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Feudalism in the Age of Neoliberalism: A Century of Urban and Rural Co-dependency in Lebanon

ANAHID ZARIG SIMITIAN

Abstract

The urban and rural co-dependency in Lebanon has been drastically transformed and further heightened since the joining of both territories with the Declaration of Greater Lebanon on September 1st, 1920. The lack of any formal planning during the past century has driven socio-political and economic forces to shape or disfigure the built environment. Historians, geographers, and urban planners have addressed Lebanon's urban-rural divide by highlighting unequal development. Even still, a comprehensive overview of key historical moments that investigates migrations and the economic system is needed to understand the current co-dependent and conflicted relationship between both territories. Accordingly, this paper explores the urban and rural dynamics starting from the early nineteenth century to modern-day Lebanon, by juxtaposing the flow of migrations between Mount Lebanon and Beirut with the country's neoliberal economic policies. This analysis is derived from historical books, articles, and theses on the region and aims to highlight the integration of the rural feudalist-sectarian structure with the hyper-financialized urban neoliberal system.

Keywords: Beirut, Mount Lebanon, Migrations, Neoliberalism, Feudalism

Introduction

A century since the establishment of modern Lebanon, the Middle Eastern country by the Mediterranean has yet to witness a comprehensive planning of both its urban and rural territories. The lack of formal planning has allowed sociopolitical and economic forces to take hold of and morph the built environment. Accordingly, the urban-rural divide in Lebanon highlights a context where the absence of state development initiatives has allowed migrations and the banking system, through the influx of people and the flow of capital, to merge both territories into a co-dependent entity. Although articles (e.g., Khamis 2018; Salloukh 2017) and reports (e.g., *UNDP Strategic Plan 2018–2021 2017*; *Habitat III National Report 2016*; Harb el-Kak 2000) have highlighted Lebanon's urban-rural divide by addressing their unequal development, a comprehensive overview of key historical moments that investigate migrations and the banking system is needed to understand the current co-dependent and conflicted relationship of both territories.

At decisive historical moments, starting from the late nineteenth century, the flow of people and capital contributed to this territorial co-dependency. This reality

was exacerbated during the Lebanese Civil War (1975 to 1990), further influencing people's perception of and relationship with both areas. In post-war Lebanon (1991 to present), both the urban and the rural have been places of contention. The urban has been associated with sudden eruptions of street warfare, a failing infrastructure, and intolerable density as a result of internal and cross-border migration. Similarly, the rural has been associated with the Syrian and Israeli occupations, abandoned villages, and a space of lawlessness.

These realities are an outcome of years of civil violence that began as a sectarian power struggle and transformed into an elitist battle to control the financial networks of the city and subsequently the country. Following the Lebanese Civil War, conservative values associated with rural sectarianism, feudal authority, and libertarianism have seeped into the urban fabric and expropriated the financial tools of neoliberalism. This fusion not only brought rural feudal lords into the city and integrated them into the political bodies of the state; it transformed the economic structure and political culture of the entire country to closely reflect the gross inequalities of the rural feudalities. These transformations not only rendered the state as a tool for oligarchs, but forced waves of mutations onto the urban and rural fabric.

This paper explores the relationship between urban and rural from the early nineteenth century to modern-day Lebanon, the flow of migrations and demographic changes, and the financial systems that shaped both territories. The urban-rural divide is blurred by the integration of the rural feudalist-sectarian structure with the hyper-financialized urban neoliberal system.

Origins of the urban-rural relationship

Despite the layered ancient histories of the region, Lebanon's territorial boundaries and its conception as a nation-state began to emerge in 1861—a year after the 1860 civil conflict in Mount Lebanon between the Druze and Maronite Christian communities. The uprisings were not a simple outcome of sectarian conflict, but were a product of local Christians disobeying the Maronite Church, Druze feudalist families, and traditional demarcations of rural territories. This was caused by the economic autonomy obtained by the peasant Christian population with Beirut's introduction of a cash crop system into rural territories. The massacres that ensued generated an exodus of Christian refugees fleeing to Beirut (Kassir 2011, 90–91).

Following these events, the European powers found an opportunity to pressure the Ottoman Empire into reorganizing the governance of the mountains as a privileged administrative region overlooked by a Christian Ottoman governor (Salibi 1988, 16). The meeting between representatives of European powers and the Ottoman Empire was initiated by France and held in Beirut on June 9, 1861. Thus, the *Règlement Organique* marked the beginning of the formation of a nation that was triggered by conflicts in rural Mount Lebanon. The outcomes of the *Règlement* were decided upon in urban Beirut, an independent governorate and the future capital of the Republic of

Lebanon. The contents of this *Règlement* were negotiated by France, which annexed both territories to create Greater Lebanon in 1920, loosely delineating the national borders of modern-day Lebanon by 1926 (Ibid., 17).

These developments in the late nineteenth and early twentieth centuries initiated the interconnected yet conflicted rivalry between the urban and rural. This relationship was at times exacerbated by internationally-backed, local sectarian and feudal strongmen and at other times transcended differences through shared economic interests. The interplay between both territories could be best understood demographically and economically.

