like someone who explains what water is by reference only to water. Another school of thought explains all changes in sectarian relationships and alliances (and all changes within each sect) in terms of compacts and dependent relationships with “foreign powers”, either regional or international, who provide the sects with what they need to take on their opponents. The tactic of seeking outside aid in domestic conflicts is real and effective but it does not constitute the only explanation, nor does it negate the existence of other factors.

We cannot understand the internal balances of power, and the transformations, even upheavals, in sectarian relationships, only by reference to the sects themselves, and without allowing for the introduction of internal social developments. More precisely, demographic changes and social and class dynamics have the greatest influence over changes in the sect’s position within the political sphere and the state and the sometimes radical reordering of the balances of power that take place within the sect.

Take the rise of modern Lebanon: the inequitable social evolution of the various sects at the start of the nineteenth century produced two political groupings wildly divergent in terms of their social affiliation, on which was constructed the edifice of "Greater Lebanon": the first were the politicians, the vanguard of capitalist modernism in Beirut and Mount Lebanon who came from the silk trade and formed the kernel of the government's administration (i.e. the Administrative Council of the Mount Lebanon Mutasarrifate); ranged against them were the Druze families who made their living from agriculture and rent, and the rural notables from the peripheries (i.e. prominent families in Akkar, Koura, the Bekaa and the South). The first group were Christian; the second, Muslim. This new political group did not only compete with the agricultural-based leadership of the rural hinterland, they also constructed an economic base from which to compete with the Sunni Muslim and Orthodox Christian leaders in Beirut itself. One instance of this last phenomenon is Mount Lebanon Maronite lawyer, Emile Edde, coming to replace Georges Thabit, the wealthy Orthodox property owner from Beirut, as a representative of the urban aristocracy (the Sursocks and Bustrus families and others).

A more contemporary case: we might take a closer look at the demographic and social factors which led to the rapid growth of the Shia community in the halls of power and throughout Lebanese society. The process began in the 1970s, during and shortly after the civil war when a further qualitative leap in the nature of the power relationships between the Shia and the other communities occured. These changes cannot be properly understood without recourse to following factors:

1. The rapid urbanization of the Shia community, which in less than a quarter century went from being a community more than 70 per cent rural to one 70 per cent of whose members lived in cities.

2. The increasingly rapid capitalization of agriculture in the South and the Bekaa Valley, the collapse of the sharecropping system, the decline in tobacco farming during the war and the growth in real estate speculation by Lebanese emigrants.

3. The three great waves of Shia emigration (in 1948, 1975 and 1982) to various locations in Australia, America, Africa and the Arab world, then the return of many of them to either take up residence or invest in Lebanon, plus the pressure these returnee businessmen exerted in order to ensure their acceptance into Lebanon's political and economic system.

4. The rise of a Shia intelligentsia that rapidly spread thanks to secondary education and the University of Lebanon, and soon invaded both the state and private job markets, putting enormous pressure on the public sector in particular (**Nasr: 1985**).

These developments coincided with the weakening of the traditional Shia *zaims* (the Assaad in the South, Hamada in the Bekaa and Khalil in Tyre) and even affected the mid-ranking *zaims* that had been propped up by the Chehabi regime in the 1950s and 1960s, such as the Abdallahs and Bazzis. This social mobility soon found expression, and the aspirations of these new social classes (especially the returnee "exiles" and the intelligentsia) were firmly pinned to the leadership of Sayyid Musa Al Sadr, the religious scholar backed by the Shah of Iran and who, with the support first of the Chehab-run state and later the Fatah Movement, sought to found a Shia political third-way, an alternative both to the traditional leadership referenced above and also to the Leftist, nationalist opposition that had captured the imagination of large swathes of Shia community, especially the youth. It is extremely telling that Musa Al Sadr's current successor as leader of the Amal Movement, Nabih Berri, is the son of a trader who lived abroad in the US, where he has spent part of his own life and where he has financial interests. Speaker Berri and Sayyid Hassan Nasrallah have to divided Al Sadr's legacy between them, successfully positioning themselves as the sole political representatives of the Shia community in the political and social spheres, though neither their access to "exile" funds, their multifaceted Iranian financial backing, the numerical superiority of the Shia community, nor Southern Lebanon's strategic importance in the conflict with Israel, was sufficient to guarantee this Shia resurgence. In the end, armed conflict was required for the Shia to impose themselves on Lebanese political life and to reorder the sectarian balance of power in the interests of Amal and Hizbollah, courtesy the Taif Accord (1989) and its subsequent emendations and annexes. There is nothing strange about this: no marginalized or "rising" group can impose itself on political life in Lebanon without the assistance of civil war: the Maronite community from 1840 to 1861, the Sunni community in 1958, and the Shia community during the war years of 1975 to 1990.

Another example: the role of capital in entrenching sectarian leadership within the sect. Walid Jumblatt was able to renew his leadership position within the Druze sect during the war by transforming himself into a capitalist entrepreneur (with a diverse portfolio of projects and positions) a far cry from his father who had lived "ascetically" from the revenue of his lands. It was for this very reason that the only way Talal Arslan could preserve his own influence in the face of Jumblatt's capitalist leadership style was to "capitalize" himself, relying ever more heavily on the support of Marwan Khair Al Din, his brother-in-law, minister and owner of the Al Mawarid Bank.

Chapter 2

From Liberalism to Neoliberalism

"In the Lebanon of today, when we say 'capital city' we really mean commercial hub; when we say 'family home' we mean real estate speculation; when we say forest, vineyards, orange groves and olive trees we mean land for construction; when we say 'citizen' we mean a shareholder, when we say 'patriot' we mean a property owner, when we say 'values' we mean fortunes, when we say 'democracy' we mean plutocracy, when we say 'freedom' we mean the free market and when we say 'sovereignty' we mean insolvency" (Percy Kemp, ***L'Orient Le Jour*****, January 25, 2007**).

Lebanon has been globalized since the 1950s. However surprising that statement may seem, if we review the criteria by which we measure globalization and neoliberalism it seems accurate enough. In his ongoing dispute with Syrian economists and journalists - itself part of a wider dispute between the bourgeois of the two countries over the relative merits of protectionism versus the free market - the journalist Georges Naqqash has boasted that independent Lebanon's greatest achievement has been the "internationalizing" or "globalization" of its economy, quite the opposite of the Syrian economy with its production base and protectionist policies. Naqqash, who writes in French, uses the term "mondialisé" to characterize the Lebanese economy, a term which in current usage approximates to "globalized" (**Traboulsi: 1999**, **124**).

Naqqash's point was not just that independent Lebanon built its economy on free-market principles, but that it also drew on what we might regard nowadays as neoliberal economics: the financial sector, commerce and the service industry predominating; the country's economy acting as an intermediary between the global market and the Arab interior; rejecting protectionism (or "import substitution policy," that allowed imported products to dominate the local market while forcing industry and agriculture to gear themselves towards exportation and competing in foreign markets, etc.).

This process, or project, was inextricably bound up with Rafic Hariri, who headed the Lebanese government from 1992 to 2000, and then again from 2004 to 2005 and championed a policy of reconstruction that sought to refashion the Lebanese system to match the age of neoliberal globalization with the assistance of bankers, contractors, importers and a political coterie of militia leaders, while the lines between political and economic power grew increasingly blurred. The project was set in motion with absolutely no attention paid to the lessons that might be learned from the civil war: that social inequalities play a role in exacerbating sectarian hatred and fanning the flames of conflict; that the sectarian system itself provides war with the human fuel it needs to go on burning. So, all this set aside, the project's public face involved a promise to rebuild the Lebanese economic system along pre-war lines and surrender power to militia leaders, after amending the system of sectarian allocations and balances in what was termed a process of "heavy consensus". With reconstruction a synonym for rebuilding the pre-war politico-economic system, it then became necessary to sever all links between the war and what came before it, in order to avoid the following embarrassing question: If the pre-war period was Lebanon's Golden Age, then why did war break out? In this way the pre-war economic, social and political regime was absolved of all responsibility for the war, which was instead blamed squarely on "outsiders" and renamed "the war of the others" - also the title of a book by journalist Ghassan Tueni.

Money and power

Everything to do with Rafic Hariri spoke of the power of money and the role of money in power. It was money that he used to try and buy power when he was starting out.

As the the civil war came to a close, Hariri assumed he would be able to convince Amine Gemayel to resign six months ahead of parliamentary elections in exchange for 30 million dollars. He further boasted that he could persuade the Syrian president to offer Johnny Abdo the presidency and Hariri himself the position of prime minister, claiming that he would bring the Saudi king to Damascus to convince Al Assad, if need be. He added that getting the Syrian army out of Lebanon and confiscating the militias' weapons wouldn't cost him more than 500 million dollars (**Wakim: 2006, 24-25**; **Abou Habib: 2006**).

Hariri failed to persuade either Al Assad or Amine Gemayel, but he did manage to win political office with Al Assad's help when he made his bid for power outside the electoral system on the back of a financially-driven coup: the value of the Lebanese lira dropped from 1,150 to 2,830 LL to the US dollar following a wave of fevered currency speculations. The decline in value brought angry crowds onto the street, fearful for their livelihoods, yet these crowds might not have acted as violently as they did without the encouragement - or even the direct instigation - of the security services. Prime Minister Omar Karame resigned and on October 1, 1992 President Hrawi asked Hariri to form a new government, bringing him to power as the savior of the lira and the livelihoods of his fellow Lebanese.

Now in power, Hariri proposed his reconstruction project, which was entitled "Horizon 2000" and rested on two main pillars: a policy of reconstruction based on developing the state's debt, and the conversion of downtown Beirut into an international commercial and financial centre. Hariri promised the Lebanese that he would return them to the living standards they enjoyed in 1974, restore Lebanon's position at the head of the region's economies and ensure an average growth rate of 9.4 per cent from 1993 to 2003. He was gambling on an imminent Arab-Israeli peace deal that would equip Lebanon to assume a new economic role in the region - backed by the Gulf regimes - either as a financial and commercial centre to rival Israel's economic preeminence or as a conduit for the Arab oil states to achieve economic naturalization with Israel.

It was no secret that Hariri's reconstruction project had much in common with the neoliberal globalization which informed the policies and directives of international financial institutions: a leading role for the financial and construction sectors at the expense of industry and agriculture; substituting reliance on market movement for development; privatization; prioritizing imports over protecting local industries; the state withdrawing from its distributive role and from the provision of subsidies, etc.

First and foremost, Hariri ruled with the support of the Syrian regime, which handed him control of the economy, outsourced the anti-Israeli resistance to Hizbollah and left politics and security in the hands of General Ghazi Kanaan, Syria's High Commissioner in Lebanon. Secondly, Hariri had the cooperation of militia leaders and those who had accumulated their wealth from war and emigration, and was surrounded by associates, party members and security officials, who covered the entire political spectrum from the far Left (i.e. the Communist Action Organization, the Communist Party, the Arab Revolutionary Labour Party) to right-wingers from Lebanese Forces Party, in addition to a large coterie of technocrats and lawyers, graduates of international financial institutions and private companies. One of the most noteworthy measures he took to entrench his power were his indefatigable and costly efforts to gain control of the media. [1]

Speculating on state debt

Hariri's governments arranged to fund this reconstruction by means of the internal national debt. This contributed to the recapitalization of the banking sector - whose deposits had fallen from 12 billion dollars in 1974, to 3.5 billion dollars in 1987 - by issuing treasury bonds that paid interest of between 20 and 42.5 per cent and increasing its profits.

They soon achieved what they wanted. Between 1990 and 2007, bank capital grew from 1.3 to 966 billion dollars (***Al Akhbar*, 21/1/2011**) while deposits went from 6.6 billion dollars in 1992, to 48.5 billion dollars in 2003, then topped 58 billion dollars two years later in 2005. In September 2006 the banking sector declared profits of 516 billion dollars: a rise of 40 per cent from the 369 billion dollars declared a year earlier.

As this was taking place, the debt was piling up. By 1998, the national debt was 14 billion dollars, leaping to 28.31 billion dollars in late 2001 and then 33.78 billion dollars by the end of 2003. Debt as a percentage of estimated GDP rose from 48 per cent in 1992 to 170 per cent in 2001 and in 2008 stood at 190 per cent, the highest rate in the world ahead of Japan (130 per cent) and the United States (100 per cent) (**Hassan Khalil: *Al Akhbar*, 14/4/2009**).

According to a 2011 World Bank workshop, Lebanon received 147 billion dollars from abroad between 1992 and 2010, with 121 billion dollars of this sum used to fund the deficit. Servicing the debt accounted for some 85-90 per cent of budget revenues and some 50 per cent of expenditure. Through speculating on the state debt in this way, a small minority of banks and individuals in Lebanon, as well as Arab and foreign investors, were able to make enormous profits. In 2002, when the national debt was some 30 billion dollars, some 22 billion went to the banks in the form of interest payments on treasury bonds (**Henri Edde: *Al Akhbar*, 8/3/2002**), and bank capital rose from 123 million dollars in 1990 to 3.6 billion dollars in 2003, then to 7 billion in 2008 (**Toufic Gaspard: *Al Akhbar*, 14/2/2009**).

It is worth bearing in mind that this vast expenditure did not in itself guarantee effective assistance to the private sector in rebuilding its productive capacity, nor did it encourage exports, or ensure that widows, orphans, the disabled and the families of the thousands who went missing during the war would be paid compensation. It is almost unnecessary to point out that even in a state this insolvent, the rulers never once considered levying a tax on war profits to fund reconstruction, even though the newly independent Lebanon had imposed just such a tax after the Second World War.

The upshot was that between 1993 and 2008, the Lebanese paid out some 38 billion dollars to service the national debt: 9,500 dollars per person. Interest payments on treasury bonds were not reduced until November 2002, when donor nations pledged to underwrite treasury bonds to a value of 2.5 billion dollars at a rate of 5 per cent for 15 years.

Former government minister Henri Edde, one of the first on the scene of the Solidere project, revealed that, "some people have made terrifying amounts of money from Lebanon's debts, which are more than 30 billion dollars," confirming that, "22 million has gone to the banks as interest on the debt" (***Al Safir*, 8/3/2002**). El Fadel Chalak, who headed the Council for Development and Reconstruction under Rafic Hariri, agreed with this diagnosis, accusing the banks of making "huge" profits from high levels of interest on the national debt - i.e. 26 billion dollars profit from a debt of 38 billion dollars - and described it as, "the greatest danger facing Lebanon" (***The Daily Star*, 3/4/2006**).

Structural economic consequences

Rafic Hariri's project quickly encountered a number of obstacles that prevented him from fully implementing the plan before his assassination. The biggest of these obstacles was the rentier interests - more closely allied with the state than the market - represented by Emile Lahoud and a group of warlords. Yet despite this, the overall economic strategy of the Lebanese government remained fundamentally unchanged:

- The growing rentierization of the economy. Economic rents as a share of the GDP rose from 9 per cent in 1990 to 23 per cent in 1998, one of the highest levels in the world. This rentierization comes at the expense of the development of production and leads to rising unemployment, emigration and inflation, and contributes to the high exchange rates that banks insist on to protect the value of their debts, raising costs of industrial production, hindering exports and burdening consumers with the inflated costs of imported goods, which account for almost all of Lebanon's basic needs. This is what the late Nassib Lahoud MP condemned when he spoke of, "the tyranny of rent in the economy and capital being trapped in a vicious circle of short-term investment, whose only purpose is to make a quick buck". According to Lahoud this can only be achieved at the expense of developing production and job creation (***Al Nahar*, 14/9/1995**).

- The emigration of skilled labour and the influx of unskilled labour: this was exacerbated by the war and the reconstruction process. Because of the war, population growth stood at close to zero, with between 8 and 900,000 individuals leaving the country, approximately one third of the 1975 population (**Human Development, 1998**), while the emigration of young people - who made up some 71 per cent of the unemployed after the economic reconstruction project began to flag and productive sectors of the economy slowed - grew ever more rapid. To counter this there was an ever greater reliance on foreign labour, particularly Syrian labour, facilitated by the conditions under the Syrian mandate (1976 to 2000). At its peak there were 600,000 to 700,000 such workers at any given moment in the Lebanese labour market.

- The growing trade deficit: this reached 8 to 1, a result of adhering to a policy of rejecting import substitution and forcing the industrial and agricultural sectors to compete in the global markets. [2]

- The real estate surge: It was estimated that between 1990 and 1995, 80 per cent of all property investments came from Lebanese residing abroad and investors from Saudi Arabia and the UAE. Hariri himself commented on this phenomenon with the phrase, “quand le batiment va, tout va.” According to figures from the Ministry of Finance, real estate deals were worth 9.2 billion dollars in 2012.

- Strengthening the monopolistic structure of the economic system: This was evident in the extreme concentration of wealth in certain sectors of the economy. In the banking sector, five banks commanded the lion’s share of the financial market, while just 2 per cent of depositors controlling 80 per cent of the total value of deposits (**Nasr: 2003**, **156**). One study of 7,402 economic enterprises operating over 288 local markets found that the Lebanese market, while supposedly blessed with free-market policies, entrepreneurialism and unfettered competition, actually suffers from oligopoly (**Gaspard: 2003**). The economist Elie Yachoui tells us that just 1,000 out of a total of 25,000 importers, are responsible for 90 per cent of all Lebanese imports (**Elie Yachoui: *Al Safir***, **19/7/2004**). Monopolies - whether enshrined in law as is the case with Exclusive Agencies , or those that operate unofficially in the grain, fuel and pharmaceutical markets - are the rule, even in the industrial sector (e.g. cement).

- Holding companies: The reconstruction project midwifed a new form of capitalist ownership, with holding companies coming to replace the joint-stock companies of the pre-war period. The growth of this new type of capital ownership inflated the family and monopolistic aspects of Lebanese capitalism, though added a degree of diversity and interconnectedness whereby individual institutions invest in a range of economic sectors, while bringing new sectors into the economy, such as communications.

-Taxes exacerbate class inequalities: In 2004, Rafic Hariri proposed a “radical plan” for tax reform, seeking to abolish income tax for professionals (i.e. doctors, the self-employed, accountants, lawyers, experts, etc.), shop owners, hairdressing salons and beauty parlours and both merchants in wholesale and retail. Company profits were excluded from this plan though their overall tax burden was reduced from 40 per cent to a flat rate of 10 per cent (**Marwan Iskander: A classic recession, *Al Nahar***, **11/1/2009**) For all that, Hariri’s reforms left tax on wages and salaries untouched.

To assess just how burdensome the results of these policies were, it should be noted that income tax (including tax on the self-employed) accrued no more than 300 million dollars for the treasury; in other words, 3 per cent of profits made, making it one of the lowest tax rates in the world (compare with the US at 30 per cent). Nor is this just a matter of falling costs: tax avoidance by financial institutions and companies is practiced on a wide scale. There are some 245,000 institutions and companies on the Lebanese Commerce Register, 70,000 of them declared a loss in 1997 (**Khalid Saghieh: Capital knocks on the door of executive power**, ***Al Safir***, **26/2/1999**). In addition to this there are many official tax exemptions. Holding companies do not have to pay tax on their profits [3]. In 2000, under the premiership of Selim Hoss, businessmen successfully defeated a proposal by Finance Minister Georges Corm to enforce a tax on treasury-bond interest at an estimated value of 150 billion *lira*, or one billion dollars (***Al Nahar***, **10/4/1999**). Prior to this, another plan had been discarded, this time to tax luxury car imports with an estimated benefit to the treasury of 50 billion LL (33 million dollars).

- Abolishing customs duties: The abolition of customs duties and the imposition of a value-added tax further lowered the flow of money to an already insolvent treasury. With one stroke of the pen, Hariri's government set a policy in place that was supposed to take a full decade to implement, and while the World Trade Organization lowered duties on textiles to 17.5 per cent, the Lebanese government dropped them to 5 per cent (**Dagher: 2010**). Fouad Siniora enacted exemptions from customs duties as an incentive to growth, to increase the size of the economy, and to attract foreign investment. While conceding that the process would negatively impact the treasury, he argued that it would be compensated by VAT revenues from the enlarged economy (***Al Safir***, **August 2000**). But the economy did not grow and Hariri did not see the relative growth he had hoped for (or that Siniora had assured him of), and so there was no VAT revenue to make up for the loss of customs duties. Indirect taxation on Lebanese citizens went up, and direct taxation on profits plus exemptions from economic rent and interests went down. Despite this it is now fourteen years since Lebanon requested to join the WTO and its application has yet to be approved. One of the reasons for this is its refusal to drop legal protection for monopolies in the form of the law of Exclusive Agencies .

- Corruption and protection money: Joe Faddoul estimates that corruption and bribery during the period of Syrian rule and Hariri's reconstruction project cost two billion dollars per year in lost investment, i.e. 14 billion dollars in six years, excluding interest (**Faddoul: 2004**). Kamal Deeb gives a similar figure, though he takes into account the revenues of the militias, the Palestinian organizations, the Syrian security services and their Lebanese dependents, starting from the outbreak of war in 1975 (**Kamal Deeb: *Al Nahar*, 25/3/2005**). Transparency International, which measures corruption across the globe, states that Lebanon dropped nineteen places in its transparency rankings between 2003 and 2004; in other words it dropped farther in one year than Argentina managed in fifteen (**Louis Hobeika: *Al Nahar*, 30/4/2005**).

Post-war changes in the social structure

- New inequalities in the regional balance of power: one of the most telling manifestations of this was the re-centering of social power away from Beirut and the emergence of Northern Lebanon as the poorest region, replacing the South and Bekaa which had benefitted from widespread emigration of its youth and the growing political power of the Shia sect which made up the majority of the population in both regions (**Nasr: A Map, 155**).

- Increasing social polarization: The most important manifestations of this phenomenon between 1992 and 1999 can be summarized as follows:

1. Upper class incomes grew by 4.8 per cent per annum.

2. Middle class incomes fell 8.4 per cent per annum.

3. Lower class incomes fell by 4.6 per cent per annum.

4. The proportion of families in poverty rose to 35 per cent, while the real value of wages fell by 30 per cent cumulatively.

5. Social and health services were reduced, with no more than 30 per cent of Lebanese possessing health insurance.

6. Living conditions declined with 46 per cent of Lebanese living in crowded homes (i.e. more than 4.8 individuals per room).

7. Increasing number of students moved from private education to public education because their families were unable to meet costs, even as the quality of public education declined.

8. Unemployment and "masked" unemployment grew to more than 30 per cent of the workforce (**Nasr: A Map, 155**).

These are all symptoms of wealth being repositioned at the top end of the social spectrum, with 80 per cent of families receiving 40 per cent of the total value of wages, and the top 20 per cent taking the remaining 60 per cent. This last statistic proved too much for the World Bank, whose senior vice-president Ibrahim Shehata advised the Lebanese government to raise taxes on company profits, but the government ignored him.

This summary lacks only two pieces of data. The first is that 48 per cent of personal wealth in Lebanon belongs to just 0.3 per cent of the adult population - a mere 8,900 individuals - while the rest of the citizenry divide up less than 52 per cent between them. Just two families - Mikati and Hariri - own 15 per cent of it. Even worse, the standard measurement of wealth distribution - the Gini coefficient, where a score of 100 means absolute inequality and a score of 0, total equality - ranks Lebanon fourth in the world for unequal wealth distribution (86.3) after Russia, Ukraine and Kazakhstan (***Executive Magazine*****, October 2013**). In 2003 Toufic Gaspard had calculated the Lebanese Gini coefficient to be 68 (**Gaspard: 2003, 27**).

Chapter 3

The Oligarchy

This chapter is dedicated to tracing the formation and behavior of the oligarchy, offering a brief historical overview to show both the extent to which the oligarchy and political power were joined from the outset, as well its monopolistic and dynastic nature in post-independence Lebanon. This done we shall advance the thesis that the economy is controlled by financial/import/real estate networks and offer a detailed portrayal of two new post-war developments: the increasingly monopolistic nature of the class system and the growth of a new form of capital ownership and management known as "holding companies". We conclude with a definition of the "The Lebanese Economic Organization" as the "party of the bourgeoisie"

1- Historical overview

We have chosen the term oligarchy (i.e. rule by the minority) to describe the bourgeois class which controls Lebanon's economy, because it captures that class's family nature and the high proportion of legal privileges and exemptions that it enjoys.

"Consortium" is the term used for the financial/commercial oligarchy that took control of the country's economy in the post-independence period. This consortium is made up of thirty families arranged around a hardcore of influence comprising the siblings and offspring of the president plus a dozen or so affiliated families; the degree of monopolistic control and preference that these families exert over the economy is truly astonishing, especially when compared to liberal complaints about the "republic of merchants".

Broken down along sectarian lines, the oligarchy contains 24 Christian families (9 Maronite, 7 Roman Catholic, 4 Orthodox and one family apiece for the Latin, Protestant and Armenian churches) and 6 Muslim families (4 Sunni families, one Shia family and one Druze). The Christian families practiced intermarriage to preserve or strengthen their assets or to set the seal on commercial partnerships. In the course of a single generation, ten families from this oligarchy contracted such unions (Pharaon, Chiha, Haddad, De Freige, Kettaneh, Arida, Bustros, Asseily, Doumit). The oligarchy's families amassed their wealth from three sources: first, the silk economy and the import trade under the Mutassarifate; second, profits made during the Second World War (between 1940 and 1944 the allied forces spent 76 million pounds sterling in Syria and Lebanon); third, money from the diaspora in Africa, the Americas and oil-producing Arab states such as Iraq and Saudi Arabia.

Members of the consortium occupied positions of control in every sector of the country's economy. In the financial sector, they took over a dozen or so local (or partly local) banks, the most prominent of which was the Banque du Syrie et du Liban (BSL), which had the prerogative of issuing currency, managing the state's finances and controlled the movement of loans and trade relations with France. L'Union Nationale, the largest of the country's insurance companies, was a partnership between consortium members and French capital. The majority of consortium members who imported Western-manufactured goods controlled the lion's share of the local markets for comestibles, weapons and ammunition, agricultural and industrial machinery, building materials, beverages, medical and pharmaceutical products, stationary, timber, coffee, automobiles and spares, and a number of others besides. Approximately half of the fifty exclusive agencies for American companies were held by a single family, the Kettaneh, while the remainder were divided between the Fattal, Sehnaoui and Pharaon families. Consortium clans were also to the fore in the tourism sector, owning the biggest and most luxurious hotels in Beirut (e.g. the Hotel Saint Georges and Le Bristol), in summer resorts like Bhamdoun and Sawfar and in ski resorts such as Faraya and The Cedars. In the service sector, the consortium teamed up with French capital, to dominate legally privileged and public service companies, such as GEPB (Gestion et Exploitation du Port de Beyrouth), water and electricity providers in Beirut, Kadisha and Nahr El Bared, Regie Libanaise des Tabacs et Tombacs, and others. The consortium also came to control the largest contracting firm in Lebanon (the Regie de Travaux) and one of the largest contractors in the Middle East region (Emile Bustani's CAT Group). Members also owned two airlines (Air Liban and Middle East Airlines), the biggest land transport company, and the biggest plants producing electricity, cement, textiles, beer, matchsticks, canned food, vegetable oil, paint, glass, and so on. Some of these families combined the local production of goods with overseas imports, as in the case of cement and building materials. Finally, all of the families mentioned above were major real estate and land owners in the cities and countryside.

The combined wealth of fifteen of these families has been estimated at 245 million LL, nine times more than the state budget of 1944 and 40 per cent of the national income for 1948. A substantial proportion of this wealth was invested overseas.

During this same period, thirteen members of the oligarchy were elected members of parliament, five held ministerial posts, and one became prime minister. Most of the oligarch MPs were forced on their regional constituencies from above, especially those in the Bekaa and the South, where they funded the electoral lists of the regional *zuama* in a process that fell under the rubric of "political feudalism". Thus we have Ilyas Traboulsi, the wealthy merchant from Deir Al Qamar, who bankrolled Ahmad al-Asaad's electoral lists in the South and even contested elections on these lists; or Henri Pharaon, the biggest real estate owner in the country, head of the port authority (GEPB), de facto patron of a number of loyalist labour unions, one of the country's most prominent political decision makers after Bechara El Khoury, political overlord of Zahle and part of the Bekaa where his relative Moussa De Freige owned a modern farm and a parliamentary seat. His cousin, Pierre Pharaon was elected MP for Jezzine. A member of the Sursock family - a major landowner in the Ammiq region of the Bekaa - also held a seat in parliament. Industrialist Cheikh Boutros El Khoury bankrolled northern political leaders before competing in elections himself. Thus in the era of Bechara El Khoury some 36 MPs (26 of them Christian) either owned, or were the majority shareholders in, more than 230 companies (**Traboulsi: 2008, 195-199**).

From fifty families to one hundred

During the 1950s and 1960s, the political and economic ruling class was frequently said to have comprised some fifty families. Micheal Hudson wrote that, "political power in Lebanon is the exclusive preserve of a group of religious leaders, semi-feudal political chiefs, bankers, businessmen and lawyers. Members of this group come from less than fifty prominent families" (**Hudson: 1968**, **126**). The same number recurred when Yousef Beidas, head of Intra Bank, spoke about the businessmen who had joined forces against him and ensured that bank failed. With time, this figure of fifty families rose to, "one hundred families who rule the country," to quote journalist Michel Abi Jawda, who called on the families to stop their backstabbing and to stand united in the face of the financial crisis that followed the collapse of Intra Bank (**Traboulsi: 2011**, **259**).

From one hundred families to who knows how many…

Who constitutes the oligarchy these days? Which families form the ruling class?

According to a study conducted by the Lebanese Communist Party in 1973, the number of families whose names appear on the register of boards of directors of all companies (SAL and SARL) was more than 800. Forty per cent of them controlled one third of the total companies' capital, 70 per cent of their sales, and half of the import trade. Only three families controlled 22 per cent of the market in medicines and medical supplies, and twenty individual merchants were responsible for 85 per cent of imported comestibles. From the same study we see that the biggest 13 business clans control 48 per cent of industrial capital, 30 per cent of bank assets, and 24 per cent of the total capital involved in commerce (**Hamdan: 1997**, **83-85; Traboulsi: 2011**, **280**).

So: approximately one thousand families by the 1970s - we lose track thereafter.

For a long time in Lebanon the figure 4 per cent was bandied about: the IRFED report's estimation of the size of the wealthiest strata of Lebanese society. Nor was Dubar and Nasr's figure of 1974 much different: calculated on the basis of income they set it at 3.6 per cent. Following the war, the figure of one per cent was frequently cited in the financial press, as it was evident that two per cent of those with bank accounts were reported to own 70 per cent of the total value of bank deposits (i.e. 127 billion dollars). [1]

2- Two families and 8,900 millionaires

But the figures persisted in talking about incomes as opposed to wealth, until, following the production of the early draft of this study, we came across a new criterion that allowed a more faithful standard by which to assess the *grand bourgeoisie*. The Lebanese financial publication *Executive Magazine* published Lebanese statistics from Credit Suisse's annual report, *Global Wealth Data 2013*, one of the few reports to measure wealth and wealth distribution as opposed to just income.

