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BEYOND BEIRUT: WHY RECONSTRUCTION IN LEBANON DID NOT CONTRIBUTE TO STATE-MAKING AND STABILITY

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Beyond Beirut: Why reconstruction in Lebanon did not contribute to state making and stability

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Abstract

This working paper studies the impact of reconstruction on state making, examining Lebanon as a case study. It challenges the hypothesis investigated by the Cities and Fragile States research stream of the Crisis States Research Centre that (capital) cities constitute ideal sites for reconstruction and peace-building. It argues that the very concentration of post-conflict reconstruction in Beirut’s Central District pursuing a profit-oriented urban development strategy alongside the failure to cater to and integrate the city’s periphery and hinterland led to a loss of government legitimacy and credibility among its citizens and weakened state control in the marginalized regions. This allowed para-state actors (Hezbollah) to use reconstruction politics as a means to achieve territorial domination and to establish powerful autonomous governance structures outside the reach of the weak state institutions. Such developments later empowered these actors to challenge the authority of the central government by initiating the 2006 war against Israel and occupy central areas in Beirut in an attempt to reclaim the capital city and to seize power over government institutions thus perpetuating the country’s fragility.

Keywords: Lebanon, post-war reconstruction, fragile state, state making

Introduction

The LSE Crisis States Research Centre explores the conditions of state fragility. Its focus on the role of cities in state stability and crisis is based in part on the assumption that there is a close historical relationship between capital and/or primate cities and state making, with cities being spaces that are often constitutive of state formation. In states that have been weakened or deligitimised by violent conflict, one hypothesis being explored under the ‘Cities and Fragile States’ theme, is that reconstruction of a country’s main cities can provide opportunities for a more general rehabilitation of state institutions. For this to occur, the promotion of peace and economic recovery are considered of prime importance. However, a question remains as to whether these elements pursued at the level of the city really are sufficient for the favourable and sustainable political development of a whole country.

The recent history of Lebanon provides an interesting case to study the role of a capital city in violent conflict and the impact of its reconstruction on the formation and stabilisation of the state. Beirut was the main theatre of the Lebanese Civil War (1975-1990). The subsequent sixteen years of reconstruction were concentrated there and the fairly extensive literature dealing with Lebanon’s recent history and national reconstruction is focused on the capital city as well.
However, a closer look alongside recent events, reveals that the huge efforts of reconstruction in Lebanon’s capital Beirut did not suffice to achieve lasting stability and to prevent new conflicts. The war between Hezbollah and Israel fought on Lebanese soil from 12th July to 14th August 2006 (‘July War’ hereafter) exacerbated the already severe instability of the political environment in the country and demonstrated that Lebanon remains a fragile state whose potential for crisis can manifest in open conflict at any time. What then has been the impact of reconstruction on state stability and what had gone wrong with these sixteen years of reconstruction?

This paper argues that the very fact that the reconstruction was concentrated in Beirut’s Central District catering only to an elite part of society, while neglecting the peripheral regions of the country and its inhabitants, is the central reason for the failure to achieve a sustainable peace and a robust state. Moreover, concentrating on material and economic reconstruction at the expense of addressing underlying social and political dynamics, meant that the actors involved failed to tackle the root causes of fragility. Finally, weak state institutions were unable to prevent reconstruction politics and resources being utilised for personal or parochial interests and could not ensure coordination of reconstruction efforts and their deployment towards a national reconstruction and development strategy. This contributed to the perpetuation of instability and the creation of new conflicts over assets, influence and identity, problems with which the country continues to struggle.

**Historical and socio-political reasons for Lebanon’s instability**

In order to understand the fundamental reasons for the fragility of the Lebanese state, it is important to realise that the Lebanese society is profoundly divided due to its religious pluralism. Eighteen confessions are officially recognised, with Maronites, Orthodox Christians, Druze, Shiite and Sunni Muslims being the main protagonists. Since the birth of the Lebanese state after reaching independence in 1943, the risk of disintegration and conflict has been built into the system. With the country’s founding document, the National Pact, a rigid consociational political system was established which assigns different political positions and shares of parliamentary seats to each religious group. As a consequence, confessional affiliation is a precondition for political participation right up until today. It is given priority over national political agendas and the dominant identity is religious in nature rather than relating to a political entity or nation.

The incapacity of state institutions to deal with the challenges of social and related political fragmentation lay at the root of the Lebanese Civil War. The fact that the inflexible consociational political system did not adapt to major demographic changes that had occurred since independence produced a feeling of inadequate political representation among certain groups in society. The war was fought to alter these confessional power structures with the Muslims challenging the Christian domination enshrined in the Lebanese constitution. It left the country in ruins and the society deeply divided, segregated into religiously homogenous territories and devoid of the frame of a unifying governmental structure. Thus, the war aggravated Lebanese society’s existing problems of religious and social disintegration.

