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The Endangered Classical Liberal Tradition in Lebanon: A General Description and Survey Results

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The Lebanese people believe that they live in a free market economy. However, Lebanon is ranked 96th in the Heritage Foundation's 2014 Index of Economic Freedom and 60th in the Economic Freedom of the World Index. Compared to its Arab neighbors, the country is lagging behind Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

Economic freedom had been a tradition in Lebanon dating back to the period of the Phoenicians. This tradition reached a peak, under the influence of the 'New Phoenicians,' in the period from independence in 1943 until the beginning of the civil war in 1975 (Gates 1998, 82). Today, however, economic freedom has few prominent advocates.

To the extent that classical liberal ideas still have a home at all in Lebanon today, it is among economics professors, because of the focus of economics on voluntary exchange through markets. Like the rest of the population, though, economics professors usually belong to a religious sect and have a corresponding political bent toward a particular party. Lebanon has 18 recognized sects, including Christian (40.5%), Shia (27%), Sunni (27%), and Druze (5.6%).² Some sectors of the government and the economy are known to operate under Christian influence, others under Sunni influence, etc. Some subsidies are known to be directed to Shia interests, others to Druze, others to Sunni, etc.

1. University of Balamand, Tripoli, Lebanon. I would like to thank Yvonne Khoury for administering the survey.

2. Figures taken from the *CLA World Factbook*, 2014.

To investigate the extent to which professors of economics hold liberal views, I designed and fielded a survey. The survey is constructed in such a way that some questions elicit the respondent's support of liberal ideas, while other questions concern policies in specific sectors of the economy. The survey aims to see whether professors favor policy reform from an economic conviction (classical liberal, Keynesian, etc.) or from sectarian considerations. It also allows exploration of the ways sectarianism affect policy views and more generally how to identify the characteristics of sectarian economic views.

I start by summarizing the tradition of economic freedom and the history of religious sectarianism in Lebanon. Then I describe the sectarian political framework. Finally, I present and analyze the survey results.

Economic freedom and sectarianism in Lebanon

Lebanon's coastal cities date back to the time of the Phoenicians, who structured their economy around international trade and traveled throughout the Mediterranean from 1550 BCE to 300 BCE. Later, Lebanon was a province in the Roman and Byzantine empires. In Roman times, Beirut (*Berytus*) was a cosmopolitan city and hosted the most important provincial school of law.

Quarrels among Christians during the Byzantine era about the nature of the Christ led to divisions. The followers of Saint Maroun, the Maronites, were accused of monotheism and persecuted, so they took refuge in the mountains and valleys of the north of Lebanon. The rest of the country was Byzantine. The 7th Century saw the rise of the Prophet Muhammad and Islam from Arabia. Regions were divided then unified, smaller kingdoms emerged then disappeared, but these political matters rarely affected the tradition of free trade. The people of Lebanon adopted the Arabic language. Some converted to Shia Islam, mainly in the coastal part of Lebanon, while others remained Christians, mainly in the mountains. Later on, many Shias followed al-Ḥākim, the Fatimid caliph in Cairo, and became Druze. Hence the basic religious divisions in Lebanon are centuries old (Dib 2004).

The various rulers adopted a common strategy for administering Lebanon: The coast was integrated into the empire, while the mountains were largely autonomous as long as feudal lords remitted taxes. Particularly notable was the Druze emir Fakhreddine II (1572–1635), who ruled what was in effect an autonomous principality within the Ottoman Empire. He forged an alliance with the Maronites by delegating tax collection in Christian areas to Maronite feudal lords (Dib 2004). His economic policy was liberal for the time. Fakhreddine signed commercial

agreements with the Grand Duke of Tuscany that contributed greatly to the development of silk production in Lebanon. His relations with Italy complemented the Maronites' ties with Europe. François I had signed a trade agreement with Suleiman the Magnificent in 1535, opening the way for cultural and commercial exchange between the Maronites of Lebanon and France. The French invested heavily in the Lebanese silk industry.³ Beirut was the major port and trade center (Gates 1998, 15). In addition, close ties between French and Lebanese Christians led to a considerable cultural exchange. Ultimately, though, the Ottomans became uncomfortable with Fakhreddine's growing power, and they captured and executed him.

