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RETHINKING LEBANON

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RETHINKING LEBANON

Prelude

Maison du Futur, in cooperation with Konrad-Adenauer-Stiftung, held its annual conference entitled “Rethinking Lebanon” amidst an unprecedented crisis in the modern history of Lebanon that shook the political, financial, and economic foundations of the country. Its repercussions led to the collapse of the economy, the devaluation of the Lebanese currency and the blocking of bank deposits, with remarkably high rates of unemployment, poverty and immigration registered on the national level.

The conference covered different aspects of a crisis that obstructs democracy and disrupts liberal economy which creates unsafe environments, although Lebanon was playing a pioneer role on a regional level before the crisis. The four sessions, in addition to the intervention of the guest speaker during lunch, tackled the results of parliamentary elections in May 2022, and the current problematics of the Lebanese system within an unstable internal and regional equilibrium. The conference discussed the reforms needed on the political and socioeconomic levels, and debated the hypothesis of re-establishing a Lebanese State free of the obstacles depriving the country from its sovereignty and causing corruption, like the sectarian system and its translation into practice in the prevailing system of division of shares.

In light of the analysis and discussions provided after an overview of all the political segments of the history of the Lebanese State (first section), the need for structural changes in the Lebanese system has been reiterated (second section).

First section: Rethinking the Lebanese Crisis

With the deterioration of the situation in the region due to sectarian tension, Lebanon might be today more than ever, and despite the profound crisis, the best place from which can emanate a new hope for the internal situation on all levels, and for the Middle East with all its complication. To put Lebanon on the right track, one shall review the reasons for the failure of State building before (first) and after (second) the National Pact (The Taef Agreement).

First – An attempt to build the State in the First Republic

Throughout its history, Lebanon moved from a dysfunctional settlement to the other, which made it lose its viability and struggle for survival amidst fears over its identity coupled with the existential challenges that its communities were facing. External forces were also coveting Lebanon and/or interfering in its internal affairs, with all that this implies from forced or voluntary relinquishment of sovereignty to the incapacity to break the vicious circle.

The conference discussed the milestones of Lebanon's history before (1) and after (2) the proclamation of the State of Greater Lebanon.

1- The situation before the proclamation of Greater Lebanon

Lebanon knew many political and non-political contexts that could have been invested for the sake of State building, which only happened partially. The State building failure was the dominant feature despite the absence of sectarianism (a), and was more accentuated when coupled with sectarianism (b):

a- The failure of State building despite the absence of sectarianism

Under the Ma'n dynasty (1516-1697) and later under the Shihab dynasty (1697-1842), with the exception of the 1840 conflagration that led to the creation of the double qaimaqamate, followed by the 1860 events that led to the establishment of the Mutasarifiya, the sectarian ties were not tensed as they are nowadays. Shihab princes did not disclose their religious beliefs, and fasted with Muslims and Christians. Emir Fakhreddine was a Druze surrounded by Maronite counsellors. Emir Bechir II built a church and the Shihab family converted from Islam to Christianity, similar to the religious conversion within the Ma'n dynasty. Ibrahim Pacha established a Council in Mount Lebanon headed by a Christian. That was the prevailing philosophy: religion did not have an impact on political life. Justice and equality prevailed which was reflected on many levels including the taxation system. Yet the reasons behind the failure of State building back then included:

- The endeavor to obtain the blessing of the Ottoman Empire, Egypt, and Western countries.
- The autocratic regime followed by the Shihab dynasty against those who would oppose their rule.
- Wrong estimation of the power of the Ottoman Empire and the reality of its struggle with the West.
- The destiny of small entities in the conflict between big players and the important role that the Mount Lebanon Emirate tried to play in the world of super powers.
- The threat to the interests of peasants, the increasing taxes imposed by the Wali of Egypt Ibrahim Pacha and the forced recruitment which led to the Antelias and Lehfed popular uprisings (Amiyat).

