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**THE NEW IMAGE OF THE BUSINESS ELITE IN LEBANESE
POLITICS: RAFIK AND SAAD HARIRI, NAJIB MIKATI AND
ISSAM FARES**

Abstract: The resignation of Saad Hariri in January 2011 was surrounded by frantic analysis. Did the backing, new Prime Minister Najib Mikati received from Hezbollah, means that the Shia movement had taken over the government? Could Mikati's arguments of "independence" be taken seriously?¹ Much of the analyses focus on one of the most interesting aspects of this changeover - how important was the fact that both prime ministers (Hariri and Mikati) were billionaire businessmen? The paper aims to explore the interplay of new business elite's economic interests with the politics of confessionism and foreign alliances. What explains the rise of new businessmen and variations in their relative success as politicians and investors in Lebanon? This question will be measured along three dimensions: success in reaching political office; in gaining control of institutions to further their economic agenda; and in gathering a popular following. In order to address these three questions, the careers of four new contractors - Rafik and Saad Hariri, Najib Mikati and Issam Fares, will be examined. The paper based on historical-comparative and analytical methods of research. The role of above mentioned four contractors is observed with the evaluation approach in the context of confessional, social-economic and political situation of Lebanon. The research methodology also incorporates the issues of a class analysis with the refinement of the sociology of the business elite in Lebanese politics.

Keywords: Lebanon, confessional political system, businessmen-politicians, Hariri, Hezbollah, clientelism, *zuama*, politics, Sunni, Shia

Introduction

The Sunni businessman-politician Rafik Hariri and his son Saad Hariri remain the benchmark of success for this new class in Lebanon. After Rafik Hariri's assassination in 2005, Hariri ally Fuad Siniora (2005-2009) and later his son Saad Hariri (2009-2011) assumed the position of prime minister. The

¹Anthony Shadid, "Hezbollah Chooses Lebanon's Next Prime Minister", *The New York Times*, January 24, 2011. <https://www.nytimes.com/2011/01/25/world/middleeast/25lebanon.html> (Accessed May 30, 2020) "Hezbollah-backed candidate poised to become Lebanon PM", *The Guardian*, January 24, 2011. <https://www.theguardian.com/world/2011/jan/24/hezbollah-backed-candidate-lebanon-pm> (Accessed May 30, 2020)

Hariri business empire has a large stake in Lebanese banking, construction and media. Rafik Hariri started building up a popular following in the mid-1990s and his son turned this “movement” into a coherent organization. Sunni businessman Najib Mikati acted as minister of public works and transport from 1998 to 2004, headed the Lebanese government in 2005, and was appointed prime minister again in January 2011. His company, Cellis, held a mobile phone operating license from 1994 to 2002. He has also built up a popular following through clientelism, but he cannot nearly match Rafik Hariri’s ability to mobilize. Finally, the Greek Orthodox businessman Issam Fares served as deputy prime minister from 2000 to 2005. He has business interests in the media and used to own a Lebanese bank. He also engages in philanthropy but has been unable to mobilize a significant popular following.

This paper examines three dimensions of similarities and differences between these businessmen-politicians. The first is their pursuit of collective economic and individual business interests. All members of the new business elite support a neoliberal transformation of the economy in order to create larger investment opportunities for the private sector. Such reforms are not politically neutral and aim to strengthen the power of the capitalist classes.² Furthermore, “neoliberal reforms are often accompanied by cronyism and rent-seeking through privatized monopolies, where “networks of privilege” shape markets to their advantage”.³ The new contractors therefore also compete with each other for contracts and the chance to snatch up privatized state enterprises and control market-regulating agencies. The second dimension is international politics. Due to the “weakness” of the Lebanese state, Lebanese politicians seek foreign alliances in order to protect their domestic “standing”. The choice of foreign allies and the strength of support the businessman-politician receives is a major determinant of political success. Rafik Hariri’s relatively greater success is best explained in the context of his strong backing from the Saudi monarchy. The third dimension is confessionalism and the mobilization of popular support through clientelism. The new business elite also cannot remain outside the confessional system. The power-sharing formula that allocates political office according to community shapes the horizon of political ambition for new contractors and forces them to act as representatives of “their confessions”, even when they pursue a wider economic agenda. Electoral success is first of all tied to mobilizing voters from the businessman’s own community. An important determinant of the success of a new businessman is also the “space” for new leaders in the politics of the confessional community. The Shia, Maronite and Druze communities emerged with

² David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005), 19.

³See Steven Heydermann, *Networks of Privilege in the Middle East: the Politics of Economic Reform Revisited* (New York: Palgrave Macmillan, 2004).

confessional leaderships that had achieved a virtual monopoly on the “representation” of their own community in Lebanon’s confessional political system. The same was not true for the highly fragmented politics of the Sunni community, which made it easier for new businessmen to rise to the top.

This paper is divided into three sections: the first one observes the rise of the new contractors during the second civil war from 1975 to 1990. The second section focuses on Rafik Hariri’s governments between 1992 and 2004, contrasting the overwhelming success of Rafik Hariri with the less successful strategies of Najib Mikati and Issam Fares. The third section looks at the dynamics since 2005. Saad Hariri monopolized Sunni politics to an unprecedented degree. This is a considerable problem for Mikati’s government. However, the power struggle between the two billionaires obscures the significant interests they share.

The Rise of the New Business elite in Lebanese politics

The dominance of businessmen in Lebanese politics is not new. The commercial-financial bourgeoisie of the pre-war era was central to the formation of the country’s state and economy. The National Pact of 1943, which formalized the confessional power-sharing political system, can be seen as a compromise between the Maronite and Sunni business elites.⁴ The former dominated trade with Europe and the USA, while the latter had strong relations with the Arab Gulf. Despite opposing nationalist ideas among the two communities, their bourgeois families reached a confessional compromise which made the Lebanese state a vehicle for the appropriation of rent from financial intermediation between Arab East and Western financial markets and from entrepot trade entering the Arab market via Lebanon. The economic and political elites of the country remained so closely intertwined as to be virtually congruent as most *zuama* – the political leaders of the pre-war era -hailed from a few dozen bourgeois families.⁵ This network of families maintained Lebanon’s *laissez-faire* economic system. The increasingly illiberal economic environment in “revolutionary” Arab states and the underdeveloped banking systems in the Gulf allowed Lebanese bankers and traders to act as intermediaries between the Arab world and the global economy. The dominance of Lebanon’s business families came under attack in the 1960s and 1970s. President Fuad Chehab (1958-1964) expanded the developmental role of the state and undermined the bourgeoisie’s economic power and their political power, based largely on maintaining confessional clientele. Furthermore, the social crisis arising from Lebanon’s

⁴ Michael Johnson, *Clan and Client in Beirut: The Sunni Muslim Community and the Lebanon State 1840-1985* (London: Ithaca Press, 1986), 25-26.