The French influence on Lebanon kept increasing, and Western mercantilist policies transformed the country into an exporter of raw materials and an importer of finished goods (Gates 1989). With the exception of an Egyptian occupation from 1832 to 1840, Lebanon remained within the Ottoman Empire until the empire's breakup following World War I. Lebanon became a French mandate under the League of Nations, as did Syria. Lebanon gained independence in 1943 as the result of a 'National Pact' agreed to by the Christian leader Bechara el-Khoury, who became the first president of the independent republic of Lebanon, and the Sunni leader Riad al-Solh, who became prime minister. Under the National Pact, Christians promised not to seek Western support, and Muslims promised not to merge with Arab countries.

The economic complement to this political agreement between Maronite and Sunni was an economic vision favorable to their businesses. This vision was designed and advocated by the 'New Phoenicians.' This group included figures such as Michel Chiha, a banker, member of Parliament, and brother-in-law of President Al-Khoury; Gabriel Menassa, a jurist; Henri Pharaon, a banker; and Alfred Kettaneh (Gates 1989, 18 n.37; Kaufman 2014, 233). They were French-educated and some of them cited Montesquieu in their writing (Haykal and Hariri 2012). I do not know if any were familiar with the traditional classical liberal economists. However, Gabriel Menassa was the president of the *Société Libanaise d'Économie Politique*, a free-market think tank. The name of the think tank may have been inspired by the French *Société d'Économie Politique* created by the followers of Jean-Baptiste Say in 1842.

The New Phoenicians were Christians from Beirut, not from the mountains. Their economic views appealed to the Sunni population of the coasts (mainly merchants and traders), who were culturally more like the New Phoenicians than the mountain populations. The New Phoenicians' analysis in favor of economic

3. The Lebanese economy remained structured around silk exports until 1890, when Chinese and Japanese producers entered the European market.

and social freedom was built on five pillars: First, national peace is better kept with a small government that lacks the ability to intervene in sectarian matters. Second, pluralism, diversity of sects and a variety of cultures and ideologies are an advantage for dealing with both the West and the East and should be preserved in a state allowing liberty and freedom. Third, like the Phoenicians, modern Lebanon should build a wealthy society based on private initiative and free trade. Fourth, the geographic position of the country is at the crossroads of major trade routes linking the East to the West and economic freedom allows Lebanon to take advantage of this position. Finally, governments in this part of the world are corrupt and inefficient and their role should be minimal.

The New Phoenicians had a huge influence on Lebanon's choice of economic system. They pushed for the elimination of all wartime protectionist measures despite the objection of the labor movement and industrialists (Gates 1998, 83). Under their influence, the government removed controls on trade, floated the exchange rate, freed capital movements, dissolved the Syrian-Lebanese customs union, and adopted banking secrecy. The economy entered a period of exceptional growth from the independence until the outbreak of the civil war in 1975 (Gates 1989). Unlike the prior periods of capitalism, which were focused on industrialization and agriculture, this new era witnessed a boom of financial capitalism and the concentration of development in country's financial center, Beirut (*ibid.*). Politically, these measures detached Lebanon from its Arab neighbors, notably Syria, which went in the opposite direction by adopting socialism. It also created closeness with the West and especially with the United States, which sent Marines to Lebanon in 1958 during a local political crisis.

The devastating civil war that lasted from 1975 to 1990 was a result of the breakdown of the National Pact, as changing demographics and increasing political tensions led Christians to seek assistance from the West and Muslims to seek to merge with Arab countries. The 'Taif Agreement' of 1989 was reached under Saudi mediation and managed to end the civil war using a carrot-and-stick approach. Warlords and sectarian leaders were offered opportunities to become public officials and were allowed to abuse government resources in exchange for peace. Those who refused were crushed by the Syrian army, which had entered Lebanon in 1976.

