Lebanon in the Syrian Quagmire:
Fault-Lines, Resilience and Possible Futures*

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The purpose of this paper is to examine the weaknesses and strengths of Lebanon amidst the tensions created by the Syrian conflict that started in 2011. Lebanon’s sectarian governance system has been over 150 years in the making. But the Syrian fire next door, which has taken an increasing sectarian nature, is likely to burn for a long time. With such dire prospects, what is the fate of Lebanon’s governance system? Will it lead the country inexorably towards civil strife?

The Lebanese governance system could be described as a horizontal deal among communal oligarchs, supported by vertical organizations within each community. While oligarchs have changed over time, the system itself survived devastating civil wars, endured extensive global and regional influences, and was also undeterred by the projection of power by many external forces, including the Palestinian Liberation Organization, Syria, Iran and Israel. What are the forces at work that make the Lebanese governance system both resilient and resistant to change?

In the paper, we use as an analytical framework, which is introduced in section one, the model of limited orders developed by Douglas North and his associates. In section two, we argue that the Syrian civil war is likely to be long lasting. Section three examines the weaknesses and fault-lines of the Lebanese system in light of the Syrian war. Section four explores the factors that continue to contribute to the strength and resilience of Lebanon in spite of the rise in extremist Islamic militancy. The last section presents three potential scenarios for Lebanon - a worst-case scenario in the form of an Iraqization of Lebanon; a conflict management and uneasy coalition of oligarchs scenario, and optimistically, the possible emergence of a citizen based model.

Governance in Multi-Group Countries

The political and economic literature on multi-group countries has been dominated by the question of the onset of civil wars (see Paul Collier et al. 2003 for a review of this literature). Multi multi-group countries may have trouble functioning, but short of splitting up, they are bound to find workable governance solutions to live at peace. These solutions have involved various forms of accommodation and power sharing, which can at time remain formal, and at other times can take the form of formal consensual institutions. The settlements typically involve both agreements among groups, as well as supportive forms of social organization within groups. These

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“settlements” can also evolve over time, as a result of internal or external changes – and transitions to new regimes that reflect new realities may be peaceful or not.

It is well known that identity is constructed. Ethnic diversity in the Middle East can be explained historically by the mechanisms that nurtured it under the Ottoman Millet system for centuries (Ma'oz 1968). In Lebanon, the relations between communities and the nature of political power was further shaped by the Mutasarrifiya experience, and by the ways in which the short colonial experience advantaged certain communities, and in particular, how it shaped the early independence nation building in the 1940s, leading to the first “national settlement,” which empowered a coalition of merchants and traditional political elite at the helm around a liberal state. Historical legacies have played a role in the shaping of groups. Lebanese historians have focused on how politics can shape identity, for example, describing how “polarization” mechanisms that political entrepreneurs can create through violence by “wounding” identity (Maalouf 1998, 2001), or how the “instrumentalization” of religious discourse works for the benefit of preserving power relations within communities (Corm 1971; 2007).

When studying multi-group arrangements and the kinds of deals that they can reach to reduce the use of violence, notions of “equilibrium” are useful. In particular, such settlements need to balance security and economic concerns across and within communities. The notion of equilibrium, a state of affairs which all parties consider superior to alternative possible arrangements, help in understanding why particular settlements are stable at particular moments and why changes occur when circumstances change in particular ways. Simple game theoretic tools help us understand the types of regimes that can emerge in different circumstances, such as in Lebanon, and contrast this with other types of settlements where autocratic minorities ended up ruling, as in Syria, Yemen and Iraq.

A theoretical framework that allows capturing many of these concerns is provided by North et al’s (2013) Limited Order Access (LAO) model, which emphasizes how societies “limit violence though the manipulation of economic interests by the political system in order to create rents so that powerful groups and individuals find it in their interest to refrain from using violence” (Wallis 2011; North et al 2009). In this analysis, national settlements involve deals between various groups that can improve their welfare by ensuring that the latent threat of violence is not exercised.

In applying such a frame to Lebanon (or Syria), it is useful to focus on a situation with 3 main groups, bargaining (horizontally) with each other to form a national coalition that monopolizes the use of violence, and within each group (vertically) to determine the relation between political elites (“oligarchs”) and “citizens”. Both horizontal and vertical deals involve restrictions on social organizations (economic, social, and political) in ways that create rents that can be used by oligarchs to support their rule – see Figure 1. A “settlement” or socio-economic equilibrium (SEE) is a combination of horizontal and vertical arrangements that institute peaceful relations by creating and distributing rents in such a way as to be superior among all players to a world with violence. At the center of an LAO is a dominant oligarchic coalition, an organization held together by the interlocking of interests of its members. The coalition serves its members by enforcing arrangements within and between groups in the coalition. These privileges include limits to the right to form political and economic organizations. An important aspect of an SEE then is that it is in the various
leaders' advantage to help each other discipline the members of their groups, especially the ability to start rival organizations. The horizontal arrangement is made credible by the vertical arrangements. The rents received by leaders from their own organizations allow them to commit credibly to one another since the rents will be reduced if cooperation stops and violence erupts. There is also a reciprocal effect in that leaders can rely on each other’s support to make their own client organization more productive. Thus, the creation and structuring of rents is the main mechanism that holds the coalition together. Restriction on entry is an essential element of this. A second element is the cooperation allowed by third party enforcement of vertical deals. A third is the gain over a situation with violence. Part of these rents is generated by unproductive rent-seeking activities (such as state patronage or monopoly rights), but others can be productive rents (for example as developing economic sectors that benefit from social peace such as banking or tourism).

Depending on circumstances, various types of SEEs can arise, some with large coalitions, as in Lebanon, and some with restricted coalitions. Unlike in Lebanon, in Syria and Iraq, the settlements were based on praetorian minorities, a legacy of the de-colonization process. The base of regimes became narrower over time as a result of economic failures, but they survived for decades on the basis of sheer repression, financed by oil and strategic rents (Richards and Waterbury 1998). These settlements exploded with the 2003 US intervention in Iraq, and the (2011) popular uprising in Syria. In both cases, violent autocratic orders with their back to the wall fought back. There is a slow and uncertain move towards a consensual model in Iraq, which is primarily based on federalism with power and wealth sharing in the context of an oil economy. In Syria, the process of rebuilding an SEE has barely started and can take decades to converge given the degree of animosity among groups and their high level of internal fragmentation.

In Lebanon, the present consensual model, which has over time come to include all the large groups into the oligarchic coalition, was a legacy of Ottoman and French rule, but it has evolved several times since, as a result of changes in internal and external forces. The country has three large groups of about equal size (Christians, Sunni and Shiite Muslims) as well as other smaller groups that have been able to play important roles at various periods (the Druze, Greek-Orthodox, or the Alawite). Political parties also exist, often covering up for communal affiliation (Kataeb/Lebanese Forces, Hezbollah/Amal, Progressive Socialist Party), but sometimes crossing communal divide in ways that build coalitions between groups around similar interests (such as March 8 and 14 coalitions). Within each group, there has been important social differentiations between notables (at various times feudal/landed elite or business elites), which tend to monopolize the use of “national” agreement, and “the streets” (led by “warriors”, populist strong-men challenging their rule on the basis of ideological or religious/ethnic grievances and/or aspirations. Warriors have been able at time to mobilize communities against others, and in some situations, to gain ascendance relative to traditional notables (sometimes displacing them). The civil war saw a large change in leadership, with “warriors” replacing feudal lords among the Shia community, and replacing both landed and urban elites among the Christians. The Sunnis are presently divided between a predominant urban elite (Hariri, Miqati, and traditional urban elite) and new warriors challenging their rule by branding the flag of extremist Islamic insurgency (Asir and other Salafis). A large and rich literature has sought to explain and delineate the variety of political
settlements in Lebanon since the genesis of the Republic (Hakim, 2013, Salibi 1965, 1976, 1988; Ajami 1986; Kassir 1994; Harris, 1997; El-Khazen 2000; Ziadeh 2006; Traboulsi, 2007). These phases included several types of coalitions: (i) small size coalitions – which delivered a stable macro economic situation but an unstable security environment, they main example is the early “merchant republic” dominated by Christian elite interests; (ii) large over-stretched multi-group coalitions with high costs in terms of budget deficits, as during the late post-Taif period; (iii) fragmented governance as during the civil war; (iv) imperial settlement, as during the Syrian domination period, where much of the rents were appropriated by the “empire”. (v) There was only a short period with a strong state that to some extent transcended communal oligarchs during the Shehab presidency.