The Mount Lebanon mountain range stands parallel to the Mediterranean coast, spanning 170 kilometers of Lebanon's north-south length. Historically, the mountains were primarily inhabited by Druze and Christians and have been marked by phases of internal unequal development between both sectarian communities and among the ruling powers and masses. During Ottoman rule in the 1840s, Druze Sheikhs, described by political scientist and historian Fawwaz Traboulsi as "quasi-feudal lords," ruled over the predominantly Christian peasant population who were required to pay taxes while their Druze counterparts benefitted from exemptions. Following decades of political upheaval and shifting regional forces, by the end of the nineteenth century the lands of Mount Lebanon were mainly owned and controlled by the Christian Maronite Church and prominent feudal families. These included the Khazin and Hobeiche Christian clans in the north and the Jumblatt Druze clan in the south, which governed over a total of 100 mostly Christian villages (Traboulsi 2007, 16).

Christian Maronite peasants began to benefit from these territorial, commercial, and financial developments. However, citing the evolution of the silk industry as an example, Traboulsi explains how the road towards a more profitable existence for peasants was a slow process: "90 percent of the silk harvest in Mount Lebanon was appropriated by the emirs, sheikhs, monasteries, middlemen and Beirut merchants and usurers, leaving to a population of some 300,000 people no more than 10 percent of the product of their toil." (Ibid., 17). Highlighting the extreme inequality of the feudalist system of Mount Lebanon, Traboulsi elaborates on the trade exchanges between economically interdependent regions. He points out Mount Lebanon's role, not merely in exporting raw silk, but in acting as a key route for regional imports and exports from Iraq, Syria, and Palestine:

The Christian artisanal/commercial towns lying at the intersection of commercial routes or linking the interior to the exterior were the vital nodes in this network. Progressively, they came to control an ever-expanding space of villages and farms and sap the foundations of muqata'ji [feudalist] power on which they depended. The lords – and not only the peasants – became more and more financially dependent on the towns and cities and indebted to their merchants and moneylenders (Ibid., 19).

This transition of power from the countryside to the city was also triggered by Beirut's growth as one of the most prominent port cities in the Eastern Mediterranean and into a significant administrative hub within the Ottoman Empire. Beirut underwent major infrastructural improvements to facilitate the Empire's needs, including the centralization of power and integration with the European market (Ibid., 52). This was reflected spatially in the expansion of the city's port, linking of Damascus Road to the city, introduction of gas and electricity, establishment of a business center, and construction of a railway station, in parallel to the founding of American and French schools and universities by missionaries (Davie 2011, 48).

These internal economic developments, including Europe's interests in the region and the Ottoman Empire's aspirations to modernize its territories, weakened the power of feudalist families but did not altogether abolish them. Members of these families "were recycled into the administration" (Traboulsi 2007, 48) in the form of legalized sectarianism, first in Mount Lebanon and then in Beirut. Their position of power was continuously reestablished through demographic expansions of their respective sectarian communities. To outline the gradual merging between the feudal-sectarian and modern neoliberal systems it is necessary to study the cyclical rural and urban migrations in Lebanon's modern history.

Migrations

The proximity of Mount Lebanon to Beirut and instability of the region provoked waves of migrations. Demographic changes between urban and rural territories substantiated sectarian power and enabled the strategic handling of politico-economic national resources. As mentioned above, the founding of the Republic of Lebanon was made possible through the annexation of the countryside to the city. This resulted in a powerful demographic shift to a Christian majority that was facilitated by their control of the silk industry and trade as well as European powers' interest in establishing a Christian foothold in the Middle East.

To further understand the factors that propelled feudalist lords to join the neoliberal system, two key forces of change need to be examined: first, the migratory movements between urban and rural territories throughout key historical moments; and second, the historical politico-economic and financial forces that caused or were results of the demographic changes in the region.

Migrations under the Ottoman Empire

Migrations during the Ottoman rule were caused by sectarian conflicts in rural areas that led to the urbanization of Beirut. Starting with the late nineteenth and early twentieth centuries, the presence of European consuls and harbor of Beirut gave refugees a sense of foreign protection as well as a means to possibly migrate to Europe, North and South America. Between 1860 and 1914, 45 percent of Mount Lebanon's approximately

500k predominantly Christian inhabitants had migrated (Fersan 2010). Between 1915 and 1918, with the famine of Mount Lebanon, an estimated 200k—approximately one-third of the population—were killed leaving the rural entirely impoverished (*World War One: Beyond the Trenches* 2014).¹ As living conditions worsened in the mountains towards the end of Ottoman rule, the urban fabric was further diversified as Beirut became a focal point for migrants arriving from across the Ottoman Empire (Kassir 2011, 115–116). Traboulsi further elaborates on this multiplicity and development writing:

The absence of strong artisan guilds greatly helped the unhindered development of Beirut's international trade and services sector. On the other hand, internal migration was an important factor in diversifying the city's economic activities and helped to create a plural urban society characterized by fluid social mobility (Traboulsi 2007, 56).

The most significant transition during this period was in Mount Lebanon, from fiefdoms² to a territory entrenched in sectarian power struggles. The refugees, fleeing from internal conflicts of the Mountains to Beirut, transplanted sectarianism into the heart of the urban fabric.

