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SCIENCE**

**Actually Existing Neoliberalism: The reconstruction of
Downtown Beirut in post-civil war Lebanon**

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Declaration

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Abstract

This thesis assesses neoliberal urban developments in post-civil war Lebanon. It does so by focusing on the reconstruction of Downtown Beirut, which contributed towards: firstly, increasing a public debt that was burdening the country at the time; and secondly, reproducing sectarian divisions in Lebanese politics and society. To explain this outcome, this thesis analyses the policies of specific agents who were involved in, and in control of, the reconstruction process. The agents being referred to were led by the former Prime Minister Rafiq Hariri until his death in 2005. When analysed, these policies are found to follow the neoliberal logic of the late prime minister, but also to have been designed and implemented in a way to create and extract as much rent as possible for the benefit of those with invested interests in the reconstruction process. In this regard, it is argued that rent-seeking activities and behaviours heavily influenced the decision-making processes in key institutions concerned with reconstruction matters. Rent-seeking is used to refer to a wide range of social activities. In the case of Lebanon, we find a clear overlap between rent-seeking and two other processes that are endemic to the country: corruption and clientelism. The overlap between rent-seeking and these two other processes is a significant demonstration of how the nation-state and local politics shape the development and implementation of neoliberal economic policies, so that ‘actually existing neoliberalism’ is highly uneven from one region to another, and even from one country to the next. Because agency is placed at the centre of the analysis, this thesis adopts an approach that is more sociological in nature. It also makes use of two sets of literatures: those of liberal peacebuilding and new urban governance. This allows concepts and explanations to be used from both, in turn, complementing the analysis when delineating the patterns of neoliberalism that are specific to post-civil war Lebanon.

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List of Abbreviations

AAVB	Agence pour l'Aménagement de la Vallée du Bouregreg
AID	Abdali Investment Development
AORBCD	Association of Owners of Rights in the Beirut Central District
APSAD	Association for the Protection of the Natural Sites and Ancient Buildings
APUR	Atelier parisien d'urbanisme
AUB	American University of Beirut
BCD	Beirut Central District
BOT	Build-Operate-Transfer
BWD	Beirut Waterfront Development
CDR	Council for Development and Reconstruction
CLS	Centre for Lebanese Studies
COFER	Council of Foreign Economic Relations
DAMAC	A Dubai-based real-estate conglomerate
DGA	Directorate General of Antiquities
DGT	Directorate General of Transport
DIFC	Dubai International Financial Centre
ECC	Economic Consultative Council
EDB	Economic Development Board
EMAAR	Another Dubai-based real-estate conglomerate
FAR	Floor-Area-Ration
FFA	A financial services provider in Beirut, Lebanon
GDP	Gross Domestic Product
HCUP	Higher Council of Urban Planning
IAURIF	Institut d'aménagement et d'urbanisme de la region Ile-d-France

IMF	International Monetary Fund
KIPCO	Kuwait Projects Company
KLA	Kosovo Liberation Army
MEEC	Middle East Economic Consultants
MIG	Mediterranean Investment Group
OGER	A French company acquired by Rafiq Hariri in 1979
PLO	Palestine Liberation Organisation
PSP	Progressive Socialist Party
REC	Real-Estate Company
RHR	Royal Hotels and Resorts
SBH	Save Beirut Heritage
SDRMB	Le schéma directeur de la région métropolitaine de Beyrouth
SEBC	Syrian Enterprise and Business Centre
SI	Solidere International
STARCO	A building in Downtown Beirut
TCC	Transnational Capitalist Class
UNDP	United Nations Development Programme
VRE	Venus Real-Estate

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Chapter One

Introduction

“The more neoliberalism is recognized as a failed utopian rhetoric masking a successful project for the restoration of ruling-class power, the more the basis is laid for a resurgence of mass movements voicing egalitarian political demands and seeking economic justice, fair trade, and greater economic security.”¹

I. Setting the scene:

On Wednesday the 14th of July 1998, at approximately 3.40pm, a battalion-sized unit of policemen, armed with rifles and led by Brigadier Zein (the commander of the Beirut city police who answered only to the then Prime Minister Rafiq Hariri), descended upon the Khayat building in the Tabaris quarter on the south-eastern corner of what is today Downtown Beirut.²

Mounir Doumani, the son of the building’s owner Victoria Khayat Doumani, recalls his family receiving word of the imminent demolition of their building early that morning. Upon hearing the disturbing news, the Doumani family frantically called friends and relatives, as well as human rights organisations and a number of local and international media outlets, to come to the site; the purpose being to try and create as much media coverage of what was about to happen.

After heading down to their building, the family went upstairs and occupied the office. Fearing the worst, Constantine (Mounir’s father) chained himself to one of the

¹ See: David Harvey, *A Brief History of Neoliberalism*, (Oxford: Oxford University Press, 2005), p.157.

² Unless otherwise indicated, much of the information in this subsection about the Doumani family and the Khayat building was obtained from an interview with Mounir Doumani held on 27 July 2012 in Beirut.

office windows. Mounir remembers that there were about 30 police officers ready to oust the family. The policemen brought in labourers from a real estate holding company called Solidere with hammers to break Constantine's chains. After the family refused to leave, the police resorted to force. At the end of the ordeal, Mounir, his younger brother Nasim, and his parents were all arrested; each of them requiring medical attention. Victoria was released to empty the building of all their essential belongings before it was demolished. The rest of the family were not released until later that evening at 10.15pm. After Victoria had emptied the Khayat building of all their belongings, the building was turned over by the police to Solidere, which proceeded with its demolition.³

Solidere was officially founded under the leadership of former Prime Minister Hariri. Its shares are traded on the Beirut and other stock exchanges. Moreover, it was created with a questionable mandate to reconstruct the entire downtown area of Beirut. Under the company's Articles of Incorporation, the property owners would receive compensation in the form of shares in the company; a method of payment that many property owners found inadequate.⁴ The Doumani family, for example, never wanted to exchange their building for shares. By an incredible stroke of luck, their building had not been destroyed or even damaged during the protracted Lebanese civil war. As soon as the war ended, their seven-floor building was operational again. In this context, many other landowners – along with the Doumani family – felt betrayed by the Lebanese government (and the legal system) for transferring their *private* properties to what was – as far as they could tell – nothing more than a *private* profit-making machine for the benefit of Hariri.

But not everyone opposed the Solidere project. Because the civil war had dragged on for sixteen years, during it many of the original owners and tenants had simply packed up their belongings and left altogether, leaving their old homes and businesses behind and setting up a new life somewhere far away from all the fighting. Some of the worst

³ For further details, see: Nada Al-Awar, "Outrage at disputed building's demolition", *The Daily Star*, 17 July 1997.

⁴ In total, Solidere had the right to expropriate up to 160 hectares of land from the city centre, and the right to reclaim 46 hectares of land on the sea front. Indeed, by 1994, the company had acquired land from well over 40,000 landowners in Downtown Beirut. See Articles of Incorporation for details on the expropriation mechanism and how it worked.

destruction occurred in areas such as the Place d'Etoile and Saifi. Martyrs' Square, as well, did not escape the bullets. Indeed, most of the fighting occurred around the square because it used to straddle along what was dubbed the 'Green Line', an infamous demarcation line that once divided Beirut's Christian factions in the East from the Muslims in the West. So when the civil war finally ended, reconstructing Downtown Beirut was perceived to be a massive task; one that the bankrupt and debilitated government could not afford on its own. In these circumstances, the government passed Law 117 (dated 7th of December 1991), which granted private companies exclusive rights to expropriate land for large-scale reconstruction.⁵ The notion of delegating a public responsibility – such as reconstruction – to a private company – such as Solidere – is an artefact of the neoliberalisation process in post-civil war Lebanon.

II. The research question(s):

The primary question that this thesis attempts to answer is: did the Solidere project positively affect post-civil war Lebanon? In order to answer this, there are secondary questions that should be addressed as well: what were the objectives of Solidere? Did Solidere achieve these objectives? If not, what kind of consequences did the reconstruction of Downtown Beirut have on the country instead?

To answer these questions, this thesis will reflect on the most obvious consequence of the Solidere project, namely, the major divide that it has engendered in public opinion. As demonstrated by the above example of the Doumani family, not everyone in Lebanese society was happy with the reconstruction process in Downtown Beirut. But what explains this divide? Was it simply over the government's neoliberal approach? Was it about the individual, personal interests between those who gained and those who lost out? Or was it a mixture of both? To answer these questions, this thesis will be based on the personal insights and opinions of the main protagonists sat on either side of the divide.

⁵ See: Solidere, *Law No. 91 – 117 of 7th December 1991: Fifth Edition*, (Beirut: Solidere, 1996). More details on the content of this law and its implications will be provided in Chapter 5.

The choice of Solidere's reconstruction of Downtown Beirut as the case study of this thesis is methodologically motivated. It is the single largest reconstruction project in the country after the civil war. Thus, it is the most important to consider when understanding the consequences of the neoliberalisation approach to the reconstruction process on a country like post-civil war Lebanon. However, this thesis will not only treat the Solidere project as the *object* that explains the consequences of the neoliberal approach. More importantly, it will treat it as the *object* to be explained, as it is equally important to understand how Solidere came about and how it was manipulated. In that sense, this thesis is interested both in the *origins* – and not just the *effects* – of Solidere.

Finally, it must be stressed that while the contribution of this thesis lies in its empirical research, the interdisciplinary approach it uses underscores its theoretical contribution as well. In this regard, the thesis involves a combination of both new urban governance and liberal peacebuilding literatures – something that has never been done before. It combines insights from both scholarships in order to advance a deep, interpretive analysis that recognises the interplay between urban issues (more generally), and postwar situations (as is the case with Solidere project being a *reconstruction* project in post-civil war Lebanon). In turn, the joint construction of both literatures can improve our knowledge of both.

III. The hypothesis of the thesis

The neoliberal approach adopted by the Lebanese government for the reconstruction of Downtown Beirut had two particular objectives: firstly, that it would help bring economic growth and prosperity to the country's population; and secondly, that it would help to reconcile and reintegrate a divided society.

If we measure the scale and size of the Solidere project, we can begin to understand why these objectives were laid out. To begin with, the Solidere project aims to

reconstruct the downtown area of the capital city; in other words, the most significant and most symbolic piece of territory in the entire country. It is the economic heart of the country that once served as the trade and services hub of the Arab/Middle Eastern region in the pre-civil war era. At the same time, it is the socio-political heart of a country where all of society's economic classes converge, where eighteen religious sects are represented through its multiple churches, mosques, and even a synagogue, and where most state institutions – such as the government and parliament buildings – are located. In this context, the idea that reconstruction in the city centre would spearhead the healing process for the rest of the country was perceived as a realistic objective.⁶

But two decades since the company's incorporation, the country appears to be suffering from: firstly, a staggering public debt; and secondly, an exacerbated level of sectarian divisions. In light of this, this thesis attempts to explain *why* the Solidere project failed to meet its objectives.

i. Explaining the hypothesis in detail

In order to understand why the Solidere project failed to meet its objectives, we must analyse the rent-seeking activities that surrounded the reconstruction process more generally. In order to understand what rent-seeking is and what it means for the reconstruction process in post-civil war Lebanon, other terms need to be clarified first: most particularly, 'rent'. Historically, rent was the 'income' derived from the ownership of land and other natural resources that come for free in nature and that are in fixed supply. Today, rent is used to refer to an income that is derived from a payment for a factor of production (such as land, labour, capital or enterprise), which is higher than the minimum that an individual or company would have accepted in an alternative opportunity.⁷ However defined, it must be stressed that rents come in a wide range of

⁶ For a good understanding of the important role that Downtown Beirut plays in economic and socio-economic terms, see: Samir Khalaf, *Heart of Beirut: Reclaiming the Bourj*, (London: Saqi, 2006).

⁷ The concept of rent has played an important role in the works of various classical economists, such as David Ricardo, who used it to refer to differences in the agricultural productivity of land. For details, see:

forms. They include income that is not just monopoly profits, but also subsidies and transfers organised through political mechanisms, illegal transfers organised by private mafias, short-term super profits made by innovators before competitors imitate their innovations, and so on.⁸

Now that the term ‘rent’ has been defined, the next step is to understand ‘rent-seeking’. The academic literature on rent-seeking is relatively new. The term was initially coined by Anne Krueger in 1974.⁹ Since then, Krueger has authored a number of articles and books on development policy. Throughout, she argues that state control in less-developed nations creates opportunities for rent-seeking, and under such conditions, should expect a ‘rent-seeking society’.¹⁰ Krueger, therefore, calls for shrinking the role of the state via privatisation programmes, the elimination of tariff and import licenses, ending special subsidies, and the elimination of any policy that might create gains for groups with a special interest in maintaining such policies. In little time, other thinkers began to explore the rent-seeking phenomenon further.¹¹ Some went as far as adopting Krueger’s explanations and published similar works showing that state intervention in developmental societies created conditions for rent-seeking.¹² By 1982, Krueger was appointed as chief economist of the World Bank. For the next 6 years, the World Bank

David Ricardo, *On the principles of political economy and taxation*, (Kitchener: Batoche Books, 2001), pp.39-50.

⁸ Much of the information in this paragraph was obtained from: Mushtaq H. Khan and Jomo Kwame Sundaram, ‘Introduction’, in Mushtaq H. Khan and Jomo Kwame Sundaram (Eds.), *Rent, Rent-Seeking and Economic Development: Theory and Evidence in Asia*, (Cambridge: Cambridge University Press, 2000), p.5.

⁹ See: Anne O. Krueger, ‘The Political Economy of Rent-Seeking Society’, *The American Economic Review*, 64(3), (1974), pp.291-303.

¹⁰ Krueger concentrates on the endemic wastage, social distrust and instability of these states, and uses the term to explain that in an environment that is riddled with corruption and inefficient behaviour, we should expect the state to become a source of rents via subsidies, tax exemptions, tariffs, and the likes, for groups that have a vested interest in keeping such policies in place. See, for example: Anne O. Krueger, *Liberalization attempts and consequences*, (Cambridge, Mass.: Ballinger Publishing, 1977).

¹¹ For example, see: Richard Posner, ‘The social costs of monopoly and regulation’, *Journal of Political Economy*, 83, (1975), pp.807-827.1975; James M. Buchanan, Richard Tollison, and Gordon Tullock (Eds.), *Towards a theory of the rent-seeking society*, (College Station: Texas A & M University Press, 1980); Jagdish N. Bhagwati, ‘Directly unproductive, profit-seeking (DUP) activities’, *Journal of Political Economy*, 90, (1982), pp.988-1002; Robert Tollison, ‘Rent-seeking, a survey’, *Kyklos*, 35, (1982), pp.575-602.

¹² See, for example: Charles D. De Lorme, David R. Kamerschen, and John M. Mbaku, ‘Rent Seeking in the Cameroon Economy: Krueger’s Analytic Technique Helps to Account for Development Lag in Colonial States’, *American Journal of Economics and Sociology*, 45(4), (1986), pp.413-423.

witnessed a shift towards neoliberalism. The international organisation has since become one of the leading advocates of neoliberal reform.¹³

By the end of the 1980s, however, some thinkers – one of them being Gordon Tullock – began to show that there is no way to avoid rent-seeking; they are ubiquitous and all nations (developed or not) have to learn to live with them.¹⁴ Therefore, they suggest that neoliberal reform can in itself be used by those seeking to create and extract rent. Today, rent-seeking is used by economists to describe the actions and behaviours of individuals and groups trying to alter public policy (which can be either neoliberal or not) in order to gain personal advantage at the expense of others; in other words, activities that seek to create, maintain, or change the rights and institutions on which particular rents are based. This evolved interpretation represents a far cry from earlier understandings of rent-seeking. Defined in this ‘new’ way, we realise that rent-seeking is used to refer to a wide range of social activities. Importantly, “these activities can range from bribing or even coercion at one extreme, to perfectly legal political activities such as lobbying or advertising at the other”.¹⁵ Such a social activities approach can provide a framework that enables us to broaden the scope of our analysis to include patterns such as those related to corruption and clientelism (or patron-client relationships).

It is important to mention corruption and clientelism here because both processes are present and tolerated in a country like post-civil war Lebanon. Resources that are spent on both of these processes are (sometimes) expended to capture rents.¹⁶ If this is the case, then these expenditures are two variants of rent-seeking. But rent-seeking is analytically distinguishable. First, rent-seeking is sometimes (but not always) *illegal*. Corruption is *always* illegal: commonly defined as the, “misuse of public office for

¹³ Between 2001 and 2006, Krueger would serve as First Deputy Managing Director of the IMF.

¹⁴ See: Charles K. Rowley, Robert D. Tollison and Gordon Tullock, (Eds.), *The Political Economy of Rent-Seeking*, (Boston: Kluwer Academic, 1988), p.367; See also: Gordon Tullock, *Rent seeking*, (Aldershot: Edward Elgar Publishing, 1993).

¹⁵ This is according to: Khan and Sundaram, ‘Introduction’, p.5.

¹⁶ Some scholars, such as Paul D. Hutchcroft highlight that there can be clear overlaps between rent-seeking and processes such as corruption or patron-client exchanges. See: Paul D. Hutchcroft, ‘Obstructive corruption: The Politics of Privilege in the Philippines’, in Mushtaq H. Khan and Jomo Kwame Sundaram (Eds.), *Rent, Rent-Seeking and Economic Development: Theory and Evidence in Asia*, (Cambridge: Cambridge University Press, 2000), pp.207-247.

private gain”.¹⁷ A further distinction needs to be made between corruption and patron-client relationships. A person of higher social status (patron) is connected to those of lower social status (clients) by linkages of reciprocity that can change over time and place. A patron is not necessarily corrupt. But, “when a patron occupies a public position or extracts favors from those in public positions, patronage and corruption [can] overlap”.¹⁸ The use of all three paradigms together allows us to gain a deeper understanding of the way the Lebanese political economy was structured: rent-seeking is the general term used to refer to *all* social activities used to extract rent; corruption examines how public roles and private influences can conflict within the administrative bodies and institutions; and clientelism allows us to analyse the social relationships that may – or may not – permeate throughout the state, market and society.

As will be shown in subsequent chapters, public and private resources were distributed by Hariri (and his allies and friends) to ensure the smooth functioning of the rent-creating and -extracting mechanisms he put in place. Particularly, public (and private) resources were distributed to potential opponents (who can act as ‘spoilers’). Most of these resources were distributed in the form of cash.¹⁹ For Hariri, such an exchange was ‘business as usual’. But this ‘business as usual’ seems to be a euphemistic expression for an act that was borderline bribery and/or patronage money. Overall, the expenditure of public resources on corruption and patron-client exchanges allowed Hariri and his entourage to push forward special laws and decrees, which in turn, allowed them

¹⁷ This definition is taken from: World Bank, *Helping Countries Combat Corruption: The Role of the World Bank*, (Washington DC: World Bank, 1997), p.8. There are, however, some definitions that are slightly different. For example, Seymour Martin Lipset and Gabriel Salman Lenz define it as ‘private again at public expense’. See: Seymour Martin Lipset and Gabriel Salman Lenz, ‘Corruption, Culture and Markets’, in Lawrence E. Harrison and Samuel P. Huntington, (Eds.), *Culture Matters: How Values Shape Human Progress*, (New York: Basic Books, 2002), p.112. In contrast, Susan Rose-Ackerman uses the word *misuse* instead of *abuse*. This way, she explains, it takes into account that some private benefits are legitimate as well. See: Susan Rose-Ackerman, ‘Corruption’, in Charles K. Rowley and Friedrich G. Schneider, (Eds.), *Readings in Public Choice and Constitutional Political Economy*, (New York: Springer, 2008), p.551.

¹⁸ See: John Waterbury, ‘Endemic and Planned Corruption in a Monarchical Regime’, *World Politics*, 25, (1973), p.537, quoted in Hutchcroft, ‘Obstructive corruption: The Politics of Privilege in the Philippines’, p.215. For a study showing the conceptual links between corruption and clientelism, see: Junichi Kawata, *Comparing Political Corruption and Clientelism*, (Burlington: Ashgate, 2006).

¹⁹ In terms of private resources, they also included cash, but also properties, shares and positions in the company. Since Hariri was prime minister, he also distributed governmental institutions and cabinet positions. More details on this will be given in Chapter 6.

to appropriate as much rent as possible from the reconstruction effort. It is no hidden secret that Hariri (along with his allies and friends) benefited richly from these special laws and decrees.²⁰ Solidere supporters argue that, at least, Hariri was able to provide a ‘public good’; namely, reconstruction of Downtown Beirut. In their assessment, for example, Mark Neal and Richard Tansey argue that the late prime minister’s leadership was ‘corrupt’ but ‘effective’ because he was able to reconstruct the downtown area of Beirut.²¹ Yet, it is more fruitful to analyse the ‘costs’ of Hariri’s rent-seeking activities before praising their ‘effectiveness’ – not least because, as will be shown in Chapters 6 and 7, their impact was more harmful than Neal, Tansey and others think. In a country that was expected to miss out on substantial economic returns as a result of these special laws and decrees, the squandering of public resources meant that the economy was about to pay an even heavier price. It is argued that Hariri’s desire to create and appropriate as much rent as possible from the reconstruction process, mixed with the expenditure of public resources on corruption and clientelism, led to increasing levels of public debt.

At this point, it is easy to assume that the resources spent by Hariri (and his entourage) enabled him to continue extracting rents. However, this assumption is misleading, to say the least, because it does not take into consideration the institutional and political changes that accompanied Hariri’s rent-seeking activities. In these terms, the rent-seeking framework needs to be extended to understand the extent of institutional change that came with Hariri’s ‘neoliberal’ laws and decrees. Neoliberal reform in any country’s political economy is closely related to its institutional structure, and any changes that are introduced to this structure can unleash distributive conflicts between different interest-groups.²² Hariri’s neoliberal agenda involved strengthening the ‘right hand’ of the state (which was concerned with economics and finance), at the expense of

²⁰ One cannot overlook the fact that Hariri’s personal wealth had grown tremendously during the same period. By 2004, he was ranked as the 108th richest man in the world (according to Forbes Magazine’s 18th annual list of world’s billionaires), with a fortune that had grown to a staggering US\$4.3 billion. See: Tarek El Zein, ‘Hariri 108th richest man in the world, says Forbes magazine’, *The Daily Star*, 01 March 2004.

²¹ See: Mark Neal and Richard Tansey, “The dynamics of effective corrupt leadership: Lessons from Rafik Hariri’s political career in Lebanon”, *The Leadership Quarterly*, 21, (2010), pp.33-49.

²² Paying attention to institutional and political variables can help us determine which individuals or groups are likely to win distributive conflicts over rents: Mushtaq H. Khan, ‘Rents, Efficiency and Growth’, in Mushtaq H. Khan and Jomo Kwame Sundaram (Eds.), *Rent, Rent-Seeking and Economic Development: Theory and Evidence in Asia*, (Cambridge: Cambridge University Press, 2000), pp.21-69.

the ‘left hand’ of the state (which was concerned with the provision of welfare).²³ Because the welfare-related agencies functioned as patronage instruments for many of his rival elites – most significant of which were the former militia leaders – they often tried to resist by launching accusations of corruption against Solidere. By 1998, these accusations escalated into an all-out campaign to oust Rafiq Hariri and his allies from those administrative bodies and institutions concerned with reconstruction matters in general, and in Downtown Beirut in particular. Such elite squabbling mirrored the sectarian culture of Lebanese politics and, therefore, it was not long before Hariri transformed himself from a ‘national leader’ to a specifically ‘Sunni leader’. Hariri’s transformation was reflected in Downtown Beirut when he decided to build a gigantic mosque next to Martyrs’ Square: a symbolic claim that the reconstruction project in the city centre belonged to the Sunni community and therefore to him. Inevitably, the politicisation of the Solidere project helped drive sectarian divisions further.

ii. The key propositions

The research in this thesis yields a number of propositions that are summed up below (and illustrated in Figure 1):

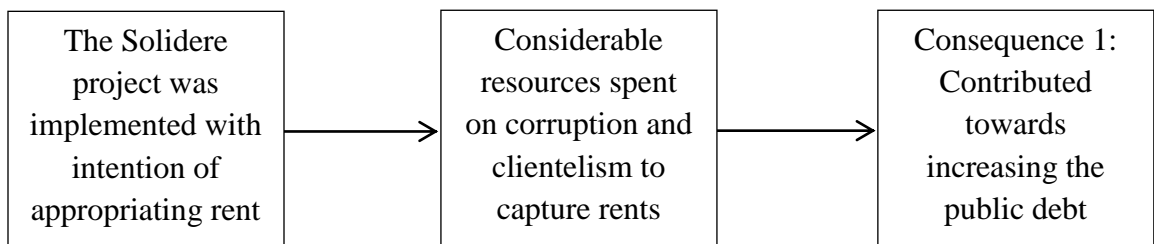
Firstly, the Solidere project was part of a wider neoliberal agenda that former Prime Minister Rafiq Hariri pursued in order to enrich himself (and those closest to him). Because of the endemic nature of corruption and clientelism in the country’s political economy, (1) considerable resources (both public and private) were spent by Hariri and his protégés on both these processes in order to capture rents. The level of expenditure on these two processes was markedly high, and therefore, (2) marked as a huge drain on the public resources of the country. This high expenditure of public resources contributed towards (3) increasing a public debt that the country had slipped into after the civil war.

²³ The idea of dividing the state into a ‘right hand’ and a ‘left hand’ was initially proposed by Pierre Bourdieu. According to Bourdieu, neoliberalisation leads to a strengthening of the economic ministries that make up the right hand of the state and the neglect or weakening of the welfare functions of the state that constitute the left hand. For details, see: Pierre Bourdieu, *Acts of Resistance: Against the Tyranny of the Market*, (New York: New Press, 1998), p.2.

Secondly, Hariri's neoliberal agenda threatened state welfare services. Because state-welfare services functioned as patronage instruments for some of the elites, (1) this generated a huge backlash against Hariri (particularly from former militia leaders). The Solidere project is closely associated with Hariri's neoliberal agenda, and therefore (2) the reconstruction process in Downtown Beirut became a legitimate target for rival elites. Because elite squabbling mirrored the sectarian culture of Lebanese politics, (3) it was not long before the Solidere project became associated with the Sunni community, which in turn, helped fuel the reproduction of sectarian divisions.

The Solidere project will be analysed according to the key propositions mentioned above. In doing so, it will be shown that the Solidere project was implemented with clear-cut objectives to contribute towards healing a wartorn country. But the rent-seeking activities that were working simultaneously behind the reconstruction process essentially undermined Solidere's given objectives.

Process 1:



Process 2:

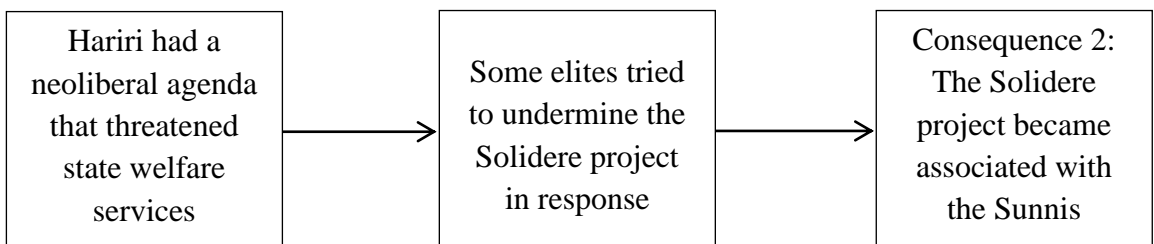


Figure 1 – A process-diagram demonstrating main propositions

IV. Analysing the reconstruction of Downtown Beirut as a ‘neoliberal urban development’

Of course, Solidere is not the only large-scale development and/or reconstruction project of its kind that has been set up in the world today. In many parts of the country, the region and the world we find similar projects taking shape. What all these projects have in common is that they are preceded by a set of legislation that creates special exemptions and freedoms for the project at hand. In much of the literature, this kind of legislation falls in line with what many scholars often describe as neoliberal economic policies. It is for this reason that the Solidere project can be described as an artefact of neoliberalism.

Over the past twenty years, the concept of ‘neoliberalism’ has become quite widespread in academic literature. In this vast body of literature, however, it is difficult to find an even-handed account of neoliberalism built on the more *moderate* voices. Take, ‘*Neoliberalism – A Critical Reader*’, for example.²⁴ In this edited book, Alfredo Saad-Filho, Deborah Johnston and several other contributing authors deplore the spread of neoliberalism and its ‘negative impact’ on the state and the market. Like *A Critical Reader*, most works have tended to exhort a non-sympathetic point of view about neoliberalism and its different components.²⁵ One is forced, therefore, either to take up a position against it, or else contribute to its diffusion and entrenchment.

Because several of these works use the concept of neoliberalism as a generic term of deprecation, it is generally adopted to describe any form of economic or political

²⁴ See: Alfredo Saad-Filho and Deborah Johnston (Eds.), *Neoliberalism – A Critical Reader*, (London: Pluto Press, 2005).

²⁵ For example, see the works of: Pierre Bourdieu, *Contre-feux: Propos pour servir à la résistance contre l'invasion néo-libérale*, (Paris: Éditions Liber, 1998); Anthony Giddens, *The Third Way: The Renewal of Social Democracy*, (Cambridge: Polity, 1998); Noam Chomsky, *Profit over People – Neoliberalism and Global Order*, (New York: Seven Stories Press, 1999); John L. Campbell and Ove K. Pedersen (Eds.), *The Rise of Neoliberalism and Institutional Analysis*, (Princeton, New Jersey: Princeton University Press, 2001); Alain Touraine, *Beyond Neoliberalism*, (Cambridge: Polity, 2001); John Rapley, *Globalization and Inequality: Neoliberalism's Downward Spiral*, (Boulder, Colorado: Lynne Rienner, 2004); Dieter Plehwe, Bernard Walpen and Gisela Neunhöffer (Eds.), *Neoliberal Hegemony – A Global Critique*, (London: Routledge, 2006).

development that is deemed to be *undesirable*. *A Critical Reader* is in many ways a typical example of this trend against neoliberalism. In this ‘critical scholarship’, however, several scholars accord neoliberalism an overwhelming significance, while also remaining seemingly happy with leaving the concept of neoliberalism completely undefined, claiming, along with Saad-Filho and Johnston, that it defies definition. In this vast body of literature, therefore, it is difficult to find a fruitful definition of neoliberalism.

i. Neoliberalism – a definition

While it is difficult to find a definition that accurately and objectively explains the concept of neoliberalism, David Harvey’s understanding of neoliberalism in ‘*A Brief History of Neoliberalism*’ stands out as being one of the few that has been able to give a detailed explanation of the neoliberalisation process. Harvey states the following:

“Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defence, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit.”²⁶

²⁶ See: Harvey, *A Brief History of Neoliberalism*, p.2.

Harvey's detailed and wide-ranging understanding of neoliberalism sheds light on what kind of phenomenon neoliberalism really is. According to his definition, it can be understood that neoliberalism is not simply a continuation of liberalism 'proper'.²⁷ Rather, it is something that is deeply embedded so that it lives on independently of mainstream liberal values and policies. This is demonstrated when Harvey claims that neoliberalism can be more accurately described as 'a theory of political economic practices', rather than simply a 'political ideology'. If we apply this definition to the context of reconstruction in post-civil war Lebanon, it will be shown that it is well suited to accommodating the overall analysis of this thesis.

ii. Neoliberalism in new urban governance and liberal peacebuilding literatures

The definition used above helps to understand the neoliberalisation process surrounding the Solidere project. But how do we define and understand the Solidere project as a 'neoliberal urban development'? There is much literature across various disciplines analysing the emergence of neoliberal urban developments (and the role of the state in such matters). But the kind of literature chosen in this thesis is a mixture of both new urban governance and liberal peacebuilding literatures. The reason why the two have been chosen instead of one or the other is that the concepts and explanations from both help to complement one another, particularly in the case of Solidere: while the project is a 'development' project that was inspired by similar projects that appeared in other parts of the First and Third worlds, it is also a 'reconstruction' project that was launched as a result of destruction caused by war.

²⁷ It must be understood that 'liberalism' is, like 'neoliberalism', a rather vague and often highly contested concept. It is often used to describe a disposition towards individual liberty, basic human and civil rights, and constitutional democracy. Such ideas and values might be present in a person's political point of view, or embedded in the political culture of a certain country. However, it is never a well-defined or clearly demarcated set of political beliefs. To further understand how contested this concept is, one can look at the definitions and descriptions put forward by the following scholars: Jeremy Waldron, 'Theoretical Foundations of Liberalism', *The Philosophical Quarterly* 37, (1987), pp.127-150; Judith Shklar, 'The Liberalism of Fear', in Nancy L. Rosenblum (Ed.), *Liberalism and the Moral Life*, (Cambridge, Massachusetts: Harvard University Press, 1989), pp.21-38; Michael Walzer, 'The Communitarian Critique of Liberalism', *Political Theory*, 18, (1990), pp.6-23.; Charles Larmore, 'Political Liberalism', *Political Theory*, 18, (1990), pp.339-360; John Rawls, *Political Liberalism*, (New York: Columbia University Press, 1993); John Gray, *Liberalism: Second Edition*, (Buckingham: Open University Press, 1995).

First, the literature on new urban governance helps to draw similarities between urban projects in different parts of the world. It begins by looking at the regulatory changes introduced by the state, and the steps it takes to support a particular ‘developmental vision’. If we look at post-civil war Lebanon, for example, the state has passed a number of laws that have enabled the creation of private real estate companies to oversee large-scale reconstruction projects. The most significant of these laws was Law 117, which was briefly mentioned earlier. The steps taken by the Lebanese state bear huge resemblance to those taken by states elsewhere in the region and the globe, where the regulatory framework was modified substantially to foster a particular form of development.²⁸ In addition, new urban governance literature helps to illustrate the growing impact of neoliberal urban developments on urban environments. In particular, it helps us understand the growing regional and socio-economic inequalities caused by such developments. In the case of post-civil war Lebanon, they have led to the creation of exclusive spaces of consumption that cater to a predominately rich Arab Gulf clientele. Through these lenses, we see that most Beirutis – and Lebanese, as a matter of fact – cannot afford to purchase or rent properties in the city centre. The literature also provides us with useful terminology that can help describe some of the main features of the downtown area. One of these terms is ‘gated communities’. In this regard, Downtown Beirut is awash with residential gated communities, where ‘unwanted’ or ‘undesirable’ people are often barred from entering the area. These residential communities are isolated from their socio-spatial environment and accessed by a main driveway and narrow pedestrian (service) entrance. And together, they have led to the creation of ‘islands of wealth’ connected symbolically by their expensive relation to the rest of the city.²⁹ Other

²⁸ See, for example: Neil Brenner and Nik Theodore, ‘Cities and the geographies of ‘actually existing neoliberalism’’, *Antipode*, 34, (2002), pp.349-379; Neil Smith, ‘New globalism, new urbanism: gentrification as global urban strategy’, *Antipode*, 34, (2002), pp.427-450; Erik Swyngedouw, Frank Moulaert and Arantxa Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, *Antipode*, 34, (2002), pp.542-577; Jason Hackworth, *The Neoliberal City: Governance, Ideology, and Development in American Urbanism*, (Ithaca, NJ: Cornell University Press, 2007); Rami Daher, ‘Amman: Disguised Genealogy and Recent Urban Restructuring and Neoliberal Threats’, in Yasser Elsheshtawy (Ed.), *The Evolving Arab City: Tradition, Modernity & Urban Development*, (London: Routledge, 2008), pp.37-68.

²⁹ Consequently, Beirut has become a city of ‘sharp contrasts’ between the ‘rich and poor’, the ‘trashy and un-trashy’, the ‘clean and dirty’, the ‘messy and un-messy’, and the ‘organised and disorganised’. For

than that, we find that Solidere has also produced a set of rules on the kind of businesses and restaurants that are allowed to open in the area. In this regard, we find luxury suites, 5-star hotels and high-end office spaces dotted all around the downtown area. Meanwhile, a short ten-minute drive out of the city centre will take a visitor to many impoverished neighbourhoods (most particularly in the southern suburbs of Beirut).

In contrast, the literature on liberal peacebuilding helps to compare the reconstruction experiences of postwar societies. According to many of the examples provided in this literature, we find that peace is maintained by ‘deals’ that often involve dividing the reconstruction process amongst the various elites. Such deals are without doubt a symptom of former militia leaders becoming part of the postwar consensus.³⁰ In post-civil war Lebanon, we find the reconstruction process divided amongst three key players: former Prime Minister Rafiq Hariri, who was given large discretionary powers in the overall reconstruction of Beirut through personal control over the ‘Council for Reconstruction and Development’ (CDR); Parliament Speaker Nabih Berri, who enjoyed near autonomous control in the running of reconstruction and relief programmes in the South through the ‘Council for South Lebanon’; and Druze leader Walid Junblatt, who was awarded full discretion in directing the ‘Ministry of the Displaced’ and the ‘Fund for the Displaced’. Looking at the reconstruction of Downtown Beirut in terms of this division helps us to understand whether the Solidere project was like a ‘spoil of war’ – or more like a ‘spoil of peace’.³¹ Furthermore, liberal peacebuilding literature sheds light on neoliberal economic policies, which have been part of the reconstruction process of many postwar societies. In particular, it attempts to understand whether these policies enable certain members of the elite to carry over wartime economic structures into the postwar

further details, see: Marieke Krijnen and Mona Fawaz, ‘Exception as the Rule: High-End Developments in Neoliberal Beirut’, *Built Environment*, 36(2), (2010), pp.117-131.

³⁰ For example, see: Amelia Broodryk and Hussein Solomon, ‘From war economies to peace economies in Africa’, *Scientia Militaria: South African Journal of Military Studies*, 38(1), (2010), p.4. For detailed studies of the term ‘war economy’, see also: Sagaren Naidoo, ‘The role of war economies in understanding contemporary conflicts’, *Global Dialogue*, 2, (2000), pp.1-10; Karen Ballentine and Heiko Nitzschke, ‘The Political Economy of Civil War and Conflict Transformation’, *Berghof Research Center for Constructive Conflict Management*, (2005), pp.1-24; Peter Lock, ‘War Economies and the Shadow of Globalisation’, *Berghof Research Center for Constructive Conflict Management*, (2005), pp.1-11.

³¹ Some scholars have looked at the reconstruction effort in post-civil war Lebanon as ‘spoils’ divided amongst the elites. See, for example: Reinoud Leenders, *Spoils of Truce: Corruption and State-building in postwar Lebanon*, (Ithaca: Cornell University Press, 2012).

period.³² While the jury is still out on whether neoliberal economic policies are to blame, many scholars agree that there is a huge ‘wastage’ of public resources in postwar societies.³³ For the first five years after the end of the civil war, the Lebanese government expenditure on reconstruction projects was a staggering US\$75 billion. According to some reports, it was alleged that only a relatively trifling US\$6 billion went to these projects, while the rest disappeared.³⁴ It must be remembered, however, that this wastage is not simply a result of corruption. It is a result of public expenditures on the processes of corruption and clientelism together to capture rents.

At this point, it is important to stress that while there are many examples round the world that can be used to understand the way the Solidere project is being implemented, addressing such a project with reference to a broad range of projects in various countries can result in some broad and sweeping claims that emphasise commonalities between them rather than differences and particularities between them. This point is brought to our attention by a number of scholars, such as Jamie Peck, Adam Tickel, Ronaldo Munch, Neil Brenner, Nik Theodore, and even David Harvey, when they refer to ‘actually existing neoliberalism’.³⁵ In their works, they argue that the reality is that actually

³² For examples, see: See: Mark Duffield, *Global Governance and the New Wars: The Merging of Development and Security* (London: Zed Books, 2001); Roland Paris, ‘International Peacebuilding and the “Mission Civilisatrice”’, *Review of International Studies*, 28(4) (2002), pp.637–656; Michael Pugh, ‘Protectorates and Spoils of Peace: Political economy in south-east Europe’, in Deitrich Jung (Ed.), *Shadow Globalization, Ethnic Conflicts and New Wars*, (London: Routledge, 2003), pp.47-69; Roland Paris, *At War's End: Building Peace After Civil Conflict*, (Cambridge: Cambridge University Press, 2004); Oliver P. Richmond, *The Transformation of Peace* (Basingstoke: MacMillan, 2005); Michael Pugh, Neil Cooper and Mandy Turner (eds), *Whose Peace? Critical Perspectives on the Political Economy of Peacebuilding* (Basingstoke: MacMillan, 2008); Alex Bellamy, ‘The “Next Stage” in Peace Operations Theory’, in Bellamy and Paul Williams (eds), *Peace Operations and Global Order* (London: Routledge, 2008), pp.17-38; Roger Mac Ginty, ‘Indigenous Peace-Making Versus the Liberal Peace’, *Cooperation and Conflict*, 43(2) (2008), pp.139-163; Roger Mac Ginty and Oliver P. Richmond (Eds.), *The Liberal Peace and Post-War Reconstruction: Myth or Reality?* (London: Routledge, 2009).

³³ For an excellent account of the main debates and disagreements within the literature, see: David Chandler, ‘The Uncritical Critique of “Liberal Peace”’, *Review of International Studies*, 36 (2010), pp.137-155. For a better idea of the contrasting positions, see the debates between Paris on the one hand, and Pugh, Cooper and Turner on the other: Roland Paris, ‘Saving Liberal Peacebuilding’, *Review of International Studies*, 36 (2010), pp.337-365; Neil Cooper, Mandy Turner and Michael Pugh, ‘The end of history and the last liberal peacebuilder: a reply to Roland Paris’, *Review of International Studies*, 37 (2011), pp.1995-2007.

³⁴ These figures were obtained from: Kamal Dib, ‘A Strategy to investigate Lebanese corruption and debt’, *The Daily Star*, 14 June 2005.

³⁵ For further details, see: Jamie Peck and Adam Tickell, ‘Neoliberalising Space’, *Antipode*, July, Vol. 34(3), (2002), pp.381-382; Ronaldo Munch, ‘Neoliberalism and politics, and the politics of neoliberalism’,

existing neoliberalism is highly uneven across the globe because the nation-state and local politics shape the development and implementation of neoliberal economic policies as well. In light of the above statement, this thesis takes the stance that the Solidere project is – without doubt – a neoliberal urban development like many other projects round the world. At the same time, however, it is influenced and shaped by the historical sociology of the country that it is located in; in this case, post-civil war Lebanon. What makes Lebanon unique from the rest is its sectarian dimension. Several authors have identified sectarianism as the essence of Lebanese politics and the determinant of political behaviour.³⁶ In order to grasp the historical sociology of post-civil war Lebanon, it will be necessary to collapse the analysis made by scholars of both liberal peacebuilding and urban governance literatures: firstly, within the Arab/Middle Eastern context; and secondly, within the Lebanese context.

V. The agents behind neoliberal urban developments

Generally speaking, there is much literature looking at neoliberal urban developments. As detailed above, there is: (1) new urban governance literature that looks at these developments in terms of the creation of exclusive spaces; and (2) liberal peacebuilding literature, which looks at these developments as reconstruction projects that are exploited – more often than not, by war elites – for private gain. But as this thesis is more concerned with the rent-seeking activities that surrounded Solidere, it will look at the consequences of the reconstruction effort in terms of the agents that pushed it forward. This way, we can better understand the phenomenon of rent-seeking that is central to the discussion in this thesis.

in Alfredo Saad-Filho and Deborah Johnston (Eds.), *Neoliberalism: A critical reader*, (London: Pluto Press, 2005), p.60; Brenner and Theodore, “Cities and the geographies of ‘actually existing neoliberalism’”, p.5; Harvey, *A Brief History of Neoliberalism*, p.21.

³⁶ See: Helena Cobban, *The Making of Modern Lebanon*, (London: Hutchinson, 1985), p.32; Arend Lijphart, *Democracy in Plural Societies: A Comparative Exploration*, (New Haven: Yale University Press, 1979); Sami Ofeish, “Lebanon's Second Republic: Secular Talk, Sectarian Application”, *Arab Studies Quarterly*, 21(1), (1999), pp.97-116.

i. Analysing the agents as transnational capitalists

Neoliberal urban developments are pushed forward by what is often described as a ‘transnational capitalist class’ (TCC). This TCC takes shape in different shapes and forms from one region to the other and from one country to the other. In the Arab world, for example, this TCC can be described as a group of businesspeople and private sector representatives; a growing number of which have attained an education or working experience in the West. Specifically within Lebanon, we find that this TCC comprises of businesspeople and private sector representatives as well. But a large number of them included those who became successful in the Arabian Gulf and West Africa, and later returned to Lebanon – particularly at the end of the civil war – to snatch up contracts in the country’s reconstruction process. The most successful member of this ‘new contractor bourgeoisie’ was none other than former Prime Minister Rafiq Hariri (the founding father of Solidere).³⁷

Beginning in the 1980s, businesspeople and private sector representatives across the Arab/Middle Eastern region were recruited by the ruling elites; either as economic advisors, or as members of new institutional bodies.³⁸ But even though businesspeople and private sector representatives were awarded significant influence and power over economic matters in their respective countries, they were at the same time heavily dependent on the ‘will’ and ‘priorities’ of their respective rulers. This is because the political regimes governing in Arab countries are based on a system of rule that is ‘neo-patrimonial’.³⁹ Neo-patrimonialism implies the existence of a political leader who holds

³⁷ The term ‘new contractor’ was borrowed from Hannes Baumann. For a discussion of the new contractors, see: Hannes Baumann, ‘The ‘new contractor bourgeoisie’ in Lebanese politics: Hariri, Miqati and Faris’, in Ed. A Knudsen and Michael Kerr (Eds.), *Lebanon: After the Cedar Revolution*, (London: Hurst, 2012), pp.125-144. For a discussion of Hariri as a businessman-turned-politician, see: Emmanuel Bonne, *Vie publique, patronage et clientèle: Rafic Hariri à Saida*, (Paris/Beirut: IRENAM/CERMOC, 1995); Rene Naba, *Rafic Hariri: Un homme d'affaires premier ministre*, (Paris: L’Harmattan, 1999).

³⁸ The breadth and depth of political influence and power awarded to these newcomers in the Arab world has and will continue to vary from one country to another. In countries such as Bahrain, Jordan, and Syria, where prime decision-makers were replaced over the past two decades (before the Arab Spring), a large percentage of these people have gained a certain degree of influence over economic matters. This point will be elaborated further in Chapter 2.

³⁹ Given the fact that these authorities are dominated by neo-patrimonial types of socio-political relationships, it is imperative to look at the clientelist networks and patronage systems that are typical

ultimate power and exercises it, often, by informal means of patronage networks and clientelist relations incorporating loyalists of that leader's choice.⁴⁰ Lebanon may not be classified as a typical example of a neo-patrimonial state, but the leaders who hold ultimate power in the country have built patronage networks very similar to those that can be found elsewhere in the region.

But in Lebanon, an additional characteristic can be identified that differentiates some businesspeople and private sector representatives there from others in the region. In this regard, some have built their own patronage networks and clientelist following, and have in turn, succeeded in infiltrating Lebanese politics and becoming part of the ruling elites. This is particularly the case for many of the new contractors, the most significant of which was Hariri. Because of their neoliberal logic, these new contractors recruited and employed businesspeople and private sector representatives as well, just like the political leaders in the region were doing. These new recruits can be described as technocrats who help the new contractors to push through neoliberal economic policies, especially if they were appointed to some of the top posts in the institutions. At this point, though, a distinction needs to be made between the new contractors and the technocrats they recruited. While the new contractors pursue neoliberal globalisation as a *political* project to, "re-establish the conditions for capital accumulation and to restore the power of economic elites", the technocrats drive neoliberal globalisation as a *utopian* economic project to, "realise a theoretical design for the organisation of international capitalism".⁴¹ According to some scholars, like Stephen Gill, these technocrats fit the profile of 'globalising elites', defined as a grouping of 'organic intellectuals' and 'political leaders' that are strategically located in transnational companies, banks, universities, think tanks, media companies, governments and international organisations such as the IMF and the

features of neo-patrimonial polities. On the various aspects of neopatrimonialism as a concept and on its application, see: Shmuel Noah Eisenstadt, *Traditional patrimonialism and modern neopatrimonialism*, (London: Sage Publications, 1973).

⁴⁰ On the various aspects of clientelism and patronage as concepts and on their application in issues of development and reconstruction, see: Shmuel Noah Eisenstadt and René Lemarchand, *Political Clientelism, Patronage, and Development*, (London: Sage, 1981); Luis Roniger and Ayşe Güneş-Ayata (Eds.), *Democracy, Clientelism, and Civil Society*, (Boulder, Colo.: Rienner Publishers, 1994).

⁴¹ This is according to: Harvey, *A Brief History of Neoliberalism*, p.19. See also: Gérard Duménil and Dominique Lévy, 'The Neoliberal (Counter-)Revolution', in Alfredo Saad-Filho and Deborah Johnston (Eds.), *Neoliberalism: A Critical Reader*, (London: Pluto Press, 2005), pp.9-19.

World Bank. Through their activities, they seek to make ‘transnational capital’ a class for itself. Because of their international orientation, they are linked together as a global political and civil society that seeks to develop strategy and make policy recommendations at both ‘national’ and ‘international’ levels.⁴² There are exceptions to this group, such as Fouad Siniora. It is possible that upon becoming prime minister, Siniora justified the implementation of neoliberal economic policies with reference to market ideology, but may have actually been politically-motivated. It is because of these exceptions that one must be cautious when using sweeping terminology, such as TCC.

By using such ‘structural’ terms, we overlook the importance of agency. The same goes for other terms, such as class, group, and network, to name but a few.⁴³ To some extent, Marxist scholars – such as David Harvey – provide us with invaluable analysis on the social and political characteristics of the agents pushing forward neoliberalism. But at times, even these scholars have fallen into ‘the trap’ as they portray the agents of neoliberalism as a clique of ‘financial experts’ behind every twist and turn of neoliberal globalisation.⁴⁴ In this context, some interviewees – for example, Charbel Nahas – did not agree that Hariri was a neoliberal.⁴⁵ Others – Kamal Hamdan – describe Hariri as a neoliberal ideologue who, “hoped to imitate Reagan and Thatcher with a Gulf and Lebanese twist”.⁴⁶ In much of the literature documenting the neoliberal phenomenon round the world, therefore, scholars rarely attempt to prove what kind of agents help to bring neoliberalism about. There is an important sociological dimension missing in those accounts that rely exclusively on class for analysing social structure and politics. Neoliberalism is more open and unpredictable than what is often assumed, and can have unintended consequences which are regularly overlooked. In this regard, we also find that

⁴² See: Stephen Gill, *Power and Resistance in the New World Order: Second Edition Fully Revised and Updated*, (Basingstoke: Palgrave Macmillan, 2008), p.194.