The key characteristics of each phase/settlement included exclusionary political and economic mechanisms, the active pursuit of economic rents and their distribution, and the nature of the elite bargain. When examining the rents phenomenon, five factors stand out.

First, the nature of the rents created in various settlements differed in the extent to which they were consistent with some measure of economic growth (rents from cooperation) and the extent to which they taxed growth (external rents that generated political divisions, extractive rents). The first type relates to the conditions of security that allowed Lebanon, at a time, to become a touristic, entrepot, and banking center in a troubled region. The second relates to the use of state provided patrimonial instruments (such as state employment, controls over various funds, choice of infrastructure investments), economic distortions and related rents (such as access to contracts, and the way in which the policy framework benefits particular groups), and even violence related rents (principally during the civil war and other periods of unrest, which are a combination of the two elements above, but with the important distinction that they operated outside the state and its legal framework).

Second, the trade-off between security and the economy that was present in the various settlements differed. For example, the more restricted coalitions of the 1960s allowed for a large degree of macro stability that oversaw some of the fastest rates of economic growth of the region. However, the narrow socio-economic coalition could not stem the rise of groups who fell excluded, and the country burst increasingly into cycle of grievances and violence that ultimately led to the civil war. In the post war reconstruction phase of the 1990s, the necessity to build a larger coalition brought security but it was costly to sustain in terms of state expenditures, resulting in large fiscal deficits and a ballooning public debt, generating economic instability. The further expansion of the national coalition in the 2000s (to now firmly include the Shi’a as well after the Israeli withdrawal from the South in 2000) generated demands for new rents. Given the lack of fiscal space, these increasingly originated from abroad (Iran, the GCC, the West), or had to be created through the provision of privileges and economic distortions.

Third, how these rents were distributed within groups mattered. The main goal of state patronage was to strengthen the power of local oligarchs. Foreign funds often were used to develop clientelistic networks, a necessity for winning elections. Conversely, instances of restricted rents led to power shifts within communities. Before the 1980s, the quasi-feudal organization of the impoverished Shia community paradoxically weakened its horizontal bargaining power. In
contrast, the rise of a Shia bourgeoisie as well as the Amal movement during the 1980s and subsequently Hezbollah in the 1990s, the latter largely financed by regular Iranian contributions, greatly contributed to the development of its social services. The Shia community also benefited from the state’s Majless al Jounoub (controlled by Amal). Within the Sunni community, the rise of Arab nationalism in the 1960s brought its own source of financing, giving rise to a new political elite, which lost out to the billionaire club in the Taif period in parts due to their unique ability to direct part of the second oil boom bonanza to their followers in Lebanon. Similar to the Shia community, the Christians notables lost out to warriors during the civil war, as they lost their ability to deliver state favors. Warriors during and after the war succeeded through rents, ideology and assabiyya to create a following at a national level within their respective groups. Not only were traditional notables squeezed out of the dominant coalition but the emergence of a new political elite was obstructed in the post-civil war period.

Fourth, the reasons leading to the demise of particular settlements and evolution towards a new phase differed. This evolution has in some cases been due to differential socio-economic development among the groups, such as: the differential demography and urbanization which together with the decay of agriculture since the 1960s ended up strengthening the Shia bargaining posture; the development of work opportunities in the Gulf in the 1970s that strengthened Sunni’s power; the development of the Lebanese banking system in the 1990s which played to the interest of the business elites in general, but also paved the way for the return of Christian business elites. The other crucial dimension of change is related to external influences. Changing regional and international conditions affected the extent to which external partners projected power – as with the spread of Nasserist ideology, the rise and fall of the PLO in Lebanon, the rise of the GCC, the mobilization in Iran after 1979, the influence of Syria throughout the period, the ebbs and flows of Western and Israeli influences. Eternal actors affected power relations between as well as within communities, in some cases adding to rents in the system (as with the generous GCC financing of the post-civil war reconstruction, which strengthened the new Sunni leadership that emerged then, or Iran’s financing of Hezbollah), and at others, influencing the ability of groups to extract rents from the system (as when the PLO had to withdraw from Lebanon in 1982, which weakened traditional Sunni notables).

Fifth, some of the transitions were more peaceful than others. Lebanon exploded into a civil war in the mid-70s, undermining the influence of traditional notables in favor of warlords (El-Khazen 2000), but Hizbollah’s rise, so far, was achieved relatively peacefully. This can be partly due to the lessons of a civil war still alive in people’s memories. But deeper down, one needs to invoke the ability of oligarchs to make horizontal deals, which is in large measure dependent on their vertical situation and the extent of the contestation within, including in terms of foreign support.

The consensual form of settlement that originated with the “national pact” reached between the two main camps of the time, during the pre-independence period, lives on in spite of the civil wars that ensued – indeed, it has expanded to include the three major communities. The Sunnis strengthened their position with the Taif agreements in the 1990s, and the Shia joined the settlement with the expansion of Hezbollah in the 2000s. Even with Syria out of Lebanon, the system of dominant oligarchs continued to function. The popular uprisings in Syria and the civil
war than ensued have however transformed the situation dramatically by generating enormous tensions within the governing coalition.

Why the Syrian War will Last

The Syrian conflict is unlikely to end in the foreseeable future. Violence broke the resolve of Syria’s unarmed and leaderless uprising, turning the country into a fragmented field of war entrepreneurs that are split into more than 1,500 distinct groups, challenging at once the Syrian military and other militias. The conflict is a magnet for foreign fighters. Hezbollah from Lebanon and Shia Brigades from Iraq support directly the pro-regime forces, with additional logistical, financial, and political support by Iran and Russia. The insurgents, estimated at 110,000 fighters (Stuster 2013), include 11,000 to 12,000 foreigners from around 50 countries and also comprise 26,000 extremists in al-Qaeda similar entities such as the Islamic State of Iraq and Greater Syria (ISIS) and the Nusra Front. To varying extents, insurgent groups are supported by the West, Turkey, and Gulf countries and individuals. Such an amalgam of combatants and supporters complicates immensely the likelihood of a quick resolution, military or political.

Before tracing the interests of the main external actors, how can we conceptualize the conflict in Syria in relation to the core “game” ongoing between the various domestic actors? Wars are not rational in the sense that they reduce the size of the national pie. Indeed, the conflict has destroyed the Syrian economy, with half of its 23 million people living in poverty. Shockingly, the Human Development Index went back 37 years. It would take Syria 30 years and a growth rate of 5 per cent to attain the GDP value of 2010 (ESCWA 2014). More than 10 million Syrians have been displaced by conflict. Rational protagonists, with full information, and rational expectations about the future, should have been able to agree on a superior division of the spoils by making a deal that early on that would have avoided the need for a destructive war. Understanding the ways in which reality differs from such an idealized view helps shed some light on the central sources of the conflict. One important difference between model and reality is that rather than two, there are three central players in Syria, the third being the Syrian silent majority that initiated the Uprisings of 2011 (the Kurds can be considered a fourth group). A victory of the peaceful and popular opposition movement would have devastated both the Alawi rule, and its nemesis the violent Islamic opposition. The “center” itself could not have entered into a credible deal with these actors over future power sharing to prevent violence, since years of repression have rendered it virtual and leaderless.

Indeed, once the revolt started, and until recently, serious battles between the government and Islamic insurgent groups have been rare. It is as if there has been a tacit agreement between them,

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1 Testimony of James Clapper, Director of (US) National Intelligence before Senate Intelligence Committee, quoted from the Daily Star, 3 February 2014.
2 BBC, 3 September 2014 quoting figures from the Soufan Group and the International Centre for the Study of Radicalization. The article also cites Syrian army estimates, which put foreign fighters at 54,000 from 87 different countries.
3 In addition to an estimated 2 million peasants that had been displaced around 2007 due to massive droughts in the eastern part of the country.
4 Here, the concept of “violence traps” developed in North et al, 2013, is particularly relevant.
at least during the first phase of the war until 2013 to focus on destroying the center’s claim on power as a common priority. In so doing, the two violent protagonists have divided the country into spheres of influence.5 The border between government and opposition territory has become largely stabilized, with the regime controlling most of “useful” Syria along the Damascus/Homs/Hama/ Latkieweh axis, with Aleppo in the balance. The level of fighting is likely to stay high enough to attract foreign rents, but the main action is likely to be within the "liberated" territory. Fighting among insurgents will only subside when a workable coalition of oligarchs emerges claiming to represent “Sunni” interests that can actually be in a measure to enter credibly into a power sharing deal with the Alawi regime to shape a new oligarchic equilibrium. In the meanwhile, Syria will remain fragmented into cantons led by warlords financed by spoils whose existence depends on the continuation of the war. Turkish border crossings and Syrian oil fields are particularly lucrative opportunities. Al-Qaida affiliates and offsprings, Kurdish militias, local tribes, and various other militias battle with each other for their control. Oil alone generates an estimated one million dollar a day (Yazigi 2014). Kidnappings, border crossings, contraband, local taxation and looting are other means to stay in business. Young men with no other income sources have flocked to these various groups. According to Abdul-Jabbar Akidi, a senior rebel commander, warlords are “racing each other for power” and have turned their back on fighting the Assad regime (Abboud 2014). The surprising fast rise of ISIS in Iraq as a unified and large player has strengthened its position in Syria. It is too early to tell however if it will remain a unified force in the future.