The Lebanese business tycoon Rafik Hariri, who represented Saudi mediation, became prime minister of Lebanon in 1992 and supervised the country's reconstruction. He was assassinated in February 2005, which triggered internal and external demands for Syrian withdrawal from Lebanon. On March 8, 2005, a huge demonstration was organized by pro-Syrian parties to object to the Syrian army's withdrawal. On March 14, another huge demonstration took place, organized by anti-Syrian parties. Finally, Syrian forces withdrew. Since then, Lebanon's political

scene has been divided between the pro-Syrian March 8 Alliance of parties and the anti-Syrian March 14 Alliance of parties.

Without Syrian military force and Saudi mediation, the political system began to suffer from important blockages. Allowing some warlords and sect leaders to loot public resources is the price that the country has since paid for civil peace.

Sectarian politics in Lebanon

Since independence, seats in the Lebanese parliament have been allocated by sect: Sunni candidates run for Sunni seats, Shia candidates run for Shia seats, et cetera. The founders of this system imagined that by preventing direct confrontation between candidates of different sects, sectarian conflicts could be appeased. However, each voter, regardless of sect, is entitled to vote for the all seats of his district. If a majority of voters in a district belong to the same sect, they can decide the winner of not only their sect's seats but also the winners of the other sects' seats. In this case, the majority sect usually has candidates who are on paper members of another sect but whose allegiance is to the leader of the majority sect in the district; when elected, they will join that leader's group in the parliament. By doing this, a sect raids the seat officially allocated to another sect. These raids are not restricted to parliamentary seats. They involve all public sector jobs, they create tensions between sects, and they are the topic that monopolizes most political and economic debate in the country.

The major political parties in Lebanon are sectarian, which is why I may seem to use the term *sect* as a synonym for *party*. But sectarianism is considered in its moderate aspect and refers to a way in which the parties seek to differentiate their ideologies. Political debate is never about the superiority of one's sect or the fallacy of other's sects. No politician will accuse a rival of being an infidel for belonging to another religion. The dispute is not along religious lines; it is about privileges and political patronage. The sectarian political parties cultivate their authority through the government. Each sect is assigned key bureaucratic positions by law or by tradition. These positions include ministries, general directorates, parliament seats and other key positions in the government service. The framework is similar to that described by Downs (1957) in a multi-party political framework, and it has little to do with the sectarianism associated with religious fundamentalism (studied in, e.g., Epstein and Gang 2007).

Politicians aim to nurture among their own partisans the feeling that other sects are a threat. They also argue that they themselves are the most fit to hold their sects' privileges and powers. They engage in polarizing speech to rally support

during electoral campaigns.⁴ Therefore, election within the sects usually favors the candidate with the most muscle, the purported defender of the sect's rights, who is supposed to protect his sect against other sects' appetites.

Egil Matsen and Øystein Thøgersen (2010) suggest that if a politician applies extreme measures, he becomes more attractive to his voters and he increases his chance to get reelected. For Lebanese parties, extreme policies consist of attempting to grab the positions of authority traditionally held by rival sects. Grabbing privileges allows a party to increase its authority, in the government and within its own sect. Economic debate is absent from the political scene and is replaced by a debate over sects' privileges and rights. The situation is like *The Lord of the Rings*: Each contending group battles over power, partly because holding the ring gives them power and partly because if it doesn't hold the ring then the rival group does. Moreover, it is very difficult to hold the ring without abusing its power; the ring corrupts.