⁵ Hrair Dekmejian, *Patterns of Political Leadership: Egypt, Israel, Lebanon* (New York: State University of New York Press, 1975), 22-23; Fawwaz Traboulsi, *A History of Modern Lebanon* (London: Pluto Press, 2007), 115.

barely restrained economic liberalism led to the rise of predominantly Muslim popular leftist movements.⁶ Together with the Palestine Liberation Organization (PLO), they eventually challenged the power of the Maronites. On the other side of the ideological divide, popular Maronite parties such as Kataeb and later the front of Lebanese rightists, Lebanese Forces, undermined the ability of Christian *zuama* to compromise with their Muslim counterparts.

During the Second Civil War (1975-1990), bourgeois families lost their role as the dominant capitalist class to the new contractors. This was due to domestic developments and wider changes in the world economy. With the demise of the Bretton Woods system and the rise of the Wall Street-centric global financial system, the Gulf countries started recycling their oil income directly into US banks. In Lebanon, the civil war led to the dominance of militias in the economy, affecting trade and finance.⁷ These internal and external developments did not completely destroy the pre-war bourgeoisie but broke its economic and political dominance. The stage was set for the rise of the new business elite. The oil boom in the Gulf had led to large-scale emigration of Lebanese to the Gulf States. The oil boom increased the number of Lebanese workers in the Gulf from 50,000 in 1970 to 210,000 in 1979-1980, representing slightly more than a third of the nation's workforce.⁸ A small but not insignificant number of Lebanese emigrants managed to accumulate great wealth as contractors in the Gulf. Their success was due to a mixture of personal entrepreneurial flair and connections to key individuals with access to royal contracts. In the late 1970s and early 1980s, this new contractor bourgeoisie returned to Lebanon to invest and to seek political influence. As the heads of transnational enterprises, the new businessmen belong to a faction of the "transnational capitalist class" that promotes neoliberal globalization.⁹

Class analysis is thus a crucial and neglected element in understanding post-civil war Lebanese politics. However, its exclusive focus on the actors' relationship to the means of production tends to be too crude an instrument to understand the behavior of business elites in specific domestic contexts.¹⁰ It

⁶ See Salim Nasr, "Backdrop to Civil War: The Crisis of Lebanese Capitalism", *MERIP Middle East Report*, no. 73, (1978): 3-13.

⁷ On the civil war economy see Corm George, "The War System: Militia Hegemony and Reestablishment of the State", in *Peace for Lebanon? From War to Reconstruction*, ed. D. Colling (Boulder: Lynne Rienner, 1994), 215-230, Elizabeth Picard, The Political Economy of Civil War in Lebanon, in *War, Institutions and Social Change in the Middle East*, ed. Steven Heydemann (Berkeley: University of Californian Press, 2000), 292-322.

⁸ Salim Nasr, "The Political Economy of the Lebanese Conflict" in *Politics and the Economy in Lebanon*, ed. Nadim Shehadi, Bridget Harney (Oxford: Centre for Lebanese Studies, 1989), 44.

⁹ See Leslie Sklair, *The Transnational Capitalist Class* (Malden: Blackwell, 2000).

¹⁰ Batty Hindess, *Politics and Class Analysis* (Oxford: Blackwell, 1987), 16.

is necessary to adopt a more “sociological” perspective, focusing on the role of “elites” and how the elites that belong to the capitalist class promote their interests and how state elites relate to capitalists.¹¹ The question is how classes organize and how they are politically represented in pursuit of their interest. “Elite” is a more open category than class. “It allows for a richer account of individuals and groups beyond their economic position and including such identity categories as community”. Elites are conventionally defined as “decision-makers”, while Pierre Bourdieu defines them as those with a high degree of social, symbolic, economic and cultural capital.¹² The two definitions are not mutually exclusive, as decision-makers are likely to also possess great “capital”. These different ways of thinking about elites are both important for the study of the new businessmen. While Hariri's network gained control of centers of decision-making, other businessmen were forced to focus more on building up a network that is strong in “cultural capital”. Pierre Bourdieu also provides a framework to think about the way in which economic power, the power to shape systems of accumulation, can be used to obtain symbolic power, the power to confirm or transform the social order.¹³

Rafik Hariri left Lebanon for Saudi Arabia in 1964, unable to pay for his studies and in search of employment. His first attempts at contracting ended in bankruptcy due to highly volatile oil prices, and the attendant volatility in input prices for construction.¹⁴ Having experienced more than one cycle of boom-and-bust, Hariri struck gold in 1976 by teaming up with Nasr al-Rashid, a Saudi engineer from a prominent family who had access to royal contracts. Hariri's success is therefore due both to his own personal qualities and the patronage politics of the Saudi state. Hariri had no direct access to the Saudi King, but this changed in 1982. In the wake of the Israeli invasion of Lebanon, Hariri demonstrated his political usefulness to King Fahd of Saudi Arabia by initiating the clean-up of Beirut. The King was pleased and took over the funding for the project.¹⁵ Till then, Hariri acted as a “Saudi mediator” between the various factions of the Lebanese civil war.

¹¹ Hindessm, 28-33, See Scott John, *The Sociology of Elites, Volume III: Interlocking Directorships and Corporate Networks* (Aldershot: Elgar, 1990).

¹² In his study of Arab elites Perthes Volker uses the conventional definition of elites as decision-makers. See Perthes Volker, *Arab Elites: Negotiating the politics of Change* (Boulder: Lynne Rienner, 2004). On Bourdieu's definition of elites see Michael Hartmann, *The Sociology of Elites* (Oxford: Routledge, 2007).

¹³ Pierre Bourdieu, *Language and Symbolic Power* (Cambridge: Polity, 1991), 170.

¹⁴ Hadi Makarem, “Actually Existing Neoliberalism: The reconstruction of Downtown Beirut in post-civil war Lebanon, London School of economics and political science” (PhD diss., London, September, 2014), http://etheses.lse.ac.uk/3078/1/Makarem_Actually_Existing_Neoliberalism.pdf (Accessed May 30, 2020)

¹⁵ The initial posters on Oger's trucks publicized the “Project of Cleaning Beirut courtesy of Rafik Hariri, Oger Liban 1982”. See Shalaq Al-Fadl, *Tajrabatyy ma'a al-Hariri (My Experience with Hariri)*, (Beirut: Arab Scientific Publishers, 2006), 60.

As “the real voice of King Fahd”¹⁶ and through the use of chequebook diplomacy, Hariri was able to participate in civil war diplomacy - the negotiations to end the Shouf war in 1983, the Geneva and Lausanne meetings in 1983 and 1984, the militia agreement in 1985 and the Taif Agreement in 1989.¹⁷ In the early 1980s, Hariri acquired Banque Méditerranée, established a second bank and started three major urban development projects that only came to fruition in the post-war period. These development projects included the seeds of Solidere, the reconstruction project for central Beirut.¹⁸ A student loan program supported almost 32,000 students between 1983 and 1996 but, importantly, Hariri had not yet used it to build up a consistent grassroots following.