The report included a highly significant and astonishing piece of data, stating that at least 48 per cent of private wealth in Lebanon was concentrated in the hands of just 8,900 individuals: 0.3 per cent of the adult population and a subgroup whose members have personal annual incomes of no less than one million dollars. This means that the rest of the population (i.e. 99.7 per cent) own less than 52 per cent of the wealth, which the Swiss bank estimated at 91 billion dollars. The richest six Lebanese individuals, who belong to just two families - Hariri and Mikati, whose combined wealth *Forbes* magazine estimates at 14 billion dollars - own 15 per cent of the country's private wealth between them. In its section on wealth distribution, the report adds that half of the Lebanese population own less than one fifth of the country's wealth. It is worth adding that Credit Suisse showed great caution over its statistics from Lebanon, which it described as "poor" (***Executive Magazine***, **October 18, 2013**). [2]

Whatever the case, the figures give an indication of how narrow the class that controls the economy really is and how it disburses the national wealth, and offers new opportunities for serious and detailed research into the composition of the highest levels of the Lebanese bourgeoisie. If we want to make progress in this field, no future studies on class in the country can afford to ignore these findings.

3- The banking network

In a study entitled *Le système bancaire libanais: Les substituts financiers d'un ordre politique*, Clement Henry Moore shows how the banks function as alternatives to a suspended or entirely absent political system. He says: "Perhaps the banks are not simply an expression of a political system that, faced with violence, has absented itself across the board, but are in fact capable of helping restore equilibrium to the old order, which may then return once the violence has stopped." This is what happened. The banks were the mechanism by which their émigré owners and businessmen located in the diaspora and the Gulf could secure social standing and success, and provided a space in which financial and political families intersected: one quarter of the names on any list of political families or MPs are connected with the banking sector. Finally, the banking sector achieved a degree of stability during the war, becoming more diverse from a sectarian and confessional perspective, as shown by a glance at the composition of the eight largest banks (**Moore: 1983, 38-41)**. What Moore does not say is that post-war, the banking system became the mainstay of the country's economy, bankrolling the state, leading the reconstruction process, constituting the principle speculator on state debt and directing state policy.

There are approximately 71 banks in Lebanon, 54 of them commercial and 17 for business banking and the provision of medium- and short-term loans. The commercial banks are split between 30 Lebanese banks, the majority of whose shares are held by Lebanese, 10 who have majority Arab (non-Lebanese) shareholders, and two with majority non-Arab shareholders. There are 8 Arab banks, some of which have no Lebanese shareholders, and four foreign (non-Arab) banks with Lebanese shareholders. Together the banks have 780 branches and 16,321 employees (one per cent of the national total).

The 12 Lebanese banks which make up the Alpha Group (Audi, BLOM, Byblos, Fransabank, Societe Generale, Credit Libanaise, BankMed, Beirut, BBAC, Libano-Francaise, First National and Intercontinental) own 95 per cent of the Lebanese banking sector's assets, 50 per cent of which is owned by just three - Audi, BLOM and Byblos. These three banks make vast profits (totaling 683 million dollars in September 2012: 309 million for Audi, 251 million for BLOM and 123 million for Byblos).

Family ties and networks of interest

Lebanese banking is notably familial in nature, with a small number of Arabs and foreigners rubbing shoulders with Lebanese shareholders from a single family: BLOM is run by the offspring of Nuaman Azhari, Bank Audi by those of Raymond Audi, Byblos (Francois Bassil), Libano-Francaise (Farid Roufael), Fransabank and BLC (Adnan and Adel Kassar respectively), Credit Libanaise (Joseph Torbey), Al Mawarid Bank (Marwan Kheireddine), Bank of Beirut and Arab Countries (Toufic Assaf), BankMed (Rafic Hariri), Societe Generale (Antoun Sehnaoui), Banque BEMO (Obegi family), Banque Syrie et du Liban (late President Bechara El Khoury), Banque Pharaon et Chiha (Henri Pharaon and Michel Chiha), Banque de L'Industrie et du Travail (Emile Bustani), First National Bank (Refaat El Nimer), Jammal Trust Bank (Ali Al Jammal), Lebanon and Gulf Bank (Abdul Hafiz Itani), Bank of Beirut (Anwar El Khalil), Banque de Credit National (Lutfi El Zein).

The banks, especially those from the Alpha Group, own 12 insurance companies, three of which belong to the top five insurance companies that between them control 66.2 per cent of the Lebanese market. There are a total of 114 insurance companies in the market. [3]

The interests of the oligarch-class families intersect due to their banking posts and shareholding. Boutros El Khoury's descendants, who own BIT Bank, are also shareholders in BLOM; Marcel Boutros El Khoury is a shareholder in the Syrian Lebanese Commercial Bank; Youssef Takla is a director at BLOM and a shareholder in the Ahli International Bank; Antoine Wakim is on the boards of both Allianz SNA Insurance and Banque BEMO; Fransabank is a partner in BBAC; Rabah Idriss from Intercontinental Bank Lebanon is a shareholder at Credit Libanaise; Joe Issa El Khoury is affiliated with the Finance Bank, Credit Libanaise and Near East Commercial Bank and is a shareholder at Bank Audi; Ali Ghandour from the BBAC is a shareholder with Bank Audi; Farid Roufael, head of the board at Libano-Francaise is also chairman of Bank Al Sharq; Adnan and Adel Kassar work for Fransabank and BLC; Nadim Kassar works for Fransabank, BLC and BBAC; Mohamed Abdel Hassan Shoaib is a shareholder in Fenicia Bank, Intra Investment, Banque du Koweit et du Monde Arabe, Jammal Trust Bank and the Finance Bank; Mohammed Hariri is affiliated with BankMed, Saudi Lebanese Bank, the Saudi National Commercial Bank, and so on.

In a televised statement on the *Al Arabiya* channel (17/10/2013) the governor of the Central Bank claimed that the reckless prioritizing of the banks over ordinary Lebanese citizens was good for the economy and the Lebanese *lira*, stating that banking sector profits would rise by 3 to 4 per cent. He claimed that Lebanon had lost 7 billion dollars as a result of the Syrian exodus, stats whose accuracy is dubious at best as he cannot have taken into account deposits by Syrians in Lebanese banks, nor the money spent by the refugees (poor, middle-income and rich) in Lebanon over the preceding three-year period. In any case the statement made its point, in that it showed how reckless the banks were with the losses of ordinary Lebanese citizens, while a small gang of bankers made millions.

4- Holding companies: The new form of capital ownership

After the end of the war a new consortium of families took shape not all that different from the post-independence consortium in terms of its restricted membership and family structure. Indeed, one might claim that the vast majority of the major holding companies have their origins in the first consortium; what was different about the holding company was that it constituted a paradigm shift away from the joint-stock company, a difference that manifested itself on two levels. While joint-stock companies were forced to disguise their essentially familial nature by diversifying the membership of their boards, holding companies were driven to no such lengths; in many cases, holding companies quite brazenly named themselves after the families that controlled them. The second difference was that holding companies finally shattered the tradition of a company confining its activities to a single sector of the economy (finance, commerce, industry, tourism, etc.), to cover a diverse range of economic fields to which are constantly being added new sectors, as is the case with contractors, communications companies, financial companies, and others (**Appendix 2**).

5- Monopoly control: the concentration of financial capital

The first manifestation of economic concentration, the concentration of financial capital with eight banks controlling the entire financial market, does not receive its due share of attention: 0.05 per cent of Lebanese citizens control 34 billion dollars worth of bank deposits and 2 per cent bank accounts dispose of 70 per cent of the total bank deposits (**Nasr: 2003**, **156**), while in Brazil that same percentage is in the hands of 17 per cent of the population.

Commercial concentration

On behalf of the Economic Ministry and with EU funding, Dr. Toufic Gaspard conducted a study that covered 7,406 institutions in 288 local markets, including 123 markets for non-specific economic activity. Gaspard concluded that half of all sales in these markets suffer from oligopoly (the "monopoly of a few") (**Gaspard: 2003**). Economist Elie Yachoui reports that just one thousand of the country's 25,000 importers are responsible for 90 per cent of Lebanese imports (**Elie Yachoui: *Al Safir*, 19/7/2004**).

Legal monopolies: exclusive agencies

Some 200 companies are registered as exclusive agents of foreign companies in Lebanon, sharing 3,000 licenses between them. Twenty of these companies own no fewer than ten agencies each and import no fewer than 3,000 separate types of commodities. In 83 of the 288 markets for imported goods and products, three companies control 80 per cent of the market, and three other companies control 20 per cent in another 60 markets. The exclusive agencies cover the following goods: automobiles and spare parts, mobile phones, fertilizers and agricultural chemicals, building materials, hospital equipment, beauty products, stationary, clothing and footwear, sports equipment, electrical goods, watches and jewelry, make-up, cosmetics, home and office furniture, etc. Although exclusive agencies for comestibles and medicine may not be granted under law, both these sectors operate under monopolies of one sort or another (**Mourad: 2006**, **36**).

The legal framework for exclusive agencies is Decree 34, August 5, 1964, when Charles Helou was president and Rashid Karame, prime minister. Prior to this the reference used was articles 272 and 279 of the Lebanese Commerce Law. [4]

In 2002 the press published the names of 145 licensed trademarks, with the largest number coming from the United States (26) followed by France (21) and Italy (17). This was the year Rafic Hariri began to implement his policy of economic reform whose stated purpose was to expedite Lebanon's membership of the WTO. It was proposed that the import market be opened up, exclusive agencies be abolished and their holders be compensated up to 50 per cent of the value of the imported goods for a period of five years after the law was promulgated. The government approved the draft law and on February 14, 2001 it was sent to parliament, where it spent seven months being debated by committees, at the end of which time the Administration and Justice Committee ordered that the compensation be stopped and the implementation of the law deferred until early 2004. This was a compromise between the demands of licensees who wanted the law shelved until 2008 and MPs belonging to Hizbollah, Amal, the Syrian National Socialist Party, the Baath Party and representatives of non-governmental organizations, who were demanding that it be put into effect immediately. On January 29, 2003, parliament agreed to extend the deferral until 2008, President Emile Lahoud refused to ratify the law and that is how things remained.

Given that most of the owners of exclusive agencies were Christian, the debate took on a sectarian tinge (**Mourad: 2006**). Elie Yachou`i believes that the draft law was an attempt by Muslim businessmen to hijack the exclusive agencies from the Christian importers (***Al Kifah Al Arabi***, **12/2/2002; Mourad: 2006**, **58**). The Patriarch of the Maronite Church, Mar Nasrallah Sfeir and General Michel Aoun see the law as a Syrian gambit to reduce the economic independence of the Lebanese state. At the time of writing the law remains shelved.

Unofficial monopolies

The import sector is controlled by a small group of importers, raising the levels of economic concentration in the majority of local markets to what amounts in some cases to exclusive monopolies. According to one estimate, 1,000 of the 25,000 active importers are responsible for 90 per cent of all imports (**Elie Yachoui: The state of the Lebanese economy**, ***Al Safir***, **19/7/2004**). We shall confine our attention to strategic goods, those which most profoundly effect the everyday lives of the Lebanese citizen.

- Pharmaceuticals: 120 import companies, including five that control 50 per cent of the market: Fattal, Abou Adal, Abella, Kettaneh, Kaftaro and Transmed (***Al Nahar***, **27/1/2009**). Dr. Ismail

Sukkarieh - a member of parliament who has been campaigning for years against the violation of citizens' rights in a health system at the mercy of monopolists and corrupt officials - says that 10 per cent of importers monopolize 90 per cent of the market (**Sukkarieh: 2010**, **18**).

Some 2,500 pharmaceutical products are consumed in Lebanon out of 3,000 that are available on the open market. Four hundred of these are still under patent and these are the most expensive. Not only this, but 20 per cent of the available pharmaceuticals account for 80 per cent of sales, one of the highest concentrations anywhere in the world (**Sukkarieh: 2010**, **18**), which naturally pushes prices far higher than those in neighbouring countries. In 2005, former Minister of Health Mohamad Jawad Khalifa conducted a study into the prices of 1,200 pharmaceutical products for sale in Saudi Arabia and Jordan and it became clear that medicines in Lebanon are between 10 and 17 per cent more expensive than their counterparts in the two countries (**Sukkarieh: 2010**, **133**). The net bill for pharmaceuticals in Lebanon is 680 million dollars per annum; deducting estimated import costs of 540 million dollars this leaves the companies and clinics with a profit of around 180 million (***Al Akhbar***, **15/4/2010**).

Sukkarieh lays out an almost endless list of illegal practices: imitation-brand pharmaceuticals account for 35 per cent of the market; smuggling; importing internationally proscribed medications and selling them on the Lebanese market; the disappearance of cheap medication and their replacement with expensive brand drugs (**Sukkarieh: 2010**, **85-86**); plus an almost total lack of governmental oversight. The monopoly over pharmaceuticals has had the additional effect of retarding the development of the local pharmaceutical industry. There are just six pharmaceutical factories in Lebanon (Mephico, Pharmadex, Algorithm, Mediphar, Pharmaline, Benta) plus three serum plants (Serum, Alpha and Biolyse), with a combined market share of between 6 and 8 per cent. While local pharmaceutical production has stagnated in recent times, imports have trebled in just four years.

- Petroleum-based products (the oil cartel): There are 13 import companies, seven of which control 50 per cent of the market. The Alpha Group controls 60 per cent of the benzene market and is made up of the following five companies:

1. Hypco, owned by the Bustani family. Hypco acquired Cogico, the company founded by Walid Jumblatt and chaired by Bahij Abou Hamzeh, after Jumblatt had rented it out to Nehme Tohme in exchange for a million dollar per year; Tohme then signed it over to Hypco for a ten-year period. The Bustani family are registered agents of Swiss petroleum company Vitol.

2. Medco, Issa Petroleum (IPT) and the Yammin Trading Company.

3. Uniterminals, a Lebanese joint-stock company 50 per cent owned by the Obegi family - owners of Banque BEMO - and the heirs of Pierre Khoury, with the remaining 50 per cent in the hands of the Kuwaiti company IPG.

4. Corral Oil, owned by Saudi Arabian businessman Mohamed Al `Amoudi, who also owns oil refineries in Morocco and Sweden. Before the war the company was known as "Shell" and was jointly owned by Al `Amoudi and Edward Saad; Al `Amoudi then bought Saad's share of the business.

5. United Petroleum, founded by Joseph Tayeh and formerly merged with Issa Petrol Trade (IPT) before the two sides fell out following the dissolution of the Lebanese Forces.

The Beta Group is made up of Mobil and Total, which between them control 15 per cent of the market. Total is owned by the French government, which purchased it from Lebanese businessman Khalil Ghattas (famous for his close ties to President Elias Hrawi) after the war. Mobil is a 100 per cent Saudi company, which was acquired by the Al Ahdab family's Wardiya Company, before being sold on to Walid Jumblatt, Aly Ghandour and Nabih Berri's confidante Jamil Saeed. After the company suffered losses it was taken over by the Beirut Riyad Bank and sold to a group of Saudi investors from the Bakhsh family.

The third and final group is an Emerging Group, which consists of Medco and IPT, both of which broke away from the first group in early 2011. Medco is one of the oldest oil import and distribution companies in Lebanon. It was founded by the Chammas family, and the chairman is Maroun Chammas, current head of the association of petroleum-importing companies and brother of Beirut Traders' Association chairman Nicolas Chammas. IPT Group is owned by Michel Issa.

In addition to the three groups above, there are two stand-alone companies: Liquigaz, owned by Oscar Yammine, and the Arabian Petroleum Company (APEC) owned by Walid Hajjeh.

Lebanon consumes 1,700,000 tons of petrol per year, or between 110 and 115 thousand tons every month - five ship-loads are distributed between the cartel's members every four weeks. There are no precise estimates of the cartel's profits. [5]

- Gas: Gas is imported by a single company, Gaz Ach-Charq, which controls 90 per cent of the domestic-gas market and is owned by Syrian businessman Talal Zein, who also owns Naftogaz. The company is based in Greece where it operates the largest fleet of gas-transport vessels in the Mediterranean: 40 ships that transport gas to Syria, Jordan, Iraq, Egypt and Lebanon. Naftogaz owns a gas-bottling facility in Lattakia. The Lebanese branch of Naftogaz is known as Gaz Ach-Charq and has held a monopoly over the supply of gas since 1991, with profits estimated at 30 million dollars a year (www.syria-oil.com/?p=4498, 7/8/2010). Lebanon imports over 161 thousand tons of domestic gas a year, which is sold to the consumer at 13 LL per 10kg bottle.

Not only did Zein's company manage to purchase all the gas reserves in Dora (40,000 tons), it also bought up the reserves of other companies, particularly those of Saydaco in Zahrani, owned by Bahij Abou Hamzeh, the coordinator of the petrol cartel's activities and Walid Jumblatt's partner. The company signed a deal with the Ministry of Energy and Water to utilize gas storage containers in the oil facilities in the north and the south in exchange for a payment of 300,000 dollars per year (the company would not exploit state-owned reserves). Minister Muhammed Fneish discovered that the amounts being paid by the company to the state in exchange for using its storage facilities had been worked into the gas-pricing structure and passed onto the consumer under the heading of "storage costs", thus giving the company an additional profit of 35 dollars per ton. Fneish abolished this rubric from the pricing structure and worked to reclaim the storage facilities, without managing to break the monopoly itself. Muhammed Zabib estimates that the average profit made from imported gas is 300 dollars per ton, with the internal distribution companies taking a 10 dollar share for themselves. There are seven gas distribution companies in the market with direct or indirect links to Gaz Ach-Charq: Sidaco, managed by Bahij Abou Hamzeh; Naftgaz owned by Mustapha Dernaika; Nurgaz, part of APEC and United Petroleum (both members of the petroleum cartel); Medco; Sidani; Mousulli (**Muhammed Zabib: *Al Akhbar*, 16/7/2007**).

- Asphalt: Four companies import asphalt: APEC (Nasser Chamma`/Solidere), Uniterminals (the majority of its shares held by Kuwaiti investors), Cogico (Walid Jumblatt), and Medco (Maroun Chammas).

- Cement, which is the monopoly of three companies. Holcim, the oldest of the three, founded as "The National Cement Company" by Darwish Haddad and sons in 1939, and was the largest importer of building supplies at the time. The company was run by Haddad's son-in-law Fouad El Khoury, brother of Bechara El Khoury, until 1954, when it sold most of its shares to a Swiss company and it is now a purely Swiss concern with no Lebanese sitting on its board. Holcim owns six concrete mixing facilities in addition to its cement kilns. Cimenterie Nationale is owned by the Doumit family and was founded in 1953 by the Doumt and Asseily families, before the Doumits took it over. It has a capital of 100 million dollars and employs 550 permanent staff in addition to more than a thousand on temporary or day contracts. Pierre Doumit is the chairman and general manager. The last of the three is Sibline, owned by Kamal Jumblatt who acquired the concession for the company in 1984. The company initially worked in partnership with Romania Cement, and Adnan Al Kassar, Toufic Assaf and the Hariri-owned BankMed Group contributed to its capital. In the last adjustment to its capital, the Spanish group Secil acquired a majority stake of 50.5 per cent, with 20 per cent to BankMed, 20 per cent to Walid Jumblatt and the remaining 9.5 per cent of shares to miscellaneous shareholders.

These three cement companies have received legal protection since the start of the reconstruction process in 1993, when the import of cement was banned just as market demand reached its highest levels. Cement production was apportioned out between the three companies according to the recommendations of a BLOMINVEST report, with Sibline receiving 16 to 18 per cent, Holcim, 43 to 45 per cent and Cimenterie Nationale, 39 to 41 per cent.

It should be added that the law abolishing exclusive agencies was never implemented and an anti-trust law was drawn up during the presidency of Amine Gemayel but has yet to be passed to Parliament.

The Syrian and Palestinian contribution

At this juncture we should mention two further branches of the bourgeoisie in Lebanon: Syrian and Palestinian businessmen. From Syria, prominent business families have been arriving in successive waves, the first following the breakup of the economic, customs and monetary union between Syria and Lebanon in 1948; the second in the wake of the nationalizations that accompanied the era of Egyptian-Syrian unity under the United Arab Republic; the third following the nationalizations of the first period of Baath Party rule from 1963 to 1970; and the fourth and final phase during the period of Syrian control over Lebanon. Some well known Syrian immigrant families include Obegi, Sehnaoui and Azhari.

It is well known that the majority of Palestinian businessmen made their way to Lebanon in 1947, bringing their capital with them. A high proportion of them were Christian and wasted no time in obtaining Lebanese nationality under the presidency of Camille Chamoun. In 1959, the Arab Higher Committee estimated the value of investments by Palestinian businessmen in Lebanon at approximately 90 million LL; the sectors invested in included banking, finance, tourism, insurance, engineering, construction and industry. As the new arrivals were English speakers, it made it particularly easy to absorb them into the rentier oil economies. Palestinian names that became symbols of Lebanese capitalism include Yousef Beidas, head of the Intra Bank empire, Anis Bibi, founder of the National Union Bank, Kamal Abdel Rahman and Refaat El Nimer, founders of the Beirut Bank of Commerce which soon merged with Byblos, and finally Abdel Hamid Shoman, chairman of Arab Bank. But Palestinians' greatest contributions have been in the fields of engineering and contracting with Khatib & Alami, and Hasib Sabbagh and his relative Said Khouri (according to Forbes each of these men was worth more than one billion dollars), founders of CCC Contractors. The Abela family were prominent in the hotel business and catering, Gharghour in car dealerships, the Na`was family in tourism, the Boutagi family in furnished apartments, and so on.

6- The Lebanese Economic Organisation (LEO): the party of the bourgeoisie?

The search for a party (or parties) representing the Lebanese bourgeoisie has proved fruitless. There has not been one single such party in the history of modern Lebanon, and the reasons for this absence are many:

1. The bourgeoisie's natural hostility towards legislation and its politically non-interventionist instincts.

2. Historically, bourgeois interests have extended their influence via traditional party structures (The Constitutionalist Party/The National Bloc parties; the Chamounist/Chehabist fronts) and their reliance on close ties with sectarian *zuama* and sectarian parties that monopolized party politics and political representation.

3. The early association of the bourgeois with the office of the President of the Republic and its ability to maintain this connection (see Chapter 6).

4. The early emergence of representative bodies and associations for traders, industrialists and bankers, as organs for voicing economic demands and exerting political and legislative pressure.

But a closer look at the issue might reveal greater nuance and indirect methods of representation. There can be no doubt, for instance, that from the 1950s to the 1960s the *Al Nahar* newspaper acted as mouthpiece for the bourgeoisie, indeed as its full-fledged party, aiming to speak for both Christian and Muslim bourgeois, to disseminate the most important elements of their ideology, symbols and ideas, to build a bridge between the bourgeoisie and the paper's professional, educated middle class readership and, last but not least, turning the editor's office into a laboratory for cooking up propaganda campaigns (against Nasserism in the region, and Chehabism in Lebanon), organizing electoral campaigns and plotting cabinet reshuffles.

There is considerable evidence that the LEO coopted the role usually played by political parties, and continue to do so to this day, i.e., the representation that transcends sectarian and confessional divisions by providing a framework for lobbying and exerting pressure on the outside and for regulating disputes and contradictions inside.

The Lebanese Economic Organisation was set up in the 1960s, the brainchild of Cheikh Boutros El Khoury, northern businessman and president of the traders' association from 1965 to 1975, as a means of gathering traders, industrialists and bankers together into a single institution. [6]

The most prominent component of this network is the Chamber of Commerce and Industry of Beirut (CCIB - founded in 1887), which is comprised of a number of separate divisions dealing with commerce, industry, finance, construction and insurance, but is first and foremost for traders and industrialists. By the most conservative estimates its membership in the 1990s numbered in the tens of thousands, bolstered by members representing branches in Mount Lebanon.

The LEO takes a united stance against the working man and the poor, openly declaring its opposition to raising the minimum wage and paying employees' insurance contributions to the National Social Security Fund, and calling for the abolition of social subsidies for transportation and insurance. Furthermore its behaviour and statements have made its opposition to the social movements of 2011 to 2013 abundantly clear.

Yet this unified stance in the face of popular demands cannot conceal disagreements within the oligarchy itself, most noticeably between the traders and the industrialists. The industrialists' demands are longstanding: protection via customs levies; reducing interest rates on loans for the industrial sector; long term loans (in direct opposition to current bank policy of short- and medium-term loans); reducing electricity bills for factories; reducing or abolishing customs taxes for primary imported materials. The conflict goes back to the early days of independence, when the local markets were entirely dominated by importers and industrialists were forced to compete in the foreign markets. The socio-economic system of that period was essentially hostile to production and to industry in particular, so much so that in free-trade Lebanon, setting up an industrial company requires permission from the cabinet itself.

The traders have an ever-ready argument against demands for protecting national production, which is that the small size of the local market cannot accommodate import substitution industries, and that industrialists should rather focus on exports and competing in overseas markets. Of course, the small size of the local markets is itself a product of the importers' early domination. The industrialists' response is that they employ at least 100,000 Lebanese families and they oppose the brazen bias shown to import commerce.

As a result of a proposal by Finance Minister Elias Saba, in 1972 Saeb Salam's so-called "youth government" passed the "1943 Decree", which levied import duties on all imports, especially consumer goods. The industrialists welcomed the decree, while the Beirut traders declared war on the move, announcing a strike and calling on their members to remove their goods from the customs depots without paying any tariffs to the government. Within eight days Beirut's economy was at a standstill. A parallel political campaign was spearheaded by former president Camille Chamoun who announced that the 1943 Decree constituted a deviation from the basic principles of the Lebanese economy. He was joined by former Prime Minister Rashid Karame (class solidarity overcoming a political rivalry between the two that dated back to 1958), who demanded that the decree not be amended, but simply abolished. The government eventually backed down and cancelled the decree on the eve of the parliamentary debate on September 30, 1972, when it almost certain that the majority of MPs would have turned it down in any case.

It was during that same government that Saeb Salam took the bold step of creating a ministry of industry, responding to a demand the industrialists had first made back in the post-independence period. The traders were opposed from the outset, and Salam handed the ministry over to industrialist Pierre Helou, who promptly convened a press conference in which he stated that the country was ruled by monopolies and that everyone was impeding the creation of an independent ministry for industry (**Baroudi: 2001, 83-84; Traboulsi: 2011, 305-308**).

After the war, the industrialists summoned up memories of the devastation wreaked on the industrial institutions, the exodus of skilled labour, the local markets shut in the face of industry, the proliferation and dominance of exclusive agencies and the state's traditional bias in favour of the traders, despite the fact that industry (according to industry) guaranteed the livelihoods of some 140,000 families - all this was recalled to pressurize the state into meeting their demands. During a industrialists' association roundtable convened at Notre Dame University–Louaizeh, it was calculated that trade monopolies, the artificially raised cost of fuel (one third of the total), communications and interest on bank loans (reiterating their demand for long-term loans) cost Lebanese industry an additional and indefensible 668 million dollars per year, thus raising the cost of production by 15 per cent, comparing Lebanese goods with their counterparts in foreign markets (and given that rival states subsidized fuel). The industrialists insisted that they did not need financial support for their exports so much as protection for national production. The roundtable discussed data, which showed a mass exodus of Lebanese industries to the Gulf and Egypt (***Al Akhbar*, 22/3/2008**).

The last of the battles between the industrialists and the traders, was over the "customs' dollar", and took place in 1985 when the government decided to reduce the value of imports for traders by under-calculating the value of the dollar when customs tariffs were imposed. The industrialists campaigned against this measure. Following a press conference in which head of the industrialists' association Jacques Sarraf called for the abolition of the customs' dollar, his deputy Hassan Alameddine heightened tensions by accusing the traders of going for 400 per cent profits. The traders responded that abolishing the customs' dollar would lead to an increase in prices. The arguments ran on for another decade until Hariri's second government finally abolished the customs' dollar on July 6, 1995, balancing this measure out by reducing the tariff on imports. As usual, it was the consumers who paid the price with an estimated increase of 3,000 LL per tank of petrol imposed in order to cover the government-sanctioned 20 per cent increase in the salaries of educators in the public sector (**Baroudi: 2001, 89**).

On the other hand, Selim Hoss' government (1998 to 2000) offered some comfort to the industrialists when it lowered customs' tariffs on imported raw materials and investment commodities. However, it was unable to grant their longstanding demands for an independent ministry of industry, deciding to merge the semi-independent Ministry of Industry and Oil with the Ministry of Economy and Trade (**Baroudi: 2001, 91**).

As further confirmation of the strength of class solidarity within the Lebanese bourgeoisie, we might point to the relative ease with which it was agreed to adjust the sectarian representation (Muslim versus Christian) within the economic bodies, to accord with the new balances imposed on political and administrative institutions by the Taif Accord, which shifted the 6:5 ratio (in favour of Christians) to a 5:5 ratio. Of course, this could not have taken place had not a similar adjustment taken place within the sectarian make-up of the bourgeoisie during the war. The Christian domination of the economy by a ratio of 75:25 in the 1960s stood at 65:35 on the eve of war, but had reached parity in the immediate post-war period (**Nasr: 2003, 151**). [7]

The unity of the bourgeoisie, its cohesiveness, and the aggressiveness with which it responded to any attempt to even touch its sacred free-market economic system, would become startlingly apparent during the class conflicts of 2011 to 2013. It spoke of the growing role and weight of the bourgeoisie in the political process, as we shall see.

Chapter 4

The Middle Classes

Next we shall examine the middle classes in Lebanon, their status in the economy, politics and the class hierarchy, and attempt to sketch out their boundaries, internal divisions and their evolution as a group. We shall address the question of whether the middles classes are shrinking or expanding; are they flourishing, or in decline? Finally, we shall take on the issue of their professional and political representation.

"Professional salad"

To borrow the phrase of American sociologist C. Wright Mills, the middle classes are a "professional salad", composed of professions that vary according to profession (i.e. employer, independent professional, employee, salaried), type of occupation (cultural, administrative, manual), decision-making ability (i.e. position within the administrative hierarchy) and income bracket, not to mention ownership of the means and tools of production, and the degree of economic and cultural capital they have access to.

The "salad" incorporates the following groups: mid-level public employees, small and mid-level investors, ministers, MPs, general managers at ministries, army and security officers, members of the liberal professions, small and mid-level property owners in the cities, mid-level agriculturalists, mid-level traders, shopowners, university professors, secondary education teachers and skilled artisans (**SADN, 1997, 39-40**).

The activities undertaken by these groups' members are characterized by expertise, skills and cultural and educational capital, restricted access to capital and the means and tools of production, the small size of their institutions (when present), a disproportionate amount of self-employed labour and limited manual labour.