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1. Nobody knows the exact demographic composition of the country as the last census (on which the consociational system was built initially) dates back to the year 1932. Estimates assume roughly 20% Sunnis, 35% Shiites, 40% Maronites, Orthodox and other Christians and 5% Druze.
2. This system reserves the position of the president for a Christian Maronite, of Prime Minister for a Sunni Muslim and of speaker of the parliament for a Shiite Muslim.
In 1990, Lebanon came out of the war with large parts of the country, and especially the capital city, physically destroyed. As an immediate consequence, destructions left an estimated 300,000-500,000 people homeless and produced an anarchic situation of illegal housing and the occupation of abandoned locations by squatters. Moreover, society had been systematically divided along sectarian lines by militias representing different religious groups who split the country into their respective zones of influence. Segregation was strongest in the capital city which was divided into a Muslim West and a Christian East. Traditionally mixed areas, such as the ‘Martyrs’ Square’ which used to be a central public space where all religious and social groups could mingle, had been lost and were cut by the ‘Green Line’, a line of demarcation separating antagonistic camps.

In terms of the local political structure, all municipal policies in Beirut were taken over by several militia leaders. Administratively and logistically, the Eastern and Western parts of the capital developed into two quasi autonomous entities, where taxes were collected and services provided by the respective militia groups. The revenues to sustain a minimum welfare provision for the population were acquired either in form of protection money or through custom duties from imports through illegal ports. Dismantling this double infrastructure in Beirut and placing it under the command of central government institutions became a priority in early reconstruction.

At the outset of the reconstruction period national state institutions were marginalized. The parliament that had not been renewed through elections since the late 1970s was diminished due to war losses and political assassinations and the government had been replaced by militia reign for more than a decade. Integrating the former militia warlords in the civil political system for the sake of peace was relatively successful but came at the high cost of maintaining clientelist bonds between citizens and different sectarian leaders preventing the development of a functioning and mature democratic political system. Moreover, the general weakness of state institutions allowed a then private actor, Rafik Hariri, to monopolise the reconstruction of Beirut and to become the leading political figure in the post-Civil War period until his assassination in 2005.

Beyond that, the state’s legitimate monopoly on violence remained incomplete since Syrian occupation, which was one of the necessary compromises in negotiating the Ta’ef peace accords, lasted until 2005 and until now the Shiite militia ‘Hezbollah’ has not been disarmed. Hezbollah is the main representative of the traditionally rather poor and marginalised Shiite Lebanese population with strongholds both in the Southern suburbs of Beirut and in rural areas in the South of the country. Since 1992, it has participated as a legal political party in national elections and occupied increasing numbers of parliamentary seats and ministerial posts while maintaining its function as an armed resistance force against Israel whose right to exist it denies. Hence it occupies an ambiguous position, exercising increasing influence both through the legal political system and as armed extra-parliamentary opposition operating outside of state control.

Finally, two important elements that determined the post-war developments in Lebanon are the dominance of Beirut as the central locus of power and the tight but complex relationship between the capital city and the rest of the country. The political composition of Beirut’s local government institutions usually mirrors the distribution of power at national level. Consequently, those actors

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4 Numbers about the physical destructions vary substantially according to the criteria applied to their evaluation. According to the official statistics, destruction costs of buildings and infrastructure were estimated $25 billion. See Volker Perthes, *Der Libanon nach dem Bürgerkrieg. Von Ta’ef zum gesellschaftlichen Konsens*, Baden-Baden: Nomos, 1994, p. 42.


8 The phenomenon that all relevant institutions are located and decisions are taken in Beirut has been labelled a ‘macrocephalus’ by Abdelkrim Mouzoune (1999), p. 13.
that have the power and means to be not only physically present in the capital but also to shape how the capital city emerges from a crisis also represent the dominant and driving forces of the country. However, as this paper demonstrates, these actors failed in the 1990s to realize and acknowledge the vital importance of equally consolidating power and control in the periphery. Therefore, a ‘state within the state’ could develop there that in more recent times turned from the periphery to the capital city contesting the power of the central state institutions.

**Analytical framework for assessing state fragility**

The Crisis States Research Centre[^9] assesses state stability and capacity against three basic state functions defined as follows:

- **Security function**: control of territory with the legitimate monopoly on violence, maintenance of internal and external security and physical safety of the citizens.
- **Political function**: administrative efficiency, transparency and democratic integrity, independent judiciary power, stable political institutions that allow for regular and fair political participation in elections and decision making and for basic civil freedoms.
- **Welfare function**: care for citizens in form of welfare services and transfers financed through state revenues in order to provide a basic safety net and equal opportunities in terms of wealth distribution, education and health care.

Reconstruction, defined in a holistic sense, refers not only to the physical reconstruction of destroyed houses and infrastructure. It also addresses the rehabilitation of the economy, repair of the social fabric and re-establishment of state functions, taking into consideration the political institutions and relationships necessary for this to occur.

Based on these criteria for assessing state performance across its three basic functions, the first part of this study asks how the process of reconstruction in Lebanon, especially in its capital city Beirut, affected the stability of the state between the end of the Civil War in 1990 and the withdrawal of Syrian forces in 2005. To answer this question evidence is drawn from an abundant literature on the Civil War and the subsequent years of reconstruction.[^10] Most of these works remain at a descriptive level. The present paper offers an analytical approach making use of the evidence available derived from a meticulous retracing of the events, achievements and drawbacks of reconstruction and adding value through identifying shortcomings in the reconstruction process traceable to conditions of state fragility.

Thereafter the paper scrutinises the events of the first six months following the July War. The temporal proximity of the subject matter requires alternative research methods and here evidence is derived mainly from primary sources such as reports released by the Lebanese government, (mostly local) research institutes and the media. Oral statements from interviews and conversations during a field trip to Lebanon in December 2006 complement information gleaned from documentary sources.[^11] Even though these statements often represent only personal opinion and could be dubbed anecdotal, the use of such qualitative data in the Lebanese context is justified because data on Lebanon are highly politicised and difficult to access and for many questions simply not available.