⁴³ The use of these terms is meant to complement the analysis only; not to replace the individuals – and their social and political backgrounds – which are at the centre of the discussion.

⁴⁴ For example, authors such as Gérard Duménil and Dominique Lévy, document convincingly that “finance” – “the complex of upper capitalist classes, whose property materialises in the holding of securities (stocks, shares, bonds, Treasury bills, etc.), and financial institutions (central banks, banks, funds, etc.)” – benefit from the neoliberal economic policies that are implemented, but they never prove the agency of finance in bringing it about. See: Gérard Duménil and Dominique Lévy, *Capital Resurgent: Roots of the Neoliberal Revolution*, (Cambridge: Harvard University Press, 2004), p.16.

⁴⁵ Interview with Charbel Nahas held on 06 August 2012 in Beirut.

⁴⁶ Interview with Kamal Hamdan held on 08 August 2012 in Beirut.

many people who did not belong to Hariri's patronage network (from now on referred to as the 'Hariri network'), but that had come to benefit from the neoliberal economic policies implemented by Hariri and his protégés, were eager to see the reconstruction process in Downtown Beirut continue. Most notably, this included many within the elites – of particular significance, the former militia leaders – who were initially opposed to Hariri's policies in the 1990s and early 2000s. In order to grasp the complex relationships between different individuals, agency needs to be placed at the centre of the analysis. And because agency is placed at the centre of the analysis, an approach that is more sociological in nature needs to be adopted to understand the role of specific agents who are seeking rents.

ii. Identifying the agents through a sociological approach

While it is relatively easy to identify classes in relation to the means of production (a structuralist approach helps us to map class positions), this does not tell us how they act as social forces, how they are socially or politically represented and, most importantly, how they push for their self-interests – it is assumed as self-evident that members of the capitalist class would follow their collective economic and individual business interests. In other words, the question is: how does this class organise itself in pursuit of its interests?

Adopting an approach that is more sociological in nature helps us to address the question at hand. First, it allows us to focus on *elites* as opposed to *classes*. Focussing on elites is useful because it is a more open category, compared to classes. In turn, it allows us to produce a richer account of individuals and the social and political positions they represent. But before producing a study that uses the concept of elite, we must first provide a definition of the term. Elites can be defined as 'decision-makers'⁴⁷, or alternatively, as those with a high degree of social, symbolic, economic, and/or cultural

⁴⁷ For further details, see: Geraint Parry, *Political Elites*, (London: George Allen & Unwin Ltd., 1969), p.13.

‘capital’.⁴⁸ These two definitions are not meant to be mutually-exclusive: this is because decision-makers are very likely to possess great capital as well. If we take Hariri as an example, he was a ‘decision-maker’ who pushed a neoliberal agenda as an actor endowed with a specific form of capital – financial capital in particular abundance. In sum, the two definitions are two different ways of thinking about elites and they are both equally relevant to the topic here.

The study of elites was initially established as part of political science in the late nineteenth and early twentieth centuries by two Italian sociologists Vilfredo Pareto and Gaetano Mosca.⁴⁹ Their aim was to enquire about the techniques of leadership, the relations between leaders and what sorts of people attained positions of leadership. The research they produced offered a way of understanding the structure of modern politics; in particular, the relationship between leaders and the masses (an aspect that many saw as central). Interestingly, these theorists adopted an approach which they claimed was ‘scientific’, and that was identical to those adopted in the natural sciences. Both theorists were concerned with the striking absence of a neutral, ‘objective’ analysis in political science, free from any ‘ethical contamination’. This objectively allowed them to make the contribution that they believe advances our understanding of politics.⁵⁰ A shortcoming of the approach used by the two theorists is that their focus is on *national* elites as opposed to *transnational* ones. Sociologists such as Ralph Miliband, John Scott and Michael Useem have overcome this shortcoming in their own research.⁵¹

In sum, reconstruction in post-civil war Lebanon is complicated not only in how, where and why it occurred, but also in how it is perceived from individual to individual.

⁴⁸ See: Michael Hartmann, *The Sociology of Elites*, (Oxford: Routledge, 2007), pp.46-48.

⁴⁹ What is often regarded as the ‘classic texts’ of thought on elites are Pareto’s *The Mind and Society (Treatise of General Sociology)* and Mosca’s *The Ruling Class*. To these texts, others can be added, such as Robert Michels’s *Political Parties*, James Burnham’s *The Managerial Revolution* and C. Wright Mills’s *The Power Elite*. For a detailed analysis on these ‘classical elite theorists’ and their work, see: Parry, *Political Elites*, pp.30-63.

⁵⁰ See: *ibid*, pp.15-29.

⁵¹ See: Ralph Miliband, *The State in Capitalist Society*, (London: Quartet Books, 1973); John Scott, *The Sociology of Elites, Volume II: Critical Perspectives*, (Aldershot: Elgar, 1990); John Scott, *The Sociology of Elites, Volume III: Interlocking Directorships and Corporate Networks*, (Aldershot: Elgar, 1990); Michael Useem, *The inner circle: large corporations and the rise of business political activity in the U.S. and U.K.*, (New York: Oxford University Press, 1984).

Thus, the complexity of the topic being studied in this thesis necessitates the adoption of an approach that is more sociological in nature in order to highlight the competition between the elites as well. As explained shortly, this thesis primarily involves intimate face-to-face interviews with the elites that were deeply involved in the reconstruction process.⁵² In other words, it rests on the use of a comprehensive, and mainly qualitative, set of interpersonal and in-depth methods. Of course, it also makes reference to a range of secondary sources, such as textbooks, journal/newspaper articles, criticisms and commentaries by observers of the Solidere project.

VI. The methodology of the thesis

The topic of reconstruction is highly sensitive and painful in post-civil war Lebanon. This is because reconstruction evokes memories and feelings of a traumatic and violent past, and acts as a reminder of fear and uncertainty for the future. Even though outwardly it does not appear to concern the Lebanese very much, underneath the surface the reconstruction of Lebanon is very close to the hearts of its people. In this context, it would be pointless to collect unemotional dispassionate information. Therefore, surveys and other detached methods have to be ruled out in favour of interpersonal and in-depth methods. This is because interpersonal and in-depth methods can help shed light on the experiences of the participants, their emotions and feelings, and the researcher's impressions of them; all of which cannot be deduced through surveys or reading transcripts alone. Indeed, most of the research was conducted through 'in-depth' or 'semi-structured' interviews with individuals who are directly involved in the Solidere project, or who are well-known observers of the project.⁵³ For example, these included

⁵² For further readings on collecting qualitative data through interviews, see: Andrea Fontana and James H. Frey, 'Interviewing: The Art of Science', in Norman K. Denzin and Yvonna Lincoln (Eds.), *Collecting and Interpreting Qualitative Materials*, (Thousand Oaks, CA: Sage, 1998), pp.47-78; James A. Holsten, and Jaber F. Gubrium, *The Active Interview*, (Thousand Oaks, CA: Sage, 1995); Irving Seidman, *Interviewing as Qualitative Research: A Guide for Researchers in Education and the Social Sciences: Second Edition*, (New York: Teachers College Press, 1998).

⁵³ As the name suggests, semi-structured interviews are much less rigid than 'structured' interviews, but still carry some basic structure compared to 'unstructured' interviews. In semi-structured interviews, the researcher needs to listen carefully to the participant's response and to follow his or her lead. Thus, semi-structured interviews allow for a much freer exchange of information between the researcher and the

the Financial Manager of Solidere Mounir Douaidi, the former Finance Minister Georges Corm, the architect Jad Tabet, the urban planner Assem Salam, the economist Kamal Hamdan, the journalist Violette Balaa, the former rights holder Mounir Doumani, and the heritage activist Giorgio Tarraf, to name a few.

i. The influence of context on the methodology used

Despite surviving sixteen years of infighting, the country remains politically divided and unstable. As a result of the conflict, the Lebanese people have separated themselves amongst religious sects under the umbrella of one multi-confessional nation. The unresolved residues of the fighting are still apparent: the hatreds, blame, atrocious memories, religious identities, and the fears and vulnerabilities including a general distrust of the government (and of other groups) are still apparent. All of these things together make post-civil war Lebanon a case study that is full of challenges when using interpersonal and in-depth methods.

One might therefore ask how this context – these post-civil war and religious tensions – can impact research. The characteristic distrustfulness of people (that can come from war) becomes apparent if one is just to scratch under the surface. For instance, the author was constantly asked by the participants of the study numerous questions about his personal background, the dissertation, the supervisor, and the London School of Economics to ease their minds and settle their curiosities. Some questions to do with where the author lived and studied were asked to ‘size him up’ in a way. The fact that the author lived abroad all his life and graduated from a university outside Lebanon indicated that he was somewhat an ‘outsider’. Many of the interviewees saw this as a plus as they saw the author as someone that was not driven by political and/or religious intentions. However, one of the participants commented negatively on the fact that the author had not lived and experienced the post-civil war period, saying that a researcher

participant, which in turn, enables the exploration of certain topics in detail. For some further information on the different kinds of interviews, see: Kristin G. Esterberg, *Qualitative Methods in Social Research*, (Boston: McGraw-Hill, 2002), pp.85-89.

studying from the outside could never understand the realities of post-civil war life without being too idealistic, judgmental or ‘western’.

Nevertheless, most participants interviewed felt some kind of kinship with the author due to his Lebanese background; the shared culture and language played a role in this.⁵⁴ This enabled the author to capture the personal stories of those living and/or working in Beirut very well. The author’s impressions of the mindset of the participants interviewed, their customs and traditions, and of the cultural biases together put these stories into perspective. In addition to that, the access and the contacts the author had was a definite advantage – particularly in a political context ripe with instability and danger. As will be shown later, a couple of the people interviewed for this study are distantly related to the author. Despite all these advantages, religious tensions were also dwelling just beneath the surface; not least because of the author’s Lebanese background. The author was often asked what part of Lebanon he came from – particularly by members of the older generation. The origin of one’s residence in Lebanon – along with the family name – can be an indicator of religion and sect and, therefore, political affiliation as well. As the author’s name gives a clear indication of the religious group he belongs to, one suspects this may have affected the interviews. Sometimes, the author was asked about his religious sect outright. It was interesting to find that none of the female participants asked any questions about the author’s religious background but seemed more interested in the study or in the academic aspects of my life. Thus, it is deduced that Lebanese men asked much more detailed questions about the author’s background.

On multiple occasions, the participants were suspicious of my research and its objectives. This was particularly the case for those who worked inside Solidere. In this regard, some interviewees were worried that the aim of the study was to paint a negative picture of the company they worked for. In part, this is due to their past negative

⁵⁴ Being Lebanese, the author is no stranger to the various religious identities, to the disturbing memories than remain engrained in the people, to the fear and distrust, and to the hatreds and prejudices that still linger amongst some sections of society. Of course, the author is also familiar with the country and the region; with the Arab, western, and Lebanese cultures; and with the Arabic and English languages. All of these characteristics can help place a scholar in a unique position to have better access to people and to reach a better understanding of the participants and of the issues presented. This helped add to and enrich both the interviews and the analysis of the research results so that they are more useful and relevant.

experiences with media and public criticism. The author was able to settle their minds over the matter. But this took some time before the interviews and even during the interviews themselves. On a couple of occasions, the author found himself having to reveal his personal connections to the Solidere project: for example, that one of the main shareholders in the company is a family relative, or that his own mother – a former tenant in the area – holds shares in the company. Furthermore, the highly sensitive political and religious context was taken into serious and careful consideration while drafting the questions. The author did his best to make sure that the questions could not be taken in any way to be accusatory or political in nature. As the questions were posed, the participants began to realise that the author was not out to criminalise anyone. The questions of neoliberalism, however, seemed to put a couple of participants on edge as they were worried they were being personally blamed: they went on the defensive immediately. This innate sensitivity to the issues surrounding neoliberalism – that some companies, such as Solidere, have been criticised for in the past – makes it a touchy subject that had to be approached very cautiously.

ii. The veracity of information collected using this methodology

In circumstances such as those presented above in the context of post-civil war Lebanon, research in this thesis is presented with numerous obstacles. To begin with, it is difficult, if not impossible, to use interpersonal and in-depth methods all while maintaining a distance and remaining impersonal. It is even more difficult in the case of reconstructing Downtown Beirut, because the participants selected to be interviewed in this thesis are clearly split between opponents and supporters of the Solidere project. In this regard, it was found that the views of both groupings stem from the firm belief in forwarding *public interest*.

On the one hand, the opponents argued that public interest should be decided by the public itself. For them, public interest can only, and should only, be achieved through public involvement. They called for public involvement because they believe it sets a

precedent for shaping national planning policies and practices based on building consensus and democratic participation. By consistently remoulding and reshaping reconstruction to take into account the views and opinions of the public, they argue, we are more likely to arrive at a final design that most people are willing to live in. They voiced their opposition against the prevailing official tendency to privatise public responsibilities and to relax governmental control. For them, the public sector had been lured by the private sector into relinquishing its traditional role as the representative and defender of public interest. As a result, this created enormous economic and social injustices, which further undermined public trust in the state and its institutions. According to its opponents, Solidere not only compromised the financial future of the country, but it also diverted the process of urban planning away from its social and political objectives and this led to major and undesirable side-effects. Namely, they argue, the reconstruction process failed to restore Lebanon's fragmented society and jeopardised the democratic principles of the country.

In contrast, the supporters of Solidere felt that resorting to a fully privatised scheme of reconstruction would eventually serve the public interest. To them, adopting measures that would jump-start and stimulate an ailing economy was more important and more urgent than adopting measures that began with solving decades of political problems. The most immediate concern for them was to start the reconstruction process sooner rather than later in order to consolidate and build upon the 'Ta'if Peace Accords'.⁵⁵ The more the process was delayed, the more precarious the social and political consequences would be. Alongside this, supporters repeatedly argued that the Lebanese state would have not been able to handle a large-scale project of this kind on its own. They asserted that the concept of fully privatising the reconstruction process helped to insulate it from the political polarisation of the government, the inefficiency of the bureaucratic administration, widespread corruption, and to provide proper leadership able to attract private financing. Moreover, they claim that many of the set-backs in the reconstruction process were not caused directly by the implementation methods of Solidere, but rather by the political crises that befell the country and the rest of the region in subsequent

⁵⁵ Further details on the Ta'if Peace Accords (of 1989) will be provided in Chapter 5.

years. All in all, supporters maintain that the Solidere project should be recognised for creating thousands of jobs, bringing in huge amounts of foreign investment, encouraging the return of professional expatriates living abroad, and attracting tourists (especially from the Arab Gulf states) to visit the country once again.

Because of this split of opinions, this thesis was exposed to biases with the potential to affect its research. When using interpersonal and in-depth methods especially, it is often difficult, if not impossible, to maintain a distance and remain detached. The risk of impartiality particularly applies to the author, because his Lebanese background and personal connections enabled him to form a close-relationship with some of the people that were interviewed. However, it must be stressed that there is no other way of collecting deeper and more intimate information on the experiences of the participants. In this regard, the author is convinced that the methods used helped to accomplish more meaningful and useful results that not only shed light on the conversations and debates that are taking place, but that also expose the major divide that exists when discussing Solidere in post-civil war Lebanon.

iii. Coupling these methods with already-existing literature

Because the topic of reconstruction in post-civil war Lebanon is a highly complicated and difficult one to conceptualise within a formalised hypothesis-testing framework, this thesis cannot be completed without making use of the various secondary sources that are available as well. The reconstruction of Downtown Beirut, in particular, has become the focus of a great many articles, books and conferences.⁵⁶ Many of these sources have been used throughout this thesis. But some stand out more than others and, therefore, deserve some discussion.

⁵⁶ Some notable examples include: Samir Khalaf and 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), pp.660-705; Peter G. Rowe and Hashim Sarkis (Eds.), *Projecting Beirut: Episodes in the Construction and Reconstruction of a Modern City*, (Munich: Prestel Verlag, 1998).

First being those that contain factual accounts of the decisions made during the reconstruction process. An important example is Nicholas Blanford's '*Killing Mr. Lebanon*' – an account of Rafiq Hariri's past.⁵⁷ This detailed and well-written biography of the life of Hariri brings to light the important role that the former prime minister (and those close to him) played during the reconstruction of Downtown Beirut. Another similarly important account is Fadel el-Shallaq's '*Tajrabatyy ma'a al-Hariri*' [My experience with Hariri].⁵⁸ Then there are those publications that have been produced by a number of local independent experts who actively opposed the Solidere project. One of the earliest examples is Oussama Kabbani's '*Prospects for Lebanon: The Reconstruction of Beirut*'.⁵⁹ Another notable example is '*Beyrouth: Construire l'avenir, reconstruire le passe?*' (Beirut: Building the Future, Reconstructing the Past); a book that was co-edited by Nabil Beyhum, Assem Salam and Jad Tabet.⁶⁰ As will be shown later on, Hariri and Solidere attempted to 'co-opt' some of these experts in order to defeat the opposition. Finally, are those produced by people that were commissioned by Solidere – such as '*Beirut Reborn: The Restoration and Development of the Central District*', a publication that was co-edited by Angus Gavin and Ramez Maluf.⁶¹

Undoubtedly, all this literature is important to use when studying a hotly contested topic such as reconstruction in post-civil war Lebanon. However, there is one noticeable problem that must be highlighted: some of the authors in this literature are clearly biased because they provide us with one-sided interpretations of the reconstruction process. It is therefore difficult to imagine that some of these authors maintained a clear perspective when reflecting on the Solidere project. Notable examples include Gavin and Maluf's glossy coffee-table publication *Beirut Reborn* (mentioned in the previous paragraph), Ayman Trawi's photography book '*Beirut's Memory; Dhakirat Bayrut; La Memoire du*

⁵⁷ See: Nicholas Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, (London: I.B. Tauris, 2006).

⁵⁸ See: Fadel el-Shallaq, *Tajrabatyy ma'a al-Hariri*, (Beirut: Arab Scientific Publishers, 2006).

⁵⁹ See: Oussama Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*, (Oxford: Centre for Lebanese Studies, 1992).

⁶⁰ See: Nabil Beyhum, Assem Salam and Jad Tabet (Eds.), *Beyrouth: Construire l'avenir, reconstruire le passe?*, (Beirut: Urban Research Institute, 1996).

⁶¹ See: Angus Gavin and Ramez Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, (London: John Wiley and Sons, 1996).

Beyrouth', and Robert Saliba's architectural publication '*Beirut City Center Recovery: The Foch-Allenby and Etoile Conservation Area*'. In all three cases, we find the author(s) producing highly-positive accounts of Solidere without leaving any room for critical feedback.⁶² In this regard, it is worth taking into account the backgrounds of the different authors to understand why they were prone to being partial and biased. For example, Gavin was part of a team of foreign consultants commissioned by Hariri in the early 1990s to sketch a revised master plan of Downtown Beirut.⁶³ He would later become the Head of Design in Solidere – a position he still holds today. Similarly, Trawi used to be the former prime minister's personal photographer. His book, which is a collection of 'before and after' photos of key downtown sites that underwent reconstruction, was published by none other than Hariri's *Banque de la Méditerranée*.⁶⁴

Thus, this thesis treats a number of these secondary sources with a great degree of 'suspicion'. Any information cited from these sources was often cross-checked with other secondary sources or during interviews with various participants. It came as no surprise, though, that opponents and supporters of the Solidere project often refuted or rejected one another's claims. But on some occasions, people on both sides of the divide would repeat certain pieces of information.

VII. The structure of the thesis

The remainder of this thesis – excluding the conclusion chapter – is organised into six chapters.

Chapter 2 begins by taking the concept of neoliberal urban developments out of its original, international context and 'collapses' it into the regional context. To this end, the concept becomes useful for comparative analysis between countries specific to the

⁶² See: Ayman Trawi, *Beirut's Memory; Dhakirat Bayrut; La Memoire du Beyrouth*, (Beirut: Banque de la Méditerranée, 2000); Robert Saliba, *Beirut City Center Recovery: The Foch-Allenby and Etoile Conservation Area*, (Göttingen: Steidl & Partners, 2004).

⁶³ More details on Gavin's relationship to Solidere will be provided in Chapter 5.

⁶⁴ More details on Hariri's *Banque de la Méditerranée* will be provided in Chapters 5 and 6.

Arab/Middle Eastern region. Chapter 3 then introduces the concept to the domestic context. Here, the focus of the analysis is on the sectarian nature of Lebanon's political system, which will help demonstrate how neoliberal urban developments have been shaped in the specific context that is post-civil war Lebanon.

In Chapters 4 and 5, the analysis situates the concept of neoliberal urban developments in the history of Beirut's urban expansion. Specifically, they chronicle the prelude to the Solidere project. The period under investigation stretches from the early nineteenth century to the end of the civil war in the late 1980s. From this vantage point, the chapters trace the emergence of different elite groups and explain the interests each of them had in the city and its urban expansion. Although these chapters make reference to various individuals as agents to *be* explained, these agents are important to mention because their actions and behaviours are what *do* the explaining.

Chapter 6 returns to the main purpose of the thesis: explicating the failure of the Solidere project on post-civil war Lebanon. Importantly, the chapter takes the concept of neoliberal urban developments and applies it to the empirical field research obtained on the Solidere project. Chapter 7 extends the arguments made in Chapter 6, but focuses on explaining the survival of the Solidere project many years after the death of Hariri in 2005. The point of this is to show how the process of rent-creation and -appropriation is one that is constant and structural, and not just specific to particular agents such as Hariri and his entourage.

PART I

Contextualising neoliberal urban developments

Chapter Two

The regional context

This thesis argues that the Solidere project contributed towards: firstly, increasing the public debt; and secondly, reproducing sectarian divisions. Without a perspective on the *context* in which the Solidere project was implemented, however, it is impossible to understand how this outcome came about. Therefore, the next couple of chapters in this thesis will demonstrate *why* context matters: Chapter 2 will look at neoliberal urban developments within the Arab/Middle Eastern context; and Chapter 3 will look at them within the Lebanese context.

It is understood from the literature that members of the capitalist class – local and transnational alike – work together to develop and implement neoliberal urban developments. But ‘actually existing neoliberalism’ is highly uneven across the globe: as mentioned in Chapter 1, members of this class take different shapes and forms from one region to another – and even, from one country to another. There must be, therefore, other aspects of the capitalist class that need investigating. By adopting narrow concepts such as the ‘transnational capitalist class’ (TCC) we risk overlooking, and failing to identify, the specific agents involved and the interests they are pushing forward.

This chapter will begin by providing a detailed discussion as to what was happening in the Arab/Middle Eastern region at the time that influenced the Solidere project. Generally speaking, throughout the region, one observes that globalisation has led to the emergence of businesspeople and private sector representatives, who are gradually playing a bigger role in managing economic matters in their respective countries (this includes Lebanon). Importantly, many of these individuals were pushing

‘neoliberal globalisation’ forward. But as will be shown, the ‘neo-patrimonial’ leaderships of Arab countries have restricted the degree of influence that these businesspeople expected to wield politically. The second section will explain that the Arab Gulf countries have taken the lead in asserting their cities as ‘global cities’ to be invested in for business- and tourism-related activities. As a result, other Arab countries have looked to the Gulf region for ‘inspiration’ and replicated many of the urban developments that were implemented in cities such as Dubai.

This ‘macro-level’ explanation helps to show that the driving forces behind neoliberal urban developments are structural; that is, to do with the spread of neoliberal ideas and its application, the spread of market-based social relations, and the emergence of new social identities. But while a ‘structuralist’ approach helps us to identify the social forces and the structural trends, it limits the analysis to *mapping* class positions. Because this thesis is also concerned about rent-creating and -seeking, it is important to identify the specific members of social classes and how they push for their interests. Therefore, the approach adopted here is both ‘structuralist’ and ‘sociological’ in nature so that on the one hand, we can map the different types of elites (and the social and political positions they represent in their respective countries), and on the other, understand how the elites push their interests forward.

I. The Arab elites – agents of neoliberal urban developments in the Arab world

The political regimes in the Arab world vary considerably from one another. But what they all have in common is the elitist nature of political participation at the top echelons of their decision-making hierarchies. While they attempt to hide their authoritarianism behind a populist façade, decision-making powers are concentrated in the hands of a narrow, self-recruiting coalition of elites. In all these countries, however, the elites attempt to secure the skills and knowledge of technocrats with economic expertise. In the last few decades, they have also tried to incorporate ‘businesspeople’ and ‘private sector representatives’ into formal decision-making or consultative structures.

Across the region, therefore, we find business elites are gaining influence or are finding their way into the realm of economic policy decision-making. Often, these businesspeople are labelled as being part of a transnational capitalist class.⁶⁵ But as explained in Chapter 1, this broad definition goes far beyond the accepted Marxist definition of ‘class’ as a group that is united by the same relationship with the means of production. In light of what has been said previously, therefore, this section will focus more on *elites* rather than *classes* in order to show how different capitalists organise and how neoliberalisation occurs in a social space that is not determined by the economic ‘in the last instance’.⁶⁶

i. The Arab elites over the past few decades

The social and professional profile of Arab elites has changed considerably over the past couple of decades.⁶⁷ Studies indicate that there are fewer technocrats from either the military or bureaucracy, and more technocrats with a professional experience in the private rather than public sector.⁶⁸ Therefore, one cannot speak of emerging political elites in the Arab world without asking questions about their ‘private’ backgrounds. For example: who are they? What are their educational and/or professional backgrounds and worldviews? What do they consider to be policy priorities? And, what items on their agenda are of lesser relevance to them? In short, these newcomers include a ‘younger’ generation of Arabs, most of whom have gained an education abroad. As ‘expatriates’, they prepared themselves to invest their skills and their capital in their homeland, and therefore, have entered or may enter the fold. Thus, it is argued that these people are

⁶⁵ New contractors, such as Rafiq Hariri, belonged to this transnational capitalist class as well. But as will be shown shortly, the rise of these individuals was not just due to the impersonal dynamics of global capitalism, but also to the specific sociology of Lebanon.

⁶⁶ Marxist scholars claim that ‘in the last instance’, the actions and behaviours of ‘agents’ are determined by economic relations of production. This thesis is more interested in the idea that other, cultural and social, relations determines the actions and behaviours of agents as well.

⁶⁷ The political regimes of Arab countries vary considerably, and comparative studies help identify their differences. For some details on the different systems, see: Volker Perthes, ‘Politics and Elite Change in the Arab world’, in Volker Perthes (Ed.), *Arab Elites: Negotiating the Politics of Change*, (Boulder, Colo.: Lynne Rienner Publishers, 2004), pp.1-32.

⁶⁸ According to Manfred Halpern, the earlier elites were, “a core of salaried civilian and military politicians, organizers, administrators, and experts.” Quoted in: *ibid*, p.13.

members of a transnational capitalist class that was brought about by the *globalisation* of industrial production and marketing.

Of course, elite change in any given state can have a direct impact on its relations with other regional and international states.⁶⁹ But external factors affect the composition and conduct of local elites as well. Over the past century in particular, the composition and conduct of elites everywhere have been affected by major, discursive and structural shifts caused by *globalisation*.⁷⁰ Although all political elites have had to deal with these shifts, those who ‘hopped on’ to the ‘globalisation train’ earlier rather than later tended to be the ‘younger elites’. This is because they viewed the prospects of economic openness and cooperation with other countries as a strategic instrument that could be used to deal with the economic challenges that they were facing back home. In the Arab world, this view was further bolstered by a growing awareness of the economic benefits of settling regional conflicts (such as the Arab-Israeli conflict), and in turn, enhancing economic cooperation amongst regional neighbours.⁷¹ In Lebanon as well, the former Prime Minister Rafiq Hariri was convinced that his country would experience an economic boom if a ‘peace’ agreement was signed with Israel.⁷²

The young leaders that have emerged across the region over the last few decades can be described as “members of the reinvigorated and more self-confident ‘traditional’ business classes that have reestablished themselves in the course of economic

⁶⁹ A change at the top can trigger shifts in bilateral relations. Often, it helps to improve such relations. This has definitely been the case in the Middle East. This aspect is important when considering Saudi-Syrian relations in Chapter 6. For details, see: Perthes, ‘Politics and Elite Change in the Arab world’, pp.19-20.

⁷⁰ David Held’s definition of globalisation is worth noting: speedier flows of information, goods and people, as well as increased competition based on global standards, and openness to the ability to cooperate regionally and internationally. For details, see: David Held and Anthony McGrew, (Eds.), *Globalisation/Anti-globalisation: beyond the Great Divide*, (Cambridge: Polity Press, 2007). See also: Anthony McGrew and Paul Lewis (Eds.), *Global Politics: Globalization and the Nation State*, (Cambridge: Polity Press, 1992).

⁷¹ In Syria, for example, Bashar al-Assad has used the Arab-Israeli conflict to bolster his popularity; especially amongst the younger generation. He has even developed a more provocative, hard-line tone against Israel than his own father. However so, the leadership around Bashar al-Assad is more aware of the economic necessity of settling the conflict with Israel. As a result, the general attitude has been to legitimise radical methods, while also remaining pragmatic about the substance of an acceptable settlement.

⁷² For details, see: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, p.696, 699. See also: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.36.

liberalization”.⁷³ Moreover, it can be argued that the Egyptian Gamal Mubarak started this trend in the early 1980s. Since then he has been followed by the sons of the Algerian, Libyan, Saudi and Syrian policymakers and generals. But because the political elites of Arab countries are not *true politicians* – who in the Weberian sense live *for* politics, rather than *from* politics – we find that the offspring of the bureaucratic and military classes turned into new entrepreneurs or joined the business class in order to make private gains.⁷⁴ Therefore, the main objective of the young leaders in the Arab monarchies and republics over the past three decades has been to attain political influence and power in order to acquire personal wealth or establish a private business, not the reverse. In Lebanon, ‘new contractors’ such as Rafiq Hariri (and to a lesser extent, Najib Mikati, Mohammed Safadi and Issam Fares), remain impressive exceptions to the rule because they were businessmen who acquired political power through their financial resources.⁷⁵ It would not be surprising, however, if similar cases should arise in the future, especially after some of the structural changes caused by the recent upheaval of the Arab Uprisings.

Because of the elitist nature of political participation in the top echelons of the decision-making hierarchy in many countries across the Arab world, those ‘politically relevant elites’ (i.e., those that are able to wield political influence and power), are limited to those young leaders who inherit or take over the political leadership.⁷⁶ Anyone else – such as businessmen, members of the media, or religious leaders, to name but a few – is considered part of the politically relevant elite only when they are allowed to contribute to the local decision-making processes. In light of the changes caused by the

⁷³ See: Perthes, ‘Politics and Elite Change in the Arab world’, p.15.

⁷⁴ Of course, the number of true politicians was expected to rise as well, even if only slowly. Such a politician would act as a power broker, stand for a political programme, and even act as and be perceived as the representative of a particular constituency or of social or economic interests. This latter type has always existed in Lebanon. For details, see: Rola el-Husseini, ‘Lebanon: Building Political Dynasties’, in Volker Perthes (Ed.), *Arab Elites: Negotiating the Politics of Change*, (Boulder, Colo.: Lynne Rienner Publishers, 2004), pp.239-266.

⁷⁵ Rafiq Hariri, Najib Mikati and Mohammed Safadi can be described as ‘new contractors’ who became wealthy abroad (particularly in the Arab Gulf), before returning to Lebanon to play a role in politics. See: Hannes Baumann. “The ‘new contractor bourgeoisie’ in Lebanese politics: Hariri, Miqati and Faris”, in Ed. A. Knudsen and M. Kerr, (Eds.), *Lebanon: After the Cedar Revolution*, (London: Hurst, 2012), pp.125-144. Further details on these individuals and their social and political backgrounds will be provided in subsequent chapters.

⁷⁶ The term of ‘politically relevant elite’ and its distinction from ‘elite’ was borrowed from the book edited by Volker Perthes, cited above.

forces of globalisation, we find that political influence and power have been awarded by the young leaders to those whose skills and knowledge were considered relevant to all decisions concerning economic reform that in one way or another involved economic liberalisation.⁷⁷ Over the last decade or so, the leaderships of Arab countries such as Algeria, Egypt, Jordan, Morocco, Saudi Arabia, Syria and Tunisia, placed greater emphasis on securing the skills and knowledge of businesspeople and private sector representatives with economic expertise, either through *informal* arrangements, or by incorporating some of them into *formal* decision-making or consultative processes and structures. With the notable exceptions of Lebanese politicians such as Hariri, Mikati, Safadi and Fares, few others have been able to acquire leading government positions: one such being, for example, Moroccan Prime Minister Driss Jettou.

Many of these new *recruits* belonged to what some scholars – such as Robert Cox, William Robinson and Leslie Sklair – call the ‘transnational capitalist class’ (TCC) which pushes the process of ‘neoliberal globalisation’.⁷⁸ In terms of the Arab countries specifically, the recruits were typically young Arabs, most of whom had gained an education abroad, and who prepared themselves to invest their skills and their capital in their homeland.⁷⁹ We therefore find a growing percentage of people recruited by the elites to have undergraduate degrees or doctorates from universities that are based in Europe or the United States.⁸⁰ Amongst the new recruits, one finds an increased number of economists with experience in international organisations (such as Palestinian finance minister Salam Fayyad, Lebanese economy minister Bassel Flayhan, or Syrian Minister of Economy and Trade Ghassan al-Rifa’i, amongst others). Lebanese politicians such as

⁷⁷ For details, see: Perthes, ‘Politics and Elite Change in the Arab world’, p.24.

⁷⁸ Significant authors, such as Robert Cox, William Robinson and Timothy Sklair, argue that the globalisation of industrial production and marketing has led to the rise of a ‘transnational capitalist class’ (TCC). For details, see: Robert Cox, ‘Social forces, states, and world orders: beyond international relations theory’, in Robert Cox and Timothy Sinclair (Eds.), *Approaches to World Order*, (Cambridge: Cambridge University Press, 1996), p.111; Leslie Sklair, *The Transnational Capitalist Class*, (Malden: Blackwell, 2000); William Robinson, *A Theory of Global Capitalism: Production, Class, and State in a Transnational World*, (Baltimore: Johns Hopkins University Press, 2004), pp.33-84.

⁷⁹ See: *ibid.*

⁸⁰ It is worth noting that the number of foreign (European, Euro-Arab, US) private universities in the Arab world has substantially grown since the mid-1990s. Traditionally, there have been the American University of Cairo and the American University of Beirut. But additional ‘American Universities’ have been set up in places such as Dubai and Jordan.

Hariri, Mikati, Safadi and Fares were truly ‘transnational’ as well. If we take Hariri as an example, he had migrated to Saudi Arabia and became a Saudi citizen. He operated equally between Lebanon and Saudi Arabia. In addition, he built a close connection with France. This came after he bought the French construction company, OGER, in 1979. This company was later incorporated in Saudi Arabia and Lebanon, which made Hariri the owner of a transnational company.

ii. Differentiating between the Arab elites

So while these businesspeople and private sector representatives are labelled as being part of this TCC, their rise could be defined in terms of the region or the country they belong to.⁸¹ In order to arrive to such a distinction, some scholars have placed their rise within the specific historical sociology of the region or country they are based in. Pierre-Arnaud Barthel, for example, has suggested the term ‘trans-Arab capitalism’, which he uses to describe the rise of the businesspeople and private sector representatives of the Arab/Middle Eastern region.⁸² But it is important not to explain the rise of these individuals in the context of the impersonal dynamics of ‘global capitalism’ alone, as this can mislead us into viewing *all* businesspeople and private sector representatives as one and the same thing.⁸³

In Chapter 1, a distinction was made between the new contractors, who pursue neoliberal globalisation as a *political* project to re-establish the conditions for capital accumulation and the reconstitution of power to capitalists (both national and

⁸¹ The concept of TCC is separated from its local context, and therefore, makes the nation-state appear to be irrelevant to the course of neoliberal globalisation. Thus, the concept of TCC is tautological, to say the least, because it includes anyone who pushes for neoliberal globalisation. For a critique of the conceptual and empirical basis of the “transnational capitalist class” in general, see Buris’ review of Sklair’s book: Val Buris, ‘Review of: Leslie Sklair, *The Transnational Capitalist Class*’, *Contemporary Sociology*, 31(4), (2002), pp.416-417.

⁸² For further details, see: Pierre-Arnaud Barthel, ‘Arab Mega-Projects: Between the Dubai Effect, Global Crisis, social Mobilization and a Sustainable Shift’, *Built Environment*, 36(2), (2010), p.138.

⁸³ According to authors such as Sklair, the nation-state and its politics are largely irrelevant to the course of neoliberal globalisation, just like crude versions of world systems theory or dependency theory assumed that the peripheral state was irrelevant except as an institution facilitating the transfer of surplus to the core of the world economy. For details, see: Sklair, *The Transnational Capitalist Class*, p.5.

transnational), and the recruited technocrats, who drive neoliberal globalisation as a *utopian economic* project to provide a theoretical template for the reorganisation of international capitalism.⁸⁴ These two categories are analytically distinct from one another because a tension appears in their relationship.⁸⁵ In the Arab world, however, it is difficult to identify those politically relevant businesspeople and private sector representatives who seek to drive neoliberal globalisation as a political project because political regimes there do not award ‘outsiders’ political powers that are considered to be ‘structural’ or ‘deep’. Take, for example, the ‘Economic Development Board’ (EDB)⁸⁶ in Bahrain, the ‘Economic Consultative Council’ (ECC)⁸⁷ in Jordan, or the ‘Syrian Enterprise and Business Centre’ (SEBC)⁸⁸ in Syria, which were all new institutional bodies that brought together businesspeople and private sector representatives into the decision-making process.⁸⁹ While members of these three institutional bodies were awarded significant influence and power over economic matters, they were at the same time heavily dependent on the ‘will’ and ‘priorities’ of their respective rulers (King Hamad, King Abdullah II and President Bashar al-Assad).⁹⁰

⁸⁴ This is according to: Harvey, *A Brief History of Neoliberalism*, p.19.

⁸⁵ As mentioned in Chapter 1, Gill describes the technocrats as globalising elites. Globalising elites occupy roles within strategic international institutions, governments, think tanks and the like. Together with the new contractors they constitute a transnational community seeking to exploit material advantages of those operating in an emergent transnational economic space. They promote regulatory frameworks (and forms of deregulation) suitable for the advancement of those interests via the powerful and austere. For details, see: Gill, *Power and Resistance in the New World Order: Second Edition Fully Revised and Updated*, p.194. See also: Stephen Gill ‘Globalisation, Market Civilisation and Disciplinary Neoliberalism’, *Millennium: Journal of International Studies*, 24(3), (1995), pp.399-423.

⁸⁶ For details, see webpage: <http://www.bahrainedb.com/en/about/board/Pages/default.aspx#.UwSQgF9FDGg> (Accessed 15 February 2014).

⁸⁷ For details, see: Andre Bank and Oliver Schlumberger, ‘Jordan: Regime survival and economic reform’, in Volker Perthes (Ed.), *Arab Elites: Negotiating the Politics of Change*, (Boulder, Colo.: Lynne Rienner Publishers, 2004), pp.35-60.

⁸⁸ For further details, see webpage: http://www.sebcysyria.com/web2008/art.php?art_id=1346 (Accessed 15 February 2014).

⁸⁹ The breadth and depth of political influence and power awarded to these newcomers in the Arab world has and will continue to vary from one country to another. In countries such as Bahrain, Jordan, and Syria, where prime decision-makers were replaced over the past two decades (before the Arab Spring), a large percentage of these people have gained a certain degree of influence over economic matters.

⁹⁰ The monarchs and presidents of the Arab world are considered the central agent, *de jure* and *de facto*, at the centre of the core elite. Therefore, the rulers of these countries could dismiss any individual elite member in the circle of political influence and power if necessary to maintain their grip on power. This includes dismissing the businesspeople and private sector representatives who were awarded particular powers.

As a rule of thumb, however, the personal ties (*'wasta'*) that a given individual has to the King, the President, or those in the regime's 'inner circle' – be they a ruling party or a ruling family – determines the degree of influence he or she can expect to wield politically.⁹¹ A prime example of this was Morocco's Driss Jettou; a prominent businessman and trusted ally of the king. He began his political career in 1993, when he was appointed by King Hassan II as Minister of Trade and Industry. He then served as Minister of Interior from 2001 to 2002. Due to his continued loyalty to the monarchy, he was appointed by King Mohammed VI as Prime Minister (2002-2007).⁹² In this regard, Jettou's gradual political ascent put him, arguably, in a better position than others to push neoliberalism as a political project. The same situation can be seen in Lebanon, especially during the civil war. Political ascendancy was blocked by militias which dominated politics within their confessional group. This meant that Lebanese businesspeople had to associate more closely with militias to gain political influence. For instance, the businessman Roger Tamraz gained significant political clout when he became the business representative of then President Amin Gemayel (who was the elder brother of Maronite militia leader Bachir Gemayel).⁹³ But businessmen like Hariri, Mikati and Safadi were exceptional cases. This was because they came from the Sunni community. Sunni militias were fatally weakened by the Israeli invasion in 1982, which expelled their main sponsor – the Palestine Liberation Organisation (PLO) – from the country. This meant that Sunni businessmen did not have to contend with militias within their own community in the same way that, for example, Tamraz had to from the Maronite community. More details on this point will be provided in Chapter 4.

⁹¹ The notion of *'wasta'*, which is typical in many Arab/Middle Eastern societies, is supposed to denote the informal personal relations designed and used for mutual benefit. For an explanation of *wasta* and of its prevalence in Arab/Middle Eastern societies, see: Robert B. Cunningham and Yasin K. Sarayrah, *Wasta: The Hidden Force in Middle Eastern Society*, (Greenwood: Praeger, 1993).

⁹² Driss Jettou's appointment was considered 'controversial' because it was the first time in the country's history that a prominent businessman who was not a member of a party was put in charge of the government. It must be stressed, though, that he was highly trusted by the king. Earlier that year, the first legislative elections held under Mohammed VI (September 2002), was orchestrated by Driss Jettou when he was the Minister of Interior. For details, see: Saloua Zerhouni, 'Morocco: Reconciling Change and Continuity', in Volker Perthes (Ed.), *Arab Elites: Negotiating the Politics of Change*, (Boulder, Colo.: Lynne Rienner Publishers, 2004), p.66.

⁹³ For details, see: Najib Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', *Geopolitics*, 15(2), (2010), pp.301-204. See also: Baumann, "The 'new contractor bourgeoisie' in Lebanese politics: Hariri, Miqati and Faris", pp.125-144; Hannes Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, (London: PhD Thesis, SOAS, 2012), p.62.

But one must also bear in mind that the political regimes governing in Arab countries are based on a system of rule that is ‘neo-patrimonial’. Neo-patrimonialism implies the existence of a political leader who holds ultimate power and exercises it, often, by informal means of patronage networks and clientelist relations incorporating loyalists of that leader’s choice.⁹⁴ Going back to Morocco as an example, King Mohammed needed loyalists, such as Jettou, because the latter would not challenge the former’s uncontested and privileged position ‘above’ society. If Jettou appeared to have built a clientelist network of his own, the king would have perceived it as a threat to his position of dominance and, therefore, would have had him removed and replaced. The same explanation could also be applied to Lebanon if, for example, Tamraz had ‘stepped out of line’. But Lebanon cannot be classified as a typical example of a neo-patrimonial state. The mode of governance there is based on a formula for power-sharing amongst the many officially-recognised religious communities.⁹⁵ Because Lebanon was created as a liberal democratic state, some scholars describe the country as a ‘consociational democracy’.⁹⁶ But as Tom Najem rightly explains, Lebanon never established ‘truly effective mechanisms’ to regulate the political influence of patronage networks and clientelist relations. On the contrary, he argues that a ‘vibrant, omnipresent patron-client system’ emerged after independence. Patron-client interactions occur largely outside the formal democratic framework. And this remains the case, even to this very day.⁹⁷ As a result, the liberal democratic character of the Lebanese state was ‘muted’ to a significant

⁹⁴ ‘Neopatrimonialism’ is a term that originated with Shmuel N. Eisenstadt, in his 1973 book: *Traditional Patrimonialism and Modern Neopatrimonialism*. This book was cited in Chapter 1. This term was taken from Max Weber’s term, ‘patrimonialism’. Weber used the latter term to refer to a system of rule that is based on administrative and military personnel responsible to no one else but the ruler. In contrast, neopatrimonialism is used to refer to a modern form of the traditional patrimonial rule that mixes elements of patrimonial and rational-bureaucratic rule together. For a good discussion on defining neopatrimonialism, see: Gero Erdmann and Ulf Engel, *Neopatrimonialism Revisited – Beyond a Catch-All Concept*, (Hamburg: GIGA Working Papers, 2006).

⁹⁵ Of course, the three main religious communities – Maronite Christians, Sunni and Shia Muslims; or one should perhaps say their respective business and political interests – stood to gain the most in terms of political influence.

⁹⁶ According to Arend Lijphart, consociational democracies are defined as those governed by an “elite cartel designed to turn a democracy with a fragmented political culture into a stable democracy.” See: Arend Lijphart, ‘Typologies of Democratic Systems’, *Comparative Political Studies*, 1, (1969), pp.3-44.

⁹⁷ For further details, see: Tom Najem, *The Lessons of Lebanon: The Economics of War and Development*, (London, I.B. Tauris, 2004), p.3.

extent. It is due to this, that Lebanon conforms more to the neo-patrimonial than to the liberal democratic mode of governance.⁹⁸ More details will be provided in Chapter 3.

While this breakdown of different elites within their particular social and political contexts helps us arrive at a more nuanced perspective of the neoliberal phenomenon in the Arab world in general, and post-civil war Lebanon in particular, it must be emphasised (again) that by using structuralist concepts such as classes, groups or networks, we limit the analysis to the mapping of class positions while learning nothing about how specific elites push for their interests. Thus, by adopting an approach that is more sociological in nature will provide us with a ‘careful mapping of the neoliberal offensive’⁹⁹ that is required to explain the dynamics of neoliberal urban developments in the region.¹⁰⁰

II. Neoliberal urban developments in the Arab world

As business elites gained influence over the realm of economic policy decision-making in their respective countries, Arab states adopted the neoliberal logic of competing with one another to attract global capital. One way of attracting this capital has been by packaging and introducing cities in the market as business and tourist ‘commodities’ to be invested in and visited.¹⁰¹ Even though cities have for a long time attracted international investment, it is only in recent years that Arab states have

⁹⁸ See: *ibid.*

⁹⁹ See: Peck and Tickell, ‘Neoliberalising Space’, p.381.

¹⁰⁰ As explained in Chapter 1, it is important to distinguish between ‘neoliberalism as a system of thought’ and ‘actually existing neoliberalism’. The reality is that the ‘actually existing neoliberalism’ is highly uneven across the globe because the nation-state and local politics shape the development and implementation of neoliberal economic policies as well. For further details, see: *ibid.*, pp.381-382. See also: Munck, ‘Neoliberalism and politics, and the politics of neoliberalism’, p.60; Brenner and Theodore, ‘Cities and the geographies of ‘actually existing neoliberalism’’, p.5; Harvey, *A Brief History of Neoliberalism*, p.21.

¹⁰¹ For further details, see: Rami Daher, (Ed.) *Tourism in the Middle East: Continuity, Change, and Transformation*, (Clevedon: Channel View Publications, 2007); Waleed Hazbun, *Beaches, Ruins, Resorts: The Politics of Tourism in the Arab world*, (Minneapolis: University of Minnesota Press, 2008).

consciously sought to compete over it.¹⁰² Lebanon is undoubtedly part of this competition:

“With the increasing internationalization of trade and financial services, Beirut and its revived center will find itself in competition with other cities of the eastern Mediterranean and Middle East. But it has many clear advantages, both old and new, as a city of culture, tourism and commerce... As a re-emerging business center, Beirut will find its new opportunities somewhat different from those that stimulated the growth of other centers in the region during the Lebanese war. In the past, growth depended on the recycling of oil revenues from the Arab world for investment in the West. New opportunities will no longer depend on the historic outflow of petro-dollars, but for managing the growing inflow of capital that needs to be directed towards investment sectors and identified projects – initially within Lebanon and later, in a new order of security and cooperation, throughout the region. Compared with other competing centers, Beirut is well placed to benefit from such emerging opportunities.”¹⁰³

However, this regional competition has had considerable consequences for the way in which large-scale urban projects are being conceived.¹⁰⁴ In post-civil war Lebanon most particularly, this has led to a concentration of reconstruction projects in the country’s capital, Beirut.¹⁰⁵ It has also led to the dominance of real estate conglomerates. With a few exceptions, the leading conglomerates are those based in the Gulf, where one specific

¹⁰² This falls in line with trends elsewhere, in which neoliberal urban restructuring projects are targeting heavily-urbanised environments where profits can be maximised. For details, see: Patsy Healey, Goran Cars, Ali Madanipour and Claudio de Magalhaes, ‘Transforming governance, institutional analysis and institutional capacity’, in Goran Cars, Patsy Healey, Ali Madanipour and Claudio de Magalhaes (Eds.), *Urban Governance, Institutional Capacity and Social Milieux*, (Aldershot: Ashgate, 2002), pp.6-28; Jon Pierre (Ed.), *Debating Governance. Authority, Steering, and Democracy*, (Oxford: Oxford University Press, 2000); Frank Moulaert, Erik Swyngedouw and Arantxa Rodriguez, ‘Large scale urban development projects and local governance: From democratic urban planning to besieged local governance’, *Geographische Zeitschrift*, 2–3, (2001), pp.71-84; David Harvey, ‘From managerialism to entrepreneurialism: The transformation in urban governance in late Capitalism’, *Geografiska Annaler B*, 1, (1989), pp.3-17.

¹⁰³ Quoted from: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.36.

¹⁰⁴ Many scholars have documented the considerable ‘physical and social consequences’ that these projects are having on cities across the region. Some of these works will be cited throughout this section.

¹⁰⁵ This consequence conforms to the neoliberal logic of systematically privileging some ‘places’, ‘territories’, and ‘scales’, over and against others. For further details, see: Brenner and Theodore, “Cities and the geographies of ‘actually existing neoliberalism’”, p.355; Moulaert, Swyngedouw and Rodriguez, ‘Large scale urban development projects and local governance: From democratic urban planning to besieged local governance’, p.79.

city stands way above the rest – Dubai.¹⁰⁶ These conglomerates will be the main focus in the analysis below. But because this thesis takes an approach that is more sociological in nature, the analysis will also pay attention to the elites running and benefiting from the conglomerates.

i. A ‘Gulf moment’?