Middle class subdivisions

Antoun Haddad has suggested a division of the middle classes into two categories: Lower (between 4 and 7,000 dollars per month) and Upper (7 to 10,000 dollars per month) (**Antoun Haddad: Class divisions, *Al Nahar*, 12/6/1996**). Georges Corm proposes three: Lower Middle (1,500 to 2,500 dollars), Middle Middle (2,500 to 5,000 dollars) and Upper Middle (10,000 dollars) (**Paula Jahn: Lebanese middle class diminishing in size, *The Daily Star*, 1/2/2012**).

In light of such definitions it is worth reiterating the large differences and variety of income levels, income sources, amount and types of capital, as well as access and ownership of the means and tools of production within the middle classes.

The upper middle class for instance includes mid-level industrialists, traders, contractors and service providers, agriculturalists who own medium-size agricultural plots, specialist doctors and surgeons, owners of law and architecture offices and of private hospitals and clinics. As we shall see from examining the state of these three subdivisions, the upper middle class is distinct from the bourgeoisie only in so far as a greater proportion of its income is still derived from honoraries rather than profits on property, capital or rentier investments. Indeed, Georges Corm's ceiling for middle class income appears to be too low.

The intermediary section of the middle class includes mid-level owners of means of production, the majority of the liberal professions, the faculty and staff of the larger private universities and private and public sector managers and cadres. This subdivision possesses appreciable amounts of capital, in addition to the means and tools of production and the capacity to save.

The lower middle class is the most distinctive of the three. Its chief source of income is the wage/salary. Though members of this class are often the direct owners of the means and tools of production they tend to exploit this access on an individual or family basis, or otherwise (in rural areas and in the minor artisanal professions) they rely on seasonal labour, often by migrants. Its members are distinct from wage-labourers in their possession of educational and cultural capital, agricultural land, private accomodation, personal ownership of the means and tools of production, and the fact they are not compelled to engage in manual labour. They are also distinct from fully fledged capitalists by the modest amount of capital they have at their disposal, and the fact that they do not exploit wage labour, or at least the greater part of their business is conducted without recourse to it.

The lower middle class can be divided into three categories:

- The traditional lower middle class, composed of small, family-based market production in the countryside, or otherwise businesses that make use of limited or seasonal migrant labour.

- The artisanal middle class composed of small-scale peddlers and shopkeepers, the drivers of public transport vehicles, the owners of car-repair workshops, etc.

Public transport drivers can be taken as representative of this group. According to the head of the Public Transport Drivers Union, Abdel Amir Najdi, there are approximately 76,000 drivers in Lebanon, including 34,500 taxi drivers, 4,000 van drivers, 15,000 truck drivers and 2,236 bus drivers (***Al Akhbar*, 20/3/2009**). Ninety-five per cent of these drivers own their vehicles and the remaining 5 per cent hire them out. The net income from a car is between 30 and 35,000 thousand LL per day, or 900,000 to one million LL per month. Of the 4,000 van drivers, around 90 per cent own and operate their own vehicles. The daily income (gross) for a van driver is 150,000 LL or 4.5 million LL per month. Of the 2,236 bus drivers, approximately 1,800 own and operate their own vehicles and make (gross) some 250,000 LL per day or 7.5 million LL per month. To these members we can add the 436 drivers who work for companies on a monthly salary of between 850,000 and one million LL. Here, membership of the lower middle class is not determined by income alone, but ownership as well, i.e. the ownership of a vehicle and a registration/license number (**Abdel Amir Nejdi interviewed by Rasha Abou Zaki, Beirut, 2012**).

- The 'cultural/administrative' middle class is made up of cadres, technicians, private and public sector employees below the level of department head, and teachers in secondary education. It is common knowledge that at least 80 per cent of public sector educators and employees take on additional work to supplement their income, such as jobs in farms, fruit picking, in bakeries, butchers', photo laboratories, apiaries and retail stores, in addition to being contractors and estate agents, driving school buses, working in private institutes in the afternoon or for political parties, giving private lessons, and so on (**Salman Kaafarani**,, ***Al Safir***, **4/7/1997**).

What all these three subdivisions have in common is carrying out jobs that require a degree of experience and skill and, in most cases, specialized knowledge. They may own their own means and tools of production, and their ability to save is often limited; they derive their income first and foremost from the provision of specialized services in return for wages or fees (**Alain Bihr: 2012**).

Differentiation within the middle classes

It is not the profession that differentiates between the various levels within the middle classes, but rather income, ownership and economic and cultural capital. We will now review some indicators of this within the engineering, medical and legal sectors:

Engineers: There are an estimated 54,000 engineers in Lebanon, though no more than 12,000 are registered with their syndicate (the OEA) and some 4,000, or 14 per cent, are thought to be unemployed (***Al Nahar***, **19/3/2009**). In an interview with Rasha Abou Zaki in May 2012 in Beirut, the president of the Order of Engineers and Architects, Elie Bsaibes, stated that approximately 38,000 engineers were registered in the syndicate branches in Beirut and Tripoli, half of whom worked abroad but maintained membership to benefit from the private medical cover it offered. No more than 7,000 engineers actually work in construction, with incomes starting at 3,000 dollars. The remaining engineers are employed in other sectors such as retail, property and banking.

An estimated 2,000 engineers work in the public sector. In 2013, the average income of an engineer who had recently entered the job market was between 900,000 and 1.2 million LL, while the income of those in the the public sector is less than one million LL.

There are eighteen engineering faculties in Lebanon that produce 3,500 new graduates every year, while foreign universities contribute 3,000 graduates. The monthly salary of an engineering graduate three years after starting work in the sector is between 1,000 and 2,000 dollars.

As for the income ceiling for engineers, very few indeed have annual incomes of more than one million dollars; those that do tend to be the owners and directors of architectural firms and engineering companies (**Elie Bsaibes interviewed by Rasha Abou Zaki, Beirut, 2012**) or otherwise contracting out abroad (especially in GCC countries). The vast majority make between 50,000 and 100,000 dollars per year.

Doctors: Here, too, we find that disparities in income, ownership, capital, rent and profit mean that those who practice this profession are found in both the middle and upper classes.

In late 2007 there were 10,470 doctors registered in Lebanon, or approximately 17,000 including dentists (3,400 practising dentists in 1996). Less than one quarter are women and three-quarters based in the Beirut and Mount Lebanon (31 per cent and 46 per cent respectively) as opposed to a mere 922 doctors in the South, 854 in the Bekaa and 207 in the North (**Zaatari: 2009**) [1]. According to Zaatari's study approximately equal numbers of doctors have graduated from foreign and Lebanese universities. In 2007 for instance, 5,895 Lebanese doctors graduated from foreign universities (3,085 in Eastern Europe, 1,405 in Western Europe, 1,104 in Arab countries, 59 in North America, and 243 in other countries), as opposed to the 3,945 graduates from the Lebanese universities.

A study of doctors' fees in 2004 (**Violette Balaa: *Al Nahar*, January 31, 2006**) estimated that between 400 and 500 new doctors graduate every year, leading to overcrowding in the job market. The study calculated their average monthly income at 1,400 dollars, and emphasized that there was an imbalance in the profession's wage distribution, with 5 per cent of doctors receiving 40 per cent of the net fees and the next 5 per cent receiving 17 per cent of the total. In other words, 10 per cent of doctors received 57 per cent of total annual fees, with 40 per cent of them receiving 91 per cent of fees, while 60 per cent of doctors parceled out the remaining 9 per cent between them. Balaa noted that these wage gaps were widening: in 1995 the highest earning 20 per cent of doctors received 73.6 per cent of total fees; by 2004 this figure had risen to 76.1 per cent, while the share of the remaining 80 per cent had dropped from 26.4 per cent to 23.9 per cent. In terms of absolute worth, the average annual income of the top 5 per cent was 500,000 dollars, and that of the top 20 per cent was 215,000 dollars, while 80 per cent of doctors earned less than 17,000 dollars a year. In other words, 20 per cent of doctors had an income thirteen times greater than the remaining 80 per cent (**Balaa: 2006**).

Other differentiating factors include their field of specialization (some two thirds of doctors are specialists), the university and country where they studied medicine, the balance between teaching and practicing medicine, the quality of the hospital where they work, whether or not they have a private practice, the nature of the capital with which they began post-graduate life (itself determined by their family' social standing, or financial aid from a religious or political party) and, last but not least, whether they practice their profession in the capital, in secondary urban centres, or in rural and peripheral areas, etc. [2]

The highest incomes are earned by those working in the capital, obstetricians, gynaecologists and specialist surgeons (including practitioners of cosmetic surgery, which has become a highly profitable sector). The income of doctors working in university hospitals is three times higher than that of non-university hospital practitioners and is supplemented by incomes that the most senior medical professionals receive for teaching at institutes of higher learning. For instance, at American University of Beirut's Faculty of Medicine, the annual income of a lecturer is 40,000 dollars, with 50,000 dollars for an assistant professor, 60,000 dollars for an associate professor and 70,000 dollars for a full professor. Many doctors receive additional salaries working on contract for the social security fund, as advisors for private insurance companies and travelling abroad to perform medical services or surgical procedures (especially to GCC countries).

The uppermost strata of doctors invest their surplus income in real estate, in the construction and ownership of (or partnership in) private hospitals and in investing in treasury bonds or company stock. Some members of this class will also invest in industry, construction and pharmaceuticals, even in restaurants [3]. Here we find the divide between doctors (and others) belonging to the middle classes and those who belong to the upper classes. In other words, it is these kinds of investments that determine whether the doctor in question is middle class, or should be elevated to the ranks of the bourgeoisie. The criterion for this elevation is that the proportion of his income derived from fees (i.e. from practicing medicine) becomes lower in comparison with that derived from financial and real estate investments, and from interests, profit and rent.

Lawyers: There are approximately 10,000 lawyers in Beirut, 1,500 of whom are apprentice lawyers, in addition to the 1,213 registered lawyers in the northern bar association. There are no more than 500 Lebanese lawyers living and practicing abroad, but those do retain offices in Lebanon. About 650 graduates sit the Beirut Bar Association's examinations each year, with some 200 passing to become lawyers.

The incomes of 70 per cent of lawyers lie between 3,000 and 5,000 dollars per month, while 20 per cent make between 1,000 and 2,000 dollars (particularly those employed in law firms). However there is a heavy economic concentration in the profession when it comes to representing companies, with about 5 per cent of lawyers monopolizing the annually issued licenses for corporate representation in Beirut: while a single lawyer is able to obtain up to five corporate licenses in a year, the number rises to 300 in the Beirut union. There are only five or six major law firms, with each making an average annual income of around one million dollars. Here, however, we leave the middle classes and cross into the bourgeoisie (**Head of the Bar Association Pierre Hanna interviewed by Rasha Abou Zaki**, **Beirut, February, 2013**).

Conclusions: Growth, or Shrinkage?

The years 1996 and 1997 saw the middle classes declared extinct, with much lamentation in the media that, "the war had killed off the middle classes", "the death of the middle classes is declared", and "the middle classes are no more; only the rich and poor remain", and other such claims (***L'Orient Express***, **February 1996**). The doom-mongers argued that the middle classes had shrunk in numerical terms, from 68 per cent of the pre-war population to only 35 per cent in 1994. It would subsequently be confirmed that the middle classes had indeed shrunk, when it lost some 40 per cent of its members to emigration and work abroad between 2000 and 2003.

Charafeddine and Nehme have measured the decline of the middle classes based on the drop in rentals on small properties, the reduced role of education in renewing the middle class (the decline in public education especially) and the shrinking role of health and social welfare, especially with private insurance growing at the expense of social security (**Charafeddine and Nehme: 1997**).

We do not possess precise criteria for calculating the exact rate of decline, especially given that interest in the issue declined steeply after 1997… until claims of a middle class revival took centre stage (**Ruba Abu Ammo: Cast out and buried dozens of times: the middle class rises again**, ***Al Akhbar***, **8/9/2011**), with researcher Ghassan Shalouq advancing a contrary point of view in which the middle classes had revived following the slump of those two years, to represent 54.4 per cent of the population. He divides the middle class into three divisions, Upper (22.8 per cent of the whole group), Middle (20.5 per cent) and Lower (56.6 per cent), with the average middle class income calculated at 1,075 dollars (**Shalouq: 2007, 131**).

Social Mobility

The middle classes are the epitome of the socially mobile class. Each year thousands of new graduates swell their numbers, while thousands more leave their ranks; Jad Chaaban has calculated that some two thirds of male university graduates and 45 per cent of female graduates leave Lebanon to work abroad each year, while Lebanon's Human Development Report for 20002 estimated that some 20,000 young Lebanese emigrated abroad that year (**UNDP, 2002**).

At the same time, the middle classes are bolstered by a steady influx of newcomers, mainly those able to elevate their social status thanks to the war, exile or fortunes obtained overseas. Those who leave include those no longer able to bear the rising living costs and those looking for work or better living standards overseas, particularly young couples overwhelmed by the cost of property and rents and the impossibility of setting up a marital home. Ironically, many of those who go to work in the Gulf are content to receive even a small social elevation (especially one linked to conspicuous consumption) without any great hope of making the vast sums that were the dream of their fathers and forefathers.

That is the bare minimum that can be said about bottom-up social mobility. Though there are no statistics to allow top-down social mobility to be charted, we might state - based on no more than observation and personal experience - that cases of wholesale decline from the ranks of the middle classes to those of the manual labourers, are few and far between. There are two reasons we might advance for this:

- One: The role played by the central bank in persuading banks not to call in debts from those incapable of paying, many of whom were small and medium-scale traders, industrials, artisans, etc., in a bid to avoid unanticipated shocks to the financial system and successive crises.

- Two: The traditional response to reduced circumstances or bankruptcy is to emigrate and work abroad, not to engage in manual labour, be content to work self-employed, or to accept the transformation from employer to employee. For reasons of social pride and shame, manual or wage labour abroad is seen as preferable to similar work in Lebanon.

Consumerist fever

The middle classes are the consumerist class par excellence. The mode and scale of the consumption by its various subdivisions and members is of the utmost economic, psychological and symbolic significance, and its consumerist practices even transcend it as a class. For instance, middle class consumption confirms the rich in their privileges, as it constitutes a limited sample of the consumerist capabilities of the wealthy. At the same time, it nurtures the consumerist aspirations of the working classes and feeds their dreams of social mobility, if only by imitation.

Perhaps the debates and conflicts of the late 1990s over the reduction/collapse of the middle classes managed to disguise the phenomenon of what the Egyptians referred to as “class fever” (**Abdel Fadeel: 2011**), in other words, a kind of consumerist madness that has infected the middle class over the last twenty years and drained it of much of its income.

There are three criteria that must be met to qualify for the middle classes in Lebanon: owning a motor vehicle and a residential apartment (now within reach of the wage-earning classes thanks to the Banque De L'Habitat), sending one's children to private schools and being able to save. To these should be added - as a bare minimum - ownership of the most basic electric and electronic home appliances, also computers and mobile phones (smart phones even), access to home Internet, credit cards and domestic servants. Moving up the scale the criteria become more demanding: famous automobile brands (Mercedes, BMW, Audi, Volvo, etc.) or four-wheel drives (Lebanon might have the highest per capita ownership of 4WD in the world, with the exception of Gulf countries; the finance minister once tried to raise customs tariffs on luxury vehicles and was roundly defeated). Those in the upper bracket are able to live in gated residential compounds (though these are now available at more moderate prices), own or rent second homes or chalets by the sea or at skiing resorts, frequent shopping malls, restaurants and night clubs, indulge in the increasingly prevalent habit of cosmetic surgery, travel abroad, etc. All of this is facilitated by installment plans for cars and apartments that do not require up front payments, by low rates of interest and by generous loan repayment extensions, etc.

Malls

Just as the principle form of capitalist institution has turned from a joint-stock company to a holding company, so with consumerism: malls have replaced the department stores of yore. Just as the Fadil family's mandate-era stores turned into the massive ABC department stores in Achrafieh and Dbayeh, so it was in Dbayah that the Abchi family built the first giant mall complexes, the Geant Casino and City Mall. Of course, there is no need to point out the connection between the move to construct malls and the growth of contracting and construction.

Following this initial explosion of activity, seven new malls have been under construction in recent years: two of them in Khaldeh to serve the villages of Mount Lebanon such as Bchamoun, Aramoun and Choueifat and the outskirts of the Southern Dahiyeh. The Al Futtaim Group from UAE has built a mall in the Galerie Semaan neighbourhood, while the Al Rehab Mall is located in the Bekaa between Zahleh and Chtaura.

The spread of these superstores and malls poses a serious threat to traditional markets and to the future of small and medium-sized trading and shops, as can be seen from the fact that the net sales from all major department stores currently stands at 800 million dollars a year (data for malls are not yet available). The same threat of economic concentration applies in food retail, with four major supermarket outlets accounting for almost all the market (Aoun Boucherie, 31.4 per cent of sales; Spinneys, 25.7 per cent; Kuwaiti-owned TSC, 21.4 per cent; COOP, 8 per cent – ***Al Akhbar*, 21/3/2012**)

Cars

Car ownership is certainly one of the most obvious indicators of class affiliation, especially when it comes to the middle classes. In Lebanon, 519,109 families own one or more vehicles for personal use (**Central Administration of Statistics: 2009**). Post-war, the number of privately owned vehicles has risen dramatically. Mark Perry (**Perry: 2000**) calculates that the number of vehicles rose from 243,584 on the eve of war (i.e. 1974) to 1,554,340 in 1998, a rise of 538 per cent. Privately owned cars account for 84 per cent of the total number; in 1997 there were 300 cars for every 1,000 citizens, roughly the same ratio as in Denmark.

Private vehicles account for 10 per cent of Lebanese imports. These imports were worth 683 million dollars in 1997-98, and according to Perry the Lebanese family spent 13.85 per cent of its income on cars between 1994 and 1998 (**Perry: 2000, 396**).

Based on the most recent available figures, between 1997 and 200 Lebanon imported a total of 731,151 cars with a net value of 14,698 billion LL, while the proportion of the GDP that Lebanese spent on cars rose from 2.5 per cent between 1997 and 2007 to 4.4 per cent in the two years from 2007 to 2009. The proportion of large vehicles rose to 31 per cent of the total in 2010 from 26 per cent in 2005 (***Al Akhbar*, 29/3/2011**).

All attempts to reduce dependence on private transport and promote public transport have failed, or in many cases have not been made at all, even though studies indicate that Beirut alone requires an additional 700 buses for public transport. A project to rebuild and operate the rail line connecting the coastal cities came to nothing. During his time as finance minister, Fouad Siniora tried to levy customs duties on luxury and 4WD vehicles, but the car importers, in cahoots with Hariri, managed to frustrate his plans. Even worse, it was decided (an initiative of Hariri himself) to privatize a large segment of the public transport lines and turn their operation over to private companies.

It is worth noting that at least 10 per cent of privately owned vehicles are mortgaged with the major banks: 25,442 with BLOM, 13,347 with Byblos, 10,550 with Credit Libanaise and 10,382 with the Saudi British Bank (***Al Nahar*, Information International, 6/2/2010**). It might be supposed that this proportion is so high because of the additional incentives that banks offer for these types of loans.

Cosmetic surgery

This is perhaps the latest symptom of the class fever described above. In 2007, Lebanese men and women are estimated to have spent between 25 and 30 million dollars (an average of 1,000 operations per year) on cosmetic surgery (**Poschmann: 2009, 3**). Such body and face modifications spread rapidly, a means to obtain and enhance what Christy Salamandra terms "beauty capital" (**Salamandra: 2004**), a capital that is, moreover, of value to individuals of all ages: young girls may wish to enhance their chances of winning a husband; for husbands it constitutes additional capital and a source of pride (cf. the popular saying: "The woman is her husband's face"); in later years cosmetic surgery can "rebuild" or "restore" lost or damaged capital (wrinkles); nor should we forget that male features and body parts go under the knife for the self-same reasons (**Salamandra: 2004**).

With consumerist-driven, accessible family loans promoted by the Lebanese banks, such restorative operations are no longer the preserve of the upper classes. "Beauty is no longer a luxury," runs the slogan of First National Bank, one of the first to offer cosmetic surgery on installment, with customers paying between 1,000 and 5,000 dollars in installments over two years. The only conditions are that the applicant must work a fixed job, that unmarried individuals earn between 600 and 900 dollars per month, and that married individuals be no older than 65 years old.

In conclusion, the Lebanese middle classes live beyond their means and are increasingly reliant on banking sector loans or funds sent back by relatives living and working abroad. Whenever the banking sector finds itself suffering a liquidity crisis (unable to process its profits and deposits), it generates another outbreak of fever by providing further incentives for its loans, diversifying its installment plans, easing its conditions and requirements and abolishing advance payments, until personal and family installments have come to include education, travel, cosmetic surgery, micro-projects and domestic servant wages, in addition to accommodation and cars.

The syndicates of the liberal professions

The syndicates of the liberal professions are responsible for safeguarding the middle classes' minimum living standards and their privileges - their superiority we might almost say - by protecting their professions against non-Lebanese practitioners, by setting quotas for the annual intake of graduates and trainees into the profession, by bolstering the social and health security systems that they enjoy (such as retirement plans), by expanding the facilitated loans that the professional syndicates can receive from the banks, and so on.

In lieu of more detailed data on the professional syndicates, we can make the observation that the syndicates' election cycles give us a good idea of which political parties that enjoy the greatest support among the self-employed: in descending order, the Free Patriotic Movement, Hizbollah, the Future Movement, the Lebanese Forces Party, the Amal Movement, and the Lebanese Communist Party. It should be added that the majority of these elections are primarily political contests designed to reveal the relative strengths of the parties involved, or to decide a winner between the March 14 and March 8 blocs, rather than a contest between syndicate- or national-political programs.

The political schizophrenia of the middle class: between democracy and populism

The middle classes are the foundation of Lebanese social, economic and political life, and perhaps the very least that can be said about the way they have acted after the war, is that they have constituted - and continue to do so - the economic foundation for the current regime, while their involvement in public life and political institutions has grown and expanded dramatically.

On the other hand, there is a reductive understanding of the middle classes' political activity, which associates it reflexively with democracy on the grounds that the middle classes, democracy and free market economics are natural bedfellows. This would be the perspective of Antoun Haddad, who attributes numerous and carefully considered characteristics to the middle classes, all of which have accompanied their expansion. For Haddad, these express the middle classes' civil, modern (one might almost say intrinsic) democratic nature, acting as a buffer between the classes, "blocking class conflict from intensifying and spiraling out of control. Democracy, we see, is cut to fit the middle class." It is an ideas-factory, a flowerbed wafting modernism over civil political life and sanctifying public freedoms, and keeping step with the nation as it grows (**Haddad: 6/12/1996**). The odd thing about Haddad's vision is that it ignores historical precedent, in which the middle classes - at certain moments - have formed the cradle of fascism and Nazism; it also overlooks the Arab experience, where the middle classes have been the vanguard of nationalist movements.

What can be said with confidence is that the middle classes exhibit no consistency. The post-war period offered a clear example of the schizophrenic nature of their political behavior. Certain sections formed the basis of civil society and were active in all manner of developmental work, defending human rights and freedoms and mobilizing to promote a civil state, the abolition of sectarianism, civil marriage, secularism and so on. Despite a dearth of studies on civil society organizations and their frequent confusion with community organizations and bodies, the few we have looked at confirm the leading role played by members of the middle classes in forming, organizing and directing NGOs.

One might go so far as to say that views like Haddad's were based the stable middle classes: those who had finally laid down their weapons so to speak, or who had attained a degree of social elevation. Yet one must also point out two contra-indicatory phenomena. The first was that the experience of war had bequeathed the middle classes - and other groups - a propensity for violence that has not been totally expunged; the second was that these strata of the middle classes - the youth, those arriving back from exile, those deprived of education, work opportunities, the marginalized, those denied all opportunity of social elevation or social and political recognition - that all these strata were the ones who joined populist organizations.

The populism of the rising classes

There can be no doubt that socio-economic mobility in Lebanon manifests itself through sectarian representation, the structures of this representation and the balances of power within this representation. This is embodied in two of the populist movements *par excellence*: the Free Patriotic Movement and Hizbollah. These are the most prominent of the rising post-war powers, and they share some remarkably similar social characteristics despite their sectarian differences: a new wave of individuals enriched by war or life abroad, middle class groups ascendant thanks to emigration and the education system, lower middle class groups who did not receive the benefits and opportunities that went to those that the *zuama* employed in various government agencies and administrations.

Both movements can be described as populist, not simply because they both have a relatively sizeable popular support base (though both, too, are confined to taking their support from their respective sects, if not confessions), but rather because the defining characteristic of these movements is the sheer diversity and range of social groupings in whose name they hope to speak, and the type of claims they are compelled to make to mobilize the full social spectrum they represent (which comprises: residents of the Eastern and Southern suburbs, *nouveaux riches* and well-off Lebanese formerly resident in the West or the Gulf and, between these extremes, various middle class groups searching for a position in the country's economic and political life). It is usually the case that attempts to reconcile such diverse social groupings leads to a political symbolic discourse of a nationalistic-patriotic nature: mobilizing propaganda. It is also the case that such populism tends to be bolstered by distinctive presence of a "charismatic leader", plus a military/command type relationship between the leadership and base. The "General" governs the "movement" with military-style orders - it is his accustomed role - and the Sayyid (Hassan Nasrallah) rules by *Takleef Shar`i* (party commands based on the Shari`ah).

Both the FPM and Hizbollah present themselves as champions of patriotism and Lebanese sovereignty: as the anti-Israel resistance in the latter case, and opponents of the Syrian presence in the former. After the liberation of Southern Lebanon in 2000 the symbolism of the (anti-Israel) resistance became a powerful tool for mobilization, adding weight to the Shia sect's role in political life not only in the office of Speaker of Parliament but within the executive branch as well. The FPM matched it in its quest for influence and standing, seeking to compensate Christians for the loss of the president's most important powers: a panacea for what was termed the, "Christian disappointment". The upshot was an alliance between the two. General Michel Aoun portrayed himself as a strong leader who would reclaim the Maronite presidency's stolen powers, and the FPM and Hizbollah stood together against what they viewed as a Sunni monopoly of the prime minister's office, starting with Rafic Hariri then his son Saad and chief ally Fouad Siniora. Their argument was that the Taif Accords granted executive powers to the government, and not its prime minister, and that Rafic Hariri and his successors infringed on this limitation. Hence the significance of the penetration of the executive centre of power that resulted from the military operations conducted by Hizbollah in Beirut and Mount Lebanon against fighters from the Future Movement and Socialist Progressive Party in May 2008; at the Doha conference it had been resolved to grant the right of veto to the minority (the March 8 bloc in this instance), a minority which made up one third of the cabinet's seats.

Just why obtaining a foothold within the executive is so important becomes clear when we remember that both organizations were founded and developed outside the framework of the state and public life. The FPM was denied a presence within the institutions of state, and was harassed and suppressed during the period of Syrian control, while its leader went unrecognized. Hizbollah on the other hand voluntarily withdrew from public life as part of the division of labour imposed by President Hafez Al Assad after Taif: Hizbollah managed the resistance while Hariri managed the economy. The third cornerstone of this equation is seldom mentioned however: security and politics was under the purview of Ghazi Kanaan.

Although both the FPM and Hizbollah enjoyed deeply rooted popular support, neither managed to offer a populist socio-economic discourse that set them apart from the other populist organizations, due in large part to their shared neoliberal tendencies. The bloody Syrian crisis was an opportunity to ratchet up the populism in two different, yet not necessarily contradictory, directions. Hizbollah announced that it would enter the civil war on the side of the Syrian regime, in the name of safeguarding the spirit of '*Mumana`ah*' (the Syrian regime's policy in the Arab-Israeli conflict) and protecting the "resistance": but the campaign slogans and rallying calls for battle could not disguise the essentially confessional nature of the symbols used - "We are coming, O Zeinab!" "Zeinab shall not be captured again!" - nor the fact that the justification for entering the war was to protect the shrine of Sayyida Zeinab in the Damascus suburbs, even as the main battles were taking place in Quseir on the Lebanese borders and along the highway to Homs.

The influx of tens of thousands of Syrian refugees to Lebanon prompted the FPM to mount a vociferous (and brazenly fascist and racist) campaign in which the incomers were portrayed as, "a threat to Lebanon's very existence". In other words it was a revival of the FPM's ongoing campaign (perpetually revived and revisited) against the Palestinian presence in Lebanon, which is also described as a threat to the country, coupled with calls to expel Palestinians beneath the slogan, "No to granting nationality!" Minister Gebran Bassil called for the border crossings to be closed to those fleeing the hell of Syria's war and to return the Syrian refugees to their homes and villages and neighborhoods, which are either destroyed, on the front line, or subject to bombardments from land and air - instead, of course, of improving their lives in Lebanon.

It only remains to point out that in government, both organizations have displayed neoliberal tendencies and a habit of submitting to the economic *status quo* and the interests and pressures of various economic institutions and bodies. Nor did they find any difficulty in parceling out the privileges of state with the March 14 opponents (as happened with the Turkish electricity generating ships). Nepotism and corruption has been on the rise in circles within Hizbollah responsible for municipal and ministerial administrations (e.g. the scandal of a senior Hizbollah security official's brother heading a network for the manufacture and supply of narcotic Captagon tablets, or the brother of a Hizbollah minister being linked to a pharmaceutical smuggling case).

Chapter 5

The Working Classes

All evidence points to a post-war shrinkage in the size of Lebanon's working classes due to emigration, especially in the industrial and agricultural sectors, and a growing decline in their overall standard of living. Perhaps the biggest indicators of the growing class divide effected by the neoliberal measures of the class elites, are the freeze in wages and the minimum rate that took place between 1997 and 2012 without a concomitant freeze in prices, which had risen by over 115 per cent by the end of 2012. Another indicator of an imbalance between the classes (i.e. between the working classes - who earn their living from wage labour - and those who live off profit and rent) was the decline in the value of wages as a proportion of the GDP, from 35 per cent in 1997 to 25 per cent in 2012, even as the GDP grew by 50 per cent in real terms and actual productivity by 75 per cent. It should be remembered that wages constituted 55 per cent of the GDP before the war. If we add returns of rents and interest to profit share then incomes on capital came to represent 75 per cent of the national net income.

Looking at this from the relational perspective we have decided we shall adopt, then this means - in the view of Dr. Ghassan Dibeh, head of the Economics Faculty at the Lebanese American University - that 30 billion dollars' worth of wages were converted into return on capital in the fifteen years from 1997 to 2012 (**Ghassan Dibeh,, *Al Akhbar*, 4/3/2013**).

1- Intractable and recurring issues

The following does not pretend to be a full survey of all longstanding issues related to waged labour in Lebanon:

Employment and unemployment: Economists and statisticians estimate that between 35,000 to 40,000 local jobseekers enter the labour market every year, many of whom are university graduates. The private sector absorbs between 50 to 60 per cent of these with the rest claimed by emigration and unemployment. It is an indisputable fact that schools and universities produce graduates for the regional and international job markets; another outcome of the early globalization of the education sector.

