

RENTIER STATE STILL RUN ON COMMUNITARIAN LINES

What Lebanon needs

The huge explosion in August that devastated parts of Beirut should be a wake-up call for Lebanon's leaders. But there's little sign a corrupt, sectarian political elite will make the social and economic reforms so badly needed.

BY GEORGES CORM



Site of the warehouse explosions, Port of Beirut, August 2020
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THE great powers have intervened in Lebanon since the 19th century, and its nominal sovereignty has often been compromised by its status as a buffer state. In 1833 it was occupied by the troops of Ibrahim Pasha, son of the powerful Muhammad Ali, viceroy (*wali*) of Egypt and declared enemy of the Ottoman sultan, whose vassal he had been. Britain could not tolerate Ibrahim Pasha's occupation and made France, Muhammad Ali's ally, pressure the Egyptian ruler to get his son to withdraw his men from Mount Lebanon, which he did in 1840. Muhammad Ali's ambitions to overthrow and replace the Ottoman

monarchy remained unacceptable to the European powers of France, Italy, Prussia, Austria and Britain.

The fighting that first broke out between the Maronite (Christian) and Druze inhabitants of Mount Lebanon was thus against a background of great powers rivalry over the future of the Ottoman empire, by then known as ‘the sick man of Europe’. These often bloody clashes were the direct result of Franco-British imperial rivalry, which focused on this territory and, through manipulation and manoeuvring, destroyed the centuries-old coexistence of these two communities in the Chouf district.

Fakhr al-Din II, who ruled the Mount Lebanon emirate, an autonomous region of the Ottoman empire, from 1590 to 1635, had been a product of this coexistence. Seeking to free himself from Ottoman control through an alliance with the Grand Duchy of Tuscany, the emir waged several campaigns against the forces of the Ottomans; they captured and beheaded him in Constantinople in 1635.

In 1860 clashes between the Druze, with some Ottoman support, and the Christians turned into full-scale sectarian war, spilling over into the fertile farming region of the Bekaa valley. France, under Napoleon III, sent troops, and the five powers and the Ottomans together agreed the size of Lebanon should be reduced. A ‘Greater Lebanon’, scarcely bigger than the island of Cyprus, was declared a French mandate on 1 September 1920 and remained under the influence of European, and later western, rivalries. After the second world war, the US became the dominant power and neatly mobilised the three monotheistic faiths to counter the power of the Soviet Union.

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Georges Naccache

The French mandate ended in 1943. In 1936 an edict by its high commissioner had introduced communitarianism; it recognised a list of religious communities in Lebanese civic life, adding that a common law community would be created for Lebanese citizens who did not identify with any of the recognised categories. That civil status has still not been enacted, meaning many Lebanese still have to go to Cyprus, Turkey or France to marry outside their community.

As a buffer state exposed to often hostile outside influences, Lebanon has always struggled to achieve self-determination and overcome its internal contradictions. In 1949 Georges Naccache (1904-72), one of its greatest journalists and founder in 1925 of the daily *L'Orient* (now *L'Orient-Le Jour*), published a significant editorial that led to his imprisonment: ‘Neither westernisation

nor Arabisation”: it is on this double rejection that Christianity and Islam have based their alliance [the acceptance of the national pact of November 1943, which served as an unwritten compromise between communities]. What kind of unity can be derived from such an option? What half of the Lebanese do not want is very clear. What the other half do not want is also very clear. But what the two halves *do* want is not clear ... A state is not the sum of two forms of powerlessness — and two negatives will never make a nation’ (1).



French troops disembarking in Beirut, January 1900
Keystone-France · Gamma-Keystone · Getty

A break-up of the state?