To begin with, it must be stressed that there is a great divide in the region between, the Gulf states on the one hand and the non-Gulf states on the other. This divide, of course, is based on the abundance of capital that Gulf states had accumulated – or were projected to accumulate – from oil wealth.¹⁰⁷ Several economic reports and studies have been produced to illustrate the abundance of capital in the Gulf region. Indeed, some of the figures used are quite striking. For example, in one study commissioned by the World Bank, it was indicated that while the total population of Gulf states was approximately 10 per cent of the Arab population of the Middle East and North Africa in 2007, the Arab Gulf economies accounted for more than half of the region’s Gross Domestic Product (GDP) at about US\$826 billion in the same year.¹⁰⁸

Because of this oil ‘surplus’¹⁰⁹, and aided by the lack of historical ‘burdens’, the Gulf states have easily asserted their cities as ‘global cities’ – equipped with exclusive mixed-use developments, international museums and centres of learning, world-class

¹⁰⁶ The dominance of Dubai is also evident outside the Arab world. See: Yasser Elsheshtawy, *Dubai: Behind an Urban Spectacle*, (London: Routledge, 2010), pp.250-252.

¹⁰⁷ Another gap between the Arab Gulf countries and other Arab countries is governance, which measures five parameters: political stability, government effectiveness, regulatory quality, rule of law and costs of corruption. According to the World Bank’s governance indicators for 2005, on average, the Arab Gulf countries achieved higher scores in all parameters. The high quality of governance in these countries has led to a sharp increase in foreign investment inflows as well. Referenced in: Yasser Elsheshtawy, ‘The Great Divide: Struggling and Emerging Cities in the Arab world’, in Yasser Elsheshtawy (Ed.), *The Evolving Arab City: Tradition, Modernity & Urban Development*, (London: Routledge, 2008), p.9.

¹⁰⁸ See: World Bank, *Economic Integration in the GCC*, (Washington DC: World Bank, 2010).

¹⁰⁹ Between 2003 and 2004, the six states of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE) enjoyed a surplus of about US\$50 billion, which then rose to US\$400 billion between 2007 and 2008. In 2009, it plummeted to an estimated US\$47.4 billion, rising again to US\$142.2 billion in 2010. Based on information obtained from: Rami Daher, ‘Neoliberal Urban Transformations in the Arab City’, *Urban Environment*, 7, (2013), p.100.

airports, etc.¹¹⁰ Of course, the rulers of Dubai led this trend, as they transformed their poor fishing and pearling village into a modern metropolis that would serve as a trade and services hub for the rest of the world. Not long after, the rulers of other Gulf states began to follow suit.¹¹¹ This is particularly the case for cities such as Abu Dhabi, Doha and Riyadh.¹¹² Today, these cities are part of a conglomeration that is united through their ‘mega-projects’, and have, to some extent, set themselves apart from the rest of the Arab/Middle Eastern region.¹¹³ But this sense of separation goes beyond the physical transformation of their cities. By developing their cities with little financial difficulty, these countries have become increasingly aware of their newly-acquired status as socio-economic powers, and have in turn, used their powers to influence events in the rest of the region.¹¹⁴ This is most visibly expressed by the official rhetoric adopted by local officials and scholars. To take one example, Abdulkhaleq Abdullah, a UAE University

¹¹⁰ It must be stressed, however, that the ‘global city discourse’ is moving away from the Western, economic bias and is becoming more inclusive, accepting the distinctiveness of cities – using terms such as ‘world city’, ‘transnational city’, or ‘globalising city’. See, for example: Yasser Elsheshtawy, ‘Cities of Sand and Fog: Abu Dhabi’s Global Ambitions’, in Yasser Elsheshtawy (Ed.), *The Evolving Arab City: Tradition, Modernity & Urban Development*, (London: Routledge, 2008), pp.258-304.

¹¹¹ For further details on this, see: Jeffery Sampler and Saeb Eigner, *Sand to Silicon: Achieving Rapid Growth Lessons from Dubai*, (London: Profile, 2003); Ahmed Kana, ‘The ‘state philosophical’ in the ‘land without philosophy’: shopping malls, interior cities, and the image of utopia in Dubai’, *Traditional Dwellings and Settlements Review*, 16(2), (2005), pp.59-73; Roland Marchal, ‘Dubai: Global city and transnational hub’, in Madawi Al-Rasheed (Ed.), *Transnational Connections and the Arab Gulf*, (London: Routledge, 2005); Barthel, ‘Arab Mega-Projects: Between the Dubai Effect, Global Crisis, Social Mobilization and a Sustainable Shift’, pp.133-145.

¹¹² In this regard, it cannot be denied that Dubai’s experience of urban development has become so attractive, that it is sometimes considered a ‘model’ to follow within the Gulf region. For example, one can look at the impact that Dubai has exerted on the city of Doha. In this regard, Dubai’s experience has encouraged Qatar to compete with Dubai on many fronts. One can also look at the ‘Financial Harbour’ project in Manama, the ‘City of Silk’ [*Madinat al-Hareer*] project in Kuwait City, or even the ‘Jabal Omar’ project in the Holy City of Mecca, as examples showing that Dubai’s experience has made a strong impression on the Gulf, let alone, the entire Arab/Middle Eastern region. For further details on the three aforementioned projects, see: <http://www.bfharbour.com> (Accessed 27 December 2012); <http://www.madinat-al-hareer.com> (Accessed 27 December 2012); <http://www.jabalomar.com.sa/> (Accessed 27 December 2012).

¹¹³ A megaproject is an extremely large-scale investment project. Megaprojects are typically defined as costing more than US\$1 billion and attracting a lot of public attention because of substantial impacts on communities, environment, and budgets. For details, see: Alan Altshuler and David Luberoff, *Mega-Projects: The Changing Politics of Urban Public Investment*, (Washington, DC: Brookings Institution, 2003).

¹¹⁴ This includes influencing events in Lebanon. This is most visibly demonstrated by Saudi Arabia. More specifically, Saudi Arabia lent its support to Rafiq Hariri – a Lebanese expatriate and dual Saudi-Lebanese national – in order to secure their interests in the country. More on this ‘imperial’ dimension will be provided in Chapters 3 and 6.

Professor of political science talks about ‘the Gulf moment’ and how the significance of states such as Egypt, Iraq, and Syria has effectively diminished.¹¹⁵

This ‘great divide’ has had many consequences for the region; two of which are particularly important for this study. Firstly, it has increased the rate of migration from the poor Arab countries to the richer ones in the Gulf region.¹¹⁶ This came to include Lebanese migrants as well (Rafiq Hariri was part of this group).¹¹⁷ And secondly, it has forced the non-oil-rich Arab states to look to the Gulf region for capital investments. Undoubtedly, both sides had much to benefit from such investment. For the Gulf states, this was an opportunity to keep their capital surplus in a region that they considered ‘safe’ for their investments. After 9/11 in particular, much Gulf capital was kept in the region.¹¹⁸ While for the other Arab states, this was a golden opportunity to attract the huge amounts of capital that they needed to relieve themselves of their financial and socio-economic burdens. In light of this, certain reports highlight that the bulk of the oil surplus has indeed gone into investments in the wider Arab/Middle Eastern region.¹¹⁹

¹¹⁵ For example, see: Abdulkhaleq Abdulla, *Contemporary Socio-Political Issues of the Arab Gulf Moment*, (London: Research Paper for the Kuwait Programme on Development, Governance and Globalisation in the Gulf States LSE, 2010).

¹¹⁶ Arab migration to the Gulf region increased greatly after the end of the Second World War. It started with Egyptians, Palestinians and Yemenis, but later began to include Iraqis, Lebanese, Syrians, and others as well. For details on this migration, see: J. S. Birks and C. A. Sinclair, *Arab Manpower: The Crisis of Development*, (London: Croom Helm, 1980); Sharon S. Russell, ‘Migration and Political Integration in the Arab world’, in Giacomo Luciani and Ghassan Salamé (Eds.), *The Politics of Arab Integration*, (London: Croom Helm, 1988), pp.183–210; John Chalcraft, *Monarchy, migration and hegemony in the Arabian Peninsula*, (Research Paper for the Kuwait Programme on Development, Governance and Globalisation in the Gulf States, LSE, 2010), pp.6-8.

¹¹⁷ This will be explained further in Chapter 5.

¹¹⁸ In response to the events of 9/11, the American (and other Western) governments imposed harsh restrictions on the movement of money, froze many accounts held in banks and introduced new border controls. In response, the Gulf countries began to repatriate their capital and move their investments to the Arab/Middle Eastern region. The move came in part because Gulf investors saw the Middle East as having a safer and more favourable financial climate with bigger potential returns, as well as being more welcoming of their investments. For more details, see: Karen Pfeifer, ‘Petrodollars at Work and in Play in the Post-September 11 Decade’, *Middle East Report*, 260, (2013), pp.18-24.

¹¹⁹ According to a report by the IMF in 2008, for example, the bulk of the oil windfall was predicted to be invested in the region, where, in the Gulf alone, projects worth more than US\$1 trillion had been planned. In the same year, another study, by McKinsey, also estimated that over the period of 2005 and 2020, the Gulf would likely have a US\$3 trillion oil surplus, half of which will stay in the region, with capital of another US\$750 billion or so going into investments in the wider Middle East and North Africa. See: IMF, *Regional Economic Outlook: Middle East and Central Asia*, (Washington DC: IMF, 2008), p.29; McKinsey & Company, *The Coming Oil Windfall in the Gulf*, (Washington DC: McKinsey Global Institute, 2008), pp.17-18.

These numbers have changed significantly given the turmoil that has engulfed many parts of the region during the Arab Uprisings.¹²⁰

ii. The rise of Gulf-based real estate conglomerates

The development that has characterised cities of the Arab Gulf countries has led to the rise of various real estate conglomerates. These real estate conglomerates are worth billions of dollars on the stock market. By 2013, the 50 top conglomerates listed on the Gulf's main stock markets had a market cap of US\$55.77bn.¹²¹ Today, the top ranking conglomerate is Qatari-owned Ezdan Holding Company, which has a market cap of US\$12.95bn. This is then followed by Dubai-based EMAAR Properties, which has a market cap of US\$7.98bn (and which is globally recognised for the construction of Burj Khalifa). And in third place is the Saudi-based Jabal Omar Development Company, which has a market cap of US\$5.28bn (and which is known for its projects in the Holy City of Mecca). Other important names include Al Dar Properties, Barwa Real Estate Company, Dar Alarkan Real Estate Development Company, Sorouh Real Estate Company, Al Mabane, Deyaar Development Company and Arabtec Holding, to name but a few examples.¹²²

Governments and heads of state across the Arab world have opened up their respective economies to these powerful conglomerates.¹²³ In some cases, they have even

¹²⁰ Since the protests began in Tunisia in December 2010, Gulf capital in the region has been reshuffled to counter the wave of uprisings. For details, see: Kristian Coates Ulrichsen, *The Gulf Goes Global: the evolving role of Gulf countries in the Middle East and North Africa and beyond*, (San Francisco: Fride and Hivos, 2013); Kristian Coates Ulrichsen, *The Gulf States and the Rebalancing of Regional and Global Power*, (Houston: James A. Baker III Institute for Public Policy, 2014).

¹²¹ For further details, see: Arabian Business, 'REVEALED: Top 50 GCC real estate companies', 03 February 2013, from: <http://www.arabianbusiness.com/photos/revealed-top-50-gcc-real-estate-companies-487756.html> (Accessed 23 February 2014).

¹²² For details on these companies, see: *ibid*.

¹²³ The 'state' in countries such as Egypt, Jordan, Morocco, and others, finds itself pulling itself out of its responsibilities in fragile sectors such as education, healthcare, social security and social housing, and instead, becoming more involved in real estate development as a facilitator, regulator and provider of indirect subsidies for transnational real estate conglomerates. Larner describes this kind of neoliberalism as a process of, "opening up national economies to global actors such as multinational corporations and to global institutions such as the IMF and the World Bank," thus leading to more increased interventions. See:

established a series of real estate partnerships with them.¹²⁴ One example includes the Abdali Boulevard Company in Jordan, which is jointly owned by the government-owned real estate developer National Resources and Development Corporation (Mawared), OGER Jordan (a subsidiary of OGER Saudi), as well as the United Real Estate Company – Jordan, under the group of Kuwait Projects Company (KIPCO).¹²⁵ It is worth noting that OGER belongs to the Hariri family (more details on OGER will be provided in Chapter 5). In Morocco as well, a governmental agency called Agence pour l'Aménagement de la Vallée du Bouregreg (AAVB) was created, which was based on a 50/50 joint venture with private actors in both stages of the project: in the first stage, a joint venture would be formed between AAVB and the Abu-Dhabi-based property development company Al Maabar; and in the second stage, another joint venture is formed between AAVB and Sama Dubai, the real estate arm of the state-owned Dubai Holding Group.¹²⁶ And in the West Bank, one finds the Bayti Real Estate Investment Company, which is jointly owned by the Palestinian National Authority, Massar International (a local real estate company owned by prominent Palestinian businessman Bashar al-Masri), and the Qatari Diar Real Estate Investment Company (part of the Qatar Investment Authority's property investment fund).¹²⁷

Wendy Larner, 'Guest editorial: Neoliberalism?', *Environment & Planning D: Society & Space*, 21, (2003), p.509.

¹²⁴ For more details, see: Gerry Stoker, 'Urban political science and the challenge of urban governance', in Jon Pierre (Ed.), *Debating Governance. Authority, Steering, and Democracy*, (Oxford: Oxford University Press, 2000), pp.91-109.

¹²⁵ For an analysis of this project, and others like it in Jordan, see: Daher, 'Amman: Disguised Geneology and Recent Urban Restructuring and Neoliberal Threats', pp.37-68; Christopher Parker, 'Tunnel-bypasses and minarets of capitalism: Amman as a neoliberal assemblage', *Political Geography*, 28 (2009), pp.110-120; Christopher Parker and Pascal Debruyne, 'Reassembling the Political Life of Community: Naturalizing Neoliberalism in Amman', in Jenny Kunkel and Margit Mayer (Eds.), *Neoliberal Urbanism and its Contestations: Crossing Theoretical Boundaries*, (Basingstoke: Palgrave Macmillan, 2012), pp.155-172.

¹²⁶ However, Sama Dubai withdrew from the project due to the financial meltdown of 2008. For further details on this partnership, and others like it in Morocco, see: Hicham Mouloudi, 'Reactions 'From Below' to Big Urban Projects: the Case of Rabat', *Built Environment*, 36(2), (2010), pp.230-244; Isabelle Berry-Chikhaoui, 'Major Urban Projects and the People Affected: The Case of Casablanca's Avenue Royale', *Built Environment*, 36(2), (2010), pp.216-229; Pierre-Arnaud Barthel and Sabine Planel, 'Tanger-Med and Casa-Marina Prestige Projects in Morocco: New Capitalist Frameworks and Local Context', *Built Environment*, 36(2), (2010), pp.176-191.

¹²⁷ This is according to the following webpage: <http://www.rawabi.ps/about.php> (Accessed 23 February 2014).

It must be stressed that Gulf-based conglomerates are not the only players competing for partnerships throughout the region. In some cases, real estate conglomerates outside the Gulf have become part of this 'regional competition' as well. The most significant example of this is Solidere itself through the establishment of 'Solidere International' (also known as SI). Since its formation, SI has engaged with partners in the development of the following projects: 'Al Zorah' project in Ajman (UAE); 'Eastown' and 'Westown' projects in Cairo (Egypt); and the 'Bodrum' project in Turkey.¹²⁸ According to scholars of New Urban Governance, the growing number of partnerships that we are witnessing throughout the Arab/Middle Eastern region – what they often refer to as 'public-private partnerships' – is the most visible expression of neoliberal state-restructuring that has characterised various countries around the world; especially after the end of the Cold War.¹²⁹ In these partnerships, the private sector handles the tasks and functions that were traditionally dealt with by governments.¹³⁰ Such transfer of 'responsibility' to the private sector occurred as governments struggled to keep up with the changes and pressures of a highly uncertain external environment.¹³¹ It began as early as the 1970s in a number of US cities like Atlanta, Baltimore and Boston.¹³² The trend then reached Europe and was particularly evident in the UK with the London

¹²⁸ In addition, several projects have been signed in Saudi Arabia, which SI considers to be a very promising real estate market. And other opportunities are being assessed in places such as Qatar, Algeria and even Montenegro. See: Solidere, *Annual Report*, (Beirut: Solidere, 2007), p.83.

¹²⁹ For further details, see: Hackworth, *The Neoliberal City: Governance, Ideology, and Development in American Urbanism*, pp.61-76; Harvey, *A Brief History of Neoliberalism*, pp.87-119; Brenner and Theodore, "Cities and the geographies of 'actually existing neoliberalism'", pp.349-379; Smith, 'New globalism, new urbanism: gentrification as global urban strategy', pp.427-450; Swyngedouw, Moulaert and Rodriguez, 'Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy', pp.542-577.

¹³⁰ For further details, see: Allan Cochrane, *Whatever Happened to Local Government?*, (Buckingham: Open University Press, 1993); Robert A. Beauregard, 'Epilogue: Globalization and the city', in Harri Andersson, Gertrud Jørgensen, Dominique Joye and Wim Ostendorf, (Eds.), *Change and Stability in Urban Europe*, (Aldershot: Ashgate, 2001); Arne Bongenaar, *Corporate Governance and Public Private Partnership: The Case of Japan*, (Utrecht: Knag/Faculteit Ruimtelijke Wetenschappen Universiteit Utrecht, 2001).

¹³¹ This external environment is characterised by monetary chaos, speculative movements of financial capital, global location strategies by major transnational corporations, and rapidly intensifying interlocality competition. For details, see: Rob Imrie and Mike Raco, 'How new is the new local governance? Lessons from the United Kingdom', *Transactions of the Institute of British Geographers, New Series*, 24, (1999), pp.45-63.

¹³² See: Clarence Stone, *Regime Politics: Governing Atlanta 1946-1988*, (Lawrence, KS: University Press of Kansas, 1989); R. Scott Fosler and Renee A. Berger, *Public- Private Partnerships in American Cities: Seven Case Studies*, (Lexington, MA: Lexington Books, 1982), pp.174-198.

Dockland Development Corporation.¹³³ Not long after that, it reached the Middle East (which includes Lebanon). As Harvey rightly points out, these partnerships work to the advantage of the private sector because the state typically produces legislation and regulatory frameworks that allows the private sector to take most of the profits.¹³⁴ This point will be underscored when assessing the Solidere project in Chapter 6.

Out of all the aforementioned conglomerates, though, Dubai's EMAAR Properties has the most impressive partnerships throughout the region; in places like Egypt, Iraq, Jordan, Lebanon, Morocco, Saudi Arabia and Turkey. The one that stands out the most is that in Egypt.¹³⁵ Here, EMAAR launched an Egyptian subsidiary called 'EMAAR Misr'.¹³⁶ Its projects include 'Cairo Gate' (a mega-shopping mall), 'Mivida' and 'Uptown' (two gated communities in Cairo), and 'Marassi' (another gated community in Alexandria). But as discussed above, it is impossible to understand the influence that EMAAR has had on Egypt's urban environment without also taking into account the positions of the people running it. EMAAR was founded by prominent Emirati businessman Mohamed al Abbar. He is a typical example of an Arab businessperson who gained an education abroad and returned to invest his skills and/or capital in his homeland.¹³⁷ Even though al Abbar has no royal background, he was appointed as a senior aide to Dubai's ruler and UAE's Vice President Sheikh Mohammed bin Rashid al Maktoum.¹³⁸ In this regard, al Abbar fits the profile of local businesspeople recruited by

¹³³ See, for example: Sue Brownill, *Developing London's Docklands: Another great planning disaster?*, (London: Paul Chapman Publishing, 1990).

¹³⁴ See: Harvey, *A Brief History of Neoliberalism*, p.77.

¹³⁵ EMAAR has even launched projects further afield in places such as India, Pakistan and North America. For further details, see webpage: <http://www.emaar.com/index.aspx?page=emaar-international> (Accessed 23 February 2014).

¹³⁶ EMAAR Misr is considered to be the single largest foreign direct investor in Egypt's real estate sector, with an investment portfolio of US\$7.97 billion. Against this background, EMAAR Misr entered the country's real estate market with a new and ambitious strategy based on its ground-breaking seven pillars philosophy that it plans to bring to Egypt: providing properties that are: of superior quality, financed, finished, furnished, serviced, managed and integrated. For further details on the company's Egypt subsidiary, see webpage: <http://www.emaarmisr.com/default.aspx> (Accessed 23 February 2014).

¹³⁷ In this regard, Al Abbar earned his undergraduate degree in Finance and Business Administration from the Albers School of Business and Economics at Seattle University, while also receiving an honorary doctoral degree in humanities from his alma mater in 2007.

¹³⁸ Upon returning to his home country, Al Abbar was appointed as Director-General of Dubai's Department of Economic Development. In turn, he has helped contribute to development of Dubai's economy in many sectors.

local rulers in order to help in the management of economic matters. Importantly, EMAAR is majority owned by the government of Dubai with a shareholding value of 32%.¹³⁹ Thus, al Abbar and the Dubai royals are some of the most important individuals leading the real estate industry in Egypt and elsewhere.¹⁴⁰

Of course, the regional leaders of real estate activity are not only limited to al Abbar and the Dubai royals. If one looks at a list of people considered to be at the forefront of this gigantic industry, one finds a ‘consortium’ of capitalists (both local and transnational) that include: Gulf royals; Gulf-based businesspeople and private sector representatives; and to a lesser extent, businessmen outside the Gulf region.¹⁴¹ But again, the *transnational* capitalists are very much embedded into the Arab context that they are part of, and therefore, are shaped and influenced by the social patterns and structures that define Arab society. To begin with, one finds that these transnational *Arab* capitalists are male, reflecting the male-dominated society that they live in. The rate of family involvement in the businesses they run is also one of the highest in the world. According to a study by *Forbes* magazine examining the fortunes of 1,253 ultra-high net worth individuals worldwide, billionaires in the Middle East have one of the highest rates of family involvement standing at 62%.¹⁴² Take Najib Mikati as an example: he built his fortunes in cooperation with his brother, Taha Mikati. Finally, most of the fortunes are

¹³⁹ See company webpage: <http://www.emaar.com/index.aspx?page=investorrelations> (Accessed 23 February 2014).

¹⁴⁰ This is particularly the case for al Abbar: *Euromoney Magazine* named him one of five prominent Arabs in only 50 global economy leaders (1996); *Advertising Age* selected him as one of its International Marketing Superstars of the Year (1996); while *Arabian Business* ranked Al Abbar second among top 100 most powerful Arabs (2007). See: Gulf News, ‘The region needs more than one Dubai’, *Gulf News*, 14 July 2003, from: ; Arabian Business, ‘100 most powerful Arabs 2007’, 18 March 2007, from: <http://www.arabianbusiness.com/100-most-powerful-arabs-2007-147830.html> (Accessed 23 February 2014).

¹⁴¹ This is according to a blog article listing the Middle East’s top real estate players. On the list is Nasser Chammaa (acting as Chairman of Solidere and loyalist of the late Lebanese Prime Minister Rafiq Hariri). His name will come up again in later chapters. See: Brett Siegel, ‘Middle East Real Estate Power Elite List 2013’, *UAE Mega Projects (Blog)*, 08 February 2013, from: <http://uaemegaprojects.blogspot.co.uk/2013/02/middle-east-real-estate-power-elite.html> (Accessed 23 February 2014).

¹⁴² Only India has a higher rate of family involvement. This is mainly for cultural reasons rather than of economic history or other reasons. The families are often close-knit, but this is not to say that divisions do not happen. Take the Emirate al-Futtaim brothers who are estranged. See: Clara Knutson, ‘Middle Eastern Billionaires and Family Ties’, *Forbes Magazine*, 04 November 2012.

inherited by older male relatives.¹⁴³ A clear example of this is with Saad Hariri and his three brothers, who inherited the wealth of their father, Rafiq Hariri, after he was assassinated in 2005.

iii. The ‘Gulfication’ of the Arab urban environment

Having identified who the main real estate conglomerates ‘running the show’ in the region are, one can begin to understand the kind of projects that have been implemented as well. In this regard, the urban projects that we see throughout the Arab world reflect a particular vision: to create spatial environments that cater to a rich Arab clientele. In effect, this means the creations of spaces that are exclusionary. In this regard, they represent clear examples of neoliberal spatial reordering and urban restructuring.¹⁴⁴ But regardless of the similarities between these neoliberal urban developments and those taking shape in other parts of the world, the influence consists mainly of processes that are activated from the inside by local actors. It is because of this that scholars point to these projects as ‘Arab mega-projects’; as if to suggest that there is an ‘Arab way’ of urban development and planning.¹⁴⁵ But it is more specific than simply an ‘Arab way’ of development. What we are witnessing can be better described as a ‘Gulf way’ of urban development and planning.

¹⁴³ Again, the *Forbes* study indicates that only 38% of fortunes possessed by billionaires in the region are self-made. See: *ibid*.

¹⁴⁴ The development of new urban islands that cater to a lifestyle of excessive consumption for the elite, together with the internationalisation of commercial real estate companies and construction consulting firms capable of providing high-quality services, are the main indicators of this neoliberal urban restructuring that is occurring in places such as Solidere in Beirut, Abdali in Amman, Uptown in Cairo, Rawabi in the West Bank, the development of Bou Regreg river in Rabbat, and even the heart of the Holy City of Mecca through the Jabal Omar project.

¹⁴⁵ As of late, a special issue was released by Pierre-Arnaud Barthel. In this edition, a number of key authors illustrate the primacy of urban development projects in the planning of large cities and urban environments in the Arab world over the last twenty years. In particular, they investigate whether there is an ‘Arab’ way of creating such projects. For example, see: Barthel, ‘Arab Mega-Projects: Between the Dubai Effect, Global Crisis, Social Mobilization and a Sustainable Shift’, pp.133-145.

In the 1960s, the Arab world looked to ‘traditional cities’, such as Beirut, for inspiration in urbanism.¹⁴⁶ This changed as soon as cities in the Gulf region developed much more rapidly than other Arab ones. One of the earliest examples of this happening was in the city of Jubail, located in the Eastern Province of the Saudi Kingdom. A US-based construction company called Bechtel was contracted by the Saudi government to implement what was dubbed ‘the largest civil engineering project in the world’. Since Bechtel began construction in the mid-1970s, the project has led to the development of ‘Jubail Industrial City’, which today hosts a population of more than 100,000 people. This – as well as many other large-scale projects that would appear in the Gulf in subsequent years – became models for other Arab governments to emulate in their own countries. According to Jad Tabet, it was the Jubail project which inspired Hariri’s Solidere project in Downtown Beirut. To begin with, Solidere’s Board of Founders included Saudi businessman Yehia Bin Laden.¹⁴⁷ Importantly, Yehia Bin Laden is the General Manager of ‘Mohamad Bin Laden Construction Company’, which is a key investor in Bechtel via the ‘Fremont Group’.¹⁴⁸ Furthermore, the Solidere project was, in a sense, a replication of the Jubail project because it involved expropriation and distribution of shares. Of course, the impacts of both vary considerably because Jubail’s socio-economic and political roles do not match those of Beirut. In this respect, Tabet notes that Solidere was ‘neoliberal with a Saudi inspiration’.¹⁴⁹

The Solidere project is not the only urban development in Beirut to be inspired by projects in the Gulf. Today, Beirut is dotted with ‘Gulf-inspired’ urban developments. Undoubtedly, the most significant project (to date) has been Solidere’s in Downtown Beirut. But other significant schemes include the ‘Linord project’ in the northern littoral, the ‘Elyssar project’ in the southern suburbs, as well as other smaller-sized gentrification

¹⁴⁶ See: Rami Daher, ‘Discourses of neoliberalism and disparities in the city landscape: Cranes, craters and an exclusive urbanity’, in Myriam Ababsa and Rami Daher (Eds.), *Cities, Urban Practices, and Nation Building in Jordan*, (Beirut: Institut Français du Proche-Orient, 2011), pp.275-276.

¹⁴⁷ See also: Solidere, *Information Memorandum*, (Beirut: Solidere, 1993), p.29.

¹⁴⁸ According to an article in *The New Yorker*, the Bin Ladens have a ten-million-dollar stake in the Fremont Group. Other than Fremont Group, it is no secret that Bechtel has an ongoing working relationship with the Bin Laden family’s construction company. See: Jane Mayer, ‘The Contractors’, *The New Yorker*, 05 May 2003.

¹⁴⁹ Unless otherwise indicated, much of the information in this paragraph was obtained from an interview with Jad Tabet: Interview with Jad Tabet held on 28 September 2013 in Paris.

projects that are spreading across the city; such as in Achrafiyeh (East Beirut) and Hamra (West Beirut).¹⁵⁰ Alongside this, the Lebanese state has worked hard to provide Beirut with ‘world class’ infrastructure. This is the phase widely associated with the neoliberalisation of the country, because huge investments were deployed in developing highways, a new international airport and port, and several large-scale development projects all geared towards the re-instatement of Beirut as a regional finance and services hub.¹⁵¹ As elsewhere, public officials were preoccupied with the formulation of neoliberal policies that decentralised administrative power and provided incentives for the private sector to develop numerous five-star hotels, luxury residential blocks, shopping malls and high-end office spaces (similar to those found in the Arab Gulf cities). In most cases, these projects comprise of high-rise buildings with apartments that are roughly over 252m² and that are luxuriously designed with a price tag of US\$3,000 to US\$10,000 per m².¹⁵² These apartment buildings are isolated from their socio-spatial environment and accessed by a main driveway and narrow pedestrian (service) entrance. And together, these towers have led to the creation of ‘islands of wealth’ connected symbolically in their towering relation over the city.¹⁵³ See Figure 2 for a selection of images displaying various towers that have been built across Beirut over the past few years. The most

¹⁵⁰ This rationale for targeting specific areas within the city of Beirut falls in line with the neoliberal logic of targeting particular areas identified on the basis of ‘their location’, ‘their place’, and ‘characteristics of their living environment’. We must therefore look at these projects as ‘place-’, ‘space-’, or ‘territory-specific’ development programmes. For further details, see: Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, p.569; Harvey, ‘From managerialism to entrepreneurialism: The transformation in urban governance in late Capitalism’, pp.7-8.

¹⁵¹ See: Krijnen and Fawaz, ‘Exception as the Rule: High-End Developments in Neoliberal Beirut’, pp.117-131.

¹⁵² This is based on information obtained in a report by RAMCO real estate advisory, which concluded that the average price of a square meter rose in Beirut rose in the past 4 years (2010 to 2014) to: US\$4,143 in Hamra, US\$4,204 in Achrafiyeh, and US\$8,156 in Downtown Beirut. The average for the city reached US\$4,331 for a residential square metre. The average price of an apartment in Downtown Beirut is around US\$2.634 million, compared to US\$1.042 million in Achrafiyeh and US\$994,000 in Hamra. This means the cost of an apartment in Downtown Beirut is 2.6 times that in the west of the city and 2.5 times that in the east of the city. This information is according Ramco Real Estate Advisers, cited in: Mouhamad Wehbe, ‘Beirut for the Rich Only: An Average of \$1m for a Residential Apartment’, *Al-Akhbar*, 14 February 2014.

¹⁵³ Consequently, it is creating ‘isles of prosperity’ within the city, which act as exclusive zones where only the wealthy upper classes, tourists from the oil-rich Arab Gulf, and Lebanese expatriates can afford visiting or living in. For further details, see: Krijnen and Fawaz, ‘Exception as the Rule: High-End Developments in Neoliberal Beirut’, pp.117-131. See also: Harvey, *A Brief History of Neoliberalism*, p.157.



Figure 2 – A selection of images displaying various towers that have been built across Beirut over the past few years. Notice how they tower over some of the older buildings between them. Photos taken by author.

significant high-rise yet is ‘Sama Beirut’ (see Figure 3), which is set to become Lebanon’s highest tower with ultra-luxurious amenities, apartments and office spaces.¹⁵⁴

Of course, Beirut is not the only city in the Arab world inspired by urban developments in Gulf cities. Other cities include: Algiers, Baghdad, Cairo, Casablanca, Damascus, Khartoum, Nouakchott, Sana’a and Tunis.¹⁵⁵ At the same time, the Gulf city of Dubai is setting a precedent and is becoming ‘the model’ to be replicated in cities throughout the Arab world through the development of the world’s two largest man-made islands (Palm Jumeirah and Palm Jabel Ali), as well as through its major skyscrapers and luxury hotels on Sheikh Zayed Highway.¹⁵⁶ Amman represents one such example of an Arab city that is looking to Dubai for cutting-edge urbanist ideas. Here, we find the emergence of high-end business towers that offer exclusive spaces for consumption and refuge (for example, the Abdali and Jordan Gate projects), upper-end residential ‘gated communities’ all over the city (such as Green Land and Andalucia), and even low-income residential cities (such as, Jizza, Marka and Sahab), that work to push the poorer segments of society to the outskirts of the city.¹⁵⁷ In Rabat as well, local authorities have looked to Dubai for inspiration. Here, we find the large-scale development of the Bouregreg Valley, which will include a yacht marina, five-star hotels, pleasure beaches, luxury offices, hundreds of boutiques and stores, shopping centres and open-air amphitheatres. Like in Amman, Rabat is also creating low- and middle-income developments (such as Tamesna), which are meant to represent ‘new cities’ on the outskirts of the capital, and which are meant to act as ‘compensation’ for many who have

¹⁵⁴ See webpage: <http://www.sama-beirut.com/tallest-building-in-Lebanon> (Accessed 23 February 2014).

¹⁵⁵ Indeed, one should refer to the seminal contributions made by Yasser Elsheshtawy in two edited volumes on urban planning in the Arab world: Yasser Elsheshtawy, *The Evolving Arab City: Tradition, Modernity & Urban Development*, (London: Routledge, 2008); Yasser Elsheshtawy (Ed.), *Planning Middle Eastern Cities: An Urban Kaleidoscope in a Globalizing World*, (London: Routledge, 2004).

¹⁵⁶ For details, see: Elsheshtawy, ‘The Great Divide: Struggling and Emerging Cities in the Arab world’, p.8.

¹⁵⁷ For further details, see: Doris Summer, *Neo-Liberalizing the City: Transitional Investment Networks and the Circulation of Urban Images in Beirut and Amman*, (Beirut: Master’s Thesis, American University of Beirut, 2005); Daher, ‘Amman: Disguised Geneology and Recent Urban Restructuring and Neoliberal Threats’, pp.37-68; Daher, ‘Discourses of neoliberalism and disparities in the city landscape: Cranes, craters and an exclusive urbanity’, pp.273-296.



Figure 3 – An image of the new, ‘Sama Beirut’ tower under construction. When completed it will be the tallest building in Beirut. Photo taken by author.

found prices in Rabat to be well above their financial reach.¹⁵⁸ Of course, the way heritage and urban regeneration is being conceived, has led to growing criticisms against these projects. See Table 1 for examples of these criticisms.

All in all, findings from different countries confirm the work of Yasser Elsheshtawy, who minimises the idea to a phenomenon he refers to as ‘Dubaisation’ or ‘Gulfication’ of the Arab city.¹⁵⁹ But Gulfication is not the only phenomenon influencing the Arab city. This proposition is supported by Rami Daher, when he refers to Solidere’s reconstruction of Downtown Beirut as a ‘model’ that has been replicated in Jordan:

“The Solidere model of urban restructuring became the adopted approach within the region. Not only was it copied in Amman in the Abdali Project, but there are plans to apply it elsewhere within the region. This neoliberalization in the creation of public urban space circulates urban images, spectacles, and models and is leading to the dilution of local differences and the circulation of ‘corporate’ urban forms and images.”¹⁶⁰

Therefore, Arab cities are being influenced by various models coming from all parts of the Arab/Middle Eastern region. But while Arab cities have been influenced by models emanating from Gulf cities – or in Amman’s case, from Beirut – they will take different shapes and forms within different local contexts. Scholars such as Erik Swyngedouw, Frank Moulaert and Arantxa Rodriguez use the term ‘glocalization’ when explaining how neoliberal urban developments are incorporated and influenced by localised characteristics and settings.¹⁶¹ Thus, Arab metropolises are under various influences and

¹⁵⁸ For further details, see: Jamila Bargach, ‘Rabat: From capital to global metropolis’, in Yasser Elsheshtawy (Ed.), *The Evolving Arab City: Tradition, Modernity & Urban Development*, (London: Routledge, 2008), pp.99-117; Koenraad Bogaert, ‘The Problem of Slums: Shifting Methods of Neoliberal Urban Government in Morocco’, *Development and Change*, 42(3), (2011), pp.709-731; Koenraad Bogaert, ‘New State Space Formation in Morocco: The Example of the Bouregreg Valley’, *Urban Studies*, 49(2), (2012), pp.255-270.

¹⁵⁹ For example, see: Elsheshtawy, ‘The Great Divide: Struggling and Emerging Cities in the Arab world’, p.4.

¹⁶⁰ Quoted from: Daher, ‘Amman: Disguised Genealogy and Recent Urban Restructuring and Neoliberal Threats’, p.49.

¹⁶¹ For details, see: Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal Urbanization in Europe: Large-Scale Urban Development Projects and the New Urban Policy’, p.545. This notion of glocalization is also used by Jason Hackworth in his analysis of governance in cities. See: Hackworth, *The Neoliberal City: Governance, Ideology, and Development in American Urbanism*, pp.40-60.

Project and its location	The developers involved	Criticisms
The Abdali project (Amman)	The project is overseen by a state-owned corporation called Mawared, this corporation has formed a 50/50 joint venture with OGER Jordan (a subsidiary of OGER Saudi) to form Abdali Investment Development (AID). In turn, AID has formed its own partnership with the Kuwaiti Investment Group (KIPCO).	Critics argue that the Abdali project is part of a wider phenomenon in Amman, which includes the proliferation of malls and gated communities for elitist and exclusive consumption practices. They therefore believe that it is exacerbating spatial and social inequality in the city.
The Bouregreg Valley project (Rabat)	The project is overseen by a governmental agency called Agence pour l'Aménagement de la Vallée du Bouregreg (AAVB), this agency has formed a 50/50 joint venture with private actors in both stages of the project. In the first stage, a joint venture is formed between AAVB and the Abu-Dhabi-based property development company Al Maabar. And in the second stage, another joint venture is formed between AAVB and Sama Dubai, the real estate arm of the state-owned Dubai Holding Group.	Critics argue tht the Bouregreg Valley project has had considerable physical and social consequences on the twin cities of Rabat and Salé. Critics argue that the project has alienated the twin cities and left them to deteriorate. This is particularly so in the historical medina of Salé, which has deteriorated to an extent that it now bears little resemblance to some of the more romantic alleys of the medina of Rabat.
The Solidere project (Beirut)	The project needs approval from the state-run Council of Development and Reconstruction (CDR), which will also be responsible for approving the master plan and the necessary reimbursements for Solidere (the private real estate company overseeing the reconstruction process). A number of developers will be allowed to purchase properties from Solidere for construction.	Like the above examples, critics argue that the new city centre has become a finely-crafted site that is a replication of Dubai in terms of its exclusive housing compounds, private marinas and luxurious shopping centres. The characteristics of the <i>aswaq</i> , Zaitunay Bay, and the Waterfront district reflect this very well.

Table 1 – A table illustrating the influence that Gulf cities have had on three large-scale urban developments outside the Gulf region. The information in this table was taken from some of the same sources cited in this chapter.

at the crossroads of urban models leading to the creation of a mix between the local, regional, and of course, global cultures.

Conclusions

Having situated the global phenomenon of neoliberalism within the context of the Arab/Middle Eastern region, we can now identify the main commonalities and differences between Lebanon and the rest of the Arab/Middle Eastern region. Like in other Arab countries, we find businesspeople and private sector representatives being recruited to play a bigger role in managing economic matters in Lebanon. The amount of influence that such businesspeople and private sector representatives were able to wield politically was limited by the 'neo-patrimonial' system of rule of their respective countries. But as shown, some Lebanese businesspeople and private sector representatives were able to gain significant political influence. Rafiq Hariri, Najib Mikati, Mohammed Safadi and Issam Fares were briefly mentioned as some notable examples. Unlike many of their contemporaries in the region, these individuals were able to use their financial wealth to gain political power. It therefore means that they, unlike many others in the region, could push neoliberal globalisation as a political project rather than an economic utopian project only.

Since gaining influence in the realm of economic policy, many Arab states (including Lebanon) have adopted the neoliberal logic of competing with one another to attract global capital. Much of this capital came from real estate conglomerates based in the Gulf region. There were, however, a few exceptions; amongst them Solidere through its international branch, SI. The urban developments these conglomerates pursued were heavily inspired by the urban evolution of cities in the Gulf region. Through some of the examples provided in cities like Amman and Rabat, it was shown that many of the projects that characterised the urban environment of Beirut followed the Gulf model of urban development and planning as well. The Solidere project is no exception: the reconstruction of Downtown Beirut was inspired by a large-scale project in the Saudi city

of Jubail. But as Daher argues, the Solidere project has become a model in its own right because of the influence that it appears to be having on urban developments in the rest of the Arab world – most particularly, in Amman. But it was stressed that all these developments take different shapes and forms within different local contexts. The question then arises as to *why* this is so. It is to this question that Chapter 3 turns to.

While neoliberal forces *outside* are influencing urban developments across the Arab world, this influence consists of processes that are activated from the *inside* by local actors. The analysis will use the reconstruction process in post-civil war Lebanon to explain this. But it will be shown that there is a ‘diversity’ of reconstruction projects that can be characterised as ‘neoliberal reconstruction projects’. To highlight the variance in the shape and form of different projects, however, we must zero in on the agents driving these projects forward and take into account their specific interests. In Lebanon specifically, we find a new coalition of heterogeneous elites emerging after the civil war. Of all these elites, the new contractor bourgeoisie (with Rafiq Hariri at its head) were the ones pushing forward a neoliberal approach in the reconstruction process. Even so, reconstruction projects that were not controlled by the new contractor bourgeoisie carried neoliberal characteristics as well.

Chapter Three

The domestic context

The previous chapter focused on the regional context. Without a perspective on the local context, however, it is impossible to explain *why* the Solidere project: firstly, did not bring economic prosperity to the country's population; and secondly, did not contribute towards the reconciliation and reintegration of Lebanese society. Therefore, this chapter will take the analysis on the regional context and collapse it into the domestic context. In light of this, more detailed questions need addressing as to the kind of political authority that emerged after the end of the Lebanese Civil War and the way the reconstruction process was played out.

The first section of this chapter will explain that the elites governed post-civil war Lebanon through a mixture of 'formal' and 'informal' decision-making. It therefore reflects the emergence of an institutional environment whereby additional flexibility is provided to the elites participating in local decision-making processes. The elites came from various backgrounds. Importantly, they included former militia leaders (and the businessmen allied to them), pre-civil war bourgeois families, Shihabist technocrats, military and security officials, and most significantly, new contractors. Informed Lebanese commentators would not necessarily use the same categories mentioned above but they would certainly understand what they mean. The forced cohabitation of these heterogeneous elites, however, led to inevitable clashes of interests. In this context, it is important to outline the clashing interests of these different elites to help us differentiate between reconstruction projects.

The second section will delineate the neoliberal phenomenon in the reconstruction process. Various examples of reconstruction projects will be used for the analysis; and not just that of Downtown Beirut. In turn, differences and similarities between the various projects will be identified to show how their shape and form depended on the interests being pushed behind them. In particular, it will be shown that there were major differences between those projects controlled by Rafiq Hariri (the ‘Elyssar’ project in the southern suburbs, the ‘Linord’ project in the northern littoral, and most significantly, the Solidere project in the downtown area), and those controlled by Hezbollah (specifically, the ‘Waad Initiative’, which is also in the southern suburbs of Beirut). But despite these differences, all these projects carry with them neoliberal characteristics. This will help support the claim made at the end of Chapter 2 that there is a ‘diversity’ of reconstruction projects that can be characterised as ‘neoliberal reconstruction projects’.

As discussed in previous chapters, we should be careful when using such sweeping, agency-less concepts, such as class, group, and network. By relying on them, we learn nothing about the actions, behaviours and decisions of specific individuals; especially those who represent significant social and political positions in Lebanese society. Nonetheless, social categories such as former militia leaders and new contractors (amongst others), will be used to denote different types of elites. They will also be used in subsequent chapters when analysing those individuals involved in the Solidere project. This is because they help give a better sense of what kind of interests were being pushed forward, and how it was being done. In other words, the use of these categories is meant to complement the analysis; not to replace the individuals.

I. The elites of post-civil war Lebanon

During the interwar period, the French mandate established a regime to govern what came to be known as Lebanon. The model of governance adopted by this regime was one based on a mixture of ‘formal’ and ‘informal’ decision-making. After the end of the civil war, the regime came to include transnational capitalists, who will be referred to

here as ‘new contractors’. Unlike others in their ranks, these new contractors embarked on a mission to bring Lebanon into the twenty-first-century ‘neoliberal economic order’. Of course, this neoliberal push was met with staunch opposition; most particularly, from other decision-makers who had a different vision of how to restructure the Lebanese state and economy. But before delving into the details, we must answer the following questions: how did the elites govern in post-civil war Lebanon? Who exactly was governing? And, what happened to the Lebanese state?

i. How did the elites govern in post-civil war Lebanon?

The elites governed post-civil war Lebanon through a mixture of ‘formal’ and ‘informal’ decision-making. But what do we mean when we say *formal/informal* decision-making? Informality refers to unregulated behaviour. It includes actions and communications that are neither prescribed nor proscribed by any rules. The idea of informality also refers to casual and spontaneous interactions and personal affective ties amongst participants. The informalistic approach produces ‘creativity’ and a ‘free flow’ of information, affective involvement and relative chaos. This comes in contrast to the formalistic approach, which produces routinisation of interaction, procedural fairness and detachment.¹⁶²

In terms of governance, informal decision-making refers to decision-making processes that have been *informalised*. In this regard, it must be understood that informalisation in governance is appealing to decision-makers because it provides the ‘flexibility’ that is needed to make *more* decisions in ‘mutual agreement’ (on an *ad-hoc* basis), rather than in a ‘state-legislated format’. One of the possible advantages of informalisation in governance is that it allows conflict resolution and mediation to take place in ‘unregulated spaces’ that are between the public agencies and that are outside the

¹⁶² This is according to information obtained from a study by David Morand who contrasts formalistic interaction orders (or behavioural practices in formal organisational systems) with informalistic interaction orders to demonstrate how each system works and what its consequences are. For further details, see: David A. Morand, ‘The role of behavioral formality and informality in the enactment of bureaucratic versus organic organizations’, *The Academy of Management Review*, 20(4), (1995), p.843.

public spotlight.¹⁶³ In such spaces, participants in decision-making processes conduct ‘informal dialogue’ and ‘operate largely consensually’ because they are no longer worried about ‘outsiders taking their words out of context’.¹⁶⁴

In most Arab countries, decision-making is largely informalised. This is because of the neo-patrimonial nature of political regimes there. As explained in Chapter 2, neo-patrimonialism implies the existence of a political leader who holds ultimate power and exercises it, often, by informal means of patronage networks and clientelist relations incorporating loyalists of that leader’s choice. In these countries, there is a clear division between the formal and informal ‘political spheres’. The informal political sphere is a space occupied by the regime’s inner circle – be they a ruling party or a ruling family. The regime’s inner circle – led by the leader – constricts the formal political sphere. As a result, key decision-making processes exist in the informal political sphere, while formal positions and representation are largely ceremonial. The dynamics between the formal and informal political spheres are no different in Lebanon. But the informal political sphere there requires one additional qualification; namely, that it is divided amongst many leaders. This implies that the informal political sphere is occupied and shared by more than one patronage network, each represented by a leader.

In Arab countries, the neo-patrimonial nature of political regimes has meant that informal (ad hoc) decisions there do not go through ‘transparent channels’ and are not accountable to the mechanisms put in place by the formal political sphere (which is what happens in other countries).¹⁶⁵ In a country that lacks accountability and transparency

¹⁶³ In a formal setting, conflict resolution and mediation normally takes place in the presence of the general public. This *formal* arrangement can ‘stifle speculative dialogue’ that ‘challenges assumptions and leads to innovative ideas’. For details, see: Judith E. Innes, Sarah Connick, and David Booher, ‘Informality as a planning strategy’, *Journal of the American Planning Association*, 73(2), (2007), pp.195-210.

¹⁶⁴ For details, see: Judith E. Innes and David E. Booher, ‘Reframing public participation: Strategies for the 21st century’, *Planning Theory and Practice*, 5(4), (2005), pp.419-436.

¹⁶⁵ The shift from formality to informality is seen as a *transition* from ‘hierarchically-organised’ coordination to ‘heterarchically-organised’ coordination. In a formal system, *authority* is designated to an individual – or, alternatively, a body of individuals – at the top of the hierarchy. In turn, *power* flows from the top of this hierarchy all the way down to the bottom, so that all participants in local decision-making processes are answerable to this *authority*. In contrast, informal decision-making is not based on a ‘top-down’ model of authority. As a result, both *authority* and *power* are ‘co-located’. Consequently, informal decision-making is required to go through transparent channels of decision-making, either through formal

mechanisms, members of the regime's inner circle are therefore provided with a 'leeway' to shape policies in a way that best fits their own interests; even if it means bending the rules *more* than would normally be allowed.¹⁶⁶ Although mandated by law, public oversight in Lebanon appears to be non-existent. As a result, decision-making is easily swayed towards private interests; as has been abundantly documented in the reconstruction of Downtown Beirut (and as will be shown in subsequent chapters).¹⁶⁷ This is not to say that informal (ad hoc) decision-making is a *failure* of informalising governance practices. On the contrary, it can be argued that informalising governance appears to be a deliberate strategy implemented by Arab leaders who find in its flexibility a leeway to organise and regulate legislation according to their own interests. In terms of conflict resolution and mediation, however, the informalisation of decision-making has been of little benefit to Lebanon. This is because Lebanon's informal political sphere is occupied by many leaders, all of whom are competing for power and influence.

Lebanon is made up of multiple leaders because the political system is based on a formula for power-sharing amongst the many sectarian communities. Of course, the country's social sphere is divided by other distinctions (like class, region, quarter, social status etc.). Sectarianism is just one of them. Nevertheless, several authors have argued that sectarianism is the essence of Lebanese politics and the determinant of political

agencies or through public opinion. For details, see: Jon Pierre, 'Introduction: Understanding governance', in Jon Pierre (Ed.), *Debating Governance. Authority, Steering, and Democracy*, (Oxford: Oxford University Press, 2000), pp.1-10; Jon Pierre, 'Public-private partnerships and urban governance: Introduction', in Jon Pierre (Ed.), *Partnerships in Urban Governance: European and American Experiences*, (Basingstoke: Palgrave, 2001), pp.1-10; Gerry Stoker, 'Introduction', in Gerry Stoker (Ed.), *The New Politics of British Local Governance*, (London: Macmillan Press, 2000), p.3.