The rise of Najib Mikati was due to the Arabian Construction company, founded by his brother Taha Mikati in Abu Dhabi in 1967. It had great success in the Gulf. At one point Taha Mikati also took some subcontracts from Rafik Hariri.¹⁹ In 1982, Najib and Taha Mikati founded the telecommunications company Investcom, which penetrated markets such as Sudan, Liberia and Yemen²⁰. It also ran an analogue mobile phone network in civil war Lebanon. In 1983, the Mikatis bought the license for the British Bank of Lebanon from the British Bank of the Middle East.²¹ The Mikatis are understood to have maintained good relations with the Syrian regime. In 1988, Taha and Najib Mikati founded the Azm wa Saade foundation, which provides health and social services.²²

Issam Fares is from a Greek Orthodox family from Akkar in North Lebanon. He began his experience as a merchant in Abela Group, one of Beirut’s traditional trading houses owned by a prominent Greek Orthodox family.²³ He then became a hugely successful businessman by owning a controlling interest in Dutch-based construction and engineering company Ballast Nedam. Through good contacts in Saudi Arabia, he secured highly

¹⁶ Nicholas Blanford, *Killing Mr Lebanon: the Assassination of Rafik Hariri and its impact on the Middle East* (London: LB Tauris, 2006), 25-26.

¹⁷ On Hariri’s involvement see Kett Michael, *Imposing Power Sharing Conflict and coexistence in Northern Ireland and Lebanon* (Dublin: Irish Academic Press, 2006), Elie Salem, *Violence and Diplomacy in Lebanon: The Troubled Years, 1982-1988* (London: IB Tauris, 1995).

¹⁸ Makarem, “Actually Existing Neoliberalism,” 216-269; Eric Verdeil, “Reconstruction manqué a Beyrouth, la poursuite de la guerre par le projet urbain”, *Annales de la Recherche Urbaine*, no. 91 (2001): 65-73.

¹⁹ See the personal website of Najib Mikati. www.najib-mikati.net/EN/Outlinterests/110/Philanthropy (Accessed May 30, 2020).

²⁰ Middle East Economic Digest, November 21, 2008, 74.

²¹ Al-Nahar Arab Report and Memo, June 4, 1984, 6.

²² Fawwaz Traboulsi, *Social Classes and Political Power in Lebanon*, Heinrich Böll Stiftung - Middle East, 34-35.

https://lb.boell.org/sites/default/files/fawaz_english_draft.pdf (Accessed May 30, 2020).

²³ The information on Issam Fares is from Middle East Intelligence Bulletin, November 2003, 12-17.

lucrative contracts, most famously for the bridge linking Saudi Arabia to Bahrain. He later sold the group and invested in a variety of oil, real-estate and media interests through a holding company called Wedge Group. In 1983, Fares opened Wedge Bank in Lebanon, employing former President Elias Sarkis as its chairman.²⁴ Fares supported Bashir Gemayel's bid for the presidency in 1982, but thereafter built close ties to the Syrian regime via Ghazi Kanaan, the Syrian head of intelligence in Lebanon. This was partly because Fares' home region of Akkar was under close Syrian control. In 1987, he started the Issam Fares Foundation, which established health centers in Akkar and pursued other projects in the cultural and social sphere.²⁵

The neoliberal politics of Prime Minister Rafik Hariri in Lebanon (1992-1998 and 2000-2004)

Among the four businessmen analyzed in this paper, Rafik Hariri had the best position to take over a political role, since Saudi support had given him access to civil war diplomacy. Hariri became prime minister in 1992. He remained in office until 1998 and then returned from 2000 to 2004. Together with a network of technocrats, Hariri promoted a neoliberal reconstruction program. The strategy was to make Lebanon "competitive" in a "new Middle East", in which there would be no conflicts and in which liberalizing Arab economies would integrate fully into the world market. The way to achieve competitiveness was to build "world-class" infrastructure and to avoid the currency crises that had wrecked the Lebanese economy in the 1980s. The central projects of the Hariri cabinets were the rehabilitation of infrastructure and especially the reconstruction of central Beirut, as well as the stabilization of the Lebanese pound through government over-borrowing. The primary function of the state was to make the economy "competitive" through the provision of infrastructure and a good business environment, but it was to play only a minimal role in income redistribution and welfare provision.²⁶ While often presented as a purely technical and "common sense" project, neoliberalism is also highly political. Firstly, neoliberalism involves the reassertion of the power of capitalist classes.²⁷ Secondly, the restructuring of

²⁴ See Hannes Baumann, "The ascent of Rafiq Hariri and Sunni philanthropy" in *Leaders et partisans au Liban*, Karthala-IFPO, 2012, 81-106.

²⁵ See the website of the Issam Fares Foundation, <http://www.fares.org.lb/main.asp> (Accessed May 30, 2020).

²⁶ See Samir Khalaf, Philip S. Khoury eds., *Recovering Beirut: Urban Design and Post-War Reconstruction*, Leiden: E. J. Brill, 1993, Saree Makdisi, "Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere", *Critical Inquiry*, 23(3), (1997), 660-705, Peter G. Rowe, Hashim Sarkis (Eds.), *Projecting Beirut: Episodes in the Construction and Reconstruction of a Modern City*, (Munich: Prestel Verlag, 1998), David Harvey, A Brief History of Neoliberalism, 64-65.

²⁷ Gerard Dumenil, Dominique Levy, "The Neoliberal (Counter-) Revolution" in Saad-Filho Alfredo and Deborah Johnston (Eds.), *Neoliberalism: A Critical Reader*, (London: Pluto Press, 2005), 9-19.

the state, markets and privatization provides scope for cronyism and rent-seeking.²⁸ Hariri's reconstruction program was neoliberal in both these senses. He sought to open up investment opportunities for foreign investors and the new contractor bourgeoisie, while also seeking to ensure that he and his business allies obtained the largest slice of the pie. The politics of reconstruction in central Beirut and the effects of "anchoring" the exchange rate through government borrowing at high interest rates have been described in great detail elsewhere.²⁹ The important point here is that Hariri applied a neoliberal logic determined by his class position. In order to realize the two policies, Hariri placed former employees and associates at the head of the institutions in charge of reconstruction and finance: the Council for Development and Reconstruction (CDR) and Solidere, the central bank and the finance ministry.³⁰ Hariri was not in complete control of economic policy. When he was out of office from 1998 to 2000, President Emile Lahoud and Prime Minister Salim al-Hoss obstructed the Solidere project and changed the *modus operandi* of government debt management. Hariri's efforts at privatizing state-controlled entities such as the electricity company, telecommunications and the national carrier Middle East Airlines were countered by former militia leaders and the military establishment, all allied to Syria. Hariri's rivals feared a curtailment of their patronage power and sought to prevent Hariri from acquiring even more economic power.

The alliance with Saudi Arabia had been the basis for Hariri's ascent to power. Saudi Arabia brokered the US-Syrian concord which facilitated the Taif Agreement of 1989³¹ and enabled Syrian troops to dislodge its greatest opponent, General Michel Aoun, from the presidential palace in 1990. In return for Saudi acceptance of Syrian dominance in Lebanon, the Assad regime tolerated Saudi-ally Hariri as prime minister. Hariri's "reconstruction" was running alongside the "resistance" by Hezbollah. In the 1990s, Rafik Hariri defended Syrian dominance in Lebanon and supported the marginalization of any opposition to Syria. However, this was an alliance of convenience, and tensions between Hariri and Damascus came to the fore

²⁸ See Steven Heydermann, *Networks of Privilege in the Middle East: the Politics of Economic Reform Revisited*, 292-322.