Naccache later became a great admirer of General Fouad Chehab (1902-73), commander-in-chief of the Lebanese army and president 1958-64. Chehab was the true founder of the Lebanese state; he undertook many reforms, advised by Louis-Joseph Lebret (1897-1966), a French Dominican priest, economist and founder of the International Institute for Research and Training, Education and Development (Irfed). Lebret commissioned Irfed to investigate living standards in Lebanon’s regions between 1960 and 1964. Irfed’s report revealed an overwhelming concentration of wealth in the hands of a small minority of Lebanese, while areas of deep poverty existed in remote rural regions.

In 1962 Lebret warned in his lecture ‘Lebanon at a turning point’ (2) that such unaddressed inequality threatened a break-up of the state. It did indeed begin to tear itself apart from 1975 amid widespread violence between ‘Christian’ political parties — in particular Pierre Gemayel’s

Phalangists — and the Lebanese National Movement, an alliance of non-sectarian parties headed by Druze leader Kamal Jumblatt (1917-77), who demanded greater equality between Christians and Muslims, with cautious support from armed Palestinian movements in Lebanon.

At home, Fouad Chehab often spoke of unscrupulous politicians intent on milking the state's resources (known as *fromagistes* or cheese-eaters). Externally, he built foreign policy based on good relations with Egypt's president Gamal Abdel Nasser. This worsened the animosity of the Christian, business-owning middle class, who saw Egypt's pan-Arabist, socialist leader as the devil. In response to Chehab's reformist zeal for a new state, the watchword of the Christian conservatives was 'Lebanon's strength lies in its weakness'.

The Muslim middle class demanded greater rights in the recently independent republic, and generally supported the armed Palestinian groups, many of whom had been expelled from Jordan in September 1970 (3) and taken root in Lebanon: for the Muslims, the presence of the fedayeen served to put pressure on the intransigent Christian bourgeoisie.

Defender of sectarian diversity

Michel Chiha (1891-1954) was a noteworthy contemporary of Fouad Chehab. Though he was a banker and advocate of economic liberalism, he was also an ardent defender of sectarian diversity and among the first to warn of the risks to Lebanon of Israel's policy on Lebanon and the Palestinians. His collection of articles on Palestine remains a classic of clear-sighted prescience (4). Chiha understood the existential conflict between an Israel built on communitarian exclusivity and a Lebanon founded on a peaceful, managed pluralism.

In some, still marginal, Maronite circles an idea took hold that, as the Jews had their own state in Palestine, the Christians should have their own too. As Christians and Jews were both minorities, why shouldn't they join forces against the Muslim majority? This viewpoint unwittingly echoed an entire Israeli literature advocating the destabilisation of Lebanon and the need for it to be partitioned between Christians and Muslims. We know what came next: Israel seized part of southern Lebanon in 1978, then invaded in summer 1982, reaching as far as Beirut, where Palestinian civilians were massacred in the Sabra and Chatila camps by (Lebanese Christian) Phalangist militias, while Israeli soldiers looked on.

Bashir Gemayel, the younger son of the Phalangists' leader Pierre Gemayel, was elected president by the Lebanese parliament, surrounded by Israeli tanks, then assassinated a few days later in a bomb attack on his party's headquarters. His brother Amin Gemayel took over and bombarded Beirut's southern, mainly Shia suburbs. Amid this chaos, Palestinian fighters were evacuated under the supervision of a multinational intervention force, which itself faced several terrorist attacks.

The end of the cycle of communitarian wars in 1990 did not end Lebanon's inherent weaknesses or its inability to build a viable state. Worse, the arrival in 1992 of prime minister Rafik Hariri — a businessman with the protection of the king of Saudi Arabia, who remained in power until a few months before his assassination in 2005 — initiated a rentier economy despite the country lacking major resources.

Free trade agreements were signed with many countries, which harmed Lebanon's industrial and agricultural production capacity. Pegging the Lebanese pound to the US dollar, and exceptionally high interest rates on treasury bonds in local currency, rapidly led to an unhealthy accumulation of debt in the currency. This mainly helped the affluent to grow richer, as they benefited from low interest rates to borrow dollars and then make high-return investments in Lebanese pounds.