However, unemployment statistics do not in themselves give an adequate picture of the insecurity of wage labour in the post-war period, particularly given the growing prevalence of seasonal, day-contract, piece-work and 'informal' labour, whose practitioners constitute a class of "working poor" in both urban and rural settings. Indeed, the number of those engaged in 'formal' labour account for just 25 per cent of the working classes, half of whom work in government institutions. Following the war the phenomenon of contracts for day-workers became increasingly popular in large enterprises as it lifted from employers (the influential and/or political figures that contracted such workers) the burden of setting wages for their workers, and ensured workers' attendance and discipline.

Women make up 24 per cent of the working classes and are principally active in the health, educational, banking and tourism sectors. Unemployment rates among women are higher than for men, as are the rates of dropping out of work after marriage (or from the age of 25 onwards in anticipation of marriage). To this we might add the disparity in wages for similar jobs and the other forms of discrimination practiced against women in the workplace (e.g. wages, securities, treatment).

Nor can we ignore the traditional issue of the relationship between wages and prices. The state and industrialists feel the effects of wage increases the most, while the commerce, service and retail sectors reap the benefits through the market as prices rise. This is not simply a function of the market's "spontaneous" self-adjustments: it is now customary for merchants to preemptively raise prices whenever the relevant negotiating bodies indicate that a wage increase is about to take place. This vicious wage-price cycle is what prompted Charbel Nahas to champion "the social wage", an idea which met defeat after the ruling class united in opposition to it.

To this can be added a denial of proper securities, with over half the Lebanese population without any social coverage, and 75 per cent without pension plans of any kind. Institutions registered with the Social Security Fund constitute only 35 per cent of the country's private institutions, while the number of unregistered wage-earners stands at 233,000 out of a total of 400,000, according to the Fund's director (**Mohammed Karaki, *Al Akhbar*, 12/10/2012**).

2- The impact of immigrant labour

We must pause to consider the profound, structural change that has occurred within the Lebanese working class: the phenomenon of skilled labour, knowledge and trained professionals leaving the country, coupled with the influx of unskilled labour.

Regarding immigrant labour, we must first look at the figures for 1995, which state that there were 600,000 immigrant workers in the country, 450,000 of whom were Syrians. These included:

1) Domestic servants and cleaning staff, from Sri Lanka, the Philippines, India and African states;

2) Cleaners and doormen, from Egypt, Sudan and Syria;

3) Construction workers, agricultural labourers, road crews, general service industry employees, petrol station attendants, cleaners, mechanics and vendors, mostly from Syria.

There is no need to mince words here: immigrant labour is like a Damocles sword suspended over the head of the Lebanese working class: a threat to their wages and their job security. Employers prefer to employ foreigners because their wages are lower, they are not compelled to pay their social security contributions and they are not unionized. Recent years have seen a rising number of cases of Lebanese workers leaving whole sectors of the economy, their places filled seamlessly by immigrants, with no attempt on the part of the relevant authorities to implement the labour laws which stipulate a fixed quota of non-Lebanese workers. Whole sectors of the economy - industrial, artisanal, tourist, service - have come to depend on this immigrant workforce. Where the Lebanese workers have not departed of their own accord, the slightest hint at mobilization or demands for their rights have been met with threats of replacement.

The impact of immigrant labour on Lebanese labour is not limited to competition and replacement, especially since broad swathes of the Lebanese workforce have fled those sectors where immigrant labour is employed. The more pernicious effect is that this reserve army of low-wage immigrant labour exerts a constant downward pressure on wages and on the living standards of the workforce in general. It brings down the level of wages nationwide, while the ease with which they can be replaced with cheap foreign labour undercuts job stability and permanence for local workers.

3- The tragedy of domestic employment

There are between 80,000 and 100,000 Sri Lankan domestic workers in Lebanon, 20,000 Filipinos and 5,000 Ethiopians (**Gridini and McArble: 2001, 16-28**).

'Slave contracts': This is the most fitting description for the terms of domestic employment in Lebanon. The majority of workers are women, employed under the *kafala* (or "sponsorship") system, itself an import from the countries of the GCC, in which the householder is legally responsible for their employee 24 hours a day. The responsibility starts with the tradition of confiscating the employees' passports and takes in the commodity-type exploitation of the domestic service economy, which is practiced by the agencies that bring in immigrant labour. There are more than 150 such agencies, paying some 35,000 thousand dollars to the state to secure permission to import 150 employees each, per year. The agency receives 1,000 dollars for bringing in a Sri Lankan maid and 2,000 dollars for every Filipino. There is an initial three month period when the maid is "sponsored" by the agency, during which the householder can exchange "the goods" if unsatisfactory.

Monthly wages for Sri Lankan domestics are between 100 and 125 dollars and for Filipinos the figure is 150 to 200 dollars.

Terms of employment are wretched and oppressive to say the least. The hours are never set and may amount to more than 100 hours per week. There are no predefined and agreed-on rest hours. Workers may only place calls to their home countries twice a month at most. Their movements are restricted; indeed, they are in effect prisoners in the homes they serve, unable to leave without permission, and a majority of employees lock these workers in when they leave their homes. Within the home environment the maids rarely have their own private space in which sleep, particularly in less well-off families.

To all this must be added the fact that domestic servants are subjected to all manner of violence, verbal, physical and sexual, alongside great psychological and emotional pressure. Some 37 per cent of domestic workers admit to having been subjected to physical abuse, and physical abuse - spanning beatings to rape - has led to domestic workers in Lebanon dying every week, according to a Human Rights Watch report from 2008. Between 2008 and 2009, 95 domestic workers in Lebanon passed away, 40 of them suicides, the rest falling from balconies in an attempt to flee their employers (**Chamartain: 2011, 1-9**). Those who do manage to escape go to work in homes on a freelance basis, a set-up that pays more (up to 500 dollars) but leaves them needing a sponsor to meet the requirements of law. The sponsor will take at least 1,500 dollars per year (**Gridini: 2001, 5**) and those workers who cannot afford to spare such a sum join the ranks of Lebanon's illegal residents.

It is worth pointing out that domestic labour is not subject to the Lebanese Labour Law itself, which exempts this branch of employment in Article 7. There is no binding legislation regarding a minimum wage, therefore, no right to membership of a union, no legal recourse to resolve work disputes, and of course, no right to social and health security. Furthermore, Lebanon, like all other Arab countries, is not a signatory to the 1990 United Nations Convention of the Protection of the Rights of Migrant Workers.

However, recent years have seen a number of campaigns from civil society organizations to unmask various facets of domestic labour and some of the manifestations of racism in Lebanese society, including barring domestic workers from entering swimming pools. The implementation of procedures for regulating their presence in Lebanon and their work may have curtailed the worst excesses. The General Security Directorate now possesses a database of foreign workers and the names of their employers and former director Jamil Al Sayyed even declared an amnesty for all fugitive domestic workers. The Ministry of Labour, meanwhile, set up an office to receive complaints from workers and there are lawyers who represent workers in the courts *pro bono*. Charities and other organizations have opened their doors to maids who have been physically abused or are fleeing poor treatment by their employers. Campaigns to ensure domestic employment is covered by the Labour Law (and social security) follow one after the other (**Hazarian: 2009**).

4- The division and factionalization of organized labour

The reconstruction period witnessed class conflict without precedent in modern Lebanese history. It is not that there were no active social movements and fierce class conflicts in pre-war Lebanon, but rather that the post-war tensions were not confined to limiting the (albeit modest) gains made by the working classes, but rather amounted to a quite extraordinary war mounted against these classes on two fronts: the fragmentation and factionalization of organized labour, and various economic forces taking the initiative in opposing the social movements that waged their battles outside the framework of the labour movement.

Rafic Hariri's ascension to the post of prime minister heralded the start of an authoritarian campaign to fragment and dominate the unions. Ilyas Abu Rizq's period in charge of the General Labour

Confederation had seen the organization become more active: on his watch, unions organized a number of strikes that were forcibly put down, including the security forces' suppressive tactics during the GLC southern-branch elections in Sidon. The labour minister at that time was Assaad Hardan, a leading figure in the Syrian Social Nationalist Party and well known for his strong ties with Damascus. Hardan had made up his mind to bring the labour movement to heel, and to split it if needs be. For instance, he encouraged Antoine Bechara to suspend membership of the Confederation of Independent Unions and decided to usher in five new syndicates loyal to Berri and Hariri. The GLC threatened to go on strike and called for demonstrations in all towns and cities in Lebanon. The army was instructed to prevent the demonstrations, by force if necessary; fearing violent confrontations, the GLC backed down. A truce was concluded with the government. Abu Rizq even went to see Hariri in person, and heard out his claims that the government was ready to look into raising wages and get the Price Index Committee to work. However, the committee's meetings were suspended after businessmen refused to pay more than a 10 to 12 per cent increase, while the GLC was asking for no less than 76 per cent (based on the movements of the price index during the wage-freeze period). Hariri refused to back down and threatened to send out the army once more. The GLC responded by declaring a sit-in during Jacques Chirac's visit to Beirut, the president of France and a close friend of the Lebanese prime minister. Emphasizing the unity of the ruling classes, parliamentary speaker Nabih Berri gave a statement replete with an aggressive patriotism unique to the head of the Development and Liberation Bloc. In it, Berri likened the GLC's intervention in Chirac's visit to cooperating with Israel (**Baroudi: 1998, 540**). It was during this period, too, that the government refused to look into the salary scale for public sector employees. The employees retaliated by halting the marking process for school examinations, thus putting some 60,000 students at risk of losing the benefits of a whole academic year. With the country about to enter parliamentary elections the GLC called on its members to vote against all candidates from the ruling classes, prompting a partial retreat from the government, which acceded to the majority of the teachers' demands and deferred consideration of the remainder of state employee demands until August/September 1995.

On September 4, 1996, two weeks after the end of parliamentary elections the GLC returned to action with a sit-in outside the cabinet office, which was dispersed by the security forces backed up by army units. Five days later a second sit-in was forcibly broken up, as was a protest later that year on November 28 (**Baroudi: 1998, 542-3**).

The confrontation between the government and the GLC reached its peak on March 24, 1997. For the very first time in the history of the union movement, two separate elections were held to determine the eleven members of the GLC's executive committee. On the day of the elections security forces surrounded the confederation's headquarters and when Ilyas Abu Rizq was reelected as head of the organization he was promptly arrested and his defeated opponent, Ghanem Zoghby, installed in his place by the Ministry of Labour. Abu Rizq then split from the GLC, joined by the National Confederation of Trade Unions, the unionized Left, and recognized by the International Labour Organization. The authorities responded by twice taking Abu Rizq back into custody along with the NCTU's general secretary Yasser Nehme on charges of "disseminating false information", first in May then July 1997. Zoghby, meanwhile, demanded a wage hike and the replacement of domestic workers with migrant labour. The very government that had forcibly installed him as head of the labour movement ignored his pleas (**Rhinehold Landers: 29-31**) and shortly thereafter Zoghby announced his surprise resignation and Abu Rizq returned as leader of the GLC.

Rafic Hariri's governments approved three wage hikes, all of them lower than the rising price index and rate of inflation (higher than 120 per cent in 1992), and all of them falling victim to the merchants' unprincipled system of preemptively raising prices when they heard that the government was discussing wage increases. The GLC leadership finally noticed what was going on and began to call for government oversight of food, fuel and electricity prices (the actual demand made in the latter case was to cut the electricity bill by half) as well as health and education costs. The value of government subsidies for all these goods and services had collapsed and demands for an old age security system had begun to be made. There were also repeated demands for legislation to be drawn up against monopolies and cartels. But it was no use. The labour movement lost the battle to raise the real value of social provisions, themselves under attack by the LEO which considered them costly and wasteful and sought to abolish them altogether (**Baroudi: 1989, 545-546**).

Furthermore, the post-war period witnessed the abolition and dismantling of the majority of the collective contracts that constituted one of the biggest gains for organized labour under the Chehabist administration. The only collective contract that survived the cull was the one between banks and their employees, and even that the banks attempted to abolish, with the fight between the union and the Association of Banks in Lebanon (ABL) dragging on through 2012 and midway through 2013. The union was able to save the collective contract, but had to agree to costly concessions.

Organized labour in Lebanon is made up of 210 trade unions and 53 trade union confederations. When it was re-founded and amalgamated in 1970, the GLC consisted of just nine trade union federations. More than half the new unions were formed during or shortly after the war and are largely paper bodies, just like many of the confederations that are constructed along sectarian and confessional lines - including the confederations created by the labour movement's more recent newcomer: Hizbollah. Basically the trade union movement is like an empty shell: it represents no more than 7 per cent of workers and its leadership makes no attempt to hide the fact that it receives its orders from the Amal Movement's leader, Nabih Berri. Because of the GLC's last minute decision not to strike to improve wages, the Trade Union Coordination Council (TUCC) - which represents some 250,000 teachers and public sector employees - abandoned plans to work with it, while a number of other confederations suspended their GLC membership, including some of the numerically larger and effective groups such as the Confederation of Bank Employees, the Confederation of Print and Media Employees, the NCTU, the Confederation of Chemical Workers, the Confederation of Construction Workers and Scaffolders, and the Confederation of Independent Trade Unions. These rebel confederations joined together to take action and exert pressure outside the framework of the GLC: in May 2012, they announced the birth of the Consultative Trade Union Congress for a Democratic and Independent Trade Union Movement (**Marsad: 2013-a, 15**).

5- Class struggle by social movements

Given the situation with the GLC it is small wonder that the labour movement should turn to the social movements for assistance in their quest to lower inflation. The social movements, however, transcended the limits of traditional trade union demands to attack the very heart of the free-market economic system - its dependence on rents and profits and its taxation system - neccessitating the direct intervention by the bourgeoisie (in the form of the pro-business LEO). The dispute now morphed into a species of open and savage class warfare.

The battle for the social wage

On June 14, 2011, Prime Minister Najib Mikati's government was formed, and economist and developmental expert Charbel Nahas was appointed Minister of Labour, representing General Aoun's Reform and Change Bloc.

Nahas launched a group of interlinked initiatives under the rubric of "the social wage", which contained a package of measures to adjust the wages of workers and private sector employees, to enhance the real value of wages, and to extend the reach of social subsidies. However, this process was funded by taxation on rent. In its bid to offer comprehensive reforms, the social wage initiative included the addition of transportation allowances to the wage, which would be covered, as in the case of salaries, by the payment of social security contributions and added to the value of the retirement indemnity. Nahas proposed adjusting wages in line with the rate of inflation according to the Central Administration of Statistics' record of the last increase in May 2008 (16.3 per cent). In a bid to increase job opportunities, the minister called for a deal to be struck with institutions in which they would employ young, first-time job seekers in exchange for the state paying social security subscriptions. The most remarkable aspect of Nahas's program, though, was the inclusion of comprehensive health coverage in a country where more than half the population have no health security at all. He proposed that this coverage be funded from the general budget through a reform of the tax system and raising taxes on rentier incomes, including on interest and real estate-derived profits. He asked that a ministerial committee be formed to draft an amendment to the Social Security Law that would make its payouts universally available, would abolish the system of social security subscriptions and would channel funding from the national budget.

The response was instantaneous. A front was formed consisting of the prime minister, the speaker, the majority of MPs, the LEO and the GLC, dedicated to bringing down his initiative. On September 13, 2011, Nahas approached cabinet to obtain its preliminary approval for his project but his paper was not distributed to fellow ministers and the subject was not included in the schedule. The formal rejection came from Health Minister Ali Hassan Khalil (a member of Amal Movement), who stated that the Labour Minister's proposal was a "transgression against the Health Ministry's powers," even though the National Fund for Social Security was properly the responsibility of the Labour Ministry, and therefore the responsibility of Nahas not Khalil. Regardless, Khalil became quite explicit on the subject of his powers, describing the National Fund for Social Security as "belonging to us" (**Rasha Abou Zaki: Seven questions for Ali Hassan Khalil, *Al Akhbar*, 9/1/2012**), by which he meant belonging to the Amal Movement according to the quota distribution of government ministries and institutions, meaning that no proposal could be made concerning it without Amal's prior consent.

Acceding to Khalil's wish, ministers from the FPM, Amal and Hizbollah convened a meeting on October 16, 2011, in which they agreed to separate Nahas' wage reform project from his comprehensive health coverage (***Al Akhbar*, 16/10/2011**). The GLC, whose leadership was aligned primarily with Amal, announced that it stood by the LEO in its resolute rejection of the health coverage initiative. Even though the Price Index Committee held its first meeting on September 30 and made a number of recommendations concerning the project, on October 11 the government announced that it was raising the minimum wage to 675,000 LL with the agreement of the business associations and the GLC, and without any reference to the committee's findings and recommendations (**Information International, 13/9/2011**).

Nahas then took the wage proposal to the Shura Council, which sent it back on the grounds that its interpretation of Article 6 of the 1967 law exceeded the powers granted to cabinet in a number of instances. For example, the proposal stipulated a wage increase of a clearly specified amount, while Article 6 was only concerned with setting the rate of inflation and how to implement it. In this way the initiative to rectify wages was defeated, at least by the proportion proposed by the minister (**Mohammed Zabib: *Al Akhbar*, 28/10/2011**).

The dispute between the Minister of Labour and the allied forces of the economic bodies and the GLC dragged on, exacerbated by the opposition of business associations and the GLC leadership to adding transport allowances to the minimum wage, something employers objected to because it increased their social security contributions. The back and forth continued when the LEO and the GLC signed what was termed The Consensual Agreement on Wage Reform, in which wages were to be raised by 9 per cent and the minimum wage set at 675,000 LL. But the agreement was shot down in government, when the majority of ministers voted for Nahas's proposal for a minimum wage of 890,000 LL. Immediately, the business associations announced that they would not implement the government's decision and threatened "civil disobedience".

On January 3, 2012, the Shura Council sent back the final draft of the wage proposal on the grounds that it was not permitted to amend or correct draft laws concerned with transport allowances without obtaining the approval of the legislature. Representatives of the LEO and the GLC on the Price Index Committee stubbornly refused to accept adding travel allowances to the basic wage and insisted that their consensual agreement be implemented in full. Two days before the government was due to convene to settle the wage issue, a meeting was held between Prime Minister Mikati and the head of the Reform and Change Bloc Michel Aoun at the house of minister Gebran Bassil at which they agreed on a mechanism to rectify the wage system despite the major political differences between the two sides. Likewise, there was another meeting between Hussein Al Khalil, political advisor to the secretary general of Hizbollah, and ministers Ali Hassan Khalil and Gebran Bassil, during which they discussed the same issue.

One day later (i.e. one day before the government was due to sit), parliament hosted a meeting including ministers Ali Hassan Khalil, Mohammad Fneish, Gebran Bassil and Charbel Nahas, at which it was agreed that Nahas would table his proposal alongside that of the LEO and the GLC, with the ministers pledging to support Nahas at the vote. Accordingly, on January 17, Nahas tabled his wage proposal with its minimum wage of 868,000 LL plus an additional transport allowance. The next day all the ministers cast their votes (including those from his own bloc and their allies) against Nahas's project and in support of the Consensual Agreement, with its minimum wage of 675,000 LL discounting all increases that had been granted since January 1, 2010. Nahas signed off on the wage document, but he refused to sign the transportation allowance sections which he considered to be illegal.

Nahas was subject to increasing pressure and threats. The president threatened that he would take measures against him if he persisted with his refusal to sign the wage increase and travel allowance legislation. House Speaker Nabih Berri decried what he called "Nahas's behaviour". The Prime Minister, meanwhile, called on Nahas to resign if he was unwilling to carry out the government's decisions. February 21 witnessed an unprecedented moment in the history of the International Labour Organization, when the GLC and the business associations, united under the LEO, issued a joint complaint against the Labour Minister in which they demanded that ILO pressure be placed on Nahas to make him ratify a lower minimum wage than the one he himself had proposed. Reacting to the anti-Nahas campaign, General Aoun, head of the Reform and Change Bloc to which the Labour Minister belonged, stated that Nahas was being attacked for purely political reasons, saying: "There is a satanic alliance between the president and prime minister against me!" He then threatened, "that the whole government will be swept away if anyone touches a hair on Charbel Nahas's head." Days later, Aoun dropped his support for Nahas and on February 22, 2012, the Labour Minister tendered his resignation. Press sources state that Aoun made his decision to drop Nahas following a visit to the general by LEO president Adnan Kassar.

The dispute over salaries and scales for teachers and other public sector employees

On September 3, 2011, Law 173 was issued granting the judiciary a higher place on the salary scale, and in February 2012 the Lebanese government approved the wage correction bill for private sector workers, leaving teachers and public sector employees waiting for the Finance Ministry to finalize a draft law amending salary scales. In late March 2012, Finance Minister Mohammad Safadi announced that the salary scale proposal would be tabled at a cabinet meeting before the end of April, and that the final draft would be drawn up in consultation with the Civil Service Board. At the same time, head of the Civil Serice Board Khaled Kabbani declared that an improved version of the salary scale was ready and would ensure, "a watershed moment in achieving a just and balanced salary scale." It soon became clear that the proposal contained articles distinctly unfair to teachers and employees plus a poor distribution of overtime pay and raises. Since 1996, for instance, all secondary school educators had worked overtime in exchange for a 5-point increase in their salary. In 2005 the government set out to abolish this overtime pay and forced educators to work for free. After much mobilization and unrest, a 4-point increase had been restored, but now the Finance Minister's amendments were set to abolish these overtime salary increases and undo much good work.

Pressured by the Coordination Council, that leads the public sector movement and its numerous mobilizations, the Finance and Education ministries - in cooperation with the Civil Service Board - prepared a second draft law, which was "fairer to all groups," as Safadi and Kabbani put it. The Coordination Council was shown the draft and approved it, announcing that it was giving its backing because it contained articles that ensured the "smallest possible losses". The new formulation narrowed the gap between the salary of a high school teacher and a university lecturer to just 6 points and secondary school educators received additional salary points in return for overtime. The date on which the new salary scale was to be applied was fixed for February 2012, to comply with the date on which the private sector wage hike would be implemented (although the raises would be proportionate to the emergency raises across all groups within the private sector).

In June 2012, a week before the beginning of school examinations in Lebanon, both finance and education ministries revisited the draft law that the Coordinating Council had approved, and produced a third draft, in which all the above mentioned benefits were written out, 100,000 LL was knocked off the value of a salary point, and the agreed-on February 2012 launch date for the salary scale was changed, or rather the ministries said the actual date was "under discussion". The Finance Ministry made another proposal, that it would pay a loan to all public sector employees, and that the amendments to the salary scale be postponed to some unspecified date. In response, the Coordination Council announced on June 6, 2012 that its entire membership would abstain from supervising and marking the examination papers (due to be sat on June 12), in addition to staging strikes in all state-run administrations and agencies for the duration of the exam period. Prime Minister Mikati was forced to call a meeting with the Council on the morning of June 7 to discuss the possibility of cancelling its planned mobilization. Mikati pledged to pass the salary scale law that same June in accordance with the agreement that the Council had concluded with the two ministries. He also promised that teachers' salary scales would be ratified in accordance with prior agreements between the teachers and ministers Mohammad Safadi and Hasan Diab, shorn of their later amendments, and he provided the Council with the ministers' signed agreement to meet the teachers' demands. For its part, the Coordinating Council stated that the salary scale must be retroactively implemented from February 1, 2012, and that the increase enjoyed by retirees should be in accordance with the same draft that applies to university professors. Mikati stated that the ratification of the draft salary scale law would take place separately from that of the 2012 general budget, as it was clear that the budget's approval would take a considerable length of time. Finally the Coordinating Council indicated that a meeting with the ministers of Finance and Education should be convened before the start of the examinations. When the cabinet convened on June 8, it was decided to expedite the passage of a draft law by approving an additional sum of 10,394 billion LL to cover the payment of government administrations for 2012, ratifying the loan while waiting for the law to be passed. Approximately 2,200 billion LL of this sum was to be set aside to cover the cost of wage hikes and amending the salary scale for employees of public administrations, the courts, educational facilities and the military. Once the necessary pledges and promises were made, a ministerial committee was formed to look into the matter of salary scales and agree on mechanism for funding it and tabling it before cabinet.

Unfortunately, this small-scale committee could offer no solutions, and on June 25, 2012 the Coordinating Council broke off marking examinations until such time as salary scale reform was passed. This was followed by a series of mobilizations, including general strikes, sit-ins and demonstrations involving thousands of teachers and public sector employees from across the country. These almost daily acts of disruption continued until August, when the Council met with an extended ministerial committee headed by Prime Minister Mikati at Baabda Palace. The very next day the exams were being marked again, after the committee and its chairman had promised to pass the salary scale reforms in the form agreed on by the Coordinating Council. But for a month afterwards no progress was made; instead, a number of ministries issued statements saying that the new salary scale would lead to an increase in social problems in the country. And so the Coordinating Council took to the streets once more and, one day after a general strike and demonstrations in the provinces brought Beirut and all the government's administrations and ministries grinding to a halt on September 5, the government approved the new salary scale and implemented it with retroactive force from July 1, 2012 (though the difference owed was to be paid in installments over a five year period). It further approved a package of measures and financial procedures to finance expenditure on the salary scale worth 1,295 billion LL, including fines on coastal property, taxation on bank interest, an additional charge on building licenses, fines on mobile devices that had no customs duties paid on them and, last but by no means least, Minister of Public Works Ghazi Aridi was tasked with reexamining Prime Minister Mikati's proposal to increase investment prior to the September 12 parliamentary session. This last condition meant that though the scale might have been approved, it could not be sent to parliament because the means of generating some 300 million LL to complete the funding mechanism was left unresolved. The Coordinating Council refused to accept this and, describing it as an abrogation of all previously exiting agreements between the Council and government, it moved to escalate its mobilization.

On September 6, the business associations of the LEO joined the fray for the first time (openly that is) declaring: "We reject any decision issuing from the cabinet regarding the salary scale, especially since the figures being given for its cost are completely unrealistic and will cripple the private and public sectors with grievous losses, with catastrophic consequences for the public treasury (already suffering a serious shortfall of funds), for the economy and for the Lebanese citizen." They described what was happening as, "toying with economic security," and concluded that, "for the government to impose yet more direct taxes on economic institutions and citizens will lead to an explosion."

On September 20 the Coordinating Council held a trade union conference at the UNESCO Palace and demanded that the salary scale reforms be presented to parliament within ten days, with nothing taken out, with amendments to the salary points included, with retirees, contract workers and wage earners all treated equally fairly, and, of course, with those taxes that affect the wealthy retained and those that touch the less well-off removed: "And if not, then the state will be shut down temporarily, in the faces of those who push it towards its own destruction."

Following this, a number of government ministers announced that they agreed with the positions and decisions of the LEO, and just so no one would remain unsure where the religious institutions stood, the Christian-Islamic Spiritual Summit announced its support for the business associations at a September 24 press conference, warning against "imminent dangers" and inviting the LEO to the next spiritual summit. On the same day, the LEO reiterated their fundamental objection to the salary scale and threatened that, "if the troika [the three presidents of the republic, speaker of parliament and prime minister] cannot agree to take it out of circulation, then the business associations are prepared to escalate in the days ahead." The Coordinating Council responded that the spiritual summit joining forces with the economic bodies had prompted the Council to mobilize even more, and that the LEO objection to the salary scale was at root an objection to the fact that rich people would be taxed to fund it.

But the LEO was not content with statements. On September 25 they wrote to Finance Minister Mohammad Safadi, Minister of Economy and Trade Nicholas Nahas, Chair of the Committee for National Economy, Trade, Industry and Planning, Nabil de Freige and MP members of the same committee, two memoranda on, "the impact of the salary scale on the Lebanese economy." The Coordinating Council meanwhile continued its mobilizations, holding a strike on October 10, then, while the cabinet continued to hold its meetings without turning the salary scale over to parliament, it held two general strikes on October 18 and 31 and then another on November 8. The Coordinating Council said that, "the business associations of the LEO bear responsibility for obstructing administrative reform in the public sector, reform which begins with approving the salary scale, as well as responsibility for covering up a great deal of the fraud and waste which deprives the state of thousands of billions of lira in income." It continued: "The business associations' behavior amounts to the evasion of taxes they are obliged to pay on rents and real estate-derived profits." Despite ministers' assurance, the salary scale remained stuck with cabinet, and from November 27 to 28 the Coordinating Council held a universal strike, followed by a series of protest actions until the end of the year. In 2012 the Council had held fourteen strikes, sixty sit-ins and four demonstrations, all for the sake of the salary scale.

A fresh series of Coordinating Council-led actions ushered in 2013, leading up to its announcement of an open-ended strike coupled with centrally coordinated daily mobilizations. During the strike the positions of a number of ministers were clarified, giving a clue as to why the salary scale was never approved by cabinet. The most important of these was the LEO's objection to funding the scale by taxing high-income individuals. On February 5, 2013 Minister of Trade and Economy Nicolas Nahas said, "Through our meetings with the business associations we shall reach a more inclusive understanding that embraces, as far as possible, the needs of both the economy and government." A number of ministers forbade employees of public administrations from participating in the sit-ins, in line with Article 15 of the Employees Law, which denies public sector employees the right to strike or organize. This coincided with the head of the Chamber of Commerce, Mohammed Shukair, calling on Prime Minister Mikati to, "be courageous and tell the Coordinating Council that their demands are legitimate, but that the Lebanese economy is unable to meet them at this point in time and it would be better to defer government approval for another three or four years."

On February 18 it was decided that the cabinet would announce the salary scale's transfer to parliament, after Najib Mikati had rescheduled the cabinet meeting from Tuesday to Monday to preempt widespread mobilizations by the Coordinating Council and an open-ended strike set for Tuesday. However, at 8 a.m. on Monday morning, the economic bodies held a meeting in which Mohammed Shukair declared that, "Prime Minister Mikati has tricked the business associations, promising them one thing and doing something else. He's made fools of us and stabbed us in the back." Shukair explained that the LEO had agreed with Mikati that he, "would not take a single step without the consent of the business associations." The Association of Banks in Lebanon (ABL) also put pressure on the government, playing the funding card. President of the ABL Joseph Torbay met with Prime Minister Mikati at the head of a delegation from the association. After the meeting he said, "Our message to the prime minister and the government is that there should be no more funding for former budget deficits; what is needed are reforms - all funding should be linked to reforms. We are liable for debt at its current ceiling and we have no intention of embarrassing the state over the issue of funding: the funding is there in the framework of the current ceilings, but any forcible increase of the deficit must be accompanied by reforms, because we cannot keep travelling along this path, whose price we will have to pay in the end. The Prime Minister responded to us and proposed a group of measures that will be taken in the framework of the budget. That, in brief, is where we've got to today." Head of the Beirut Merchant Association Nicolas Chammas stated with the unpalatable arrogance of his class that, "the business associations are obeyed, they do not obey," in the course of a discussion about the Coordinating Committee's mobilizations and the issue of the salary scale's transfer to parliament. The upshot of this was that the government, pathetically compliant, declared that the transfer would be delayed, with the justification that the articles dealing with funding were unresolved - even as more than one minister confirmed that funding was in place and that the business associations were the real problem.