Given the large diversity of sects, a government can only be formed through a coalition of parties. These types of governments usually create high and enduring deficits and debts.⁵ Coalitions in Lebanon are in continual change, and politicians know that they that they may not be in power when the debt is due. Such a situation tends to increase spending and debt.⁶ To summarize, politicians from different sects sometimes compete and sometimes collude; they end up sharing the government resources. All factions are interested in the increase of the overall government-privilege pie, which may explain the continuous and unsustainable rise in the size of government. For 2015, Lebanon is expected to have a debt of 148 percent of GDP, a budget deficit of 12 percent and government expenditure of 34 percent of GDP (International Monetary Fund 2014).

Clientelism is deeply rooted in Lebanese policymaking. One trait of this clientelism is the bargain that exists between the political parties and their voters. Voters vote for the party's candidate, and in return they are privileged.⁷ Privileges include channeling government resources to those voters and resolving their problems (arranging for the government to hire them, coming to their aid within the judicial system, etc.). Access to entry into government service is generally possible through the sectarian political parties. This kind of clientelism is well described by Herbert Kitschelt (2000) and Luigi Manzetti and Carole Wilson (2007). As recognition for a politician's favor, members of the extended family of the

4. As shown by Glazer et al. (1998), Glazer (2002), and Glaeser et al. (2005).

5. See Roubini and Sachs (1989a; 1989b); Alesina and Drazen (1991); Howitt and Wintrobe (1995); Tsebelis (1995; 1999).

6. See Buchanan and Wagner (1977); Buchanan (1997); Persson and Svensson (1989); Alesina and Tabellini (1990); Aghion and Bolton (1990).

7. See the core voter model elaborated by Cox and McCubbins (1986).

beneficiary, including cousins, uncles, etc., are grateful and typically vote for the politician's party for generations to come.

A second trait of clientelism is the perpetuation of political dynasties. Traditionally, the sons of Lebanese members of Parliament are considered natural candidates for office. It resembles feudalism in the sense that people who voted for the father systematically vote for the son, or daughter or nephew, regardless of competence. This 'personal vote' persists from generation to generation (creating the consequences described in Ames 1995; Cain, Ferejohn, and Fiorina 1987; Carey and Shugart 1995). A public official has the incentive to abuse government power and to adopt rent-seeking behavior in return for personal enrichment, since he knows that the voters will elect him anyway. His bet is that voters will elect him because of his capacity to protect them and to favor them, rather than for his honesty or competence. Criticism of policies is usually taken as criticism of the sect, triggering solidarity within the sect. And supporters suffer few consequences of their actions, being protected by their political representatives.⁸ Therefore, clientelism is shielded by sectarianism, and the two go hand in hand.

Background questions

I grew up in Lebanon but did my university studies and started my working career in France. Upon returning to Lebanon I was startled by the extent and depth of sectarianism. I am creating an organization, the Lebanese Institute for Market Studies (LIMS), to promote scientific, market-based economic reforms that have the potential to serve as a unifying social force in Lebanon. The institute will produce policy-oriented papers and emphasize quantifying the financial impact of policy alternatives on families, businesses, and the economy in general. Topics can vary from standard market-based reforms such as privatization, free trade, government deficit and debt, financial liberalization, etc., to novel fields such as monetary systems without a central bank, sectarian economics, war and economics, and so forth. I expect to launch LIMS shortly after the publication of this paper containing the results of the survey, which may be seen as an unofficial first activity of LIMS.

The survey, conducted in English and in Arabic, was sent to professors teaching in programs that confer economics degrees in public and private universities.⁹ Table 1 provides a list of those universities. Seven of the universities

8. See Brusco et al. (2004); Estévez et al. (2002); Lizzeri and Persico (2001); Luttmer (2001).

9. I did not include universities that grant only a degree in business, though admittedly some of these offer a concentration, major, track, or emphasis in economics.

mentioned in Table 1 had professors' email addresses available on their websites, which I compiled. For the remaining, one of two options was used: physical surveys were sent directly to faculty members, or the survey was sent to department chairs who were asked to forward it to appropriate faculty members. A total of 214 surveys were sent out and 40 were returned, giving a response rate of 19%. So the survey results should be treated with some caution—even if responses were drawn randomly from the population, sampling error as conventionally measured would be on the order of plus-or-minus 14%.