It was during this era of exponential demographic growth and urban expansion beyond the confines of the ancient city that the old city's walls were demolished and never rebuilt. Immigrants from Mount Lebanon were not the only asylum seekers: Armenians escaping a genocide, Kurds from Anatolia, and Assyrians and Chaldeans from Iraq all found a safe haven in Beirut.

Migrations under the French Mandate

In 1920, under the rule of the French Mandate, Beirut and Mount Lebanon were annexed to form Greater Lebanon. Rural to urban migrations accelerated urbanization and transplanted sectarian enclaves to Beirut. Similarly, neighboring villages shifted their economies from agriculture to services in order to meet the demands of the growing urban population. Beirut's population had grown to an estimated 120k, 30 times more than the beginning of the nineteenth century (Traboulsi 2007, 56). Furthermore, Davie explains how political and demographic changes, such as the direct French rule followed by the confessional system that divided government positions on the basis of religious communities as well as the first official census to date in 1932, gave Christians the numerical majority. This tilted the balance of power back in favor of Mount Lebanon. According to Davie, this transformation was detrimental because shifting power to the inhabitants of Mount Lebanon caused rampant corruption throughout the country:

1 *World War One: Beyond the Trenches*, "WWI: The Famine of Mount Lebanon," reported by Carin Torbey, graphics by Chris West and Charlie Newland, aired October 24, 2014, in BBC Two, 2014 <https://www.bbc.com/news/av/world-29719542/ww1-the-famine-of-mount-lebanon> (accessed on January 23, 2019)

2 Ruled by Feudalism, where select noble families rule territories.

Because of a heavy-handed French presence, the Beirut municipal government was reduced to simply managing basic urban services, while real decisions were made elsewhere. At the same time, Beirut was perceived by the new elites as a source of wealth for their impoverished mountain communities. The city and its port provided new jobs for extended family and village neighbors. Direct and indirect corruption became rampant, as the new elites used their access to the workings of the city and the port to buy political favors (Davie 2002, 161).

Declaring Beirut as the capital further attracted rural refugees, causing urban sprawl and hasty uncontrolled expansion. Davie examines the consequences of this growth on rural villages. For example, feudal land-property structures further shifted former political powers, causing a decline in farming and transforming the rural workforce from an agriculture-based to a service-based economy in order to cater to the wealthy urban population that owned multi-locational houses in the city and country. The proximity of Beirut to Mount Lebanon and availability of road networks and cars made the Lebanese population highly mobile. The transfer of people, goods, services, and ideas transformed the rural landscape (Davie 2002, 162). This trend soon became common among the wealthy and middle classes, spreading urban services in Mount Lebanon and beyond (Kassir 2011, 304).

However, as the exodus to the city continued, the French Mandate struggled with the consequences of unplanned expansion, such as accommodating large masses of rural immigrants. A lack of proper infrastructure led to extreme poverty in the suburbs of Beirut and within the capital. These overpopulated areas had strong religious homogeneity and a rigid territorial delineation. For instance, the neighborhood of Basta is almost entirely Muslim while the neighborhood of Gemmayzeh is populated mostly by Maronite Christians (Kassir 2011, 297–299). Kassir explains:

In all these neighborhoods the collective dispositions that the immigrants brought with them from their homelands were found on a smaller scale, through family, clan, and village ties. Sometimes an entire village was reassembled on the same street. As in the nineteenth century, a view of the world and a set of social practices that had been formed in the countryside were transferred almost without modification to the city, [...] the importation of rural ways of thinking into an urban environment nonetheless strengthened sectarian attachments (Ibid., 300).

Migrations during the Independent Republic of Lebanon

Following the independence of Lebanon in 1943 and the expulsion of Palestinians in 1948, the growth of the city was further expedited. Unhindered rural to urban migrations led to a hypertrophy of the urban center and to the urbanization of rural villages surrounding the city. Four Palestinian camps with rural organizations were established within Beirut. Wealthier Palestinians resided in Beirut's financial district in Hamra, taking on an active role in businesses (Davie 2002, 163).

The following years were marked by unprecedented economic growth. This was largely due to the industrialization of oil excavation and exportation from the Arabian Peninsula in the 1940s. Additionally, the creation of the state of Israel in 1948, which blocked Arab countries from accessing the port of Haifa, ended the competitive role of a major commercial rival to the port of Beirut. Consequently, within a span of eight years, the port of Beirut witnessed a 27-fold increase in cargo (Kassir 2011, 355). The dissolution of the Syrian-Lebanese customs union in the 1950s gave way to new trade relationships with Jordan, Iraq, and Saudi Arabia (Ibid., 345). Beirut during this period became a vital transit for oil-producing countries in the Arab world—through its port in shipping petroleum and circulating goods, its airlines in circulating people, and its banks in circulating capital, specifically petrodollars (Ibid., 357). These developments led to the growth of the tourism sector, which was not only concentrated within the city but spread towards the countryside.

Economic growth further extended urbanization along four major roads: Damascus road, today's Independence Street, Antelias-Bikfaya Road, and today's Zouk Mosbeh-Ajaltoun Road. These are the major arteries that connect Beirut to the rest of the country, emanating from the city center and running towards the north, south, and east. Villages along these axes became points of urbanization within the rural landscape of Mount Lebanon (Ibid., 400–401).