[^9]: http://www.crisissstates.com
[^11]: Twenty-one semi-guided interviews and informal conversations with actors involved in the reconstruction process including politicians, academics, journalists, diplomats and representatives of the French UNIFIL forces have been conducted.
Oral testimony is by definition partial and conjunctural but these caveats notwithstanding, nevertheless useful under current conditions.

**Post-war reconstruction strategies and failures (1990-2005)**

**Privatisation of reconstruction and de facto decentralisation of state functions**

Reconstruction in the 1990s was mainly concentrated in Beirut’s Central District (BCD) and became almost synonymous with the name Rafik Hariri and his reconstruction company Solidere. This domination by a private actor, the Sunni Saudi-Lebanese billionaire Hariri, was possible because unlike the state institutions that had been marginalised by a protracted war he had the capability and means to completely take over this major task, influencing the political decision makers to achieve a transfer of power in favour of his planning proposal. His later position as Prime Minister allowed him to lift loyal supporters into influential positions in key institutions such as the Council for Reconstruction and Development or the local government of Beirut, thus managing to get official approval for his radical reconstruction programme against substantial opposition and criticism.

Hariri’s vision of reconstruction was clear: transforming Beirut from a war-ridden ‘Nowhere land’ into a prosperous ‘Hong Kong of the Mediterranean’. His principal objective was to restore economic confidence in the country by creating a safe, sanitised and politically neutral environment. He placed his optimism on a ‘trickle down strategy’ assuming that economic prosperity derived from reconstruction of the capital city would spread from the centre to the peripheral regions of the country, thus boosting the local and national economy. Furthermore, he attempted to achieve a symbolic move for peace and a new beginning where the beauty of a brilliantly rebuilt city centre would help the population to overcome the memories of war and destruction. Both economic prosperity and social reconciliation were assumed automatically to bring about long-lasting stability and contribute to restoring the fragmented Lebanese state.

Although this strategy came along as a national development plan to help the country recover and unify and was accompanied by huge publicity campaigns to win popular support, a closer look reveals that the project was far from encompassing and must be characterized as exclusive in nature. It was clearly profit-oriented, catering only to an internationally connected elite. While office space and apartments in the Beirut Central District were destined for use by an economic and social upper layer, public goods of less immediate economic value such as public transport or urgently needed social housing were not included in Hariri’s grand plan.

Several secondary actors tried to oppose the Hariri project. These included intellectuals, who were mainly concerned with protecting the historic buildings and with lobbying for a more democratic decision making process over reconstruction plans; home owners located within the terrain covered

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12 Acronym for: Société Libanaise pour le Développement et la Reconstruction du centre-ville de Beyrouth.
13 Born as the son of a modest family in Saida, Rafik Hariri had emigrated during the war to Saudi Arabia, where he rose rapidly, not only gaining a fortune in the real estate business but also becoming a close friend of the Saudi royal family who granted him Saudi citizenship.
14 Agreements were negotiated between the Board of Directors of Solidere in which Hariri was the main shareholder, the president of the Council for Development and Reconstruction, Fadil Shalaq, a former director of Hariri’s company Oger-Lebanon, and Hariri himself in his capacity as prime minister. Hariri had thus basically negotiated the contract terms with himself. Reinoud Leenders, ‘Public means to private ends: state building and power in post-war Lebanon’, in Eberhard Kienle (ed.), Politics from above, politics from below: The Middle East in the age of reform, London: Saqi Books, 2003, pp. 304-335, p. 321.
by the Solidere reconstruction plan who were forced to abandon their possessions that were demolished to make room for the radical reconstruction of the inner city and finally squatters who had to leave their provisory homes. Only this latter group, mostly Shiite and well supported by Hezbollah, was able to present a real threat to Hariri’s project and Solidere had to pay large amounts of compensation in order to be able to carry out its plans quickly and avoid the risk of violent clashes when forcibly evicting people and demolishing homes.

While the average Lebanese citizen was thus edged out of the city centre, the interests and needs of the poorest segments of society living on the urban periphery were not even recognised. These were important reasons why major parts of the population felt neglected by the government (represented by Prime Minister Hariri) and withdrew support for the Hariri reconstruction project. Moreover, in the peripheral regions of Beirut and major parts of the hinterland, the state was almost totally absent. State functions in the under-resourced but densely populated and problem ridden areas in the southern suburbs of Beirut and the rural areas, especially in the South of the country were progressively taken over by para-state actors, notably Hezbollah, which was able to take advantage of government indifference.

With financial and ideological backing from Syria and Iran, Hezbollah was able to establish an efficient and professional comprehensive social system for its Shiite constituency. For the study and planning of reconstruction Hezbollah operated its own think tank, the Consultative Centre for Studies and Documentation, complemented by Jihad al-Bina, which was responsible for executing the reconstruction projects. This allowed Hezbollah to appear as the saviour of the marginalised and helped it to recruit new loyalists. Hence, both the developments in Beirut’s Central District under Hariri and those in Hezbollah’s sphere of influence in the southern suburbs of Beirut and large parts of the rural hinterland confirm Mona Harb’s observation on reconstruction politics: “While urban politics present themselves as a means for development they are actually strategies for territorial domination.”