This brings to mind the long Lebanese civil of 1975-90. The first phase of the war in 1975-76 was fought by volunteers driven by perceptions of high communal threat, and it was a war meant to breach the border to defeat the enemy. From 1977 to 1990 however, the war was fought by organized militias with full time combatants receiving salaries and benefits (El Khazen 2003) which had renounced fighting each other, respected borders, and established close coordination among themselves to improve their control and of the spoils of war. Ten militias controlled cantons and taxed them, built around illegal ports, through which arms and foreign trade, including drug trafficking, and contraband flowed (Traboulsi 2007, p. 231-7). Militias came to own large business enterprises and became part of the bourgeoisie, having close business partnerships with many of its members. The funds amassed went partly to finance the war, and partly to the pockets of militia elites (Traboulsi 2007). After the war, Lebanon’s militias changed to political parties and with them their welfare agencies and social networks, which also served to retain their leaderships’ support base.

The situation in Syria is now in a flux and may evolve to resemble the Lebanese model, ending up with a coalition of oligarchs sharing the national pie. But we are not there yet. As we write this paper, there is still no political or military solution of the Syrian conflict on the horizon. The stakes are high and the players are many. Short of an improbable US deal with Iran, which Israel staunchly opposes, global and regional actors will also fight it out for the foreseeable future, and they will continue to adjust their military aid to prevent the defeat of their clients.

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5 There are also claims that the regime supported initially the rise of Islamic violent groups, and that the inaction of the West early on to support the peaceful opposition resulted in the same
An international resolution imposed by the Security Council is not possible for the moment given the ongoing Ukraine crisis. For Russia, Syria is its last outpost in the Middle East, and the port of Tartous its only naval base in the Mediterranean, assets they are unwilling to relinquish, and which acquire greater value in the confrontation over Ukraine. The United States and its key allies in the region, including Israel, prefer a continuation of the conflict over the possibility of one of the camps emerging victorious. Military intervention has been ruled out after the failed military adventures in Afghanistan and Iraq, but a victory by Jihadists is unattractive, considering the risk of violence against minorities, most of which have remained loyal to the Assad regime.  

While it is almost natural for the Syrian opposition to be divided, given the ferocious repression it has faced in the past, it is more disquieting that deep discord has plagued its main regional supporters -- the fallout between Qatar and Saudi Arabia, differences between Saudi Arabia and Turkey, in addition to what appears as numerous power centers in Riyadh attest to this and weaken the possibility of a unified diplomatic and military effort of the opposition (Wehrey 2014, p.2). The Syrian conflict has presented the Saudis in particular with an impossible dilemma. On one hand, it cannot allow Syria to fall into Iranians hands, particularly after the loss of Iraq and Iranian “overreach” in other theaters in the Arab region, in particular Lebanon, Bahrain, Yemen and even Palestine. On the other hand, the bloodletting of Sunnis in Syria puts pressures on the Saudi ruling family, the self-proclaimed protectors of the Umma, to do something. The Kingdom is facing competition by the Muslim brotherhood and the rise of new generations of al-Qaeda type groups that will eventually end up destabilizing the Kingdom itself, when its own nationals return home from the battlefields of the Levant. As a result, its best move is to prevent either side from emerging victorious. This is also, for slightly different reasons, the goal of Turkish diplomacy.

At the same time, the conflict has polarized the competition between Iran and Saudi Arabia over control in the region. The conflict is bleeding Iran (as well as Hezbollah, and Russia) of human resources and treasure. There are estimates that Tehran is transferring every month to the Assad regime between $700 million and a billion (Sadjadpour 2014), in spite of its suffering from crippling international sanctions, Russia is also said to be providing at least that much. But for Iran, Syria is the irreplaceable lifeline between Teheran and Hezbollah, and Hezbollah is Tehran’s dagger at Israel and a trump card to win support in the Muslim and Arab worlds in its confrontation with Saudi power in the region that it is unwilling to give up if it is not forced to do so on the battlefield. It is not too far-fetched to think that one of the reasons that has pushed Saudi Arabia to allow oil prices to fall at the end of 2014 is the desire to further weaken Iran financially.

**Weaknesses of the Lebanese System**

Lebanon’s instability mirrors the geopolitical state of the Middle East. Confrontations among regional and global powers are translated into heightened tensions on the domestic scene among the dominant coalition of communal oligarchs given their high dependency on a steady flow of strategic rents from their foreign patrons. The massive influx of Syrian refugees has posed tremendous security as well as socio-economic challenges on Lebanon. But the most critical challenge to regime stability is the polarization that has taken place between the Sunni and Shia groups, both of which perceive the Syrian conflict as existential to their economic and political

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6 At least thirty-five per cent of the Syrian population is composed of Christian, Druze, Kurds and other minorities.
future. In this, both groups also see themselves as an integral part of the broader Iranian-Saudi confrontation. These factors have exacerbated the existing fault lines in Lebanon's political system.

To understand the current state of Lebanon’s political landscape, it is necessary to start with an overview of recent history. Figure 2 depicts the main events that have punctuated the evolution of political settlements since the late 1980s, a period that we can divide into three main phases. The first phase, which falls between 1989 and 2005, is Lebanon under Syrian tutelage. Until 1989, the Arab states turned a blind eye to the bloodletting of Lebanon’s civil war. However, in the late 1980s, the increased involvement of Saddam Hussein in Lebanon started to threaten direct conflict between Syria and Iraq, and diplomatic efforts intensified (Norton 1991). In 1989, the Taif Accords were signed under the patronage of Saudi Arabia and Syria and the backing of the US. The agreements build on the exit of the PLO from Lebanon in 1982, and the withdrawal of Israel to a self declared security zone on Lebanese territory in 1984 after it had failed to affect the Lebanese settlement in its favor. Syria’s (symbolic) military participation in the liberation of Kuwait was compensated by Washington’s acceptance of its dominance in Lebanon. With Syrian assistance, all militias, except for Hezbollah, were disarmed, while Hezbollah was tasked to fight and liberate South Lebanon from Israel’s occupation. The parallel Syro-Saudi understanding foresaw a rise of Sunni power in Lebanon, on the bases of which, until late 2004, an equilibrium of sorts was constructed. The Taif Accords gave new life to the economic and political role of the Sunni community, manifested in the person of Rafik Hariri who was frequently in power between 1992 until his assassination in February 2005. Sunni historical ambitions were realized: they were on par with the Christian Maronites, in spite of losing the civil war with the withdrawal of the PLO from Lebanon in 1982. However, the Syrians with their Lebanese proxies, worked to contain Hariri, apprehensive of his independence, close connection to France and Saudi Arabia, and potential challenge to Assad’s hegemony over Syrian elites. Damascus made use of the traditional sidelined Sunni elite, and of the Lebanese security establishment which was molded to meet the needs of the Syrian political-security apparatus.