Rural areas gradually encountered urbanization. By the 1950s, the city had exploited its *laissez-faire* economic system for an uncontrolled and unplanned construction spree. This resulted in the growth of the city's area from 626 hectares in 1945 to 2730 hectares in 1955 (Ibid., 412). Attempts at urban planning were ignored because the strict regulations of development required to implement such plans were in direct conflict with the hugely profitable, unregulated development taking place throughout the country at that time. This trend had an enormous impact on national demographics. In 1950 approximately 67 percent of the Lebanese population lived in the countryside whereas in 1975 70 percent of the population lived in cities, with Beirut carrying 42 percent of total urban inhabitants. One-third of Lebanon's population worked in Beirut during the day (Ibid., 427–430). Beirut's banking system, which gave Lebanon its label *La Suisse du Moyen-Orient*, established itself as the central industry of the country and also the locus of financial operations in the Middle East, specifically to transit petrodollars from the Gulf to the West and vice-versa. In a paper published in 1978, author and editor of MERIP³ Salim Nasr warns:

Under the impact of the increasing integration of the Lebanese economy into the world market, manifested in the hegemony of the financial and commercial sectors linked to Western capital, the Lebanese rural world has been entering a stage of decomposition and permanent crisis. The relative share of agriculture in the Lebanese economy decreased from 20 percent of the GDP in 1948 to 12 percent in 1964 to less than 9 percent in 1974.

The share of active population working in agriculture has diminished noticeably from 48.9 percent in 1959 to 34 percent in 1964, to 18.9 percent in 1970 (Nasr 1978, 8).

According to Nasr, this unequal development “produced very serious distortions and the hypertrophy of a city, a sector and a small minority at the expense of the rest of the Lebanese society. This has specifically contributed to the process of rural disintegration” (Ibid., 12). The golden era of capitalism brought an end to rural agrarian life.

Migrations during the Civil War

As Beirut grew in area and population, and Mount Lebanon’s villages were gradually urbanized, other urban and rural regions in the country benefitted from remittances. From the end of the Second World War until 1975, Beirut had become the center of regional economic and political life. The open economic system also translated into unequal development and the rise of multiple local and foreign political ideologies that reflected various dogmas, including Arab Nationalism, Communism, Fascism, Liberalism, and Lebanese Nationalism. Beirut was transformed into a seat of intense debates. Economic, political, religious, regional, urban, and rural identities all collided within the heart of the city. Its cafes, theaters, and universities transformed into agoras, its streets into platforms for political demonstrations. These disputes and collisions eventually morphed into extremism and violence.

The Lebanese Civil War erupted in 1975 in Beirut. Its physical outcome was the demarcation line known as the Green Line that separated the leftist predominantly Muslim west from the right-wing predominantly Christian east. Migrations during the war were triggered by conflict. The urban population of East Beirut found refuge or returned to villages in Mount Lebanon, further urbanizing the rural. Whereas, Lebanese escaping conflict in South Lebanon found refuge in West Beirut, a region that witnessed urban sprawl within months. Urban street warfare capitalized on former luxury high-rise buildings to gain strategic leverage over opponents. The port was looted, commercial areas were burnt, and the largest recorded bank robbery in history devastated, within a year, the reputation that Beirut had established over a century. The Green Line followed the Damascus Road’s delimitation, and the four axes that previously spread urbanization to the rural outskirts of Mount Lebanon now spread violence throughout the country. Within a matter of months, civilians seeking to flee the conflicts of the city amounted to a momentous exodus towards rural territories. Geographer and historian Michael Davie explains:

Fleeing Israeli military operations and subsequent occupation of South Lebanon, the population settled down in the still-rural periphery of south-eastern Beirut. The consequences were spectacular: nearly all the rural activities of the general area between Chiyah and the Airport disappeared in a matter of months, replaced by hastily-built housing on state and privately-owned land; the pre-existing, built-up areas were further densified, and all open spaces disappeared . . . [The eastern part of the city] saw a large number of its inhabitants

leave for safer parts of the country under the control of local militias . . . Thus during each round of fighting, transfers of population would take place, emptying areas or filling up others (Davie 1993, 2–3).

Traboulsi substantiates this rapid exponential demographic growth, explaining that the Shiite community went from having 70 percent of its members living in the rural south to 70 percent displaced in cities (Traboulsi 2014, 22–23).⁴ This effected capital flows as territories in Beirut were divided amongst militias headed by feudal warlords and Mount Lebanon was further urbanized as businesses moved out of the city towards safer rural towns and villages. Davie explains the transformations in rural western Mount Lebanon:

The traditional commercial functions in the center of the village, the local souks, would be “modernized” with the opening of video rental and clothing shops, snack-bars and garages; the grocers would often open on the outskirts, in new “supermarkets.” Agriculture, abandoned since the 1940s, would be reintroduced to satisfy local demand for vegetables and fresh produce (Davie 1993, 4–5).