TABLE 1. University programs conferring economics degrees in Lebanon

University	Faculty/Department	Private or Public	Degree in Economics
American University of Beirut (AUB)	Department of Economics	Private	Bachelor's and Master's
American University of Science and Technology (AUST)	Faculty of Business and Economics	Private	Bachelor's and Master's
Beirut Arab University (BAU)	Department of Economics	Private	Bachelor's, Master's and Ph.D.
Haigazian University	Faculty of Business Administration and Economics	Private	Bachelor's
Islamic University of Lebanon (IUL)	Faculty of Economics and Business Administration	Private	Bachelor's and Master's
Lebanese American University (LAU)	Department of Economics	Private	Bachelor's and Master's
Lebanese University (LU)	Faculty of Economic Science and Business Administration	Public	Bachelor's, Master's and Ph.D.
Notre Dame University—Louaize (NDU)	Faculty of Business Administration and Economics	Private	Bachelor's
Saint Joseph's University (USJ)	Faculty of Economic Sciences	Private	Bachelor's and Master's
University of Balamand (UOB)	Department of Economics	Private	Bachelor's

The survey contains 36 questions, of which 26 are policy-issue questions, nine are background questions and one is an open-ended question about the survey in general. Of the 40 respondents, 31 were Ph.D. holders, with 29 having their doctorate in economics. Thirty-one faculty members work in a private university. Twenty-nine work at an institution where a Master's is the highest degree issued.

Background questions included inquiries about religious and political beliefs:

35. What is your religious affiliation? (Once again, skip any question you are not comfortable answering.)
 ما هو انتماءك الديني؟ (الرجاء تخطي أي سؤال لا ترغب بالإجابة عليه)

Druz درزي	Maronite ماروني	Muslim Shia مسلم شيعي	Muslim Sunni مسلم سني	Other Christians مسيحي آخر	Other Muslims مسلم آخر	None of the mentioned لا شيء من المذكور
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36. To which political party have the candidates you've voted for in the past ten years mostly belonged?
 (Once again, skip any question you are not comfortable answering.)
 إلى أي حزب ينتمي معظم الذين صوت لهم في السنوات العشر الماضية؟ (مرة أخرى، تخطي أي سؤال لا ترغب بالإجابة عليه)

Future Movement تيار المستقبل	Free Patriotic Movement التيار الوطني الحر	Progressive Socialist Party الحزب التقدمي الاشتراكي	Amal Movement حركة أمل	Hezbollah حزب الله	Lebanese Forces القوات اللبنانية
Tachnak Party حزب الطاشنك	Other 14 march أحزاب أخرى من 14 آذار	Other 8 march أحزاب أخرى من 8 آذار	Independent Candidates مرشحين مستقلين	Did not vote لم أصوت	

Many respondents refrained from answering those questions. Only 24 stated their religious belief and just 12 indicated a political affiliation. These two questions registered the highest rate of abstention. That just 12 people out of 40 respondents were willing to indicate their political affiliation in an anonymous survey tells us something about the culture in Lebanon.¹⁰ Of those who did specify their religious affiliation, 11 were Maronite, six other Christians, four Shia, and three Sunni. Among those acknowledging a political party affiliation, three have voted for candidates belonging to the Free Patriotic Movement, three for Hezbollah, three for other March 8 Alliance parties, two for Other March 14 Alliance parties, and one for the Future Movement. The remaining respondents either did not vote or did not answer the question.