The Saudi-Syrian understanding in Lebanon came under great strain during the period between 2004 and 2011, our second phase and a period of great turbulence and change. A number of regional and domestic developments converged, including the change of the guard in Damascus, the rise and fall of the US position in Iraq, the failing of the Israel/Palestine peace process, and the momentous rise of Hezbollah in Lebanon after 2000. Bashar Assad’s assumption of power greatly affected the dominant coalition in Lebanon. Unlike his father, who was content with playing the indispensable mediator among the Lebanese communal oligarchs, Bashar opted for strong arm policies in Lebanon, persuaded that “the leverage of the old guard contenders in Syria were dependent on their personal and financial ties to Lebanese elites” (Leenders 2012). This proved to be particularly daunting for Hariri, who had strong ties with a number of Syria’s elites that Bashar was set to oust (Nizameddin 2006). The invasion of Iraq by the United States exacerbated Syrian insecurities and pushed Hariri to bet on a US-led regional peace. Damascus was especially challenged by the issuance of Security Council Resolution 1559 in September 2004, which called for its withdrawal from Lebanon and the disarming of all militias. This practically amounted to an attempt to strip it and Iran of their key strategic assets in the Levant. The assassination of Rafik
Hariri did not mark the end of this phase. Syria withdrew its forces from Lebanon, but tensions in Lebanon continued, manifesting itself into political assassinations and brawls, ending with the military takeover of the capital by Hezbollah in 2008. What is significant is the fact that Saudi attempts to find a new settlement in Lebanon that would contain Hizballah continued right up to mid-2010, as part of a broader effort to pull Damascus away from Tehran’s orbit of influence. The Doha Agreement of 2008, which came to ease tensions after Hezbollah’s 7 May coup, was brokered on the basis that major national decisions were to be taken by consensus, to include all groups. Saudi Arabia kept intervening to preempt the rise in political polarization. The Saudi King and Syrian President meeting in Beirut on July 2010 was most likely the last attempt to reach terms. With the start of the Syrian Uprisings in 2011, Saudi efforts to sway Damascus to its fold and arbitrate agreements among the Lebanese came to an abrupt end.

Our third phase thus stands for what we believe is the rapture of the Lebanese internal settlement, which was instigated with the Syrian uprising in mid-2011 that entrenched regional actors. Saudi Arabia and Iran as well as their respective Lebanese and non-Lebanese proxies committed their assets to the Syrian conflict. And with that the Lebanese Sunni-Shia divide reached a new dangerous depth. The two Shia groups, Amal and Hezbollah, stood with Damascus against the backlash of Hariri’s assassination, organizing the March 8 alliance. A series of assassinations directed against March 14 politicians further polarized the situation. While the leadership of Rafik Hariri (1992-2005) gave the Sunnis a sense of ownership regarding the Lebanese state and its institutions, his death generated a growing fear that the Shia will replace the Maronites’ control of the state’s security institutions (Bahout 2014). Hezbollah and its allies frequent toppling of Saad Hariri led governments in 2008, 2009 and 2011 contributed to increased resentment among the Sunni community, reaching unprecedented levels with Hezbollah’s forceful takeover of Beirut in May 2008, an unprecedented use of force by Hezbollah to stop any attempt to tamper with its military structure. Over time, sectarian clashes increased at an alarming rate. There were car bombs and suicide attacks against predominantly Sunni and Shia areas. Heightened communal feelings proved to be most detrimental to the liberal Sunni elite. Increasingly, extremist Islamic leaders were starting to make their presence felt on talk shows and on the streets, challenging Hezbollah, Syria and Iran, and lamenting the Sunni leadership’s ‘weaknesses’.

It is useful to compare the contexts confronting Saad Hariri compared to his father Rafik. In the post-Taif period, Rafik Hariri had three essential trump cards at his disposal. First, there was international support, in particular that of Saudi Arabia, of Syria’s dominant role in Lebanon. As a result, there was no serious contestation to Damascus’ iron grip of the country within the Sunni group. Second, the late Prime Minister had the narrative of resistance to justify Hezbollah’s supremacy. As a matter of fact, until May 2000, Israeli occupation of parts in South Lebanon, gave Hezbollah a popular appeal within a majority of the Sunni community. Moreover, Damascus kept a lid on Hezbollah’s involvement in Lebanese domestic politics, and its shares of seats in the state apparatus, parliament or cabinet were minimal, which suited Rafik Hariri well. Finally, Hariri, taking advantage of the second oil boom and his connections in the West and in the Gulf, had large spoils to distribute among his supporters and to placate his enemies. With the eruption of the Syrian revolt, Saad Hariri, unlike his father, had none of these cards at hand. Saudi Arabia pressed
its proxies to resist Hezbollah, whose legitimacy in the eyes of the Sunni community was irrevocably damaged when it sided with the Asaad regime. Indeed, Saad Hariri was faced with an assertive Hezbollah, which had become much more centrally involved in the domestic affairs of the country, since the Syrian withdrawal in 2005. Saad Hariri was also faced with having little spoils in the context of a depressed economy and levels of sectarian polarization unparalleled since the early days of the Lebanese 1975 civil war.

Two detailed opinion polls from the World Value Survey (Moaddel, 2008, 2011) can be used to measure the depth of the Sunni-Shia divide in Lebanon and its rise over time. Already in 2011, around 80% of both Sunnis and Shias trusted their co-religionists "a great deal", while they trusted members of other religions around 30% of the time - the trend could have only worsened since. It is striking that neither education nor age had any effect on the level of trust, instead, it seems that the war generation has bequeathed its values to the young. What is also a source of concern is a large and rising share of "fundamentalists" among the Sunni and Shia communities' least educated (between 20-30%), as illustrated in Figure 3 (see annex for definitions). Figure 4 also reveals how the Sunni group is united in their negative opinion of the role of Iran and Syria, but united in their positive views about the role for Saudi Arabia. The opposite is true for the Shia group.

This polarization is even more apparent among the main parties that represent the Sunnis and Shia population. Hezbollah and its ally Amal's primary objective is to support Assad's hold on Syria, in spite of the risks incurred in Lebanon, given their fear of what the demise of the Assad regime would bring. There are two essential reasons for this. First, in their view, Salafi rebels in Syria represent an existential threat - a victory in Syria would inevitably make Lebanon their next target. Hezbollah's strategists believed that they could do battle with Sunni militant forces in Syria today or fight these forces in Lebanon tomorrow (Nerguizian 2013). Second, the party felt compelled to secure its life-line of military hardware from Iran since it remains exposed to Israeli attack. For deterrence it has to keep up its arms race of 'strategic' weapons with Israel, for the depreciation ratio of weapons is estimated at 25 % a year (Authors' interview).

For the Sunni group, the demise of the Assad regime would mark the end of what is perceived to be an era of Hezbollah-Iranian subjugation and injustice. Frustration among this group is high, compounded by the official indictment of four members of Hezbollah by the Special Tribunal for Lebanon, Hezbollah's storming of Beirut on May, 7 2008, in addition to the party's extensive involvement in Syria. Lebanese Sunni militant groups in Akkar, Tripoli, and the western Bekaa valley have Salafi networks dating back to the mid-1980s and they have supported rebels in Syria since the insurgency began. As the war in Syria progresses, Lebanese Sunni militants learned to organize militarily, linking up with foreign Jihadi groups and as such gaining tactical experience in the battlefield. There is great concern that a frustrated Sunni community would increasingly support extremist Islamic militant groups, the likes of which emerged in Tripoli and Saida. Tripoli is in proximity of the Syrian cities of Hama and Homs, and has been traditionally against the Assad regime. The city has suffered over 20 rounds of fighting between the Sunni neighborhood of Bab al-Tabbaneh and the adjacent Alawite neighborhood of Jebel Mohsen. In Saida, Salafi Cleric Ahmad al-Assir founded the Kataib al-Muqawama al-Hurr, committed to oppose Hezbollah. Al-Assir clashed with Lebanese army in June 2013.
The poor economic conditions and low level of state-led social services generate social grievances that weaken popular support for the ruling regime of oligarchic coalitions. As suggested above, a key characteristic of the current political settlement is its high degree of economic inefficiency, reflected in low growth and soaring government deficits and debt. As the political settlement came to include in the 2000s the three main national groups (and others, such as the Druze), fiscal and off-balance sheet spending rose. Government deficits were rarely below 20% GDP since the mid-1990s, with a rising part of spending made up by the interest on debt expense. As the fiscal space close down, a multitude of off-balance sheet cost-centers arose, and these centers were divided among the various oligarchic networks. For example, The Council of Development and Reconstruction (CDR) is run by the Sunni group, the Council of the South under the suzerainty of the Shia group, the energy (and its lucrative import of oil) under the jurisdiction of the Maronite group, the Ministries of the Displaced, Public Works, and Health were usually assigned to the Druze group (Leenders 2012). Over time, and once state and public enterprise debt reached alarming levels, the weak economy created the need to find other ways to generate rents, for example by constraining the hiring practices of the contractors to official agencies (eg EDL), applying regulatory rules in a discriminatory fashion (eg health or construction regulations). These practices have created social tensions and restrained the forces of competition. Together with the high interest rates policy of the government, they have also led to a slowing down of economic growth. The systematic allocation of privileges to the connected businessmen has made Lebanon, in the eyes of the Lebanese, one of the most corrupt countries in the Arab region (see Figure 5). At the same time, state services have deteriorated in recent years, including in health, education, and the provision of electricity and water.