Similar to the wave of immigrants following the 1860 massacres in the mountains that led to the gradual urbanization of Beirut, over time the northern rural villages of Mount Lebanon re-populated, suburbanized, peri-urbanized, and in some cases urbanized. As East Beirut witnessed a decline in population, West Beirut on the other hand became densely populated as Lebanese, predominantly belonging to the Shiite sect escaping the Israeli occupation of the south and the Beqaa Valley, found refuge in the western suburbs of Beirut. To the south of Mount Lebanon’s governorate, battles turned into massacres signaling an active policy adopted by militias that was aimed at homogenizing the populations of regions under their control. The Damour massacres of 1976 left most of the area’s local Christian inhabitants killed or expelled, only to be replaced by Palestinian refugees who were expelled by the Israeli invasion of 1982. Similarly, the Mountain Wars in the Chouf District expelled approximately 50k Christian inhabitants, driving them towards the northern districts of Mount Lebanon. If the beginning of the twentieth century was marked by the centralization of Beirut through a combination of chain migrations⁵ and cyclical migrations⁶ towards the city, the civil war sparked a decentralization of institutions and waves of migrations towards the north of Mount Lebanon. People returned to the safety of their isolated villages and found a base in their homogenous sectarian communities.

4 Fawwaz Traboulsi, “Social Classes and Political Power in Lebanon” *Heinrich Boell Foundation - Middle East*, (May 2014): 22-23, accessed December 2, 2019, https://lb.boell.org/sites/default/files/fawaz_english_draft.pdf

5 When people migrate with the help of family members and establish a base within the city.

6 Flow of movement based on job opportunities.

As Lebanon witnessed a fundamental restructuring of its urban and rural demographic fabric, a network of banks co-owned by militias and sectarian warlords dictated the course of the conflict. Neoliberalism was embedding the key players of the war into the regional and global political economy.

The Banking Sector and its Historical Role in Sectarianism

A union between rural feudalism and urban neoliberalism began to take form, the repercussions of which still reverberate today. As sectarian conflict generated migrations that spatially reorganized urban and rural territories, the banking sector exerted its financial powers to allow rural-based pseudo-feudalist warlords to establish stronger foundations in the city's economic centers and to maintain political relevance. To expand on this phenomenon, a historical overview can clarify key incidents when the pseudo-feudal⁷ sectarian political system deepened its entanglement with the liberal economy of the modern republic.

The Early Years: 1926 to Independence

The formative years of the Republic of Lebanon designated *laissez-faire* capitalism as a symbol of its national identity and the banking system as a pillar of the country's economy. On May 3, 1926, the Constitution of the Republic of Lebanon was decreed. Michel Chiha, a Christian banker, was a key author of the first draft. The Constitution reflected his vision of a merchant republic where financial services transform Lebanon into the banking center of the Mediterranean. According to Lebanese historian Kamal Salibi, Chiha was particularly fond of reviving "the Phoenicia of the modern Middle East," recurrently citing Ezekiel (27: 3, 4, 9, 33) who describes the business acumen of the ancient seafarers inhabiting the region (Salibi 1988, 179). However, Chiha's perception of Lebanon only reflected the cosmopolitan worldview of Beirut's elite circles. Little thought was given to the feudal-like sectarian mindset of rural Mount Lebanon and the hinterlands beyond (Traboulsi 2007, 93).

By 1943, 30 oligarchs (24 Christian predominantly Maronite families and six Muslim predominantly Sunni families) referred to as 'the consortium' controlled the majority of the commercial and financial sectors of Lebanon. Their power spanned both the city and rural areas. Just as their wealth expanded, so too did their presence in the country's political life, funding "large lists of 'political feudalists'" to win elections in the rural territories (Ibid., 115–117). Thus, the Constitution, with its emphasis on a liberal capitalist identity, and the elites' need for rural feudal strongmen to win votes began to kindle an unlikely interdependent relationship between both territories.

7 The authority of the feudal families can be traced back to the Ottoman empire, whereas pseudo-feudal lords emulated the modus operandi of the nineteenth century feudal power structure during the civil war as commanders of militant groups. This distinction is necessary to understand how socially embedded this psychology of political and economic systems has become.

Liberalism and the Intra Bank crash in 1966: Prelude to Civil Conflict

The open market economy and Lebanese banking sector accommodated a growing middle class but significantly catered to Lebanon's urban elites, causing social inequalities. Between 1950 and 1970, Lebanon's banking sector had the highest growth in gross domestic product in the world, with an increase from 62 percent to 75 percent (Khalaf 2002, 163). By the early 1960s, under Fuad Shihab's presidency, Keynesian economics and classical liberalism were joined in order to invest in different sectors of the economy. This approach resembled a welfare state model (Ibid., 160–161). Shihab's focus on investing in public projects and his approach to governance through Lebanon's military intelligence service helped restrain traditional leaders and form national unity.