b- The failure of state building due to the presence of sectarianism

The double qaimaqamate declared on December 7, 1842 led to the partition of Mount Lebanon into a Maronite district headed by a Maronite, and a Druze district headed by a Druze. The sectarian equation was completed with the nomination of a Council within each district for the representation of other sectarian communities: The Orthodox, the Catholic, the Sunnis, in addition to a Shiite delegate acting as a consultant, because the Ottoman Empire did not acknowledge the Shiite doctrine at that time. This period witnessed scattered events, the most serious of which were the events of 1860 between the Druze and the Maronites, and ended with the Mutasarifiya system in 1861. The sectarian partition of Mount Lebanon into two Druze and Maronite districts represented a temporary poisonous system that carried the seeds of State building failure due to its temporary indefinite and sectarian nature, its divisive character, and its short life as it only lasted 18 years, without forgetting the negative role played by foreign interventions: the French supporting the Maronites and the English supporting the Druze.

2- The situation after the proclamation of Greater Lebanon

The State of Greater Lebanon was proclaimed with its internationally recognised borders formed of four cazas including Baalbeck, the Bekaa, Rashaya and Hasbaya, knowing that the territories of Lebanon historically stretched towards Palestine to the South and Latakia to the North.

The Lebanese Constitution ratified in 1926 consecrated the rights of individuals and communities and the principles of freedom, democracy and cultural and religious diversity. It adopted the Republican parliamentary system based on the democratic

emergence of authority. Yet these republic principles have not been matched with a sound political practice that can lead to the establishment of the State of Law. Several reasons were behind the failure of State building both internally (a) and regionally (b).

a- Internal reasons for the failure of State building

With the declaration of independence, Lebanon overcame internal rifts when Christians abandoned seeking the West to ask for help, and when the Muslims renounced to seeking Arab unity. The national pact thus took a foreign policy role in addition to its internal policy role.

The national pact was initially a noble philosophy of coexistence from the top down. It also consecrated the partition of authority from the bottom up, which made it a constituent element of the State building process. Unfortunately, it was exploited and transformed into a destructive element. Below some reasons for the failure of State building.

- Consensual democracy: The pact led to a consensual democracy that evolved into a disruptive democracy. This concept was enough to impede the development of citizenship due to the absence of a law preserving sovereignty, justice, and equality.
- Lack of integrity in the emergence of authority as it was the case in the parliamentary elections of 25/5/1947. History recalls “The White Revolution” that led to the downfall of President Bechara El Khoury in his second unfinished mandate after accusations of corruption and nepotism.
- Lack of security and stability following the assassination of Prime Minister Riad El Solh, the 1958 revolution, the revolution of the Syrian national socialists, the Palestinian expansion, the 1975 civil war, and the emergence of alternate weapons outside the scope of the legitimate State.

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- Lack of political stability due to the change of governments as the mandate of President Bechara El Khoury (1943-1952) witnessed 14 governments within 9 years, which equals to a new government every seven months. The mandate of President Camil Chamoun (1952-1958) witnessed 12 governments within 6 years, which means an average government age of 6 months.
 - Religious belonging first, followed by civic belonging: The Lebanese citizen was taught to prioritize his religious belonging first, before caring for his civic belonging, which was coupled with the absence of responsibility and accountability. The voter casts a vote that represents his sectarian belonging, and the deputy wins by sectarian votes, which creates clientelism, power division, brokerage and nepotism. The Government Employees Code represents a clear example of power sharing based on sectarian belonging instead of eligibility, efficiency, and equal opportunities.
 - Formation of National unity governments: the habit of forming national unity governments transformed governments into “mini-parliaments” where parliamentary blocs are represented, which deprived governments of their supervisory role.

b- Regional reasons for the failure of State building

Several reasons in the region impeded the establishment of the Lebanese State:

The rise of the State of Israel in 1948: The rise of the State of Israel caused a Palestinian exodus to Arab countries, especially to Lebanon where 129,000 Palestinian refugees arrived in 1950, coming mostly from northern regions in Palestine. This was followed by a second wave of Palestinian refugees in 1967 towards Jordan. Yet Lebanon also had its share of refugees after the Black September conflict in 1970 that led to the immigration

of Palestinian fighters and their families from Jordan to refugee camps in Lebanon.