The deteriorating economy and state services have hurt mainly the communities that were underserved to start with. The dreadful socio-economic conditions and trends in Sunni regions are not helpful in stemming frustration and extremism. Lebanon’s North, in particular, has the highest poverty rates, lowest education, highest unemployment, highest fertility and lowest migration rates in the country. Employment opportunities are limited. Overall poverty is nearly ten times higher in the North than in Beirut. There is a very high incidence of extreme and overall poverty in the North, 17% and 52% respectively. The North has 20.7% of Lebanon’s population, 46% of the extremely poor population and 38% of the entire poor population (UNDP 2008). There is an absence of state institutions, aid or any form of social support. Sunni elites’ sponsored social safety nets are also limited. These dreadful socio-economic indicators must have deteriorated further given the massive influx of Syrian refugees. This carries the risk that the weak position of mainstream Sunni leadership will backfire, as impoverished Sunni groups shift their anger and frustration towards Hezbollah.

While GCC funds to the Sunni elite did not go deep into the Sunni poverty belt, several factors contributed to the upgrading of social conditions of the Shia community over time. Hezbollah sponsored social services financed by Iran in addition to the trickledown effect of the spoils secured by Shia elite from the state have done much to alleviate the community’s socio-economic standing. There were also other factors at play. Unlike their Sunni compatriots of the North, the Shia
community, in particular those living in the South were exposed to massive population movements caused by the mechanization of agriculture and repetitive massive Israeli military incursions. Large numbers migrated to Beirut’s southern belt. Some went abroad, mainly to African countries where they were relatively successful.

Finally, the massive influx of Syrian refugees has exacerbated a bad situation, especially for the poorer. But so is the economic fallout of the conflict, which has caused a decline in trade, tourism and investment while increasing the need for public expenditures (particularly the demand of public services - health, education, electricity, and water), costing Lebanon US$2.5 billion in lost economic activity during 2013 alone, and threatening to push 170,000 Lebanese into poverty by the end of 2014 (World Bank 2013). Desperate job seekers among the Syrian refugees in Lebanon are placing tremendous pressures on the labor market and on its formal and informal social safety nets. Brawls among Syrian laborers and locals are breaking out with a rising frequency. Local communities are the most directly affected with many towns and villages now having more refugees than Lebanese. Refugees are mostly Sunni, perceiving their country as largely ruled by Alawis backed by their Shia allies in Lebanon. Many are located in areas close to the Syrian border, where tensions between Shia and Sunni Lebanese villages are high. Villages like Arsal or Majdel-Anjar hosting a Syrian mini-society have naturally become hostile to adjacent Hezbollah-led “resistance” areas (Bahout 2014). Complicating matters further is the fact that there are thousands of Syrian opposition fighters and deserters currently around the Beqaa region, leading the Syrian refugees to become more widely politicized and armed, and making them potentially as destabilizing as the Palestinians in the 1970s – if not more (Salem 2012; ICG 2014, 17). For some, the refugees are thus seen as an existential threat. The potential of changing confessional demographics amidst heightened Sunni-Shia tensions remains a cause of significant concern.

There are also fears that Palestinian refugee camps in Lebanon might be used to hide reservist Sunni militant forces. Such a possibility is strengthened by the disintegration of the Hezbollah-Hamas-Islamic Jihad alliance against Israel as Islamic Palestinian factions opted to take side with Syria’s opposition. Ironically, Palestinian Islamic factions used Iranian training and supplies (such as tunnels) to fight Assad forces (in Qusair as well as in Yarmouk Camp, Ghouta, Zainab Shrine – Outskirts of Damascus). Moreover, the largest Palestinian Camps in Lebanon (Ein Helweh in Sidon and Bourj al Barajeneh in Beirut) are feared to have undergone a transfer of control from secular PLO to extremist Islamic groups. In a nightmare scenario, Islamist groups such as Usbat al-Ansar and Jund al-Sham could become part of a Sunni-Shiite confrontation, joining forces with Syrian Jihadist groups wanting to settle scores with the Shiite movement.

Lebanese Strengths and Resilience
Lebanon’s precarious stability could be attributed to an implicit agreement by international and regional power brokers to sideline the country from the Syrian quagmire. But there is more to Lebanese resilience than that. While the pressures to fall in the cataclysm of a new civil war have been mounting, the last episode remains freshly engrained in Lebanese memory, providing some discipline to Lebanon’s traditional power brokers who fear that conflict would threaten their dominance within their communities. Moreover, unlike in Syria, inter-group cooperation developed
over a period of 150 years (since 1861) to incorporate Druze, Maronite, Sunni and Shia groups into a multitude of agreements including the Mutasarrifiya in 1861, the constitution of 1926, the National Pact of 1943, the Taif Accords of 1989, and the Doha agreements of 2008.

In spite of the frequent occurrence of security incidents, the potential of organizing a military structure at a national level within the Sunni Group is limited for historical and socio-economic reasons. First, neither the Sunni elites of the pre- and first half of the 1975 civil war, nor the Billionaires club that replaced it (Hariri, Mikati or Safadi) has ever commanded a politico-military establishment at the national level unlike the Shia (Amal/Hezbollah), Druze (PSP) or Christian Maronites (Kataib/Lebanese Forces)-- see Sayigh 2013. Instead, the rallying point, if any, for the community has been the state – a central instrument used by Rafik Hariri to empower his community and distribute spoils. Second, the majority of Sunni Group are city dwellers of Sidon, Beirut and Tripoli. They are mostly traders, employed in the service sector, civil service, including the Lebanese army (of which it is said that more than 50% are drawn from the Sunni community). As such, the adherence of a majority of the Sunni community to any top down religious extremist structure is unlikely. In Sidon or Tripoli, extremist movements were subdued by the army without causing a massive uproar in the Sunni community or among its elites. Third, the Sunni group does not have an external patron like Iran that is willing or able to sustain the type of high powered military and financial support that came over three decades to Hezbollah (Nerguizian 2013). Finally, among Lebanese groups, the Sunni group is least organized politically compared to other Lebanese groups – a recent poll shows that 65% of them do not support a particular party, against 32% among Christians and 34% among Shia and 45% among Druze (Quantum, Sofres Liban and Vox Populi 2014). Moreover while the most popular Sunni political movement remains Hariri’s liberal Future movement, unlike the Shia, the community is fragmented among adherents of Salafism, Muslim Brotherhood, al-Qaeda, moderates, Arab Nationalists, Baathists, Nasserists, and supporters of Saudi Arabia, Turkey or Qatar.

In spite of being armed to the teeth, the Shia group has no interest in a civil war either. The sheer size of the Syrian combat theater and the human and material resources it requires makes the opening of any other front extremely undesirable for Hezbollah. Hezbollah fighters operating in Syria are estimated at about 5,000 (Nerguizian 2013). The party’s intervention in Syria has made it, ironically, one of the most committed advocates of stability in Lebanon, willing to accept compromises to prevent internal confrontations, as long as the primordial goal of keeping the Asaad regime in place and its massive arsenal of weapons are not affected. The agreement on February 2014 to form a Cabinet in which Future Movement hawks hold key cabinet portfolios is a case in point. Another example is relinquishing partial security responsibility in the Southern Suburb to the Lebanese security establishment. Hezbollah has also refrained from utilizing its muscle to prevent the Lebanese state to continue pay its share to the international tribunal. Moreover, a bilateral dialogue between Hezbollah and Future movement representatives that began in December 2014 is dedicated to defuse Sunni-Shia tensions as well as ferment stability and strengthen state institutions. Significantly, Hezbollah, Amal and other groups are bound to depend on state institutions to deal with the massive Syrian refugee presence. The issues are not only

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7 Except for the Shia, all other groups’ militias have been greatly weakened after the civil war.
limited to the security dimensions but more long term considerations related to the politics and economics of a Syrian demographic bomb.

The Christian community acts as a buffer between the two contending Muslim Groups. The Christian elite is about equally divided among “modernizers-liberals”, who are attached to March 14 coalition and “worried strategizers” attached to March 8 “coalition of minorities”. Significantly, Christian divisions and coalitions with the Shia and Sunni groups have prevented these from adopting more belligerent strategies. Geographically, most of the armed Sunni militants are located in the North of the country while the armed Shia militants are in South Lebanon and Beirut, reducing direct contact by Christian areas that stretch from south of Tripoli to east Beirut. Politically, the vital positions of President and head of the Lebanese army are held by Christian Maronites, which pushes the state’s political and military systems to assume a middle ground. In addition, political conflict between the Sunni and Shia groups are played out in part through their Christian allies (Hezbollah’s arms, election laws, cabinet formation …) (Salem 2013).