¹⁶⁶ In terms of urban planning, it allows decision-makers to implement particular exemptions or circumventions, but not others. This kind of authority provides actors, and particularly urban developers, more flexibility in their projects. It even allows developers to bending the rule *more* than what would be normally allowed within the framework of the law. This is what some scholars, such as Anaya Roy describe as the 'informalisation' of the planning process, which she argues stems from the need for neoliberalism to shape spaces according to particular interests and needs. See: Anaya Roy, 'Why India cannot plan its cities: informality, insurgence and the idiom of urbanization', *Planning Theory*, 8, (2009), pp.76-87.

¹⁶⁷ For details, see: Leenders, 'Public Means to Private Ends: State Building and Power in Post-war Lebanon', pp.304-336. See also: Charles Adwan, 'Corruption in Reconstruction: The Cost of 'National Consensus' in Post-War Lebanon', in Daniel Large (Ed.), *Corruption in Post-War Reconstruction: Confronting the Vicious Circle*, (Beirut: LTA, 2005), pp.39-55; Richard Becherer, 'A Matter of Life and Debt: The Untold Costs of Rafiq Hariri's New Beirut', *The Journal of Architecture*, 10, (2005), pp.1-42; Khalil Gebara, *Reconstruction Survey: The Political Economy of Corruption in Post-War Lebanon*, (Beirut: LTA; London: Tiri, 2007).

behaviour.¹⁶⁸ Therefore, claiming that confessional groups are ‘imagined communities’, or that they are ‘constructed’, does not mean that they are in any way ‘imaginary’ or ‘fabricated’.¹⁶⁹ On the contrary, sectarianism is a very real and powerful social force. It can create distinctions and hierarchies, which can become stable over long periods of time. In other words, sectarianism is ‘situational’, and not something that is simply constructed. Of course, describing a particular action or behaviour as ‘sectarian’ is a matter of careful interpretation. Furthermore, describing someone as ‘being sectarian’ or not depends on what he or she seeks to achieve and in what context. In this regard, examining the sectarian logic of different elites will allow us to examine what it means to ‘be sectarian’.¹⁷⁰ Of course, recourse to shared sectarian identity may be appropriate in the Lebanese context only.

ii. Who exactly was governing in post-civil war Lebanon?

Before the civil war, the Lebanese state and economy were influenced by local businessmen, entrepreneurs and merchants (the history of Lebanon’s political economy will be covered in more detail in Chapter 4).¹⁷¹ This ‘coalition of elites’ came together as part of the 1943 National Pact; characterised, amongst other things, by a hegemonic presidency and a Maronite predominance in parliament.¹⁷² However, the outbreak of civil war in 1975 represented a dramatic turning point, during which various warring militias took over the country, and moral slackness and loosened social values invaded the

¹⁶⁸ For details, see: Cobban, *The Making of Modern Lebanon*, p.32; Lijphart, *Democracy in Plural Societies: A Comparative Exploration*, p.5; Ofeish, ‘Lebanon's Second Republic: Secular Talk, Sectarian Application’, pp.97-116.

¹⁶⁹ See: Benedict Anderson, *Imagined Communities*, (London: Verso, 2006), p.6. See also: Ian Hacking, *The Social Construction of What?*, (Cambridge MA: Harvard University Press, 1999).

¹⁷⁰ When and how does one accentuate sectarian identity, or choose to appeal to alternative categories such as Lebanese nationalism or universal principles?

¹⁷¹ For details, see: Yusif A. Sayigh, *Entrepreneurs of Lebanon: The Role of the Business Leader in a Developing Economy*, (Cambridge: Harvard University Press, 1962); Michael Johnson, *Class and Client in Beirut: The Sunni Muslim Community and the Lebanese State 1840–1985*, (London: Ithaca Press, 1986), pp.25-26.

¹⁷² In other words, *authority* was designated to the president at the top of the hierarchy. In turn, *power* flowed from the presidency all the way down to the bottom, so that all participants in local decision-making processes were answerable to the president’s *authority*. For details, see: Fawwaz Traboulsi, *A History of Modern Lebanon*, (London: Pluto Press, 2007), pp.109-111.

country's economy. When the fighting officially ended in 1990, the signing of the Ta'if Peace Accords did not pave the way for a return of the pre-civil war elites, nor did it represent a return to the pre-civil war consensus.

The Ta'if Peace Accords led to an 'extreme' dispersal of political power. This power was *formally* dispersed amongst the three *ru'asa*, or 'presidents': the President of the Republic (a Maronite Christian), the President of the Council of Ministers (a Sunni Muslim), and the President of the Parliament (a Shiite Muslim).¹⁷³ But it was *informally* dispersed amongst a 'new coalition of elites' that emerged at the end of the civil war, as well. This new coalition was dominated by 'former militia leaders'¹⁷⁴ and the 'businesspeople allied to them'.¹⁷⁵ But it also included pre-civil war bourgeois families, Shihabist technocrats, military and security officials, and new contractors. See Table 2 for more information on each type of Lebanese elites. Despite this variety, *the lack of accountability and transparency mechanisms* is closely attributed to the arrival of the former militia leaders (and the businesspeople allied to them), who sought to maintain many of their 'criminal' and 'predatory' practices.¹⁷⁶

¹⁷³ By creating a 'three-man show', the post-civil war consensus made the country a much more volatile and unpredictable place. For further details, see: Kamal S. Salibi, *A House of Many Mansions: The History of Lebanon Reconsidered*, (Berkeley: University of California Press 1998); Samir Khalaf, 'Ties that Bind: Sectarian Loyalties and the Restoration of Pluralism in Lebanon', *The Beirut Review*, 1(1), (1991), pp.32-61; Samir Khalaf, *Civil and Uncivil Violence in Lebanon: A History of the Internationalization of Communal Conflict*, (New York: Columbia University Press 2002).

¹⁷⁴ On the rise of former militia leaders, see: Kamal A. Beyoghlou, 'Lebanon's New Leaders: Militias in Politics', *Journal of South Asian and Middle Eastern Studies*, 12(3), (1989), pp.28-36; Fawwaz Traboulsi, 'Al-Takwīn al-Tabaqī li-l-Sultah al-Siyāsiyah Ba'd al-Harb' [The class composition of the Lebanese post-war elite], *Ab'ād*, 6, (1997), pp.79-92; Elizabeth Picard, *The Demobilization of the Lebanese Militias*, (Oxford: Centre for Lebanese Studies, 1999).

¹⁷⁵ See: Georges Corm, 'The War System: Militia Hegemony and Reestablishment of the State', in Deirdre Collings (Ed.), *Peace for Lebanon? From War to Reconstruction*, (Boulder: Lynne Rienner, 1994), pp.215-230.

¹⁷⁶ There is a wide range of studies that talk about criminal and predatory activities during the civil war by the former militia leaders. For examples, see: Georges Corm, 'Liban: L'Argent Des Milices', *Cahiers de l'Orient*, 10, (1988), pp.271-287; Theodor Hanf, *Coexistence in Wartime Lebanon: Decline of a State and Rise of a Nation*, (London: I.B. Tauris, 1993), pp.323-360. There are also some studies that illustrate the continued practice of these criminal and predatory activities in the post-civil war period. See: Georges Corm, 'The War System: Militia Hegemony and the Reestablishment of the State', pp.215-230; William Harris, *Faces of Lebanon: Sects, Wars, and Global Extensions*, (Princeton: Markus Wiener Publishers, 1997), pp.279-322; Elizabeth Picard, *Lebanon, a Shattered Country: Myths and Realities of the Wars in Lebanon*, (New York: Holmes & Meier Publishers Inc., 1996), pp.144-152; Jürgen Enders, 'Profiting from war: Economic rationality and war in Lebanon', in Deitrich Jung (Ed.), *Shadow Globalization, Ethnic Conflicts and New Wars*, (London: Routledge, 2003), pp.119-139.

Elite Type	Examples	State policies and Institutional Expressions	Sources of Rents
Pre-civil war bourgeoisie	Omar Daouk, Tammam Salam and Lady Yvonne Sursock Cochrane	The creation of a minimal state and the pursuit of laissez-faire economics	Trade and Financial Sectors
Shihabist Technocrats	Fuad Shihab, Elias Sarkis, Salim el-Hoss and Georges Corm	State-led (Keynesian) development and planning (E.g. the creation of the CDR in 1977)	Government Expenditure
Military and Security Officials	Emile Lahoud	Building a strong and capable army	Military expenditures
Former Militia Leaders (and businessmen allied to them)	Amine Gemayel, Nabih Berri and Walid Junblatt	Maintaining state welfare services to be used as patronage resource (E.g. appropriation of the Council for South Lebanon and Ministry of Displaced)	Various: foreign state support, goods, land and financial speculation
New contractors	Rafiq Hariri, Najib Mikati, Mohammed Safadi and Issam Fares	Takeover of institutions and neoliberal transformation of the state and economy (E.g. Hariri's takeover of the CDR and Central Bank)	Contracts in various sectors of the economy; most particularly, in banking and real estate (land rents)

Table 2 – A table illustrating elite types in post-civil war Lebanon. This table was adapted from a table produced in: Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, p.284. Notice how different types of elites had different sources of rents. The individuals mentioned were chosen based on their relevance in this thesis. Details on these individuals will be provided in subsequent chapters.

These elites do not always enjoy significant, *formal* representation in the main political bodies (i.e. the presidency, the government and the parliament).¹⁷⁷ But even so, they have always enjoyed *informal* control over the ‘hens’ (administrative bodies and institutions) laying the ‘golden financial and political eggs of the state’.¹⁷⁸ These administrative bodies were considered to be ‘autonomous’, ‘independent’ and beyond the reach of ‘accountability mechanisms’. According to Lebanese sources, the most significant examples were: former Prime Minister Rafiq Hariri, who was given large discretionary powers in the overall reconstruction of Beirut through personal control over the Council for Development and Reconstruction (CDR); Parliament Speaker Nabih Berri, who enjoyed near autonomous control in the running of reconstruction and relief programmes in the South through the Council for South Lebanon; and Druze leader Walid Junblatt, who was awarded full discretion in directing the Ministry of the Displaced and the Fund for the Displaced.¹⁷⁹ But despite this *informal* collaboration to distribute responsibilities in a way that is equally spread out amongst a coalition of recognised players, the heterogeneous elites continued to compete amongst one another for control over other state enterprises and agencies. The competition between the former militia leaders and the new contractors are of particular interest to this thesis.

To begin with, Rafiq Hariri (the leading member of the new contractor bourgeoisie or class that had been taking shape since the 1980s), took political office in 1992, and for the next decade or so until his assassination in 2005, began implementing neoliberal economic reforms in three main areas. Firstly, he pushed through laws related to reconstruction matters in the country (but more particularly related to the Solidere project in Downtown Beirut). Secondly, he supported government over-borrowing beyond what was required to finance the budget deficit which created artificial demand for Lebanese

¹⁷⁷ See: Reinoud Leenders, ‘The Political Economy of Corruption in Post-War Lebanon’, presentation at the conference ‘Distributive and Normative Processes in the Arab Countries and the Mediterranean’, Cairo, 24-26 February 1999, referenced in: Adwan, “Corruption in Reconstruction: The Cost of ‘National Consensus’ in Post-War Lebanon”, p.44.

¹⁷⁸ See: *ibid.*

¹⁷⁹ The post-civil war ‘deal’ in Lebanon involved very few and weak institutional control mechanisms, which were most often politically controlled. The consequence was the replacement of checks and balances with political mutual consent, where the benefit of the majority of politicians leads to tolerance of each other. These conditions set the framework of post-civil war politics that dominated the public sphere for many years to come. For further details, see: *ibid.*

pounds, thus stabilising the currency. And thirdly, he pushed for privatisation in various economic sectors (the main targets – telecommunications, Middle East Airlines, and electricity and water – however, remained under various forms of state-control). Hariri's efforts created huge sums of 'neoliberal' rent for himself and other new contractors like him; amongst them, Najib Mikati, Mohammed Safadi and Issam Fares.¹⁸⁰ In this respect, Mikati, Safadi and Fares lent their support to Rafiq Hariri's neoliberal strategy as soon as they too entered politics.¹⁸¹ Generally speaking, those elites that implemented neoliberal economic reforms received substantial amounts of financial aid and political support from 'core countries' in times of need.¹⁸² And since neoliberalism is also commonly regarded as an 'imperial' project in much of the literature, it is instructive to see the extent with which these core countries – such as France and the US – were able to project their power onto Lebanon, and in turn, the kind of resistance that this projection of power engendered both locally and regionally from countries such as Syria.¹⁸³ More attention to the 'imperial' dimension of neoliberalism will be given in Chapter 6.

Importantly, very few – if any – of the elites opposed Rafiq Hariri's neoliberal drive in the early 1990s: many of the laws and decrees promulgated by the new contractors were supported by other elite figures – most significantly, Nabih Berri and

¹⁸⁰ For details, see: Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', pp.301-204. See also: Baumann, 'The 'new contractor bourgeoisie' in Lebanese politics: Hariri, Miqati and Faris', pp.125-144; Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, p.62.

¹⁸¹ Most significantly, Najib Mikati would become Prime Minister on two occasions after Hariri's assassination in 2005. Details on this will be provided in Chapter 7.

¹⁸² For example, three major conferences, PARIS I (2001), PARIS II (2002) and PARIS III (2007) were held subsequently in order to request help from the international community to assist Lebanon manage its public debt. To that end, France and Saudi Arabia were the biggest donors, followed by other Gulf countries and Malaysia. Saudi Arabia's role was primarily financial, providing the largest chunk of aid. French support was due to Hariri's close relations with President Jacques Chirac. Unless otherwise indicated, the following data about Paris I, Paris II and Paris III are derived from: EIU, *Country Report: Lebanon*, April 2001, p.31; EIU, *Country Report: Lebanon*, January 2002, p.21; EIU, *Country Report: Lebanon*, April 2007, pp.18-20.

¹⁸³ In this regard, it is well-known that international organisations such as the International Monetary Fund (IMF) and the World Bank lent their full weight and ammunition to those who sought to implement harsh austerity measures and privatisation policies. Indeed, barely a month after the civil war ended, the IMF began pressuring the Lebanese government for the implementation of neoliberal policies. The World Bank, too, exerted pressure on the Lebanese government by making a much needed donor conference throughout 1992 conditional on the implementation of neoliberal policies. For details, see: World Bank, *Implementation completion report on a loan in the amount of US\$20.0 million to the Lebanese Republic for an administrative rehabilitation loan*, (Washington DC: World Bank, 2003). See also: Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', p.291.

Walid Junblatt – because they too sought to snatch up contracts, or to invest, in the private sector. But as Hariri's neoliberal 'push' expanded to include the privatisation of 'state welfare services', red flags were raised. Many of the elites were pursuing the very different economic and political logic of using state welfare services as a 'patronage resource'. This meant that certain state apparatuses were being used to provide public services and jobs to a specific clientele in return for votes. Maintaining these services, however, ran against the neoliberal logic of cutting back social welfare. But because the political survival of most former militia leaders came to depend on these state welfare services – such as Nabih Berri, who primarily used the Council for South Lebanon, and Walid Junblatt, who mainly used the Ministry for the Displaced – they often resisted Rafiq Hariri's privatisation policies.¹⁸⁴ There were also incidents in which the neoliberal logic of the new contractor bourgeoisie clashed with the aspirations of the military and intelligence apparatus; the most significant clash being between Rafiq Hariri and Army Commander Emile Lahoud.¹⁸⁵

A final point to stress: while members of this new coalition of elites can be split into smaller categories – such as former militia leaders (and the businessmen allied to them), traditional pre-civil bourgeoisie, Shihabist technocrats, military and security officials, and new contractors – these are in themselves broad 'terms' that can be very misleading when trying to make sense of individual actions and behaviours.¹⁸⁶ Thus,

¹⁸⁴ But as shall be demonstrated in Chapter 6, what started off as an anti-corruption campaign against Hariri quickly turned into a strategic instrument for many rival elites to push for out Hariri and quell his neoliberal drive.

¹⁸⁵ Following neoliberal logic, Hariri sought to cut military expenditure; a move which would have hurt the military and intelligence establishment. In this context, Army Commander Emile Lahoud is considered to be one of Hariri's staunchest political opponents. Since Lahoud was also considered to be one of Syria's closest allies in Lebanon, the neoliberal economic agenda was considered to be an attack on Syria's interests in the country. By 1998, Lahoud succeeded Elias Hrawi as president after receiving strong Syrian support. He used his presidency to curtail the rents earned from government debt management, but more specifically, to undermine the Solidere project. To some extent, Lahoud's efforts at undermining Hariri's economic and political power can be compared to Fuad Shihab's attacks on the pre-civil war bourgeoisie in the 1960s. Further details will be given in Chapter 6.

¹⁸⁶ It cannot be stressed enough how different every individual is. If we look at the new contractors, for example, while all of them appear to share similar traits (all: pursue collective economic and individual business interests; support a neoliberal transformation of the economy and state in order to create investment opportunities for the private sector; compete amongst one another for contracts and the chance to snatch up privatised state enterprises and to control market-regulating agencies), they all appear to have very varied degrees of political success. This was due to the difference in foreign allies (if any at all), and the strength of support they received. In this regard, Rafiq Hariri was the most successful individual in the

these terms, as well, are used as a way to complement rather than replace the specific individuals that are involved in the reconstruction process (and the interests they are trying to push forward).

iii. What did the elites do with the Lebanese state?

The state was dominated by a *new* coalition of elites. What happened thereafter was the takeover and apportionment – or ‘*muhasassa*’, as it is locally called – of the administrative bodies and institutions amongst themselves. To some extent, this *takeover* and *apportionment* of the administrative bodies and institutions was unprecedented. Nevertheless, the analysis must be expanded a bit further. Lebanese elites have always competed for control over the state in order to restructure it to their own interests (as will be shown in Chapters 4 and 5). The difference now, compared with before, was that this takeover was accompanied by new types of elites; the most significant of these being the new contractors, whose members pursued a neoliberal logic. Because other types of elites, such as the former militia leaders, pursued a very different economic and political logic to that of the new contractor bourgeoisie, it is important to differentiate between acts of state-restructuring that conformed to a neoliberal logic, and those acts that did not conform to it.

To begin with, state-restructuring in post-civil war Lebanon led to the independence of many administrative bodies and institutions beyond state-control. Most particularly were those that were privately-allotted to the key elites (such as the CDR, the Council for South Lebanon and the Ministry of the Displaced). According to some liberal peacebuilding scholars, such as Michael Pugh, this ‘private-allotment’ of the institutions was a result of the neoliberal ‘prescriptions’ or ‘principles’ that were ‘imposed’ or ‘implanted’ in the postwar society.¹⁸⁷ But Pugh’s assessment of the situation in post-civil war Lebanon must be used with caution. As detailed previously, the Council for South

group because he received unwavering support from the Saudi monarchy. For details, see: Baumann, “The ‘new contractor bourgeoisie’ in Lebanese politics: Hariri, Miqati and Faris”, pp.126-127.

¹⁸⁷ See: Pugh, ‘Protectorates and Spoils of Peace: Political economy in south-east Europe’, pp.52-53.

Lebanon and the Ministry of the Displaced belonged to former militia leaders Nabih Berri and Walid Junblatt respectively. Both figures pursued an economic and political logic that was not neoliberal, and therefore, were pushing for the privatisation of these institutions in order to siphon public assets and distribute them amongst their clientele. Only the CDR's allotment to Rafiq Hariri could be said to be a result of neoliberal prescriptions imposed after the end of the civil war. But with time, even the CDR became an instrument of patronage for Hariri.

State-restructuring also entailed bolstering the apparatuses of repression. This was reflected by the enforcement of old – or the implementation of new – laws and regulations. For example: old censorship laws that were previously ignored were suddenly enforced once again; new media laws, which eliminated all but a handful of radio and TV stations, brought the media under tighter control in the public sphere; and more seriously, a nation-wide ban on street protests came into effect.¹⁸⁸ This last law is particularly significant. Since it was passed in the mid-1990s, there has been an increase in security crack-downs on street protests. The labour unions, in particular, encountered difficulties exercising their constitutional right to demonstrate. In 1996, for example, then Prime Minister Rafiq Hariri displayed little interest in meeting the demands of the labour unions, who were (naturally) opposed to his neoliberal policies.¹⁸⁹ Although he did try to foster alliances with some trade union federations (for instance, in the banking sector), Hariri was happy to call on the security apparatuses to quell any opposition. This seems to contrast with his subsequent image of having 'resisted' the Syrian occupation.¹⁹⁰ Of course, Rafiq Hariri's use of this tactic underscores the contradictions between

¹⁸⁸ The media landscape in Lebanon became less free and independent in their reporting. For more details on this point, see: Nabil H. Dajani, *Disoriented Media in a Fragmented Society: The Lebanese Experience*, (Beirut: American University of Beirut, 1992); Guilain Denoeux and Robert Springborg, 'Hariri's Lebanon: Singapore of the Middle East or Sanaa of the Levant?', *Middle East Report*, 6(2) (1998), p.162; Heiko Schmid, 'The Reconstruction of Downtown Beirut in the Context of Political Geography', *The Arab World Geographer*, 5(4), (2002), pp.375-376.

¹⁸⁹ For details, see: Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', pp.697-698.

¹⁹⁰ An article by Talal Nizameddin gives the assumption that Hariri had always been opposed to the Syrian regime and its hegemonic influence over Lebanon. While it may be true that Hariri did not have a good relationship with Bashar al-Assad, it must be remembered that his relationship with Hafez al-Assad (Bashar's father) was much better. For details on this argument, see: Talal Nizameddin, 'The Political Economy of Lebanon Under Rafiq Hariri: An Interpretation', *Middle East Journal*, 60(1), (2006), pp.95-114.

neoliberalism's claim to furthering freedom (on the one hand), and the need to curtail civil liberties in the process of implementing neoliberal policies (on the other).¹⁹¹ But it must be stressed that the coalition of elites collectively-agreed to the use of such a tactic so as to preserve the status-quo. It is a tried-and-tested method of breaking anyone who opposes certain policies or threatens particular interests, and is therefore, not solely associated with the arrival of neoliberalism in the country.¹⁹²

Most significantly, state-restructuring in post-civil war Lebanon involved passing legislation that would open-up the economy to capital forces (both inside and outside the country). The most significant legislation passed was 'Law 117' (dated 7th of December 1991), which gave the CDR the authorisation to oversee the establishment of private real estate holding companies that would undertake large-scale reconstruction projects in destroyed areas. Due to the lack of funds, the government of the time was quick to pass such a law and transfer the 'responsibility' to a private actor. Not long after the law was passed, three real estate companies were established to oversee reconstruction projects in three areas of Beirut. These were: Elyssar (in the southern suburbs), Linord (in the northern littoral), and most significantly Solidere (in the downtown area).¹⁹³ More information on all three companies will be provided in Chapter 5. By the time these companies were established, Rafiq Hariri himself had become the country's new prime minister. He then used his position to modify the regulatory framework and create a bundle of subsidies and facilities to help attract foreign investment into these

¹⁹¹ For details, see: Harvey, *A Brief History of Neoliberalism*, p.37.

¹⁹² For some scholars, however, strengthening police activity serves as evidence for the 'strengthening' of the state as a neoliberal entity. This is what Michael Hardt and Antonio Negri argue in their book 'Labor of Dionysus': "...the neo-liberal project [involves] a substantial increase of the State in terms both of size and powers of intervention. The development of the neoliberal State [does] not lead toward a 'thin' form of rule in the sense of the progressive dissipation or disappearance of the State as a social actor." In these terms, therefore, Hardt and Negri argue that in spite of the neoliberal rhetoric of dismantling the state, "neoliberal practice moves in the opposite direction to reinforce and expand the State as a strong and autonomous subject that dominates the social field, in the realm of public spending as in that of judicial and police activity." For more details, see: Michael Hardt and Antonio Negri, *Labor of Dionysus: A Critique of the State-Form*, (Minneapolis: University of Minnesota Press, 1994), pp.242-245.

¹⁹³ However, the delegation of entire urban centres – such as Downtown Beirut – to a profit-oriented real estate company is unprecedented. As was mentioned towards the end of Chapter 2, Solidere is said to have inspired other major urban developments in the historic cores of cities across the region, such as Amman. See: Daher, 'Amman: Disguised Geneology and Recent Urban Restructuring and Neoliberal Threats', pp.37-68.

companies.¹⁹⁴ Of course, reconstruction was not the only area where the Lebanese state made significant modifications to the regulatory framework. For example, the state passed laws that would privatise the telecommunication sector in the country as well. Two telecom companies – Libancell and Cellis – received ‘build-operate-transfer’ (BOT) contracts to run the mobile phone network between 1994 and 2004. Cellis is an interesting example, because France Telecom owned two thirds of Cellis while the brothers Taha and Najib Mikati owned the rest. In this regard, it must not be forgotten that Najib and his brother Taha were both members of the new contractor bourgeoisie.¹⁹⁵

Therefore, the legislation that led to the creation of private real estate holding companies can be seen as an act that conformed to the neoliberal logic that Rafiq Hariri and other new contractors carried with them. Since then, the delegation of large-scale reconstruction projects to private real estate companies has become common practice in Lebanese planning; especially after the 2006 war.¹⁹⁶ A few miles south of Downtown Beirut, in the neighbourhood of Haret Hreik (part of the southern suburbs of Beirut, and which was heavily bombed in the 2006 Israeli war on Lebanon), Hezbollah’s private construction firm, known as Jihad al-Bina, has rebuilt some 200 multi-storey apartment buildings to the most up-to-date standards (part of the ‘Waad Initiative’). But as studies by Roger Mac Ginty and Christine Hamieh have shown, the case of Jihad al-Bina is a

¹⁹⁴ This point is articulated by various scholars in other cases in the region and elsewhere. For examples, see: Hackworth, *The Neoliberal City: Governance, Ideology, and Development in American Urbanism*, pp.61-76; Harvey, *A Brief History of Neoliberalism*, pp.87-119; Brenner and Theodore, ‘Cities and the geographies of ‘actually existing neoliberalism’’, pp.349-379; Smith, ‘New globalism, new urbanism: gentrification as global urban strategy’, pp.427-450; Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, pp.542-577.

¹⁹⁵ For details on the contracts, see: EIU, *Country Report: Lebanon*, July 2002, pp.21-22. For a detailed study about the telecommunication sector in Lebanon, see: Dima Jamali, ‘Post-war telecommunications reform in Lebanon: Trends and Challenges’, *Info*, 5(2), (2003), pp.34-44.

¹⁹⁶ While most analysis has been on the Solidere project, some studies have focused on other projects, such as the Elyssar project: Mona Harb, ‘Urban Governance in Post-War Beirut: Resources, Negotiations, and Contestations in the Elyssar Project’, in Seteney Khalid Shami (Ed.), *Capital Cities: Ethnographies of Urban Governance in the Middle East*, (Toronto: Toronto University Press, 2001), pp.111-133; Nadine Khayat, *Case Studies: The Elyssar Reconstruction Project*, (London: Tiri, 2007). For studies on large-scale reconstruction projects that characterised the reconstruction process after 2006, see: Mona Fawaz, ‘Hezbollah as Urban Planner? Questions To and From Planning Theory’, *Planning Theory*, 20(4) (2009), pp.323-334; Mona Fawaz and Marwan Ghandour, ‘Spatial Erasure: reconstruction projects in Beirut’, *ArteEast Quarterly*, (2009), (electronic version); Mona Harb and Mona Fawaz, ‘Influencing the Politics of Reconstruction in Haret Hreik’, in Howayda Al-Harithy (Ed.), *Lessons in Postwar Reconstruction: Case Studies from Lebanon in the Aftermath of the 2006 War*, (London: Routledge, 2010), pp.21-45.

local adaptation of the neoliberal approach that has tried to be more culturally appropriate, cost-effective, sustainable and empowering to the local population.¹⁹⁷ For example, Jihad al-Bina has used Hezbollah's networks and resources – which have been built up over many years – to embed itself within the population (specifically, within the Shiite community). More importantly, Jihad al-Bina has developed 'deep roots'; to the extent that many Shiites expected it would provide for them in a clientelistic manner. Thus, Jihad al-Bina is only neoliberal because it has used the same legislation used to establish Solidere. But unlike Solidere, Jihad al-Bina was built within a community (the Shiites) and could not be described as an 'alien imposition'.

Importantly though, all these companies can be said to be 'semi-regulated'. In the case of Jihad al-Bina, for example, it never consulted with the CDR (considered the main authority in reconstruction matters). Instead, Jihad al-Bina is accountable only to its patron – Hezbollah. This company never consulted with the CDR because the relationship between the administrative bodies and institutions on the one hand, and Hezbollah on the other, were based on 'mutual suspicion'. For example, one representative of CDR said that Waad's plans were 'stolen' from them and that Hezbollah was effectively a 'subcontractor' for the government without formally signing an agreement. Meanwhile, Waad believed that the government dissuaded overseas donors (Kuwait in particular) from supporting its project, and instead urged donors to route monies through its coffers.¹⁹⁸ In contrast to Jihad al-Bina, Solidere consulted with the CDR (especially during the company's initial years), but never with most other administrative bodies and institutions. This was because the CDR's top post (unlike most others) was occupied by a close ally of Solidere's founding father – Rafiq Hariri. In light of this, some cabinet ministers complained (both privately and publicly), about the lack of influence they had over the Solidere project. For example, in the spring of 1993, Tourism

¹⁹⁷ For further details, see: Roger Mac Ginty and Christine Sylva Hamieh, 'Made in Lebanon: Local Participation and Indigenous Responses to Development and Post-War Reconstruction', *Civil Wars*, 12(1-2), (2010), pp.53-54.

¹⁹⁸ See: *ibid.* For further details, see: Roger Mac Ginty, 'Reconstructing post-war Lebanon – A challenge to the liberal peace?', *Conflict, Security & Development*, 7(3), (2007), pp.457-482; Roger Mac Ginty, 'Hybrid Reconstruction: The Case of Waad in Lebanon', in Oliver P. Richmond and Audra Mitchell (Eds.), *Hybrid Forms of Peace: From Everyday Agency to Post-Liberalism*, (Basingstoke: Palgrave Macmillan, 2012), pp.208-225.

Minister Nicolas Fattoush criticised the CDR, saying: “the cabinet was kept in the dark about many details of the government’s finances and the CDR was allowed to operate as a kind of super ministry accountable to no-one”.¹⁹⁹

Both examples illustrate that decision-making deployed vis-à-vis these companies was also informalised. This informalisation, as explained previously, was something that was not solely associated with the arrival of neoliberalism to the country. Of course, the extent to which neoliberalism is featured inside these companies has to be assessed on a case by case basis. For example, Solidere’s structure can be described as a ‘corporate’ one similar to that of private shareholding companies found elsewhere in the world: all major decisions in Solidere are formally voted on by the shareholders at its Annual General Meetings.²⁰⁰ In other words, what this informalisation of the decision-making process demonstrates is that state-restructuring was not so much the result of *neoliberalisation* as it was the *takeover* of the state by the new coalition of elites – which included neoliberals – seeking to restructure it to suit their own interests. To be sure, the creation of private real estate holding companies and the modification of the regulatory framework associated with these companies conformed to neoliberal logic. But there was a confusion of, or an overlap between, public and private interests. Some scholars refer to this confusion of public and private interests as the ‘colonisation’ of the former by the

¹⁹⁹ Quoted in MEED (23 April 1993), p.27, in: Tom Pierre Najem, *Lebanon’s Renaissance: The Political Economy of Reconstruction*, (Reading: Ithaca, 2000), p.95.

²⁰⁰ In contrast, the structure of Jihad al-Bina can be described as an ‘indigenous’ one, whereby Hezbollah’s leadership holds sway over it. For further details on this point, see: Fawaz, ‘Hezbollah as Urban Planner? Questions To and From Planning Theory’, pp.323-334. See also: Mona Fawaz, ‘The State and the production of illegal housing: public practices in Hayy el Sellom, Beirut-Lebanon’, in Kamran Ali and Martina Rieker, (Eds.), *Comparing Cities: The Middle-East and South Asia*, (Oxford: Oxford University Press, 2009), pp.197-220.

latter.²⁰¹ More specifically to the Solidere example, Saree Makdisi describes it as ‘Harirism’.²⁰²

II. Neoliberal urban developments in post-civil war Lebanon

Strong patterns of neoliberalism can be found influencing and shaping the urban environment in post-civil war Lebanon. This is most visibly reflected in the concentration of urban developments in the country’s capital, Beirut. But it is also reflected in the high number of projects that have been conceived and designed to attract as much capital as possible from the global market. But in order to paint a better picture of how much Beirut’s urban environment has been influenced by patterns of neoliberalism, the analysis will need to be presented with reference to several reconstruction projects there. In addition, the analysis will have to show the role that elites were playing in the reconstruction process, as well as show the popular resistance that different reconstruction projects faced from civil society.

i. Neoliberal urban developments in the reconstruction process

As mentioned in Chapter 2, Arab states have packaged and promoted their cities as commodities to be invested in and visited. The rationale for targeting cities follows the neoliberal logic of making cities ‘competitive’ in the global market.²⁰³ This has had

²⁰¹ This is what Antonio Negri, following Marx, suggests when he talks about capital *becoming* the state. By this, he means the total subsumption of society and the state into capital. For details, see: Antonio Negri, ‘Twenty Theses on Marx: Interpretation of the Class Situation Today’, in Saree Makdisi, Cesare Casarino, and Rebecca E. Karl (Eds.), *Marxism Beyond Marxism*, (London: Routledge, 1995), pp.149-180. See also: Ernest Mandel, *Late Capitalism* [translated by Joris De Bres], (London: NLB Verso Edition, 1978); Martin Carnoy, Manuel Castells, Stephen Cohen and Fernando-Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World*, (University Park, Pa.: Penn State University Press, 1993); Paul Knox and John Agnew, *The Geography of the World-Economy*, (London: Routledge, 1989).

²⁰² For details, see: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, pp.660-705.

²⁰³ This falls in line with trends elsewhere, in which ‘cities’ and ‘city-regions’ have become the most obvious geographic targets, and ‘large-scale urban development and revitalisation projects’ are the most

considerable consequences for the way in which urban projects are being conceived. In post-civil war Lebanon, this has led to a concentration of reconstruction projects in Beirut. In turn, observers argue that these projects have mobilised urban spaces as ‘arenas’ for both ‘market-oriented economic growth’ and ‘elite consumption practices’, thus, catering to the richer segment of society.²⁰⁴

Solidere’s reconstruction of Downtown Beirut demonstrates this particularly well: a commercial and entertainment hub that has become unaffordable for most of the country (where the current minimum wage is set at US\$450 per month).²⁰⁵ In this respect, it is widely believed that the *new* Downtown Beirut caters to the needs of Lebanese expatriates – and to a lesser extent, Arab Gulf nationals – rather than to those of the local population. The road network built at the time gives a clue as to whose needs the new Downtown is to serve: an eight-lane highway connecting the airport to the city centre offers an easily accessible route for the tourist or businessperson arriving in the country that bypasses the poorer quarters of southern Beirut.²⁰⁶ Even the Waad Initiative, which differs from other urban developments in the country in that it doesn’t seek the accumulation of ‘financial capital’, has confused the boundaries between *needs* and *luxury* through the accumulation of different ‘political capital’.²⁰⁷

visible expressions of place-specific development programmes. For details, see: Healey, Cars, Madanipour and de Magalhães, ‘Transforming governance, institutional analysis and institutional capacity’, pp.6–28; Pierre, ‘Introduction: Understanding governance’, pp.1-10; Moulaert, Swyngedouw and Rodriguez, ‘Large scale urban development projects and local governance: From democratic urban planning to besieged local governance’, pp.71-84; Harvey, ‘From managerialism to entrepreneurialism: The transformation in urban governance in late Capitalism’, pp.3-17.

²⁰⁴ See: Brenner and Theodore, “Cities and the geographies of ‘actually existing neoliberalism’”, p.368.

²⁰⁵ However, projects always advertise themselves as being socially and economically inclusive. Therefore, Brenner and Theodore conclude that even though place-specific development programmes are presented as instruments that overcome social exclusion, their underlying – and sometimes, explicit – objective is in fact very different. See: *ibid*, p.368.

²⁰⁶ For details, see: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, p.696.

²⁰⁷ While these projects were aimed at reconstructing bombed-out residential neighbourhoods, they involve a substantial number of buildings that are following the most up-to-date construction standards, and that can be categorised as ‘high-end’. For details on this argument, see: Fawaz, ‘Hezbollah as Urban Planner? Questions To and From Planning Theory’, pp.323-334; Fawaz and Ghandour, ‘Spatial Erasure: reconstruction projects in Beirut’.

Therefore, these various projects are typical ‘arenas’ – what some scholars call ‘elite playing fields’ – where the elites shape an urban future in line with their own interests.²⁰⁸ However, these projects do not only reflect a process of astonishing self-enrichment. They also reflect a process of self-imagination, in which capitalist forces – and specifically, the new contractor bourgeoisie – have imposed a particular vision and version of: firstly, what the urban environment ought to look like, and secondly, how people should use it.²⁰⁹ This is not to say that people have used these newly-created spaces in the way that the elites had hoped for. Cities, after all, have a way of evolving in a way that often subverts the agendas of the organisers and planners.²¹⁰ Still, the efforts exerted by the new contractors have not only led to the replacement of ‘scarring memories’ (such as wartorn buildings), but also to the replacement of archaeological discoveries, old traditional buildings and structures, and the scant remains of green spaces. In Beirut, critics argue that the old city centre is disappearing from history and memory: traditional names that are historically associated with the area, such as Bab Idriss, Souk Ayyass, Khatayan and Khan Antoun Bey, have disappeared from popular vernacular²¹¹; the traditional *aswaq* have been replaced with an American-style mall – see Figure 4 – that does not resemble the traditional Arab markets either in terms of physical

²⁰⁸ See: Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, pp.567-568.

²⁰⁹ In this context, Solidere project was what Makdisi (and others) call a ‘privatised corporate attempt’ to ‘spectacularise’ its own version and vision of history of Downtown Beirut. See: Saree Makdisi, ‘Reconstructing History in Central Beirut’, *Middle East Report*, 203, (1997), pp.23-25, 30. See also: Sune Haugbolle, *War and Memory in Lebanon*, (New York: Cambridge University Press, 2010), p.88; Aseel Sawalha, *Reconstructing Beirut: Memory and Space in a Postwar Arab City*, (Austin: University of Texas Press, 2010), pp.9-10; Hashim Sarkis, ‘Territorial Claims: Post-war Attitudes Toward the Built Environment’, in Samir Khalaf and Philip Khoury (Eds.), *Recovering Beirut*, (Leiden: Brill Academic Publishers, 1993), p.106.

²¹⁰ Cities and urban environments have a way of evolving that often subverts the agendas of the organisers and planners. The works of Michel de Certeau, Edward Soja, and Henri Lefebvre, amongst others, have eloquently demonstrated this in their analysis of space in urban experience. For details, see: Michel de Certeau, *The Practice of Everyday Life*, (London: University of California Press, 1984); Edward Soja, *Postmodern Geographies: The Reassertion of Space in Critical Social Theory*, (London: Verso, 1989); Henri Lefebvre, *The Production of Space*, (Oxford: Blackwell, 1991).

²¹¹ Tamam Mango, *Solidere: The Battle for Beirut’s Central District*, (Cambridge, Mass.: Master’s Thesis, Massachusetts Institute of Technology, 2003), p.15.



Figure 4 – A selection of images displaying the *aswaq* project. Notice how it looks more like a shopping mall than a traditional Arab market. Photos taken by author.

appearance or of socio-economic activity²¹²; and all the urban functions that were once associated with the city centre have been replaced with high-value office spaces, luxury residences and boutique shops to be used by rich Lebanese and Arab Gulf visitors.²¹³

Of course, not everything *old* or *traditional* has been torn down and replaced. The preservation of history is also present in the city. For example, the discovery of a 2,000-year-old Roman bath house at a site in Achrafiyeh where a luxury 23-storey residential building is to be constructed will be dismantled and reintegrated into the new building project as a small ‘public museum’.²¹⁴ In another project in Mar Mikhael, where a US\$30 million residential building known as AYA Tower is to be built, the developer has agreed to preserve the façade of a traditional house on its site.²¹⁵ In the downtown area as well, one cannot help but notice the private company’s detailed and obsessive restoration, recuperation, and preservation of ‘older heritage’ (*turath*) – specifically, archaeological and colonial-era architectural sites in the area (see Figure 5).²¹⁶ But while many projects have contributed towards the preservation of the city’s rich history, the selection of *what*

²¹² For a detailed study on the process of designing a plan for the *aswaq* project, see: Rafael Moneo, ‘The Souks of Beirut’, in Peter G. Rowe and Hashim Sarkis (Eds.), *Projecting Beirut: Episodes in the Construction and Reconstruction of a Modern City*, (Munich: Prestel Verlag, 1998), pp.263-273; Najib Hourani, ‘From National Utopia to Elite Enclave: The Selling of the Beirut Souqs’, in Gary McDonogh and Marina Peterson, (Eds.), *Global Downtowns*, (Philadelphia: University of Pennsylvania Press, 2012), pp.136-159.

²¹³ See: Makdisi, ‘Reconstructing History in Central Beirut’, pp.23-25, 30. See also: Haugbolle, *War and Memory in Lebanon*, pp.92-93.

²¹⁴ For details, see: Joanne Bajjaly, ‘Beirut: Luxury Condo Lobby Now Roman Bath Museum’, *Al-Akhbar*, [in Arabic], 13 June 2013.

²¹⁵ For details, see: Marieke Krijnen, ‘Filling Every Gap: Real Estate Development in Beirut’, *Jadaliyya*, 05 November 2013.

²¹⁶ Without doubt, some of these restorations were magnificent. As Saree Makdisi put it: “Throughout *Solidere*’s property, one encounters beautiful old facades painstakingly and faithfully restored, down to the finest detail—which has involved in many cases the resuscitation of building trades and skills that modernization had all but annihilated, particularly in stone- and metalwork.”

See: Makdisi, Saree Makdisi, ‘Beirut, a City without History?’, in Ussama Makdisi and Paul A. Silverstein (Eds.), *Memory and Violence in the Middle East and North Africa*, (Bloomington: Indiana University Press, 2006), p.211.



Figure 5 – A selection of images of archeological ruins discovered in the area, as well as colonial-era buildings that were preserved and recuperated. Photos taken by author.

to preserve and *how* to preserve it has led to the ‘commodification’ of heritage, and the imposition of a ‘war amnesia’ on the country’s population.²¹⁷

ii. Popular mobilisations against neoliberal urban developments

The focus of this thesis is very much on elite politics surrounding the reconstruction process in post-civil war Lebanon, but the bottom-up mobilisation that the reconstruction process engendered does require some attention too, not least because it threatened to derail the rent-creation mechanisms put in place by Rafiq Hariri (and other new contractors like him). This popular mobilisation comprised of several civil society groups, each carrying different interests and concerned with certain projects over others. They included landowners and tenants who were evicted from their properties without feeling adequately-compensated, an assemblage of intellectuals who were disappointed by how reconstruction has not taken certain aspects into consideration (such as, heritage protection), and even ordinary citizens who were at the outset unaffected but would later become concerned about the future implications that certain projects would have on Beirut and on them as inhabitants of the city. Again these social categories should serve to complement rather than replace the voices of those individuals leading grassroots movements.

The central issue that unites all these groups is the lack of control they have over the reconstruction process. As Heiko Schmid argues in his analysis of the Solidere project, this lack of control is related to the transfer of power to the private real estate

²¹⁷ The downtown area comes across as a superficial ‘Disneyland’, ‘theme-park’ or ‘open-air museum’. This has been the general trend that many Lebanese that I have encountered have expressed. It also very noticeable fact that many Lebanese refer to the city centre as ‘Solidere’ instead of ‘Downtown’, which underscores the sense of exclusion that many Lebanese feel when it comes to Downtown Beirut. For details, see: Craig Larkin, ‘Remaking Beirut: Contesting Memory, Space and the Urban Imaginary of Lebanese Youth’, *City & Community*, 9(4), (2010), pp.414-442; Adrienne Fricke, ‘Forever Nearing the Finish Line: Heritage Policy and the Problem of Memory in Postwar Lebanon’, *International Journal of Cultural Property*, 12 (2005), pp.163-181. For general information on amnesia and reconstruction in post-civil war Lebanon, see Sune Haugbolle’s chapter ‘Discourses on Amnesia and Reconstruction’ in: Haugbolle, *War and Memory in Lebanon*, pp.64-95.

companies caused by Law 117 and others.²¹⁸ With this increased outsourcing of public responsibility to private real estate companies comes a transition from a collective-interest approach to an approach that is more ‘profit-orientated’. In other words, the problem is that real estate companies in post-civil war Lebanon are being allowed to pursue an approach that is defined less by long-term and non-profit visions and more by medium- and short-term profits.²¹⁹ A larger problem with these companies is the way they integrate market actors (such as Hariri and his protégés) while also excluding other actors and interests.²²⁰ In this regard, new urban governance scholars criticise these companies for their ‘extraordinary degree of autonomy and impermeability’.²²¹ Ingemar Elander and Maurice Blanc criticise them for their insulation from external interests and influences.²²² While Frank Moulaert, Erik Swyngedouw and Arantxa Rodriguez criticise them for being ‘bunkered’ against participation and ownership by local community groups.²²³ Due to all this, there appears to be an inherent ‘lack of democracy’ in – and a ‘lack of legitimation’ of – such companies.²²⁴

The profit-oriented approach adopted by many private real estate companies – mixed with the rent-creation mechanisms put in place by the new contractor bourgeoisie – created many ‘losers’; most significant of which were the landowners and tenants who were evicted from their properties. In his unpublished master’s thesis, Hicham el-Achkar

²¹⁸ See: Heiko Schmid, ‘Privatised Urbanity or a Politicised Society? Reconstruction in Beirut after the civil war’, *European Planning Studies*, 14(3), (2006), pp.365-381.

²¹⁹ Considering the changed economic conditions since the end of the Cold War, the profit-orientation represents a desirable choice for many public-private institutions. See: Moulaert, Swyngedouw and Rodriguez, ‘Large scale urban development projects and local governance: From democratic urban planning to besieged local governance’, pp.71-84.

²²⁰ See: *ibid.* See also: Gerry Stoker, ‘Introduction: normative theory of local government and democracy’, in Desmond King and Gerry Stoker, (Eds.), *Rethinking Local Democracy*, (London: Macmillan Press, 1996), pp.1-27.

²²¹ For examples, see: Mike Raco, ‘Researching the new urban governance: An examination of closure, access and complexities of institutional research’, *Area*, 3, (1999) pp.271-279.

²²² See: Ingemar Elander and Maurice Blanc, ‘Partnerships and democracy: A happy couple in urban governance?’, in Ronald van Kempen and Hans Thor Andersen, (Eds.) *Governing European Cities: Social Fragmentation and Governance*, (Aldershot: Ashgate, 2000), pp.93-124.

²²³ This ‘organic autonomy and impermeability’ – as Swyngedouw, Moulaert and Rodriguez describe it – enables private real estate companies to avoid social or political debates over alternative paths and strategies in the reconstruction effort. For further details, see: Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, p.566.

²²⁴ See: Pierre, ‘Introduction: Understanding governance’, pp.1-10.

explains how plans to demolish over 50 old buildings in the Achrafiyeh neighbourhood of Beirut and replace them with high-end apartment buildings forced around 350 families to relocate to more affordable areas in the suburbs.²²⁵ Of course, these forced evictions did lead to fierce – and often, violent – confrontations on the ground. But el-Achkar highlights how a large number of these families failed to claim their properties back because many of the real estate companies in question were protected by elite figures using their political positions and/or relationships. In this regard, he refers to members of the new contractor bourgeoisie, such as Rafiq Hariri, Mohammed Safadi and Najib Mikati. But he also provides a list of other prominent elite figures who had invested in the aforementioned projects. Significantly, this list includes former militia leaders, such as Nabih Berri and Walid Junblatt.²²⁶ It therefore suggests that many of the laws and decrees promulgated by the new contractors were supported by other elite figures – such as the former militia leaders – because they too sought to invest in the real estate sector.²²⁷

These popular protests are often labelled as symptoms of ‘local vs. global’²²⁸, ‘Jihad vs. McWorld’²²⁹, or a ‘heritage crusade’²³⁰. But these descriptions can be expanded further to show how different elites dealt with opposition to their interests. In terms of the new contractors, one finds that protest organisers were almost always offered generous bribes to call off the protests. On some occasions, this *co-optation* tactic worked; for example, the Elyssar project in southern suburbs of Beirut.²³¹ On other occasions,

²²⁵ For further details, see: Hicham el-Achkar, *The role of the State in initiating gentrification: the case of the neighbourhood of Achrafieh in Beirut*, (Beirut: Master’s Thesis, Lebanese University, 2011), p.57.

²²⁶ For further details on the investments, see: *ibid*, pp.71-72.

²²⁷ Other names mentioned include Samir Mokbel (a former Deputy Prime Minister of Lebanon), Yassine Jaber (a Member of Parliament since 1996 and a former minister), and Ibrahim Kanaan (a Member of Parliament since 2005). El-Achkar explains how most of these elites are ‘silent associates’, who are generally unknown to the general public. See: *ibid*.

²²⁸ See: Aseel Sawalha, ‘The Reconstruction of Beirut: Local Responses to Globalization’, *City & Society*, 10(1), (1998), pp.133-147.

²²⁹ Benjamin Barber calls this polarised confrontation between the local and global as ‘Jihad vs McWorld’: Benjamin R. Barber, *Jihad vs McWorld: Terrorism’s Challenge to Democracy*, (New York: Ballantine Books, 1996).

²³⁰ The notion of a ‘heritage crusade’ was initially introduced by the prominent Lebanese scholar, Samir Khalaf. According to Khalaf, this crusade comes as a response to the ‘emptiness of consumerism’ and the ‘nihilism of the popular culture industry’. See: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, pp.35-36.