-**The Cairo Agreement 1969:** The Cairo agreement had a big impact on the lack of Lebanese sovereignty and on the legitimization of Palestinian resistance represented by the LPO, and the term “Fath Land” was a clear expression of Palestinian sovereignty inside and outside the camps.

-**The Syrian occupation:** the Lebanese decision making has been confiscated over a lengthy period, between 1976 and 2005 when the Syrian forces withdrew from the Lebanese territories.

- **The Israeli occupation:** Israel invaded southern regions and reached Beirut in 1982. The occupation stayed until 1985 after a series of gradual withdrawals, and the creation of the Army of Free Lebanon, and the South Lebanon Army in the southern border areas or the so-called security belt.

All these internal and external factors hampered nation-building and the institutionalization of the State despite special initiatives taken under the mandate of Fouad Chehab. His mandate was marked by the adoption of reforms such as: the creation of the Civil Service Board to manage recruitment in the public service; the Central Department of Accounts that controls the good management of State affairs, municipal and public institutions' funds supervising the legitimacy of disbursement operations; the Central Inspection Council to monitor public administrations and institutions, municipalities, independent entities and full time and part time employees in administrations, including staff, employees, salaried and contractors, in addition to all those who get a salary or a pay from these funds. The Code of Money and Credit that established the Central Bank and the

Litani River Authority were also formed. This period witnessed the construction of Qaraoun Dam for irrigation and electrical energy production and the Green Project to increase cultivated lands and provide technical assistance and credits to farmers. The new Code of Urbanism and the Civil Organization Law aimed at organizing the construction sector and urbanism. Laws were put to protect the sea shore and green areas.

Second- State building attempt during the Second Republic

The Lebanese war that erupted in 1975 ended with no political settlement. During the eighties, military and political events developed due to a double Syrian and Israeli occupation, which prevented the election of a President. The political authority was contested between two Prime Ministers, Selim El Hoss and Michel Aoun, and military power in Christian regions was contested between the Commander of the Lebanese army Michel Aoun and the leader of the Lebanese Forces Samir Geagea. It was the beginning of a Christian-Christian internecine struggle between the two. The complicated political and military situation led to the adoption of a National Pact known as the 1989 regionally and internationally brokered Taef Agreement. This document was a historical turning point for Lebanon because of an international and regional moment at the end of the cold war, the fall of the Berlin wall and many regional transformations... the settlement conditions have been finalized with the arrangement between the United States, Syria, and Saudi Arabia, and with the Vatican approval. The document led to a ceasefire (1), major political transformations (2), amendments to the Lebanese Constitution, and instead of moving towards a civil State, The Taef designers caused either voluntarily or involuntarily, more sectarianism.

1-The Taef Agreement: A Ceasefire Treaty

The National Pact was signed as a result of several crises that

followed years of civil war. The mandate of Elias Sarkis was concluded by the Israeli invasion of Lebanon, and the mandate of Amine Gemayel ended with no presidential election. The position of Prime Minister was disputed due to the presence of two Prime Ministers, Selim El Hoss and Michel Aoun, who didn't recognize each other's legitimacy. Aoun extended his authority over a cabinet from which Muslim Ministers resigned, and over the eastern region, while El Hoss extended his authority over the western region.

Events culminated in the confrontation between General Michel Aoun and the leader of the Lebanese Forces Samir Geagea. The National pact was therefore adopted to put an end to war inside the Christian community and to stop the duality within the Republic's executive power. It was imposed despite the contradictions that it included, through a regional and international agreement to ensure stability in the region starting from Lebanon. Amongst these contradictions was the following issue: who is the decision maker in the military institution? Article 49 of the Constitution stipulates that the President of the Republic is the Higher Commander of the armed forces while stating that the armed forces are submitted to the authority of the Council of Ministers.