On February 20, 2013 the Coordinating Council announced that, "the entire cabinet and Prime Minister Najib Mikati bear direct responsibility for forcing the Council to carry out an open-ended, general strike, thus paralyzing the public sector, in response to its policy of foot-dragging, procrastination and blatant submission to the business associations, and the fact it has kept the salary scale proposal locked in the Prime Minister's desk drawer for six months straight, transgressing not only every constitutional principle there is, but also every rule of how to treat organized labour." So the Council went on with its mobilizations, holding sit-ins outside ministry buildings and administrations, in addition to the headquarters of the LEO, the Chamber of Commerce and Industry, and Solidere, and the majority of government and private school shut their doors.

On March 20, while the Council was coordinating its strike, Prime Minister Mikati offered to take the salary scale to parliament if they would desist. The Council continued the strike. On March 21, some six months after the cabinet had first approved the salary scale, the government declared that the scale, together with an account of the sources of funding, was being turned over to parliament. It became clear that the ministers had booby-trapped the list of funding sources with a number of items that the Coordinating Council had previously rejected out of hand, including: taxing low-income earners; freezing state sector employment and expanding the scope of contracts, amending the pension plan for teachers by lowering pay-outs, subverting teachers' hard-won rights by increasing teaching hours with no raise in pay, in addition to lowering the figures in the salary scale and the backdated installments… In other words, a total betrayal of the prior agreement between Mikati and the Council and a total concession to all the business associations' tax-related objections. The next day Najib Mikati tendered his resignation. Cabinet's Secretary-General Suheil Bouji sent a copy of the cabinet's decisions and the pre-alteration salary scale to the Finance Ministry, where the final draft of the proposal was to be drawn up. After a delay of one whole month, the Coordinating Council wrote to Minister of Finance Mohammad Safadi asking for a meeting, and on Wednesday, April 18, it sent a list of written questions hoping to clarify the following: the figures in the salary scale; the mechanism for paying the increase contained in the scale; the mechanism for paying back-payments; the payment of the six salary points in installments; Article 27, which suggests that payment of the scale is dependent on the budget's deficit being no greater than 5,750 billion LL; linking the salary scale to other draft laws involving tax hikes and so-called public sector "reforms"; the date on which the draft would be turned over to parliament.

The very next day, on April 9, before setting a date for a meeting with the Council, Safadi sent a letter concerning the draft law back to the cabinet to which were appended the observations of his ministry, "concerning a lack of clarity in the cabinet's decision." The document (Document 7136) contained an admission that the Finance Ministry's Department of Expenditure had been unable to determine the following things: the date on which the law should come into force once approved; a schedule for paying out the backdated salary scale rises in installments; the cut off point for payments deriving from this law's retro-active force. This was because "of the absence of any clear text on these points in the cabinet's decision."

After Safadi had made these observations and sent them off to a cabinet about to resign - it was obvious that convening a session to discuss the clarifications he'd asked for was never going to happen - he set a date for a meeting with the Coordinating Council for Monday, April 22 answering their written queries by stating that the text contained many unclear passages. He further noted his own personal objection to tying the scale to package of taxes and "reforms". The cabinet then sent a letter from its secretary-general, requesting that the Finance Ministry draw up the draft laws necessary for presenting the salary scale to parliament. The cabinet's decision in this regard was a breach of Ministry of State for Administrative Reform's responsibility for drafting all administrative texts.

Thus it was that the salary scale not only found its way back to cabinet, but with additional questions, too. The foot-dragging ran on for another seventy-seven days, and then, on June 13, 2013 President Michel Suleiman signed two decrees turning over the draft salary scale and a draft amending and updating some articles of the Tax Law to parliament, in the form explicitly rejected by the Coordination Council.

6- Addressing poverty from outside society

The event that allowed Lebanon to rediscover the presence of poverty and the poor amongst its citizenry was the release of the second National Household Budget Survey in 1996, some thirty years after the first survey came out [1]. In a press conference held for the occasion, the head of the Central Administration of Statistics (CAS), Robert Casparian, declared that researchers would visit 3,600 homes in Beirut and its suburbs, then in a second phase, a further 1,200 families in the provinces.

The methodology used in this survey differs from that followed in the IRFED report. IRFED looked at income distribution, while the new survey followed the method approved by the international financial agencies for mapping social inequalities: family income as revealed by family expenditure; a criterion it also used to measure poverty. Nevertheless, the head of the CAS explained in his press conference that poverty was more a subjective concept than an objective fact and that every country sets it poverty line, "according to its own customs and the standard of living that pertains there." The role of the CAS was, he said, "to provide all the information needed" to the politicians so that they could in turn decide, "what poverty means in Lebanon and where the poverty line lies: 600 dollars per month or just 200 dollars?" (***Al Sahafa*, 5/12/1996**).

The reader might be somewhat surprised to find the country's most senior statistical authority coming out with ideas about "setting poverty lines" and, moreover, about handing the matter over the politicians to decide where to set them. But perhaps this humble public servant did well to leave it to the politicians; we find, for instance, the President of the Republic Elias Hrawi summoning shades of Marie Antionette with his scornful question: "Where's the poverty? All the restaurants are full." In a televised meeting with journalists and university students held just a few days previously

(24/11/1996) he had said that the proportion of the population in poverty was between 4 and 5 per cent. The president did not disclose the source of his statistics, but they nevertheless entered the debate about poverty in Lebanon that had been stirred by the UN-ESCWA (The United Nations Economic and Social Commission for Western Asia) report, which concluded that 28 per cent of the Lebanese population could be classified as poor, with 25 per cent of these were described as living in extreme poverty (where the income of a family of five is less than 306 dollars per month) and the remaining 75 per cent below the poverty line (with the income of the same family unit less than 681 dollars per month) (***Al Safir*, 27/11/2013**).

The ESCWA report, which was drawn up by economist Antoine Haddad (**Haddad: 1996**) uses the following criteria for measuring poverty:

- An income of 312 dollars per month or less, which ensures the earner is denied access to their most basic needs: food, clothing, accommodation, medical care and education.

- An income at or around the official poverty line of 600 dollars per month, by which calculation one million Lebanese live in poverty, and 250,000 of these in extreme poverty.

More importantly, Haddad's study investigates the causes of poverty or rather, the causes of impoverishment. Without ignoring those causes linked to losses during the war years he also includes some additional factors, such as: inflation, the rising cost of living, the erosion of income in terms of real value, the failure to create job opportunities, the unjust distribution of wealth and the principles of production, imbalances in the share of certain economic sectors in the GDP, and the resulting large imbalances in wealth distribution between the economic sectors, the decline in value of agricultural incomes and unequal rates of development between the periphery and the centre, etc. Nor did the author ignore the role played by economic policy, especially the lowering of direct taxation on companies and profits to 10 per cent, while increasing indirect taxation and fees. Based on this overview, Haddad proposes a comprehensive and integrated policy to reduce poverty: an integrated policy to energize the labour market, to provide professional training for the working classes, and to improve wages and raise productivity. In this way, the poor will be able to lift themselves out of poverty through engaging in productive work, and the old reliance on "paternalistic approaches, whereby cash and in-kind loans and aid are handed over eternally" will come to an end. Furthermore, the systems of social insurance and social safety nets will be developed (**Haddad: 1996**).

In response to President Hrawi's dismissive attitude, the MaaDATA Group conducted a survey in which 48 per cent of respondents stated that they regarded themselves as "poor", 11 per cent as "hungry", 41 per cent as "moderately well-off", and 0.3 per cent as "rich". 52 per cent admitted they had taken out loans, 34 per cent that they had sold off female family members' jewelry, 10 per cent that they had sold land to pay debts or meet basic needs, and just 10 per cent said that they saved money (***Al Nahar*, 14/12/1996**). The media continued to turn out field studies and statistics on Lebanese living standards. In a subsequent survey in *Al Nahar*, 90 per cent of respondents said that their wages and monthly salaries did not cover their needs and more significantly, 65 per cent stated that they no longer believed that raising wages would solve the crisis in standards of living. As the newspaper commented: "Maybe because previous experience has taught them that increases in salaries are accompanied by quite incredible increases on the price of goods of all kinds." The respondents demanded oversight of prices, old age security, an effective rental law, the construction of working class housing and effective anti-corruption measures (***Al Nahar*, 1/4/1996**).

There was more talk about poverty in 2005, the fifth anniversary of the launch of the United Nations' Eight Millennium Goals, which included, of course, "Eradicating Extreme Poverty and Hunger". Lebanon had pledged to halve the numbers of those in extreme poverty by 2015 as part of its obligations towards the goals. To this end it convened a poverty eradication conference attended by representatives of the UN's Development Programme, civil society organizations and the Ministry of Social Affairs. During the conference, the UNDP's senior representative, Mrs. Mona Hammam, said that, "the slowing of economic growth, poor levels of agricultural production, and the growing gulf between the countryside and urban areas, all undercut Lebanon's ability to reduce poverty" (***Al Mustaqbal*, June 24, 2005**).

In August 2008, the UNDP issued a report entitled *Poverty, Growth and Income Distribution in Lebanon* and, based on the Social Action Plan launched by the Lebanese government at the Paris III Donor's Conference in January 2007, it was decided to set targets to reduce poverty and to ensure that social justice and equity remained at the heart of the reform process. The UNDP report shows that nearly 28 per cent of Lebanese can be defined as "poor" (i.e. they spend less than 4 dollars per day), and 8 per cent as "extremely poor" (i.e. they spend less than 1.4 dollars per day). In its coverage of the causes of poverty it places particular emphasis on unequal rates of regional development and talks of "glaring regional inequalities", with the North particularly backward compared with the rest of the country and possessed of high rates of poverty (it should be noted that the South had above average poverty levels, but not as terrible as one might expect).

It is worth pausing here to consider two matters. The first is poverty in the suburbs of Beirut, in both East and South, as well as in poor neighbourhoods within Beirut proper. These areas are not often mentioned because they have no bearing on the topic of regional inequalities. The second issue is the double impact of poverty on women. Rates of illiteracy among poor women stand at 17.83 per cent and only 9.26 per cent for men and a mother's illiteracy increases the incidence of child deaths in the family (54.5 per thousand compared to a national average of 27.8 per thousand). Poor female workers receive lower wages than men.

The report notes that poverty is concentrated among the unemployed and unskilled labourers, especially in the agricultural and industrial sectors, and emphasizes the need for an economy policy that incentivizes the provision of jobs in these sectors (**UNDP, 2008, 14**). The report goes on to state that one in four agricultural workers and one in five construction workers live in poverty (**UNDP, 2008, 22**).

The report's criteria for evaluating poverty and inequality are primarily based around the family income/spending equation. It concludes that 300,000 Lebanese families are unable to provide more than their basic food and non-food needs (**UNDP, 2008, 15**). Net poverty appears to have declined from 10 per cent in 1997 to 8 per cent in 2005 due to a real annual growth in individual consumption of 2.75 per cent since 1997, even though, "the regional distribution of this growth was exceptionally unequal." On the other hand extreme poverty grew by an average of 5 per cent since

2004, something the report attributed to the negative impact that the 2006 War had on domestic consumption (supposedly due to a nationwide slowing of economic growth) (**UNDP, 2008, 17**).

Instead of listing the causes of poverty, the report points out a number of correlates: youth unemployment grows with poverty and not the other way round; the correlation between waged labour and poverty; between school-leavers and poverty; between families without father and/or mother and poverty; and so on (**UNDP, 2008, 21-23**). It suggests the following solutions:

1. Engineering a sustainable growth in jobs and incomes and ensuring poor families receive more interest;

2. Expanding access to educational opportunities;

3. A more equitably distributed regional development;

4. Concentrating resources on poor families by targeting poorer areas/regions;

5. Improving the quality and mechanism of data collection and the monitoring of results (**UNDP, 2008, 25**).

However these prescriptions say nothing about who is to implement and supervise them, nothing about which economic sectors must be developed to ensure "a sustainable growth in jobs". It talks of "more equitably distributed regional development" but not of a more balanced social development - such things are left behind in the mad dash to meet the Millennium Goal of reducing extreme poverty by one half. The sole concern of the UN's well remunerated employees is to meet their targets, no matter the cost; by spending money, in other words.

The report estimates that for Lebanon to halve extreme poverty by the start of 2015 it will require a budget of 1.5 billion dollars. It argues for reducing extreme poverty by one half instead of working to reduce overall poverty, and proposes directly targeting the extremely poor (what it terms, "narrow targeting") based on an accurate census in those regions which contain three-quarters of the country's total number of extremely poor and half its poor - though only one-third of its population. The regions are the city of Tripoli, the districts of Akkar, Minieh-Danniyeh, Jezzine and Hermel (**UNDP, 2008, 20**). In additional to direct financial aid, the report recommends taking food and medical care to the disabled and elderly in those homes that show evidence of poor nutrition or inhabitants with special needs (**UNDP, 2008, 26**).

Four years later, not one part of this programme has been implemented. Social Affairs Minister Salim Sayegh has reiterated Lebanon's commitment and pointed out that extreme poverty now stands at 9 per cent (i.e. 320,000 citizens) while the figure for general poverty is 28.5 per cent. He confirmed that Northern Lebanon, home to 38 per cent of Lebanon's poor, has the highest levels of those living in extreme poverty (46 per cent). It is a fact that levels of poverty in Akkar-Minieh-Dannieyh are the highest in Lebanon at 63 per cent, followed by Tripoli at 56 per cent, while poverty levels in Beirut are no higher than 5 per cent. The Kataeb Party minister responded to these figures by announcing that he would draw up an action plan in consultation with his political opponent in

Hizbollah in order to meet Lebanon's commitment, an initiative whose slogan ran, "Yes, we can!" an Arabic reproduction of US President Barack Obama's campaign slogan (***Al Akhbar*, 14/12/2009**).

The new Minister of Social Affairs Wael Abou Faour finally launched the project in October 2011 on the back of a 6 million dollar grant from the World Bank, which would be spent primarily on assembling a database of the poorest 150,000 Lebanese families that was due to be completed in February 2012. The minister stated that the door was now open for all Lebanese citizens to apply for the anticipated financial aid.

As anticipated, the plan contained no proposals for overcoming the main obstacles highlighted by the UNDP's representative at the 2005 poverty conference, proposals that were included in the UNDP's survey. These obstacles include: slowing economic growth, poor levels of agricultural production and a growing inequality between urban and rural areas. Nor was there any implementation of the programme to address the causes of poverty: developing agriculture, creating jobs, increasing the incomes of the poor, or improving their access to knowledge, healthcare and social welfare.

It is not an issue of poor agricultural production, so much as its collapse beneath the impact of a Syrian agricultural surplus, the almost total absence of agricultural loans (less than 0.5 per cent of bank loans to the private sector), the growing marginalization of what is left of agricultural areas, the small size of production units, increased land rent caused by the property boom, the proliferation of smallholdings and the proliferation of intermediaries between producer and consumer (raising prices by at least 150 per cent)… Indeed, it is no longer relevant to talk about government neglect. Hariri, for instance, would deal with every agricultural crisis he faced by saying that Lebanon needed "unique crops", though Lebanese farmers spent the ten years of his time in office without ever discovering the identity of this wonder-crop.

The study confines itself to linking poverty with the inequalities between rural and urban areas, as though it had nothing to do with unequal incomes or the sources of these incomes - lest we be alerted to the extreme cunning with which poverty has been decoupled from its necessary corollary: wealth.

More importantly, neither the objectives nor the duration of this project are laid out, nor does the study tell us what is supposed to happen after these poor families have received their financial aid: Will they go back to how they were before the money came in? Will the money keep pouring in indefinitely? Will there be more payments, but just for a limited period?

While we wait for an explanation as to how the government will carry out its plan, we see the same approach to poverty repeated and entrenched: decoupling it from all other social issues and treating it as a "evil" that must be fought, or a "disease" that needs to be stamped out. Given this state of affairs, it comes as no surprise that the UN financial agencies tasked with fighting poverty (and whose targets remain unmet decade after decade) should define their objective as "eradicating" or "abolishing" poverty. To avoid any mention of anything related to development or social redistribution, there is a reliance on the tried and tested method of governmental cash handouts to those suffering from extreme poverty. In other words, the philanthropic principle has come to Lebanon. But this largesse does not come from the pockets of wealthy individuals seeking to avoid tax payments (which is the way philanthropy works in "heavy" and progressive tax systems) but from the coffers of the bankrupt Lebanese state via grants/loans (the boundary between the two remains blurred) from the World Bank. This is the same bankrupt Lebanese state that the World Bank forbids from intervening in the economy, particularly when it comes to social distribution.

And all this, just to meet its Millennium Goal commitments and live up to the slogan, "We Can End Poverty" - which means nothing more than halving extreme poverty by the start of 2015. All this, instead of addressing poverty through developing productive sectors, subsidizing agriculture, creating jobs, reducing the gross inequalities between the different regions in Lebanon, improving and expanding social and health security and working to ensure a more equitable social distribution that can narrow the outrageous gulf that exists between the social classes.

Chapter 6

Economic Power And Political Power

“All wealth is power, so power must infallibly draw wealth to itself by some means or other” (Edmund Burke)

There is no need to present huge amounts evidence to prove that capital controls political power in post-war Lebanon; indeed, capital controls not just power but the state itself. The banks are the chief creditor of a bankrupt state, struggling through on a life support of Gulf and international aid. The ties between businessmen and the state have grown more extensive in recent years, as the creditor exerts authority over the income and expenditures of the debtor.

But the obviousness of all this does not remove the need to look more closely at the relationship between economic and political power in the post-war period, and we shall chart here the main changes that have taken place during this period: the growing alignment between politics and capital and the formation of a ruling class in which the oligarchy rubs shoulders with a political executive. We shall follow the shifting focus of the oligarchy’s interests from one field to another and the transformations that have taken place within the ruling class, until we come to question the worth of continuing to talk of “clientelism” in post-war Lebanon.

Antonio Gramsci notes that, “The historical unity of the ruling classes is realised in the State, and their history is essentially the history of States and of groups of States,” (**Gramsci: 1971, 52**), a rule that exactly fits the history of the ruling class in Lebanon. The Lebanese bourgeoisie flourished under the wing of the French Mandate’s political authorities then, when independence came, it established its republic by taking control of the state and subordinating its policies and laws to its financial/commercial interests, its loyalties shifting over the years between different centres of power. In this study we have criticized the theories that assert the separation of the political and economic and neatly divide sect from class, and the resulting ocean of literature that reduces the political to the sectarian. We have also criticized attempts to confine class to the economic sphere, by separating it from its function in social relationships and ignoring the role of the political in reproducing both class and sectarian structures and the resulting changes to both in line with the balance of power that prevails at any given moment.

Of course the political and the economic present us with two different historical and geographical origins of the Lebanese social structure, which can be summarized as a Mount Lebanon/rural origin for politics and an urban origin for the bourgeoisie. Here we approach the original divide between the origins of political power and the origins of economic power, yet both parties met, and continue to meet, in the state, where class and sectarian/confessional structures are reproduced simultaneously. This process of reproduction is not devoid of disputes within the bourgeoisie itself - and the ruling political class - over the distribution of rents and the contentious issue of overseas aid; last but not least there are there are the disputes between the various social forces (represented by communities and classes) over the social surplus, as alluded to in previous chapters.

1- The presidency as a locus of economic power

The original relationship between the financial-commercial oligarchy and political power rested on a foundation that persisted from independence to the outbreak of civil war: the oligarchy crowding round the presidency and seeking to advance its own interests and benefits through the president, as the head of the country's executive authority. This happened for two, clear reasons:

The first, and the most important, is that the 1943 constitution granted the president of the republic exceptional legislative and executive powers, administrative privileges and exemption from any obligation to account for his actions during his term in office;

The second is the distribution of labour on which the post-independence political system was based, with parliament defined as, "an assembly of sectarian and regional notables": less a legislative authority than a body whose job was to preserve equilibrium and peace between the sects. The executive branch, meanwhile, was where the economy was located: with the administration at the service of businessmen, its chief task to look after their interests and facilitate their dealings. On the back of this sprung up a tradition (call it "political feudalism") that saw many landowners turn to political representation, only for those in business circles to solicit their favours and to resort with increasing frequency to lawyers for the same purpose.

As a result of this distribution of labour, parliament moved away from its legislative role, the outcome most convenient for the financial-commercial interests of the bourgeoisie and the free-market economic system that was taking shape, and which stood in need of "light" budgets and a bare minimum of legislation. That is not to say that it required absolutely no state intervention in the economy, because political power (the state) was always interfering and representing specific interests within the economy. The question was rather one of how such intervention took place, the goals of such intervention and the interests it served.

This integrated theory is espoused by Michel Chiha, who is consequently wary of "excessive democratic tastes". For Chiha, parliament is an 'assembly of notables', which must work long and hard to apply, "the principles of equilibrium between the sects and Lebanese regions" (**Traboulsi: 1999, 57-58**). It is no coincidence that Chiha, at heart a classic anti-legislation liberal, insists that the principal of "sectarian quotas" be confined to political representation and the "command-posts" of state, while simultaneously expressing a preference that these quotas not be applied to administrative positions. What he wants is an effective and efficient administration composed mainly of Christian bureaucrats, all graduates of the private religious establishments (especially Universite Saint-Joseph) that under the Mandate and for during the first decades of independence provided the greatest proportion of the state's administrative cadres. Of course, Chiha never saw this ideal administration of his take shape, due to the growing influence of political feudalism on public sector employment and an administration packed with dependents and acolytes.

During the initial period of independence there was an almost complete conflation between the presidency and the circle of businessmen who groomed Bechara El Khoury for the office of president, and funded his campaign. The core of this circle was composed of the president's immediate family and relatives by marriage: El Khoury, Pharaon, Chiha, Helou, Haddad, De Freige, Shukair, Doumet, Arida, Fattal. These names were the core of a narrow circle of business families, no more than thirty names at first, who were dubbed "The Consortium" by journalist Iskandar Riyashi. Not content to control the main levers of the economy (the financial and trade sectors in particular), this consortium used the political authorities to reshape the entire Lebanese economy in accordance with the rules of the free market, turning it from an agricultural production-based economy with a rapidly growing industrial sector, into an economy of finance, trade, services and tourism that served as an economic intermediary both regionally and internationally.

The presidency and the banks

During Bechara El Khoury's term in office a unique relationship developed between the office of president and the banks. Every president now had his own bank and bankers to fund his election campaigns, not least because the presidency came with control of a loyalist parliamentary majority that guaranteed that the president's laws and policies would be passed and, more often than not, that his term would be renewed. Thus we have Banque Pharaon et Chiha (the top bank of the El Khoury era) funding the Constitutional Party's election campaigns, most notably those of May 1947 that were known as "The Black May elections" due to widespread vote-buying and government intervention in the outcome and the initiation of the tradition of making loans to journalists in return for favourable coverage. Journalist Shukri Bakhash accused Banque Pharaon et Chiha of appointing three-quarters of parliamentary deputies and paying monthly salaries to twenty-four of them (The Lost Journalist, **14/11/1937**).

It is fair to say that every president that followed El Khoury brought his own dependents and business associates into this consortium. This did not mean its members did not compete with one another, but the degree of flexibility shown by the consortium's founding families in adapting to subsequent political eras has been impressive. Nothing shows this more clearly than the volte-face performed by some families - Pharaon and Chiha among them - to embrace Camille Chamoun, El Khoury's bitterest political rival and the man who brought him down in 1952.

Camille Chamoun's reign as president was a golden era for the Lebanese economy and its bourgeoisie. It witnessed the closure of the Port of Haifa and the transfer of its maritime traffic to Beirut, the influx of Palestinian capital and cheap Palestinian labour, then a flood of Syrian capital from 1948 to 1950 as a result of the termination of the economic and monetary union between Syria and Lebanon and, finally, it saw Egyptian capital starting to make its way into the country after the Free Officers' coup of 1952. First and foremost, though, Chamoun's era was the era of the banks.

The banking sector expanded exponentially and took in Arab money and oil money, from immigrant and refugee alike. The number of banks leapt from 7 in 1945 to 43 in 1960 and in the five years between 1949 and 1954 the value of deposits doubled from 180,600,000 LL to 392,200,000 LL. Under Chamoun, the Banque du Syrie et du Liban was still the state bank: it issued currency and funded the Bank of Agricultural, Industrial and Real Estate Loans, founded in 1955. But the watershed moment in Chamounist Lebanon was the passing of the Bank Secrecy Law in 1956, which provided cover for all manner of illegal financial transactions, bringing "dirty money" into the Lebanese banks and incentivizing tax avoidance.

Camille Chamoun was surrounded by a new group of businessmen and major financiers, most of them from the diaspora or exile: Cheikh Boutros El Khoury, the Sehnaoui brothers (from Syria), Emile Bustani (Palestine and Iraq), Hussein Oweini and Najib Salha (Saudi Arabia) and Toufic Assaf, most of whom became bankers with BLOM Bank, Societe Generale, Intra Bank and BBAC. Chamoun might have been the first president to directly participate in the economic projects of the businessmen around him. It was his term in office that saw the rise of the joint-stock company and his opponents accused him of accepting gifts of shares from companies he licensed through intermediaries and agents. The most famous instances of this was Hussein Oweiny's sugar refinery in Bekaa and the second cement factory in Chekka that Chamoun licensed for the Doumit family, relatives of Michel Chiha with access to German capital. Kamal Jumblatt accused Chamoun of receiving 1,640 shares in the company, worth one million LL as payment for granting a license to the second factory. Jumblatt had himself applied for a license to build a cement factory on land he owned in Sibline (Iqlim Al Kharroub) during Bechara El Khoury's term. El Khoury had turned the application down to preserve the monopoly enjoyed by the Societe Libanaise Des Ciments, owned by his brother Fouad and the the family of Fouad's wife, the Haddads. After being denied by Bechara, Jumblatt was now being denied by Chamoun, the very man who had been his lawyer during the Sibline license case raised against the decision of his predecessor (**Press conference with Kamal Jumblatt, *Al Muharrir*, 7/9/1973**).

Intra Bank, which ran 60 per cent of the Lebanese economy as the main bank of Fuad Chehab, was itself run by the security apparatus (the Lebanese army's Second Bureau) which used it to fund election campaigns and provide loans to friendly politicians and figures in the media. Intra Bank collapsed in October 1966 as a result of a campaign launched against it by consortium families associated with Charles Helou, whom the bank's managing director Yousef Beidas accused of deliberately refusing to keep the bank afloat even though its holdings far outweighed its debts. The same accusation was leveled at Prime Minister Abdallah El Yafi, Saeb Salam, head of the ABL Pierre Edde, deputy governor of the central bank Joseph Ourghourlian and head of the Chamber of Commerce, Sami Shukair.

Under Charles Helou, the role of "president's bank" was transferred to the Ahli Bank (with a capital of 10 million LL) under its director Adrian Geddy. Geddy was a shareholder in Credit Libanaise (capital of one million dollars) and Societe Nationale de Credit et d'Investissiment (capital of one million dollars), as well as holding a number of operating agencies for American companies, including the company with a controlling share of Casino du Liban. The Ahli Bank became known as the Second Bureau's alternative to Intra Bank. We should not forget that Najib Salha, who had amassed his capital working in Saudi Arabia and numbered among those businessmen who made the transition from Chehab to Helou, was a shareholder in Ahli Bank, general manager of Beirut's Phoenicia Hotel (built with American capital and the most luxurious of Lebanon's pre-war hotels), and a shareholder in Compagnie de Television du Liban et du Proche Orient (Tele-Orient) in partnership with British capital (Thomson and Independent Television).

President Suleiman Frangeih was a founding member of the Near East Commercial Bank (capital of 10 million dollars) though this did not necessarily mean that he invested money in it. Placing politicians on the boards of banks and major joint-stock companies was one way of making them serve the interests of these bodies and solicit on their behalf to the state and authorities. Frangieh was also a commercial agent for a number of British companies whose representatives had visited Lebanon during Helou's presidency to offer their companies' services in the process of economic development. Frangieh enjoyed close ties with northern Lebanese businessmen including Cheikh Boutros El Khoury and the Abou Adal family (which owned exclusive agencies for pharmaceutical and media companies).

President Elias Sarkis was the central bank governor who oversaw the reform of the sector in the wake of Intra Bank's bankruptcy. Under Sarkis' leadership the central bank was quick to identity failing banks, purging no less than twenty such institutions as well as instituting insurance for bank deposits and halting the granting of licenses for new banks. After losing the 1970 presidential elections to Fragieh by a margin of one vote, Sarkis served as Lebanon's representative to the IMF, before returning to Lebanon and succeeding Frangieh as president (1975 to 1982). His ties to the banking world were never broken, and when his term in office came to an end he was appointed chairman of Wedge Bank by its owner Issam Fares.

The businessman president

But it is Amine Gemayel who, more than any other president, deserves the title "businessman president". One of his most prominent business partners was Samy Maroun, director of LITEX Bank, representative of Romanian oil companies and a French company that processed Iraqi oil in Turkey, in addition to being the largest shareholder in the GEPB (the Beirut Port Authority Company) and star of the Puma helicopter scandal [1]. Besides Maroun there were the likes of Antoine Chader and others, but by far and way the most important of the president's partnerships was with Roger Tamraz, whom Gemayel entrusted with the Intra Invest Company (IIC,1983-1988), descendant of Intra Bank and the biggest Lebanese financial institution of its day. The Lebanese government owned 29 per cent of IIC's stock, alongside shareholders from Kuwait, Qatar and the United States. IIC controlled France's second biggest port (Marseilles), owned property in Paris and New York and owned the major shares in Casino du Liban, Radio Orient, GEPB, Middle East Airlines, Banque De L'Habitat/Banque Al Iskan, Bank Al Mashrek, the Hotel Phoenicia and the Azarieh Building in Downtown Beirut, among others.

Roger Tamraz is an Arab and international venture capitalist, born in Egypt to a Lebanese father and Syrian mother. After graduating from Cambridge University he began his working life as a graduate trainee at US securities firm Kidder, Peabody and Co. In 1970 he helped broker the Egyptian government's purchase of six Boeing 707 aircraft for 60 million dollars, after which he went to work for Saudi businessmen Ghaith Pharaon, Kamal Adham and Salem Bin Laden, taking over as general manager of Commonwealth Bank in Detroit in 1982 (70 per cent of the bank's shares were Saudi owned). On behalf of his partners he purchased the Hotel Prince du Galles, one of Paris' most luxurious hotels, and founded the First Arabian Corporation in partnership with Musaed Bin Abdulaziz Al Saud and Salem Bin Laden. In 1981, Tamraz began investing in oil, steel, aircraft and war industries (**Deeb: 2004, 227**), and was rumoured to have links with the CIA (when questioned by Najib Hourani, Tamraz did not deny it, stating, "We all had links to American intelligence in one way or another" – **Hourani: 19**). He was also the local representative of Kidder, Peabody and Co. which the Lebanese government had tasked with assisting the Intra Bank board estimate the company's assets following its bankruptcy and propose a way forward. Tamraz became the Lebanese government's advisor in the Intra affair, and proposed converting the bank's assets into shares, and compensating depositors by making them shareholders in the new bank. Kidder, Peabody and Co. was paid one million dollars for this advice (**Deeb: 2004, 120-121**).