However, Traboulsi explains that the long-term speculative investments of the era in urban planning, construction developments, tourism, and other services led to the Intra Bank crash in October 1966. The bank managed the government's infrastructure and transactions as well as "financed elections, distributed cash gifts in the guise of loans, employed clients of Shihabist notables and paid bribes of all types" (Traboulsi 2007, 149–150). Its owner, Yusuf Beidas, was a Palestinian Christian banker who, despite having control over the country's major companies, became a victim of xenophobia (Ibid., 148).⁸ Feeling threatened by a foreigner's success and rapid ascension to power, the Lebanese oligarchs sought to liquidate the bank. The economic crisis that ensued sparked animosity between elite families and the middle class; it triggered waves of discontent about the share of political power, particularly amongst the Muslim elite who now blamed the ruling Christian majority for the country's problems (Ibid., 151–152).

The blame was evaded by 'the consortium' families and the crisis was overshadowed by the infiltration of PLO⁹ militants into the southern borders of Lebanon, successively attacking Israel and ending Lebanon's neutral stance on the Arab-Israeli conflict.

Pseudo-Feudalist Warlords Take Hold of the Banking Sector: 1975–1989

Despite the Intra Bank crisis, conflict at the southern border of Lebanon, and the Six-Day War, by 1975 there were 93 bank branches in Lebanon, 20 foreign banks (Khalaf 2002, 163), and 10 joint ventures with European and American institutions owned by members of 'the consortium' oligarchs channeling large sums of petrodollars (Hourani 2015, 4). The Lebanese Civil War marked the end of the urban elite's hegemony over banks. The Christian, Druze, and Muslim pseudo-feudal rural lords who had been

⁸ Traboulsi quotes the MP Father Semaan Douaihy who hails from a prominent feudal family from the rural northern mountains. In a xenophobic parliamentary speech in 1965 he blames illegal immigrants for Lebanon's problems and attacks Yusuf Baydas as a threat to the Lebanese, accusing him of stealing "banking secrets and sell[ing] them to the first customer for profit's sake."

⁹ Palestinian Liberation Organization.

helping members of the oligarchy in winning parliamentary elections sought to profit from the banking sector.

With the onset of the civil war, sectarian groups organized their respective militias and ventured to generate conflict and monetary turnover from the *laissez-faire* economic system, the most organized and prominent of which were the Maronite Christian Phalange Party headed by the Gemayel family and the Druze Progressive Socialist Party headed by the Jumblatt family. With the use of military power, the pseudo-feudal warlords began to collect taxes and control sources of capital. Traboulsi explains the spatial reconfiguration of formerly centralized Beirut into 10 militia-controlled territories that governed the economic and political fields and profited from illegal ports. Similarly, in Mount Lebanon, the village of Ba'aqlin replaced Dayr-el-Qamar as the economic center of the Chouf region (Traboulsi 2007, 231). Urban anthropologist Najib Hourani addresses the role of financialization in enabling war, with the most important reform signed on February 5, 1977 that liberalized the financial sector with Decree #29. He explains:

The reform's impact was profound. In some cases, the legislation enabled the further marriage of merchant and finance capital among oligarchs . . . More important, it spurred the creation or consolidation of relationships between militias and the financial sector, as second tier families, their political parties, foreign investors and established oligarchs sought politico-economic position through linkage to the purveyors of violence. By the 1980s, the most successful militias made use of alliances with and control over their own networks of financial institution in pursuit of power atop Lebanon's political economy (Hourani 2015, 6).

This allowed the rural feudalist warlords to consolidate with the financial elite, controlling and creating financial networks that witnessed an exponential growth by the 1980s with globalization and casino capitalism (Ibid.). The massive revenues generated were invested in holding companies, "the three main ones under the control of the [Maronite] Lebanese Forces, the [Shiite] Amal movement and the [Druze] Progressive Socialist Party of Walid Jumblatt" (Traboulsi 2007, 231).

With the Lebanese Civil War, finance capital expanded and contributed to economic growth. This sparked the interest of the Kingdom of Saudi Arabia, which sought to engage the thriving sector to further control the downstream flows and profits made from petrodollars (Hourani 2015, 10). Subcontractor turned developer Rafik Hariri was the ideal representative. Throughout the civil war, Hariri strove to expand his local and international financial networks by collaborating with both the Lebanese elite and the rival pseudo-feudal warlords, all the while garnering popularity amongst the Sunni sect through philanthropic works.

By 1985, Hariri had established strong ties with Lebanon's pre-war oligarchs and sought to weaken the Maronite Christian militias' financial networks (Ibid., 12). The subsequent induced bankruptcy of Al-Mashrek Bank generated a wave of insolven-

cies, including the failure of the Shiite-controlled holding MEBCO. Following the collapse of war era financial networks, the torch was passed to Hariri, who in 1989 flew Lebanese parliamentary members on his private jet to Saudi Arabia to ratify the *Taif Accord* (Ibid., 17-19). The agreement marked the end of the civil war, temporarily halting sectarian violence in the country, and simultaneously weakening Mount Lebanon's political control over the country by predominantly targeting Maronite political and militant figures.

The Taif Accord, the Financial Coup and the Reconstruction
of the Beirut Central District: 1990–2004

Following the end of the war with the *Taif Agreement* in 1989, the sovereignty of the Lebanese state was stressed¹⁰ and simultaneously, paradoxically, invalidated by placing the country under “the protection” of Syrian and Saudi Arabian authority. The agreement legalized and reorganized sectarianism within the government through the transfer of executive power from the Maronite Christian president to the Sunni Muslim prime minister, symbolically preserving Christian representation for national unity (Traboulsi 2007, 244–245).