As a result, Hezbollah has risen from being one of the secondary players in Lebanon’s post-war recovery to a primary political actor. Many of those citizens who had either lost their dwellings in Beirut when Hariri carried out his radical reconstruction strategy or simply could not afford to live in Beirut anymore, withdrew support for the official reconstruction project. They joined local political and religious groups and became Hezbollah’s loyal supporters. Within the context of a de facto decentralisation, not to be understood as a conscious government decision but rather as a process in which control over substantial parts of territory and population slipped out of the hands of the central government, Hezbollah gained prestige and influence and the power to replace the central state with respect to many aspects of its original security, political and welfare functions. Thus, Hezbollah progressively established a ‘state within the state’ and created an informal system that further destabilised formal state structures.

Miscalculations and flaws of the Hariri reconstruction strategy

In economic terms, Hariri’s trickle down development strategy did not work out for two reasons, the first being that his project was built on erroneous economic assumptions. Costs for

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17 Its charitable institutions provide all sorts of social services ranging from credits to buy a house or apartment to scholarships for children’s education, medical aid, and assistance in finding a job. Hezbollah maintains several hospitals and schools free for its members. Mona Harb, ‘Faith-based organizations as effective development partners? Hezbollah and postwar reconstruction in Lebanon’, in Gerard Clarke & Michael Jennings (eds.), The sacred and the secular: faith-based organizations, civil society and international development, London: Palgrave, 2007, forthcoming.
18 The role of Hezbollah in the reconstruction has been studied by Mona Harb, ‘Politiques urbaines dans la banlieue-sud de Beyrouth’, Cahiers du CERMOC, No.14, Beirut: CERMOC, 1996.
reconstruction were calculated on the basis of over-optimistic expectations of rapid economic growth at an average rate of 8% per year. This did not take into account the fact that the war as well as increased competition in the region had stripped Lebanon of several competitive advantages that had allowed for its ‘economic miracle’ of the 1960s. The optimistic growth expectations could not be met and in the end costs (estimated at $50 billion between 1990 and 2005) were higher, growth lower and progress slower than initially forecast. Consequently the Lebanese state became increasingly indebted. Net public debt stood at $34.8 billion or 158% of GDP in December 2005 and has risen sharply again since the July War, reaching over $40 billion or 185% of GDP by the end of 2006.

Furthermore, a mismatch between allegedly comprehensive national development strategies and an outcome that favoured the interests of an exclusive minority saw an overestimation of the demand for luxury apartments and office space. This led to a situation of vacant housing and space in the city centre paralleled by a shortage of affordable housing. Other examples of excess capacity projects include the airport, fixed telephone lines and electricity that used up large public investments thus contributing to raising the debt burden without providing the elements of infrastructure necessary to stimulate sustainable growth.

The second factor responsible for the strategic failure and an explanation for the large gap between expected and actual costs, is corruption. Opaque in nature and difficult to quantify, estimates about the magnitude of corruption in contracts vary between 20% and 70% of total cost. While the actual costs covering the reconstruction of Beirut’s Central District and the rehabilitation of infrastructure are declared to be $50 billion, the real costs of reconstruction are estimated at no more than $5 billion. This overhang is attributed to an exorbitant waste of public resources through predatory activities by the Hariri entourage and the need to ‘buy consensus’ from opponents or to bribe legislators to pass certain laws. Transfer of public means to private ends was usually processed in the form of lucrative contracts for construction work where costs were estimated as being higher than actually necessary.

Similar mechanisms of corruption were operative in other sectors where they aimed at a sectarian redistribution of resources. The two best known examples are the ‘Council of the South’, headed since its creation by Amal leader and parliament speaker Nabih Berri and the ‘Fund for the Displaced’, administered by Druze leader Walid Jumblatt, equally infamous for corrupt practices. Although the phenomenon of corruption in Lebanon is publicly debated, investigations and attempts by civil society and government to curb corruption are not followed through because of the collusion of the political and economic elites.

This rampant corruption can be considered a symptom of the problematic conditions characterising the Lebanese state, i.e. the combination of two mutually reinforcing tendencies laid out in this chapter: on the one hand a highly fragmented civil society that is unable to pursue concerted

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20 Among the lost advantages of the pre-war period were a position of relative stability in an otherwise conflict-ridden region, an open and unregulated economy with well developed financial institutions (now challenged by mounting competition from the ascending Gulf countries), a leading position in the educational sector and a developed infrastructure that allowed for a monopoly position in economic transit between Europe and the Middle East. For data on Lebanon’s economic development see Samir Makdisi, *The lessons of Lebanon: the economics of war and development*, London: Tauris, 2004.


collective action and is caught in clientelist relations of dependency and on the other hand weak state institutions that are incapable of fulfilling their original functions. They are too weak to enforce the rule of law or to be trustworthy enough to replace the traditional personalized, religiously defined patron-client relations. This constellation also allowed a semi-private actor to monopolise the reconstruction of the country’s capital city promoting a particularistic and elitist approach instead of a much needed inclusive, redistributive national development strategy. For the same reasons state functions became de facto decentralised and were supplanted by local actors escaping the control of legal state institutions.