²⁹ George Corm, "Reconstructing Lebanon's Economy", in Shafik N. ed., *Economic Challenges Facing Middle Eastern Countries: Alternative Futures*, (Basingstoke: Macmillan, 1998), 116-135, Deoneux Giulain, Robert Springborg, "Hariri's Lebanon: Singapore of the Middle East or Sanaa of the Levant?", *Middle East Policy*, 6, No 2 (1998), 158-173, Gaspard Toufic, *A Political Economy of Lebanon, 1948-2002: The Limits of Laissez-Faire*, (Leiden: Brill, 2004).

³⁰ Hannes Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, (PhD Thesis, London: SOAS, 2012), 62; Giulain Deoneux, Robert Springborg, "Hariri's Lebanon: Singapore of the Middle East or Sanaa of the Levant?", *Middle East Policy*, 6, no 2 (1998): 158-173.

³¹ See Joseph A. Kechichian, "One Lebanon was his vision", *Gulf News Weekend Review*, May 9, 2008.

from the mid-1990s onwards. The breakdown of the Syrian-Israel peace negotiations in 2000, the Israeli withdrawal from South Lebanon and regional tension in the wake of the Iraq invasion then led to deteriorating relations between Hariri and the new President of Syria, Bashar al-Assad.

An important factor in the ability of various businessmen to rise to high political office was their position in Lebanon's confessional politics. The prevalence of Sunni politicians among the new contractor bourgeoisie is striking. Emigration patterns played a role because it is possible that Sunni Muslims were more drawn to the Gulf, Shia would be more likely to migrate to West Africa or the Americas, and Christians were drawn to Europe. However, a more important factor is the state of the civil war era leadership among different communities. The Kataeb party, the Lebanese Forces and Aoun monopolized leadership among Maronites. There was limited space for a Maronite businessman to become a political leader. Some Shia contractors had become wealthy in the Gulf or in West Africa but they tended to support established political movements such as Hezbollah or Amal, which had virtually monopolized leadership within their community. Among the Druze, Walid Jumblatt's Progressive Socialist Party (PSP) was the dominant force. The situation of Sunni leadership was very different. The pre-war Sunni *zuama* had been marginalized by popular Nasserite movements and their militias during the civil war, helped by their alliance with the PLO. The militias lost much of their power after the expulsion of the PLO from Beirut in 1982 and military action by Syrian-allied Shia and Druze militias in 1983 and 1984.³² Sunni Islamists never achieved the same prominence, coherence and influence within their own community as Hezbollah did within the Shia community. The assassination of the Sunni Mufti Hassan Khalid in 1989 further fragmented the community's leadership. This fragmentation allowed for the rise of Hariri and other Sunni businessmen to high political office. No pre-war *zuama* or civil war militias could automatically lay claim to the role of Prime Minister, the highest position reserved for Sunnis in Lebanon's power-sharing formula.

When Hariri became Prime Minister of Lebanon in 1992, he still styled himself mostly as a "national" leader rather than a confessional one. He contrasted his reconstruction program with the confessional violence of the militias. His student loan program was already winding down and Hariri refused to engage in the kind of large-scale grassroots clientelism usually associated with confessional leadership. He also sought to shape public opinion through his TV channel Future TV, a stake in the *al-Nahar* newspaper, fostering close relations with a large number of journalists and eventually starting his own newspaper called *al-Mustakbal* (Future). Hariri's neglect of his own community led to some disappointment among the

³² See Skovgaard-Petersen Jacob, "The Sunni Religious Scene in Beirut", *Mediterranean Politics*, 3, no 1 (1998): 69-80.

grassroots of the community. Sunni *zuama* maintained doctoral independence from Hariri in the 1992 and 1996 parliamentary elections. Sunni Islamist movements such as *al-Abbash* and *al-Jamaa al-Islamiyya* experienced a brief flowering and some limited electoral success. However, all this changed when Hariri imposed himself as the prime leader of his community from the mid-1990s.³³ In 1996, Hariri had his favored candidate elected mufti, a position that had remained vacant since Mufti Hassan Khalid's assassination.³⁴ Starting in 1999, the Hariri foundation also began engaging in grassroots clientelism, building health centers and schools in predominantly Sunni neighborhoods. Although the health centers are open to patients from any confession, the location and the association with Hariri work as signifiers that these are "Sunni" institutions. In preparation for the 2000 parliamentary elections, Hariri politically neutralized the Al Makassed association³⁵, which had traditionally been Beirut's premier Sunni philanthropic association and a patronage instrument of the Salam family³⁶. Hariri's transformation from a "national" to a specifically "Sunni" leader in the mid-1990s was an electoral strategy. The businessman-politician was coming under increasing political pressure from rival politicians allied to Syria, especially when army commander Emile Lahoud was elected president in 1998. Subsequently, Hariri resigned as prime minister. In order to return as the head of government, Hariri sought electoral success, which in Lebanon is best achieved through confessional mobilization. There can be little doubt that Hariri would have been able to build a grassroots base beyond his Sunni community, but this would be viewed as an encroachment by rival leaders. Means of curtailing such encroachment included blocking accreditation by the health ministry, rejection of health centers by municipal authorities, or, in times of heightened confessional tension, the threat of physical attacks on Hariri institutions. The confessional system had disciplined the new contractor.

Hariri had become more like the *zuama* of the pre-war era, using

³³ For the changes in Sunni politics in the early mid-1990s, see Skovgaard-Petersen Jacob, "The Sunni Religious Scene in Beirut", 69-80.

³⁴ The electoral process was tightly managed by two advisors to Rafik Hariri in order to produce the desired outcome. Skovgaard-Petersen, "The Sunni Religious Scene in Beirut", 78-79, Rougier Bernard, *Everyday Jihad: The Rise of Militant Islam among Palestinians in Lebanon* (Cambridge, MA: Harvard University Press, 2007), 130-131.

³⁵ Al Makassed Philanthropic Islamic Association of Beirut was founded in 1878. It is a charitable, humanitarian, and non-profit Islamic association that seeks to build a distinguished Makassed community based on sublime values and proud of its national belonging. Al Makassed Association implements the principles of Islam with the aim of developing its society's capacities and educating its generations. For this purpose, it disseminates Islamic education through its diverse institutions, provides healthcare, and offers educational, medical, social, and cultural services by subsidizing the costs of these services.