No one group can dominate the others. Examining the three groups’ demographic trends, based on published data on parliamentary elections and on the numbers and religious affiliation of eligible voters indicates, it appears that Maronites, Sunnis and Shia have about equal weight, each at between 23 and 26% of the population (Faour 2007). In addition, the “house of many mansions” is also an equitable house, with little in terms of economic horizontal imbalances that can inflame passions. Spending is not in conformity with regional poverty indicators. There were 4.1 and 3.6 social and health facilities per 10,000 poor in South Lebanon and Beirut respectively, but only 1.4 and 1.6 in the Beqaa and North Lebanon. Yet group composition and share of public spending are strikingly equal, based on distribution of public capital expenditure (1996-2005) and distribution of registered voters (Salti and Chaaban 2010). Thus, the distribution of state favors in the post-war period neglected redistribution to the poorest in favor of equal shares to the different communities.

A frequently underestimated reason for the Lebanese system’s precarious stability is the very fact that all groups have “skin” in the economy. The state and banks have extremely high leverage by international standards. Lebanon could easily be described as a bank that works on trust! On one hand, commercial banks assets to GDP (2013) are 372.4% of GDP, a world record. On the other hand, public sector debt to GDP (2013) is 143.4% GDP, also a world record. It is interesting to note the role of the banking sector in constraining the action space of politicians when the macro conditions are fragile. This paradox can be explained in large part by the constraints that financial fragility places on political operators, as none would want to see their action destroying the savings of their group – in essence, the financial sector has socialized risks, and by doing so, exercised a politically stabilizing influence (but at a high cost of transferring resources from taxpayers and borrowers to savers, reducing economic growth).

Asset-holders are an important lobbying force. Besides bank accounts, landownership of Muslims in high-end real-estate market is substantial. The Shia are estimated to have 20-30% ownership in

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8 The rise of the Lebanese banking system is a historical coincidence: of foreign banks left at the beginning of the 1975 civil war which also ushered a period of great regional wealth, the rise of the Lebanese Diaspora in the Gulf and West Africa that was uncomfortable placing its savings in local banks, and later, the large expansion in state borrowing from these banks to rebuild the country under the direction of Rafik Hariri.
Beirut’s prime locations, and about 25% of bank accounts, while Sunni and Christian elites have also enormous assets in real estate, finance, and within the service sector. A nightmare scenario involves a loss of confidence resulting in a run on banks and on foreign reserves, leading to a collapse of real estate prices that would wipe out large a share of their wealth. In addition, tourism is about 20% of GDP while the public sector employs about 20% of labor force, and both sectors will be badly affected as well. Back of the envelope calculations suggest that losses from a financial crisis could result in a staggering $50,000 on average per household, in addition to perhaps one-third of income lost on average.

Migrants are another powerful force that lobbies for stability. The total number of migrants from the 1990s onwards are estimated to be at least at ½ million persons. The older Diaspora of Lebanese origin adds up to millions (estimates go as far as 12 million, or 3 times the size of the local population), and there is increased references to “global Lebanon”, a dense network connecting millions around the globe, with denser forests in Latin and North America, regions in Europe and Africa, and the GCC, in a shared culture and in tight business and services networks, much like the Chinese Diaspora in East Asia. According to a nationwide survey, 45 % of Lebanese households have at least one family member who emigrated. There are between 1 and 2 million visits of Lebanese abroad to Lebanon per year. Remittance inflows to Lebanon continued to grow or remained stable in spite of several crises: Inflows grew by 5.6 % to $ 5.2 billion in 2006 (Israel's War on Lebanon; increased by 11 % to $ 5.8 billion in 2007 and leaped by 24.5% to $ 7.2 billion in 2008 (Hezbollah’s take-over of Beirut in May 2008). Africa and GCC countries are leading destinations for work, contributing 70% of remittances (Central Bank), but both destinations are non-naturalization countries. As a result, a large share of migrants has a vested interest in a stable Lebanon, the final destination of their money, and a central provider of services for their businesses and families (banks, education, healthcare, marriage services), on which they greatly depend to be able to live aboard. So unlike the Irish diaspora, migrants do not tend to finance extremist activities and have a moderating influence over the ruling oligarchy.

The synchronization of the de jure and the de facto political power paradoxically ensures the survival of the weak state in Lebanon, and hence its resilience. 128 MPs elect the President and the cabinet. A two-third super-majority is needed in some cases. But no one party, neither 8 nor 14 March political alignments, control a majority in parliament, let alone a super-majority. The current balance of power in parliament is unlikely to change soon. The state of affairs is very similar at the Council of Ministers where the oligarchic coalition is formally institutionalized. In spite of its chronic inefficiency, it acts as a shock absorber. Cabinet lineups are required to accommodate the local political elites as well as to cater to regional power dynamics, all actors that enjoy veto powers. Disruptive ministers cannot be easily dismissed – this requires a two-third approval. The weakness in the top institutions of the state, reduces executive decision-making to a process of continuous bargaining. While negotiations sometimes manage to deliver results, most often they do not manage to settle problems which therefore linger - however, state institutions and services

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9 Authors’ interviews within the Banking Sector.
10 Authors’ own simulation based on reasonable assumptions about household deposits in bank and involvement with tourism and the civil service.
11 The current parliament has the following alignment: 57 MPs belong to the March 8 bloc while March 14 has 59 deputies. The center has 12 MPs.
continue to operate with all their problems, and as such ensure the survival of the state, since no party finds it in its interest to destroy these relatively low-constraint institutions.

In one particular case, the (in)famous slogan that relates Lebanese strength to its weaknesses applies particularly well, and that is the Army. The Lebanese army remains relatively strong as long as it stays away from partisan politics. It is well understood among all players that the moment that this becomes in doubt, the army gets divided along confessional lines, as it did during the civil war, and it becomes a collection of fighting militias at the service of their respective communities. The army is thus only being used to enforce clearly crafted political agreements among the dominant groups. It is the guardian of the modus vivendi. More than any time in Lebanese history, the significance of the Lebanese armed forces has risen: A force of some 59,000 in 2010, the army grew to some 65,000 by 2014 with the need to strengthen border protection forces to face the numerous challenges associated with the Syrian conflict (Nerguizian 2013). The army has become the recipient in recent months of much external support, from the United States, Saudi Arabia (which has pledged a total sum of 4 billion USD), the UK, France, and even Iran. The army remains the strongest symbol of national unity and is able to safeguard uneasy coalitions: 70% of Lebanese trust their armed forces (LADE 2014). At the moment, Lebanese oligarchs are desperately in need of it. For the Sunni group, it remains a central patronage tool as more than 50% of the Lebanese army are Sunnis mostly from the poor north (Authors’ interviews). The Sunni liberal elite has supported the army’s frequent crackdown against predominantly Sunni regions housing extremists (Tripoli, Sidon and Nahr Al Bared). For Hezbollah, the Lebanese army has become over time a willing ally in its stand against Israel (Hezbollah slogan is: The People, the Army and the Resistance), although this has come under strain after Hezbollah’s intervention in Syria. More significantly, there is no conflict of interest between army and Hezbollah. The priority and common interest remains to deter Israel from attacking Lebanon; fight “Terrorism” as represented by the Islamic extremists and secure or contain hotspots or potential flash points when there is a political agreement to intervene.12

**Three possible futures**

Lebanon’s worst case scenario is its Iraqization or the decent into a civil war, fuelled by Sunni-Shiite tensions. At the center of such a scenario is the unaddressed and ever increasing trauma within the Sunni community over Hezbollah’s dominance and support for the Syrian regime. The latest round of fighting took place in Tripoli at the end of October 2014 in which ISIS and Jabhat al Nusra inspired groups battled the Lebanese army for more than 3 days. Increasingly, the question is about the alleged neutrality of the Lebanese state institutions. Reminiscent of the loss of Sunni support for state institutions in Maliki’s Iraq, Sunni extremists in Lebanon now regularly accuse the army of repressing Sunni groups only, and even to be fighting on behalf of Hezbollah, in Tripoli, Arsal and elsewhere. This is not without cause. The security plan that was agreed on with the Shia leadership prior the Tripoli crackdown in October 2014 included a similar effort in the Shiite safe-haven of Brital, which did not take place. As a result, the battle of Arsal that took place in August 2014 was

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12 Lebanon’s security establishments are organized differently as they are divided among the three groups. While not a very efficient form of organization (Surete Generale – Shia Group, the Police and its powerful Information Branch – Sunni Group, Lebanese army and military intelligence – Maronite Group), this arrangement has managed to preserve law and order at least in their own area of domination.
used by Sunni extremists to portray the Syrian insurgents as the protectors of the Sunni community in Lebanon, demanding allegiance from these groups. The issue of Lebanon’s neutrality in the Syrian conflict, which is at the basis of the current uneasy settlement (the so-called Babbbda principles), has collapsed de facto, even though Sunni leadership still cling to the hope of re-inventing it.