**Shortcomings of reconstruction prepare the ground for a new conflict**

**Assessing the impact of reconstruction on the fragile state**

Hariri’s short sighted reconstruction strategy, which assumed an automatic positive spill-over effect from a reconstructed city centre to the national economy and the political stability of the whole country, clearly failed. It underestimated the complexity of the challenge, neglecting large parts of the Lebanese and indeed Beirut society and was accompanied by unrealistic predictions as to the economy’s potential for quick recovery. Together with the loss of resources due to waste, corruption and sectarian distribution his strategy led to a rapid undoing of the initial post-war growth progress and the potential for social cohesion. These characteristics of the reconstruction process instigated a double effect of disintegration: Vertical disintegration led to a widening gap between rich and poor, spatially mirrored by the contrasting developments of Beirut’s Central District and most parts of the city’s hinterland. Horizontal disintegration resulting from distribution of resources along sectarian lines reinforced clientelist networks and hampered national reconciliation and national development strategies. The exclusion of many consumers from the benefits of reconstruction, ignorance towards their demands for democratic participation and neglect of the basic needs of the poor and marginalised led to an atmosphere of disillusionment and discontent. Given this environment, what has been the impact of all these factors on the stability of the Lebanese state considering its three main functions?

**Political function**: Even though Lebanon has a democratic constitution fulfilling, in theory, desirable criteria of accountability and civil society participation, it is a democracy with serious flaws and is highly inefficient. Although universal, equal and secret elections take place regularly, the population is not independent in its political choice. It relies on patron-client relations to traditional leaders. These clientelist networks, which characterise many immature democracies of emerging economies, had been at the origin of the Civil War and were reinforced through reconstruction rather than dissolved. The high hopes that were attached to reconstruction for overcoming inter-group conflicts and achieving national unity were disappointed by a state incapable of improving its policy function by increasing its administrative efficiency, fighting corruption or providing a clear separation of economic from political and private from public interests. Hence, the Lebanese state is guilty of omission: it has neither taken over the responsibility for designing and implementing a comprehensive plan for reconstruction and development nor prevented public resources to be abused through corruption. As a consequence, state institutions have lost legitimacy among many citizens, reinforcing their dependence on sectarian leaders instead.25

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25 This has been confirmed by a representative survey on opinions in the Lebanese society concerning their political leaders, carried out by Theodor Hanf, ‘The sceptical nation. Lebanese opinions and attitudes twelve years after the end of the civil war’, in Theodor Hanf & Nawaf Salam (eds.), *Lebanon in limbo. Postwar society and state in an uncertain regional environment*, Baden-Baden: Nomos, 2003, pp. 197-228; and the results from a survey on corruption perception published in Leenders (2003).
**Welfare function:** The welfare function of the state was subordinated to a profit-oriented, exclusive reconstruction project allowing non-state actors to take over responsibility in this field. Because of the huge public debt, interest payments make up the largest part of public expenditure hampering state performance in terms of welfare provision. Therefore, and due to a lack of political will, social services such as the provision of social security, health care and education have been minimal. Instead, religious and charity foundations as well as family ties and remittances have taken care of the respective constituencies. This has caused the loss of a large part of the government’s influence and acceptance among its citizens. At the same time, non-state actors, notably Hezbollah, were able to fill the void left by the state, thereby increasing their influence among large parts of the population, substituting for the state’s welfare function and fostering a broad support of loyal voters and even fellow combatants.

**Security function:** Initially, some progress was made in the security function of the state. The fragmented Lebanese army was consolidated and resumed control over large parts of the country. However, this control always remained incomplete: the country remained occupied by external forces until 2000 (Israel) and 2005 (Syria) respectively and sporadic air strikes from Israel and confrontations in the border region could not be prevented. Moreover, Hezbollah never disarmed but established an ambiguous identity as officially registered political party and as para-military force of resistance against Israeli occupation. Insecurity manifested itself in attempted and actually committed assassinations, culminating in the car bombing that killed former Prime Minister Rafik Hariri and 22 others on February 14, 2005.

Throughout the reconstruction process the state remained weak and fragmented. The poor performance of state institutions that were unable to fight corruption and end clientelism, to grant basic welfare provision for everybody and to secure national integrity and personal safety for its citizens led para-state actors, namely Hezbollah to take advantage by establishing an almost self-sufficient state within the state. The rise of Hezbollah from a secondary to a primary actor with a high degree of autonomy became evident in summer 2006, when it practically took over the role of the state by declaring war on another country. The failures of Hariri’s reconstruction strategy with its misguided exclusive concentration on Beirut’s Central District, are responsible for reinforcing the tendencies of decentralisation, thus weakening the central state rather than re-establishing its influence and preparing the ground for violent new confrontations.

**The July War: another challenge to stability or a new chance to solve old problems?**

The short Hezbollah-Israeli war, fought on Lebanese soil from July 12th to August 14th 2006, claimed a human toll of 1,187 dead and 4,059 injured. There was substantial material damage and an estimated 256,266 people were displaced. This conflict and the accompanying destruction have short term as well as long term consequences. Rebuilding industry and infrastructure will prove a huge task, but restoring confidence of the international community could amount to an even greater challenge. Together with thousands of fleeing tourists and expatriates, investors were among the first to depart. The losses arising from lost confidence can hardly be calculated at all.