²³¹ The idea behind Elyssar, located in the southern suburbs of Beirut, was the same as Solidere and Linord: to create rent in a prime location, this time by transferring land use from ‘informal’ and ‘illegal’ settlements to tourism, recreation and luxury residential developments. For further details, see: Harb, ‘Urban Governance in Post-War Beirut: Resources, Negotiations, and Contestations in the Elyssar Project’, pp.272-

however, popular protests went ahead and were even successful at halting reconstruction projects altogether; most notably, the Linord project on the Metn north coast of Beirut.²³² It is worth noting that Linord and Elyssar were similar to Solidere in that they were started with Rafiq Hariri's participation in the reconstruction effort after the Israeli Invasion of 1982, and that they were eventually set-up as private real estate companies in the 1990s.²³³ Those protesting against Solidere were offered cash incentives, but also jobs in the private firm. Those who were hired were allowed to soften the rough edges of the Solidere project, all while leaving the fundamental mechanisms of rent-creation and -appropriation intact. The movement of rights holders and heritage activists was also co-opted by members of pre-civil war bourgeoisie families who felt they had 'lost out' to the new contractors. Members of these families took part in organising and leading some of the protests. Some important examples include Yvonne, Lady Cochrane Sursock, Tammam Salam and Fadi Khoury. In some cases, they even founded their own action committees and groups to undermine the Solidere project; for example, Omar Daouk and the Association of Owners of Rights in the Beirut Central District, and Giorgio Tarraf and Save Beirut Heritage (SBH).²³⁴ The most successful example of co-optation was during popular protests by mostly Shiite refugees evicted by Solidere. Amal and Hezbollah – the two main patrons of the Shiite community – clientelised the protest movement and used it to extract 'compensation'. But what started off as a protest for compensation turned into a tactical opportunity to push for a share of the rents from Hariri's mechanisms of rent-

288. Yet in this area, Hariri's plans were held up by having to contend with Amal and Hezbollah. The two parties were initially against the project because it threatened the demographic make-up of the area, which would have repercussions on their electoral base. But they expressed solidarity with the inhabitants, who demanded compensation if they were moved. See: Khayat, *The Elyssar Reconstruction Project*, p.11. See also: Thomas Schellen, 'Lost in translation: the Elyssar plans', *The Executive Magazine*, Issue 62, (2004); Tala Nasr Stevenson, *Informal Consent: The Complexities of Public Participation in Post-Civil War Lebanon*, (Ann Arbor: UMI Microform, 2007).

²³² In this regard, Linord was to be oriented on maximising profit, as the area was to be deliberately separated from the surrounding social and physical fabric in order to market its feeling of 'exclusivity'. Because many residents in the area refused to go through the same ordeal that many property owners had in Downtown Beirut, the protested against the project. For further details, see: Joumana Ghandour Atallah, 'The Northern Sector: Projects and Plans at Sea', in Peter G. Rowe and Hashim Sarkis, (Ed.), *Projecting Beirut: Episodes in the Construction and Reconstruction of a Modern City*, (Munich: Prestel Verlag, 1998), pp.202-215.

²³³ More details on this point will be given in Chapter 5.

²³⁴ Details on these individuals and their social and political backgrounds will be given in Chapter 4.

creation and -appropriation.²³⁵ The rents that Amal and Hezbollah obtained came as cash. But members of the two parties also gained positions and shares in Solidere, and posts in various administrative bodies and institutions (as will be shown in Chapters 5 and 6).

Of all the private real estate companies, Solidere experienced the most opposition from civil society; after all, the private company was in charge of the most significant reconstruction project in the country. In contrast, Jihad al-Bina experienced the least opposition from civil society. This was because, as Mac Ginty and Hamieh rightly explain, the company adopted the practice of ‘local participation’ in its reconstruction projects. By persuading local people to ‘take responsibility’ for projects, this has helped projects, such as the Waad Initiative, to connect with ‘local aspirations and cultural norms’.²³⁶ In this context, Jihad al-Bina tries to position itself against Solidere by claiming that it is *not* a private real estate company. But as Mona Fawaz rightly argues, Jihad al-Bina is still very much a private firm, and Waad a neoliberal project: “If neoliberalism is supposed to refer to the delegation of public tasks to private actors in the market, then it is difficult for Jihad al-Bina to claim that the Waad Initiative is not like the Solidere project”.²³⁷

iii. The elites and neoliberal urban developments

As previously mentioned, the new coalition of elites *informally* divided entire economic sectors amongst themselves and ensured that *all* would enjoy a large degree of *autonomy* in their respective ‘domains of specialisation’. In reconstruction matters as

²³⁵ Solidere was eventually forced to ‘compensate’ the mostly Shiite displaced by paying Amal and Hezbollah up to US\$245 million. Thus, a fundamental challenge to Solidere and its redefinition of property rights and rent-creation mechanism was diffused. Amal and Hezbollah turned the issue of the displaced into a mere bargaining chip to gain access to these rents. Because the displaced remained reliant on the two sectarian movements for achieving and mediating these benefits, Amal and Hezbollah strengthened their hold over their Shiite constituencies. More details in Chapter 6.

²³⁶ See: Mac Ginty and Hamieh, ‘Made in Lebanon: Local Participation and Indigenous Responses to Development and Post-War Reconstruction’, pp.47-48.

²³⁷ Interview with Mona Fawaz held on 07 August 2012 in Beirut.

well, elites enjoyed a large degree of *autonomy*.²³⁸ This situation is not unique to Lebanon, but rather, is endemic to many postwar societies. In the Balkans, for example, leaders of local ethnic groups established ‘economic protectorates’ in their respective ‘ethno-geographical sectors’. These protectorates symbolised a continuation of personal and patrimonial links that had existed during the war, which were unmediated by ‘constitutional accountability, legal norms and processes’. As a result, in Kosovo, the Kosovo Liberation Army (KLA) became the *de facto* reconstruction authority in the bulk of the country, whereas in each of the Croat and Muslim areas of Bosnia, the major political organisations became the *de facto* reconstruction authorities in their respective ethno-geographical sectors as well.²³⁹

In postwar societies, scholars have documented the huge profits that elites have made from reconstruction matters. In the Balkans, for example, Pugh explains that the elites became what he calls ‘peace profiteers’ or ‘reconstruction racketeers’. Interestingly, he uses post-civil war Lebanon as an example to explain the situation in the Balkans:

“Features of wartime economies carry over into relative peace, as amply demonstrated in Lebanon, where militias and political elites became “legitimate” reconstruction racketeers, dealers and directors taking advantage of the state’s marginalisation and an ultra-liberal, unregulated economic environment in which public government has been paralysed.”²⁴⁰

However, it is assumed to be self-evident that elite members would exploit an unregulated economic environment for their private gain. What is not so evident from the statement above is *how* they were doing this. In the Lebanese context, the racketeering was not only limited to former militia leaders. New contractors were believed to be swaying the reconstruction effort to their advantage as well. But unlike the former militia leaders, the new contractors embarked on a mission to draft and issue laws and decrees

²³⁸ *Autonomy* meant the replacement of checks and balances with a policy of mutual consent where decision-makers tolerated one another’s actions in their respective domains (even if the actions were corrupt) for the greater benefit of all. While checks and balances are mandated by the law, they are never implemented.

²³⁹ For further details, see: Pugh, ‘Protectorates and Spoils of Peace: Political economy in south-east Europe’, pp.52-53.

²⁴⁰ See: *ibid*, p.52.

related to the reconstruction process that would generate significant rent that could later be appropriated. The most significant law was Law 117 (discussed earlier), which enables the creation of private real estate holding companies (such as Solidere), and in turn, grants such companies with attractive incentives (such as a ten-year tax exemption from income tax from the date of its formation).²⁴¹ Being Solidere's main investor, Rafiq Hariri was thus the main beneficiary of Law 117.

The new contractors tolerated the corruption of other elites because it was a crucial element of the clientelist networks built by the elites for their respective followers. This shows how corruption and patronage can overlap.²⁴² For example, as Rafiq Hariri became the country's largest real estate owner, he used his tenure as prime minister to allow kickbacks from public spending to enrich all major government figures who would have otherwise acted as 'spoilers' of his reconstruction plans.²⁴³ Sometimes, however, the rent-seeking behaviours of the new contractors led to political clashes with other elites.²⁴⁴ The most visible clashes occurred between Rafiq Hariri – as the leading member of the new contractor bourgeoisie – and the former militia leaders – as representatives of more popular constituencies.²⁴⁵ In line with his neoliberal agenda, Rafiq Hariri sought to strengthen the 'right hand' of the state (which was concerned with economics and finance), at the expense of the 'left hand' of the state (which was concerned with the

²⁴¹ This is according to Article 3, Clause VII, 'Rights and Obligations of the Company', in: Solidere, *Law No. 91 – 117 of 7th December 1991: Fifth Edition*, p.12.

²⁴² See: Hutchcroft, 'Obstructive corruption: The Politics of Privilege in the Philippines', p.215.

²⁴³ For example, a contract to build a section of the coastal motorway was awarded to a private company owned by Randa Berri – the wife of Parliament Speaker Nabih Berri – at a price estimated to be at least US\$100 million in excess of construction costs. In addition to that, contracts for the import of petroleum were awarded to the two sons of President Elias Hrawi. For details, see: Gary C. Gambill and Ziad K. Abdelnour, 'Dossier: Rafiq Hariri Prime Minister of Lebanon', *Middle East Intelligence Bulletin*, 3(7), (2001).

²⁴⁴ In light of this, the reconstruction process in post-civil war Lebanon reflected what Frank Moulaert, Erik Swyngedouw and Arantxa Rodriguez have described as profound 'power struggles' and 'position taking', and therefore, revealed an 'enormous potential of conflict'. For details, see: Moulaert, Swyngedouw and Rodriguez, 'Large scale urban development projects and local governance: From democratic urban planning to besieged local governance', p.81.

²⁴⁵ One former militia leader Rafiq Hariri clashed with was Nabih Berri, the leader of the Shiite Amal Party. In one famous example, a close ally of Berri – Samir Azar – took over the presidency of the Finance and Budget Committee, which has a say on where government spending is allocated. Even though Hariri at the time controlled the Ministry of Finance through his long-time friend and ally Fouad Siniora, Berri's influence in the Finance and Budget Committee enabled him to greatly influence the government's budget and financial policies. For details, see: EIU, *Country Report: Lebanon*, 1st Quarter 1994, p.13.

provision of welfare).²⁴⁶ Because the welfare-related agencies functioned as instruments of patronage for the former militia leaders, they often tried to resist by launching accusations of corruption against Solidere.²⁴⁷ By 1998, these accusations escalated into an all-out campaign to oust Rafiq Hariri and his allies from those administrative bodies and institutions concerned with reconstruction matters in general, and in Downtown Beirut in particular. The most important bodies were the Prime Minister's Office, the Ministry of Finance, the Lebanese Central Bank and the CDR.²⁴⁸

But there was more to the reconstruction process than elite division over Rafiq Hariri's neoliberal agenda. The reconstruction process was also an opportunity for the elites to build and/or maintain their clientelist networks. This was done by involving local constituencies in the projects they implement. In their analysis of reconstruction projects after the 2006 war between Hezbollah and Israel, for example, Mac Ginty and Hamieh argue that some political camps gained more support than others based on whether locals felt 'alienated' or 'integrated' into the projects that they implemented.²⁴⁹ Using the

²⁴⁶ The idea of dividing the state into a 'right hand' and a 'left hand' was initially proposed by Pierre Bourdieu. According to Bourdieu, neoliberalisation leads to a strengthening of the economic ministries that make up the right hand of the state and the neglect or weakening of the welfare functions of the state that constitute the left hand. Hariri's neoliberal economic project viewed spending on agencies such as the Council for South Lebanon or the Ministry of the Displaced as contradictory to neoliberalism's concern with cutting back the welfare state and stressing individual responsibility. Meanwhile, the former militia leaders were keen to maintain spending on these agencies in order to continue providing jobs to their constituencies as patronage. Therefore, targeting these agencies was seen by former militia leaders as an attack on their patronage instruments. For details, see: Bourdieu, *Acts of Resistance: Against the Tyranny of the Market*, p.2.

²⁴⁷ Again, the issue of corruption was used on multiple occasions to instigate these political battles and confrontations. But since this thesis is more interested in understanding the consequences of the Solidere project on post-civil war Lebanon, proving whether there was corruption or not is of secondary importance to the discussion in this thesis.

²⁴⁸ The most significant example was Army Commander Emile Lahoud. In this regard, Lahoud despised Hariri because the latter sought to cut military expenditure from the Lebanese Army; a move which would have hurt the military and intelligence establishment. By 1998, Lahoud succeeded Elias Hrawi as president after receiving strong Syrian support. In turn, he used his presidency to remove Hariri and his technocrats from all the administrative bodies and institutions concerned with reconstruction matters. More details in Chapter 6.

²⁴⁹ Of course, the idea of garnering political support from the locals through reconstruction projects is not new in Lebanon. Nor is the idea unique to post-civil war Lebanon alone. Locals are given the impression that they are participating in the projects because, so the thinking goes, it helps projects connect with local aspirations and cultural norms. It may also be more cost-effective and sustainable if local people can be persuaded to take responsibility for projects. For example, John Darby and Roger Mac Ginty offer considerable evidence from postwar examples such as Afghanistan, Iraq, Bosnia, and Northern Ireland, where participatory methods were used in various reconstruction projects as well. For further details, see:

example of the Waad Initiative in the southern suburbs of Beirut, they explain that by developing pre-project plans and embarking on rounds of consultations with the locals, and showing willingness to revise plans in the light of community reactions, Hezbollah was able to connect with the hearts and minds of the local inhabitants, and in turn, gain popular support.²⁵⁰ This argument can be stretched to the Solidere project as well. Rafiq Hariri was able to garner support from many Beirutis who expected to reap benefits from the Solidere project. The project created new jobs and investment opportunities. The company also distributed shares to all the former landowners and tenants.²⁵¹ As shareholders, the former landowners and tenants were given voting power on all major issues, including the election of board directors, as well as proposals for fundamental changes affecting the company (such as mergers and expansions).²⁵² But as mentioned earlier, not everyone was satisfied with what Rafiq Hariri had to offer, sensing that the *mantra of public participation* was being used to mask the power relations whereby meaningful participation is constrained and outcomes are pre-ordained.²⁵³

John Darby and Roger Mac Ginty (Eds.), *Contemporary Peacemaking: Conflict, Peace Processes and Post-War Reconstruction*, (Basingstoke: Palgrave Macmillan, 2008).

²⁵⁰ Additionally, Mac Ginty and Hamieh emphasise the success of Hezbollah in garnering political support and legitimacy by suggesting that the Future Movement's reconstruction activities in Tripoli were indirectly 'inspired' by the participatory approach of the Waad Initiative. For further details, see: Mac Ginty, 'Reconstructing post-war Lebanon – A challenge to the liberal peace?', pp.457-482; Mac Ginty and Hamieh, 'Made in Lebanon: Local Participation and Indigenous Responses to Development and Post-War Reconstruction', pp.47-48; See also: Mac Ginty, 'Hybrid Reconstruction: The Case of Waad in Lebanon', pp.208-225.

²⁵¹ In this regard, shares were distributed to the original landowners and tenants so that they would have an incentive to further the company's economic success; unless, of course, they were so against the project as to disregard their allotted shares in the venture.

²⁵² The original owners of property in the downtown area received US\$1.17 billion in shares as compensation for the appropriation of their properties. Another US\$650 million was raised through a public issue in January 1994, which was oversubscribed by 142%. See: Solidere, *The development and reconstruction of Beirut central district: information booklet*, (Beirut: Solidere, 1995), p.4.

²⁵³ This idea was taken from the work of Bill Cooke and Uma Kothari. See: Bill Cooke and Uma Kothari, 'The Case for Participation as Tyranny', in Bill Cooke and Uma Kothari (Eds.), *Participation: The New Tyranny?*, (London: Zed Books, 2001), pp.2-15. Oliver Richmond makes a similar argument when he talks about how local ownership and local participation are sometimes 'romanticised'. In this regard, Richmond argues that often local actors and civil society are treated as 'voiceless', 'unempowerable' and 'sacrificeable'. For further details, see: Oliver Richmond, 'The Romanticisation of the Local: Welfare, Culture and Peacebuilding', *International Spectator*, 44(1), (2009), pp.149-169. Mac Ginty has also questioned the extent to which local participation is a local solution for local problems when he talks about 'traditional' and 'indigenous' practices. See: Mac Ginty, 'Indigenous Peace-Making Versus the Liberal Peace', pp.139-163.

A final, yet important, point to make is on the management of these private real estate companies. Immanuel Wallerstein has found that ‘cadres’ at the mid-level and managerial-level of many companies (or bureaucracies) are recruited according to ‘universal principles’.²⁵⁴ This means that there is a priority to recruit based on *merit* over *identity*. But this is a somewhat simplistic assessment of the recruitment process in the companies mentioned above. It must be stressed that companies, in general, are not just neutral reflections of impersonal market forces. They consist of complex webs of social relations defined by a number of social characteristics, be they ethnic, racial or religious.²⁵⁵ In Lebanon especially, where distinctions are made between different groups based on religion, it is not clear why recruiting on the basis of sectarian identity should be trumped by a rationale to recruit ‘the best and brightest’. Many of these companies are driven by the same elites who often use populist appeals – including appeals to sectarian identity – to the electorate to win parliamentary elections. In this context, there is no reason to believe that their companies would not be driven according to their sectarian logic as well.²⁵⁶ We find, therefore, that the management in many of these companies was a mixture of *meritocracy* at the managerial level of things and *sectarian populism* at the grassroots level.²⁵⁷ So what do we mean by this?

For example, while Jihad al-Bina needs non-indigenous actors – such as Syrian labourers – and professional experts – such as architects, engineers and urban planners – it made a conscious effort to include local people and supporters of Hezbollah in its projects as well.²⁵⁸ The professional experts – or as Wallerstein calls them, mid-level professionals – tend to be the ones who make Jihad al-Bina run smoothly. And the local people and supporters of Hezbollah – who were recruited to consult with the locals – tend

²⁵⁴ See: Immanuel Wallerstein, *World Systems Analysis: An Introduction*, (Durham: Duke University Press, 2007), p.40.

²⁵⁵ See: Richard Swedberg, *Principles of Economic Sociology*, (Princeton: Princeton University Press, 2003), p.108.

²⁵⁶ As Kurt Weyland points out, those elites that push for the neoliberal transformation of the state and economy often use populist appeals to gather electoral support. See: Kurt Weyland, ‘Neoliberal Populism in Latin America and Eastern Europe’, *Comparative Politics*, 31(4), (1999), pp.379-401.

²⁵⁷ By *meritocracy*, we refer to a structure where the dispersal of power is almost exclusively based on *merit*.

²⁵⁸ See: Mac Ginty and Hamieh, ‘Made in Lebanon: Local Participation and Indigenous Responses to Development and Post-War Reconstruction’, pp.58-59.

to be the ones who gather popular support from the Shiite community. A somewhat similar situation can be observed in Solidere: while the private firm uses meritocracy as a way to distance its project from sectarian affiliations (meritocracy is often used as a plank of neoliberal political discourse and rhetoric), its Board of Directors were comprised of technocrats as well as ‘experts’ in sectarian clientalism.²⁵⁹ As will be shown in Chapter 6, those experts in sectarian clientalism held shares on behalf of significant political leaders and religious institutions.

The difference between these projects, however, is that the Solidere project was not designed to gain the support of a specific community (in the case of Waad, it was designed to cater for the Shiite community). The Solidere project was advertised as a ‘national project’. It therefore needed the approval of *all* Lebanese. In this context, Hariri styled himself as a ‘national leader’. It was only after 1998 – when Rafiq Hariri began transforming himself from a national leader to a specifically ‘Sunni leader’ – that the Solidere project became more closely associated with the Sunni community. The construction of the gigantic Mohammed Al-Amin Mosque – which will be discussed in Chapter 6 – was seen as a symbolic claim that the city centre belonged to the Sunni community.²⁶⁰

Conclusions

To conclude, this chapter has situated the global phenomenon of neoliberalism within the local context. It can be inferred, therefore, that the emergence of neoliberalism in post-civil war Lebanon is closely linked to the arrival of the new contractor bourgeoisie. The most important – and arguably, most successful – member of the new contractor bourgeoisie was the late Prime Minister Rafiq Hariri. But others included Najib Mikati, Mohammed Safadi and Issam Fares. Together, the new contractors pushed

²⁵⁹ See: Jo Litter, ‘Meritocracy as plutocracy: the marketising of ‘equality’ within neoliberalism’, *New Formations: a journal of culture/theory/politics*, 80-81, (2013), pp.52-72.

²⁶⁰ For details, on the mosque, see: Ward Vloeberghs, ‘The *Genesis of a Mosque*: Negotiating Sacred Space in Downtown Beirut’, *Mediterranean Programme Series Working Paper 17*, European University Institute: RSCAS.

forward neoliberal economic reforms. Many of the laws and decrees promulgated by the new contractors were supported by other elite figures – most significantly, Nabih Berri and Walid Junblatt – because they too sought to snatch up contracts, or to invest, in the private sector. However, the apportionment of the administrative bodies and institutions amongst the new coalition of elites that emerged after the civil war proved to be a tricky business: by the time neoliberal economic reforms expanded to include the privatisation of the state welfare services, faultlines began to appear.

The reconstruction process in Beirut demonstrates particularly well the main patterns of neoliberalism in the country. As Table 3 demonstrates, Beirut has witnessed multiple reconstruction projects, all of which can be described as ‘neoliberal’. But there are many differences between these projects as well. It therefore shows that there is a ‘diversity’ of reconstruction projects that can be characterised as ‘neoliberal reconstruction projects’. Undoubtedly, this diversity was linked to the range of interests in the reconstruction process. The new contractors were not the only actors involved in this process. Other actors – most particularly, Hezbollah – were involved as well. The social and political background of Hezbollah, mixed with its interests in the Shiite community, influenced the shape and form of the reconstruction projects it was in control of: the most significant example being the Waad Initiative. This does not mean that the projects controlled by the new contractors – such as Elyssar, Linord and Solidere – were exact *replicas* of neoliberal urban developments found elsewhere in the region or the world. These projects were controlled by a type of elite which, although it could be classified as part of the capitalist class, was also a social and political force that was shaped by local politics. For this reason, we find that the management of the Solidere project was not simply technocratic in nature. Rather, it was a mixture of meritocracy at the managerial level of things and clientelistic populism at the grassroots level.

Having elucidated the importance of context, we can now pay closer attention to the individual elites that played a role in shaping Beirut’s urban sphere. So far, these elites have been placed into categories – such as former militia leaders (and the businessmen allied to them), traditional pre-civil war bourgeoisie, Shihabist technocrats, military and

security officials, and new contractors. These ‘terms’ were used as a way to complement rather than replace the specific individuals that are involved in the reconstruction process (and the interests they are trying to push forward). But because these categories are in themselves, broad terms that can be very misleading when trying to make sense of individual actions and behaviours, the next two chapters will provide an account of Beirut’s turn to neoliberal urban developments based on the historical sociology of these different types of elites over the past couple of centuries.

Period launched	Project location	Authority/Project	Nature
1990-1995	Downtown Beirut	CDR-Solidere	Infrastructure works and rehabilitation of the city centre
1992-1997	Southern Suburbs	CDR-Elyssar	Infrastructure works and rehabilitation
1995-1997	Northern Littoral (Nahr el-Mott)	CDR-Linord	Infrastructure works and rehabilitation
2006-2008	Southern Suburbs	Jihad al-Bina	Reconstruction of war-damaged neighbourhoods
Other large-scale urban projects that were featured in Beirut			
1994-1997	Beirut Sport City	CDR	Reconstruction
1994-1997	Northern entrance into Beirut	CDR	Road network expansion

1992-2000	Beirut International Airport	CDR	Rehabilitation and expansion
1995-2000	Beirut Port	CDR	Rehabilitation and expansion

Table 3 – A sample of the main projects launched in Beirut after the civil war. Notice that most projects in Beirut were overseen by the CDR, which fell under Hariri's control.

PART II

Neoliberal urban developments and their place in Beirut's urban history

Chapter Four

Episodes of transformation: from modern to neoliberal urbanism

In the previous two chapters a detailed discussion was presented regarding neoliberal urban developments: firstly, within the Arab/Middle Eastern context; and secondly, within the Lebanese context. The purpose of this discussion was to show that context matters when trying to understand the consequences of particular projects. In this regard, it was argued that such projects will always take completely different forms from one context to another, and therefore, have completely different consequences from one context to the other as well. But it was shown in Chapter 3 that as well as being shaped by the context, projects there were being shaped by the interests of the elites that controlled them as well. In light of this: Chapter 4 will explain the different interests; and Chapter 5 will discuss the interests of a specific elite figure – that of the former Prime Minister Rafiq Hariri.

While much of the analysis in the previous chapters focused on the new contractor bourgeoisie, it highlighted the important role that the former militia leaders played in the reconstruction process as well. This is not to say that other types of elite did not have an interest in Beirut's urban scene. The pre-civil war bourgeoisie and the Shihabists, for example, were involved in Beirut's urban scene long before the emergence of both the former militia leaders and the new contractors. Therefore, the analysis needs to take into account the historical sociology of these other types of elites as well in order to understand their interests today. As will be shown, their interests nowadays are very much a result of past developments that shaped the city. These past developments are many, and can be traced back to the early nineteenth century. What this means is that

some of the interests we are talking about are not limited by the lifetime of a single individual, but rather, are carried over and maintained across multiple generations.

This chapter will be divided into two sections. The first section will look at the rise of Beirut from a relatively insignificant town in the Eastern Mediterranean to a major city and the capital of Lebanon. The rise of Beirut encompasses two periods: firstly, during the Ottoman period, when the rulers in Istanbul tried to reassert their authority in the city; and secondly, after the end of the First World War, when French intervention in architecture and planning was deformed by Orientalist schemes. In turn, the second section will look at the decline and fall of Beirut. This moment in Beirut's history is characterised by two periods as well: firstly, following Lebanon's independence (specifically, under the leadership of President Fuad Shihab), when a serious attempt was made to overcome the rapidly intensifying degree of congestion caused by population growth; and secondly, during the civil war, when sixteen years of brutal sectarian fighting transformed the city into an unrecognisable urban mess.

What is clear, therefore, is that Beirut experienced four main stages of 'urban transformation'. As will be shown, each transformation provoked a rare mood of nascent and growing public awareness of urban issues. Each time as well, various elite figures were becoming increasingly concerned by – and involved in – the radical changes that were taking place in the urban spaces around them. Thus, these stages of transformation are important to consider in the analysis because they help us map elite interests today. It is from understanding *where* the various interests developed from that any reflection upon the Solidere project (and the rent-creating and -extracting mechanisms that Rafiq Hariri put in place) can begin.

I. The modern and post-modern configurations of Beirut

Until the mid-nineteenth century, through Arab rule and most of the Ottoman period, Beirut remained a relatively insignificant town, characterised by its medieval

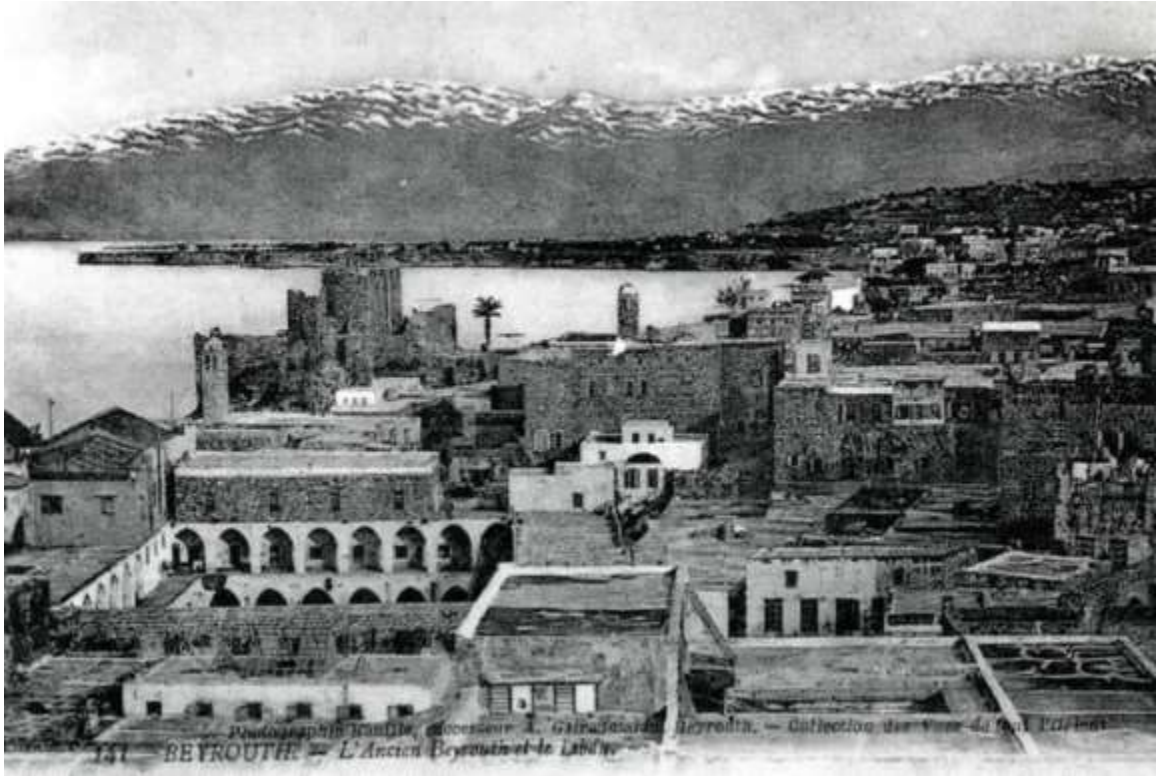


Figure 6 – View of Beirut looking east (ca. 1840). Source: Jens Hanssen, “‘Your Beirut Is on My Desk’, Ottomanizing Beirut under Sultan Abdulhamid II 1876-1909’, in Peter G. Rowe and Hashim Sarkis, (Eds.), *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, (Munich: Prestel Verlag, 1998), p.43.

silhouette of mosques, castles and fortification towers (Figure 6).²⁶¹ The city was optically dominated by Burj al-Mina and Burj al-Musalla on the northern coastal side, Bur Dabbous and Burj al-Jedid on the southwest side, and Burj al-Kashaf on the southeast side (whose solid construction had succumbed to bombardment by the British fleet in 1840).²⁶² Towering above the twenty-metre high city walls were the minarets of mosques (notably, ‘Umari, al-Amir Munzir, and al-Amir Mansur ‘Asif).²⁶³ Sahat al-Sur and Sahat al-Burj were the two main squares where many inhabitants in the city converged. The economic life of the city thrived around the *aswaq* and *khans* down the

²⁶¹ For a detailed historical account of Beirut, see: Samir Kassir, *Beirut*, (Berkley: University of California Press, 2010).

²⁶² See: Michael F. Davie, ‘Trois cartes inédites de Beyrouth’, *Annales de Géographie de l’Université Saint-Joseph*, Beyrouth, 5, 1984, pp.37-82.

²⁶³ See: Taha al-Wali, *Bayrut fi-l-tarikh wa-l-hadhara wa-l-‘umran* [Beirut: History, Culture and Urbanism], (Beirut: Dar al’ilm lil-malayyin, 1993), pp.167-80.

narrow streets and alleyways. And political activity converged around the Serail building, situated on the eastern flanks of the city wall.²⁶⁴ Within a few generations, however, the urban profile of Beirut was dramatically transformed.

i. The first steps towards modernisation

In the nineteenth century, there was an increase in European demand for food and raw materials, and also markets and outlets for its energy, capital and population.²⁶⁵ In Mount Lebanon, Europeans were growingly interested in a number of commodities as well. Most significantly, they were interested in the region's silk industry. While this region had already specialised in raw silk production, it was not until European penetration in the Middle East that silk exports began to expand.²⁶⁶ A nascent hotel industry began to grow in order to accommodate the European travellers. Hotels were built and managed first by Greeks, Italians, Maltese, and eventually, native Lebanese (see Figures 7 and 8). As Europeans became growingly involved in the region, they began to place their investments in modernising Beirut's trade and financial infrastructure.²⁶⁷ The port city of Beirut was favoured by European merchants to the detriment of other port cities in the region, such as Acre, Sidon, Tripoli and Tyre.²⁶⁸ But the Europeans were not

²⁶⁴ See: May Davie, *Beyrouth et ses Faubourgs, (1840-1940): Une intégration inachevée*, (Beirut: CERMOC, 1996), p.20.

²⁶⁵ See: Charles Philip Issawi, *An Economic History of the Middle East and North Africa*, (London: Methuen, 1982), p.1.

²⁶⁶ For details, see: Boutros Labaki, *Introduction a l'histoire économique du Liban: soie et commerce extérieur en fin de période ottoman (1840-1914)*, (Beirut: Lebanese University Press, 1984), p.28; Charles Philip Issawi, *The Fertile Crescent 1800-1914: a documentary economic history*, (New York: Oxford University Press, 1966), p.321.

²⁶⁷ For some details of these projects, see: Jacques Thobie, *Interets et imperialism français dans l'empire ottoman: 1895-1914*, (Paris: Sorbonne, 1977); Jens Hanssen, "'Your Beirut Is on My Desk'", Ottomanizing Beirut under Sultan Abdulhamid II 1876-1909', in Peter G. Rowe and Hashim Sarkis, (Eds.), *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, (Munich: Prestel Verlag, 1998), pp.48-52; Marlène Ghorayeb, 'L'urbanisme de la Ville de Beyrouth sous le Mandat Français', *Revue d'études de la Méditerranée et du monde musulman*, 73-74(3-4), (1994), pp.297-309.

²⁶⁸ This was because Beirut's trade was least tied to Egypt and Turkey, and the most active with Europe. Unless otherwise specified, the information obtained in this section is from: Caroline Gates, *The Merchant Republic of Lebanon: Rise of an Open Economy*, (London: Centre for Lebanese Studies, 1998), pp.15-16.



Figure 7 – View of German and d’Orient Hotels. Source: Samir Khalaf and Philip S. Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, (Leiden: E. J. Brill, 1998), p.261.



Figure 8 – View of Continental Hotel and Avenue Français. Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.261.

the only ones investing in the city at the time: many of the locals invested their wealth in Beirut's trade and financial infrastructure as well.²⁶⁹

One of the earliest documented examples was provided by the investments of the highly successful Sursock family; they invested heavily in the Beirut-Damascus road and railway, the enlargement of Beirut Port, and other development projects.²⁷⁰ The Sursock family also had investments outside Beirut; most particularly, in Egypt. But even so, Beirut remained their base of operations. The Sursock family was regarded as one of the 'Seven Christian families' that rose rapidly and became recognised in the highest circles of Ottoman and European high society. Due to their high status, people often approached the Sursocks to intercede on their behalf with the Ottoman government. One sign of their closeness to the sources of Ottoman power was the appointment of Alfred Sursock to the post of secretary at the Ottoman Embassy in Paris in 1905. In France, Alfred quickly climbed up in the titled circles of Europe and married Maria Serra di Cassano (who came from an old Italian princely family). Their daughter, Yvonne – more commonly known as Yvonne, Lady Cochrane Sursock – would become a leading figure of the opposition movement against Rafiq Hariri and the Solidere project.²⁷¹

These first steps towards modernisation coincided with, and were most possibly associated with, the promulgation of new standardised construction laws and directives for urban management in the wake of the *Tanzimat* (reforms).²⁷² Under the auspices of Ismail Kemal Bey, the *wali* of Beirut, serious efforts were launched to implement these construction laws in the city.²⁷³ From the mid-nineteenth century onwards, a number of urban developments were launched in Beirut whereby the sustenance of the public domain was a recurrent theme. On the basis of these construction laws, the Ottoman

²⁶⁹ See: *ibid*, p.16.

²⁷⁰ This is according to information obtained from: Leila Tarazi Fawaz, *Merchants and Migrants in Nineteenth-Century Beirut*, (Cambridge, Mass.: Harvard University Press, 1983), pp.91-92.

²⁷¹ Unless specified, details on the rise of the Sursock family were obtained from: *ibid*, pp.92-93.

²⁷² These construction laws were applied to Istanbul and the provinces of the empire alike. For information on these laws, see: Ed Engelhardt, *La Turquie et le tanzimât: ou, histoire des réformes dans l'empire Ottoman depuis 1826 jusqu'à nos jours*, (Paris: A. Cotillon et cie, 1882).

²⁷³ For further details, see: Hanssen, "Your Beirut Is on My Desk", *Ottomanizing Beirut under Sultan Abdulhamid II 1876-1909*, p.52.

authorities sought to regularise public spaces in Beirut. In 1896, Beirut municipal engineer Amin ‘Abd al-Nur, had translated and edited the Ottoman construction laws, “hoping that this service will promote public works, enable the municipal departments to carry out their business, and make the property owners aware what their rights and duties are”.²⁷⁴ Important aspects of these laws included regulations on the alignment and width of streets, the heights of buildings, and the cleanliness of crossings and passageways.²⁷⁵ Details were also given on the norms and regulations for raising buildings, permissions, fees, and prohibitions of restoration, registration fees, and penal codes.²⁷⁶

The modernisation process was in full swing when the Ottomans demolished large parts of the medieval fabric (Figure 9) and launched a string of infrastructure projects (such as *aswaq*, *khans*, *sahat*, electric tramways, gaslights, and the like), and constructed monumental buildings that overwhelmed Beirut’s original skyline. Notably, these buildings included the infantry barracks (or the ‘Grand Serail’ as it was later called), which was completed in 1853 (Figure 10). This building represented a smaller version of the Selimiyye Barracks in Istanbul.²⁷⁷ Other than that, a smaller structure known as the ‘military hospital’ and a clock tower reflecting Istanbul time were erected alongside the Grand Serail, the heights of minarets were matched by church and school towers to emphasise the diversity of religious and educational activities in Beirut, and public spaces and parks such as the Sahat al-Sur (later to be called Sahat Riyadh al-Solh) and Sahat al-Burj (later, Sahat al-Hamadiyye, Place des Canons, or Martyrs’ Square) were subjected to a series of major physical and functional transformations (Figure 11).²⁷⁸ As in other cities, however, the construction of numerous public buildings, barracks, hospitals, schools, and *serails* was not only a response to practical necessity. It was also a response

²⁷⁴ See: Amin ‘Abd al-Nur, *Tarjim wa sharah qanun al-abna’ wa qarar al-istimlak*, (Beirut: almatba’a al-ada’biyya, 1896), p.5, quoted in *ibid*, p.51.

²⁷⁵ See: *ibid*, pp.51-52.

²⁷⁶ In this regard, one finds that the Ottoman construction laws closely resembled the spatial regulations used in many European cities at the time. For details, see: C. M. Robinson, *The Improvement of Towns and Cities*, (New York, 1901), pp.63-79, quoted in Stephen Kern, *The Culture of Time and Space: 1880-1918*, (Cambridge, Mass.: Harvard University Press, 1983), p.188.

²⁷⁷ See: Godfrey Goodwin, *A History of Ottoman Architecture*, (London: Thames and Hudson, 1971), p.420.

²⁷⁸ Of course, these projects were also inspired by the Ottoman Tanzimat (reforms), and the diffusion of town planning ideas in the colonial world at the time. See: Hanssen, ““Your Beirut Is on My Desk” Ottomanizing Beirut under Sultan Abdulhamid II (1876-1909)”, pp.61-64.

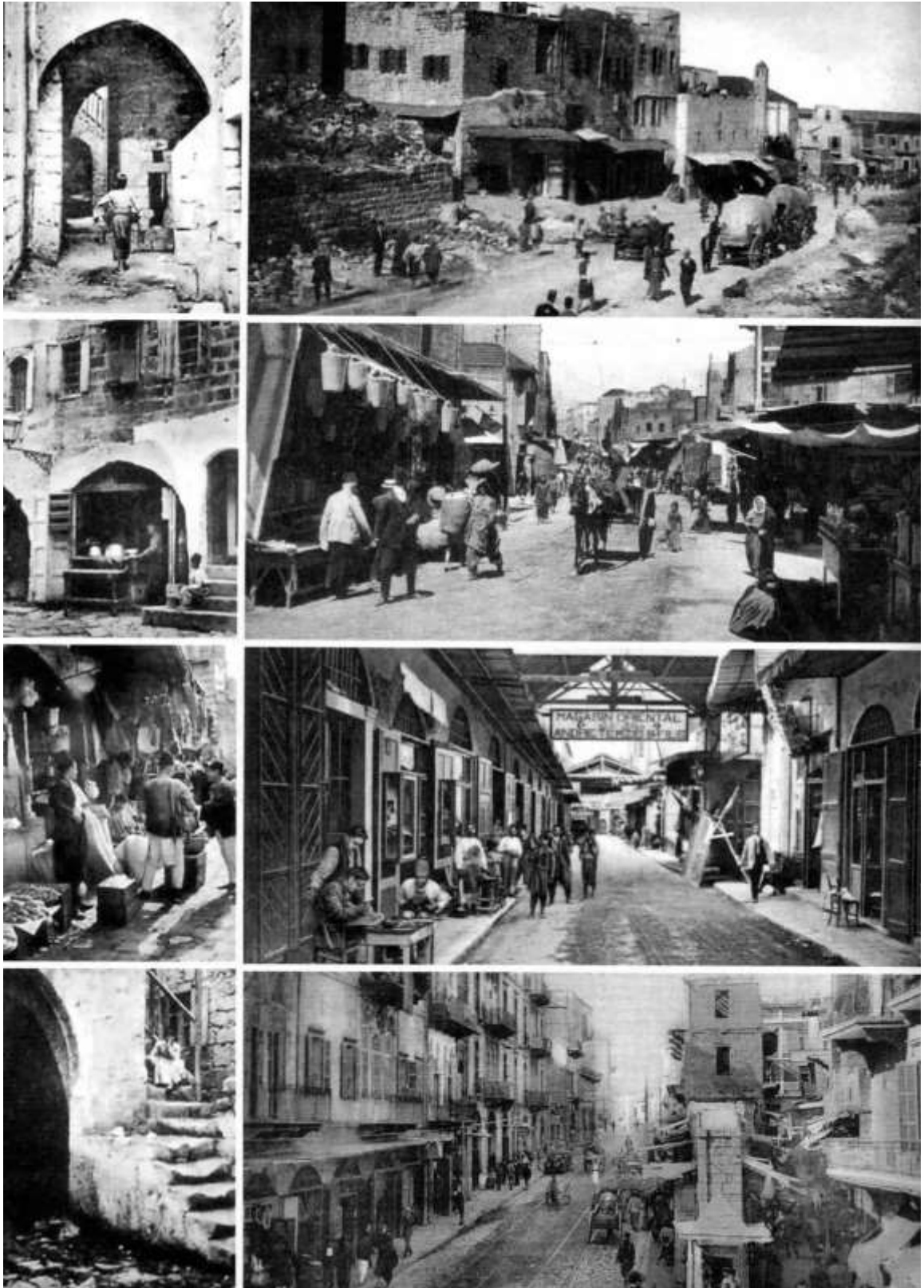


Figure 9 – Images of Beirut before modernisation. Source: Samir Khalaf, *Heart of Beirut: Reclaiming the Bourj*, (London: Saqi, 2006), p.60.



Figure 10 – A view of Beirut with the Grand Serail, the military hospital and a clock tower reflecting Istanbul time in the background. Source: Hanssen, ““Your Beirut Is on My Desk” Ottomanizing Beirut under Sultan Abdulhamid II (1876-1909)”, p.58.



Figure 11 – Image of Martyrs' Square in 1910. Source: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.186.

to a growing reassertion of Ottoman control over Beirut.²⁷⁹ Through the “magnificence of the buildings’ dimensions”, the ‘amplitude of their lines’, the ‘uniformity of their design’, and the ‘functional effect of their decorative elements’, they confirmed the power of the Ottoman Empire; providing both visual and physical evidence of modernity.²⁸⁰

Without doubt, the modernisation process occurred over a protracted amount of time. But the pace picked up as soon as more immigrants arrived in the city. According to one study, Beirut’s population grew by an estimated twentyfold: from 8,000 inhabitants in 1825 to, 70,000 in 1863, and 200,000 in 1913.²⁸¹ People of different ethno-religious backgrounds and socio-economic classes came to the city in search of better opportunities.²⁸² Indeed, these immigrants came as a result of Beirut’s newly-acquired status and role as a regional centre for trade and finance, which it had attained when it was incorporated into the ‘nineteenth-century international market economy’.²⁸³ While Sunni Muslim merchants tended to dominate trade with the Arab hinterland, their Christian counterparts dominated trade with Europe. With time, Lebanon came to acquire a particular role in the regional and world economy; namely as the commercial and financial intermediary between the Arab East and Western financial markets.²⁸⁴ In due course, Beirut became a regional seat for European consuls and concessionary offices, and an influential cultural and educational centre where many American, British and French schools and universities were established and are still present today.²⁸⁵ In light of

²⁷⁹ See: Kern, *The Culture of Time and Space: 1880-1918*, p.34.

²⁸⁰ See: Hanssen, “‘Your Beirut Is on My Desk’ Ottomanizing Beirut under Sultan Abdulhamid II (1876-1909)”, pp.45-46

²⁸¹ This is according to information obtained from: *ibid*, Table 1, pp.127-30.

²⁸² Without doubt, one cannot forget the massive influxes caused by the massacres of 1860 in Damascus and Mount Lebanon, which led to the displacement of thousands of Christians. See: Leila T. Fawaz, *An Occasion for War: Civil Conflict in Lebanon and Damascus in 1860* (London: Centre for Lebanese Studies, 1994); Kamal Salibi, *A House of Many Mansions: The History of Lebanon Reconsidered* (London: University of California Press, 1988), pp.15-16.

²⁸³ A number of important publications exist in the literature which delves into the urban history of Beirut. These publications also talk about the new status and role that the city of Beirut acquired at the time. For example, see: May Davie, *Beyrouth 1825-1975: Un siècle et demi d’urbanisme*, (Beirut: Ordre des ingénieurs et architectes, 2001); Jad Tabet, Eric Verdeil, and Marlène Ghorayeb, *Portrait de ville: Beyrouth*, (Paris: Institut français d’architecture, 2001).

²⁸⁴ For details, see: Sayigh, *Entrepreneurs of Lebanon: The Role of the Business Leader in a Developing Economy*, (Cambridge: Harvard University Press, 1962); Johnson, *Class and Client in Beirut: The Sunni Muslim Community and the Lebanese State 1840–1985*, pp.25-26.

²⁸⁵ The most notable example is the Syrian Protestant College in Ras Beirut (later named the American University of Beirut, or AUB), which was established in 1866 by American missionaries. For details, see:

all these developments, Beirut was on its way to becoming one of the most attractive and prosperous cities in the region.²⁸⁶

ii. The impact of modernisation on the city and its citizens

As previously mentioned, Beirut witnessed an influx of people from the hinterlands. No sooner had they arrived, the city started to spread beyond its old city walls. The new arrivals included people of different socio-economic classes, amongst them many bourgeoisie families from Greater Syria and Palestine who sought to take better advantage of the opportunities that were on offer in the city.²⁸⁷ Subsequently, this influx of bourgeoisie families contributed towards the emergence and expansion of a class of businessmen, entrepreneurs and merchants. It was during this period that the urban spill beyond the walls of the old city began to assume the contours of fairly distinct living quarters. Generally, the Christians established residences on the eastern and western flanks of the city in places like Saifi, Rmeil, Mina el-Hosn, Achrafiyeh and Jietawi. In contrast, Muslims settled southwards in the direction of Bachoura, Mazraa, Basta and Moussaytbeh (see Figures 12 and 13).

It was also during these years, when Beirut's population was growing, that the city's inhabitants became increasingly concerned about what was being done to the urban spaces around them. It started when the Ottoman authorities sought to regularise public spaces in the city, as part of their modernising schemes. The proposed projects aroused considerable opposition by local inhabitants against the Ottoman authorities. In one famous incident, locals were shocked to learn about the demolition of a large number of

Salibi, *A House of Many Mansions: The History of Lebanon Reconsidered*, p.162; Gates, *The Merchant Republic of Lebanon: Rise of an Open Economy*, p.15.

²⁸⁶ See: Fawaz, *Merchants and Migrants in Nineteenth Century Beirut*, p.73.

²⁸⁷ See: Marwan Buheiry, *Beirut's Role in the Political Economy of the French Mandate, 1919-1939*, (Oxford: Centre for Lebanese Studies, 1987), p.3; Kamal Salibi, *The Modern History of Lebanon*, (New York: Caravan Books, 1977), p.142.



Figure 12 – A view of Mina el-Hosn. Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.266.



Figure 13 – A view of Basta. Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.266.

houses to make way for two aligned streets. One of these alignments was meant to connect the port with the bazaars, whilst, the other was intended to connect Sahat al-Burj to Bab Idriss, effectively piercing through Souk al-Fashkha, Souk al-Tawileh and Souk al-Jamil.²⁸⁸ Serious efforts were made by the Beirut municipality to distribute compensations to everyone who would be affected by the demolitions; but to no avail and the opposition continued. However, the plan was approved and pushed through by the authorities.²⁸⁹ At this stage, not everyone was opposed to the modernising schemes of the Ottoman authorities. To the delight of some merchants, two luxury shops were opened near the intersection of the new streets in Souk al-Tawileh, Souk al-Fashkha and Souk al-Jamil.²⁹⁰ Also, when the Ottoman authorities launched the construction of the ‘Orosdi Bek Department Store’ (see Figure 14), many in the upper echelons of Beiruti society – particularly from the class of businessmen, entrepreneurs and merchants – were grateful to the Ottoman authorities.²⁹¹ At this point, the most successful businessmen, entrepreneurs and merchants joined in and began investing their wealth in Beirut’s trade and financial sectors. But they also invested in the city’s real estate sector.²⁹²

This was firstly reflected by the countless mansions they constructed throughout the city (see Figures 15 and 16). The most elaborate homes built include the Ayyas, Beyhum, Bustros, Daouk, Salam, and Sursock Palaces. Of these mansions, the Ayyas Palace warrants important consideration. This palace was initially built by the Ayyas family, but it was later inherited by the Nsouli family when Anis Nsouli married Mariam Ayyas. During the reconstruction process, the Ayyas Palace was taken by Solidere and sold to the Hariri family (who renovated it and renamed it ‘Beit al-Wasat’, or ‘Home of the City Centre’).²⁹³ Today, Mohammed Anis Nsouli (son of Anis and Mariam Nsouli) is fighting

²⁸⁸ For further details on the construction of the two aligned streets, see: Hanssen, “‘Your Beirut Is on My Desk’ Ottomanizing Beirut under Sultan Abdulhamid II (1876-1909)”, p.52.

²⁸⁹ See: *ibid.*

²⁹⁰ See: *ibid.*

²⁹¹ See: *ibid.*, pp.59-60.

²⁹² Unless otherwise indicated, many of the details on the rise of all these families are obtained from: Fawaz, *Merchants and Migrants in Nineteenth Century Beirut*, pp.88-95.

²⁹³ Interview with Abdel-Rahman Ayyas held on 10 July 2012 in Beirut.



Figure 14 – Image of the Orosdi Bek Department Store after completion in 1894. Source: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.71.