³⁶ On the political uses of the health centers and schools, see Cammett Melani, Sukriti Issar, "Bricks and Mortar Clientelism: The Political Geography of Welfare in Lebanon", *World Politics*, 62, no. 3 (2010), 381-421.

confessional clientelism to win elections. However, there are also differences between the clientelism of the pre-war *zuama* and the new contractor Hariri. One difference is scale. The *zuama* tended to dominate in particular locations, for instance, the Salams in Beirut or the Karamis in Tripoli. Hariri managed to build up a truly national presence by spending amounts that were beyond the financial capability of the *zuama*. In the late 1970s, he started charitable works in his home town of Sidon but then quickly moved to provide services across the whole country through his student-loan program from 1983 to 1996. In the parliamentary elections of 2000, Hariri became the most prominent Sunni politician in Beirut, winning all the seats in the capital and relegating traditional Sunni Beirut leaders to the second rank. Such complete domination in a locale other than their region of origin would have been inconceivable for a pre-war *zaim*. Secondly, Hariri relied primarily on his own wealth and funding from the Gulf to pay for his philanthropic ventures. In contrast, the philanthropic associations controlled by pre-war *zuama* were often financed collectively through donations by bourgeois families or the middle class. The *zuama* therefore had to be much more responsive to the interests and ideologies of these constituencies, while the new *zaim* Hariri was financially independent from domestic Lebanese groups.³⁷

The contrast between Hariri on the one hand, and Mikati and Fares on the other illustrates the conditions for success and failure of new businessmen. As a Sunni Muslim, Mikati also had ambitions to become prime minister. However, he lacked the powerful foreign sponsor that Hariri had in the form of Saudi Arabia. The warm relations that Mikati had fostered with the Syrian regime could not make up for this shortcoming. The Syrians relied much more on other types of elites - on former militia leaders such as Nabih Berri or Walid Jumblatt, on the military and intelligence establishment around Lahoud, and loyal allies such as Michel Murr. Mikati did enjoy some political success - he became minister for transport and public works under the Selim Hoss government in 1998, after Hariri had already left office. He retained his ministerial position until 2004. Despite the grand title, these ministries were of little use to Mikati. They had been marginalized in the reconstruction effort by the CDR, headed by a Hariri loyalist for most of the time between 1991 and 2005. Mikati's main interest was in telecommunications. In 1994, Cellis had won a 'build-operate-transfer' (BOT) project. One-third of the company was owned by Najib and Taha Mikati, France Telecom owned the rest.³⁸ However, Mikati had no direct control of the institutions in charge of telecommunications. The second most popular mobile phone operator was Libancell. Their relationship with the

³⁷ See Hannes Baumann, "The ascent of Rafiq Hariri and Sunni philanthropy", 81-106

³⁸ Economist Intelligence Unit (EIU), Country Report: Lebanon, July 2002.

https://www.iuj.ac.jp/mlc/EIU/Report/Lebanon/July_2002_Main_report.pdf (Accessed May 30, 2020).

government was tense. Both the Hariri and Hoss governments “imposed various charges on the mobile phone companies and turned down offers to convert the ten-year BOT contracts into twenty-year operating licenses”.³⁹ “At stake were the large profits of the duopoly. In 1998, revenue from mobile phone operations reached USD 440 million”.⁴⁰ The sector’s future was endangered by a conflict between Hariri, who sought to privatize the sector, and Lahoud, who sought to allocate as much of the mobile phone profits for the state as possible. In the end, Lahoud managed to control the telecommunications ministry from 2000 to 2004 and impose his preferred solution. “Mikati sold his stake in Cellis to France Telecom, and in December 2002 both mobile phone companies formally transferred their assets to the state”.⁴¹ Mikati is not completely reliant on income from within Lebanon. However, his investment company M1 Group⁴² owns New York and London real estate, the French fashion company Faconnable and interests in oil exploration in Colombia. Hariri also eclipsed Mikati in the size of his popular following. Mikati had built up a philanthropic association that could act as an instrument of patronage during elections. He first entered parliament as a deputy for Tripoli in 2000 on the list of the Maronite *zaim* Suleiman Frangieh, while Hariri refrained from fielding his own candidates in the constituency, probably as a result of pressure from Syria.⁴³ While Mikati managed to build up a following in Tripoli, he never managed to create the national reach that Hariri and especially his son Saad enjoyed. Furthermore, while Hariri had managed to gain control of a major economic and symbolic space in Beirut – the Solidere area – Mikati never achieved such economic success in the capital.

Issam Fares was less successful than Hariri or Mikati. As a Greek Orthodox Christian, his advance to the highest state position was hindered by Michael Murr, who had supported Syria’s policy in Lebanon since the mid-1980s and was one of Assad’s closest allies in the country. From 1992 to 2000, he was deputy prime minister, the highest position a Greek Orthodox can occupy. Fares only managed to occupy the post from 2000 to 2004. The post provides the holder with little power and Murr’s influence stemmed more from his control of the interior ministry (1996-2000), a position later held by his son Elias (2000-2004). Fares, meanwhile, was stuck with a largely ceremonial role as deputy prime minister without any control over the institutions that shaped economic policy. Fares had allied himself with Emil Lahoud, who sought to draw a wealthy businessman into his network to

³⁹ EIU, Country Report: Lebanon, 4, Quarter 1995, 14; EIU, Country Report: Lebanon, 1, Quarter 1996, 14; EIU, Country Report: Lebanon, October 2000.

⁴⁰ International Telecommunications Union, Arab States Telecommunications Indicators 1992-2001, Geneva: ITU, 2002.

⁴¹ EIU, Country Report: Lebanon, July 2002; EIU, Country Report: Lebanon, January 2003.

⁴² See Najib Mikati, <https://www.forbes.com/profile/najib-mikati/#41041d378d63> (Accessed May 30, 2020)

⁴³ Middle East International, August, 18, 2000, 13.

counter Hariri's influence in Lebanon. Like Hariri and Mikati, Fares built up a philanthropic association but it fell far short of the size and scope of the Hariri Foundation. It runs health centers and supports schools in Fares' home region of Akkar and supports a number of social and cultural projects in the north of Lebanon.⁴⁴ Fares first entered parliament in 1996 within a joint list alongside Omar Karami and Suleiman Frangieh. However, the peripheral location of Fares' home region and the spread of Greek Orthodox Christians throughout Lebanon made the kind of confessional rallying that Hariri achieved among Sunni Muslims impossible.

The limitations Fares faced in terms of his position in the confessional system and popular mobilization led him to adopt alternative strategies along two lines.⁴⁵ First, he spent a lot of time and money in cultivating ties with American politicians. Fares was already involved in "brokering" closer relations between Syria and the USA in the 1980s, a rapprochement which eventually facilitated the Taif Agreement of 1989 and the ousting of Michel Aoun. Fares became a master at playing the game of informal financial contributions and cultivating "friendship" with leading American politicians from both major parties. The most visible initiative was a lecture series at Tufts University, for which speakers received generous remuneration and has featured former President George H. W. Bush, former Secretary of State James Baker, former President Bill Clinton, and former Senate Majority Leader George Mitchell and Colin Powell shortly before he was called upon to serve as secretary of state for George W. Bush. Fares used his influence on US politics in the 1990s to maintain American tolerance for Syria's role in Lebanon.⁴⁶ The second pillar of Fares' influence is public opinion. His media empire is of a different nature and smaller than Hariri's. After the arrest of Samir Geagea (the leader of Lebanese Forces) in 1994, Fares took a 10 percent stake in the ownership of the Forces' TV station LBC.⁴⁷ Damascus regarded Fares as a "safe pair of hands" to curtail the station's habitual criticism of Syria. Fares also created public policy think-tanks. He funded the Issam Fares Institute for Public Policy and International Affairs at the American University of Beirut (AUB) and a domestic public policy institute where intellectuals and former government officials sympathetic to Fares worked. As mentioned, elites are conventionally defined as "decision-makers", while Pierre Bourdieu regards them as those rich in cultural, financial or social capital. Fares managed to gather a network of elites endowed with great "cultural" capital who wield symbolic power to confirm or transform the social order. This was partly done to make up for the failure to gain control of the institutional centers of decision-making.