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27 The main sources for data on the war damages are the websites of L’Orient le Jour and The Daily Star (Lebanon’s main daily newspapers in French and English language) and the government’s official website www.lebanonundersiege.gov.lb. In December 2006, the Lebanese government published a report with a detailed summary of damages and losses: Lebanon: on the road to reconstruction and recovery: A periodic report published by the Presidency of the Council of Ministers on the post-July 2006 recovery and reconstruction activities, December 15, 2006.

28 1.6 million tourists - a 45% increase compared to 2005 - were expected to visit the country in 2006 and to generate some $2 billion in much-needed foreign currency but stayed away because of the violent conflict and subsequent blockade.
As a consequence, the state’s already difficult economic situation has worsened. According to the Ministry of Finance, the war cost the Treasury $1.5 billion. As most of the government’s revenues come from customs duties and value added tax, most of which are collected at the port, the 34-day war and the prolonged Israeli air and sea blockade have caused government revenues to shrink. Together with higher expenditures for reconstruction and increased recruiting of army and security forces for the deployment of 15,000 Lebanese soldiers in the South, this resulted in large deficits and raised public debt from $39.6 billion in August to over $40 billion at the end of 2006 which corresponds to 185% of GDP.

The situation at the end of the July War differs in important aspects from the challenges which faced the actors of reconstruction in 1990. Three major differences can be identified that strongly influence the subsequent process of reconstruction. The first is the scope of war destruction and related victims. In the Civil War the whole country was affected but the destructive impact of the war was spatially concentrated mostly in the capital Beirut. The attention of the protagonists of reconstruction was focussed almost exclusively on the business centre of the capital while the periphery was left on its own. Today, the map of damage largely corresponds with the poverty map of Lebanon. Consequently, the second reconstruction is concentrated in a few areas with a majority Shiite population, in Beirut’s southern suburbs and in rural areas of the country’s South.

The second factor of interest is the constellation of actors: contrary to the post-Civil War situation (when the legal government was replaced by militia rule), today a complete set of governmental institutions formally exists but is nevertheless facing difficulties in dealing with opposition from Hezbollah and its allies, which is stronger than ever. The different antagonistic actors try to gain influence and control over the process of reconstruction because it is regarded as a *pars pro toto* for general influence over state assets. Even more than during the 1990s this second reconstruction appears to be an open struggle over resources and power, a scramble for influence over the institutions of the Lebanese state. Third and finally, whereas external influence in the 1990s took the form of occupation and severe intervention in domestic issues, Lebanon today is officially free from occupation and receives a very high degree of arm’s length attention from the international community providing humanitarian and material support.

**Well-known patterns of action replicate earlier mistakes**

During, and immediately after the July War the political discourse was dominated by a generalised feeling of outright fury about the losses inflicted upon the country by the Israeli bombing. However, the promising initial consensus over the need for a joint effort to reconstruct the country and to compensate the victims broke apart soon after the war was over. It degenerated into a confrontation between two opposing camps: the government majority (the so called ‘March 14 Forces’ led by Rafik Hariri’s son Saad Hariri) who strive to maintain the status quo in distribution of power and an opposition led by Hezbollah whose members left government institutions in December 2006 to initiate an extra-parliamentary protest in front of the main government buildings in central Beirut, with the aim of forcing the government to accept a rise in their representational share in the consociational political system.

In the current political discussion one can identify patterns that resemble the characteristics of the first reconstruction in the 1990s and demonstrate a lack of awareness or unwillingness to avoid the mistakes that had been made before. Again, essentially technical issues of reconstruction become politicised and instrumentalised by the different actors for political gain. Paradoxically, the opposing groups both claim to act in the interest of the whole nation but in reality only exploit the

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29 Government reports on the post war economy can be found on: http://www.finance.gov.lb/.
situation for partisan, i.e. sectarian interests, with the aim of eventually securing dominance within the political system. Beyond rhetoric, what has really been achieved so far?

The government reacted slowly. It established or reactivated several institutions: the Council for Development and Reconstruction, the Ministry for Public Works and the Council of the South all of which have only partial, ill-defined responsibilities and are poorly coordinated. While the Higher Committee for Relief was quite efficient in providing emergency relief and coordinating international humanitarian aid during and right after the war, it is not equipped to plan and carry out a large-scale reconstruction project. Contrary to other countries where reconstruction was guided by a central agency responsible for designing, implementing and monitoring the process of reconstruction, in Lebanon the much needed general development plan promised by the government is still missing.

This government inertia is used by the opposition to criticise the current administration and even to spread conspiracy theories, for example that the government is neglecting Shiite areas on purpose in order to make the population turn against Hezbollah, projected as the author of their predicament. At the same time, Hezbollah, reinforced by its self-proclaimed victory over Israel, has actively taken responsibility for fixing the July War damages and has in turn been accused by the government of monopolising reconstruction efforts instead of collaborating with central state institutions. In fact, contrary to the government view, Hezbollah reacted immediately and in a professional way, assessing the damage, drafting plans and starting to clear the rubble. More importantly, the day after the ceasefire, the population was provided with cash which was distributed in a very immediate and un-bureaucratic way, in order to ensure that rents could be paid, furniture bought and shelter obtained until homes were rebuilt.