2 -The Taef Agreement: A Political Treaty

The Taef Agreement or the so-called Constitution of the Second Republic represents the biggest constitutional amendment both qualitatively and quantitatively since the adoption of the Constitution in 1926. It consecrated parity in the Parliament and Council of Ministers' seats and in the first category functions. It also moved main prerogatives from the President to the Prime Minister. The agreement was implemented over various stages in a discretionary manner, leading to the development of the Troika System between Maronites, Sunnis and Shiites, which nearly became a constitutional custom.

This document included a chapter about the special relations with Syria. It was indeed the first cease fire agreement that includes a chapter determining the type of relation between the relevant country and another foreign country. Syria used this chapter of the Taef Agreement to demand the signature of several military, security, and administrative conventions.

Second Section: The Reforms

Lebanon went through three generations of political and economic conflicts. In politics, the first generation failed in State building, the second post-civil war generation failed in regaining the sovereignty of the State, while the third generation witnessed an unprecedented political crisis in Lebanon's history.

On the economic level, three generations of monetary crises occurred during which the first generation did not take any preventive measure to prevent the crisis or to alleviate its repercussions. The second generation lacked trust and the third generation is currently witnessing economic, public finance, external payments, and banking liquidity crises. But one can still bet on the generation emerging from the womb of collapse to achieve reforms through developing a political philosophy (1) and an economic philosophy (2) for the Lebanese system.

First – Developing a political philosophy in the Lebanese system

The Lebanese system suffers from a constitutional deficiency translated by an imbalance in the distribution of powers between constitutional institutions, an unclear relationship between these institutions especially on the executive level between the President and the Prime Minister and between the President and the Government. The government formation mechanism and the prerogatives of the government are ambiguous in a non-constructive manner. The weaknesses of the system are

accentuated by the transformation of consensual democracy into a paralyzing democracy (1) which requires an urgent clarification of reform options (2).

1- Specificity of the Lebanese system: Consensual Democracy

Lebanon suffers from a lack of democratic affiliation. It neither belongs to modern democracies nor to parliamentary democracies softened by political sectarianism, as decided by the fathers of the Constitution, and this was due to a persistent lack of governance consecrated lately in the Doha agreement of May 2008, after a crisis erupted when the legitimate authority tried to regain some of its sovereign rights. A similar experience was repeated during presidential elections that were two years overdue because of the unilateral equation that Hezbollah was trying to impose.

In light of the above, the Lebanese way of managing the State should end. This approach is actually based on a dismantled political decision whereas everyone is represented in the decision-making circle and at the end only one party decides or else no decision can be made. The constitution shall be reactivated as a reference document, which requires strengthening the weaknesses of democracy in Lebanon, represented by a consensual democracy that became synonym of paralyzing democracy. Lebanon should rather move towards an active democracy by abiding to the Constitution and to the laws.

2- Determining reform options

The Lebanese have no option but to adopt urgent and immediate reform measures amidst the collapse of the State, ranging from:

- Overturning the whole system through a constituent congress.
- Working on fixing the flaws in political practice and introducing useful

amendments that could put an end to political clientelism, power sharing system and national unity governments. These amendments will set the foundations of a natural parliamentary democracy with all its pillars: a punitive political vote during legislative elections, the devolution of government's accountability towards the Parliament, and power, the the representation of sectarian communities through a quota system like the one adopted in western democracies.

- Giving back to the Parliament its natural role of legislating following a trend of popular legislation.
- Correcting and modernizing the electoral law that neglected sound representation and preserved the convenient division of interests amongst sectarian communities and parties, with a need to adopt a women quota for fair representation during the transitional period.
- Transforming coalition governments from a platform to market parties' programs to a constitutional institution. Late Patriarch Nasrallah Sfeir has always repeated that the post-Doha governments are like carriages carried by horses pushing forward and backward at the same time, which leads nowhere. In fact, this type of governments led Lebanon towards the catastrophe.
- Releasing the potential of human resources and benefiting from the unique geographic location of Lebanon which represents a competitive advantage both regionally and internationally.
- The need for a quick plan capable of saving the main health and education sectors that are collapsing due to the brain drain, and reinstating Lebanon as the Hospital and University of the East.
- The need to achieve high and sustainable economic growth rates, and to create job opportunities to put an end to immigration.