With these stipulations in place, Saudi-backed Hariri sought to safeguard his position as the next prime minister despite the Syrian regime's strong opposition. In what is described as Hariri's financial coup, the former president of the Central Bank Michel el-Khoury in collaboration with Hariri, falsely devalued the Lebanese currency despite its relatively stabilized rate. With a sudden drop from 1150 to 2830 Lebanese Lira to the U.S. Dollar, angry masses violently threatened the new found peace in the country, leading to the resignation of the Syrian-backed prime minister Omar Karame and the election of Saudi-backed Hariri in 1992 (Traboulsi 2014, 22–23). The most radical post-war transformation was to occur in Beirut.

In 1993, prime minister Hariri announced the reconstruction of the Beirut Central District (BCD). By 1994, Solidere (*Société Libanaise pour le Développement et la Reconstruction du Centre-ville de Beyrouth*), a privately-owned company that reconstructed approximately 140 hectares in the core of the city, was founded. Solidere's reconstruction projects redefined Beirut as an exclusive territory for the country's elite (Davie 1993, 4–5). With mostly banks, offices, luxury hotels, high-end stores and restaurants, and luxury housing, the privatized core no longer encouraged the heterogeneity it once possessed and marginalized the peri-urban regions still suffering from the aftermath of the war.

10 Lebanon is referred to as a “sovereign, free and independent country.” Under “Other Reforms,” this is substantiated by stressing the “disbanding of all Lebanese and non-Lebanese militias” and the “liberation of Lebanon from Israeli occupation.” However, its final clause highlights the “special relationship” between Lebanon and Syria—defining both as “fraternal countries” (*The Taif Agreement*, 1989). 40k Syrian troops remained in Lebanon until April 30, 2005. Their full withdrawal marked the end of the Syrian occupation.

Within this newly-built urban district, neither former urban inhabitants nor the rural population felt included or represented. The urban, peri-urban, suburban, and rural cleavages drastically deepened with the focus of reconstruction efforts concentrated on catering to international financial markets instead of pursuing a lasting holistic approach to develop all regions and economic sectors of the country. The strategy for developing the urban core resembled the colonial approaches previously implemented by both Ottoman and French administrations: highly centralized and controlled.

Despite these realities, the reconstruction of Beirut Central District played an important role in contributing to the thriving real estate sector in both the peri-urban and suburban territories of Mount Lebanon, with rising property speculation dependent on proximity to the city. The completion of Beirut Central District and withdrawal of Israeli troops from South Lebanon in 2000 led to a superficial revival of the urban core and rural south as returning Lebanese emigres sought to buy apartments in Beirut and Mount Lebanon's suburbs; few eventually resided within the confines of the central district or far rural mountains.

Just as the pre-war period witnessed the decline of the agricultural sector, the post-war period witnessed deindustrialization and the financialization of the economy (Dibeh 2005, 24). The post-war reconstruction boom was not sustained, yet the pegging of the Lebanese currency to the U.S. Dollar and the pegging of property through real-estate and housing finance stabilized the continuous urbanization of Beirut and Mount Lebanon's suburbs (Marot 2018). This sparked an urbanization beyond the confines of the city and into formerly rural territories as real estate and construction were proving to yield profit.

Ultimately, post-war Lebanon was marked by the entrenchment of sectarianism in the government and the financialization of Lebanon's economy at the expense of local industry.

Assassinations and the July War

Rafik Hariri's assassination on February 14, 2005 prompted the Cedar Revolution, which resulted in the withdrawal of all Syrian troops from Lebanon and reinstated the formerly exiled or imprisoned political leaders and sectarian warlords to power. The newly established sovereignty was rapidly overshadowed by the 2006 July War between Hizballah and Israel. After the 34-day war during which 1109 civilians had been killed, one million Lebanese were internally displaced. Lebanon's urban and rural infrastructure was heavily targeted, including the bombing of Rafik Hariri International Airport in Beirut, power stations, and the water pumping stations of the Litani River, which cut water from 23 villages and 10k acres of farmland (Arsan 2018, 64–66). The targeted neighborhoods in Beirut's peripheries were the same regions that had witnessed unprecedented and uncontrolled urbanization during the Israeli invasion of the south in 1982. Hizballah launched the Waad Project, which successfully rebuilt the destroyed

neighborhoods, garnering massive support in the region (*Hizbullah to Rebuild Dahiyeh*, 2007).

These developments obligated all sectarian groups and political parties to make temporary peace and form a series of unity cabinets; the most recent was formed in January 2019. However, the political systems established over the previous decades soon impeded any efforts to build a strong centralized state.