However, it is not clear as to whether Hezbollah has the means to develop and carry out a large scale reconstruction beyond immediate relief and repair. Given the scale of the destruction together with the weak economic situation, major cash injections from the international community remain Lebanon's only real hope for a relatively swift recovery. Intentionally or not, by intervening under the guise of reconstruction politics, international donors play a significant political role and aggravate intra-Lebanese conflicts. While Iran supports Hezbollah as her Shiite outpost in Lebanon, Western countries, headed by France and the United States, as well as several rich Sunni Arab states support the current administration of Prime Minister Siniora without imposing the conditions of transparency and reform which are usually attached to grants of this kind.

This intervention and taking sides that resembles Cold War practices of conflicts between two antagonistic major blocks carried out on the back of a weak third country has immediate negative repercussions on humanitarian aid and the reconstruction process in Lebanon. It has been reported several times that Hezbollah-run municipalities refused donations from Western countries for political reasons. As a consequence, instead of supporting the population and promoting the stability and cohesion of the Lebanese state, the current power struggle taking place in Beirut between government and opposition is fuelled by international actors and has led to a complete deadlock paralysing state institutions and preventing any renewed chance to tackle old problems

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31 International donor efforts have been considerable and can be disaggregated into three phases: a very intense and efficient first phase of emergency aid, a more coordinated second phase of medium term donations in the form of $940 million promised at the Stockholm conference on August 31, 2006 and $6.7 billion of long term aid through soft loans pledged at the Paris III conference in January 2007.
32 Conversation with Jean-Luc Dunghi, member of the French diplomacy and in charge of coordinating the French humanitarian aid, Beirut, December 15, 2006. The same has been confirmed by a representative of the French army, Captain Alexandre Peridis, interview in Srifa, December 21, 2006.
being seized. On the contrary, reconstruction politics are once again and even more explicitly being used as a way to gain power.

Reconstruction politics as a means of territorial domination

The scramble for the fragile Lebanese state harms state functions

Drawing an interim conclusion from initial observations of the new reconstruction process (from August 2006 until the donor conference in Paris on January 25, 2007) it must be concluded that the Lebanese state is failing once again to take advantage of the new opportunities for reform. Even though the need for reform is more frequently discussed than ever in the media and academic circles, nothing is being done beyond rhetoric. “The state is too paralysed, too preoccupied with its own survival to tackle a development project with the scope of reconstructing large parts of the country.”33 As tasks like creating an institutional framework for urban management, getting consensus on a reconstruction plan, involving people in carrying out this plan and suppressing corruption by introducing auditing mechanisms are not being met, state institutions are further discredited. Just as in the 1990s, political actors are not willing to give up their immediate interests and parochial approaches to politics in favour of a long-term national development strategy.

Concretely, what assessment can we make about the impact of the renewed process of reconstruction so far and what has been its effect on the stability of the Lebanese state? Some progress has been made in terms of the state’s security function. Supported by the international UNIFIL forces,34 the Lebanese army has for the first time officially reclaimed the South and is now deployed in regions where it had been absent over recent decades. With check points controlling for smuggling of weapons, the state has re-established its authority over transit points to Syria and has thus regained an important aspect of its sovereignty. However, Hezbollah remains an armed militia with de facto control over certain regions. Also, internal security has not yet been secured since attacks on politicians and journalists remain an everyday threat. This keeps the population, especially residents of Beirut, in a permanent state of alert. Demonstrations and blockades in the centre of Beirut, which the army and police do not dare to break up with force as this would risk triggering large scale confrontations, are currently hampering any government action and demonstrate the impotence of state institutions to provide security and to exercise the legal monopoly on violence.

In terms of the state’s welfare function the Lebanese government has been successful in attracting attention and receiving help from the international community. However, it has again been outdone by Hezbollah which was better able to attract and deploy donations immediately and efficiently. A key feature of reconstruction and an example to illustrate the government’s missed chances of using reconstruction for the amelioration of social problems, is the handling of illegal housing. Many dwellings in the poor Shiite areas are informal and have violated the construction code. They are characterised by overcrowded living conditions and related problems of insufficient infrastructure and social tension. Fearful of provoking a new outbreak of confrontations,35 the state has left the task of reconstruction to Hezbollah who were precipitous in compensating for war losses. They opted to rebuild what had been there before, rather than building formal homes of better quality - a missed opportunity for the state to control the reconstruction of these areas, to reintroduce legality and adequate living conditions and to demonstrate its competence in welfare issues.

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33 Interview with Dr. Osaama Safa, Director of the Lebanese Centre for Policy Studies, Beirut, December 2006.
34 By the end of 2006, UNIFIL’s total of 11,083 peacekeepers from 26 countries comprise 9,167 ground troops and 1,777 naval personnel, large numbers for a small country like Lebanon with only about 4 million inhabitants.
35 Attempts of Internal Security Forces to intervene where illegal reconstruction was under way have already led to clashes with the local population producing two dead and several wounded (The Daily Star, December 30, 2006).
The analysis of the political function also indicates dynamics resembling those that pertained during the first reconstruction. Governmental initiatives lack coordination and there is no clear attribution of tasks to relevant institutions nor are there mechanisms to provide transparency.\(^{36}\) Such mechanisms are important to prevent the waste of resources through corruption and to establish the trust of foreign donors and investors in the Lebanese state, which the country urgently needs in order to escape the negative spiral of a mounting debt burden. Instead of concerted action, channelling the funds flowing in from international donors and taking advantage of Hezbollah’s local expertise and influence, the political rhetoric and operations on the ground are characterised by mutual accusations, open hostility and a constant attempt to use the unresolved situation to increase influence over assets and eventually over state institutions.