⁴⁴ For more information on the association, <http://www.fares.org.lb/main.asp> (Accessed May 30, 2020).

⁴⁵ Middle East Intelligence Bulletin, November, 2003, 12-17.

⁴⁶ Ibid.

⁴⁷ Middle East International, March 23, 2001, 13.

**The new configuration of Lebanese politics after Rafik Hariri:
Fuad Siniora, Saad Hariri and Najib Mikati**

On 14 February 2005, Rafik Hariri was assassinated and the immediate question from the perspective of the Hariri network was the future of the “Mustakbal (Future) movement”. Saad Hariri became the knot that held together all the strings of power of the Hariri network – personal wealth, the Saudi alliance and “Sunni leadership”. Saad Hariri had previously been in charge of parts of the Hariri business empire and nothing in his professional experience marked him out for political leadership. This is further evidence that the neoliberal project of the new contractor bourgeoisie was being mediated by the familiar confessional, clientelist and dynastic dynamics of Lebanese politics.

Saad Hariri became the head of the coalition that was fighting to put Syria out of Lebanon and which had received a boost with Rafik Hariri’s assassination. Rafik Hariri had been reluctant to join the opposition against Syria, which included many traditionally anti-Syrian Christians, Walid Jumblatt’s Druze as well as a growing secular “Democratic Left”, which was fed up with Syrian authoritarianism. Within the confessional logic of Lebanese politics, the fact that Hariri brought “the Sunnis” into the opposition camp was significant. The anti-Syrian opposition formed the 14 March coalition, named after the rally staged on that day in 2005. The 8 March coalition brought together the Shia movements Hezbollah and Amal and the predominantly Christian supporters of Michel Aoun (who had opposed Syrian influence in Lebanon during the 1990s). Under the leadership of Saad Hariri, the 14 March coalition achieved the resignation of pro-Syrian Prime Minister Omar Karami, leading to the appointment of Najib Mikati as the interim head of government to oversee the elections in May 2005. The 14 March coalition achieved their goal of forcing the withdrawal of Syrian troops in April-May 2005.

Internal confessionalism linked up with the wider agendas of regional and global powers. The USA and France came together to presume Syria’s guilt in the Hariri assassination. The two countries had fallen out over the Iraq War in 2003 but there had been a rapprochement when French President Jacques Chirac led the way in putting together UN Security Council Resolution 1559 in September 2004.⁴⁸ The resolution called for Syrian non-interference in Lebanon’s presidential elections and the disarmament of all the militias (mainly Hezbollah) in Lebanon. Saudi Arabia also joined the international coalition on Lebanon. Through the initiative of these major states, the UN International Independent Investigation Commission (UNIIC) was established by the UN Security Council on 7 April 2005 to investigate

⁴⁸ International Crisis Group, *Syria after Lebanon, Lebanon after Syria*, Brussels: ICG, 2005, 9.

Rafik Hariri's assassination. Later, the Special Tribunal for Lebanon (STL) was set up in May 2006. Its mandate was to prosecute the perpetrators of the Hariri assassination. The 8 March forces declared that "the investigation and the tribunal are instruments of the USA, France and Saudi Arabia as well as 14 March to pressure Syria and Hezbollah."⁴⁹ Defenders of the court argue that the investigation should be independent of any government.

Confessional solidarity was a major factor in rallying popular support behind Saad Hariri after his father's assassination.⁵⁰ The success and the limits of this strategy arose from Hariri's position in the Sunni community. Rafik Hariri had built some of his own institutions, especially the Hariri Foundation and a political organization called the "Future Movement". However, more often than not, Hariri was not so much displacing existing Sunni structures but using patronage resources and a highly flexible "ideology" to entice existing Sunni social, religious and political organizations into joining his network. The "Future Movement" could be all things to all people, claiming to pursue a range of contradictory goals such as being a champion of neo-liberalism, a defender of the Sunni community, an ally of Saudi Arabia and the West, an opponent of Syria and Iran, and a patron of the "poor". The backdrop to this strategy of confessional mobilization was the emerging Sunni-Shia contradictions in Lebanon. Within the confessional logic of Lebanese politics, the assassination of the most prominent Sunni leader was perceived as an attack on the whole community. 14 March immediately blamed Syria and its main Lebanese ally Hezbollah, achieving the withdrawal of Syrian troops from Lebanon. This, in turn, increased the insecurity of Hezbollah, which had relied on Syria to protect its status as a legitimate resistance movement. The domestic rift was doubled by confessional violence in Iraq and the development of a regional Sunni-Shia split, which also involved a deepening of Saudi-Iranian contradictions. The 2006 war between Israel and Lebanon exacerbated the confessional divide. While Hezbollah considered it a vindication of the need for "resistance" as deterrence, 14 March denounced the "recklessness" the militia had displayed in drawing Lebanon into war. Hezbollah ministers and their allies had participated in the government of Fuad Siniora after the May 2005 elections but in December 2006, five Shia ministers and one Christian associated with 8 March withdrew from the cabinet. 8 March organized a protest in central Beirut, demanding that Siniora resign. Given Lebanon's power-sharing formula, the protest was interpreted as a Hezbollah attack on Sunni prime ministership and hence on the Sunni community as a whole. The Sunni-Shia split thus led to a closing of ranks within the Sunni community and provided

⁴⁹ Nadim Shehadi, Elizabeth Wilmshurst, *The Special Tribunal for Lebanon: The UN on Trial?* (London: Chatham House, 2007), 8.

⁵⁰ International Crisis Group, *Lebanon Politics: The Sunni Community and Hariri's Future Current*, Brussels: ICG, 2011.

the rationale for an alliance with Western powers and Saudi Arabia in order to oppose the Shia movement, which was supported by Iran and Syria. This closing of ranks meant that Saad Hariri achieved virtually unchallenged leadership of the Sunni community.