During this time, residents of Beirut's most attractive districts lost their property to Solidere, a private-public partnership which transformed the historic city centre into a vulgar copy of a steel-and-glass Gulf cityscape. Within 15 years Beirut, which had already been devastated by years of war, suffered 'architectural genocide', typified by the huge Turkish-style mosque that ruined the architectural beauty of the old Martyrs' Square (Place des Canons).



Ruins of a temple near Tyre (Louis Haghe after David Roberts, 1843)
lcas94 · De Agostini · Getty

Mismanagement and brain drain

The Hariri prescription for the Lebanese economy was directly responsible for weakening it. Though averaging 6-7% growth, it never attained the expected levels for a period of postwar reconstruction. And the government paid scant attention to tax justice: income tax was lowered to a top rate of 10%, though a special tax on the huge fortunes amassed during the war was needed. An initial property boom soon ran into problems as Lebanese people's savings had been channelled into high interest rates on bank deposits and government securities. Many skilled young professionals chose to leave the country. Others went to Europe or the US to continue their education under a programme that offered thousands of scholarships, a policy ensuring Rafik

Hariri and his son Saad (prime minister 2009-11 and 2016-January 2020) remain popular with some Lebanese.

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The Lebanese economy is now at risk of being carved up. The de facto freezing of bank deposits (see *Lebanon at a turning point*, in this issue), a completely unconstitutional measure, is evidence of a 'bankocratic' regime like no other in the world and contrary to human rights. This is the result of poor management of the banking sector and of a central bank that has been run by the same man for almost 30 years; in 1993 Rafik Hariri appointed Riad Salamé, who had managed his fortune at investment bank Merrill Lynch. The devaluation of the Lebanese pound and the increase in the exchange rate have now ruined much of the middle class and sent the poverty rate above 50%. There is a real risk that life expectancy will begin to decline.

The ruling political caste still operates on a communitarian basis, acting in a bubble, as though the economy still worked normally, and ignoring the existence of a suffering population. The reforms the International Monetary Fund is demanding will certainly not improve economic health. There are even plans to carry out privatisations and sell off state property assets. On top of these has come the huge double explosion of 4 August, which devastated parts of Beirut — a disaster on a scale the country has never before experienced.

Lebanon badly needs reforms. The most urgent are a rationalisation of government spending, which has been artificially inflated by many subsidies to cronies; better management of state- and local authority-owned property; standardised income tax instead of the current fragmented system; a wealth tax; and the maintenance of purchasing power and pensions. Most of all, productive sectors of the economy require support, rampant inflation needs to be curbed and the poorest sections of society need increased benefits. Significant savings could be achieved by closing various autonomous insurance funds which no longer have any reason to exist, such as those for people displaced by the 1975-90 war or in southern Lebanon after the Israeli invasion of 1982.

GEORGES CORM

Georges Corm served as Lebanon's finance minister 1998-2000. His books include *Le Liban contemporain: Histoire et société* (Contemporary Lebanon: History and Society), La Découverte, Paris, 2012.

Translated by George Miller

(1) *L'Orient*, Beirut, 10 March 1949.

(2) Jean-Marc Fevret *1948-1972: Le Liban au tournant* (1948-1972: Lebanon at a crossroads), Geuthner, Paris, 2011.

(3) See Alain Gresh, '[When Palestine captured a generation's dreams](#)', *Le Monde diplomatique*, English edition, September 2020.

(4) Michel Chiha, *Palestine*, Éditions du Trident, Beirut, 1947.

TRANSLATIONS

FRANÇAIS Le Liban en quête de nation depuis deux siècles

ESPAÑOL El Líbano, en busca de una nación desde hace dos siglos

DEUTSCH Libanon, Staat unter Einfluss

ESPERANTO Libano : dujarcenta serĉado de nacio

РУССКИЙ Что такое ливанский народ? Два века в поисках ответа