Bank Al Mashrek was the Kataebist bank, controlled by Tamraz through Intra's 42.17 per cent shareholding and rising to becoming the country's second largest bank. It was in this way that Tamraz began to combine his personal interests with those of IIC. In 1988 Tamraz owned a number of companies and banks he controlled through a holding company called the Milcher Group. The Milcher group had shares in MEA, GEPB, Bank Al Mashrek, The Lebanese Real Estate Company, the Banque du Koweit et du Monde Arabe, Intra Insurance, and the St. Louis Real Estate company. He became a major shareholder in the First Phoenician Bank and Credit Libanaise, which was founded by Wajdi Mouawad and which he merged with Bank Al Mashrek after Mouawad was beggered by the militia triumvirate of Elie Hobeika, René Kaado and Paul Aris, who forced him to pay protection money and lend them money they never repaid. Bankrupt, Mouawad fled to Brazil (**Hourani: 1999, 31; Hatem: 2003, 77**). In addition to First National, Tamraz took possession of the majority of shares of Capital Trust and Credit Libanaise. Using another holding company called Jet Holding, he purchased the air transport company TMA, after paying off its 40 million dollar debts and distributing shares in the company to a number of militia leaders in West Beirut. In return, Bachir Gemayel helped open Halat Airport in eastern Lebanon. He himself paid 30 million L.L. out of his own pocket towards the project in addition to a loan from Bank Al Mashrek. Tamraz began to boast that had fifty thousand employees worldwide and owned 42 per cent of Bank Al Mashrek through the Milcher Group.

One of Tamraz's biggest projects during this period was setting up the First Arabian Oil Company, which entered into a partnership with the Libyan government to establish TamOil. TamOil began buying up assets in Italy in partnership with American oil companies such as Chevron and, after Tamraz sold a controlling share in the business to the Libyan government, it came to control 70 per cent of the Italian oil market (***The Financial Times*, 9/5/1983**). In Libya, TamOil's interests - and Tamraz's reputation - received a huge boost following an official visit to the country by Bachir Gemayel in 1984 (***The Guardian*, 24/10/1984**).

President Gemayel's economic base was strengthened when Antoine Chader and Joseph Khoury bought Chemical Bank in 1986, and Tamraz himself acquired two new banks, Société Nationale de Banque and Credit Libanais. Tamraz was now such an important figure in Lebanese public life that the US administration nominated him as a potential successor to Bachir Gemayel and *Al Iktissad Wal Aamal* magazine started talking about the "Tamraz-ization" of the Lebanese banking system, sounding a warning that Tamraz would "buy up all of Lebanon".

But the Tamraz-Gemayel banks collapsed following the end of Gemayel's term in office. Tamraz's risk taking ventures had led Amine Gemayel to step down from IIC's board. During the period when the presidency was contested between General Michel Aoun and Selim Hoss, Samir Geagea's

Lebanese Forces forbad Tamraz to leave the country and charged him with withdrawing 14 million dollars from Bank Al Mashrek to invest overseas. Tamraz's deals, his ready payment of political cash and bribes to keep the militia leaders happy had put Bank Al Mashrek in debt to the tune of 175 million dollars. It was also evident that he had transferred some 70 million dollars out of the bank into his private account, and that he had spent a further 6 million dollars on Amine Gemayel's presidential trips abroad (**Interview with Lucien Dahdah, who succeeded Tamraz as ICC director,** ***Al Hayat*****, 19/1/1990**). Central bank governor Edmond Naim refused to cover Bank Al Mashrek's debts, in which he was supported by Prime Minister Selim Hoss. General Aoun refused to take a position. The bank collapsed (**Deeb: 2004, 226-232**).

Tamraz managed to flee from East to West Beirut, where he placed himself under the protection of Walid Jumblatt. He had already given Jumblatt shares in TMA (along with Nabih Berri and a number of other militia leaders), and two pieces of land in Chouf and Mechref, the latter of 58,400 square metres. In West Beirut, Tamraz was kidnapped by Elie Hobeika, who specialized in kidnapping wealthy individuals and extorting large ransoms. Tamraz was imprisoned in Zahleh and asked to pay a ransom of 12 million dollars for his release, five million of which Tamraz paid himself. Hobeika divided the ransom with partners and associates, and it seems that Ghazi Kanaan and Assaad Hardan received the lion's share: one million dollars apiece (**Hatem: 2003, 142-143**).

The remainder of Tamraz's career was played out in oil and the political centres of oil-power from Moscow to Washington. He was famously known for his close relationship with President Bill Clinton and the scandals resulting from his financial contributions to Clinton's electoral campaigns, in exchange for which he sought the president's assistance in one of the biggest international deals of all: the Caspian Sea pipeline project. He failed to bring it off.

In terms of the relationship between presidents and the banks, Elias Hrawi was the exception that proves the rule. He seems to have had no favourite bank. The former MP for Zahleh and partner of Mobil Oil's Lebanese licensee Khalil Ghattas was primarily interested in the oil and fuel sectors, while his son Roland focused on Electricité du Liban in partnership with Elie Hobeika.

President Emile Lahoud's term in office saw the Bank Al Madina scandal, the growing pervasiveness of a Lebanese-Syrian security network and the central bank taking over the running of the country's economic and political affairs.

2- From presidency to prime minister's office

The most notable development in the relationship between political power and economic power in post-war Lebanon was the shift of the centre of power to the prime minister's office and cabinet, then its gradual percolation down to the national assembly. It was the rise of the "troika": president of the republic, parliamentary speaker and prime minister.

The Taif Accord shifted - a shift subsequently sanctioned in the new constitution - the locus of political power from the presidency to the prime minister, cabinet and parliament. Among other things, the president lost his absolute right to appoint the government and prime minister and to dismiss ministers either singly or *en masse*, just as he lost his right to dissolve parliament without consultation. All these powers now required the approval of cabinet. The president now had to appoint a prime minister based on the binding recommendations of parliamentary blocs, after which process he was compelled to nominate the candidate with the greatest number of parliamentary votes. Nor was this power shift confined to amendments to the mechanisms of sectarian power distribution. It was rendered doubly significant by the ascension of Rafic Hariri to the post of prime minister for around a decade (1992 to 2000, then 2004 to 2005) and the backing he received from the triumvirate responsible for overseeing the Taif Accord: the United States, Syria and Saudi Arabia. This period saw the traditional balance of power between president and prime minister being turned on its head: there were stories that the prime minister was bankrolling the president. Hassan Sabra, owner of Lebanese weekly *Al Shiraa*, claimed Hariri had told him that he was paying Elias Hrawi a monthy stipend of 350,000 dollars (***Al Shiraa* online edition, 16/2/2009**).

Only naturally, the dominant economic interests followed the new shift in the locus of political power, even if some business circles, Christians in particular, had initially been wary of competition from a man with such formidable financial resources and exceptional regional and international ties as Hariri. Despite their fears, Hariri offered businessmen direct and decisive access to executive power and his appointment ushered in an era of unprecedented synergy between political and economic power. One could say that for a decade or more economic and capitalist class interests converged in his person.

It is a telling fact that following Hariri's assassination the financial bourgeoisie did not relinquish their grip on the prime minister's office. Hariri was succeeded by one of his closest associates, his finance minister and former banker, Fouad Siniora (2005 to 2009), followed by his son Saad Hariri (2009 to 2011) and finally by Najib Mikati, telecommunications and real estate billionaire.

3- The speaker of parliament as a locus of economic power

With the parliamentary speaker's term fixed at four years (and constitutionally protected from being voted out for the first two years) this office underwent a similarly dramatic change. For many decades the speaker's main task had been to keep the parliamentary majority (i.e. presidential loyalists) under control, or in a best-case scenario, to barter his influence with MPs in exchange for various privileges and benefits from the presidency, the government or the administration.

During the Second Republic the Speaker of the National Assembly became one element of a fractious ruling troika, with its constant pleas to the Syrian president (first Hafez then Bashar Al Assad) to intervene in Lebanon. Although the speaker's term was set to coincide with that of parliament, the office would never have gained similar prominence under anyone other than Nabih Berri. Berri was the leader of a militia, chief of the Southern *zuama*, the representative of the Shia in the troika, the most influential figure in the GLC and the Lebanese University and the man who held the keys to employment in the civil service, the armed forces and the security services, responsible for bringing thousands of young Shia - and hundreds others - into public service and promoting them within it. Not only that but Berri also controlled his share of top ranking positions: he was head of a large parliamentary bloc and has ministers in every government in both the "sovereign" and "service" ministries (i.e. Foreign Affairs and Health); Berri has headed parliament for the last twenty years and has had a hand in critical decisions, such as extending presidential terms, forming ministries and extending the parliamentary term itself. To this can be added his decisive role in the legislative process, something that been clear on numerous occasions, such as the Election Law, or amendments to the law governing real estate firms, which facilitated the creation of Solidere.

Not that Berri needed the post to become a focus for economic interests, especially the real estate, banking, trade and other concerns of diaspora Shia in Africa and the Gulf. During the war, Berri had formed what was termed "the Shia Holding Company", and when fighting forced the closure of Beirut's commercial center and economic activity had become divided between Jounieh and Kaslik in East Beirut and Hamra and Verdun streets in the West, Berri came to oversee a new real estate zone in Ain El Tineh and Verdun that constituted the second biggest arena for African investment after that of Mazraa. Following the 1975-89 war he oversaw IIC and the Finance Bank through its chairman Hassan Farran, as well as infrastructure developments projects in the South, the majority of which were handed to Syrian firm Qasioun at a cost of 4 million dollars per kilometer, which is a higher rate for roadwork than, for instance, in California, where it costs just 935,000 dollars per kilometre. Though Hizbollah successfully competed with Berri for influence in Shia bourgeois circles - particularly post-2006 - the Speaker was able to compensate with an increasingly central role in representing the Lebanese bourgeoisie in general, as became clear in recent battles over wages, salaries and positions. It is eminently possible (indeed it seems probable) that this role may grow in order to fill the void in the representation of capitalist interests that was left by Hariri's assassination.

4- The changing social composition of parliament

In the post-war period, the social composition of the Lebanese parliament underwent important changes, with the proportion of seats taken by the representatives of agriculture-based *zuama* undergoing a decline. Those *zuama* who became militia leaders during the war were the ones who survived this decline (Suleiman Frangieh or Walid Jumblatt, for instance), while the traditional chiefs of the Southern and Bekaa regions (the Assaad and Hamada families) disappeared from political representationnot even managing to bask in the reflected glory of the back benches as they did during Chehab's time: they were entirely replaced by individuals from marginal and modestly well-off provincial families who had managed to acquire political representation and influence due, first and foremost, to their participation in the civil war and in party activism.

A quick glance at Lebanon's parliaments shows a steady decline in the proportion of landowning feudal families, and an increase in capitalist businessmen. The post-independence parliament of 1943 comprised 55 MPs, 23 of whom were landowners. By 1968, their numbers had declined to just 13 MPs, compared to 24 businessmen and 36 lawyers. The directory of Lebanese joint-stock companies for 1970 shows capitalist interests enjoying a new prominence, with 35 MPs in the 1972 parliament sitting on the boards of 61 join-stock companies (20 trading companies, 15 banks, 17 industrial companies, and 7 real estate companies – **Thabet: 1972, 12-22**). Nevertheless, this same 1972 parliament (which lasted until 1992) also witnessed a return of the landlords, who constituted the single biggest bloc of 39 MPs from a total of ninety-nine (**Msarra: 1975**).

With Rafic Hariri's arrival on the scene, direct political representation for businessmen came to replace representation through intermediaries, particularly the tradition of lawyer intermediaries. Lawyer parliamentarians first came into fashion in early post-independence Lebanon, when many of the first presidents and rulers were members of this profession. Emile Edde's legal office represented the French High Commission, sea transport companies, French insurers and the Beirut Water Company owned by the Sabbagh family (Edde was himself a director of this company). Bechara El Khoury, who received his training at Edde's offices, represented the Banque Pharaon et Chiha, as well as Saudi Arabian and Egyptian interests, including the Banque Misr-Syrie-Liban, set up in 1929 with Arab and British capital. When El Khoury became president, his legal office was taken over by his son Khalil, a representative for concessionary French companies. Parliamentary Speaker Habib Abou Chahla was a representative for US company Tapline (Trans-Arabian Pipeline), one of the prime ministers of this period, Abadallah El Yafi, represented the Banque de Syrie et du Liban, and MP and minister Hamid Frangieh represented the SYRIAC Group, and so on. (**Traboulsi: 2002, 186-187**).

Politicians and the banks after the war

Prime Ministers: Rafic Hariri, Saad Hariri (BankMed), Rachid Solh (Jammal Trust Bank), Fouad Siniora (BankMed), Najib Mikati (Bank Audi), Deputy Prime Minister Issam Fares (Wedge).

Ministers: Youssef Takla (Minister of State, 2008: BLOM), Rayya Haffar (former finance minister: BankMed), Anwar Khalil (Bank of Beirut), Arthur Nazarian (former tourism minister), Raymond Audi (Minister of the Displaced, 2008: Bank Audi), Adnan Kassar (Minister of State, 2009-2011: Fransabank), Marwan Hamadeh, Samir Maqdesi (Credit Libanaise Investment Bank), Maurice Sehnaoui, Nazem El Khoury (Minister for Water and Energy, 2004-2005: BLC Bank), Walid Daouk (Fransabank and BLC), Mohammad Abdel Hassan Shouaib (IIC, Phoenicia Bank, Banque du Koweit et du Monde Arabe, Jammal Trust Bank, Finance Bank), Ghaleb Mahmassani (Jammal Trust Bank), Salim Jreissati (Emirates Lebanon Bank), Antoun Sehnaoui (Societe Generale), Marwan Kheireddine, Ibrahim Daher (Mawarid Bank), Joseph Chaoul, Farid Roufail, Maurice Sehnaoui, Michel El Khoury, Damien Kattar (Creditbank), Mohamad Chatah (Near East Commercial Bank), Ibrahim Halawi (Banque Misr Liban), Muhammad Abdel Hamid Baydoun (Intercontinental Bank).

MPs: Toufic Assaf, Ghazi Youssef (BankMed); Salim Habib, Elie Ferzlie, Mohammad Abdel Hamid Baydoun (Intercontinental Bank); Sami Haddad (Byblos); Anwar Khalil (Bank of Beirut); Henri Helou (Pharaon et Chiha); Nawaf Sahili (Syrian Lebanese Commercial Bank); Antoine Chader (Lebanon and Gulf Bank), Myrna Bustani (Banque de l'Industrie et du Travail).

Political figures who are bank shareholders: Abbass Al Halabi (BBAC vice-chairman and former judge), Fawwaz Naboulsi (maternal uncle is Omar Karame), Youssef Nehme Tohme (son of Nehme

Tohme), Roland Hrawi (son of Elias Hrawi), Mohammed Hariri (brother of Rafic Hariri), Nazek Hariri (widow of Rafic Hariri), Laura Bustani (widow of the late MP and minister Emile Bustani), Fouad El Khazen (husband of former MP Myrna Bustani and chairman of Banque de l'Industrie et du Travail), Karim Samir Abillama (son of Samir Abillama, related by marriage to Riad Salameh), Majid Jumblatt (related by marriage to Talal Arslan), Henri Chaoul (son of Joseph Chaoul, former justice minister and president of the state council), Bechara Khalil El Khoury (grandson of former president, Bechara El Khoury), Aref El Yafi (son of former prime minister Abdallah El Yafi), Ayed Jalloul (brother of former MP Ghinwa Jalloul), Bassel Salloukh (son of former minister Fawzi Salloukh).

Representation of economic interests in parliament

In the post-war period, the 2000 parliament had no fewer than 36 businessmen MPs sitting as opposed to four landowners, and saw a significant rise in the numbers of self-employed MPs (40 MPs comprising 14 doctors, 19 lawyers, 7 engineers and 3 journalists) (**Rita Sharara: *Al Nahar*, 20/10/2000**). Within the businessmen bloc it is interesting to note the relative decline in members of consortium families (Helou, Pharaon, Du Freige, Fadel) in favour of new businessmen, many of them returning from the Gulf and war exile, and including billionaires such as Hariri, Fares and Mikati.

With a majority of seats now in the hands of the "nouveau-riche" - individuals who had accumulated their wealth operating on or beyond the boundaries of legitimate economic activity - the role of MP and minister transcended that of popular representation, performing functions that could summarized into three main categories:

- One: "Laundering" both the persons and fortunes of businessmen MPs and using parliamentary immunity to shelter them from prosecution. One dramatic example of this phenomenon (though by no means the only one) is the case of the four major drug smugglers introduced into parliament in 1990 by Ghazi Kanaan, head of Syrian military intelligence in Lebanon. Kanaan subsequently fell out with one of the men, obtained a ruling in parliament lifting his immunity and then threw him into prison. There are many other instances of individuals who have accumulated their wealth illegally, who are wanted abroad, who have been involved in the arms trade, who have laundered money for international crime syndicates, etc.

- Two: A parliamentary seat provides a means of securing the fortunes of the newly rich, who are often from modest, rural backgrounds and whose wealth - and attendant political influence - is the only way to obtain honour (or *jaah* in Arabic) that would otherwise elude their family or region. By this, of course, we refer to the purchase of parliamentary seats by turning over liberal sums of money to the head of the electoral list. There can be no clearer evidence of the growing disjunction between the parliamentary seat and the principle of popular representation than the traditional phrase uttered to congratulate the newly minted MP: "The ministry next!" He is not wished well in his mission to serve the people's needs, but rather in his mission to become a minister and the increased access to exploitation and patronage that it offers. Ibn Khaldoun, in his wisdom, stated, "Wealth does not bring 'honour'; rather, it is 'honour' that brings wealth," but the great sage hailed from a "land-tax" state, ruled by an elite, where wealth had only a limited role to play in public life, and where it was “honour” (i.e. the position of the Sultan) that disbursed money and not the other way around. We, on the other hand, are forced to reckon with the relationship between ‘honour’ and wealth in the framework of a capitalist society where wealth has managed to commodify everything, including ‘honour’ itself.

- Three: The traditional role - if the expression serves - of ministerial and parliamentary positions, which is of course to give their holders the power and immunity they require to protect or develop existing economic interests, to establish new economic interests, and to utilize political influence for the purpose of economic investment in the public and private sectors. If we take into account that some individuals pay up to 3 million dollars to be included on safe electoral lists, we can safely guess what his excellency will get up to once ensconced in parliament.

Beginning with the 1996 and 2000 assemblies there emerged two new categories of MP, categories that had not been in evidence in previous parliaments, or at least not in the same numbers. The first of these was the professional politicians and the second was MPs from the education sector. This latter category consisted mostly of party operatives, who had entered parliament not because of family influence or wealth, but because their political parties had nominated them. The parties in question are the Progressive Socialist Party (5 MPs), the Kataeb (4), the Lebanese Forces (5), the Syrian Social Nationalist Party (2), the Baath Party (2), the Armenian parties (6), the FPM (13), the Amal Movement (5), Hizbollah (9), and the Islamic Group (1), while the number of registered independents has dipped to just 8 MPs out of a total of 51. [2]

The 2009 assembly was a clear demonstration of this transition in the social composition of parliament. The number of landowners versus businessmen remained stable at 4 versus 36, while the number of MPs from liberal professions rose to 49 (21 lawyers, 17 doctors, 7 engineers and 4 in media) to whom can be added - to complete the roster of middle class MPs - eight deputies with an administrative background in the state and private sectors. The professional politicians were distributed as follows: 15 MPs with a background in the education sector (state and private) and 11 MPs who had no experience other than politics and party political work, which includes battlefield and security operations during the civil war. In total, the professional politicians made up more than half of the assembly: a quite unprecedented number (***Al Nahar*, 9/6/2009; The Arab Information Center: *The 2009 National Assembly*, Beirut, July 2009**). At the same time, the 2009 elections saw what might be the highest ever levels of spending. Though it is impossible to extract even an approximate figure for net spending during this campaign, two indicators give a sense of the size of the sums disbursed. The first indicator is Information International estimate that the number of overseas citizens who were marshalled to vote came to 48,000 voters (**The Arab Information Center: 2009, 13-17**); the second was a claim made in one of Hassan Nasrallah’s public addresses, that a leading politician had told him he had spent 3 billion dollars contesting the elections.

To get an idea of the amounts spent by Lebanese parliamentarians we could compare it with their colleagues in the US Congress and Senate. *The Hill* magazine compiles an annual list using lawmakers’ financial disclosure statements, which records the wealth and income of US legislators and its year on year growth. The 2009 list shows that the top fifty lawmakers (from both Congress and the Senate and across both parties, with a slight preponderance of Democrats) had a combined wealth of 1.4 billion dollars: in other words, the combined wealth of the fifty richest legislators from the richest country on earth, was roughly equal to that of a single Lebanese MP, Saad Hariri, and somewhat less than that of another, Najib Mikati. We could go on.

The wealth of the top three US members of this list runs as follows: Senator John Kerry with 188,500,000 dollars, Darrell Issa (of Lebanese origins) with 160,100,000 dollars, and Jane Harman with 102,300,000 dollars (**Rachel Rose Hartman: "Richest lawmakers grew wealthier as economy faltered", *Yahoo*, 1/9/2010**).

Any study of political and economic power in Lebanon should make this comparison between the fifty richest lawmakers in the US and Lebanon, and try to obtain an answer to this question: While the fifty US lawmakers have a net wealth of 1.4 billion dollars, what is the combined wealth of the fifteen richest Lebanese lawmakers - Najib Mikati, Saad Hariri, Bahia Hariri, Mohammad Safadi, Nabih Berri, Robert Fadel, Walid Jumblatt, Michel Pharaon, Yassine Jaber, Nabil Bustani, Anwar Khalil, Nabil de Freige, Suleiman Frangieh, Michel Murr and Henri Helou?

5- Renewing the ruling class

The post-war period saw an expanded reproduction and modification of the political and economic balances of power within the ruling class. It comes as no surprise that socio-economic manifestations occasion concomitant transformations in the sectarian-political arena, and generate new political forces to give them expression.

It is no longer enough to state that economic representation is split or separate from the political arena. What we are seeing, contrary to explanations that interpret political developments in isolation, is the role of social dynamics in altering not just the weight of the social classes, their interrelationships and the balance of power between them, but also, and more importantly, the balance of political power and the emergence of political bodies to assimilate new social forces and categories created by the war and the diaspora, and which demand representation to express their interests in the political arena. This gives rise to adjustments in the sectarian balance of power and genuinely new political parties, even though their representation is still confined to segments of their sectarian base.

The renewal of the political and economic elite is accompanied by an intense concentration of political power in a manner, which only adds to the power of the troika. Following the Doha Agreement in 2008, which introduced the "blocking third" principle to ministerial representation, the link between parliamentary election results and government formation was effectively severed. No longer could a parliamentary majority form a government for the minority to move into opposition in preparation for new elections that might give them a mandate to govern. The "heavy sectarian consensus", as it was described by one Hizbollah leader, was imposed on political power, and effectively meant that the country was to be ruled by the president and a group of "leaders" - the majority of them originally warlord *zuama* - who could be counted on two hands: Nabih Berri and Hassan Nasrallah from the Shia, Michel Aoun and Samir Geagea from the Maronites, Saad Hariri for the Sunnis and Walid Jumblatt representing the Druze.

6- The financial privileges of Lebanese rulers

There is a tradition with Lebanese parliaments whereby any decision to raise wages and salaries or to increase the minimum wage is taken as an opportunity to increase the salaries and allowances of the country's rulers. In 1992 for instance, MPs voted to raise salaries by 120 per cent then granted themselves a backdated 420 per cent raise.

Politicians' monthly salaries are currently as follows: the president of the republic, 12.5 million LL (approximately 8,300 dollars); the speaker of the house, 11.825 million LL (7,830 dollars); the prime minister, 11.825 million LL (7,830 dollars); minister, 8.265 million LL (5,504 dollars); MP, 8.5 million LL (5,666 dollars).

In addition to these salaries, each MP receives a transport allowance of 15 million LL (100,000 dollars) a year, which comes out of the Ministry of Public Works' budget. Recently, these expenses have totalled 20 billion LL per year and it is an open secret that the allowance is primarily spent on election campaigns. In addition, each MP and his family (spouse, sons below the age of 25 and unmarried, widowed or divorced daughters) receive free health insurance from a private insurer, whose cost is covered by the National Assembly's budget. Every MP is entitled to purchase a vehicle every four years that is exempt from customs tax, to obtain four tickets (economy class) at a 55 to 75 per cent discount, and finally, to have two bodyguards supplied by State Security. In addition, most MPs do not pay electricity bills, municipality taxes or income tax.

It is worth pointing out that Lebanese MPs' salaries are the highest in the world when measured against the minimum wage: 38 times higher in 1999, 22 times higher in 2008, before declining to 16.4 times higher in 2012, though still the highest compared to a 15/1 ratio in Tunisia and Iraq (where there have been popular uprisings in protest at MPs salaries and politicians' privileges), 16/1 in Egypt and Bahrain, 13/1 in Jordan, 10/1 in the United States and France and 6/1 in Britain (***Le Commerce du Levant*, October 2013, 70**).

Former MPs continue to receive 55 per cent of their salary (4.4. million LL) if they served in one parliament, 65 per cent (5.2 million LL) for two electoral cycles, and 75 per cent (6 million LL) for three or more. These payments are also made to the widows or unmarried daughters of MPs, and continue for life.

The National Assembly's budget leapt from 1.58 billion LL in 1973 (99 MPs) to 39 billion LL in 1993 (126 MPs), reaching 57.7 billion LL in 2008, fifty times more than the 1973 budget and more than double the budget for the Ministry of Agriculture (**Information International's** study shows that MPs receive more than 11 million LL per month: parliament's budget and former MPs' pensions are more than the combined budgets of eight ministries**, *Al Safir*, June 25, 2009**). The treasury's annual expenditure on MPs is estimated at 5.16 million dollars in salaries, 1.9 million dollars in health insurance (for a total of 1,346 individuals), and 20 million dollars in salaries for former MPs: a total of 38.4 million dollars annually. As for vehicles exempted from customs duties, 87 out of 126 MPs purchased a vehicle during the extended parliamentary session, which ran from 2009 to 2013. One MP bought a vehicle for a record price of 800,000 dollars tax-exempt (***Le Commerce du Levant*, October 2013, 68**).

The situation becomes even more absurd when we consider the stark contrast between these huge salaries and privileges and the supposed legislative function of these MPs and their contribution to parliamentary life. Absenteeism from general sessions is at 10 per cent (that is, when certain blocs have not already decided to boycott the session and had it cancelled); absenteeism from parliamentary committees is over 50 per cent, and there are committees that have never once convened since being formed. A full quarter of MPs seem never to have set foot in the building that houses their private offices in Nejmeh Square. MP Sami Gemayel put forward a motion to fine MPs 200 dollars for every failure of attendance, a motion that continues to gather dust on the speaker's desk. Bahia Hariri took the radical step of returning the 350,000 dollars she had accumulated during her stint as MP from 2009-2013, as gift to "the Lebanese people", which she deposited in a presidential fund entitled *I Love You, Lebanon, 2012 Fund*. In Bahia's own words, she did this because she "had not done my job in parliament". In remains to be seen whether Ms. Hariri - whose personal fortune was estimated at 2.5 billion dollars by *Forbes* magazine in 2012 - will stand for parliament again having admitted her failure to do the job the first time.

7- Benefitting from public funds

What follows is a list of cases that are usually categorized as corruption, but which are actually more akin to the theft of public monies or what could be called reaping the benefits of political power.

Creating roads at the state's expense (i.e. at the citizens' expense) to improve the price of land owned by MPs and ministers is an age-old custom. Shukri Bakhash accuses Bechara El Khoury of ordering that the Beirut-Damascus highway pass through land in Tellet Yarzeh which had been bought by Pharaon and Chiha and which remains to this day some of the most valuable residential real estate (**Bakhash: 1953**). Contemporary instances of this manoeuvre include extending roads to connect up with tourist resorts, like Michel Murr's in Zaarour, or Nicolas Fattoush taking possession of large parts of Mount Saneen. On October 10, 2012 the cabinet unanimously agreed to accept a "gift" from Pierre Fattoush, Nicolas' brother, of engineering plans for laying down a road connecting the districts of Matn and Zahleh and surrounding areas as far as Karak, Bednayel, Niha and Ferzol. In exchange for this "gift" the state would build roads through land owned by the Fattoush family at a cost of millions of dollars, causing the value of real estate along the projected course of the road to skyrocket by what one journalist estimated as around one billion dollars (**Ghassan Saoud: *Al Akhbar*, 17/7/2013**). And what of the Baabdat-Nahr El Mawt Highway in Matn, which passes through land which was 70 per cent state-owned, but which was turned into private real estate belonging to the inner circle, family and advisors of a former Lebanese president and Syrian security officers?

Rents as byproducts of reconstruction

To prevent this study turning into a scandal sheet, we will confine ourselves to mentioning some of the major sectors in which state and public utilities are exploited for personal gain.

- The Ministry of Electricity, with estimated losses of 5 billion dollars over the last ten years. After the war, approximately 2 billion dollars were spent rebuilding and updating the electricity grid, no less than 500 million dollars of which is thought to have gone into the pockets of ministers, contractors and contractees. On August 14, 2003 Walid Jumblatt broke the silence, blaming the electricity crisis on senior advisor to the head of Electricite du Liban, Rudy Baroudi, and Ahd Baroudi, who was under contract to supply and maintain electricity generators (***Daily Star*, 16/8/2003**). In response, Ahd Baroudi stated that he had paid out millions of dollars in bribes and commissions to influential politicians in order to preserve his maintenance contract with EDL. But since Baroudi had acted as broker in an early 1990s deal where the state purchased generators for 750 million dollars, it is clear his involvement contravened regulations (***Al Diyar*, 17/8/2003**). There were rumours that Prosecutor-General Adnan Addoum would call in Rudy Baroudi and EDL vice-president Fadi Saroufim for questioning on charges of corruption, but it never happened. The same year, the government announced it was launching a campaign through law enforcement agencies to provide support to electricity bill collectors (55 per cent of bills are not collected and 80 per cent of bills in Bekaa and Dahiyeh go unpaid), though the security forces are yet to receive the go-ahead over a decade later.

- Casino du Liban, with estimated annual profits of 80 million dollars, most of which are deposited in a "black box" at the disposal of the President of the Republic, who distributes them for purposes of political patronage. Previously, the Syrian security agencies had taken possession of the lion's share of the box's returns.