The nearly absolute hegemony of Saad Hariri in the Sunni community led to various alliances that are critical to Lebanese political configurations. In defense of the neoliberal economic program, the billionaire mobilized Sunni followers from the most deprived areas of Lebanon, such as Akkar in the north. The “Future Movement” relied heavily on patronage and the ever-expanding health and social service provisions of the Hariri Foundation⁵¹. Saudi Arabia allegedly spent “hundreds of millions” of dollars to ensure the electoral success of the “Future Movement” and its allies in the 2009 parliamentary elections⁵². The mobilization of Sunni Muslims was primarily political but inevitably included religious sheikhs on behalf of the “Future Movement”.⁵³ The Hariri camp courted Islamists, especially in Tripoli and the Akkar region. It entered into an alliance with the Lebanese branch of the Muslim Brotherhood, pressed for amnesty for militants arrested over Islamist violence in Dennyeh in 2000 and recruited former Salafist Khalid Dahir as a parliamentary deputy.⁵⁴ At one point, the Hariri movement started arming its supporters via a private security company.⁵⁵ The strategy of armed confrontation with Hezbollah failed when the Shia militia and its allies took control of much of the capital in May 2008, surrounding Hariri’s residence. The “Future Movement” functionary in charge of arming Sunni youths was thereafter demoted.⁵⁶

The clashes led to the Doha Agreement of May 21, 2008, which brought together both 14 March and 8 March leaders. The rapprochement between Saudi Arabia and Syria led to a visit from Hariri to Damascus.

⁵¹ Hadi Makarem, *Actually Existing Neoliberalism: The reconstruction of Downtown Beirut in post-civil war Lebanon*, London School of economics and political science, London, September, 2014, 216-219. http://etheses.lse.ac.uk/3078/1/Makarem_Actually_Existing_Neoliberalism.pdf (Accessed May 30, 2020).

⁵² Robet F. Worth, “Foreign Money seeks to buy Lebanese votes”, *New York Times*, April 22, 2009. <https://www.nytimes.com/2009/04/23/world/middleeast/23lebanon.html> (Accessed May 30, 2020).

⁵³ International Crisis Group, *Lebanon’s Politics: The Sunni Community and Hariri’s Future Current*, May 26, 2010, 22. <https://www.crisisgroup.org/middle-east-north-africa/eastern-mediterranean/lebanon/lebanon-s-politics-sunni-community-and-hariri-s-future-current> (Accessed May 30, 2020).

⁵⁴ See Lebanon: After the Cedar Revolution, in Are Knudsen and Michael Kerr eds., (London, 2012), 140.

⁵⁵ Borzou Daragahi, Read Rafei, “Private force no match for Hezbollah”, *Los Angeles Times*, May 12, 2008 <http://articles.latimes.com/2008/may/12/world/fg.security12> (Accessed April 2, 2020)

⁵⁶ Lebanon: After the Cedar Revolution, 140.

However, Hariri's swift "readiness" to compromise after an extended period of political crisis and communal mobilization – which even included arming his supporters – resulted in disillusionment with the billionaire's leadership. Some Sunni allies of the "Future Movement" distanced themselves from it.⁵⁷ Hariri was learning a lesson that the pre-war Sunni *zuama* had had to learn as well – confessional mobilization makes compromise more difficult.

The governments of Fuad Siniora (2005-2009) and Saad Hariri (2009-2011) focused mainly on the struggle against Syria and Hezbollah, but also sought to deepen neoliberal economic reforms. The finance ministry, the Council for Developments and Reconstruction (CDR) and central bank were headed by people closely associated with the Hariri camp. The Hariri network thus controlled the most important economic institutions of the country. The commitments of the Siniora government at the "Paris III" donor conference in 2007 reiterated the neoliberal program of the previous Hariri governments, including the privatization of state-controlled entities and welfare reform aimed at curtailing patronage opportunities of political rivals.⁵⁸

However, this agenda was almost impossible to realize in the face of the interests of rival elites. When the Siniora government mooted the abolishment of the Council of the South and the Central Fund for the Displaced it met determined opposition from Speaker Nabih Berri (leader of Shia Amal Movement) and Walid Jumblatt (leader of Druze Progressive Socialist Party) who use these institutions as patronage instruments.⁵⁹

Saad Hariri's government was brought down by the veto of 8 March ministers in January 2011 over his refusal to renounce the STL that was to indict and try Rafik Hariri's assassins. Mikati assumed the post of prime minister with the backing of 8 March. 14 March refused to participate in this government. Appropriating the language of popular protests in Tunisia and Egypt, The "Future Movement" declared a "day of anger". The protesters complained that the Shia Hezbollah had become the decisionmakers in terms of who should be prime minister, a position reserved for Sunnis. As one Sunni cleric put it at a Tripoli rally: "Saad Hariri is the only man who represents the Sunni faith... We will not accept Hezbollah leader Hassan Nasrallah choosing our Prime Minister".⁶⁰ The protesters argued that Hariri was the only true representative of the Sunnis and that Mikati lacked legitimacy – hence the talk of a "constitutional coup". This sense of ownership of the prime minister's post is unprecedented in Lebanese history.

⁵⁷ Ibid.

⁵⁸ Lebanese Republic, "Recovery, Reconstruction, Reform", paper presented at the International Conference for Support for Lebanon, Paris, January 25, 2007.

⁵⁹ Lebanon: After the Cedar Revolution, 140.

⁶⁰ "Protests as Hezbollah poised to form Lebanon government", *BBC News*, January 24, 2011, <http://www.bbc.co.uk/news/world-middleeast-12272483> (Accessed April 2, 2020).

Rivalries between different Sunni politicians were common in the pre-war and civil-war eras and only since 2005 has the Hariri camp managed to lay exclusive claim to the post. The choice of protest site was also highly symbolic and the protests were concentrated in Mikati's hometown, Tripoli. Mikati himself showed that he could also speak in a "confessional language". On Lebanon's premier political talk-show, called Kalam al-Nas, Mikati responded to suggestions that he did not represent "the Sunnis" by saying: "I don't accept anyone to question my Sunnism. If there's a Sunni in Lebanon, it's me. I'm Sunni in belief, Sunni in practice, Sunni in politics and I'm the number one defender of the Sunnis in Lebanon. I'm the number one Sunni in Lebanon!"⁶¹

It is a fact that Mikati would not have become prime minister without the backing of Hezbollah and the other 8 March members, but he also had some leeway. Hezbollah only held two minor ministries and Mikati immediately assured the USA that he would take an independent path⁶². There were important continuities between the governments headed by the Hariri camp and the Mikati administration. The most crucial one was the continuation of Hariri's policy of government debt management. Muhammad Safadi took over the finance ministry in the government of Mikati. Safadi is also a "new businessman" from Tripoli⁶³. Mikati resisted demands by Michel Aoun to hand the finance ministry to his Free Patriotic Movement (FPM)⁶⁴. Given the "anti-corruption" stance adopted by the FPM, such a move would have led to great unease among investors. Hailing from an established trading family, he migrated to Saudi Arabia in 1975, where he built residential compounds. Safadi had close relations with the head of the Saudi air force, Prince Turki al-Nasr. In 2000, he founded the Safadi Foundation, which offers health, educational and social services⁶⁵. He first entered parliament in 2000 and became minister of public works in the government of Fuad Siniora in 2005 and minister of economy and trade in 2008 until Najib Mikati appointed him finance minister in 2011. Although previously allied to 14 March, he is clearly trying to assert his independence.