It is surprising that the Future Movement, which is currently the biggest bloc in the Lebanese parliament, garnered only one mention of support among respondents. In addition, none of the respondents said they voted for any of the Progressive Socialist Party, the Amal Movement, or the Lebanese Forces, which are among the main blocs of the parliament. This is probably due to the low number of people answering the question and to the fact that politics is the source of fierce discord among the Lebanese, leading them to be very discreet about their voting preferences. Such tendency is confirmed when crossing the answers of both the political and religious affiliations. In fact, none of the three Sunni respondents said they had voted for the Sunni-backed Future Movement. Four professors belonging to the Shia tradition disclosed their voting preferences. Two voted for the strongly backed Shia party, Hezbollah, and these two worked at the public university. Of the two remaining professors, who worked for private universities, one voted for

10. Klein and Stern (2007) surveyed American economists, and 90.9% of their respondents answered the question about their political affiliation. Šťastný (2010) surveyed Czech economists and 72.5% of the respondents answered the question.

Hezbollah's ally and one reported not voting. Finally, eight of the 17 respondents who revealed their Christian affiliation (Maronite and Other Christian) did not vote or did not answer the vote question. The remaining votes were split between the Free Patriotic Movement and Other March 8 Alliance parties (five respondents) on one hand, and the March 14 Alliance (three respondents) on the other. I admit that the 12 survey respondents who disclosed their voting preference provided answers that fail to illustrate my general description of clientistic politics in Lebanon. I conjecture that respondents whose political views differ from the stereotypes may have been more willing to express those views.

Two questions were asked about the respondent's orientation in economic outlook:

33. Who are your favorite economic thinkers? please list, up to three:
 من هم المفكرون الإقتصاديون المفضلون لديك؟ (يرجى ذكر ثلاثة على الأكثر)

34. Which of following comes closer to your economic views?
 أي من الواجهات الإقتصادية التالية تعتبرها الأقرب إلى وجهة نظرك؟

Classical liberal الكلاسيكية الليبرالية	Keynesian الكينزية	Libertarian التحررية	Marxian الماركسية
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other [please specify]: _____
 أخرى وجهات

As concerns economic intellectual affiliation, 15 declared themselves Keynesians, nine classical liberals, five libertarians, and one Marxian. The remaining ten did not answer the question. The favorite economic thinker is John Maynard Keynes, cited by seven respondents. Adam Smith, Karl Marx, Milton Friedman, and Friedrich Hayek ranked second, cited four times each. David Ricardo and Joseph Stiglitz were named three times each.

Policy questions

Following the example of Daniel Št'astný (2010), the policy questions used the status quo as the baseline, as in: Should trade barriers (tariffs, quotas, etc.) on imports be increased, kept unchanged, or reduced? An answer thus indicates whether the respondent is for more liberalization. Table 2 presents policy propositions and the distribution of answers.

ENDANGERED CLASSICAL LIBERAL TRADITION IN LEBANON

TABLE 2. Survey propositions and response statistics

	Increased	Kept unchanged	Reduced	Did not answer
1. Government spending to tune the economy should be	25	4	10	1
2. Government spending on the production and maintenance of infrastructure should be	35	2	3	0
3. Trade barriers (tariffs, quotas etc.) on imports should be	4	11	25	0
4. The minimum wage in the public sector should be	19	16	3	2
5. The minimum wage in private sector should be	18	18	3	1
6. Government budget to public schools should be	31	6	3	0
7. Government budget for the Lebanese University should be	29	8	3	0
8. Freedom for additional private companies to enter the electricity sector should be	31	5	2	2
9. Government spending on electricity imports (Turkish power ships for example) should be	12	6	18	4
10. Government production of water dams should be	32	4	3	1
11. Full-time employment of the contract workers and part timers at the government owned <i>Electricité du Liban</i> should be	11	13	13	3
12. Privatization in the phone and internet sector should be (OGERO being currently the single most important player)	28	7	5	0
13. Laws to block sexually lewd websites should be	21	7	12	0
14. Laws and decisions to censor “immoral and sectarian artistic productions” (movies, books, magazine, paintings, etc.) should be	17	6	16	1
15. Government control on gambling should be	20	9	10	1
16. Government control and regulation on Mobile services sector should be	16	9	15	0
17. Freedom for additional private companies to enter the Mobile services sector should be	33	6	1	0
18. Government spending in the regions (outside Beirut) should be	33	4	3	0
19. Banque du Liban ownership in Casino du Liban should be	10	15	10	5
20. Banque du Liban subsidized loans (to housing, small entrepreneurs, students, etc.) should be	20	13	6	1
21. Banque du Liban ownership in the Middle East Airlines should be	11	16	10	3
22. The measures taken by Lebanon to grant exclusive rights to the Middle East Airlines (MEA) should be	2	12	23	3
23. Government funds allocated to the Displaced Fund should be	7	11	20	2
24. Government funds allocated to the South Fund should be	9	8	20	3
25. Government funds allocated to the Higher Body of Relief Fund should be	11	6	18	5
26. Controls on refugees and immigration should be	27	3	9	1