- Orienting the economy towards productive sectors which will allow Lebanon to export knowledge resources with a preferential advantage.
- Managing the increasing public debt that is draining the resources of the State and that represent the second biggest burden on the budget with salaries and compensations of the public sector reaching 40% of taxes revenues and one third of total revenues.
- Transforming Lebanon into a regional trade centre through bilateral conventions to facilitate trade and promote Lebanese exports, facilitating import and export procedures, reorganizing customs regulations and fees at the port and in the airport and creating free industrial zones.

This is only a sample of reform measures urgently needed, otherwise Lebanon will be doomed to the current system where the State depends on the agreement amongst political feudal authorities, regardless if it respects the Constitution and the national legislations.

These reforms are urgently needed otherwise the governmental representation will be a mere translation of the political sectarian map and of the parliamentary weight of each party, which will cancel the role of the Parliament as an entity supervising the work of the government. In this case, each party will seek to control the biggest number of Ministries providing services to benefit its partisans. This unsound competition made clientelism surge to the extent that it became the main lever in the relationship between the authority and the people, without forgetting the contributions of productive sectors like the telecommunication sector and the banking sector in alimentering clientelism.

It is therefore clear to which extent the political factor played an

important role in the financial and economic collapse, and there is a need to act accordingly on the reformist level.

Second – Developing an economic philosophy in the Lebanese system

The economic philosophy was contradictory to the essence of the State of Greater Lebanon. Famine and immigration under the plight of poverty are repeated today due to a bad political management. The feudal system in all regions is also repeated with the emergence of Christian, Sunni, Shiite, and Druze misery belts in each community. The agricultural sector was chronically neglected despite the natural attributes that can make it a highly competitive sector (1), and all the State facilities are collapsing which requires a new economic philosophy to transform Lebanon from a rentier economy to a productive economy (2).

1- Importance of saving the agricultural sector

The Lebanese system did not succeed, throughout a hundred years, in managing and developing the agricultural sector, despite the human and natural resources available in Greater Lebanon, starting with the human capital and moving to the exceptional location and unique geography, the rich water and soil as it is the case in the Akkar valley to the North, and the Bekaa valley to the East. The bad management of natural resources and the bad relationship with farmers representing most of the population are two major factors behind the collapse, thus the philosophy of Greater Lebanon set by Patriarch Elias Hoayeck was emptied from its true meaning, knowing that this philosophy was shaped by existential reasons linked to food safety and geopolitics. The absence of agricultural reform (a) was added to the regional blockade on this sector (b).

a- Internal contributions to the provoked absence of the agricultural sector

One of the reasons behind the collapse of the State is failed political choices, including neglecting the issue of unbalanced development of regions, and failing to develop the agricultural sector considered as existential for different communities and essential for the industrial sector. Around the world, the State interferes to revive the economy, while the opposite happened in Lebanon. In fact, Lebanon did not reform the agricultural sector neither during the period of social prosperity nor after the civil war, unlike what happened in Europe and specifically Spain and Italy after the fall of dictatorships. The agricultural sector in Europe was the first factor that addressed the lack of equality amongst segments of society, while the lack of agricultural reform in Lebanon was the main reason behind the Movement of the Deprived. The political deadlock led to an agricultural deadlock, and the State's neglect of the agricultural sector prevented the development of any competitive agriculture. On the few times the State decided to interfere, it created hurdles and complicated things. The focus was on urban economy rather than rural economy, and within the urban economy, the priority was given to Beirut. This created an agricultural poverty in villages that caught the attention of President Fouad Chehab when the social factor and the lack of resources' management caused a lack of stability in 1957.