Since 1992, the Hariri faction has been in control of the finance ministry, the post of prime minister and the central bank. The policy adopted

⁶¹ "The Number One Sunni in Lebanon", <https://qifanabki.com/2012/05/21/the-number-one-sunni-in-lebanon/> (Accessed May 30, 2020).

⁶² New York Times, January 26, 2011, <http://www.nytimes.com/2011/01/27/world/middleeast/27lebanon.html> (Accessed April 2, 2020).

⁶³ Mohammed Safadi, *The Guardian*, June 7, 2007, <http://www.guardian.co.uk/world/2007/jun/07/bae6> (Accessed May 30, 2020).

⁶⁴ *Miqati Assures of His Ties with Saudi: The Government is Ready*, *Naharnet*, February 26, 2011, <http://www.naharnet.com/stories/en/3449> (Accessed May 30, 2020).

⁶⁵ For more information about Safadi Foundation see the official website, <https://www.safadi-foundation.org/> (Accessed May 30, 2020).

in 1993 eventually pegged the currency to the US dollar by, at times, borrowing more on the belief of the government than was needed to finance the government deficit. This scheme drove up the demand for Lebanese pounds, but also raised interest rates on government debt, leading the country into a debt trap.⁶⁶ The main beneficiaries were Lebanese commercial banks and their depositors. Lebanese pound deposits are highly concentrated because only the country's financial and economic elites had the necessary savings to invest in government debt instruments in this way.⁶⁷ The government therefore needs to maintain the confidence of the country's financial elites and one way of doing so is to appoint one of the new businessmen as finance minister. A second political aspect of debt management is mentioned in an International Monetary Fund (IMF) working paper from 2008, which shows that the continuous rollover of Lebanese government debt depends on an "implicit guarantee" from donors and international financial institutions.⁶⁸ In this context, the main guarantor is Saudi Arabia. The kingdom bought up government bonds when investors refused to take them anymore, it provided the largest chunk of concessionary loans at the "Paris II" donor conference that prevented a financial crisis in Lebanon in 2002 and it transferred 1 billion USD to the Lebanese central bank during Israel's war with Hezbollah in 2006.⁶⁹ Therefore, the government needed someone who could manage relations with the Saudi monarchy. Safadi ticked both boxes. As a new businessman, Safadi reassured Lebanon's financial elites – the owners of banks and holders of deposits – and his close relations with the Saudi royals meant that the "implicit guarantee" would be maintained.

The most important issue of continuity between Saad Hariri and Najib Mikati was over funding for the STL. Though the court consisted of international jurists and Lebanese judges, the Lebanese government withheld its share of the funding. Mikati threatened to resign over the STL funding issue and eventually paid the government's dues in December 2011. There are several reasons. 1. Mikati argued that he wanted to fund the tribunal in order to avoid possible international sanctions against Lebanon. 2. Mikati could not be seen as going against his own community, where most felt strongly about the STL and regarded the assassination of Rafik Hariri as an attack on the Lebanese Sunni community. 3. Saudi Arabia was pressing for the STL and very few Sunni politicians in Lebanon can defy Saudi pressure.

⁶⁶ See Gaspard Toufic, *A political Economy of Lebanon, 1948-2002: The Limits of Laissez-Faire*, (Leiden: Brill, 2004).

⁶⁷ Bassam Fattouh, "A Political Analysis of Budget Deficits in Lebanon", SOAS Economic Digest, June 2, 1997.

⁶⁸ See Axel Schimmelpfennig, Edward Gardner, *Lebanon-Weathering the Perfect Storms*, Washington: IMF, 2008, 19.

⁶⁹ Ibid, 5.

Saudi Arabia also exerts great economic power in Lebanon and its role as guarantor of Lebanon's government debt is critical. Mikati had previously relied on good relations with the Saudi monarchy to mediate with Hariri. Prior to the 2009 parliamentary elections, Saudi Arabia had reportedly engineered an electoral alliance between Hariri, Safadi and Mikati in Tripoli in order to avoid a deep division within the Sunni community.⁷⁰ As a businessman who had accumulated his wealth in the Gulf, Mikati also had close links to Saudi Arabia. Upon taking up the position as prime minister, he stressed the importance of close ties to Riyadh.⁷¹ Saudi support for the tribunal is therefore likely to have played a large role in Mikati's decision to provide STL funding.

Conclusion

The civil war (1975-1990) had left the Sunni community with a leadership vacuum that was filled by Rafik Hariri. From the mid-1990s onwards, Hariri transformed himself from a "national" leader to a mostly "Sunni" leader. He did so for electoral reasons and used philanthropy to build up a clientelist network. This strategy of "confessional leadership" became even more intense under his son Saad, who effectively monopolized Sunni political leadership in the country. This was partly a function of the increasing rift between Sunni and Shia communities, which was driven by domestic and international politics. Hariri's monopoly curtails the ability of politicians such as Mikati or Safadi to lay claim to the post of prime minister.

The rise of the new business elite in Lebanon confirms the importance of class in analyzing Lebanese politics. The emergence of the new businessmen was due to changes in Lebanon's role in the capitalist world economy and the oil boom in the Gulf region. They replaced the traditional commercial-financial bourgeoisie that had dominated the pre-war economy and politics. Rafik Hariri's neoliberal reconstruction program has to be understood in the context of his class interest. The businessman-politician and the neoliberal technocrats in his team were a formidable force for neoliberal reforms. Their ability to realize this project was circumscribed by rival elites – especially former militia leaders – and by Syria. While Hariri was able to shape reconstruction and finance, he was prevented from privatizing state-controlled enterprises. Analyses of Lebanese politics often neglect class and political economy in favor of confessional dynamics and

⁷⁰ International Crisis Group, Lebanon's Politics: The Sunni Community and Hariri's Future Current, May 26, 2010, (Accessed May 30, 2020).
<https://www.crisisgroup.org/middle-east-north-africa/eastern-mediterranean/lebanon/lebanon-s-politics-sunni-community-and-hariri-s-future-current> (Accessed May 30, 2020).

⁷¹ "Mikati Assures of His Ties with Saudi: The Government is Ready", *Naharnet*, February 26, 2011, <http://www.naharnet.com/stories/en/3449> (Accessed May 30, 2020).

international factors. The comparison of Rafik and Saad Hariri, Najib Mikati and Issam Fares illustrates the importance of confessional position and international alliances in explaining the different strategies of new contractors and their relative success.

Issam Fares was less “successful” and focused his efforts on public policy think-tanks. International alliances are also crucial to understanding the relative success of different new businessmen in Lebanon. Hariri enjoyed strong support from Saudi Arabia. Mikati and Fares were allied to Syria, although they also maintained ties with Riyadh. Despite the obvious differences in alliances between Hariri and Mikati, the willingness and the ability of Prime Minister Mikati to chart an independent path from Hezbollah over the STL funding issue approves that the similarities between new businessmen in Lebanon can be as important as their differences.

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