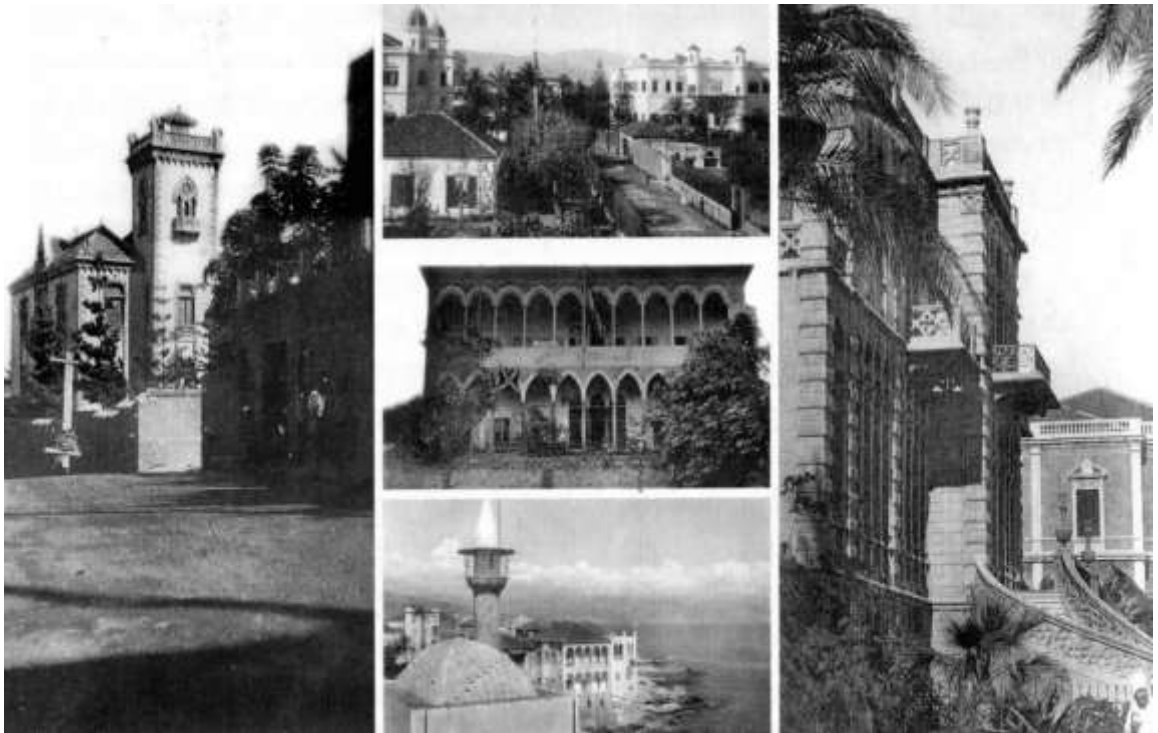


Figure 15 – Mansions and Palaces of the bourgeoisie families. Source: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.53.



Figure 16 – View of the Sursock Palace. Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.267.

a legal case against Solidere to retrieve what he believes is rightfully his.²⁹⁴ Other than palaces, the wealthier or more ‘aristocratic’ families acquired and developed a broad swath of properties throughout the city. Consequently, the *aswaq* were named after them. The most significant *aswaq* included Souk Ayyas, Souk Bustros, and Souk Sursock, to name but a few.²⁹⁵ Streets, as well, acquired the names of notables: for example, Omar Daouk Street and Abdallah Beyhum Street. Over the years, these properties were either divided amongst family members through inheritance or sold off to new families, such as the Khoury, Tarraf and Tuwayni families. After Solidere was created, many of their descendants lost their rights to these properties. One of those descendants interviewed for this thesis laments about how he and his family felt when they lost their rights:

“I saw my mother cry twice in my life. Firstly when my father died, and secondly when our house and properties were taken away from us. So she

²⁹⁴ The case is documented well in the following article: Rasha Abou Zaki, ‘Beit al-Wasat: The Usurped ‘Ayyas Palace’, *Al-Akhbar*, [in Arabic], 19 July 2011.

²⁹⁵ This information is according to an interview with Abdel-Rahman Ayyas held on 10 July 2012 in Beirut.

went to Solidere to defend her rights. They told her, ‘the game of the mighty, you little ones cannot play it’. This was the embodiment of the how the heart of this millenia old city was taken away from its people who built it that is given to a soulless company that is creating a ‘Disney land’ to be given to a population that does not include me.’²⁹⁶

With such historically-entrenched interests, it is therefore not surprising to find many descendants of these pre-civil war bourgeoisie families opposing the Solidere project in recent years. Notably, they include: Lady Cochrane Sursock, founder of the Association for the Protection of the Natural Sites and Ancient Buildings (APSAD); Omar Daouk, head of the Association of Owners of Rights in the Beirut Central District (AORBCD); Tammam Salam, director of the Maqasid Foundation; Fadi Khoury, owner of the St. Georges Hotel and Yacht Club; Giorgio Tarraf, spokesperson for Save Beirut Heritage (SBH); and Ghassan Tuwayni, publisher and editor-in-chief of *An-Nahar* Daily Newspaper. Some of these names and the groups/institutions they represent will be mentioned again in subsequent chapters.

iii. The emergence of ‘post-modern’ perspectives

After the collapse of the Ottoman Empire in September 1918, a French Mandate was established in the Eastern Mediterranean under which several states were created in what was once Greater Syria. With Beirut as its capital, Lebanon was to be one of these states. Therefore, Beirut began to assume a new role and identity as a capital city. This new state was led by members of some of the aforementioned families; such as Alfred Sursock, Salim Salam, Omar Daouk and Ahmad Beyhum. Moreover, they represented a combination of politics and business interests. For example, Salim Salam was a prominent politician under both Ottoman and French rule, as well as a leading import-export businessman.²⁹⁷ His son, Saeb Salam, would later become a six-time prime minister and build close relations with Rafiq Hariri in the 1980s (more details in Chapter

²⁹⁶ Interview with Giorgio Tarraf held on 12 July 2012 in Beirut.

²⁹⁷ See: Johnson, *Class and Client in Beirut: The Sunni Muslim Community and the Lebanese State 1840–1985*, pp.52-53 and p.77; Michael Johnson, *All Honourable Men: The Social Origins of War in Lebanon*, (London: I.B. Tauris, 2001), p.38.

5). The fusion of ‘the political’ and ‘the economic’ would remain a feature of the political system following independence.

The leaders of Lebanon – and their descendants – would come to be known as ‘zu’ama’ (singular: ‘za’im’).²⁹⁸ The *zu’ama* came to represent the interests of Lebanon’s commercial-financial bourgeoisie (Christians and Muslims alike). Their aim was to establish a political economy that would generate substantial rents in trade and finance. This would be achieved through a structure characterised by the rotation of members of these families between various economic sectors and the highest political offices. This bore greater economic benefits than sectarian conflict. In the first few decades following independence as well, Lebanon’s economy generated substantial rents that were appropriated by this cross-confessional bourgeois alliance. Of course, distributing these rents amongst themselves was not easy; especially in a country divided along sectarian lines. But due to the *zu’ama*’s ability to maintain a sectarian-based consociational democracy – as well as a ‘laissez-faire’ (let be) economy whereby Lebanon would act as a trade and financial intermediary between the Arab East and Western markets – the new ‘Merchant Republic’ was able to prosper.²⁹⁹

Because of the events of the First World War, many of the Ottoman projects were never completed. However, modernising the city remained a pressing issue because Beirut had acquired a new role and status as the capital of a new state. In this context, French planners picked up where the Ottomans left off. One famous example was the long-delayed project of modernising the *aswaq*.³⁰⁰ French urban planners were brought to Beirut, and used to produce studies that would transform the city into an ideal-type

²⁹⁸ A *za’im* referred to a male political leader and holder of a fief or feudal office who exercises power in both urban and rural areas. Today, most of the *zu’ama* are regarded as feudal or spiritual leaders of their respective religious sects.

²⁹⁹ A *laissez-faire* economy refers to a system unhindered by the restrictions of government. Between 1948 and 1952, the Lebanese economy was completely liberalised and officials established a *laissez-faire* programme involving the abolition of all laws constraining the market. For details on this system in the Lebanese context, see: Toufic Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, (Leiden: Brill., 2004).

³⁰⁰ See: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.61.

European city (see Figure 17).³⁰¹ By virtue of what Beirut apparently ‘lacked’, the French planners deployed an ‘Orientalist scheme’ that resulted in changes in urban forms, public spaces, architecture, physical patterns, and functions of buildings in the city.³⁰² Most particularly, the area near the port was redesigned on an orthogonal grid; streets were renamed after Allenby, Foch and Weygand – the victorious generals of the First World War; national institutions such as the Municipality or the Parliament were built according to a new ‘Levantine’ architecture that more closely resembled a ‘south of France vernacular’ than a ‘true Arab oriental style’; and the ‘Place d’Etoile’ (along with a clock tower at its centre) was superimposed on the old medieval urban fabric as a micro-imitation of its Parisian namesake (see Figures 18 to 20).³⁰³

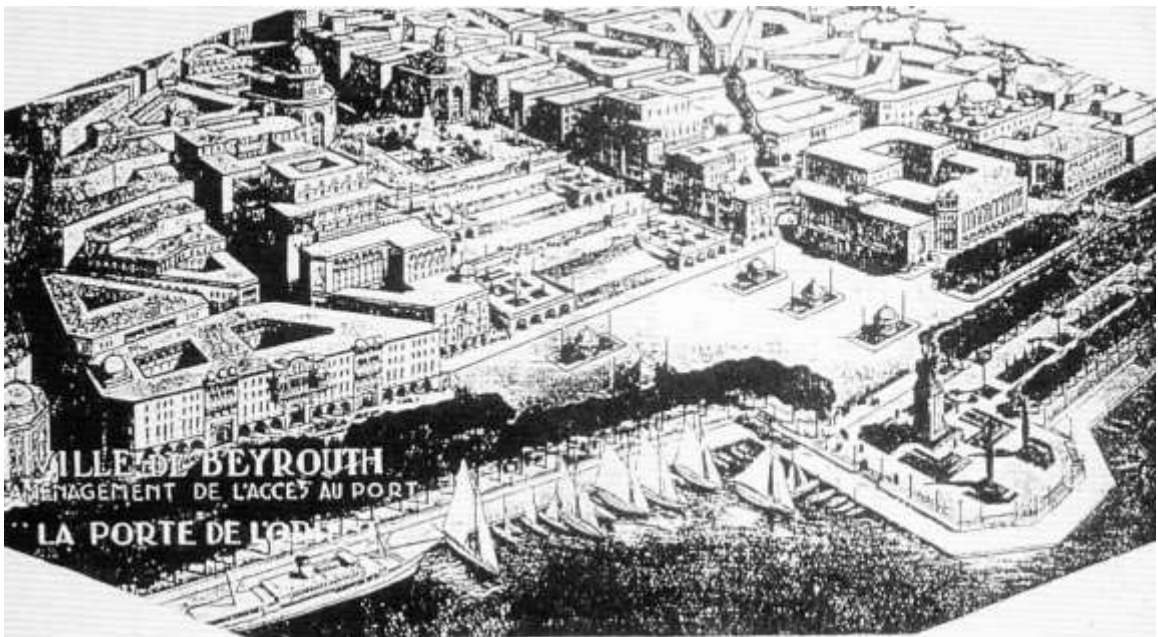


Figure 17 – A French proposal for the city centre. Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.277.

³⁰¹ The eminent French urban historian *André Raymond* goes as far as to argue that “this tendency was all the more natural as French colonization willingly represented itself as reestablishing the Roman ‘imperium’ after an interval of some fifteen centuries”. Quoted in: Hanssen, ““Your Beirut Is on My Desk” Ottomanizing Beirut under Sultan Abdulhamid II (1876-1909)”, p.41.

³⁰² The profound physical transformation of Beirut during this period, with its ideational antecedent in the colonial notions of the Oriental city, triumphantly monopolised the definition of modernity to create a distinction between French rule and the previous rule of the *backward* Ottomans. See: *ibid*.

³⁰³ The Place d’Etoile and the clock tower at its centre symbolised, maybe most persuasively, colonial representation of the rupture between Ottoman and French rule. For details, see: Ghorayeb, ‘L’urbanisme de la Ville de Beyrouth sous le Mandat Français’, pp.297-309.



Figure 18 – Demolition works in the city centre. Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.277.



Figure 19 – View of Martyrs' Square. Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.278.

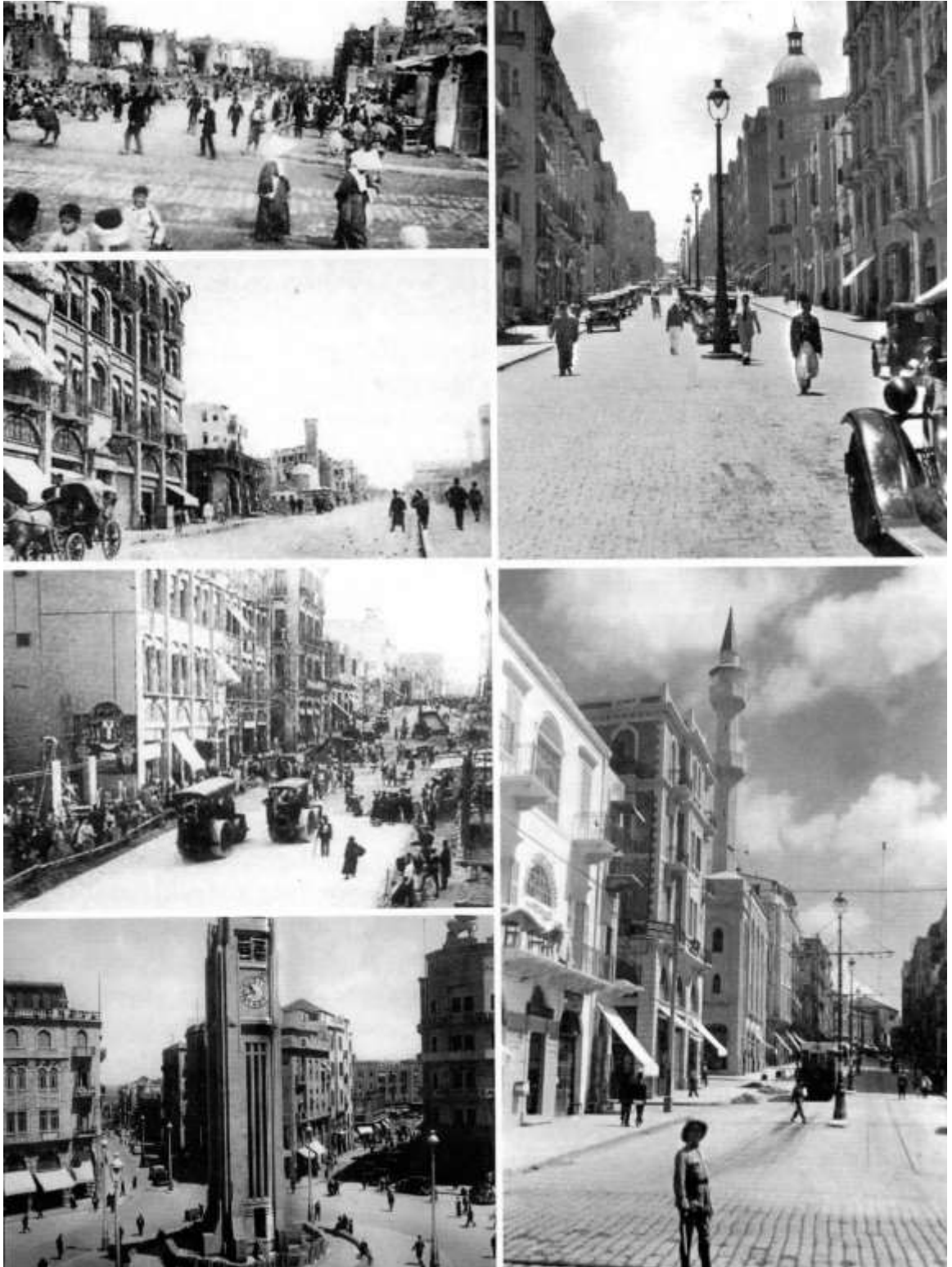


Figure 20 – French construction of Allenby, Foch and Weygand streets (1910s-1930s). On the bottom left is an image of the Place d'Etoile. Source: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.77.

Towards the end of the French Mandate (and in the first few years after Lebanon gained full independence), serious planning efforts were launched to tame the urban spill beyond the ‘old city’ of Beirut (what is today known as Downtown Beirut). Most notably, they included the ‘Danger Plan’ (submitted by the French consulting firm of Frères Danger in 1932), the ‘Ecochard Plan’ (submitted by prominent French planner Michel Ecochard in 1943), and the ‘Egli Plan’ (submitted by Swiss architect and urban planner Ernst Egli in 1950).³⁰⁴ See Figure 21 for an illustration of one of the proposals put forward by the French during the Mandate period. Together, these plans represented the first attempts at comprehensive planning in Beirut. They were important because they went beyond the pre-First World War Ottoman practice of urban planning, by including more specific details regarding matters such as zoning and land-use, creating new centres and transportation hubs, determining the major axes of circulation, regulating the densities and heights of buildings, and providing the necessary urban utilities, amongst other things. In the absence of proper planning legislation, however, none of these plans were ever implemented (it was not until the 1960s that Lebanon witnessed the birth of its first urban planning legislation).³⁰⁵ Amidst this lack of legislation, the economic, political and social upheavals of the 1930s, ‘40s and ‘50s acted as an excuse for the laissez-faire policies of the public authorities to continue unabated.³⁰⁶ Even so, there was a growing belief in some elite circles that this situation was unsustainable, and that a comprehensive planning policy that would control the chaotic urban growth had to be created.

³⁰⁴ For details on the different plans, see: Hashim Sarkis, ‘A Vital Void: Reconstructions of Downtown Beirut’, in Lawrence J. Vale and Thomas J. Campanella, (Eds.), *Resilient City: How Modern Cities Recover from Disaster*, (Oxford: Oxford University Press, 2005), p.289; Marlène Ghorayeb, ‘The Work and Influence of Michel Ecochard in Lebanon’, in Peter G. Rowe and Hashim Sarkis, (Eds.), *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, (Munich: Prestel Verlag, 1998), pp.106-121; and parts of: Samir Khalaf and Philip S. Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, (Leiden: E. J. Brill, 1998).

³⁰⁵ For further details, see: Jad Tabet, ‘Towards a Master Plan for Post-War Lebanon’, in Samir Khalaf and Philip S. Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, (Leiden: E. J. Brill, 1998), pp.84-85.

³⁰⁶ The continuation of a laissez-faire economy came in the midst of several fundamental pressures affecting the country at the time. Most particularly, the challenges posed on the country as soon as it emerged from the as an independent state after the Second World War. But despite these challenges, the Lebanese authorities chose to maintain a laissez-faire economy, not only as a long-term policy, but also as a national *raison d'être*. For further details, see: Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, pp.54-55.

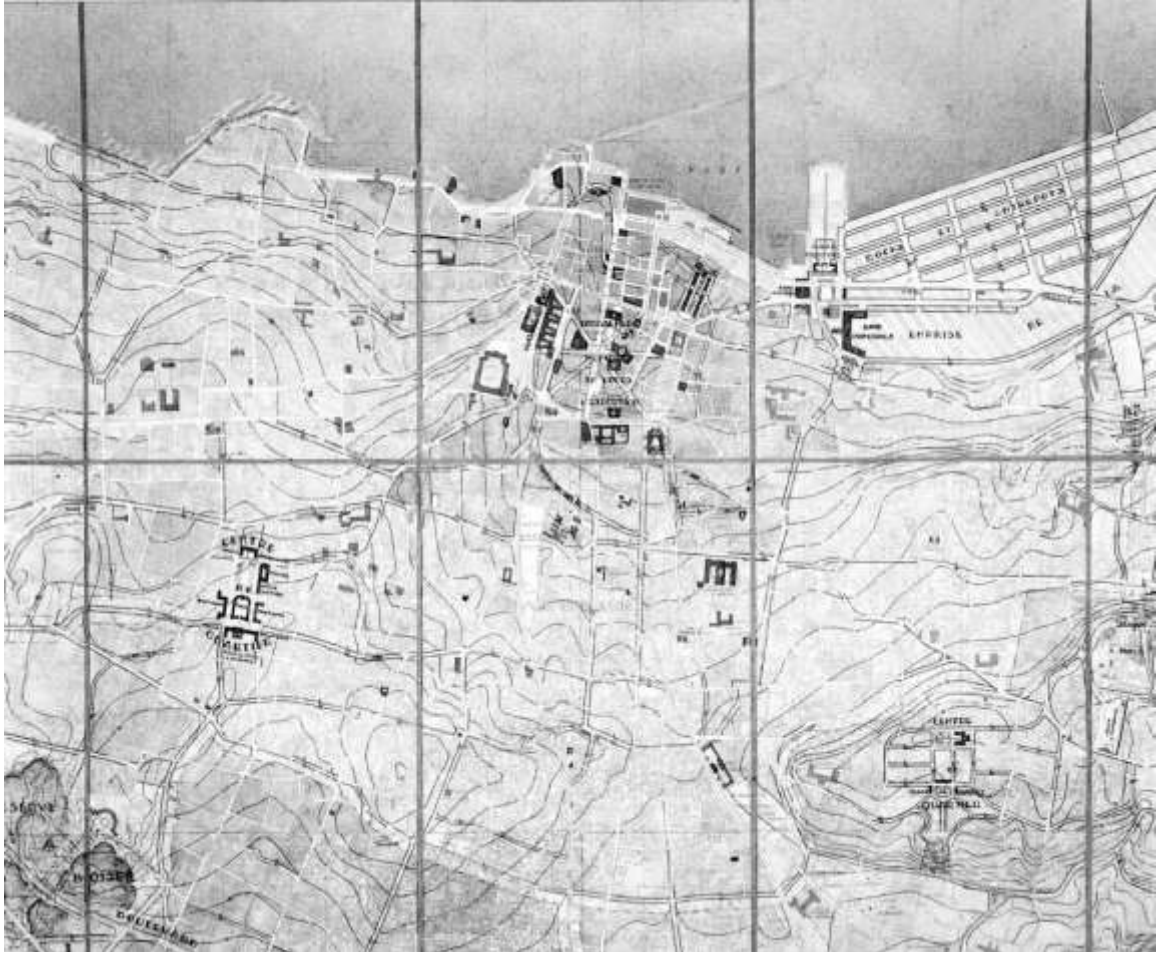


Figure 21 – The Danger Plan (1932). Source: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.47.

As French planners got busy implementing their ‘modern’ designs, the city saw the perpetuation of colonial style and compositions in architecture.³⁰⁷ Reacting against the formalism of this approach, some local architects sought to create an alternative, ‘post-modern’ style that better reflected local values and tradition. These efforts converged with the post-modern efforts of architects in other developing countries who described modern architecture as a violent process whereby ‘modern patterns’ created in the Western industrialised countries were being imported and imposed – sometimes, by force – on their native cultures. Amongst those pioneers, one name worth mentioning is that of

³⁰⁷ See: Jad Tabet, ‘From Colonial Style to Regional Revitalism: Modern Architecture in Lebanon and the Problem of Cultural Identity’, in Peter G. Rowe and Hashim Sarkis, (Eds.), *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, (Munich: Prestel Verlag, 1998), p.84.

Antoine Tabet, the son of a worker at Veuve Guérin silk factory in Krayeh, Mount Lebanon. After moving to Beirut, he co-designed, with his French colleagues at '*Société Méditerranéenne des Grands Hotels*', the St. Georges Hotel and Yacht Club on the waterfront district of Downtown Beirut (see Figure 22).³⁰⁸ As mentioned in the previous subsection, the owner of the St. Georges Hotel is one of the main opponents of the Solidere project today. Importantly, Antoine Tabet is the father of architect Jad Tabet, who originally criticised the preliminary master plan for the reconstruction of Downtown Beirut, only to later become the leading planner for Solidere's *aswaq* project.³⁰⁹ More details on Jad Tabet's involvement will be provided in Chapter 5.



Figure 22 – Aerial view of St. Georges Hotel and Yacht Club (1931). Source: Tabet, 'From Colonial Style to Regional Revitalism: Modern Architecture in Lebanon and the Problem of Cultural Identity', p.87.

³⁰⁸ For details on the structure of the building and the progressive design behind it, see: *ibid*, pp.85-86.

³⁰⁹ Much of the information in this paragraph obtained from: Interview with Jad Tabet held on 28 September 2013 in Paris.

In the first few decades following Lebanese independence in 1943, dozens of planning projects were commissioned to this new generation of Lebanese architects, some of whom had studied abroad, and were already acquainted with Europe's post-World War II experiences of urban planning.³¹⁰ They included: Assem Salam, who studied in London and witnessed the birth of the English new towns movement; Henri Eddeh, who, after receiving a degree in civil engineering, worked in France during the reconstruction period there; and Pierre el-Khoury, who graduated from the *École des Beaux-Arts* in Paris.³¹¹ These individuals are worth mentioning because of their activism against the Solidere project in later years. Assem Salam, for example, was also staunch critic of the preliminary plan for the city centre, and would later become a leader of the protests against Solidere's final master plan.³¹² He was also a close friend of Antoine and Jad Tabet, and the cousin of Tammam Salam (mentioned in the previous subsection).³¹³ By contrast, Henri Eddeh was the main architect recruited in 1991 by a Lebanese-Jordanian consulting firm called Dar Al-Handasah to draw up a master plan, often referred to as the 'Dar Al-Handasah (Eddeh) Plan', for Downtown Beirut. It was not until Rafiq Hariri asked for the floor-area-ratio (FAR) factor in the downtown area to be raised Eddeh too became a critic of the Solidere project.³¹⁴

II. The Keynesian attempts to address Beirut's urban issues

Several attempts were made to address Beirut's urban issues via Keynesian regulations. The first of these attempts were made following the conclusion of the *first*

³¹⁰ See: Tabet, 'From Colonial Style to Regional Revitalism: Modern Architecture in Lebanon and the Problem of Cultural Identity', pp.83-105. See also: Marwan Ghandour, 'Instituting Exclusiveness: Modern Lebanese Architects and their Society', in, *Proceedings of the Association of Collegiate Schools of Architecture International Conference: Architecture, Culture, and the challenges of Globalization, Havana June 21-24, 2002*, (Washington DC: ACSA Press, 2003), pp.363-367.

³¹¹ For more details on all of the individuals mentioned above, see: Tabet, 'From Colonial Style to Regional Revitalism: Modern Architecture in Lebanon and the Problem of Cultural Identity', pp.83-105.

³¹² Assem Salam was elected as president of the Order of Engineers and Architects in 1996 over the candidate supported by Rafiq Hariri at the time. His election was seen as a sign of discontent within the profession against Solidere's proposals. Interview with Assem Salam held on 24 July 2012 in Beirut.

³¹³ Interview with Jad Tabet held on 28 September 2013 in Paris.

³¹⁴ See Eddeh's revelations in the last chapter of his book: Henri Eddeh, *Al-Mal in Hakam* [Money if it ruled], (Beirut: Sharikat Matbou'at lil Tawzee' wal Nashr, 1999).

civil war (the first civil war being a brief one that occurred in 1958). But as Lebanon descended again into civil fighting in 1975, new elites emerged to take control of the country and affirm their interests. Importantly, competition amongst them was visibly displayed in the urban spaces of Beirut. These elites included militia leaders (and the businessmen allied to them), a generation of technocrats that carried a Shihabist tradition, and most significantly, new contractors who carried with them a neoliberal logic. Thus, the neoliberal urban developments that emerged in the post-civil war era have to be placed in the context of Lebanon's descent into *two* civil wars and the arrival of new types of elites; most particularly, those that carried with them a neoliberal logic. Many of the names that have been mentioned in this section were chosen on the basis of their close association to the Solidere project.

i. Keynesianism and its effects on urbanism

Following independence, people migrated to Beirut in search of better access to educational and health facilities.³¹⁵ This was especially the case for the poorer segments of society who could not afford to travel regularly to the capital. This rural-to-urban migration had a significant impact on the urban character of Beirut, which was overwhelmed by the influx of rural migrants. The continuous migration did not only make Beirut a congested city, but it also became surrounded with 'belts of misery' – miserable slums full of rural migrants desperately looking for jobs and a better life.³¹⁶ See Figure 23 for a map of Beirut illustrating where many of these migrants chose to settle. Ultimately, the population of Beirut and its suburbs grew from a mere 250,000 in the

³¹⁵ Salim Nasr offers a very detailed account on the levels of migration to the cities. According to Nasr, by the 1960s, nearly one-fifth of the rural population had migrated to the towns, mostly to Beirut and its suburbs. More particularly, nearly a third of southern Lebanon had migrated to Beirut and its suburbs. Obviously, this migration was heightened by the intensive Israeli bombings of the south throughout the subsequent years. By 1975, 40 percent of Lebanon's entire population, including 50 percent of the rural population of the Beka'a and 65 percent of that of south Lebanon had migrated to Beirut. For further details, see: Salim Nasr, 'Backdrop to Civil War: The Crisis of Lebanese Capitalism', *MERIP Reports*, 73, (1978), pp.3-13.

³¹⁶ The unpredictable and unplanned expansion of Beirut spread along the main arteries, was swallowed up the beaches and crawled up the scenic mountain slopes. For details, see: Tabet, 'Towards a Master Plan for Post-War Lebanon', p.85.

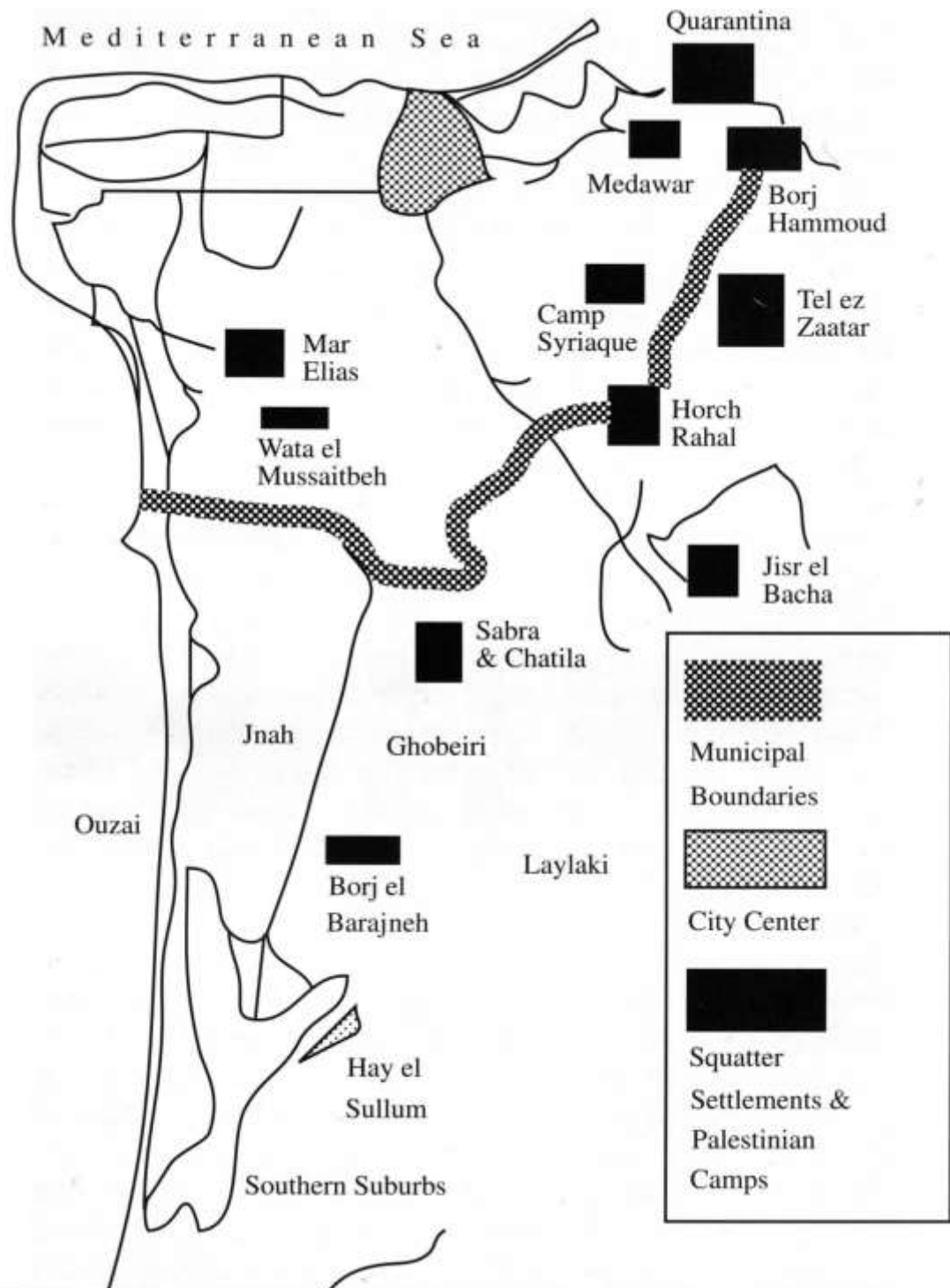


Figure 23 – Map illustrating the location of the historic city centre and the ‘belts of misery’ that emerged in the pre-civil war era. Source: Maha Yahya, ‘Reconstituting Space: The Aberration of the Urban in Beirut’, in Samir Khalaf and Philip S. Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, (Leiden: E. J. Brill, 1998), p.138.

early 1950s to a staggering 1.4 million in 1975.³¹⁷ The unprecedented expansion of Beirut revealed great inequalities in living conditions; especially between Beirut and the peripheral regions.³¹⁸

During the first two presidential regimes – specifically, those of Khoury and Chamoun – the administration was not so much concerned with reducing the regional inequalities. Instead, they were more preoccupied with pushing forward laissez-faire policies that would allow the *zu'ama* – who represented the interests of Lebanon's commercial-financial bourgeoisie – to appropriate rent from the trade and financial sectors. It was not until Fuad Shihab became the president in 1958 that attempts were made to address the disequilibrium between Beirut and its peripheries. Shihab had the most unusual background of any Lebanese head of state. He grew up in the most humble circumstances: Fuad's father had disappeared en route to America in 1907, where he had hoped to make money to support his almost destitute family. But his great-grandfather, Hasan Shihab, had been the eldest brother of Emir Bashir Shihab II. He was thus, an heir of the princely house of Shihab. Importantly, Fuad Shihab was a devout Maronite Christian, but his Shihab line had Islamic antecedents. All in all, Shihab's pride in his family history, mixed with his family's humble beginnings, gave him a deep sense of responsibility for rehabilitating Lebanon during his 'watch'.³¹⁹

Under the presidential regime of Fuad Shihab, several members of the new generation of Lebanese architects – mentioned in the previous section – were commissioned by the public authorities to help in addressing the disequilibrium between Beirut and its peripheries. Of this new generation of architects, one finds that Henri Eddeh and Pierre el-Khoury had prepared master plans for Baalbeck and Tyre

³¹⁷ These figures were obtained from: Fuad Khuri, 'The Social Dynamics of the 1975-1977 War in Lebanon', *Armed Forces & Society*, 7(3), (1981), p.390.

³¹⁸ Even though some wealth did radiate to other parts of the country, it became less pronounced the further away a region was from Beirut. Numerous studies can be used to confirm this regional inequality. For one example, see: Charles Churchill, 'Village Life of the Central Beqa', *Middle East Economic Papers*, Economic Research Institute, American University of Beirut, Beirut, Lebanon (1959), pp.5-6, referenced in: Samar Makdisi, *The Lessons of Lebanon: The Economics of War and Development*, (London: I.B. Tauris, 2004), p.26.

³¹⁹ The details on Fuad Shihab's social and political background were obtained from the following source: William Harris, *Lebanon: A History, 600-2011*, (Oxford: Oxford University Press, 2012), pp.212-213.

respectively.³²⁰ Many of these architects were later appointed to important positions as well.³²¹ Their appointments were part of a Keynesian reform process launched by President Shihab (1958-1964) – and continued by his successor Charles Helou (1964-1970) – that involved replacing the *zu'ama* – who represented the interests of Lebanon's commercial-financial bourgeoisie – with 'technocrats' drawn from social progressive members of the elite and the middle class.³²² One name that stands above the rest is Henri Eddeh, who would be appointed as president of the Order of Engineers and Architects in 1961. His performance during his tenure was sufficient to throw him into the political realm: in 1970, he was appointed as Minister of Public Works and Transport.³²³

Despite their significance, the Keynesian reforms were very limited in scope as they only touched the 'administrative system': they did not go as far as overhauling the 'political system', which was still dominated by the *zu'ama*.³²⁴ As a result, the Shihabist period was short-lived: the Shihabists lost the presidency when Sleiman Franjeh – a *za'im* and preferred candidate of the *zu'ama* – defeated Shihabist candidate Elias Sarkis in a parliamentary vote to become head of state in 1970.³²⁵ However, the technocrats still operating in a Shihabist tradition remained a hugely important type of elite in Lebanon during civil war and post-civil war era. They included President Elias Sarkis (1976-1982), Prime Minister Salim el-Hoss (1976-1980, 1987-1989, 1989-1990, 1998-2000),

³²⁰ Out of the numerous urban planning projects that were prepared, and that covered major Lebanese cities (such as, Beirut, Sidon and Tripoli) and other smaller towns, the two plans (one for Baalbeck and one for Tyre), seem to be most representative of the atmosphere at the time. This is according to: Tabet, 'From Colonial Style to Regional Revitalism: Modern Architecture in Lebanon and the Problem of Cultural Identity', pp.94-95.

³²¹ See: Eric Verdeil, 'State development policy and specialised engineers: The case of urban planners in postwar Lebanon', *Savoir Travail Société / Knowledge Work Society*, 5(1), (2008), pp.29-51.

³²² For a general overview of the administrative reform plans during the Chehab presidential regime, see: Kamal Salibi, 'Lebanon under Fuad Chehab 1958-1964', *Middle Eastern Studies*, 2(3), (1966), pp.211-227. For details on the campaign to replace the *zu'ama* – who represented the interests of Lebanon's commercial-financial bourgeoisie – with 'technocrats', see: Fawwaz Traboulsi, *A History of Modern Lebanon*, (London: Pluto, 2007), pp.139-156.

³²³ Eddeh was renowned for being one of the country's most daring and transparent ministers in Lebanese history. In one incident, his vocal stances led President Sleiman Franjeh, a *za'im* himself, to have Eddeh sacked from the cabinet that was at the time headed by Prime Minister Saeb Salam, who described Eddeh as a "mutineer, who creates lots of problems". This information is according to the following article: The Daily Star, 'Veteran politician Henri Eddeh dies', *The Daily Star*, 04 February 2010.

³²⁴ For further details on the failure of these reforms, see: Rachela Tonta, 'Why the Chehabist State Failed – the State in Society Approach', *Hemipsheres: Studies on Cultures and Societies*, 24, (2009), pp.91-104.

³²⁵ See: Traboulsi, *A History of Modern Lebanon*, p.155.

and Finance Minister Georges Corm (1998-2000). The latter two individuals are particularly important for the analysis in this thesis because they replaced Rafiq Hariri and his protégés. But as will be shown in Chapter 6, this led to confrontations between them and Rafiq Hariri, who considered them a threat to the Solidere project and the rent-creating and -extracting mechanisms he had built around it.

In urban terms, though, the Shihabist period is marked by two important landmarks. Firstly, there was the preparation of the legislation necessary for urban planning. This was mentioned in the previous section as the birth of the country's 'first urban planning legislation'. Adopted in 1963, all matters related to urban planning were to be concentrated in one single authority: the Directorate-General of Town and Country Planning. General urban plans, regional plans, specific regulations for the acquisition of land for public use, and the constitution of public-private real estate companies – all these were tools that were introduced for the first time in Lebanon's modern history.³²⁶ Secondly, there was the drawing up and approval of an urban plan for the development of 'Greater Beirut'; a metropolis that would extend from Jounieh in the north to Naameh in the south. In 1964, the '*Plan Directoire Beyrouth et Ses Banlieux*' was submitted and approved (see Figure 24). The idea behind this plan was to create a space outside the

³²⁶ Other than the Directorate-General of Town and Country Planning, the Shihabists established the 'Higher Council for Planning' as a totally independent body comprising of representatives of the concerned ministries and independent professionals representing planning, tourism, antiquities, public works, and the municipalities. In contrast to earlier, these newly-established institutions tightened the control of the state over urban planning matters related to construction permits, architectural aesthetics, and parcellation. More importantly, they seemed to ensure that no one would benefit at the expense of others. For further details, see: Assem Salam, 'The Role of Government in Urban Planning', in Peter G. Rowe and Hashim Sarkis, (Eds.), *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, (Munich: Prestel Verlag, 1998), pp.126-129.

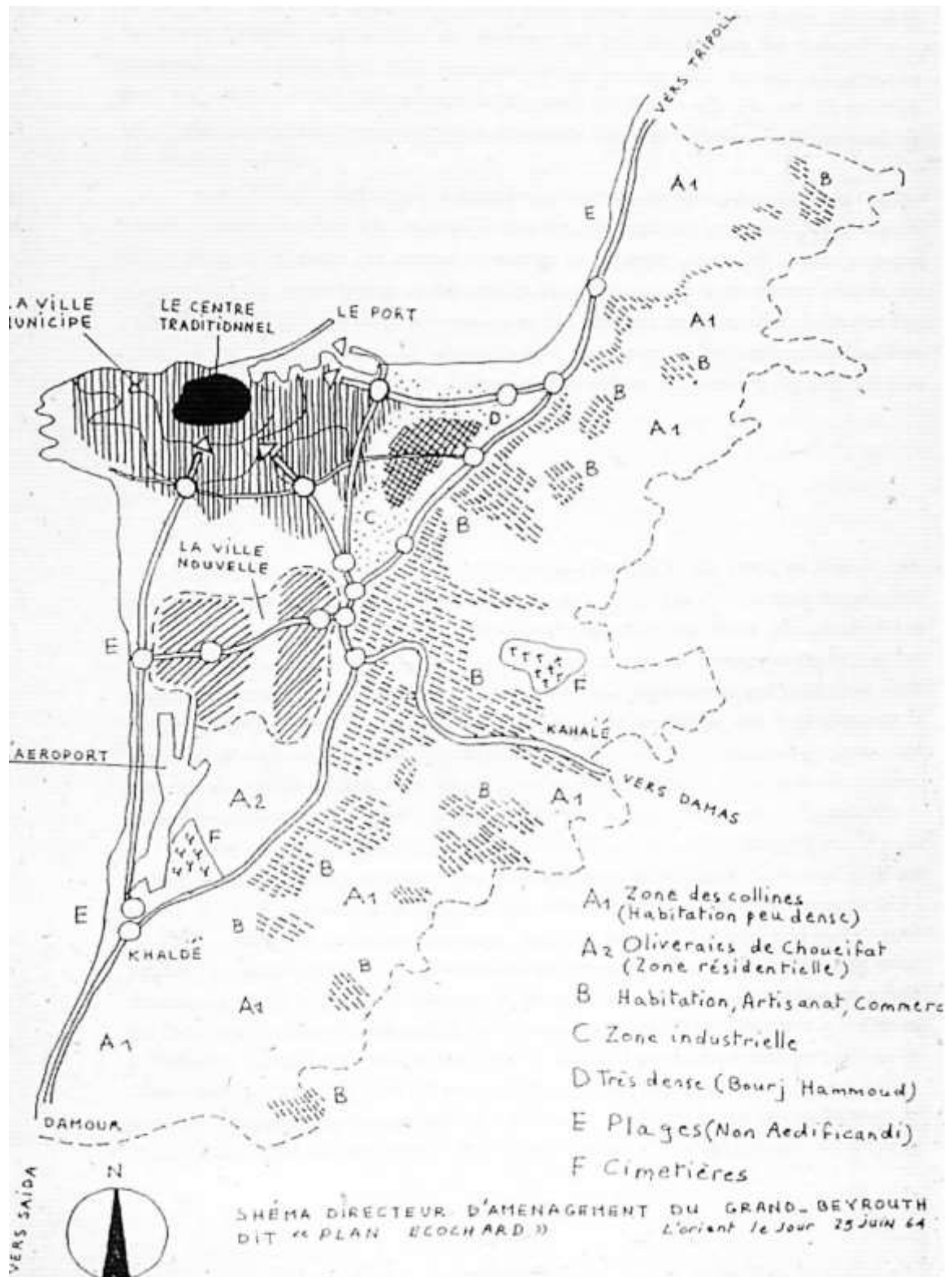


Figure 24 – Plan Directoire Beyrouth et Ses Banlieux (1963). Source: Khalaf and Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, p.284.

already anarchic and crowded urban centre of Beirut that could absorb the rapidly-growing population in the city.³²⁷

ii. The failure of Keynesian policies and the rise of neoliberal forces

Lebanon's laissez-faire policies made the country's economy unique in the Arab world. In the two decades following independence – and despite the brief civil war of 1958 – Lebanon was even hailed as a successful example of a 'free market' economy that should be replicated across the region.³²⁸ By this stage, however, a major shift in power away from the mercantile class had occurred. In 1962, Yusif Sayigh writes that although, "still very influential socially and politically...power is unmistakably passing to financial tycoons," whose interests now included industry, tourism, and most importantly, real estate development. He continues by stating that within fourteen years of independence, the Lebanese banking sector had become "possibly more powerful... than any other sector" in the Lebanese economy. Importantly, though, Sayigh recognises that the owners of the major banks and trading houses belonged to individuals who hailed from the same bourgeoisie families. For example, the Sursock family, who were large-scale tax farmers under the Ottomans, owners of large swaths of land in Beirut, and the dominant force in the textile trade, became partners in *Banque G. Trad – Credit Lyonnais* after independence.³²⁹

As discussed in Chapter 2, Gulf states have been searching for strategic locations in the Arab/Middle Eastern region to invest their petrodollars in. An enormous amount of

³²⁷ See: *ibid.* See also: Ghorayeb, 'The Work and Influence of Michel Ecochard in Lebanon'; Tabet, 'Towards a Master Plan for *Post-War* Lebanon', pp.86-88; Eric Verdeil, 'Methodological and Political Issues in the Lebanese Planning Experiences', in Mona Harb (ed.), *Conference City Debates, The Lebanese National Master Plan, City Debates 2003 Proceedings*, (Beirut, American University of Beirut, 2004), pp.16-22; Eric Verdeil, 'Michel Ecochard in Lebanon and Syria (1956-1968): The Spread of Modernism, the Building of the Independent States and the Rise of Local Professionals of Planning', *Planning Perspectives*, 27(2), (2012), pp.249-266.

³²⁸ For a discussion of this view, see: Gates, *The Merchant Republic of Lebanon: Rise of an Open Economy*, pp.85-89.

³²⁹ See: Yusif A. Sayigh, *Entrepreneurs of Lebanon: The Role of the Business Leader in a Developing Economy* (Cambridge: Harvard University Press, 1962), p.80. See also: Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', pp.295-296.

petrodollars were entering Lebanese banks and trading houses as early as the 1960s.³³⁰ Deposits placed in local banks were channelled into trade and speculative real estate investments in Beirut. In turn, other productive sectors, such as agriculture and industry, were starved of needed investment.³³¹ Through their Keynesian policies, the Shihabists tried to establish a ‘new bourgeois faction’ that would weaken the control of bourgeoisie families of the banking sector. The Palestinian-born Yusif Baydas was a leading example of this faction. Through Intra Bank, he built the most influential business empire in Lebanon – the Intra Bank Group. This empire included Middle East Airlines and the Beirut port company. Despite Baydas’s successful rise, Intra Bank was structurally weak because it financed itself with very short-term deposits, and, it eventually failed in 1966. The ‘Intra Bank Crash’ (as it is famously called), was the result of the Lebanese government’s unwillingness – prompted by the established bourgeoisie – to keep the bank afloat.³³² Despite the bourgeoisie’s success, their monopoly over the banking sector became a source of friction between them and other families who were barred from enjoying the volume of petrodollars entering the Lebanese banking system at the time.³³³ This friction often manifested itself in ideological terms, tinted by the sectarian backgrounds of the main protagonists. The main players were: the Lebanese Left, consisting primarily of the largely Druze Progressive Socialist Party (PSP) led by prominent members of the Junblatt family; the Christian modernist right, led by the populist *Phalange* (Kataeb) Party led by the Maronite Gemayel family; and the predominantly Shiite *Harakat al-Mahrumin* (The Movement of the Deprived), led by leading members of the el-Sadr family.

³³⁰ See: *ibid.*

³³¹ See: *ibid.*

³³² For further details on the topic, see: Traboulsi, *A History of Modern Lebanon*, pp.149-150; Kamal Dib, *Warlords and Merchants: The Lebanese Business and Political Establishment*, (Reading: Ithaca Press, 2004), pp.103-125.

³³³ Lebanese banks were attracting huge amounts of global capital. The ability to attract capital was due to the illiberal economic policies of Arab states; particularly those in the Gulf. Due to Lebanon’s liberal policies, the rising oil monarchies of the Gulf relied on Lebanese banks as conduits for recycling their oil money. This was all until the 1970s and 1980s, when other Arab states started liberalising their economies, and when Gulf states started dealing with Western financial markets more directly. For further details, see: Gaspard, *A Political Economy of Lebanon 1948-2002: The Limits of Laissez-faire*, pp.142-186.

In the early 1970s, a spike in oil prices meant that the deposits and assets held by banks rapidly increased. Because existing regulations prohibited the formation of new banks, the frustration of those outside the alliance of bourgeois families was amplified.³³⁴ However, the monopolistic grip which the commercial-financial bourgeoisie once enjoyed was loosened by the civil war of 1975 to 1990. The two major forces in the civil war were Junblatt's PSP militia and the Gemayel's Lebanese Forces (the armed wing of the Kataeb Party). El-Sadr's militia – Amal – did not get involved in the civil war until Nabih Berri became its head.³³⁵ Each militia was funded by rents, either from external sources (foreign state support, emigrants' remittances), or domestic ones (goods, land and financial speculation). They did not so much alter the fundamentals of Lebanon's laissez-faire economy – for example, a floating exchange rate and free capital movement – but the militias' grip exacerbated the worst excesses of this form of capitalism, which resulted in unfettered and predatory financial activities.³³⁶ Beirut quickly lost its role as a trade and finance intermediary between the Arab East and Western markets.³³⁷ While some bourgeois families chose to stay in Lebanon, others simply internationalised their operations and left the country altogether. The weakening control of the commercial-financial bourgeoisie was visibly demonstrated in 1976: Elias Sarkis – a Shihabist – was

³³⁴ See: Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', p.297.

³³⁵ While there were many more militias fighting during the civil war, the ones mentioned above are the most important examples because of their relevance to the topic in this thesis.