Public spending

Respondents clearly favored the should-be-increased response in public spending when it came to fine-tune the economy (25 respondents did so, in answering Q1),¹¹ to produce and maintain infrastructure (35 did so, in answering Q2), to allocate funds to public schools (31, Q6) and to the public university (29, Q7), to provide water dams (32, Q10), to spend money for development outside of Beirut (33, Q18) and to subsidize loans (20, Q20). Keynesian respondents were almost unanimous about increasing government spending on these issues, and they were backed in their views by about half the self-described classical liberals and libertarians.

Respondents were not in favor of allocating additional budget to the Central Fund for the Displaced or to the Council of the South. The Central Fund for the Displaced is a public fund established to finance the return of people who were forced to leave their homes during the civil war. The Council of the South finances the development of the south of Lebanon, an underdeveloped region that suffered from Israeli occupation. These two entities have very bad reputations.¹² They have been vehicles allowing specific political parties to grab privileges, to operate clientelistic redistribution policies, and to increase their authority in the government and within their own sect. It is remarkable to see¹³ that none of the respondents belonging to the sects backing the parties that control these vehicles favored increasing their budget. In addition, the few respondents who favored handing additional resources to the Council of the South and the Central Fund for the Displaced were not of the expected sect; they were simply Keynesians.¹⁴ It seems that economics professors who filled the survey decided about policy reforms based on their economic analysis and not on their sectarian beliefs. Again, the survey responses do not illustrate my description of clientelistic politics in Lebanon.

While it is well established in the minds of the Lebanese that the above entities are major vehicles for patronage and nepotism, corruption in electricity imports and in the Higher Relief Committee¹⁵ is widely suspected but has yet to be confirmed. The Higher Relief Committee intervenes in order to help people in case of a disaster. The head of the Higher Relief Committee was released from his job from allegations of corruption. The Ministry of Energy and Water started

11. Figures in parentheses indicate the number of respondents who favored the change in a specific direction.

12. See Nazzal (2012), Adwan (2004), and the *Daily Star* (2000).

13. After crossing the results of Q35 with Q23 and Q24.

14. After crossing the results of Q34 with Q23 and Q24.

15. The committee is currently extensively engaged in supporting Syrian refugees.

importing electricity produced on Turkish ships stationed in the Mediterranean near the Lebanese shore. Electricity imports were accompanied by scandals related to nepotism and bribes, but no solid proof has yet been provided. Respondents were divided about these two entities. Twelve and 11 respondents, respectively, believe that government spending on electricity imports and the Government funds allocated to the Higher Body of Relief should be increased. However, 18 respondents were in favor of decreasing spending and funding related to those entities.

Employment in the public administrations

Employment in the public administrations is subject to patronage. An employee is hired only after enjoying support by a politician and is expected to return the favor by using his office to serve his political sponsor. Such patronage allows politicians to use these offices to acquire votes. In return, bureaucrats know that they may expect to be protected even if they do their job badly.