- The "funds", such as the Council for the South (CFS) and the Fund for the Displaced (FFD), which swallowed up billions of dollars under the guise of resettling the displaced and rebuilding the South. The FFD, for instance spent approximately 1.6 billion dollars on displaced persons (i.e. on Solidere and the displaced of Mount Lebanon), which resulted in a paltry 17 per cent of Christians returning to Mount Lebanon, while the net compensation paid out by Rafic Hariri's government in 1991 was estimated at no more than 450 million dollars (**Talal Arslan: *Al Sahafa*, 1/10/2006**).

- To the above we can add scandals involving customs, sand quarries, bitumen deposits, stone quarries, breakers, government hospitals, and other areas subject to exploitation and parceling out by politicians.

While the race for control of the so-called "sovereign" ministries is linked to political balances of power between sectarian leaders and parties, the race for the "service" ministries has two aspects: both the small-scale patronage of dependents and large-scale exploitation for personal gain by the leaders themselves.

On Transparency International's corruption ranking, Lebanon slipped nineteen places between 2003 and 2004: more than Argentina managed to fall in fifteen years (**Louis Hobeika: *Al Nahar*, 30/4/2005**). Small wonder that many Lebanese MPs list no profession other than politics in the register: politics in Lebanon is a full time job and one that offers a bountiful return in the form of rents, profits and privileges.

Appropriating public property and collectives

An official report by the Ministry of Public Works and Transport and tabled before cabinet on November 26, 2012 (as part of a project dating back to 2006) revealed the existence of more 1,141 instances of infringement on coastal public property. In only 73 of these cases was the infringement "licensed" (meaning that permissions had been granted by the cabinet - in contravention of constitutional rulings and the law - which entitled some individuals and agencies the right to profit from public lands, to the exclusion of other citizens).

At the time of writing, these transgressors occupy some 4.9 million square meters of the Lebanese coastline, worth tens of billions of dollars and reap rents and profits worth hundreds of millions of dollars every year. The most prominent supporters of these individuals among the legislators were Rafic Hariri, Nabih Berri and Walid Jumblatt, while the greatest beneficiaries of these infringements have been presidents, ministers and MPS both past and present, as well as political parties, party leaders, local *zuama*, dependents commonly termed "investors" or "financiers", tourist resorts, industrial installations, fuel dumps, agricultural fields, public utilities and military installations, sports pitches, places of worship, chalets, palaces and private residences. To this we can add the absolute contempt shown for laws designed to preserve the integrity and sustainability of the coastline, as well as safeguarding citizens' rights to free and unfettered access to the coast, officially considered common property.

The ministry produced the report in an effort to find ways of funding the deficit in its 2013 budget (estimated at 5 billion LL) and to table these before cabinet, in addition to a proposal to increase all current and newly constructed buildings by one floor - a further infringement against public property and a further architectural disfigurement of Beirut and other urban areas, all for the sake of finding sources of funding for the project to change the aforementioned salary scale for employees of public administrations, the education sector, the military and the security services.

However the ministry's report made no mention of outrageous violations that had provoked a storm of protest, the most notorious being the permissions granted to Solidere to demolish an estimated 291,800 square metres of Beirut's waterfront from Mina El Hosn to the Port as well as the right to invest in a "tourist port" for no more than 2000 LL per square metre. Ownership of public property abutting the tourist port was transferred to the Beirut Waterfront Development Company, which built Zaitunah Bay in partnership with Solidere and a company owned by Tripoli MP and minister Mohammad Safadi. To this infringement we might add the almost 1 million square metre demolition of waterfront property in Dbayeh, where a company owned by businessman Joseph Khoury constructed a marina resort and various other installations, in addition to a residential project, in partnership with the Al Futtaim Group. Muhammad Zabib, who wrote a series of investigative reports into infringements on coastal properties, estimates the size of these transgressions (including on public property that is not on the waterfront, and therefore fell outside the remit of the ministry's report) at 7.5 million square metres of public land, to which we can add 1 million square metres of demolished waterfront on the Corniche in Tripoli, where MP Robert Fadel and a group of northern financiers are engaged in a project to upgrade real estate for sale and construction.

It is worth noting that the ministry's report was presented to cabinet to be discussed in session on December 10, 2012, with the aim of creating the financial resources necessary to cover the public sector salary increases. But the project was not discussed, nor were the rates of increase in the report taken note of, and no progress has been made to this day (**Mohammad Zabib: *Al Akhbar*, 5-14/12/2012**).

The appropriation of public property is not confined to the coast. Hariri's time in office saw the introduction of a new trick, whereby public property was transferred to ownership of the state, which then sold, gifted or rented it out at nominal rates to its dependents or individuals from the ruling class. Examples of this include Hariri granting minister Michel Pharaon tens of thousands of square metres of land belonging to the Office des Chemins de Fer et des Transports en Commun (OCFTC), for Pharaon to build sports facilities. Hariri informed Pharaon that the OCFTC owned some 180,000 square metres of land and that he would "try and get it put at the disposal of the state," a phrase that meant transferring from public to state ownership (***Al Akhbar*, 23/9/2013**). The fate of this particular piece of land remains unknown, but we do know that Hariri had given the Zantout family, owners of a land transport company, some 15,000 square metres of OCFTC land near the Courts of Justice compound for use as a bus depot. The annual rent for this land? One Lebanese Lira.

To these forms of appropriation and seizure of public property we must add a relatively new and widespread form of appropriation, this one private, of villages' commons and municipalities' property.

Money laundering and fraudulent bankruptcy: Bank Al Madina

It is impossible to overlook this facet of corruption in Lebanon. The role of its banking facilitators, and the individuals and political and security agencies that oversee it, is to provide cover for deals to launder and smuggle wealth, and to practice bankruptcy fraud. A nod to the Bank Al Madina scandal should suffice: in 2003 Bank Al Madina collapsed, with almost one billion dollars-worth of deposits vanishing into thin air. Bank Al Madina was notorious for laundering billions of dollars belonging to the Russian mafia, Saudi Arabian Islamist groups and Saddam Hussein's regime. Bank Al Madina, and its subsidiary, United Credit Bank, were owned by Lebanese-Saudi citizens Adnan and Ibrahim Abu Ayyash. Adnan's personal fortune of some 800 million dollars had been acquired in Saudi Arabia thanks to his relationship with Nasser Al Rashid, an influential advisor to King Fahd Bin Abdul Aziz. He acquired Bank Al Madina from its Saudi owners in 1984 and appointed his brother Ibrahim deputy general manager. From 1998 onwards rumours of money laundering at the bank began to grow, especially the dubious operations run by Rana Koleilat, the brothers' Lebanese representative who had the authority to sign in their names. Rana was responsible for the illegal side of their business and was paid millions in return, money she transferred to her brothers Taha and Bassel who complied a property portfolio that included, in Lebanon, the Sheraton Coral Beach Hotel in Beirut, a number of hotels in Mount Lebanon and a luxury car hire service with a fleet of 170 vehicles and seven yachts. The bank's most important operations were in the real estate sector and it also took in billions of dollars transferred by Saddam Hussein to senior Syrian officials following the surprise truce between the two regimes that preceded the US invasion of Iraq, sums that it proceeded to launder.

Rumours of impending bankruptcy and a number of depositors withdrawing their money led the central bank to intervene and freeze the accounts of the Abu Ayyash brothers, the three Koleilat siblings and seven other partners. The real scandal was that the governor of the central back then backtracked on his measures against the bank - taken on suspicion of bankruptcy fraud - and allowed major depositors to continue withdrawing their money, including politicians close to President Emile Lahoud and senior Syrian security officers like Ghazi Kanaan (himself charged with withdrawing 42 million dollars from his account at the bank) and Rustum Ghazaleh (who withdrew 12 million dollars using a bank-issued credit card). In the end, Ibrahim Abu Ayyash was released, while his brother refused to stand trial. Rana Koleilat was released from custody and escaped to Brazil. The scandal tainted the governor of the central bank, Interior Minister Elias Murr, Prosecutor-General Adnan Addoum, Rana Koleilat's lawyer Boutros Harb, Bank Al Madina board member and former MP Michel Helou and dozens more like them whose names and positions were successfully suppressed.

In order to cover up the scandal, the Lebanese authorities put pressure on journalists and media figures calling for transparency and demanding that the courts try those accused of stealing one billion dollars of depositors' money. In July of that year, Amer Mashmoushi, a journalist for *Al Diyar*, was taken to court for objecting to the way in which the government was dealing with the scandal. Military intelligence detained the owner and chairman of Al Jadeed TV, Tahseen Khayat, who was in possession of documents implicating Rustum Ghazali. Khayat handed over the documents and was released twenty-six hours later (**Gary C. Gambil and Ziad K. Abdelnour: MEIB, Vol. 6, No. 1, January 2006**).

Nor did the official suppression of the scandal stop there. For as the role played by MPs in property deals and exchanges grew a custom (we are unsure whether this ever rose to the level of a law or decree) arose of protecting the real estate assets of political leaders. While any citizen was entitled to demand the listed real estate holdings of any other citizen, the real estate licensing department has lately started to withhold information on approximately four thousand individuals categorized as "political personalities" (**Ghassan Saoud: *Al Akhbar*, 17/7/2013**).

The United Nations Commission on Crime Prevention and Criminal Justice concluded that the Lebanese state loses approximately 1.5 billion dollars every year through corruption (**MEIBC, February 2001**). But this is not "loss": it is a very few individuals running rampant in the political or economic arenas, or both, who are appropriating public funds: in other words, siphoning off the social surplus.

It is telling that in reports written by anti-corruption NGOs, corruption is attributed to sectarianism. Even stranger to find the Minister of State for Administrative Reform Fouad El Saad declaring that the people should be blamed for corruption and not the government (**MEIBC, February 2001**).

Controlling the media

Establishing control over the visual media is one of the most important objectives of the partnership between money and political power. Investment in television stations transcends economic considerations, aiming to establish control over public opinion and public space. Suleiman Frangieh, Nabil Bustani, Michel Pharaon, Raymond Audi, Fattal Holding, Maurice Sehnaoui, Pierre Pharaon and Issam Fares are all shareholders in LBC Television (LBCI) alongside Pierre El Daher (**Nabaa: 1999, 74-78**). Over at Future TV we find Rafic Hariri, his wife, his sister Bahia Hariri, MP Khaled Saab, Issam Fares' three sons, the brother of MP and minister Farid Makari and Hariri's media advisor Nohad Machnouk, Hariri's lawyer Youssef Takla, his partner Farid Roufael, and Makarem Makarem, brother of Farid Makarem, one of Hariri's senior civil servants. Michel Murr's brother and political rival Gabriel, and Gabriel's four children, own 47 per cent of MTV's shares with the remainder divided between Youssef Tohme, the Sehnaoui family, former foreign minister Fares Boueiz, Elie Hobeika and Ghazi Aridi (**Nabaa: 1999, 76-77**). At NBN Television, the wife of Parliamentary Speaker Nabih Berri and his sister Amina, own a large share of stock in partnership with the siblings and sons of Druze spiritual leader Sheikh Bahjat Ghaith (who with his brothers operates one of the biggest contracting firms in Kuwait and the United Arab Emirates), minister Yassine Jaber and his brother Rabah, and Nehme Tohme. To the names of these television company shareholders we can add the following: the Abou Fadel family, the Mikati family, Jamil Ibrahim and Georges Frem. Though the precise shares and stocks held by these names may vary, they have all passed through these companies, usually at the outset of their existence. When the composition of these boards were declared, Walid Jumblatt was moved to describe them as, "An octopus of money and power" (***Al Safir*, 17/9/1996**).

8- Opaque transparency laws

At this point we need to pause to examine a number of current laws supposedly designed to encourage transparency and accountability and to prevent corruption. To what extent have these laws been implemented?

- The Bank Secrecy Law: Still the most significant of the laws that cover up illegal operations, money laundering and tax avoidance.

- The Slander and Libel Law (Article 387 of the Publications Law): Media figures and citizens who dare speak out against financial infractions or corruption in public life are subject to ever greater threats and pressure. Fortunately a number of judges have recently begun to recognize that the reporting of such crimes is a right of citizenship, and have begun to apply Article 387 in a flexible manner that balances the media's right to expose corruption against "consideration of people's dignity" and "the proper respect due to public institutions" (**Nizar Saghieh: *Al Akhbar*, 9/4/2010**).

- The Illegal Enrichment Law: Known as the "Where did you get that?" Law, after the name of a draft law which the general public and Lebanese reformists had been calling for since the late 1940s, when opposition to Bechara El Khoury's rule first emerged. The law was finally passed in 1999 and obliges all ministers, MPs and government employees to hand over a sealed envelope containing a full account of their wealth, income, assets, companies and accounts, which is then kept at the Central Bank. It is not clear whether the law also applied to the troika, but whatever the case, anyone who wishes to accuse one of these three of unjust enrichment must deposit 25 million LL (16,000 dollars) with the Central Bank before the allegation can be looked into.

It is not certain whether all officials are bound by the law, nor whether the law requires a disclosure of wealth when an individual leaves office, which would allow an estimation of whether or not self-enrichment from public funds has taken place, i.e.: what is the difference between what the official disclosed before entering public office, and afterwards. More importantly, perhaps, is the fact that from the time the law was passed up until today, not one public official has faced charges.

- Conflict of Interests: One of the criteria for assessing transparency and corruption in public life, but scarcely noticed in Lebanon over the sheer quantity of corruption itself. There are many other examples that can be added to those of businessmen and politicians personally expropriating coastal property, aside from their role in providing legal cover for their activities: the estate of a former prime minister which owns the Middle East's biggest real estate company in central Beirut; a former prime minister who owns a majority stake in LibanPost; a former prime minister and current finance minister (2011-2013) in partnership over a tourist complex on the Beirut waterfront. If your grandfather was the political agent of a pharmaceutical and medical instruments import firm, then when the time comes to choose a ministry for yourself, choose Health! When a former journalist turned businessman becomes Minister of Health then it is only natural that he set up for his son a company importing medical supplies. When the same former journalist becomes Minister of the Displaced, that son becomes a contractor; when he moves to the Ministry of Communications, his son starts importing IT devices. In many instances there is no attempt to conceal what is happening: when Elias Murr became Interior Minister, he ensured that his ministry rented out a building where his father Michel lived, had his offices and owned, at an annual rent of 6 billion LL (4 million dollars) (***Al Akhbar*, 17/7/2013**).

9- From clientelism to mafiocracy

We have seen how a post-war economic concentration was matched by a concentration in political power. The three members of the troika, plus four other leading figures, make up the 'seven big men' who rule the country: The president, the speaker (who shares leadership of the Shia sect with Sayyid Hassan Nasrallah), Saad Hariri, Michel Aoun, Samir Geagea, and Walid Jumblatt.

What is obvious is the soaring post-war rise in the cost of "creating" an MP (or minister) and the cost of financial inducements offered to supporters and dependents. This forced the system of clientelism to transition from the provision of services to individuals and families to the provision of mass services, something evidenced by the huge increase in the sums of political money invested in clientelism. Particular responsibility for this lies with Rafic Hariri and Hizbollah. As for Hariri it is enough to mention the 30,000 overseas university education grants he paid out. Hizbollah meanwhile dwarfed the efforts of all other sectarian and confessional institutions with the scale of social grants it disbursed within the Shia community. The number of officially employed and semi-employed members of Hizbollah's administration is estimated at 35,000 individuals (it is not clear whether this number includes those in the military and security services), all of whom work in a variety of sectarian institutions including care providers for martyrs' families and so-called Construction Jihad network (utilizing 1,500 engineers and architects) all the way through to an ever-expanding network of schools, hospitals, clinics, municipal workers, etc.

In conclusion we wish to advance a working theory, and consider whether, in light of this concentration of leadership and power, the system of clientelism began to change during and after war into a mafia-like system in which the role of strength and violence (and the balances of power resulting from their deployment) in the production of economic interests and the acquisition of rents now dominate the traditional exchange of, on the one hand, services resulting from political influence, and on the other, of political loyalty.

In *The Mafioso: From Man of Honour to Entrepreneur*, Pino Arlacchi gives three attributes of the classic Mafioso: a working class background; elevation to the middle classes or higher; control over a clearly delineated geographical area (i.e. rent collection as a livelihood) (**Arlacchi: 1979, 58**). According to the author, societies that are characterized by the mafia phenomenon have three socio-economic traits: a decisive role for the market; vicious horizontal conflicts between individuals and groups; a weakness, or absence, of the principle of centralized control of socio-economic relationships and a weakness/absence of state control over the use of violence. The mafia leader plays the role of intermediary in these conflicts, which stem from rivalries, movements, upsets and reorderings in the marketplace. These three traits apply to Lebanon, with the addition of a fourth: vertical conflicts (sectarian/confessional/regional).

Competitive societies always favour the strongest party, and the Mafioso functions as a recourse for those who wish to subvert this law. This is the role played by the sects and confessions in allotting public sector positions and, increasingly, private sector posts. Arlacchi's point here is that the constant upheavals and changes in the chaotic social hierarchy, and in the ways in which this hierarchy is used, prevent the establishment of a stable system of social classes and likewise prevent the growth of permanent, mutually supportive relationships between any given group or class or category. He calls this "a society in a state of permanent transition", with its oscillation between the rapid accumulation of wealth and its equally rapid loss, and the alternation of groups between positions of wealth and bankruptcy, generating an acute sensitivity to social hierarchy and an exceptional interest in the acquisition of social honour/prestige (**Arlacchi: 1979, 60-61**). We would like to point out that this description also fits that of Lebanese society.

Indeed, Arlacchi seems to be talking about the Lebanese system when he says that the mafia system is characterized by the endorsement of 'honour' and artificial kinship (a constructed kinship, not blood kinship) to access new opportunities in the competition/struggle in both the economic sphere and civil society. Traditional values and structures are utilized in such a way that ties of friendship and kinship serve commercial and competitive goals. This process of "politicizing dynasticism" is perhaps more succinctly expressed as "sponsorship". Arlacchi continues as follows:

"Mafia power arises in a situation of anarchic competition for honour and represents an excellent instrument of social promotion in a commercial capitalist society where risky, fraudulent and unscrupulous practices are indispensable for success." Mafia power is the dominant competitive force: "In its shrewdly reformist dimension, mafia power also mediates between market forces and society, thus protecting the latter from the potential destruction inherent in the ambition of the market to impose itself as the supreme regulator of all [human] relations." (**Arlacchi: 1979, 65**).

In Lebanon we might add sects and confessions (vertical divisions) to the list of conflicts into which the Mafia leader insert himself as intermediary, especially if we take into consideration that the weakness of the state and its monopoly over the means of violence is doubled in Lebanon as a result of the war and post-war periods. Indeed we might state that to the collection of rents via control over various economic fields should be added the willingness of the various groups (distributed among positions of influence and self-enrichment in the state) to resort to violence in order to generate new economic interests.

Is the neo-patrimonial state an alternative?

Recently, development organizations have started to replace clientelism with a new term: neo-patrimonialism.

The first thing that needs to be said about this term is that it is more commonly associated with the Gulf oil states, and even there is confined to one aspect of their economies, political authorities and social life. The neo-patrimonial state is defined as a rentier capitalist state in which politics controls economic effectiveness. One of the most notable manifestations of this political control is that neo-patrimonial systems are a blend of free-market capitalist economics and inherited or bequeathed social and political privilege. Yet despite the insistence on the term "capitalist" in studies of neo-patrimonialism, these studies fail to examine the most obvious manifestation of capitalism, which is the social division into classes. Indeed, the allotment of social and political privilege, which are referred to as "inherited" or "bequeathed" (particularly in dynastic and tribal hierarchies), can seem like an alternative to class divisions, just as with the sects (**Nehmeh: 2011**).

The odd thing about rentier neo-patrimonialism is that it continues to treat the economies of oil and gas producing Arab states as the oil and gas extractors they once were and the primitive accumulation that results from the domination of one form of capital, namely rentier capital (and the conflicts over the distribution of its returns). It is as though these rents are not, and never were, invested in industry, commerce, real estate and financial speculation, consumption and investment overseas - thus producing surplus value, profits, interest and rents on real estate, and more rents from non-oil and gas; the result being .conflicting economic interests, social privileges and divisions that coalesce into class formations and stratifications. The state and political authorities assume the task of guaranteeing the reproduction of these class formations or amending them based on the nature of class power and the overall balance of power between social forces competing, not only for rents, but for the social surplus as a whole. These conflicts take place on two interrelated levels: between the forces of the capitalist market (i.e. class forces), and "capitalized" dynastic/tribal, social and political forces.

In conclusion, the neo-patrimonialist theory, like the clientelist one before it, is content to explain political processes with purely political tools and concepts. It makes the move from the political to the politico-economic, but like many other theories of political economy, stops there, unwilling to make the transition to social economy.

Chapter 7

Conclusions

As well as being conclusions in their own right, what follows seeks to serve as signposts for future research.

In the section dealing with methodology, we have attempted to provide a definition of class that moves beyond current arguments, which confine the term to relationships of production, or the marketplace, or income. Instead we have proposed an all-inclusive set of criteria, which take as their premise a dynamic and dialectic relational vision of social classes, as opposed to a pyramidal and hierarchical one. With globalization and neoliberalism occasioning a radical reexamination of the standards for assessing social divisions, we subjected these standards to scrutiny and showed that they were in fact measurements of income through expenditure, without the sources of the income (i.e. wages, profits, rent) being taken into account, and further, that studies of social divisions rarely took ownership, wealth, proximity to economic policy-making, or the exploitation of one social group's labour by another into account.

To this end, the prevalent methodology examines poverty, not wealth, and corruption rather than exploitation, adopting a concept of corruption that focuses on administrative corruption in order to advocate streamlined administration, the deployment of "light" budgets and the state's abdication of its role providing for basic needs and supporting development and social distribution. Next, we mount a critique of the inversion in the concept of social justice, which has transformed the term into an endorsement of gender, ethnic, sexual, religious, community and ethnic differences and divisions. Nor is this process of inversion limited to replacing the concept of justice; rather it uses one concept to efface another. We have argued that it is possible to construct a new concept of social justice that embraces both forms of division without this requiring the principle of equality to be abandoned; indeed, that the principle of equality can be universalized in the framework of citizens' rights.

As for the complex relationship between class and sect, we have proposed a new approach that sidesteps politicized and ideological explanations of the sectarian issue, in which sectarianism is criticized as a "false consciousness" or a "semi-feudal superstructure" imposed on a modern, capitalist base, or which transforms the sects into "relationships of political dependency" in which the working classes each follow their own sectarian bourgeoisie. This last explanation suffers from the same flaw as many other politicized approaches to sectarianism, whereby political events, practices and behaviours find their explanation in… politics! We have proposed recognizing the role played by "interests" in sectarian behaviour and loyalty, and, though we concur with Nasr and Dubar that sect and class are both social structures (adding that both are parts of the same system of control and exploitation), we have emphasized that the relationship between them is not one of separate but parallel entities, but rather a complex network of interaction and disengagement, mutual influence and competition, on the grounds that both are frameworks for engaging in the battle for domination and the acquisition of the social surplus.

In the course of our research into the impact of the economic and social changes occasioned by the reconstruction project, it was clear that the project, far from reducing social divisions, had rather deepened them, and that the Lebanese economy had become increasingly rentier in nature: its foreign sources of income had swelled, capital had become increasingly concentrated and there was a growing dynasticism within its economic institutions.

Turning to classes, we discovered the extreme scarcity of data and statistics on sources of income, property and wealth in general. We unearthed the first ever figures for the number of millionaires in Lebanon and their share of wealth, figures that confirmed the hypothesis that the reconstruction project widened social divisions while reducing the size of the social group controlling the economy and taking possession of the lion's share of wealth and national income. They showed, for instance, that two families of six adults owned 15 per cent of private wealth in Lebanon. This discovery opens the doors for more in-depth research into the composition, income and wealth of the oligarchy. However the idea, or rather the hypothesis, that we wish to present here concerns the role played by the Lebanese Economic Organization, which brings together traders, bankers, industrialists and contractors, to unify and mobilize the bourgeoisie, in what has come to resemble political warfare.

We have used the concept of differentiation to categorize the active strata within the middle classes, their practices and their political behaviour. There seems to us to be a pressing need to study the different forms in which this social differentiation expresses itself in the market, e.g.: the rampant consumerism of postwar Lebanese society. As for political and behavioural differentiation, we have found that the biggest influence on post-war transformations was the distribution of large numbers of the middle classes between two main tendencies, the first liberal, active in civil society and non-governmental organizations, and the second populist, far more subservient to party political frameworks dominated by charismatic figureheads and monolithic sectarian identities, despite the plurality and diversity of class, social and professional affiliations within each sect.

In the chapter on the working classes, we have noted the contraction of wage labour in agriculture and industry, increasing job instability, and the growth of new forms of informal labour, such as domestic labour and the return of contracted labour. We scrutinized the growth of domestic labour and the prevalence of contracts that impose a slave-master relationship in the absence of legal or institutional recognition of these forms of labour. We did not hesitate to clarify that the greatest problem with immigrant labour is that it forces wages downwards.

The imposition of neoliberal measures on the Lebanese economy was accompanied by a dedicated effort on the part of different factions within the ruling class to divide and dominate the GLC. These efforts met with undeniable success, with the GLC's leadership becoming ancillaries of power-brokers in the political leadership and the oligarchy. However, resistance against these attempts and against declining living standards and the loss of previous gains and securities, found expression in the social movements of 2011 to 2013. These movements operated outside the official framework of the GLC, which itself took a negative stance towards them. The ruling class closed ranks against the movements and the LEO brought its hostility into the open, assuming the role of intractable negotiator in place of the politicians.

The final chapter reviewed the evolving post-war relationship between political and economic power, and noted the increasing congruity of the two as well as the shift in the focus of bourgeois interests from the presidency (which had taken this role since independence) to the offices of prime minister and parliamentary speaker. It was also evident that the social composition of parliament had undergone a change in the post-Taif era, and was now dominated by businessmen and the liberal professions at the expense of the former majority of landowning *zuama*. Recently, a relatively new generation of party functionaries has emerged, professional politicians brought into parliament by the parties, most of whom have backgrounds in the education sector. We ended the chapter by asking whether there was still any point in describing the Lebanese system as clientelist, given the social developments within its power structures, especially those changes linked to the role of political power and armed violence in generating new economic interests. We also wondered if "neo-patrimonialism", derived from the experiences of oil-producing states, might be a viable alternative for categorizing the system in a country which has passed through a fifteen year civil war and saw the spread of militia violence as a means to collect rent, subsequently converted into capital and recycled through the "formal" economy. Based on these and other considerations we then asked if Lebanon might not be closer to a mafiocracy than any other system of governance, leaning heavily on Pino Arlacchi's theoretical and sociological efforts to produce a concept of the Mafia that transcends journalistic clichés.

Appendix 1

Sects And Their Political Representation

1932 Census

Maronites	227,378
Orthodox	76,500
Roman Catholic	46,000
Other Christians	53,500
Total Christians	402,000 (51 per cent)
Sunni	176,000
Shia	154,000
Druze	53,000
Total Muslims	383,000 (49 per cent)
TOTAL	780,000

2005 estimate by INED (Institut National des Etudes Demographiques – Paris)

TOTAL	4,855,067
Total Christians	34 per cent
Shia	31.5 per cent
Sunni	29 per cent
Druze	5.5 per cent
Total Muslims	66 per cent

Distribution of parliamentary seats by sect

64 Muslims: 27 Shia (including the Speaker of Parliament), 27 Sunni, 8 Druze, 2 Alawites
64 Christians: 34 Maronites, 14 Orthodox, 8 Catholic, 6 Armenians, 1 Protestant, 1 Other
The distribution of cabinet positions by sect (from at total of 30): 6 Maronites, 4 Orthodox, 3 Catholic, 2 Armenians, 6 Shia, 6 Sunni (including the Prime Minister), 3 Druze, 1 Other (Minorities) (**Farid Khazen and Paul Salem, The first elections in Lebanon after the war: Numbers, incidents, and indications, Beirut: Dar Al Nahar, 1993**)

Appendix 2

Holding Companies

There are currently several thousand registered holding companies in Lebanon. Below are short summaries of the most important seventy five: [1]

1- Pharaon Holding

Founded in 1868 as R. Pharaon et Fils.

Current chairman of the board is Michel Pharaon, who also owns runs companies selling banking, insurance, domestic electrical appliances, agricultural machinery, industrial products, pharmaceuticals and medical equipment.

Pharaon Holding is invested in the following companies:

- Banque Pharaon et Chiha.

- Pharaon Homeline (founded 1940), which dominates all aspects of the domestic appliance market: refrigerators, washing machines, dishwashers, televisions, AC units, and so on. Among the major brands it carries: Frigidaire, Magic Chef, Thomson, Gaggeman, Fabir, Brandt, Sampo. It also carries units by ready-made kitchen unit companies, which Pharaon Holding claims control the lion's share of the market.

- Agripest (founded 1985), for fertilizers, agricultural machinery and pesticides. It's share of the Lebanese agricultural market is 10 to 12 per cent, while in the Emirates it owns Middle East Agripest and Polyclean.

- Pharaon Broadcast (founded 1996), for televisual equipment, licensed agent of Thomson Grass Valley, for televisions, production, mobile devices, security cameras, etc.

- Homeline Contracting (founded 1997) for contracting and construction.

- Three companies importing pharmaceuticals and medical equipment and instruments.

- A warehousing company (founded 1995).

- Tabrigas Middle East, for importing, distributing and bottling coolant gases.

- A cargo ship company (still being set up)

- Home Appliances and Audio Video

2- Societe Fattal Holding

It is invested in the following companies:

- Romance, specializing in imported cosmetics, perfumes, linen, luxury watches and skin care implements.

- Cigarettes and smoking paraphernalia.

- Tupperware, plastic containers for the kitchen.

- Food and drinks division, with around thirty-five products, including: Fakra arak, Chateau Kefraya wines, imported foodstuffs, mineral water and chocolate.

- KFF Health, the biggest importer of pharmaceutical products for the last twenty-five years.

- Importation and distribution of children's foodstuffs, pharmaceuticals, films, batteries, garden tools, pesticides, razors and electrical devices.

- Licensed agent for Vega Electronics

- Magnet for consumer goods, including: stationary, photography, electronics, shoes, kitchen implements, domestic appliances, lighting, batteries, pens, etc.

- Licensed agent for Sony

- Alliance Telecommunications

- Licensed agent for mobile phone brands: Naharnet, Cellis, Sagem and Sony Ericson.

- Midexport, specializing in cigarettes and smoking paraphernalia, including Gaulois and Gitanes brands from France, and Davidoff cigars and cigarettes.

- Assurex Insurance (founded 1978), whose chairman is Edward Fattal.