³³⁶ They shifted the Lebanese economy from rent to predation in order to quickly accumulate wealth: "from legal trade to illegal traffic, from securing land rent and émigrés' remittances to looting private and public goods, and from the development of a national market and public space to their replacement by segmented, monopolistic, communal micro-spaces". For details, see: Elizabeth Picard, 'Trafficking, Rents, and Diaspora in the Lebanese War', in Cynthia Arnson and I. William Zartman, (Eds.), *Rethinking the Economics of War: The Intersection of Need, Creed, and Greed*, (Baltimore: John Hopkins University Press, 2005), pp.46-47. See also: Elizabeth Picard, 'The Political Economy of Civil War in Lebanon', in Steven Heydemann (Ed.), *War, Institutions, and Social Change in the Middle East*, (Berkeley: University of California Press, 2000).

³³⁷ Some developments on the global scene also worked against Lebanon. The 1973 oil-shock, especially, meant that enormous amounts of petro-dollars were being recycled by Gulf economies via investment, trade, arms purchases, and construction contracts with the US and European countries. The Gulf monarchies integrated into global financial markets, which were dominated by US finance. For example, Saudi Arabia pledged to deposit its foreign reserves in US banks. Estimates from 1979 suggested that US\$59 billion of Saudi funds were held in US government and private securities, equivalent to 2.9 percent of American GDP. This is according to: Fred Halliday, "A Curious and Close Liaison: Saudi Arabia's Relations with the United States", in Tim Niblock (ed.), *State, Society and Economy in Saudi Arabia*, (London: Croom Helm, 1982), p.132. All in all, the fact that Gulf countries grew more sophisticated in their dealings with Western financial markets meant that their reliance on Lebanese banks as intermediaries declined. See: Peter Gowan, *The global gamble: Washington's Faustian bid for world dominance*, (London: Verso, 1999), p.21.

elected as the country's new president. The newly-elected president – and his prime minister, Salim el-Hoss – recognised the link between reconstruction and state building. This Keynesian spirit was what led to the creation of the Council for Development and Reconstruction (CDR) in 1977. But the two men also recognised the need to address the social grievances caused by the concentration of wealth in the hands of Lebanon's commercial-financial bourgeoisie. In this regard, they began by passing a number of reforms that would open the banking sector to others outside the alliance of bourgeois families, while not undermining the sector's dominant position in the economy.³³⁸ The most important reform passed was the Free Banking Law of 1977: it relaxed restrictions on foreign ownership of bank shares in a bid to attract Gulf-based capital.³³⁹

But the new reforms that were passed had unintended consequences. To begin with, it prompted the militias to scramble for access and control of petrodollar flows. The single largest beneficiary of the opening up of the banking sector was the Kataeb Party, which established the largest and most organised militia. By 1980, it had solidified its grip over Christian East Beirut and the surrounding area of Mount Lebanon through the incorporation of rival Christian militias into a unified military wing, the Lebanese Forces, under the command of Bashir Gemayel.³⁴⁰ Following his assassination in 1982, Bashir's elder brother, Amin, was elected as the country's new president. Amin used the powers of the presidency to colonise existing bodies and institutions (most important of which was the newly-organised and well-equipped Lebanese Army), but also, to create new institutional nodes that could direct petrodollars towards him and his network of allies. One of these new nodes was the Council of Foreign Economic Relations (COFER), which enjoyed wide discretion on matters related to trade, tourism and industrial

³³⁸ Both men were bankers themselves. Elias Sarkis, for example, was the governor of the central bank (1968 to 1976), and before that, he used to run President Fuad Shihab's presidential palace. Upon his election, Sarkis appointed Salim el-Hoss as his prime minister. When Sarkis was central bank governor from 1967 to 1973, el-Hoss had worked closely with him as head of the banking control commission at the central bank. Information obtained from: Traboulsi, *A History of Modern Lebanon*, pp.207-208.

³³⁹ The most important reform passed was the Free Banking Law of 1977. It relaxed restrictions on foreign ownership of bank shares in a bid to attract Gulf-based capital. See: Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', p.297.

³⁴⁰ For information on the consolidation of the Kataeb's power during the first five years of the civil war, including Israeli assistance, see: Jonathan C. Randal, *Going All the Way: Christian Warlords, Israeli Adventurers and the War in Lebanon*, (New York: Viking Press 1983).

development. According to Najib Hourani, COFER is best described as a ‘super-ministry’ because it reported directly to the president.³⁴¹ However, this did not guarantee Kataeb control of the flow of petrodollars. To this end, Gemayel developed linkages with existing and new businesspeople within the Maronite community. One of these businesspeople was Roger Tamraz.³⁴² Of course, Gemayel was one of several militia leaders seeking to recruit loyal businesspeople into their sectarian-based networks. For example, Amal leader Nabih Berri recruited a number of bourgeois families from the Shiite population.³⁴³ But as was explained in Chapter 2, the political ascendancy of these businesspeople was blocked by their patron militia leaders, who dominated politics within their respective confessional groups. Michel el-Murr – a Greek Orthodox who supported Syria’s policy in Lebanon since the mid-1980s – is somewhat an exception. He accumulated great wealth as a contractor in West Africa in the 1960s. By the 1990s his loyalty to Damascus was rewarded when he became Interior Minister in October 1990. He not only controlled security apparatuses and the electoral process, but also used his position to protect his quarrying interests.³⁴⁴ This goes to show that the Syrian military was another possible patron for businesspeople. It is worth mentioning that el-Murr was the owner of a half-completed office tower, which sits on the fringes of the area under Solidere’s jurisdiction, and which brought him into a confrontation with Rafiq Hariri.³⁴⁵

Yet, the militias were not the only actors to gain access to, and control of, petrodollar flows. The new reforms passed by the Shihabists enabled *regional* networks of capitalists to infiltrate and play a role in the Lebanese banking sector. The most

³⁴¹ Originally an administrative unit within the Kataeb Party, it was formally integrated into the state by a presidential decree that was passed in January of 1983. Interestingly, Hourani notes in his study that COFER was modelled on the CDR. See: Hourani, ‘Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War’, p.300.

³⁴² For further details, see: Traboulsi, *A History of Modern Lebanon*, pp.148-150; Hourani, ‘Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War’, p.300; Dib, *Warlords and Merchants: The Lebanese Business and Political Establishment*, pp.219-241.

³⁴³ See: Omri Nir’s biography of Nabih Berri: Omri Nir, *Nabih Berri and Lebanese Politics*, (New York: Palgrave Macmillan, 2011).

³⁴⁴ El-Murr had started off his political career by supporting Amin Gemayel but switched sides to the Syrian camp in 1985, when he helped negotiate the ‘Tripartite Accord’ in Damascus. The Tripartite Accord was a short-lived agreement between three major feuding factions: Shiite Amal, the Druze PSP and the Christian Lebanese Forces. For details, see: Ziad Abdelnour, ‘Dossier: Michel and Elias Murr’, *Middle East Intelligence Bulletin*, 5(6), (2003).

³⁴⁵ See Chapter 6 for details.

significant were those Gulf-based financial networks which were connected to larger *global* networks of power. These were often led by high-profile, transnationally-connected businesspeople (and/or financial institutions). One of these businesspeople was the Saudi-Lebanese billionaire Rafiq Hariri. In 1981, he became involved in the Lebanese banking sector when he bought a stake in *Groupe Méditerranée*, which is a bank holding company based in France and Lebanon. Hariri belonged to the ‘new contractor bourgeoisie’; a particular group of businesspeople who had grown extremely wealthy in the Gulf (and West Africa).³⁴⁶ During the civil war, these new contractors returned to Lebanon and tried to snatch up contracts at various levels of the Lebanese economy. Of course, Rafiq Hariri is the most famous example. Others, however, include Najib Mikati, Mohammed Safadi and Issam Fares.³⁴⁷ See Figure 28 for some background information on these individuals. Like other Lebanese elites, the new contractors are characterised by their foreign alliances. The most significant example was Hariri and his strategic alliance with the Saudi Royal Family. But Hariri was no exception. Mikati and Fares, for example, forged a close relationship with the Syrian leadership.³⁴⁸ Other than Michel el-Murr, though, the Syrian leadership did not rely on businessmen like Mikati and Fares to represent their interests in Lebanon. Instead, the Syrian leadership relied more on other types of elites – most particularly, militia leaders such as Nabih Berri and Walid Junblatt. The characterisation of the new contractors requires one further qualification; namely, a more precise description of their relationship with the militia leaders who were running Lebanon during the civil war. Other than Fares, all the other businessmen mentioned above – specifically, Hariri, Mikati and Safadi – came from the Sunni community (see Table 4). Sunni militias were fatally weakened by the Israeli invasion in 1982, which expelled their main sponsor, the PLO, from the country. This seems to suggest that *Sunni* new contractors did not have to contend with militias within their own community in the

³⁴⁶ Due to the oil boom of the 1970s, the number of Lebanese workers in the Gulf increased from 50,000 in 1970 to 210,000 in 1979-1980. They represented slightly more than a third of the nation’s workforce, sending US\$2.3 billion back in remittances. Some of these migrants accumulated huge amounts of wealth and became extremely successful contractors. This is according to information obtained from: Salim Nasr, ‘The Political Economy of the Lebanese Conflict’, in Nadim Shehadi and Bridget Harney, (Eds.), *Politics and the Economy in Lebanon*, (Oxford: Centre for Lebanese Studies, 1989), p.44.

³⁴⁷ See: Baumann, *Citizen Hariri and Neoliberal Politics in Post-Civil War Lebanon*, p.61. See also: Baumann, ‘The ‘new contractor bourgeoisie’ in Lebanese politics: Hariri, Mikati and Fares’, pp.125-144.

³⁴⁸ See: *ibid*.

same way that Maronite or Shiite businesspeople had to.³⁴⁹ But as will be shown in Chapter 5, Hariri built close relations with then-President Amin Gemayel.

Names	Background history in the Gulf	Returning to Lebanon	Role in Lebanese politics
Rafiq Hariri (Sunni)	Hariri left Lebanon to Saudi Arabia in 1964. After many years of trying to make ends meet, Hariri's big break came after he entered a contract with a Saudi engineer to build a new hotel in the Saudi city of Ta'if. This gave Hariri access to more contracts from the royals. He later acquired a French company called OGER.	By the late 1970s, he set up the 'Hariri Foundation', which played a huge role in education and healthcare projects. By the early 1980s, he had acquired ' <i>Groupe Méditerranée</i> ', and began snatching up clean-up projects in his hometown (Sidon) as well as in Beirut.	Hariri's success in achieving the Ta'if Peace Accords of 1989 enabled him to become a political leader in the post-civil war era. By 1992, he was appointed as prime minister. After the 2000 parliamentary elections, he was re-appointed as prime minister.
Najib and Taha Mikati (Sunni)	The wealth of the Mikati brothers comes from the Arabian Construction Company, which they founded in Abu Dhabi in 1967. In 1982, the two brothers co-founded a telecommunications company called Investcom, which penetrated emerging markets as far afield as Liberia, Sudan and Yemen.	By 1983, Taha bought the licence for the British Bank of Lebanon from the British Bank of the Middle East. And in 1994, the mobile company 'Cellis' won a 'Build-Operate-Transfer' (BOT) project, of which the brothers owned one third of the shares.	Of the two, Najib went on to become a parliament member, minister, and even prime minister. He first became prime minister after Hariri's assassination in 2005. Mikati became prime minister again in 2011.

³⁴⁹ Fares, as a Greek Orthodox citizen, had to compete with el-Murr. Because el-Murr came from the same domination, he tried to block Fares's ascent in politics. For details, see: Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', pp.301-204. See also: Baumann, 'The 'new contractor bourgeoisie' in Lebanese politics: Hariri, Miqati and Faris', pp.125-144; Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, p.62.

Mohammed Safadi (Sunni)	Safadi migrated to Saudi Arabia in 1975 and became rich building residential compounds for companies such as BAE Systems (which paid commission to Saudi princes for the privilege). He later moved to London, on the behest of Saudi air force head Prince Turki bin Nasser (son-in-law of crown prince Sultan), to act as his business manager.	Since moving to London, Safadi became involved in a British property company called STOW Securities. By 1995, he set up the Safadi Group, which enabled STOW to expand its operations in Lebanon. Safadi also set up a charity foundation of his own called the Safadi Foundation.	Safadi first entered politics in 2000, when he won a seat in the 2000 parliamentary elections. In 2005, he gained his first ministerial post. He has been considered for the post of prime minister, but has not been awarded the post yet.
Issam Fares (Greek Orthodox)	Fares started as a merchant in Saudi Arabia. He later came to own a controlling interest in Netherlands-based Balast Nedam, which secured a number of lucrative contracts in Saudi Arabia and Bahrain. He later invested in a variety of oil, real estate and media enterprises through a holding company called 'Wedge Group'.	By 1983, he opened 'Wedge Bank' in Lebanon. He employed former President Elias Sarkis as the bank's chairman. By 1987, he started the Issam Fares Foundation and launched a number of health centres in Akkar, and pursued a number of cultural and social projects in the area.	Fares was the least successful of the names mentioned above. From 2000 to 2004 he served as the country's deputy prime minister, the highest position occupied by a Greek Orthodox citizen. Other than that, he did not play much of a political role.
Roger Tamraz (Maronite)	Tamraz formed the First Arabian Corporation in Paris in 1974 with financial backing from a small group of Saudi investors. They included Sheikh Salem bin Laden and the Lebanese born Ghaith Pharaoun, both of whom had developed enormous multi-sectoral holdings by virtue of their connection to Kamal Adham (brother-in-law of the late King).	He returned to Lebanon in 1983, after his friend and former assistant, Amine Gemayel, became President of Lebanon. With Gemayel's support, Tamraz became involved with Intra Bank Group. By 1988, Tamraz had built himself a large empire in Lebanon where he owned several companies.	Unlike all of the above, Tamraz never played a significant political role. But he was allowed to play the leading role in managing the levers of the Lebanese economy when Genmayel was president.

Table 4 – A list of some of the most prominent businessmen to emerge in Lebanon during the civil war year.

In short, a whole new group of businesspeople – which were also comprised of new contractors – were searching for investment opportunities during the civil war. On many occasions, these businesspeople cooperated with one another for contracts. For example, in July 1983, Rafiq Hariri partnered up with Joseph Khoury – an engineer from the Gemayel family’s hometown of Bikfaya – to implement the president’s ‘pet project’ in the northern littoral (Nahr el-Mott) area of Beirut.³⁵⁰ On other occasions, though, these businesspeople competed with one another. This competition was most visibly demonstrated by Roger Tamraz (the most prominent business ally of Amin Gemayel), who opposed Gulf interests in Lebanon. As Table 4 suggests, though, Tamraz was not opposed to Gulf investment in principle – he himself had forged alliances with Saudi investors in the past – but adopting an anti-Gulf sentiment was a convenient way to exclude competitors from the Gulf region.³⁵¹

iii. Examples of neoliberal urbanism during the civil war

The civil war loosened the grip of the *zu'ama* over the state. In turn, it provided their opponents with an opportunity to infiltrate the main political bodies in order to push forward their own interests. During the first lull in the fighting, the newly-elected president, Elias Sarkis, and his prime minister, Salim el-Hoss, bolstered the planning arm of the state with the creation of the CDR, which was empowered to initiate reconstruction projects throughout the country.³⁵² The CDR tasked the French public consulting firm, ‘*Atelier parisien d’urbanisme*’ (APUR) – along with a group of Lebanese urban planners – to prepare a planning study for the city centre. The team developed a scheme called the

³⁵⁰ See: Baumann, *Citizen Hariri and Neoliberal Politics in Post-Civil War Lebanon*, p.77. See also: Eric Verdeil, ‘Reconstructions manquées à Beyrouth: la Poursuite de la Guerre par le Projet Urbain’, *Les Annales de la recherche urbaine*, 91, (2001), p.71.

³⁵¹ For further details, see: Hourani, ‘Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War’, p.302.

³⁵² Importantly, this agency was empowered with all the necessary tools to bypass all routine and normal regulations hampering other governmental institutions. For details on this point, see: Salam, ‘The Role of Government in Urban Planning’, p.129.

‘*Plan Directeur de Reconstruction du Centre Ville de Beyrouth*’ (also known as the ‘APUR Plan’).³⁵³

Interestingly, the APUR Plan – see Figure 25 – had similar goals to those of the Solidere project, including: the idea “to speed-up the return of the BCD [Beirut Central District] to its traditional role as a unifying ground for Lebanon’s multiconfessional communal structure”.³⁵⁴ But the two differed over two main issues: firstly, the matter of original property owners; and secondly, that of methods of intervention. The APUR Plan was drawn up with the following guidelines: first, to encourage the legal owners and occupants of the BCD to return to their previous activities; and second, to create more than one real estate company to lead the reconstruction effort.³⁵⁵ This plan went partially into effect, but was thwarted by renewed fighting in the summer of 1978. Between 1978 and 1982, Beirut – and the rest of the country, as a matter of fact – witnessed one of the most brutal episodes of fighting, which ended with the arrival of a multinational force in the autumn of 1982.³⁵⁶

The population shifts during this period had far-reaching implications for the urban character of Beirut. As the city witnessed some of the most destructive and most violent scenes of the war, many people moved out of it to other areas of the country. As a result, smaller cities like Tripoli, Sidon, Tyre, Nabatieh and Zahle expanded rapidly and acquired a certain degree of autonomy. It was as if the centrality and primacy of

³⁵³ For further details on the APUR Plan, see: *ibid*, pp.129-130. See also: Tabet, ‘Towards a Master Plan for *Post-War Lebanon*’, pp.91-92.

³⁵⁴ As quoted in: Salam, ‘The Role of Government in Urban Planning’, p.130. This point also made in: Tabet, ‘Towards a Master Plan for *Post-War Lebanon*’, p.91.

³⁵⁵ See: *ibid*.

³⁵⁶ Between 1978 and 1982 in particular, the city was besieged and beleaguered by every possible form of brutality and criminality known to mankind. The fighting generated endless rounds of carnage and collective terror, bringing with it unimaginable levels of physical destruction and human suffering to the city’s inhabitants. Even by the most moderate of estimates, the magnitude of such suffering was staggering. Numerous studies have been published on the lead-up to the civil war and its effects. In particular, see: Roger Owen, *Essays on the Crisis in Lebanon*, (London: Ithaca Press, 1976); Walid Khalidi, *Conflict and Violence in Lebanon: Confrontation in the Middle East*, (Cambridge, Massachusetts: Center for International Affairs, Harvard University, 1978); Robert Salibi, *Crossroads to Civil War: Lebanon 1958-1976*, (London: Ithaca Press, 1979); Itamar Rabinovich, *The War for Lebanon, 1970–1985*, (Ithaca: Cornell University Press 1985); David McDowell, *Lebanon: A Conflict of Minorities*, (London: Minority Rights Groups, 1986); Robert Fisk, *Pity the Nation: Lebanon at War*, (Oxford: Oxford University Press, 1990).

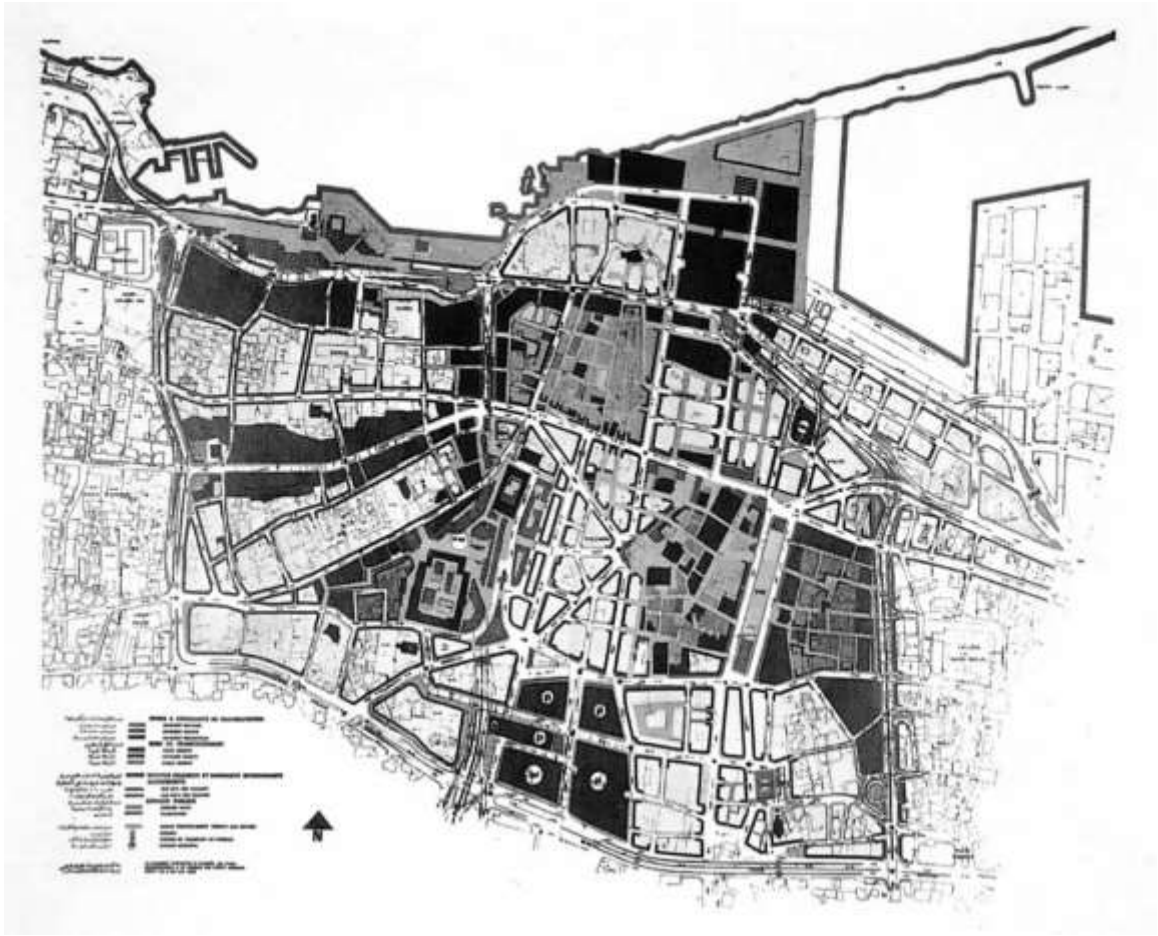


Figure 25 – The APUR Plan (1977). Source: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.48.

Beirut in relation to the rest of the country was dismantled.³⁵⁷ But as people moved out of the capital, the violence travelled with them. Eventually, fighting blanketed most regions of the country and, subsequently, dislocated people in the rural areas migrated back to Beirut.³⁵⁸ Successive waves of migration back to the country's capital led to the development and expansion of slums and squatter settlements, the growth of which not

³⁵⁷ One of the major characteristics – and to a certain extent, imbalances – of pre-civil war Lebanon was the predominance and primacy of Beirut. For details, see: *Salim Nasr*, 'New Social Realities and Post-War Lebanon: Issues for Reconstruction', in Samir Khalaf and Philip S. Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, (Leiden: E. J. Brill, 1998), pp.70-71.

³⁵⁸ According to Salim Nasr, between 1975 and 1982, around 40 percent of the population of Beirut consisted of dislocated people affected by the war in the rural areas. See: Salim Nasr, 'The War, The City Networks and Population Movements in Greater Beirut', *Al-Waqi'i*, [in Arabic], No. 5-6, (1983).

only generated havoc in Beirut, but also led to the spatial and physical degeneration of many of the city's streets and neighbourhoods.

The scale and extent of slums and squatter settlements led to the emergence of an informal sector that could not cope with the growing number of unemployed migrants; especially amongst the youth. The development of an informal sector was particularly noticeable in West Beirut, where the once cosmopolitan and fashionable Hamra Street degenerated into a popular souk.³⁵⁹ In such a chaotic environment, thousands of apartments and houses were illegally occupied, either after owners had been violently expelled or when displaced persons squatted in vacant buildings (see Figure 26).³⁶⁰ As the war dragged on, the demand for 'safe areas' increased. Due to the lack of space in Beirut, people began to exploit land outside the city; particularly along the northern coast, in the hills to the East, and along the southern plains. The insecurity and uncertainty of Lebanon's political future intensified illegal or unpermitted land occupation and construction in these areas. This was particularly the case in the southern plains, where thousands of mostly Shiite refugees escaping Israeli hostilities in the South occupied the land there.³⁶¹ Importantly, this excessive exploitation of real estate led to the creation of unsightly ribbons of developments; most notably, along Beirut's coastline.³⁶²

In this regard, wartime constituted an exceptional period that allowed displaced people to freely implement private initiatives in the domain of land and real estate dealing. Thousands of land transactions took place without registration and without

³⁵⁹ For a study looking at the emergence of an informal sector in Hamra, see: Robert Saliba and Yasser Abun Nasr, 'Development of the Informal Sector during the Lebanese Civil War', in May Davie (Ed.), *Beyrouth: Regards croisés*, (Tours: URBAMA, 1997), pp.177-223.

³⁶⁰ See: Picard, 'Trafficking, Rents, and Diaspora in the Lebanese War', pp.39-40.

³⁶¹ For further details, see: Valérie Clerc, *L'urbanisme face aux quartiers irréguliers. Le cas d'Elyssar en banlieue sud de Beyrouth*, (Paris: PhD Thesis, Paris VIII University, 2002); Mona Fawaz and Isabelle Peillen, *Urban Slums Reports: The case of Beirut, Lebanon*, (London: UN-Habitat by the Development Planning Unit of the University College London, 2003).

³⁶² As Tabet rightly points out, it is a paradox that the deterioration of the spatial and physical qualities of the urban environment in Beirut was more due to the indirect effects of violence than to the direct destruction caused by the civil war. For further details, see: Tabet, 'Towards a Master Plan for Post-War Lebanon', p.90.



Figure 26 – A residential building in Hamra taken over by squatters. Source: Yahya, 'Reconstituting Space: The Aberration of the Urban in Beirut', p.145.

payment of legal taxes (although hefty informal ‘taxes’ were paid to the *de facto* militia forces).³⁶³ The scramble for land was not only limited to the displaced people searching for safety, but also included militias who strove to secure and enlarge their territorial, and hence, economic power. From at least the early 1980s onwards, a number of businesspeople – some of whom carried with them a neoliberal logic – showed an interest in creating and extracting rents by acquiring and developing land in Beirut. With the agreement of the local militias – and often, with their financial support – a number of speculative projects, including coastal land reclamations, marinas, high-rise luxury hotels, gated communities, and shopping malls were launched.³⁶⁴ Some of these projects, such as the many new shopping centres that were opening up in the suburbs in the late 1970s and early 1980s, were funded by Lebanese businessmen working in association with Gulf investors, as well as new contractors who had grown wealthy in the Gulf.³⁶⁵

After the Israeli invasion of 1982, a second lull in the fighting emerged, and an attempt was made to resolve the unprecedented increase in illegal construction and unregulated growth of the capital city. Under the leadership of a newly-elected president, Amin Gemayel, the CDR appointed a Lebanese team – with the participation of French experts from the ‘*Institut d’aménagement et d’urbanisme de la région Ile-d-France*’ (IAURIF) – to draw up a master plan that would solve the congestion and uncontrolled urban sprawl in Greater Beirut. The hope, at the time, was that it would provide new directions for Greater Beirut to expand as a city. Despite the resumption of fighting in the summer of 1983 – and again in February 1984) – the team of planners continued their work. This was a bold and courageous move, especially given the intensity and ferocity of the fighting at the time. By 1986, the team of planners finalised a master plan that came to be known as ‘*Le schéma directeur de la région métropolitaine de Beyrouth*’ (this

³⁶³ Thousands of acres of empty were built up without permits, especially in Beirut’s southern suburbs, where hundreds of thousands of southern villagers took refuge after successive Israeli invasions in 1978 and 1982. See: Picard, ‘Trafficking, Rents, and Diaspora in the Lebanese War’, pp.39-40.

³⁶⁴ Many of these projects, such as the line of upscale seaside resorts extending twenty miles north of Beirut in the Christian zone, were completed and operational before the war’s end. See: *ibid*, p.39

³⁶⁵ The demand for new shopping centres had grown in the suburbs because the traditional shopping district in the city centre had become a no-go area. See: Salim Nasr, ‘Guerre, migration vers le Golfe et nouveaux investissements immobiliers dans le Grand Beyrouth’, in André Bourgey and Pierre-Yves Péchoux (Eds.), *Migrations et changements sociaux dans l’Orient arabe*, (Beirut: CERMOC, 1985), pp.325-326.

plan is sometimes referred to as the ‘SDRMB Plan’, but is more commonly known as the ‘IAURIF Plan’). See Figure 27 for an illustration of the IAURIF Plan and its main characteristics.³⁶⁶ Unfortunately, the IAURIF Plan was never officially approved for implementation.³⁶⁷ But to the team’s credit, it is still considered the cornerstone of general evaluations and guidance on prevailing conditions in Greater Beirut today.³⁶⁸

Between 1983 and 1986, though, Gemayel used his title as president to secure and enlarge his *own* territorial foothold. Two areas Gemayel was scrambling for control over – other than the in the northern littoral (Nahr el-Mott) area – were the city centre and the Khaldeh, Hazmieh and Laylaki districts of the southern suburbs. In the southern suburbs, a proposal was put forward that involved demolishing the ‘informal’ and ‘illegal’ housing in the area. But it appears that this was a cover to tear down the Palestinian refugee camps and squatter settlements consisting of mostly Shiite inhabitants. Undoubtedly, this caused a lot of opposition; especially amongst Gemayel’s rivals in the Amal militia. Amal leader Nabih Berri interpreted the proposal as a ‘resettlement plan’ by the Maronite president to weaken Amal’s influence in the Shiite area. As early as October 1982, the Lebanese Army, which was controlled by the president, was sent in to begin demolitions. In the Laylaki district, opposition against the demolitions grew into a full-blown uprising. By February 1984, the uprising escalated into a war that plunged the city into renewed chaos between the then President Amin Gemayel and Berri’s Amal militia.³⁶⁹

³⁶⁶ One of the main aspects of the plan proposed a new pattern of centrality based on a succession of growth poles as opposed to the traditional model of a single historical centre. Importantly, it strove to introduce a hierarchy of centres throughout the city (to include its suburbs as well). It introduced four main regional centres, to include Nahr el Mott in the north, Hazmieh in the centre, Laylaki in the southern suburbs, and Khaldeh further south next to the airport. For further details, see: Mission Franco-Libanaise d’Etudes et d’Aménagement, *Schema Directeur de la Région Metropolitaine de Beyrouth*, (Beirut: CDR/DGU République Libanaise, 1986). See also: Nabil Beyhum, ‘Petit Manuel de la reconstruction de Beyrouth’, in May Davie (Ed.), *Beyrouth: Regards croisés*, (Tours: URBAMA, 1997), pp.253-272; Nabil Beyhum, ‘The Crisis of Urban Culture: The Three Reconstruction Plans for Beirut’, *Beirut Review*, 4, (1992), pp.112-114.

³⁶⁷ Later, in the early 1990s, it was heavily debated during the beginning of the reconstruction process. But it still did not receive official approval. See: Verdeil, ‘Methodological and Political Issues in the Lebanese Planning Experiences’, p.20.

³⁶⁸ This is according to: Salam, ‘The Role of Government in Urban Planning’, p.130.

³⁶⁹ For further details, see: Joe Nasr and Eric Verdeil, ‘The reconstructions of Beirut’, in Salma Khadra Jayyusi, Renata Holod, Attilio Petruccioli, and André Raymond, *The city in the Islamic world*, (Leiden: Brill., 2008), pp.1,124-1,127.

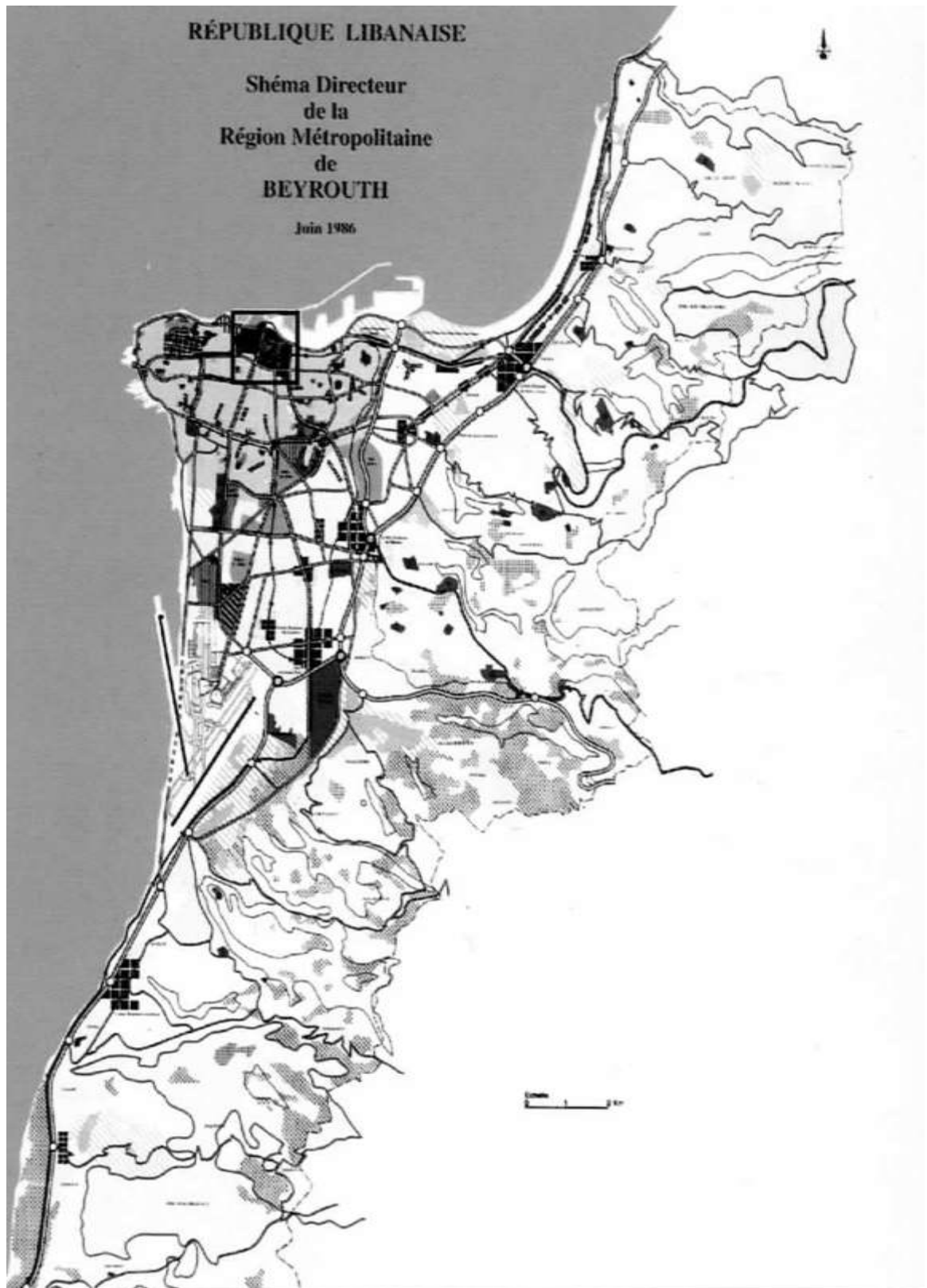


Figure 27 – The IAURIF Plan (1986). Source: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.48.

Indeed, the ‘bulldozing mentality’ adopted by the Lebanese Army in the southern suburbs of Beirut raised fears that the city centre would be sanctioned for ruthless bludgeoning as well. The prospects of this happening provoked a public debate amongst various actors involved in the urban scene. This public debate was symbolised by a symposium organised by the American University of Beirut (AUB) between the 17th and 21st of January 1983.³⁷⁰ Importantly, the symposium was held under the auspices of architect Pierre el-Khoury (mentioned previously in this chapter), who at that point in time was the Minister of Public Works. Unfortunately, the public debate failed to stop demolitions from taking place in Downtown Beirut. Between 1983 and 1986, some of the most significant surviving buildings and structures were demolished. This included wide parts of Souk Nourieh and Souk Sursock near Martyrs’ Square, and much of the Saifi area (which had escaped the Ottoman destructions and French layouts). Many of these demolitions were carried out with “no authorization or approval—or interference—of any official or government institution”.³⁷¹

But this time, the demolitions were carried out by a private consulting firm which was studying the downtown area. This firm was called OGER Liban, which was owned by Rafiq Hariri. Earlier in this chapter, it was mentioned that Hariri had built good relations with President Gemayel. It is, therefore, difficult to argue that the president was

³⁷⁰ The symposium raised a number of concerns and questions from those seeking to address the radical changes that were occurring in Beirut’s urban environment at the time. Should, for example, the reconstruction in the downtown area begin at once, as demanded by the policy-makers, or should all efforts be suspended until an archaeological survey could be conducted in the area to excavate and restore any historical monuments that might be buried beneath the rubble? Should the city centre be transformed into an archaeological site and open-air museum for tourists? And, should the centre be rebuilt as it was before the war, as advocated by a number of Lebanese nostalgics? These, and many other questions raised in the debate, signified that growing segments of Lebanese society were becoming increasingly conscious and vocal about what should be done to the spaces around them. For further details, see: Tabet, ‘Towards a Master Plan for *Post-War* Lebanon’, pp.92-93; Laila Badr, ‘The Historic Fabric of Beirut’, in Friedrich Ragette (Ed.) *Beirut of Tomorrow: Planning for Reconstruction*, (Beirut: American University of Beirut, 1983), pp.72-75.

³⁷¹ Quoted in: Nabil Beyhum, Kamal Hamdan, Taoufiq Chambour, Georges Corm, Tony Chouery, Bahaeddine Bsar, Pierre al-Khoury, Assem Salam, Jad Tabet, and Ziad Akl, *I’mar Bayrut wa-l fursa al-da’i’a. Wasat Bayrut al-tijari wa-l-sharikat al-‘iqariya. Al-waqa’i’, al-murtakazat, al-bada’il*, (Beirut: Dar El-Jadeed, 1992), pp.15-25, esp. pp.15-21. See also in: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, p.668; Tabet, ‘Towards a Master Plan for *Post-War* Lebanon’, p.93.

averse to the demolitions. One also finds that the proposal put forward in the southern suburbs had Hariri's finger prints on it.³⁷² This means that the relationship between the two men goes back to before Hariri's partnership with Joseph Khoury. As mentioned previously, Hariri had partnered up with Joseph Khoury – an engineer from the Gemayel family's hometown of Bikfaya – to implement the president's pet-project in the northern littoral (Nahr el-Mott) area. This raises the following question: did OGER Liban have a construction plan for the city centre as well? The evidence in the next chapter suggests that the private firm was, indeed, demolishing according to a master plan that it itself had commissioned.³⁷³

Conclusions

It is readily evident that the ascendance of Beirut was triggered by the transformative power of *transnational networks*. This began in the early nineteenth century with the integration of Beirut – and the surrounding region – into the international market economy. An emerging class of businessmen, entrepreneurs and merchants took centre stage in the development of the city. The ability of this class to form economic partnerships with primarily French merchants and financial capital (both during the late Ottoman and French Mandate periods), enabled the most 'notable' bourgeoisie families to dominate in Beirut's trade and finance sectors. These families were then able to take advantage of new powers awarded to them following the creation of the Lebanese state. Of course, the continued dominance of these families depended on their transnational connections, which remained intact for as long as Beirut was an intermediary between the Arab East and Western markets.

³⁷² According to the Hariri Foundation, OGER Liban had presented a plan for the area as early as 1983. This plan was developed in coordination with Gemayel's 'Committee for the Development of the Southern Suburbs'. For details, see: Hariri Foundation, *Hariri Foundation: The Origins and Prospects*, (Beirut: Hariri Foundation, 1992), p.72. See also: Verdeil, 'Reconstructions manquées à Beyrouth: la Poursuite de la Guerre par le Projet Urbain', p.72.

³⁷³ It must be stressed that while the IAURIF Plan was shelved, the APUR Plan was still the official plan for the downtown area. Despite this fact, it seemed that OGER Liban had introduced its own amendments to this official plan. See: *ibid.* See also: Verdeil, 'Methodological and Political Issues in the Lebanese Planning Experiences', p.20; Tabet, 'Towards a Master Plan for *Post-War* Lebanon', p.92.

The start of the civil war represented a turning a point in the relationship between Beirut and its elites: the city's intermediary role ended, the transnational connections were broken, and thus, the commercial-financial bourgeoisie lost control to other elites seeking to affirm their own interests. But like the pre-civil war bourgeoisie, those that captured the apex of the Lebanese political economy – particularly, the militia leaders and new contractors – came with their own transnational connections and networks. The fluid nature of the civil war meant that none of the newcomers were able to dominate over the others. Nevertheless, the militias were seen to be the most powerful actors throughout this period. Many businesspeople – including the new contractors – accepted that reality, and therefore, built good relations with the militia leaders in order to have their interests realised. What we see between 1983 and 1986, therefore, is Hariri's OGER receiving military and political support in order to demolish large swaths of the city centre according to a master plan it had commissioned. These demolitions were understood as being carried out with Gemayel's knowledge, and more importantly, with military and political support from the president. In light of these demolitions, the following question arises: What were Rafiq Hariri's interests exactly?

Chapter 5 will provide a detailed discussion of Hariri's interests in Beirut. These interests stem from a desire to create rents from large-scale urban developments in Beirut. As will be shown, this desire to create rents goes back to the early 1980s. But Hariri was struggling to pursue these interests throughout the civil war years. He therefore used his transnational network to help him in his pursuit. In this context, Hariri's interests must be discussed in conjunction with the network that he had built. The Hariri network was not like those belonging to other businesspeople – including the new contractors. What Hariri built was a regional – and to some extent, global – network of capitalists that worked within and alongside the Saudi monarchy. Importantly, Hariri used his Saudi connection to increase his own politico-economic power in Lebanon. In turn, this power enabled him to establish the necessary *peaceful* conditions for the creation and extraction of rents from urban developments in Beirut.

Chapter Five

Towards neoliberal urban developments: the role of Rafiq Hariri

The previous chapter explained the interests of different types of elites in Beirut's urban scene. This was necessary because as well as being shaped by context, neoliberal urban developments are shaped by the interests of the elites that controlled them. Without a perspective on the interests that former Prime Minister Rafiq Hariri had in Beirut's urban scene, however, it is impossible to understand the shape of the Solidere project, and in turn, explain its consequences. As will be shown, Hariri's interests stemmed from a desire to create rents from large-scale urban developments in Beirut. This desire to create rents goes back to the early 1980s.

The chapter will begin with a section detailing Hariri's involvement in the 'clean-up' operation of Beirut's streets, which took place following the 1982 Israeli invasion. What most people were unaware of, at the time, was that the clean-up operation masked a 'private plan' by Hariri to implement large-scale urban developments in Beirut. In order to implement this plan, Hariri built good relations with then-President Amin Gemayel. However, he needed political support from various other political figures as well. Soliciting the support of Saeb Salam was key. Through Salam, Hariri befriended several other figures, including King Fahd of Saudi Arabia, who wanted to gain control of, and to manage, a larger percentage of his country's petrodollar flows into Lebanon. Not long after that, Hariri became the business representative of the Saudi monarch. This was a useful political resource that enabled Hariri to push three construction projects forward. Despite the significance of Hariri's relationship with King Fahd, it will be shown that these three projects were premised on the fate of Gemayel's presidential leadership.

In turn, the second section will look at Hariri's role in achieving the peace agreement that is commonly known as the Ta'if Peace Accords (signed in 1989). Hariri wanted an agreement in order to create the necessary *peaceful* conditions for the creation and extraction of rents from urban developments in Beirut. As will be shown, the war created many obstacles in the path of his private plan. He began searching for peace in the summer of 1983, after King Fahd formally appointed him as Saudi Arabia's 'peace envoy' in Lebanon. Hariri's successful efforts at reaching a peace settlement meant that he was able to establish himself as a new political leader in post-civil war Lebanon. In doing so, Hariri was able to negotiate various decrees and laws related to the reconstruction effort in general, and in Beirut in particular. Two of the most significant decrees and laws that were passed were: Decree No. 790 (dated 24th of January 1991), and Law 117 (dated 7th of December 1991). Both were related to the three construction projects that Hariri was trying to push forward throughout the civil war years.

The chapter will conclude with an assessment of Hariri's strategic alliance with Saudi Arabia. Of course, such an alliance was not uncommon in Lebanon, especially during the civil war years. As mentioned in the previous chapter, many other new contractors were seeking foreign sponsors as well. For example, Najib Mikati and Issam Fares both forged a close relationship with the Syrian leadership. But as will be shown shortly, the Syrian leadership did not rely on either Mikati or Faris to represent their interests in Lebanon in the same way that Saudi Arabia relied on Hariri. Instead, the Syrian leadership relied more on other types of elites – most particularly, militia leaders such as Nabih Berri and Walid Junblatt.

I. Hariri and the 'clean-up' of Beirut

On its official website, the Hariri Foundation acknowledges that former Prime Minister Rafiq Hariri was involved in the clean-up operation of Beirut in the early 1980s:

“PM Rafic Hariri is also known for his philanthropic activities, particularly in the reconstruction of Lebanon, education and general social welfare. In 1982, after the Israeli invasion, OGER Liban, became actively involved in the removal of destruction.”³⁷⁴

But this account makes no mention of Hariri’s connection to the conspicuous demolitions that took place in the downtown area between 1983 and 1986. While the perpetrators of these demolitions remain ‘officially unidentified’, it is generally agreed that the parties involved were the same ones that stand behind the Solidere project.³⁷⁵ Solidere, as well, makes little reference to the demolitions. The private firm’s sole reference is as follows:

“Located at the historical and geographical core of the city, the vibrant financial, commercial and administrative hub of the country, the Beirut Central District came under fire from all sides throughout most of the 16 years of fighting. At the end of the war, that area of the city was afflicted with overwhelming destruction, total devastation of the infrastructure, the presence of squatters in several areas, and extreme fragmentation and entanglement of property rights involving owners, tenants and lease-holders.”³⁷⁶

While Solidere makes little reference to the demolitions, this thesis should not ignore the clean-up operation. Not least because Hariri’s involvement in the clean-up operation demonstrates that the Solidere project was originally part of an overarching private scheme that included three construction projects: in Downtown Beirut, the northern littoral (Nahr el-Mott) and the southern suburbs.

i. Hariri’s life before the clean-up operation

Lebanon’s former Prime Minister Rafiq Hariri was born in his hometown of Sidon in 1944. Unlike most Lebanese leaders of his time, Hariri was raised in an environment of

³⁷⁴ See webpage: <http://www.hariri-foundation.org/profiles.php?cat=NTI>, accessed on 12th May 2013.

³⁷⁵ See, for example: Beyhum et al., *I’mar Bayrut wa-l fursa al-da’i’a. Wasat Bayrut al-tijari wa-l-sharikat al-‘iqariya. Al-waqa’i’, al-murtakazat, al-bada’il*, p.16. See also: Assem Salam, ‘Le Nouveau plan directeur du centre-ville de Beyrouth’, in Nabil Beyhum, Assem Salam and Jad Tabet, (Eds.), *Beyrouth: Construire l’avenir, reconstruire le passé?* (Beirut: Urban Research Institute, 1996); Jad Tabet, *Al-I’mar wa-l-Maslaha al-‘Amma* [Building Development and Public Interest], (Beirut: Dar al-Jadid, 1996).

³⁷⁶ See: Solidere, *The development and reconstruction of Beirut central district: information booklet*, p.5.

hardship and poverty. His family – consisting of Rafiq, his sister Bahiya, his brother Shafiq and their parents – shared a small rented house with two rooms on the upper floor, and one room on the ground floor for their cows and chickens. His father, Bahaeddine, worked as a farmer in two orange orchards: one he owned, and the other he rented. This was just enough to provide for his family. But after one particularly bad harvest, Bahaeddine was forced to give up the rented plot and work as a labourer in other orchards to earn extra income.³⁷⁷

Hariri grew up with a number of very close friends. One of his best friends was his childhood classmate Fouad Siniora. His close relationship with Siniora culminated in his recruitment: first, to manage and expand the Hariri's business empire; and then, as Finance Minister in Hariri's successive cabinets. Siniora would himself go on to become prime minister between 2005 and 2008. Politics took hold of Hariri and Siniora from a very young age. By the time they turned 13, they were already taking part in protests with many of their Arab nationalist contemporaries.³⁷⁸ But as Hariri grew older, he was forced to put his political activism on hold, and focus more on his education. According to Siniora, Hariri was determined to escape his impoverished living conditions.³⁷⁹ After completing secondary school, Hariri moved to Beirut to study accounting at the Arab University. There, he fell in love with Nida Boustani, an Iraqi student who he later married. After his wife became pregnant, Hariri juggled his time between his university studies and his newly-acquired job as a proofreader for *Al-Sayyad* and *Al-Hurriyeh* magazines. But there was little money to be made in this job. So, in 1964, he abandoned his studies, left his family in Beirut, and moved to Saudi Arabia; all in the hope of finding a job and earning a steady living in the booming Gulf kingdom.³⁸⁰

During his first few years in Saudi Arabia, Hariri worked as an accountant and teacher, but later worked with his cousin to set up a small contracting company called

³⁷⁷ Unless otherwise indicated, the biographic information used in this section is according to interviews conducted by Nicholas Blanford. See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, pp.14-39. See also: Gambill and Abdelnour, 'Dossier: Rafiq Hariri'.

³⁷⁸ See: *ibid.*

³⁷⁹ See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, pp.16-17.

³⁸⁰ See: *ibid.*, p.17.

CICONEST, in 1969. By then, Hariri's long-term absence had taken its toll on his marriage to Nida, and in 1976, he married Nazek Audi (a Palestinian-Lebanese whom he met in Saudi Arabia). To Hariri's disappointment, CICONEST saw a decrease in profit margins. This was due to the highly competitive environment at the time.³⁸¹ Hariri's determination to deal with this financial hurdle meant that he spent little time with his growing family. His three children, Bahaa, Saad and Husam lived in a two-bedroom apartment with their grandparents, aunt and uncle. Saad would later become prime minister as well, between 2009 and 2011.³⁸² Yet, Hariri's big break came in 1976, when he was approached by Nasser al-Rashid (a local engineer) to help in a contract he had won from King Khalid. The contract involved the construction of three luxury blocks in Riyadh for the king's wife. After the successful completion of this project, King Khalid asked al-Rashid and Hariri to tackle another highly-ambitious project: the Masara Hotel Resort of Ta'if.³⁸³ Hariri then approached a French construction company called OGER, and proposed that it handle the US\$100 million project. At the time, OGER was not doing very well either. It thus accepted the offer, considering it a final, 'make-or-break' bid. To the delight of all parties involved, the project was completed in record time.³⁸⁴ Crown Prince Fahd was undoubtedly impressed with both al-Rashid and Hariri. He therefore awarded them both a string of highly lucrative projects. Hariri was also given a number of extra perks that were rare for a foreigner; one of them being Saudi citizenship. It is for this reason that Hariri's political opponents portray the man as a 'Saudi creation' made rich by the King and sent back to Lebanon as a representative of Saudi power.