On October 17, 2019, as a result of a looming economic crisis, the urban and rural populations of Lebanon began a vast uprising calling for the end of sectarianism and corruption. In an unprecedented revolt that transcended all divisions streets were mobilized and multitudes from diverse communities joined forces. But most importantly, social media outlets exposed the financial scandals of the ruling elite, with language and visuals accessible to the masses.¹¹ The apparent corruption and mismanagement of the banking system and fears of bankruptcy prompted people to withdraw their savings. In response, banks shut their doors for an entire two weeks and thereafter imposed capital control limiting access to savings accounts. A noteworthy spectacle was unfolding: As feudal-sectarianism was threatened, Lebanon's Central Bank too was proving to be vulnerable. The feudal-sectarian system and the banking sector had united into a symbiotic bond where the failure of one would signal the failure of the other, and one would naturally come to the defense of the other. Lebanese economist, Jad Chaaban, reveals the embedded nature of both entities:

Political elites control 43% of assets in Lebanon's commercial banking sector. 18 out of 20 banks have major shareholders linked to political elites. Moreover, four out of the top ten banks in the country have more than 70% of their shares attributed to crony capital. A closer look at the "political families" controlling the banking sector reveals that 8 families control 29% of the sector's total assets, owning together more than 7.3 billion U.S. dollars in equity (Chaaban 2016, 3).

Conclusion

As explained in the paper, migrations and the neoliberal banking system blurred the urban-rural divide in Lebanon. The flow of people, predominantly rural to urban, allowed for an influx of rural communities to establish their proper sectarian enclaves within the city. Likewise, the flow of capital and control of financial networks enabled the urban elite, rural feudal families, and pseudo-feudal warlords to deepen their power over the country's political life, favoring a *laissez-faire* market to shape both territories as opposed to formal sustainable planning strategies. Both the sectarian urban enclaves with their loyalty to their villages' feudal lords and the neoliberal economic system with its tendency to concentrate wealth and power in the hands of the

11 Instagram accounts like [Lebanese.corruption.facts](#) and [daleelalthawra](#) use mappings, visuals, and both Arabic and English languages to expose crime and nepotism.

few transformed urban-rural territories to properties for real estate speculation and strategic assets for sectarian political control.

The roots of these circumstances lie in the nineteenth century. The sectarian conflict, which resulted from a feudal minority ruling over a peasant majority, spread throughout the country causing waves of migration. The history of both territories began with the French mandate annexing the rural mountains to the then recently urbanized Beirut. By the time Lebanon gained its independence, Lebanese elites were predominantly Christians who had profited from both the French presence and the free-market. Their allusion to a Phoenician identity for Lebanon greatly influenced the constitution, which envisioned the banking sector as the pillar of the economy. This was an imaginary that was relevant to the elite in Beirut, but marginalized the rural population whose work relied on agriculture and light artisanal industries. The *laissez-faire* economic system was in reality marginalizing certain sectarian groups and in general creating a significant social disparity between the ruling elite and the masses, as reflected in the highly homogenized urban enclaves that had rural spatial organizations. These unequal developments culminated in a 15-year civil war, which embedded the rural pseudo-feudal warlords into global financial networks, further funding their battles and causing mass exoduses and demographic changes. With Saudi Arabia's aim of controlling the downstream flow of petrodollars, Rafik Hariri was designated as the liaison to collaborate with rival militant leaders, pre-war elites, and gradually monopolize his position within financial networks. By the time he secured his position within the neoliberal financial networks of Lebanon, he safeguarded the balance of sectarian power with the *Taif Agreement* by shifting power from Mount Lebanon back to Beirut. His 1993 financial coup was the roadmap toward securing post-war reconstruction profits in the country, which were heavily centralized in Beirut. Thus, the rural feudal-sectarian system was embedded in urban neoliberal financial networks.

Narratives of both territories continue to be interwoven by regional ruling pseudo-feudalist families, warlords, and neoliberal elites. While urban and rural populations struggle to survive, their realities stand in strong contrast to the backdrop of the Lebanese financial system; it is a system that has created an economic bubble by pegging the Lebanese Lira with the U.S. Dollar and simultaneously running the real estate sector through speculation (Arsan 2018, 219). Rural developments of gated communities in Mount Lebanon, such as Tilal Bherfaf and Beit Misk (Ibid., 223), and continued private urban developments in Beirut's center, such as the Beirut Souks and the more recent, ongoing construction site of the Beirut Waterfront Development, are projects that best indicate the far-reaching hand of the financial market in both rural and urban territories. These regions that were formerly linked by heavy migratory flows, today, are unified by capital flows. Harvey explains:

Place formation under neoliberalism is, like the production of space an active process. It is against this background that prospects for an alternative, place-based resistance to neoliberalism have to be engaged. The circulation and accumulation of capital destabi-

lizes the “permanences”¹² of places and regions, if only because money power destroys all other kinds of community so that it itself becomes the community. Phenomena like urban growth, changing regional divisions of labor, deindustrialization, gentrification, regional class alliance formation, and the like are products of this process (Harvey 2009, 197).

As Lebanon will celebrate the centennial of the declaration of Greater Lebanon in August 2020, both urban and rural territories stand suspended in a financial stalemate. 100 years after the annexation of Mount Lebanon to Beirut, both spaces have been dissolved into a financial transaction to be divided amongst pseudo-feudalist sectarian leaders. From the unpredictable whims of the feudal lords to unstable market forces, both urban and rural landscapes face an uncertain corresponding fate.

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12 David Harvey explains the word “permanences” as the “absolute spaces with an internal ordering” in his book titled *Cosmopolitanism and the Geographies of Freedom* (191).

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