Government-owned Electricité du Liban delegates many tasks to contract workers and part-timers. Part-timers have requested full-time employment at Electricité du Liban although they failed the entrance examination. Sixteen respondents favor keeping full-time employment unchanged and ten favor reducing it.

Public provision of goods and services

The public sector is a direct provider of energy through state-owned Electricité du Liban, and of landline services and Internet bandwidth through the state-owned company Ogero. The Lebanese central bank is a major shareholder in Middle East Airlines and holds a big share in Casino du Liban. These institutions are protected against competition through statutory monopoly schemes.

Although respondents were in favor of public spending, they were clearly against the government's monopolization of goods and services. The vast majority of respondents wanted to see an increase in the freedom for additional private companies to enter the electricity sector (Q8). They were also for the increase in the privatization of the phone and internet sector (Q12). However, answers were less pointed for the sectors managed by the central bank: there the response selected most often was to keep things unchanged (Q19). The central bank enjoys a good reputation. The current governor was appointed shortly after the strong exchange rate devaluation of the early 1990s and the central bank has since managed to keep the exchange rate of the Lebanese pound stable against the U.S. dollar. The Lebanese financial system, which operates under the supervision of the central

bank, did not suffer during the global financial crisis that started in the 2007. The central bank's reputation has therefore been enhanced and the people trust its management.

Monopoly privileges

Mobile phone services are provided by two private companies that are protected through a statutory duopoly scheme. The sector has always been subject to politicians' disputes over who will have the patronage (Gambill 2003). Unlike the public monopolies, which produce economic losses, the private duopoly generates high profits for shareholders and high revenues for the state. Respondents want a change to occur in the sector. The vast majority of respondents favored freedom for additional private companies to enter the sector (Q17). On the other hand, they are divided about government control and regulation should the duopoly be kept.

Regulation

Respondents mainly oppose the increase of trade barriers and exclusive rights for Middle East Airlines. They generally favor freer trade and entry into the market. However, very few think the minimum wage should be decreased.

Immigration

Twenty-seven respondents are in favor of increasing controls on refugees and immigration. Given the current Syrian war, the number of Syrian refugees in Lebanon is now well over one million, and this in a country where the population (prior to the Syrian war) was between four and five million. The huge inflow of refugees and the security threats that came with it may have had an effect on the respondents' answers.

Public morals laws

Respondents show strong religious feelings and conservatism. Half of the respondents are for increased laws to block sexually lewd websites and government control on gambling, and half of the remaining are for keeping the current laws, which are very restrictive, unchanged.

Conservatism did not apply to laws and decisions designed to censor immoral and sectarian artistic productions. The wording "immoral and sectarian" is used in the text of the relevant Lebanese law. It is a vague concept occasionally used by the authorities for cracking down on "disturbing" individuals. Seventeen

respondents were in favor of increasing censorship, probably motivated by their moral values. However, 16 respondents were in favor of reducing censorship, probably motivated by concerns about the liberty of expression.

Concluding remarks

Currently, the gap left by the fading of liberal ideas is filled by policies characterized by clientelism, nepotism, and corruption. It is encouraging that economists are sometimes able to reach conclusions across sectarian lines by employing a common framework of analysis. However, in the minds of the respondents there seems to be a dichotomy between the idea of increasing government spending, which they favor, and the fact that the government often cannot be trusted with money, which they acknowledge. Repeated episodes of misdirected spending seem unable to convince economists that high spending is a problem. They continue to hope that the bloated Lebanese public sector can be tamed and made to behave better.

The history of Lebanon from Phoenician times until today has seen periods of high economic liberalization that went together with quick economic development. The classical liberal tradition of the coasts, and the policies of Fakhreddine II and the New Phoenicians, deserve more attention from researchers. So too does the relation between the decline of this tradition and the periods of sectarian tension throughout the history of the country.

Appendix

The survey instrument and survey data are available online [here](#).

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