3- Kettaneh Group (Francois and Charles Kettaneh)

Founded in 1922 and began life providing transport between Beirut, Damascus, Baghdad and Tehran. The group has branches in Egypt, Iraq, Palestine and Jordan and is a licensed agent for foreign companies that provide cigarettes, pharmaceuticals, medical equipment, electrical and electronic devices, motor vehicles, tourism and communications. Forbes ranked it 47th in the list of the top 100 most influential companies in the Middle East, and the third most influential Arab company (**Forbes, 1/7/2013**).

It is a partner of Pharaon Holding in a number of ventures and is the sole instance, from our research, of oligarch families working in partnership.

Its trademark licenses and product lines include the following:

- Cigarettes: Marlboro, Merit, Chesterfield, Philip Morris

- Cars: Volkswagen, Audi, Skoda

- Communications: Siemens, Alcatel

- Energy: Siemens

- Industrial machinery: Buhler

- Pharmaceuticals: Evenflo, Schering-Plough

- Medical equipment: Steris, Radiometer Copenhagen

- Electrical tools and machinery: RCA, Vetrella, Black and Decker, Ariston, G&E, General Electric

4- Chammas Holding

Created in 1910 by Georges Chammas as an oil distribution company, entitled Etablissements Georges N. Chammas. His son Nicolas Georges Chammas is chairman of the Phoenician Oil Company. The group contains the Chammas Trading, Contracting and Transport Company, ELF-MED, Distribution, Interdist and RT21-France. Nicolas Chammas is vice-chairman of Chammas Real Estate, MEDCO, Hiperdist and Unidist Holding, all companies that are chaired by his brother Raymond Georges Chammas alongside Caretek and Computer Info Systems. In return, Raymond is vice-chairman of companies that Nicolas chairs.

5- Sehnaoui Group

Founded in Lebanon in 1969 by Metri and Antoun Sehnaoui. It specialized in raw materials, then diversified: it co-founded Air Liban (Middle East Airlines) and the Belgian Lebanese Bank and was a prominent shareholder in the Societe des Ciments Libanaise in Chekka. During the war it diversified further, most notably providing support to its banking division and the Societe Generale Group. It is a shareholder in fifteen companies covering nearly all sectors of the economy in Lebanon and the Middle East. The holding company incorporates firms in tourism, real estate, the media, hotels, etc. In the banking and finance sectors it has shares in Societe General de Banque au Liban (SGBL) and French company Fidus Wealth Management.

Chairman of the group is Antoun Sehanaoui who is also vice-chairman of SGBL in Jordan.

It is invested in the following companies:

- News Media, which publishes the English-language economics magazine, *Executive*.

- Sehnaoui et Fils, which continues to trade in raw materials and uses cargo vessels to offload good in the Port of Beirut.

6- Fadel Family (Maurice and his son, Robert)

The Fadel family own 80 per cent of ABC, a major superstore group founded by Maurice Fadel in 1936. Maurice was also the Orthodox MP for Tripoli in a number of parliaments, and he bequeathed both business and parliamentary seat to his son Robert.

7- Azhari Family (Nuaman Azhari and sons: AZA Holding)

Nuaman is chairman of BLOM (founded 1951), which was managed by his son, Samer from 1997 and 2001. Samer also manager the Bank of Syria and Overseas, formerly the Banque Banorabe, which was in partnership with BLOM in Paris.

Samer is also chairman of BLOM-connected Arope Insurance, with its largest shareholders being the Azhari family (13.2 per cent), the Bank of New York (34.37 per cent) and the Shaker family (10.39 per cent).

Shares in BLOM are distributed as follows:

AZA Holding (owned by the Azhari family) owns the largest stake, with 9.3 per cent of shares. United Shareholders, controlled by the Azhari family, owns 1.8 per cent of the shares. Shares in the Azhari family's names total 2.9 per cent of BLOM's shares. Saudi-Lebanese Ghassan Shaker, son of one the bank's founders, owns 5.3 per cent of BLOM's shares through Shaker Holding and his wife, Nada Oweini (daughter of former prime minister and BLOM founder Hussein Oweini) owns 5 per cent. The Jaroudi family (Hussein Oweini's wife, Chafica Jaroudi and board member Marwan Jaroudi) own 3.5 per cent, in addition to the Bank of New York (34.3 per cent), Banorabe Holding, also controlled by the Azhari family, with 13.5 per cent, and others.

BLOM Bank also owns over 50 per cent of shares in the following companies:

- Arope Insurance: 88.93 per cent of its shares are owned by BLOM and 1.18 per cent by BLOM shareholders.

- BLOM Development Bank:

Its board comprises the following individuals: Omar Azhari (chairman); Saad Azhari; Nicolas Saade; Habib Rahal (BLOM representative); Fadi Osseiran (BLOMINVEST representative); Joseph Kharrat; Marwan Jaroudi.

- BLOMINVEST Bank: 99 per cent of its shares owned by BLOM. Chairman is Saad Azhari, and board members include Joseph Kharrat, Marwan Jaroudi, Samer Azhari, Habib Rahal, Nicolas Saade.

8- Abou Adal Group

A group of companies founded by Georges Abou Adal in 1947. The holding company was founded in 1992 and currently has 590 employees working in twenty companies in Lebanon, Syria and Jordan. The group deals with a basket of products, including the trademark license for Colgate-Palmolive in the Eastern Arab World, pharmaceuticals, cosmetics and perfumes, and various licenses. The group represents fifteen pharmaceutical companies and holds licenses for international brand luxury accessories and clothing

9- WIDRISS Holding Lebanon and WIDRISS International Holding

These groups import, manufacture, package and distribute foodstuffs, and are involved with contracting and construction.

The holding company invests in 23 companies, eight of them international (UK, Denmark and Greece) and fifteen local. Tripak Food Industries specializes in packaging and preserving foodstuffs.

10- Zakhem International

A group of international companies working in contracting, engineering and investment. The group was founded in 1963 and is active in the Middle East and Africa, with offices in Beirut, London, Houston and Nairobi. It specializes in engineering, construction gas pipelines, fuel storage, pump stations, concentrator stations, refineries and factories. Over time it expanded and diversified it activities and services to include water delivery systems, irrigation, water drainage, water pipe extensions, and the construction of roads, highways, buildings, residential complexes, hospitals, docks, hotels and luxury resorts.

11- Obegi Group

Diverse range of activities in industry, trademark licenses, distribution of basic chemicals, agricultural drugs, carpets, furniture, consumer goods, and Middle Eastern and European foodstuffs.

12- Debbane Group

Pharmaceuticals, raw materials, agricultural machinery, communications, agricultural engineering, contracting and construction, communications services.

13- Saradar Holding

Owned by three generations of the Saradar family, Marius, Joe and Mario Saradar, the group comprises three separate subgroups:

- Holding Mario Saradar, with Mario Saradar as chairman, owns 50 per cent of shares in Holding Joe Saradar.

- Holding Joe Saradar, owns 53 per cent of shares in Marius Saradar Holding.

- Marius Saradar Holding, which holds the group's investments.

The group also comprises Banque Marius Saradar (founded 1948), which merged with Bank Audi. It runs real estate projects in Achrafieh and the Gemmayzeh Village, Fonciere Saifi and 415 Saifi real estate companies, as well as shares in the Solicar cardboard factory and the Blueway travel agency.

14- Audi Holding

Comprising Bank Audi (founded 1962) under chairman Raymond Audi. Bank Audi acquired the Islamic banking branches of Cairo Far East Bank, before merging with Banque Saradar.

Shares in Bank Audi are distributed as follows: Audi family (7.02 per cent), Saradar family (6.74 per cent), Kuwaiti and Emirati shareholders including the Kuwaiti Homaizi family (6.12 per cent), Sabbah family (4.84 per cent) and Sheikh Dhiyab Bin Zayed Aal Nahyan from Abu Dhabi (5.11 per cent), and Deutsche Bank (28.29 per cent).

15- Haddad Group International (HGI Corporation)

A number of companies in Lebanon and Liberia.

16- SAYFCO Holding

SAYFCO Holding was founded by former MP Ara Yerevanian as the Ara Yerevanian Foundation, and in 2004 his successors Chahe and Serge Yerevanian turned it into the holding company it is today. It specializes in offering mid-priced housing mainly in the Matn district.

17- Murr Group

Started by Michel Murr during his time working in Africa and run by his son Elias Murr since 1993. The group consists of 25 companies and institutions active in construction, contracting, renovation, real estate, distribution, engineering, design and security. It owns two real estate companies (Societe Immobiliere de Development and Grands Travaux Intercontinents, which was founded in 1957). It also runs the Halat Sur Mer beach resort.

18- Joseph Torbey Holding

Torbey is the chairman of the Credit Libanais Group, president of the Association of Banks in Lebanon (ABL) and former president of the Maronite League (2007).

19- Kassar Holding (Adel and Adnan)

Adnan Kassar is chairman of Fransabank and his brother, Adel is vice-chairman. The bank is the most ubiquitous in Lebanon with a network of 107 branches, and operates in nine different countries. It is the oldest bank in the country, originally established in Beirut as a full branch of Credit Foncier d'Algerie et de Tunisie, before coming under joint French-Lebanese ownership in 1923. In 1980 the Kassar brothers bought it from the major shareholders of the time, the Sabbagh family. Fransabank, which has French and Kuwaiti capital holdings, has been a major shareholder in BBAC (67.37 per cent) since 2005. Its profits were estimated at 147 million dollars in 2010 and it holds deposits of approximately 10 billion dollars.

Adnan Kassar began his economic activity operation a trade company with his brother Adel, and was one of the first Lebanese businessmen to open trade links with China, followed by France, Hungary, Cuba and Hong Kong. He is the licensed agent of TAP Air Portugal, Cubana de Aviacion, Tunisair and Malev Hungarian Airlines.

Adnan studied law at St. Joseph University. In 1972 he became president of the Beirut Chamber of Commerce and Industry, a position he still holds some forty years later. He helped establish the Federation of Chambers of Commerce, Industry and Agriculture in Lebanon, and has been president of the General Union of Chambers of Commerce, Industry and Agriculture for Arab Countries. He can be fairly described as the patriarch of Lebanese businessmen: the leader of their tribe. He has been Minister of Economy and Trade (2003 to 2004) and Minister of State (2009 to 2011) He played a prominent role in the negotiations with General Michel Aoun during the recent dispute between the economic bodies and Charbel Nahas over the social wage.

20- Francois Bassil Holding

Founder and first chairman of Byblos Bank, Francois Bassil came to banking from silk and tanning. His son Semaan Francois Bassil is current chairman of the bank.

21- INDEVCO Group (Frem Family)

The Frem family (Georges, Antoine, Chafic and Nehmeh) own one of the largest industrial groups in Lebanon. INDEVCO owns no less than 38 companies, producing paper, plastics, drinks, paper tissues, aluminium foil, rubbish bags, etc, and active in construction, and the production of pharmaceutical materials, health and medical supplies, and cosmetics. Their operations cover the entire Middle East region. SANITA is Lebanon's top ranked company in the field of sanitary and medical products.

Georges Frem held a ministerial post but resigned due to differences over government policy. In 2006 he passed away and was succeeded by his brothers Chafic and Nehmeh. Nehmeh is president of the Lebanese Industrialist Association.

Antoine Frem, is chairman of another INDEVCO company, Interstate Resources.

22- Dalloul Family (Nizar and Ali)

Nizar and Ali Dalloul are sons former MP and minister Mohsen Dalloul. Nizar established International Technologies Integration (ITI), followed by Libancell and the Comium Group, which last is one of the largest communications companies in Liberia, with a presence throughout Africa. His brother Ali is chairman of the Vego Group (founded 1995), which is a majority shareholder in Libancell, the company that dominated the mobile phone market between 1994 and 2002. Libancell's and Cellis's combined profits for 1998 (i.e. the mobile phone sector in Lebanon) were estimated at 440 million dollars. The group is a licensed agent for Ericson and Motorola. Ali is also vice-chairman of Comium, which is headed by his brother.

23- Tajeddine Family (Ali Hussein Tajeddine and Qasem Hussein Tajeddine)

Ali is a former military commander in Hizbollah and one of the most prominent administrators in Construction Jihad. He has worked in Gambia, Congo, Angola, in international trade and real estate. His company Tajco is accussed of purchasing real estate on behalf of Hizbollah.

24- Chagoury Group (Gilbert and Ronald Chagoury)

Established in Nigeria and benin in 1971 and comprising more than twenty companies working in construction and real estate, tourism and hotels, communications, industry and advanced technology. The Chagoury Group is one of the biggest groups currently active in Africa, and Nigeria in particular, where, its website claims, it employs thousands of workers and other employees. The group owns four mills, constructed in 1978, and factories for glass, plastics and furniture. Its construction division includes a civil engineering firm and a transport company. The group's construction division specializes in building luxury residential complexes and is also involved in a project to construct a new city on a razed expanse of the coast. The Chagoury Group also owns a hotel, a catering company a hospital, and residential complexes.

25- M1 Group (Mikati family)

M1 Group Lebanon is a family-owned company registered on the London and Dubai stock exchanges, which is active in a number of areas including, telecommunications, real estate, retail and energy. M1 Group was founded by Najib Mikati's brother, Taha Mikati, whose personal wealth is estimated at 2.5 billion dollars and is ranked 37th on the *Forbes*'s list of billionaires. The group started life as the Arabian Construction Company in Abu Dhabi back in 1967. In 1983, the Mikati brothers moved into communications, founding Investcom, which operates in Sudan, Liberia and Yemen. It owned the T1 communications company, which it sold to South African group MTN for 5.5. billion dollars, though M1 still retains shares in the company. In seven years, the value of the M1 Group rose from 30 million dollars to one billion dollars. Between 1994 and 2002, the Mikati brothers ran Lebanese mobile phone company Cellis, in which they owned one third of the shares, with the remaining two thirds held by French telecommunications company France Telecom. As stated above, the combined profits for Lebanon's two mobile phone companies was 440 million dollars in 1998, and when President Emile Lahoud blocked the privatization of these companies and forced them into state ownership, the Mikati brothers sold their shares to France Telecom.

The Mikati brothers also control the running of Syrian mobile phone company Areeba, one of two companies that monopolize the Syrian market alongside Rami Makhlouf's Syriatel. It is common knowledge that the Mikati brothers were granted their operating license for free due to their close ties with the Assad family: companies usually must pay tens of millions of dollars to obtain a mobile phone operating license. The Mikatis held their license from 2001 to 2007 and then sold T1 to MTN.

Because no business is complete without a financial arm, M1 purchased the British Bank of Lebanon's license from the British Bank of the Middle East.

Mikati Holding comprises the following companies:

- M1, chaired by Taha Mikati's son Azmi Mikati, invests in a number of companies active in real estate, construction, communications, financial investment, air travel and oil.

- M1 Limited, a telecommunications company which owned the largest major stake in South Africa's MTN, itself one of the biggest telecommunications firm in the developing world.

- M1 Capital, with a large portfolio of shares in financial markets and treasury bonds. It owns shares in Sainsbury's, the UK's third biggest supermarket chain (purchased 2012), 14 per cent of shares in Bank Audi (January 2010) and 46 per cent of shares in LibanPost.

- M1 Travel, for transport and tourism.

- M1 Real Estate, a real estate company based in Monaco with a valuable portfolio of properties in Europe, America and the Middle East, and forty years experience in the field of real estate and construction. Najib Mikati's most recent purchases include the Starco and Gevinor buildings in Beirut.

- M1 Commercial Jets, which operates and leases private jet aircraft to businessmen. It has a fleet of five aircraft and is currently negotiating to purchase five more.

- M1 Fashion, owns a number of international luxury fashion companies. In 2007 it bought US company Faconnable, one of the biggest fashion companies in the world.

26- Safadi Group Holding

Mohammad Safadi is MP for Tripoli since 2000 and served as minister between 2005 and 2007 then from 2007 to 2008, with responsibility for the Water and Electricity, and Economy and Trade portfolios. The holding group comprises banks and companies active in real estate, construction, airlines, communications, tourism and industry.

Safadi was described as the "chief intermendiary with Saudi Arabia" by *The Guardian* newspaper in December 2006. In 1975 he started work with BAE Real Estate, owned by a consortium of Saudi princes, and build residential complexes. In London, he managed the business interests of Prince Turki Bin Nasser, son of Prince Sultan, chief of staff of the Royal Saudi Air Force, and subsequently went to work in Saudi Arabia for Jones Consultants and Allied Maintenance. In 1995 he settled in Lebanon.

His UK interests include Stow Securities (with a capital of 200 million dollars), and though his name does not appear on the company records, the majority of the company's shareholders are closed entities registered in Jersey and Gibraltar. The shareholder whose name does feature is General Ahmed Ibrahim Buheiry, a former commander in the Royal Saudi Air Force. Stow invests in the Saudi Arabian aviation company, Saudi TAG. Along with his Syrian colleague Wafic Said, Safadi has invested in British Mediterranean Airways, which operates between England and the Middle East. The two men's companies are managed by Charles Powell, a former advisor on foreign affairs to British Prime Minister Margaret Thatcher, who was implicated in the Yamamah arms deal scandal along with Prince Bandar Bin Sultan (**Rahmouni: 2006**).

27- Sarkis Group International

Owns the Kasr Assoufara restaurant and is a licensed agent for Samsung cars and trucks, Belarusian national airline Belavia, Olma watches and Norton and Wilson clothing.

28- Malia Group

The group is owned by Jean and Jacques Sarraf with a number of companies producing, distributing and promoting cosmetics, pharmaceutical materials and consumer goods. Its largest investment projects are in Iraqi Kurdistan.

29- Averda (formerly Sukkar Engineering)

The group owns a number of engineering, contracting, construction and cleaning companies and is the licensed agent for Sukleen Waste Management in Beirut, Dahiyeh and neighbouring villages, in partnership with the Hariri family.

30- Mediterranean Holding Company (Hariri family)

- Bahaa Hariri:
Estimated wealth: 3 billion dollars. Owns Horizon Development, a real estate company operating in Lebanon and Jordan, and is a major shareholder in Abdali Investment and Development, which runs a real estate project in central Amman similar to Solidere's in Beirut.

- Saad Hariri:
Estimated wealth: 1.9 billion dollars. Largest shareholder in construction, real estate and communications firm Saudi Oger, which is owned by Middle East and Africa communications giant Oger Telecom.

- Fahd Hariri:
Estimated wealth: 1.4 billion dollars.

- Mohammed Hariri:
Rafic Hariri's older brother and chairman of Holding BankMed, BankMed, IRAD Investment Holding, and Al Mal Investment Holding.

BankMed is the third largest bank in Lebanon in terms of assets, and the fifth in terms of profits. The bank owns a majority stake in MedBank Insurance, MedGulf Insurance, and Mediterranean Property Management, and owns the following banks and companies:

- Saudi Lebanese Bank: This bank has no headquarters and there is no information available about it, though it remains registered as an operating bank. Its chairman is Mohammed Hariri and its general manager is Nehmeh Sabbagh.

- BankMed Investment: With Mohammed Hariri as chairman.

- Solidere International: A real estate firm 39 per cent owned by Solidere Beirut. The remaining shareholders are Gulf investors, national funds, and banks (Audi, BankMed). It was founded in 2007 because Solidere Beirut was not licensed to operate outside the Lebanese capital. The total worth of its projects in Saudi Arabia and Lebanon are estimated at 2 billion dollars, and include:

The Cordoba Valley project in Saudi Arabia, involving the construction of trade, economic and residential complexes for foreigners over an area of 270,000 square metres, close by the King Khalid International Airport. The project is 100 per cent owned by Solidere and is made up of 600 properties, divided between villas and apartments with a estimated value of 600 million dollars.

A 40,000 square meter residential complex for foreigners, with ownership evenly split between Solidere and a Saudi prince.

The Golden Tower project in Jeddah, which is a 48-storey residential tower, with ownership split evenly between Solidere and a Saudi partner.

A real estate investment fund with an estimated capital of 600 million Saudi riyals.

A 400,000 square metre residential, tourist and hotel complex in Ajman (UAE) worth 550 million dollars.

The construction of a gated residential community in Hazimieh on the site of the former Asfouriyeh Mental Hospital (90,000 square metres of land) plus 20,000 square metres of surrounding land. Solidere owns 35 per cent of the project, with the remainder in the possession of Lebanese partners. The completion date for the project is 2017 (***Al Safir*, 9/9/2013**).

31- Choueiri Group

Works in advertising in Lebanon, the UAE, Saudi Arabia, Kuwait, Egypt, France, Morroco and Oman.

Antoine Choueiri began his career as an accountant for Eastern Publications, an Abou Fadal owned company which produces *Al Ousbou Al Arabi* magazine. During the war of 1975, he left for France and founded La Regie Generale de Presse. The holding company serves 17 satellite channels, 11 periodicals, 7 radio stations and the biggest advertising network in the countries of the Gulf Cooperation Council.

Antoine Choueiri was also a member of the coterie of businessmen surrounding Bachir Gemayel, commander in chief of the Lebanese Forces. He switched allegiances after Samir Geagea took over leadership of the militia, and supported Geagea in the case he brought against Pierre Daher in order to regain control of LBC Television. Active in the sports sector, Choueiri also funded the Lebanese Forces Party.

Media outlets serviced by the Choueiri Group inside Lebanon include, LBCI, *Al Nahar*, *L'Orient Le Jour*, *Al Safir*, *Le Commerce du Levant*, *Noun Magazine* and Inter Radio (4 stations), and outside Lebanon, LBC Sat, MBC, Al Arabiya, Al Jazeera Television, Al Jazeera Sports and Spacetoon.

An estimated 95 million dollars was spent on advertising in Lebanon in 2004, 5.9 per cent of advertising expenditure in the Arab World. This advertising income was divided between 12 agencies. Two of these agencies produce work valued at 8 million dollars (one of them belonging to the Choueiri Group), four were paid between 2 and 8 million dollars, and the six were paid less than 2 million (***Le Commerce du Levant*, January 2006**).

32- Debbas Holding

The chairman of the group is Robert Debbas. The group contracts in electricity and lighting. Debbas was one of Hariri's contracting partners.

33- Major companies

To the above we might add a number of major companies that are not registered as holding companies, and operate in transport, communications, fossil fuels, car dealerships, contracting, security, aviation and others. The dynastic nature of many of these firms is evident, though there are a few that show partnerships between separate families.

- Solidere: Chairman, Nasser Chammaa; Vice-chairman, Nabil Majid Boustany

- Cogico Oil: Bahij Abou Hamzeh

- GI Company (Shipping): General Manager, Nabil Bazerji

- Bassoul Heneine (Car dealerships)

- Casino du Liban

- EAN Lebanon: Chairman, Robert Debbas; Vice-chairman, Fouad Hodroj; Board member, Rabah Idriss

- FTML Cellis (Mobile phones; Telecommunications)

- Future Security (Industry; Private Security): Owner, Fouad Makhzoumi

- Gargour & Fils (Mercedes dealerships): Chairman, Toufic Gargour

- Libancell (Mobile phones; Telecommunications)

- Middle East Airlines: Chairman, Mohammad Hout; Board member, Marwan Salha

- Phoenician Hotels: Board member, Marwan Salha

- Rymco Group: Chairman, Fayez Rasamny

- Saad & Trad: General Manager, Michel Trad

Endnotes

Chapter 2

1. He donated quarter of a million dollars towards the construction of a new headquarters for the Press Syndicate, gave 15 million francs to Radio Monte Carlo (Middle East programming), acquired a license for French language broadcasting to the Arab World, founded the *Al Mustaqbal* newspaper and television channel, purchased licenses for *Al Mustaqbal*, *Sawt Al Urouba*, *Al Hoda*, *Le Matin* and *Al Hadaf* newspapers, a third share in *Al Nahar* acquired through his media advisor Nohad Mashnouq, gave financial contributions to a number of newspapers and paid "stipends" to dozens of journalists (**Nabaa: 1999, 96**).

2. Journalist Rene Naba gives an account of a conversation between Rafic Hariri and Bishop Bechara Boutros Al Rahi (current Maronite Patriarch) which summarizes the new Lebanese leader's determination. The bishop was protesting about the difficulties being caused to a steel factory in Amchit by the Ukranian steel being imported by Fouad Siniora and his partner Rafi Demirjian, owner of one Lebanon's biggest steel importers, Demirjian Global. The steelworks had been forced to cut its workforce down from 1,500 to just 250 workers, and the bishop demanded that Hariri take steps to protect local industry from collapse. Hariri frowned and replied: "Importing from Ukraine is cheaper than local production!" (**Nabaa: 1999, 102-103**).

3. Indeed, they are subject to taxes on capital, though these have an upper ceiling of 5 million LL. The same applied to offshore companies which are exempt from taxes on profits and the wages and salaries of all employees other than workers in Lebanon. They pay a fixed annual tax of one million LL. The shares of these companies and shareholders are exempt from all duties and tax on transfer of ownership (gift or bequest). Other tax exemptions include the economic institutions of religion foundations, allowances given to businessmen in return for the performance of religious rites, and the wages of workers in private residences.

Chapter 3

1. By way of comparison, Israeli figures state that nineteen families control one-third of the Israeli economy. Israel's Gross Domestic Income was 248 NIS in 2006, a sum equivalent to: 1) one-third of the incomes of the top 500 Israeli companies, 2) 88 per cent of the state budget; 3) 54 per cent of the labour sectors' share of the economy (**Ora Cohen: Nineteen Israeli families control one-third of the economy, *Haaretz*, 19/7/2007**).

2. There are currently ten billionaires in Lebanon: Saad Hariri, Bahaa Hariri, Ayman Hariri, Fahd Hariri, Hind Hariri, Nazik Hariri, Najib Mikati, Taha Mikati, Said Khoury, Hasib Sabbagh.

3. Major insurance companies include:

- Alico, a US-Lebanese insurance company, a subsidiary of American Life Insurance, which alone controls 21.5 per cent of the insurance market
- Allianz, a subsidiary of BBAC
- Bancassurance, a subsidiary of Fransabank
- Arope, a subsidiary of BLOM
- LIA (See: ***Executive Magazine*, Issue 130, May 2010, 42**)
Plus, the following companies:
- MedBank Insurance
- Beirut Life, a subsidiary of Bank of Beirut
- Adonis Insurance and Reinsurance (ADIR), a subsidiary of Byblos Bank
- SNA, a subsidiary of BBAC
- Capital Insurance and Reinsurance: Its chairman, Asaad Mirza is president of the Association of Lebanese Insurance Companies
- Saradar Insurance Agency
- Credit Libanaise for Insurance and Reinsurance, a subsidiary of Credit Libanaise
- Sogecap Insurance, a subsidiary of Societe Generale
- Trust Insurance, a subsidiary of Jammal Trust Bank
- Credex Insurance, a subsidiary of CreditBank

4. The Trademark License Law forbad non-Lebanese from owning trademark licenses, until it was amended in 1975.

5. In addition to this there are four companies that specialize in the importation of aviation fuel, Mobil, Total, Corral and Medco, which between them imported 222,131 tonnes of aviation fuel in 2010 (**Rasha Abou Zaki: Mapping out the oil cartel in Lebanon, *Al Akhbar*, 22/2/2011**)

6. Cheikh Boutros El Khoury was himself a prime example of cross-sector capitalism, operating in industry, agriculture, trade banking. He owned an electricity company in northern Lebanon (Kadisha Electricity), a sugar factory in Bekaa (sugar-beet processing) that was part-financed by American capital, and was a partner in a sugar refinery in the Chekka that processed imported sugar. In addition to being one of three individuals who monopolized the sugar market he was chairman of the Bank of Agricultural, Industrial and Property Loans.

7. These are the figures on sectarian distribution of ownership of economic institutions that were collated by Youssef Sayegh at an earlier period:

- Industrial companies: 105 Christian/21 Muslim/3 Other
- Financial companies: 11 Christian/ 2 Muslim/2 Other
- Service companies: 40 Christian/ 6 Muslim
TOTAL: 166 Christian/34 Muslim/7 Other
This numerical distribution does not show the capital of each company, not its importance to the economy, nor the size of its operations and profits (**Sayegh: 1962**).

Chapter 4

1. By way of comparison, in the early 1990s, 65 per cent of doctors lived in Beirut, which only held 27 per cent of the population, while 5.5. per cent of doctors lived in the South (18 per cent of the population) and only 3 per cent of doctors lived in Bekaa (13 per cent of the population).

2. Not all graduates start from the same position on the social ladder. Many move away from the social background of their families, or the political forces to which they are affiliated. It is well known, for instance, that certain parties grant affiliated graduates loans and gifts to help them start private businesses (i.e. clinics, chemists, engineering offices, lawyers offices, etc.).

3. The tax on doctors' incomes is 4 per cent of incomes of 9 million LL (6,000 dollars), 7 per cent of incomes between 9 and 23 million LL (from 6,000 to 16,000 dollars), 12 per cent of incomes between 23 and 54 million LL (16,000 to 36,000 dollars), 16 per cent of incomes between 54 and 104 million LL (36,000 to 68,000 dollars), 21 per cent of incomes of 104 million LL and above (68,000 dollars and above) (**Zaatari: 2009**). It is worth noting that the upper tax bracket is attained by middle class doctors, long before we reach the incomes of doctors who belong to the bourgeoisie.

Chapter 5

1. The last survey conducted by the Central Administration of Statistics was before the war in 1966, when it was part of the Ministry of Public Planning. The survey covered 2,500 families in Beirut and its findings included: The average annual expenditure of a single family was 13,628 LL, 26.6 per cent of which was spent on food, 19.2 per cent on accommodation, 12.08 per cent on clothing and bedding, and 41.5 per cent on other costs. For families with an annual expenditure of less than 6,000 LL, 43.8 per cent was on food, 23.4 per cent on accommodation, 8.6 per cent on clothes and bedding and 25.3 per cent on other costs. The issue of poverty and its relationship with "foreigners" first came to prominence in the autumn of 1965, and research into social divisions and poverty gathered pace following the collapse of Intra Bank the following autumn (**Traboulsi: 2011, 254-262**).

Chapter 6

1. During Amine Gemayel's presidency, the Lebanese government committed to buy Puma military helicopters in a deal brokered by Samy Maroun. The government bought the helicopters at for a high price on the basis they were new and of French manufacture, only for it transpire that they were Romanian-made and second-hand. The commissions on used aircraft are higher than those for new aircraft because they are harder to promote and sell. Amine Gemayel and his partner Samy Maroun were held personally responsible for the scandal, and the judiciary took action against them. It seemed possible that Gemayal would stand trial for the deal when he returned to Lebanon, but as so often happens in scandals of this kind, the case was shelved.

2. The figures for MPs are confined to party membership, not membership of parliamentary blocs. We do not include figures for the FPM because there is no distinction between party membership and membership of the bloc.

Appendix 2

1. Sources include:

- www.pharaon.com
- www.haddadgroup.com
- www.fattal.com.lb
- www.obegigroup.com
- www.debbanegroup.com
- www.holdal.com.lb
- www.zakhem.com
- www.widriss.com
- www.arabdecision.org/inst_brows_3_4_12_1_3_17.htm
- www.zawya.com
- www.lebweb.com/dir/lebanon_holding_companies
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