There are to be sure a number of factors that make the unchecked rise of Sunni extremist militancy improbable, as discussed above. Both Shia and Sunni oligarchs recognize the open-ended nature of the Syrian conflict and have found common cause - their own self-preservation – in containing the spillovers of the Syrian conflict. This brings us to the second scenario that highlights conflict management by an uneasy coalition of defensive communal oligarchs. It is this quest for self-preservation, which came to be embodied in the 8-8-8 Salam cabinet formula. Each of the March 8, March 14, and the “Center” received a one third share of the cabinet formed in March 2014 – in ways that ensured that no one side had a veto power or could bring down the government alone. There was also agreement of the principle of rotation among all cabinet portfolios. The first line up offered an original division of labor: the security portfolios of interior and defense went to the March 14 group, which was tasked to deal with Jihadist Networks in the Beqaa and the North, and the Amal movement received the Ministry of Finance. Oil and gas remained within Aoun’s orbit of influence while the rewarding Ministry of Telecommunications went to 14 March. Hezbollah had to also back down from its condition to have a blocking vote, and the Future movement removed its condition that Hezbollah withdraw from Syria to form coalition cabinet. However, there was no agreement on the election of a new president. The council of ministers took over the power of the president as stipulated by the constitution, and it was nevertheless agreed that no item would be placed on the cabinet’s agenda without the agreement of all the major political groups until such time a consensus on the new president emerges.

But the difficulties are real enough. Hezbollah’s posture is increasingly constrained: how to find ways to avert a Sunni-Shia explosion at home while staying in Syria as long as required to keep the “takfiris” away from its home base, knowing that its presence in Syria is also encouraging Sunni extremist militants to be more active in Lebanon. Hezbollah is also confronted with many connected challenges: the prospects of endangering the Shia community in GCC countries, for they have become under increased scrutiny; further security turmoil in Lebanon, some of it targeting its own constituency; the destruction of its Arab image as a resistance group against Israel; and the weakening of its deterrence capability towards the Israel. The cost of its engagement has been rising: Hezbollah’s Syrian campaign may have cost the party over a thousand fighters already, including seasoned commanders in a battle where it does not possess clear advantages, against guerrilla fighters with already years of combat experience in the Iraqi and Syrian theaters, and who, like Hezbollah, also seek inspiration from their particular interpretation of Islam. It is reported that Hezbollah has assumed the role of defending strategic positions and is refraining from active engagement in the Syrian theatre (An-Nahar, 13 December 2014).

The Future Movement is also facing a set of serious dilemmas. Hezbollah’s heavy handedness has weakened the rule of the Sunni liberal elite. Against the backdrop of frustration and anger within

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13 Compared to fighting Israel’s occupation of Lebanon between 1982 and 2000, Hezbollah had lost 1,284 fighters.
the Sunni community, the long absence of Saad Hariri from his constituency, and his budgetary constraints which forced him to curtail social services to his clientele and power base, weaken the Future movement. The Future Movement was also set to remove its political competition from office (especially Najib Mikati) and safeguard a minimum of influence in state institutions. Importantly, there is a growing realization among the Sunni elite and their external allies that the vacuum of leadership challenge must be addresses more energetically. In order to stem the tide in the aftermath of the battle of Arsal, Hariri returned to Beirut from self-imposed exile to energize his own Future movement and carve a more dynamic role for Saudi Arabia as the principal benefactor of the Sunni community. Simultaneously a new (Sunni) Mufti of the republic was elected to strengthen the institution of Dar Al Fatwa. On 2 June 2014, the cabinet issued new entry restrictions to reduce the influx of refugees. The sudden change of heart in Riyadh was primarily driven by the Kingdom’s fear that an ever-expanding ISIS has started threatening the entire security architecture of the Middle East (Khatib 2014). Hariri’s support to the Lebanese army in its crackdown against militant Sunni Islamic extremists has however increasingly become a risky bet. Unless he manages to deliver, if not political gains then at least larger spoils, especially in Lebanon’s impoverished and unemployed north, his leadership will become untenable. As suggested by the logic of two-level games, it is quite possible that Amal and Hezbollah could find themselves willing to deliver more concessions to keep him and other liberal Muslim elites in power.

However, similar to previous uneasy coalitions, this one remains very much the hostage of internal and external risk, which cannot be entirely controlled. For one, will the 8-8-8 formula last if Iranian-US negotiations fail? Can spoils be secured to oil the system now that oil prices seem to be falling? And with Lebanon in a vacuum at the presidency, can divisions within Christian community be managed? If scenario II fails to take hold, the move towards the nightmare scenario will mark the bankruptcy of the oligarchic settlement. Paradoxically, this would help to usher in, in time, a more rights-based and democratic citizen based model, our third, long shot scenario.

One astonishing feature of Lebanon is the resilience of its liberal economic and intellectual outlook. There is a tradition in Lebanon to think of liberalism as "hiding in the interstices between the communities”, in spaces that are not allowed to be policed too tightly by any one group (as in old downtown Beirut for example), and which allows, almost inadvertently, some citizens to escape from the tyranny of their own communities (Young 2010). Other organized multi-group spaces, as diverse as Ghana or Aleppo, also managed to allow for such spaces. This liberalism is all evident in the WVS data, where Lebanon scores highest in the MENA region on values such as tolerance, self expression, gender equality, support for democracy, and support for the separation of church and state. Perhaps no one variable illustrates best Lebanon’s surprising “modernity” than answers to a survey question that asks whether love, of parental approval, should be the basis for marriage. Not only do the Lebanese score highest in the MENA region (69% national approval of love as the basis for marriage, compared to 29% in Egypt, 31% in Iraq, 47% in Saudi Arabia, and 26% in Tunisia), but also, there is a high degree of convergence among sects – youth and educated people score much higher (in the 90%) compared to their uneducated parents (in the 20%).

The high level of individual self-expression in Lebanon, one of the highest in the region, especially among the youth and the educated (Arab Human Development Report, forthcoming) sustained a
rich and diverse civil society. The growth of civil society and its organizations has created a barrage of social pressure by citizens – on issues relating to labor relations, civil rights, and environment in particular -- who reject the narratives offered by their communal leaders and seek state protection outside of the ambit of their communities. Economic difficulties have unified different civic actors and syndicates since March 2014 demanding better pay, a demand so far rejected by the ruling elite in spite of large street movements. The media and public have become more vocal on the corruption and kick backs revealed by a series of scandals involving various state institutions such as corruption in customs, improper food and health standards, or illegal construction permits. This movement in turn has the potential to grow to an active opposition against the current oligarchic system. There is also a growing rise of a civil rights movement -stressing rule of law and not sectarian laws with regards marriage and violence against women. Lebanese abroad are starting to get organized, seeking representation in parliament.

But the modernization of values has co-existed so far with group identification. Examining data from the 2008 World Value Survey reveals that youth and the educated tend to be less fundamentalist as indicated in figure 3 where there was a clear pattern of higher education leading to less fundamentalism. It is also reassuring that perhaps because of the high degree of education, and the relatively high income level in the country, all Lebanese groups exhibit a high level of concern about Islamic extremism. According to a survey conducted by PEW, released on 1 July 2014, 92 per cent of the public is worried about Islamic extremism. More specifically, the Shia (95 per cent), Sunnis (86 per cent) and Lebanese Christians (95 per cent) all share soaring levels of fear (PEW 2014). In such a context, it is also striking is that the Lebanese see their national identity trumping their religious identity. When asked whether the see themselves first as Lebanese, or as members of their communities, 60% of Lebanese select the first choice, scoring highest among Arab countries in their nationalism (Figure 6 – Tunisia score 31%, Turkey 44%, and Egypt 52% on this question). At the same time, when asked whether they are proud of their country, the Lebanese score lowest in the region, with only 35% expressing pride – compared to 90% among Egyptians for example. These answers suggest that rather than expressing an emotional outpouring of identification with their community, Lebanese prefer to identity with the state, even though they also know that the particular mode of co-existence it has promoted so far is not ideal, given how much it is ridden with dys-functionality and corruption.