Overall, while there have been chances for reform and progress, not least arising from a heightened international attention and willingness to support Lebanon in its post-conflict reconstruction efforts, old problems of sectarian interests and power struggles ruling the political agenda still prevail and prevent developments necessary to stabilise the vulnerable country.

**Why reconstruction fails to promote stability in Lebanon**

Chances for fundamental reform that might contribute towards stabilising the fragile Lebanese state provided by comprehensive post-conflict reconstruction were clearly missed during both the reconstruction phases discussed above. On the contrary, the condition of a weak state and the opportunities provided by the availability of resources for reconstruction have been exploited by individual actors to increase their power and influence. This has had the effect of tightening traditional patron-client relations at the expense of the integrity and stability of state institutions and sustainable long-term national development.

The incapacity of the weak state to set up a central agency for the planning, implementation and monitoring of reconstruction after the Civil War allowed Hariri as a private entrepreneur to initiate his profit-oriented trickle down development strategy. His idea of boosting the progress of the whole country by focusing on the development of its capital city and, more specifically, its Central District, failed for three main reasons: it was based on over-optimistic economic assumptions, it did not provide mechanisms to prevent extensive waste through corruption, and, most importantly, it neglected urgent needs for public goods in the periphery of the country. The consequences were a rising trend for vertical social disintegration and a vacuum left by the state being unable to adequately fulfil its basic functions. These functions were taken over by para-state actors, in particular Hezbollah who managed to establish a state within the state empowering them to operate outside state control and even provoke a new violent conflict.

These disintegrating tendencies were even aggravated in the second reconstruction where a comprehensive plan for development through reconstruction was missing altogether. Here, the precarious post-conflict situation and the resources made available for reconstruction are used more overtly than before to make politics. The scramble of opposing camps for the Lebanese state is currently blocking any government action and represents a threat for both the local population and potential international investors and tourists needed to keep the economy going. This situation is reinforced by international actors who use their position as donors to directly or indirectly influence the balance of power in the country, serving to a large extent interests that are primarily guided by the priorities of global power politics.

\(^{36}\) Several NGOs and private actors have attempted to install transparency mechanism: an ‘Observatory for Construction and Reconstruction’ has been put in place by academics that collaborate with other civil society organisations such as Transparency International to collect and disseminate information on reconstruction policies. However, such initiatives largely depend on the goodwill of government officials to cooperate and disclose information and provide them with the relevant insights and data.
Contrary to the great expectations attached to Lebanon’s post-war development and despite the amounts of resources spent, the country is still in a precarious state because the root causes of instability have never been tackled. The Lebanese state disposes of a complete set of institutions but these institutions are not strong enough to fulfil all state functions properly. They are not able to prevent bureaucrats from abusing their power and monopolising state resources, nor can they attract the trust of citizens and hinder them from seeking support from their clan, faith-based organisations or other confessionally defined sub-state actors.

What does the case of Lebanon’s reconstruction reveal about the central question of this paper, the relationship between the development of capital cities and state making? On first sight, the spatial dynamics of the country seem to confirm the idea that consolidation in the capital city is of prime importance for national state making. Lebanon is indeed a highly centralised country where all important political and economic decisions take place in the capital. In this spirit, reconstruction efforts in the post-Civil War era have been strongly focused on Beirut and Hariri’s trickle-down strategy was built on the exact same assumption of a positive spill-over effect from the capital’s central business district to the rest of the country.

Yet, the belief that a concentration of development efforts in the capital city would be sufficient to control the entire country was erroneous. Hariri acted primarily as a rich and powerful entrepreneur rather than fulfilling the political tasks of a prime minister, necessary to establish the state’s power and legitimacy. He failed to provide public services equally in the rest of the country leaving this responsibility to other actors thus enabling them to build a basis of power in the peripheral regions. In this situation, Hezbollah in particular was able to take advantage of the vacuum left by the government to establish a decentralised ‘state within the state’ and to consolidate its loyal Shiite constituency. Thus empowered, the militant party was able not only to declare war on a neighbouring state but also to return to and occupy the capital city to challenge the authority of the central government, by demanding a stronger representation in national institutions.

The spatial dynamics between the centre and the periphery observed in the two post-conflict reconstruction periods in Lebanon are remarkable as they mirror exactly the power relations and conflict lines that divide the country. While the movement of political power during the first reconstruction occurred from centre to periphery when the marginalized citizens that had been crowded out of the capital joined the ranks of various local political actors, most notably Hezbollah, one can now observe the opposite movement back from the periphery to the city centre. Several hundreds of pro-Hezbollah activists from the Southern rural regions moved to and occupied Beirut’s Central District threatening to topple the government and preventing any business taking place in this part of the capital. This occupation of central Beirut is a highly symbolic event. It can be interpreted as an attempt by those that had been crowded out of the city centre but who had built up a decentralised basis of power in the periphery to reclaim their place in the capital city. Eventually, through occupying central Beirut, the traditional locus of power, they intend to take over the governance of the country as a whole.

Lebanon is indeed a case that underlines the importance of the capital city and its post-conflict reconstruction in the process of state making. But it is also an example that demonstrates how reconstruction can fail and can lead to negative outcomes that perpetuate state fragility if ambitious but exclusive reconstruction plans are not accompanied by more inclusive and redistributive national development strategies.
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