All post-war policies did not prioritize this forgotten and neglected sector that was not included in State's programs that focused instead on investments in the commercial sector especially during the nineties with Prime Minister Rafic Hariri. What exacerbated agricultural stagnation was the pegging of the Lebanese pound to the dollar. Therefore, the post war period was a period of agricultural drought whereby farmers did not benefit from any official accompaniment to present their products to global markets within quality conditions and with a competitive advantage.

b- Regional contribution to the blockade on the agricultural sector

During the Lebanese civil war, the infrastructure was destroyed, which was followed by an internal displacement from villages towards cities, and that was the final nail in the coffin of agriculture.

The agricultural sector was under siege during the Syrian occupation, and Syrian products invaded Lebanon. The country was also prohibited from using the water of the Litani river and from elaborating a competitive agricultural policy, and the Bekaa valley lost its productive role during this era.

The Israeli occupation completed the elimination of the agricultural sector thus separating the fertile south from the remaining Lebanese regions. The agricultural blockade was sustained even after the Israeli withdrawal in 2000, and Lebanon was still prohibited from using the Wazani river water and its irrigation system.

The war of July 2006 was a fatal blow to the agricultural sector, in addition to the crisis that erupted in Syria in 2011 and that cut land routes to market Lebanese products in Gulf countries.

2- From a rentier economy to a productive economy

The Lebanese economy depended on non-sustainable factors, and the authority failed to preserve and develop nature's gifts, which transformed the economic system into a short-visioned system selling services. This reality was also feeding on the alliance between politicians, the bourgeoisie, and the banking system (a), which makes it urgent to break this vicious circle and to emphasize on the strength of the Lebanese economy (b).

a - Alliance between politicians, the bourgeoisie, and the banking system.

The adopted economic philosophy allowed the country to live on tourism and services, and created the broker, transit, and rentier State. Sectarianism in politics and finance prohibited the development of a viable economic system to subjugate citizens in need of services to powerbrokers. The economic and banking bourgeoisie consolidated the stranglehold of big politicians who monopolized the main production sectors.

b - Harboring the strength of the Lebanese economy

Despite the severe crisis, Lebanon still benefits from basic capabilities including exporting services to the countries of the regions, mainly to Gulf countries. The Lebanese economy has advantages that one can build on, most importantly:

- Natural resources, especially water, as water is scarce in the region: investing in hydric resources in Lebanon can be an object of trade. Lebanon can export water in return for electricity, with a master-plan to efficiently extract and manage oil and gas.
- Nature in Lebanon that allows for the development of a unique agriculture.
- The Lebanese diaspora, using the remaining foreign currency in Lebanon, can create a conducive investment environment when confidence is restored, and draw currency from abroad.
- Rich human resources since Lebanon is characterized by diversity: diversity of communities, cultures, and languages. The competencies of young men and women shall be well exploited and an incentive-oriented system could encourage the talented to work in Lebanon.

These advantages, when well-managed, can be the pillars of a new economic system.

Conclusion

The bet is still on a modern economic system that moves Lebanon from a rentier economy providing services to a productive economy maintaining the services and a taxation system at the heart of State's finances. Reforms mean that the State shall play the role of the economic facilitator not the economic actor. It is a neutral role that will allow each economic actor to benefit from protection, safe environment, and equal opportunities, while giving the necessary impetus to financial reform and addressing the economic weaknesses through investing in the strengths, especially the ones linked to natural resources. For this bet to win, the following tools shall be made available:

- Reforming the economic system through a recovery plan accepted by external parties like the World Bank, the International Monetary Fund, in addition to ratifying the capital control law, ratifying the budget law, amending the banking secrecy law, restructuring the banking sector, reforming the agricultural sector followed by the industrial sector, starting a green revolution, creating an ecological agriculture, promoting the role of the banking sector to finance agricultural development through soft loans and a farmers foster care system, and promoting rural development in the context of a sustainable plan.

Autobiography

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