But there are to be sure great obstacles for Lebanon to move out of its current socio-economic equilibrium and towards a citizenship-right model where communities lose their political powers. Warlords or heads of militias and their aides were incorporated into state institutions, developing their own fiefdoms at the expense of equal access and meritocracy. The traditional elite dominate parliament and tends to determine electoral laws in ways that support self-preservation -- 44 % in 1972, 43 % in 1992, 41 % in 1996 and 42 % in 2000 (Leenders 2012; El-Husseini 2012). The process of social reproduction based on reinforcing sectarian identity goes deep in society. Early socialization, access to education, employment, welfare, hospital care are mediated through or controlled by sectarian agencies (Khalaf and Denoeux 1988). Civil rights are constrained by personal status laws firmly embedded in confessional institutions. Politicians manipulate group identity especially during times of insecurity; building on the “group” trauma experienced during
Lebanon’s numerous civil wars (Johnson 2001). Indeed, in times of group tension, citizens have no alternative but to seek refuge under their community’s protective shield.

As a result, while a majority of the population may prefer a national settlement based on the rule of law and civic rights, there is no easy way to get there gradually. In a way, the current “equilibrium” is locally stable – a small movement out of it generates strong counter-veiling forces, although there is a higher-level global optimum, at a large distance, but which cannot be attained without a big jump into the unknown. The assassination of Hariri, and the outrage that followed culminating in the Cedar Revolution, was a rare opportunity, a possible critical juncture that could have been used to move towards a national coalition that would support a more democratic citizenship model. But this was not to be. The massive outpouring of Lebanese on March 14, 2005 created a political momentum among the wider public but instead of building on such capital to induce reform, violence and polarization quickly took hold of the country. The opportunity was undermined in part by an unhelpful regional environment - Saudi-Iranian power politics flowering Lebanese elite rivalry. Instead of seizing the revolutionary moment to impose far-reaching reforms, there was political bargaining among oligarchs on the outcome of the upcoming parliamentary elections, leading to “the quartet alliance” (that included March 8 and 14, plus the Progressive Socialist Party of Jumblatt and the Lebanese Forces), a determined plan by the oligarchs to retake the initiative. Later, Aoun left the 14 March movement and made an alliance with Hezbollah, campaigning against the marginalization of the Christian community, which weakened the more progressive Christian elite. While it had done well in the municipal elections earlier, it performed miserably in the 2005 and 2009 parliamentary elections that became dominated by Aoun, Gemayel and Geagea who outbid each other on Christian anxieties, culminating with the so called “Orthodox Electoral proposal”, under which each sect would elect its own representatives to parliament.

Short of a new revolution, or of having to wait for a calamity that would precipitate the collapse of the current system, the possibility of forcing the creation of a “center” may be feasible, if there was a critical juncture where the oligarchs find themselves again in a weakened position. A new parliamentary center, which is an old dream in Lebanese politics, would force itself as a necessary partner in any coalition. Electorally, the idea of a strong center is not that far-fetched. A recent survey conducted by the Lebanese Association for Democratic Elections showed that almost 60% of 2,500 survey respondents are essentially independent (LADE 2014). Significantly, half the sample is equally divided between 8th and 14th of March alliances, but 47% do not trust that existing parties can achieve “results that are good for the public”. Given such tendencies among the public, centrists in future Parliaments could play a more active balancing role since neither the March 8 nor the March 14 political alignments commands a majority. To be sure, the emergence of a center necessitates a change in electoral laws that oligarchs will oppose. But there can be a middle way, which starts nurturing a citizenship model that can evolve over time. A progressive and gradual path that starts to reduce the power of the oligarchs is outlined in the Taif accord, where the dominate coalition would move to a senate (Majless al Shouyoukh) in which all sectarian oligarchs will retain sway over “national questions”. The catalysts for such a transition must be civil society organizations.
Much effort to strengthen civil society will be needed in the coming months and years for society to be able to mount to serious “citizenship” threat to the sectarian system. But they would not be able to bloc changes forever, especially as it becomes clear that oligarchs cannot put the house in order. In so doing, civil society groups need to start articulating how they would deal with the regional tensions between Saudi Arabia and Iran on the one hand, and with the shockwaves emanating from failing states in Syria and Iraq. The issue of the neutrality of Lebanon needs to be radically re-defined, in favor of positive and active neutrality that seeks to find solutions for the great challenges confronting the region. The role that Beirut played for a few years in the 1990s as the intellectual regional center in defense of the Palestinian cause can be a source of inspiration. Lebanon is in many ways a laboratory for the types of settlements that can emerge. There are several lessons one can glean from its history, which are relevant for a better understanding of how the other countries of the region may evolve in the future. Lebanese intellectuals, artists, and politicians can play an important supportive role in what is bound to become the central challenge of the 2010s – the rebuilding of the Levant around new orders that work.
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Annex

The graphs utilized in the study are based on the data from the World Values Survey, administered in 2008. The survey asks more than 3,000 Lebanese respondents on their views on politics, religion, economics, social matters, and about other communities. They were initially analyzed by Moaddel et. al,¹⁴ where the authors analyze differences across sects.

**Fundamentalism** is the straight average of five variables:
1. Only good Muslims/Christians will go to heaven, non-Muslims/non-Christians will not;
2. Politicians who do not believe in God are unfit to work for the government in high offices;
3. Non-Muslim/non-Christian religions have a lot of weird beliefs and pagan ways;
4. Islam/Christianity should be the only religion taught in our public schools;
5. People who belong to different religions are just as moral as those who belong to mine.

**Foreign Intervention.** Respondents are asked: "In your opinion, how do you rate the role of the following countries in affecting conditions in Lebanon, with (1) as very negative and (5) as very positive." Foreign players are divided into three groups: Saudi Arabia; Iran and Syria; the West.

**Trust.** "I am going to name a number of groups. For each one, could you tell me how much trust, in general, you have in them: is it a great deal of trust, some trust, not very much trust or none at all?" The following scale was used: (1) A great deal, (2) Some, (3) Not very much, (4) None at all. From this question, we generated two separated variables: (i) An aggregate variable where, for each respondent, his trust in his community is subtracted from her average trust for all other communities. For example, if the respondent is Maronite, we average her trust in non-Maronites, then we subtract her trust in Maronites. Assuming that respondents tend to trust their communities more than others, we usually get a negative number. (ii) a binary variable which is set to 1 if the respondent trusts a community "A great deal", and 0 otherwise.

National Identity and Pride. Respondents were asked: "Would you tell me how strongly you agree or disagree with each of the following statements about how you see yourself: *I see myself as a citizen of Lebanon*. (1) Strongly agree, (2) Agree, (3) Disagree, (4) Strongly disagree.

There were also asked: Which of the following describes you? (1) Above all I am Lebanese, (2) Above all I am Muslim, (3) Above all I am Arab, (4) Above all I am Christian.

To gauge national pride, respondents were asked: "How proud are you to be Lebanese? (1) Very proud (2) Quite proud (3) Not very proud (4) Not at all proud." In addition to this 1-4 scale, we use a binary scale to estimate the percentage for each category that is "Very proud".

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Figure 1. The Dominant Coalition of Oligarchs

Figure 2. Evolution of Settlements since 1989

- Oslo Accord 1993
- Taif Accord 1989
- Kuwait War 1991
- Pax Syriana begins
- 9/11
- US Invasion of Iraq 2003: Syria drawn to Iran
- Cedar Revolution March 2005: Citizenship Model? Syria withdraws
- Israel’s War on Lebanon July 2006
- Syrian Uprising February 2011 - ?
- Hezbollah Takes over Beirut by force followed by Doha Accord May 2008
- Assassination of PM Rafik Hariri 2005
- Syrian Out (Sept.2004)
- Secret US-Iranian Negotiations in Oman November 2013
Figure 3. Approximately equal number of Fundamentalists among Shia and Sunni Groups (by level of education and age)


Figure 4. Polarization around the Role of Foreign Allies

How much do you support “the role of KSA” and of Iran and Syria”?

Among Shia

Among Sunni
Figure 5. Perceptions of Corruption in Government and Business

Source: Gallup

Figure 6. National versus Religious Identity

Source: Moaddel 2013