In a very short amount of time, Hariri accumulated an enormous amount of wealth. By 1982 – in other words, only five years after the completion of the Ta'if Hotel – Hariri had risen to become one of the world's richest men; a multi-billionaire with a business

³⁸¹ For details, see: Steffen Hertog, 'The sociology of the Gulf rentier systems: societies of intermediaries', *Comparative studies in society and history*, 52(2), (2010), p.295.

³⁸² See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.18.

³⁸³ At the end of 1976, the monarch told al-Rashid that he planned to spend the upcoming summer in Ta'if, and that before he returned to Riyadh, he wanted to officially open the hotel in time for an Islamic summit that was due to happen. See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.18; Gambill and Abdelnour, 'Dossier: Rafiq Hariri'.

³⁸⁴ The hotel was constructed in six months, and completed less than a week before the expiry of the nine-month deadline given by then King Khaled. See: *ibid*.

empire that included banks, industry, publishing, and most importantly, real estate companies. It was during this period, as well, that Hariri the ‘transnational capitalist’ made an appearance: by 1978, Hariri and OGER would form a special partnership, Saudi OGER, to handle the string of lucrative projects lined up for him. The following year, he bought the French parent company, and merged it together to form OGER International. Not long after OGER International was created, a Lebanese subsidiary called OGER Liban would be formed as well. By this point, therefore, Hariri was operating equally between France, Saudi Arabia and Lebanon.³⁸⁵

While Hariri’s story may sound unique, it must be stressed that there was a growing trend of Lebanese nationals migrating abroad: Lebanese architects, engineers, planners, and economists – amongst other professions – had long sought markets in the Arabian Gulf and West Africa.³⁸⁶ There, they developed or joined consulting firms that were ‘multi-disciplinary’ in nature and reproduced the ‘American model’ of large, ‘transnational consulting firms’. In this context, one finds that OGER is one of many transnational consulting firms that became major stakeholders in the Lebanese planning sector. Others included Khatib wa Alami, Associated Consulting Engineers, and most significantly, Dar Al-Handasah. As mentioned in Chapter 4, Dar Al-Handasah is a Lebanese-Jordanian consulting firm commissioned to draw up a master plan for the reconstruction of Downtown Beirut.

ii. How Hariri became involved in the clean-up operation

So, while Hariri was building his fortune in Saudi Arabia in the late 1970s, Lebanon was descending into a bitter civil war. As this was happening, Hariri turned his

³⁸⁵ As detailed in Chapters 2 and 3, this is why Hariri fits the profile of a member of the transnational capitalist class (TCC). See: Cox, ‘Social forces, states, and world orders: beyond international relations theory’, p.111; Sklair, *The Transnational Capitalist Class*, pp.5-6; Robinson, *A Theory of Global Capitalism: Production, Class, and State in a Transnational World*, pp.33-84.

³⁸⁶ Two examples worth mentioning here are Hashim Sarkis and Ousamma Kabbani, both of whom graduated from Harvard. Kabbani went on to work for the Boston Redevelopment Authority. See: Verdeil, ‘State development policy and specialised engineers: The case of urban planners in postwar Lebanon’, pp.5-6.

attention to his home country. Initially, he focused on philanthropic projects in his native Sidon; launching a series of education- and healthcare-related initiatives. Notably, Hariri founded The Islamic Foundation for Culture and Higher Education in 1979 in Sidon (subsequently known as the ‘Hariri Foundation’). He later turned his attention to the Lebanese banking sector. For example, in 1981, he bought a 73 percent stake in the Mediterranean Investment Group (MIG), which owns *Groupe Méditerranée* in France and Lebanon.³⁸⁷ Not long after that, Hariri ensured that Fouad Siniora – mentioned previously as a best friend since childhood – became chairman and general director of *Groupe Méditerranée*, which encompasses four banks: Banque de la Méditerranée, Saudi Lebanese Bank, Allied Bank and Banque de la Méditerranée Suisse.³⁸⁸ In this respect, Siniora is considered to be one of the first individuals to be recruited into Hariri’s transnational network of capitalists.

Of most importance, however, was Hariri’s early desire to obtain construction contracts. The earliest example of this, as suggested by former MP Najah Wakim in his book detailing corruption allegations amongst Lebanon’s political elites (including Hariri), was when Hariri met with President Elias Sarkis in 1978 to discuss a maintenance contract for the country’s power grid.³⁸⁹ Despite this early interest, Hariri’s most significant construction contract would not come until 1982, in the aftermath of the Israeli invasion, which left a massive trail of destruction.³⁹⁰ Not long after, OGER Liban was commissioned in Sidon to clear away rubble, survey the damages, reinstall public utilities, and provide emergency aid to the displaced.³⁹¹ By February 1983, a period of calm emerged across Lebanon, leaving a strong hope that the country was finally on the road towards peace and recovery. While the French forces were tasked with clearing the landmines, Hariri offered his assistance – through OGER Liban – to clear the debris and rubble off the streets of Beirut as well. Specifically, this would come to include clearing

³⁸⁷ For details, see: Baumann, *Citizen Hariri and Neoliberal Politics in Post-Civil War Lebanon*, p.66.

³⁸⁸ For details, see: Marwan Iskandar, *Rafiq Hariri and the Fate of Lebanon*, (London: Saqi, 2006), pp.66-67; Dib, *Warlords and Merchants: The Lebanese Business and Political Establishment*, p.223.

³⁸⁹ See: Najah Wakim, *Al-Ayadi al-Sud*, (Beirut: Sharika al-matbu'at lil-tawzir wal-nashar, 1998), p.18.

³⁹⁰ For details, see Robert Fisk’s account of the Israeli invasion and the assassination of Bashir Gemayel: Fisk, *Pity the Nation: Lebanon at War*, pp.353-398.

³⁹¹ This is according to: Hariri Foundation, *Hariri Foundation: The Origins and Prospects*, p.45.

the barricades and sandbags that were placed by the militias, as well as removing the rubble and securing fragile buildings.³⁹²

At the time, Amin Gemayel had succeeded his younger brother, Bachir, to the presidency. Unfortunately for Amin, he did not enjoy the same degree of legitimacy as his brother had, nor did he have the same levels of political influence or support. In this context, his title as president offered Amin Gemayel an opportunity to secure and enlarge his *own* territorial foothold, and hence, influence.³⁹³ As was mentioned in Chapter 4, it was on this basis that the president sent the Lebanese Army into the southern suburbs to tear down Palestinian refugee camps and squatter settlements in the area. But Gemayel did not want his territorial foothold to be limited to the suburbs: he wanted to secure control of the city centre as well. After all, the prevailing myth was that the person who controls the downtown area will control all of Beirut.³⁹⁴ According to Charbel Nahas (a former OGER employee overseeing the clean-up operation in Beirut at the time), the president approached Hariri and asked him to include Downtown Beirut in the clean-up operation. Nahas claims that he was opposed to this move: “We went to him [Hariri] and told him this was not possible. There was already the *Plan Directeur de Reconstruction du Centre Ville de Beyrouth* [APUR Plan]”.³⁹⁵ With approval from Gemayel, however, Hariri put Fadel el-Shallaq (head of OGER Liban) in charge and ordered him to include the city centre in the clean-up operation.³⁹⁶

Not long after that, Hariri’s OGER Liban entered the city centre. The clean-up was conducted in close coordination with the Lebanese Army, which fell under the control of President Gemayel.³⁹⁷ But as was suggested towards the end of the previous chapter, this

³⁹² See: *ibid.*

³⁹³ This is according to information obtained from: Nasr and Verdeil, ‘The reconstructions of Beirut’, p.1123.

³⁹⁴ Of course, whoever managed to control Beirut would also control the rest of the country. This is according to: Wakim, *Al-Ayadi al-Sud*, p.145.

³⁹⁵ Interview with Charbel Nahas held on 06 August 2012 in Beirut.

³⁹⁶ With that, el-Shallaq was given carte blanche to use funds from the Saudi Lebanese Bank; one of the banks owned by Rafiq Hariri. See: el-Shallaq, *Tajrabatyy ma’a al-Hariri*, pp.60-61.

³⁹⁷ As will be shown shortly, the Lebanese army, with backing from the Christian Lebanese Forces, launched an eight-hour battle to evict displaced citizens squatting in the area; particularly, in the Wadi Bou

was not the only area of Beirut where OGER Liban and the military were coordinating their efforts. First, while the military was demolishing Palestinian refugee camps and squatter settlements in the southern suburbs in October 1982, OGER Liban was removing rubble and road blocks.³⁹⁸ It is not clear whether OGER Liban coordinated the operation with the army, but what is clear is that it did coordinate with Gemayel's Committee for the Development of the Southern Suburbs.³⁹⁹ It is also evident that OGER Liban had developed its own plans for the project (see Figure 28). Another area where Hariri's OGER Liban was involved in was the northern littoral (Nahr el-Mott) area of Beirut. This was where Hariri partnered with Joseph Khoury to execute Gemayel's pet-project.⁴⁰⁰ In this context, OGER Liban can be seen to have focused its cleaning operation in three areas of Beirut, all of which had the backing of the president. It is, thus, argued that Hariri wanted to create and extract rents from the development of all three areas *together*, and not just from the development of a single area, such as Downtown Beirut.

One must note that the three areas mentioned above are not at all random, and instead, were picked for the sake of economic profit. First, all three areas were selected on the basis of their close proximity to the sea and the beaches. This falls in line with the neoliberal logic of targeting particular areas identified on the basis of 'their location', 'their place', and 'characteristics of their living environment'.⁴⁰¹ Moreover, construction in all three areas involved the creation of high-value office spaces, luxury residences and tourism facilities.⁴⁰² This underscores the profit-oriented rationale of neoliberal urban

Jmil district of the city centre. See: Rosemary Sayigh, *Too Many Enemies: The Palestinian Experience in Lebanon*, (London: Zed Books, 1994), p.135.

³⁹⁸ In her historic study of Palestinian refugees in Lebanon during the civil war, Rosemary Sayigh mentions demolitions taking places in Bourj el-Brajneh, Ouza'I, and Shatila. See: *ibid*, p.134. See also: Hariri Foundation, *Hariri Foundation: The Origins and Prospects*, p.68.

³⁹⁹ For details, see: *ibid*, p.72. See also: Verdeil, 'Reconstructions manquées à Beyrouth: la Poursuite de la Guerre par le Projet Urbain', pp.71-72.

⁴⁰⁰ See: *ibid*. See also: Baumann, *Citizen Hariri and Neoliberal Politics in Post-Civil War Lebanon*, p.77.

⁴⁰¹ We must therefore look at these projects as 'place-', 'space-', or 'territory-specific' developments. For further details, see: Swyngedouw, Moulaert and Rodriguez, 'Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy', p.569; Harvey, 'From managerialism to entrepreneurialism: The transformation in urban governance in late Capitalism', pp.7-8.

⁴⁰² For further details on the kind of projects that were launched in these three areas, see the last three chapters of Eric Verdeil's PhD thesis, where he explores their main features: Eric Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, (Paris: PhD Thesis, Université de Paris l'Sorbonne, 2002), pp.393-605.

planning. The downside of Hariri's plan was that all three projects were dependent on the fate of Gemayel's presidential leadership – all relied on military control of the areas under construction, and on political support from the presidency (for example, through Gemayel's control of the CDR, which was established as the main agency in charge of government construction contracts). As will be shown shortly, Hariri had to abandon all three projects when Gemayel was defeated.

iii. The clean-up operation as an avenue for large-scale urban developments

Despite receiving Gemayel's blessing to begin the clean-up operation in Beirut, Hariri needed the political support of various other political figures, not just the Lebanese president, to implement all three projects. This was because the city was divided between various militias, as well as the Israeli occupiers.⁴⁰³ Hariri's biggest accomplishment was securing an alliance with six-time Prime Minister Saeb Salam – son of Salim Salam, the scion of a prominent Sunni-Beiruti bourgeois family and a politician under Ottoman and French rule (see Chapter 4). Saeb was a respectable Beiruti *za'im* who remained an influential mediator between the warring factions throughout the civil war.⁴⁰⁴ It is worth remembering that Saeb Salam is the father of Tammam Salam. For Hariri, political support from the Beiruti *za'im* was necessary. As el-Shallaq put it: "The real question was not: 'why Saeb Beik?' But 'Who but Saeb Beik?'"⁴⁰⁵ For Salam, the clean-up project was an opportunity for him to reclaim the leadership of 'Sunni Beirut'. When the project was launched on the 5th of September 1982, Salam thanked Hariri, 'the son of great Sidon', in the name of 'heroic Beirut', and stressed that Hariri was working together with the Maqasid Foundation (the Sunni charitable organisation presided over by Salam).⁴⁰⁶ Due to Salam's extensive network of contacts, Hariri was, with time, able to establish good relations with various militia leaders including Nabih Berri and Walid

⁴⁰³ Israel was not the only foreign party involved in Lebanon during the civil war. Several other countries were watching events in the country very closely as well; the most significant of which was Syria. For a good account on Syrian involvement in the Lebanese Civil War, see: Marius Deeb, *Syria's Terrorist War on Lebanon and the Peace Process*, (New York: Palgrave, 2003).

⁴⁰⁴ See: Johnson, *All Honourable Men: The Social Origins of War in Lebanon*, pp.44-45, 52-53.

⁴⁰⁵ Quoted in: el-Shallaq, *Tajrabatyy ma'a al-Hariri*, p.52.

⁴⁰⁶ This is according to: Baumann, 'The Ascent of Rafiq Hariri and Sunni Philanthropy', p.93.

Junblatt. Through Salam, Hariri was even able to befriend Syrian Vice President Abdel-Halim Khaddam (who was in charge of Syria's 'Lebanon file', and who was President Hafez al-Assad's childhood friend).⁴⁰⁷

The clean-up of Beirut's streets has often been misinterpreted as a plan that was designed by the Saudis, but executed by Hariri. But it must be stressed that Hariri started the clean-up operation on his own initiative. According to Robert Debbas, one of Hariri's contemporaries, he had not yet established a close political alliance with King Fahd (who had ascended to the throne in the same year as the Israeli invasion). At the time, al-Rashid was acting as an intermediary between the two men.⁴⁰⁸ This was until King Fahd noticed Hariri's success at soliciting Saeb Salam's support for the clean-up effort. At that point, Salam had mediated with Fahd to get the latter to pay a donation towards the project.⁴⁰⁹ Indeed, Fahd complied to the request and recompensed Hariri's clean-up operation: the initial posters on OGER's trucks – which read 'Project of Cleaning Beirut, courtesy of Rafiq Hariri, Oger Liban 1982' – were then replaced with posters advertising the operation as a donation by King Fahd. Hariri did this to demonstrate to the Saudi monarch that he could become the main avenue for the flow of Saudi petrodollars into Lebanon.⁴¹⁰ But before he could become Saudi's business-representative in Lebanon, Hariri first needed to obtain President Amin Gemayel's acceptance of increased Saudi investments. Gemayel had placed his business representative and protégé Roger Tamraz in control of the levers of the Lebanese economy.⁴¹¹ As mentioned in Chapter 4, Tamraz was actively opposed to Gulf interests in Lebanon because they threatened to undermine his own interests in the country. But Gemayel did not share Tamraz's anti-Gulf sentiment: Saudi investment in Lebanon – and in the reconstruction process more specifically – would help build that political support which he felt he was lacking. On an

⁴⁰⁷ Through Salam, for example, Hariri was able to arrange a meeting between el-Shallaq (the OGER employee who would be in charge of the clean-up in Beirut) and Nabih Berri (who by then had become the leader of the Amal Party). For details, see: el-Shallaq, *Tajrabatyy ma'a al-Hariri*, p.74

⁴⁰⁸ The information on this period is obtained from: Baumann, 'The Ascent of Rafiq Hariri and Sunni Philanthropy', pp.92-93.

⁴⁰⁹ See: *ibid*, p.93.

⁴¹⁰ See: *ibid*.

⁴¹¹ For details, see: Traboulsi, *History of Modern Lebanon*, pp.148-150; Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', p.300; Dib, *Warlords and Merchants: The Lebanese Business and Political Establishment*, pp.226-228.

official visit to Saudi Arabia in November 1982, Gemayel accepted King Fahd's request to open his country to Saudi investments.⁴¹²

Becoming Saudi's business representative in Lebanon is, without doubt, an important turning point in Hariri's political career, because it gave the man unlimited access to Gemayel. Having access to the presidency meant that Hariri was able to influence the decision-making process and negotiate disputes revolving around Gemayel. A significant demonstration of this was during Gemayel's handling of the Council for Development and Reconstruction (CDR). Upon becoming president, Gemayel essentially side-lined the CDR in favour of the Council of Foreign Economic Relations (COFER); a 'super-ministry' created and controlled by Gemayel.⁴¹³ Following COFER's creation, President Gemayel worked at blocking CDR contracts that were awarded to it. As explained in Chapter 4, the CDR had been created by Shihabist President Elias Sarkis in 1977. As a product of Shihabist thinking, the CDR would be released from all 'routine and normal regulations' that had traditionally encumbered administrative bodies and institutions at the time. In other words, the CDR was given an 'autonomous' status that would 'insulate' it from interference by the old bourgeoisie, but also, the militia leaders.⁴¹⁴ The autonomy that the agency enjoyed annoyed Gemayel and led to a dispute between him and Mohammed Atallah, a Shihabist technocrat appointed by President Sarkis in 1977 to head the CDR. This quarrel reached its peak in August 1983, when Atallah confronted Gemayel's COFER. Atallah later resigned from his post and left Beirut to 'holiday' as Hariri's guest in the south of France. Atallah was a friend of Hariri who came from his hometown Sidon as well. Upon hearing of the dispute, Hariri tried to mediate between the two men. His attempt to resolve the conflict took place during a meeting with Gemayel, when conveying a message from King Fahd concerning the pending Israeli withdrawal from the Shouf district.⁴¹⁵ The above example demonstrates

⁴¹² See: Baumann, *Citizen Hariri and Neoliberal Politics in Post-Civil War Lebanon*, p.74.

⁴¹³ See: Hourani, 'Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War', p.300.

⁴¹⁴ For details, see: Assem Salam, 'The Role of Government in Urban Planning', in Peter G. Rowe and Hashim Sarkis, (Eds.), *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, (Munich: Prestel Verlag, 1998), pp.126-129.

⁴¹⁵ See: Baumann, *Citizen Hariri and Neoliberal Politics in Post-Civil War Lebanon*, pp.77-78.

particularly well Hariri's increased access to Gemayel, and therefore, the enormous power he gained from his relationship with the Saudi royal family.

Importantly, Hariri's relationship with the Saudi monarch paved the way for the launching of projects in Downtown Beirut, the northern littoral and the southern suburbs. OGER Liban brought in dozens of bulldozers and trucks, and employed hundreds of workers to clean the streets of Beirut. Elie Salem, the foreign minister in the new government created in October 1982, recalls Hariri arriving at the presidential palace and unloading a scale model of Downtown Beirut from the back of a truck.⁴¹⁶ Neither Hariri – nor Gemayel, for that matter – had the right to accompany such independent studies with any on-the-ground policies that would diverge from the official APUR Plan for the downtown area. With tacit endorsement from Gemayel, however, OGER Liban went to work in the downtown area and refurbished the facades of a 'few buildings as an exemplary reconstruction sample'. This unofficial interference was not accompanied by any legal or financial grounding, but the rehabilitation, "did not go beyond a face lift".⁴¹⁷ In mid-July 1983, the Lebanese army, with backing from the Christian Lebanese Forces, launched an eight-hour battle to evict displaced citizens squatting in the Wadi Bou Jmil district of the city centre.⁴¹⁸ Even if the army did not coordinate its actions with Hariri, the eviction of the displaced was a necessary requirement if he wanted to claim the area's real estate. Later that year, OGER Liban's teams entered the downtown area once again. This time, they began demolishing large swaths of the city centre under the guise of 'cleaning up some of the damage'.⁴¹⁹ This included Souk Nourieh and Souk Sursock near Martyrs' Square.⁴²⁰ As mentioned in Chapter 4, there was no official authorisation, but

⁴¹⁶ Hariri prepared a model of the city centre reconstructed to show it to Gemayel. Hariri's attachment to this model of Downtown Beirut would bemuse friends and colleagues in the following years, who would come across it variously in the tycoon's homes in France and Saudi Arabia and even on his private jet plane. See: Elie A. Salem, *Violence and Diplomacy in Lebanon* (London: IB Tauris, 1995), p.103. See also: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.24; Gambill and Abdelnour, 'Dossier: Rafiq Hariri'.

⁴¹⁷ OGER Liban painted the facades in the Mara'ad area in the first half of 1983 and built a prototype block of houses in Suq Tawil in the winter 1983 to 1984. For details, see: Beyhum et al., *I'mar Bayrut wa-l fursa al-da'i'a. Wasat Bayrut al-tijari wa-l-sharikat al-'iqariya. Al-waqa'i', al-murtakazat, al-bada'il*, p.33.

⁴¹⁸ See: Sayigh, *Too Many Enemies: The Palestinian Experience in Lebanon*, p.135.

⁴¹⁹ See: Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', p.667.

⁴²⁰ Interview with Charbel Nahas held on 06 August 2012 in Beirut.

the bulldozing occurred under the president's watch. The demolitions appeared to have been orchestrated according to a plan – see Figures 29 and 30 – OGER Liban had commissioned from Dar Al-Handasah (the Lebanese-Jordanian consulting firm mentioned earlier in this chapter).⁴²¹ Importantly, this plan bears some distant resemblance to the 1991 Dar Al-Handasah (Eddeh) Plan, which called for the 'modern architecture', 'densification of the project' and 'development of commercial, touristic and business functions'.⁴²² See Figures 31 and 32 for a comparison of the two plans. The speed with which these demolitions took place was similar to that of earlier OGER projects and comparable to the construction of the Ta'if Hotel.⁴²³ According to Nahas (the former OGER employee), this quick response came as no surprise to anyone:

“For many years before the war, there have been plans to redevelop the city centre and introduce new highways, and even a metro system. But these plans were never realised because of the objections of the inhabitants in the area. When the war transformed the city centre into a war zone, and the city centre was abandoned and avoided by most of its landowners and tenants, and instead, inhabited only by squatters, Hariri realised that that he could implement his own plans without it being noticed. But in order to go unnoticed, he had to demolish as quickly as possible, before the landowners and tenants had the chance to return and inspect their former properties.”⁴²⁴

The resumption of fighting in 1984 led to the cessation of bulldozing activities in the downtown area. Consequently, the OGER team was evacuated to Paris to continue its planning activities from there. But when the war entered another lull in 1986, the bulldozers resumed their work. The same parties that had been behind the 1983 demolitions were allegedly at it again; this time implementing a plan that called for the destruction of up to 80 percent of the remaining structures in the city centre (although only 20 percent of the buildings in the downtown area had been damaged 'beyond repair'

⁴²¹ See also: Nasr and Verdeil, 'The reconstructions of Beirut', pp.1124-1127.

⁴²² See: *ibid.* See also: Beyhum et al., *I'mar Bayrut wa-l fursa al-da'i'a. Wasat Bayrut al-tijari wa-l-sharikat al-'iqariya. Al-waqa'i, al-murtakazat, al-bada'il*, pp.15-25, esp. pp.15-21; Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', p.668.

⁴²³ The number of daily truckloads transported to landfill was raised from 135 to 1,000 and 286,646 cubic metres of rubble were removed in only 30 days. In this regard, relentless speed was combined with a disregard for cost as well. Cost quickly escalated from the US\$5.9 million estimated at the beginning to an eventual US\$27 million. Importing 40 heavy trucks from Saudi Arabia to expedite clean-up cost US\$13 million alone. See: el-Shallaq, *Tajrabyatyy ma'a al-Hariri*, p.78.

⁴²⁴ Interview with Charbel Nahas held on 06 August 2012 in Beirut.

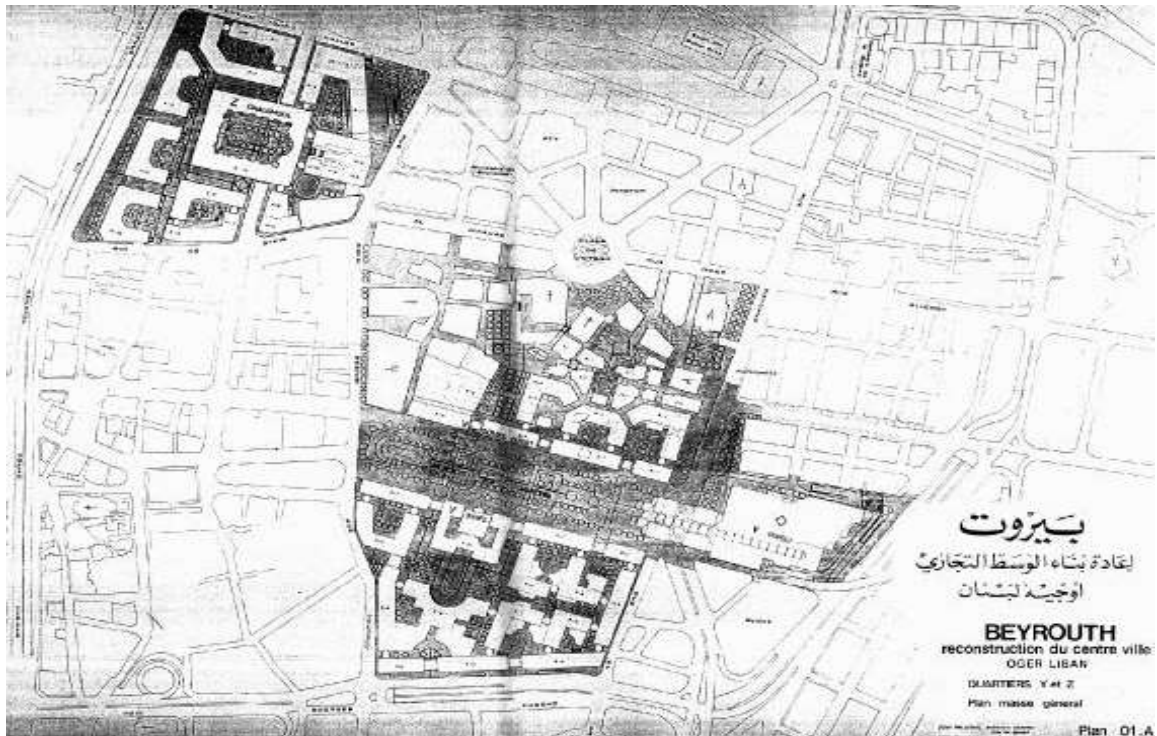


Figure 29 – A general plan for Downtown Beirut by OGER Liban (1984). Source: Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, p.439.

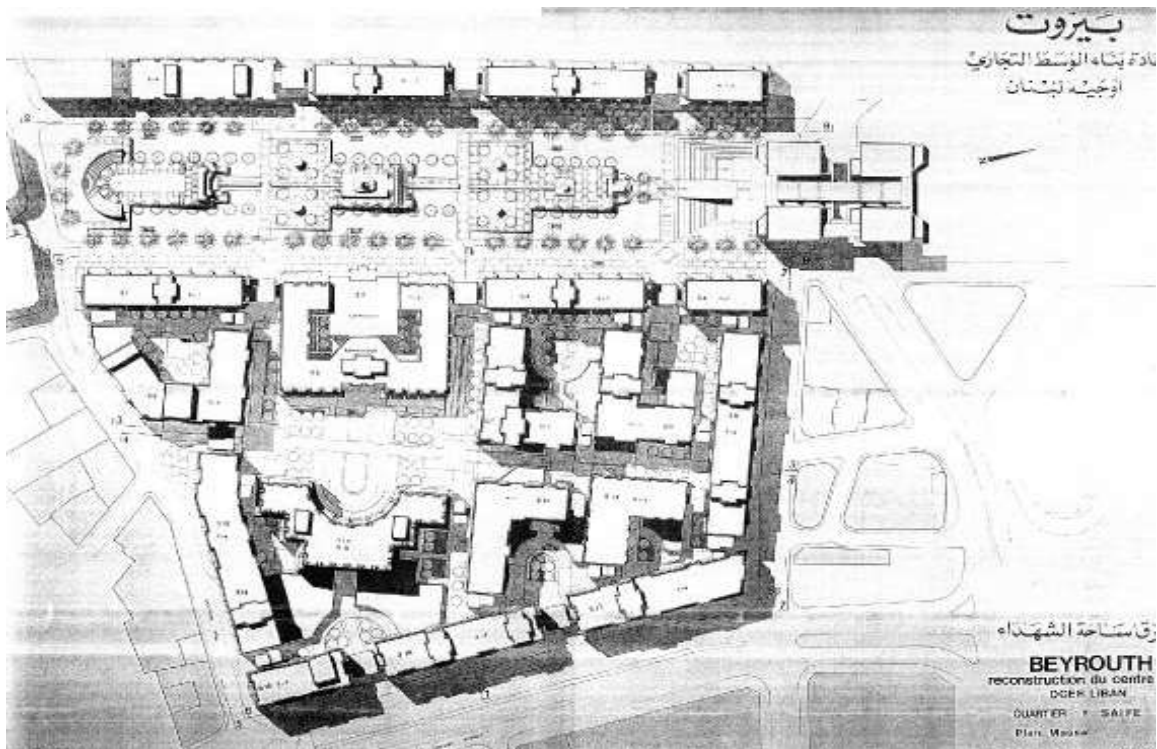


Figure 30 – A general plan for Saifi and Martyrs' Square by OGER Liban (1984). Source: Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, p.439.

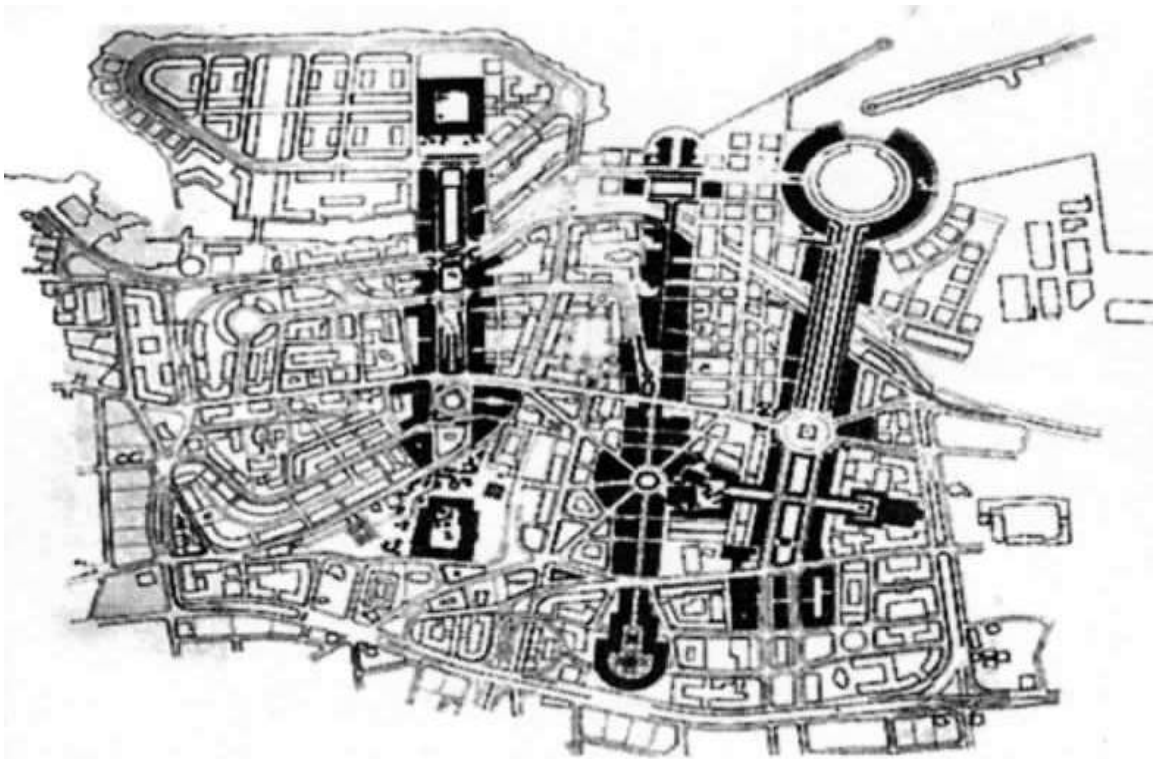


Figure 31 – A map of the Oger Liban/Dar Al-Handasah Plan (1983). Source: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.128.



Figure 32 – A map of the preliminary, Eddeh Plan (1991). Source: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.50.

by the fighting).⁴²⁵ Again, these activities came without the authorisation, approval – or even, the interference – of the official or governmental authorities.⁴²⁶ However, the violence resumed, and so, the dance between demolition and fighting continued. In the words of the renowned Lebanese architect Assem Salam, who was also a scion of a prominent Sunni-Beiruti family: “it is ironic that the renewed episodes of fighting were what saved most of the buildings in Downtown Beirut from destruction”.⁴²⁷

One understands from the account of demolitions presented above that Hariri’s relationship with the Saudi monarchy gave the man power to implement his private plan. But the interruptions caused by the fighting also indicate that OGER’s ability to continue work in the area was completely dependent on Gemayel’s fate.⁴²⁸ Gemayel had come to office on a political platform that was supported by Saudi Arabia and the United States. But that placed him at odds with Damascus and its local allies, which consisted of: Walid Junblatt and his predominantly Druze Progressive Socialist Party (PSP) militia; and Nabih Berri and his Amal militia.⁴²⁹ As mentioned previously, the OGER team was forced to withdraw to Paris when the downtown area became a battle zone again. Syria’s local allies had defeated Gemayel and the Lebanese Army in West Beirut on the 6th of February 1984.⁴³⁰ To Hariri’s detriment, the following period also saw the decline and marginalisation of many of the pre-civil war *zu’ama*; the most significant of these being Sunni-Beiruti *za’im* Saeb Salam, who Hariri had built a close alliance with in previous

⁴²⁵ According to interviews with Charbel Nahas (former employee of OGER Liban), the plans prepared for the city centre in 1986 – although also not endorsed by the official authorities – represented ‘a significant evolution of the anticipated image and functions of the downtown area’. This, second plan, was based on two principals. The first was nation building, which emphasised the national, and historic functions of the city centre, to be structured around Martyrs’ Square. The second was creating an international façade as an international and regional centre of trade and commerce, with a place to develop ‘the Bank Street’. On top of all that, the plan called for a greatly increased density of development. Interview with Charbel Nahas held on 06 August 2012 in Beirut.

⁴²⁶ See: Beyhum et al., *I’mar Bayrut wa-l fursa al-da’i’a. Wasat Bayrut al-tijari wa-l-sharikat al-‘iqariya. Al-waq’a’i’, al-murtakazat, al-bada’il*, pp.15-25, esp. pp.15-21; Saree Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, *Critical Inquiry*, 23(3), (1997), pp.667-668. See also: Tabet, ‘Towards a Master Plan for Post-War Lebanon’, p.93.

⁴²⁷ Interview with Assem Salam held on 24 July 2012 in Beirut.

⁴²⁸ See: Baumann, ‘The Ascent of Rafiq Hariri and Sunni Philanthropy’, p.95.

⁴²⁹ See: Deeb, *Syria’s Terrorist War on Lebanon and the Peace Process*, pp.87-88.

⁴³⁰ See: *ibid*, pp.96-98.

years.⁴³¹ In this context, Hariri was forced to abandon Downtown Beirut, but he was also forced to abandon the other two construction projects that OGER Liban was making preparations for in the northern littoral and southern suburbs. The creation of a National Unity government which included pro-Syrian allies was also a big blow to Hariri. Many institutions came under control of the Syrian-allied militia leaders.⁴³² For example, Berri gained the right to countersign all payments made by the CDR.⁴³³ This meant that Gemayel, who Hariri had built a working relationship with, was no longer in control of the levers of the decision-making process. At this stage, Hariri found it difficult to influence the official or governmental authorities.

II. Hariri and the Ta'if Peace Accords

After Gemayel's defeat in 1984, Hariri had to abandon the three projects he was involved in; including that in the city centre. But this did not stop him from pursuing his interests in Beirut. A year earlier, Hariri had been appointed as Saudi's 'peace envoy' in Lebanon. Using this position, Hariri exerted efforts to reach a peace settlement between the various warring factions. In 1989, he succeeded with the signing of the Ta'if Peace Accords. One of the main consequences of these accords was the adoption of 'muhasassa'. As mentioned in Chapter 3, the principle of 'muhasassa', or 'apportionment', was designed to divide entire economic sectors amongst the various leaders and give them a large degree of autonomy in managing their respective 'domains'. The main beneficiaries of the apportionment of the economy were the former militia leaders; most particularly, Nabih Berri and Walid Junblatt. But due to Hariri's instrumental role in bring the civil war to an end, he was rewarded with a piece of the pie

⁴³¹ After surviving two assassination attempts, Saeb Salam decided to go into exile in Geneva in 1985. He had angered the Syrian government and the hardline Muslim factions with the conciliatory stance he had adopted at the Geneva and Lausanne peace conferences over the previous two years. He returned to Beirut on the 20th of September 1994, after Rafiq Hariri managed to secure a relaxation of the Syrian veto on his presence. See: Joseph A. Kechichian, 'One Lebanon was his vision', *Gulf News Weekend Review*, 09 May 2008.

⁴³² Much of the information in this paragraph is derived from: Baumann, *Citizen Hariri and Neoliberal Politics in Post-Civil War Lebanon*, pp.77-78.

⁴³³ See: Sayigh, *Too Many Enemies: The Palestinian Experience in Lebanon*, p.187.

too. Importantly, he was awarded personal control over the CDR and all reconstruction matters related to Beirut.

i. The unwritten rule of Ta'if – Hariri in charge of reconstruction in Beirut

In early May 1983, the Israeli government had agreed to a US-brokered agreement that was signed on the 17th of May (also known as the 'May 17 Agreement'). But at the last moment, the Israelis had introduced a side letter that essentially killed the agreement. This stated that Israel would only withdraw its troops after the Syrian army had pulled out of Lebanon as well. That gave Assad an effective veto over the agreement's implementation. Syria mobilised its Lebanese allies against the May 17 Agreement, and during the summer, clashes broke out between Christian and Druze militias in the northern Chouf region.⁴³⁴ The escalation prompted King Fahd to appoint Hariri as his 'peace envoy'.

Hariri's appointment as Saudi Arabia's envoy was a clear indication of the strategic alliance that he was gradually developing with King Fahd. Upon being given access to civil war diplomacy, Hariri famously attended negotiations in Geneva in 1983 and Lausanne in early 1984, where representatives from the main Lebanese parties met for national dialogue. Although these negotiations faltered, they are important to consider because King Fahd began to realise that Hariri could become a useful political asset in Lebanon.⁴³⁵ Gradually, Hariri's hand was being strengthened at the expense of some of the Gulf Kingdom's other representatives. The most significant example of a Saudi representative who was sidelined was the Saudi ambassador to Lebanon, Ali al-Shaer: he was pulled out of Lebanon and reassigned to take up his new post in Saudi Arabia as Minister of Information. Al-Shaer had previously been a strong representative of Saudi

⁴³⁴ For further details on the May 17 Agreement and its consequences, see: Deeb, *Syria's Terrorist War on Lebanon and the Peace Process*, pp.85-86.

⁴³⁵ According to then Foreign Minister Elie Salem, King Fahd was so impressed by Hariri's performance as mediator that at one point, he urged President Gemayel to appoint Hariri as his prime minister. However, Salem claims that Gemayel rejected the notion. See: Salem, *Violence and Diplomacy in Lebanon*, p.120.

interests in Lebanon.⁴³⁶ Eventually, Hariri earned the ‘voice’ of the Saudi monarch as well. As Salem put it: “Hariri had real power... When Hariri was talking it was King Fahd talking. He would come up with ideas that were forceful and say that this is what King Fahd wants. And what King Fahd wants is what Hariri tells him. Fahd, of course, was not interested in the details”.⁴³⁷

On the 6th of February 1984, Syria’s local allies defeated the Lebanese army in West Beirut. On the 30th of April 1984, Rashid Karami (another Shihabist) was called to form a government of National Unity.⁴³⁸ The national unity government of April 1984 included the pro-Syrian warlords Berri and Junblatt. Importantly, they were interested in taking over the state and restructuring it as a source of patronage (details on this point were provided in Chapter 3). As mentioned before, Hariri had to abandon the three projects he was involved in; including that in the city centre. But this did not stop him from continuing his role as Saudi peace envoy. At this point, Hariri accepted Syrian dominance in the country, and supported Damascus’ efforts at imposing a peace settlement on the country’s warring factions. He later moved his centre of operations to Damascus.⁴³⁹ In Damascus, Hariri’s wealth and prestige underpinned his value as a serious negotiator. In this regard, he used ‘cash’ and ‘gifts’ to build his network of close relationships. This included close relationships with some key members of the Syrian regime. Most particularly, he developed close relations with Vice President Khaddam and with Syrian Army chief of staff Hikmat Shehabi (two of the most senior Sunnis in the Alawite-dominated regime). According to Blanford (Hariri’s biographer), Hariri even attempted to curry favour with Hafez al-Assad by building him a luxurious palace on the airport road in Damascus. Apparently, the Syrian president did not care much for Hariri’s

⁴³⁶ See: Baumann, ‘The Ascent of Rafiq Hariri and Sunni Philanthropy’, p.94.

⁴³⁷ As quoted in: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.28.

⁴³⁸ See: Traboulsi, *History of Modern Lebanon*, p.99, 107, and esp. p.142, 145, and pp.153-154.

⁴³⁹ Salem writes:

“Hariri, however, sensing where the power was, spent more time in Damascus than in Beirut. In Damascus he could move freely and meet radical leaders who had offices in Damascus as well as in Beirut, and he hoped through Syrian influence to curb their activities.”

Quoted in: Salem, *Violence and Diplomacy in Lebanon*, pp.179-180.

generous gift, and instead, chose to remain in his small Rawda Palace.⁴⁴⁰ Importantly, Hariri would continue to rely on his financial wealth when it came to forging new relationships, even after becoming prime minister in 1992.⁴⁴¹

Hariri used his financial wealth as leverage in his negotiations. In one account given by then Lebanese ambassador to the United States Abdullah Bou Habib, an episode of Hariri's use of money in diplomatic negotiations is revealed.⁴⁴² In August 1987, Hariri suggested to Bou Habib that he would pay Gemayel US\$30 million if he handed power over to Johnny Abdo (who at the time was the Lebanese ambassador to Switzerland). If Bou Habib would help convince Gemayel to step down, Hariri would send King Fahd to Damascus to win Assad's approval. Another US\$500 million would be distributed to the militias to disarm and to get the Syrians to withdraw from Lebanon. Both Abdo and Gemayel would claim later to have not taken Hariri's offer seriously, while King Fahd was believed to have been so insulted by Bou Habib's revelation that he refused to speak to Hariri for a period of three months.⁴⁴³ Overall, the revelation makes Hariri look naïvely unaware of the limits that money has in Lebanese politics: while he was able to buy access to the decision-making process, he could not always determine its outcomes. It is worth highlighting that it was only then that Hariri realised his political ambitions, and saw himself as the 'ideal candidate for premiership'.⁴⁴⁴

⁴⁴⁰ This suggests that Hariri's cash was not decisive in winning over Assad, but it was enough to ensure that Hariri – as Saudi Arabia's representative – was able to continue acting as a peace envoy as he shuttled between Beirut and Damascus. See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.31; Gambill and Abdelnour, 'Dossier: Rafiq Hariri'.

⁴⁴¹ In another account given by a former minister in one of Hariri's future governments, the former minister spoke of how Hariri used to buy off powerful figures with gifts of new cars or property: "I came to his [Hariri's] office one day, and he asked me: 'Do you have a house?' I said yes. Then he asked: 'Do you have a car?' I said no, which he then replied to with: 'Would you like me to buy you a car?' I quickly responded and said no, no, Mr. Hariri, I do not need a car. This is what I saw happening everyday as he plucked out people one by one."

This is according to an interview with a former government official who wishes to remain anonymous.

⁴⁴² See: 'Abd Allah Bou Habib, *Al-Daw' al-Asfar: Al-Siyyasat al-Amirkiyya tijah Lubnan*, (Beirut: Sharikat al-Matbu'at lil-Tawazi' wal-Nashar, 2007), pp.175-177.

⁴⁴³ See: *ibid*, p.176. In an interview with Blanford, Johnny Abdo retells the tale and uses it as an example of Hariri's 'political immaturity': "It was a joke. He [Hariri] was a beginner in politics at that time. People used to call him 'the Cheque Book'." Quoted from: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.33.

⁴⁴⁴ See: *ibid*.

Gemayel's six-year term in office was due to expire in September 1989. Hariri now played a central role in the diplomatic negotiations to find a new president. Eventually, these negotiations led to an understanding between Damascus and Washington over Syria's dominance in Lebanon. The diplomatic efforts continued until a peace agreement was signed in Ta'if on the 22nd of October 1989 (commonly known as the 'Ta'if Peace Accords').⁴⁴⁵ Hariri played a crucial role in the logistics of the peace conference: he personally arranged the flights of Lebanon's parliamentarians to Saudi Arabia.⁴⁴⁶ Because of Hariri's deep involvement, he also helped in negotiating some of the details of the power-sharing formula; something that would benefit him once he became prime minister in 1992.⁴⁴⁷ Not long after, Saudi Arabia and Syria moved to elect René Mu'awad – a traditional politician from the Syrian-controlled north – as the new president. The US accepted Mu'awad's candidacy as well. Hariri was again intimately involved in organising the election. On the 5th of November 1989, he flew the deputies on his private jet to Qulei'at airport near the Syrian border, where Mu'awad was elected.⁴⁴⁸ That same month, however, Mu'awad was assassinated.

In less than 24 hours, 53 deputies gathered by parliamentary speaker Hussein el-Husseini met in a Syrian intelligence building in Shtura in the Bekaa to elect a new president. The successful candidate was Elias Hrawi from Zahle who had accepted Syrian dominance in Lebanon as well. Once again, Hariri's plane carried the deputies to the vote. He later provided Hrawi with living quarters at his personal apartment in Beirut – a 'gift to the state'⁴⁴⁹ – and "contributed to the cost of staff, accommodation, logistics,

⁴⁴⁵ Many analysts describe the Ta'if Accords as a formal agreement between the US and Syria of the latter's control over Lebanon in exchange for peace within the country's borders. Saudi Arabia also agreed to Syria's custodianship over Lebanon in return for promising internal stability. For example, see: Bassel Salloukh, 'Syria and Lebanon: A Brotherhood Transformed', *MERIP*, (2005), pp.14-21.

⁴⁴⁶ See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.36.

⁴⁴⁷ All in all, the Ta'if Peace Accords were based on Hariri's 'Working Paper', which included agreements on the key points of contention. Although many of these points were agreed to with no set deadline, it provided more powers to the seat of the prime minister, which Hariri would later occupy in the post-civil war era.

⁴⁴⁸ Hariri provided the president with an armour-plated Mercedes and offered him the use of his OGER building in Beirut. See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.37.

⁴⁴⁹ See: Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*, p.15.

communications, armoured cars and security equipment”.⁴⁵⁰ The fact that Hariri supported the logistics of electing two presidential candidates who both supported Syria’s dominance in Lebanon, and in turn, covered their expenses, underscores his determination to reach a peace settlement. At this point, Hariri was still hoping to become prime minister, and according to Syrian Vice President Khaddam, Damascus was for the first time considering him as a serious contender for the post.⁴⁵¹ In spite of this, Omar Karami – the younger brother of the Shihabist Rashid Karami (who was assassinated in June 1987) – became the new prime minister.

Aware that Omar Karami’s government had little or no money, Hariri flexed his financial muscles once again. The first step came when he offered to renovate the CDR at a cost of \$5 million – ‘another gift’ to the state.⁴⁵² The offer made by Hariri was so attractive that it was immediately seized upon by Karami’s government. On the 24th of January 1991, Decree No. 790 was approved to revamp the CDR, which would involve relocating the agency to a Hariri-owned building in the city centre.⁴⁵³ The revamped CDR presented the perfect opportunity for Hariri to begin infiltrating the agency that is considered to be the main authority in reconstruction matters. The appointment of el-Shallaq – the man charged with over-seeing the clean-up operation in Beirut in 1982 – as the new head of the CDR would be the first step in that direction.⁴⁵⁴ El-Shallaq’s appointment underscores Ta’if’s unwritten rule: that reconstruction in Beirut would come under Hariri’s control. It was now possible for Hariri to re-launch the three construction projects that had been stalled for many years in Downtown Beirut, the northern littoral (Nahr el-Mott) and the southern suburbs.⁴⁵⁵

⁴⁵⁰ See: Iskandar, *Rafiq Hariri and the Fate of Lebanon*, p.60.

⁴⁵¹ See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.37.

⁴⁵² See: Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*, p.15.

⁴⁵³ See: Mango, *Solidere: The Battle for Beirut’s Central District*, p.50.

⁴⁵⁴ El-Shallaq would become appointed as the new head of the CDR all while still having a private office in OGER Liban, and with his staff scheduled to move into the new headquarters of the CDR. See: Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*, p.15.

⁴⁵⁵ This point has been repeated by various scholars. For example, Hisham Sarkis writes: “In effect what this meant [was] that the main private organization in the building industry [had] virtually taken over the official planning advisory body. The agency that the government used to control private development [had] now reversed its role. Through the CDR, OGER Liban [could] now legitimize its development projects.”

Undoubtedly, control of the CDR was a strategic gain for the building contractor and businessman Rafiq Hariri. And as a result, many elite figures voiced their reservations. For example, Nabil Beyhum – a relative of Abdallah Beyhum and a scion of a prominent Sunni-Beiruti family – described it as the ‘confusion’ of public and private interests.⁴⁵⁶ While Assem Salam – nephew of Saeb Salam, and cousin of Tammam Salam – viewed it as, “a typical example of the dangers inherent in the state’s abdication of its role in orienting and controlling one of the most sensitive reconstruction development projects in the country”.⁴⁵⁷ However one describes it, el-Shallaq’s appointment to the top position in the CDR must be seen as an indirect ‘transfer of power’ from the Lebanese government to a businessman, and was therefore, the foundation-stone of the rent-creating and -extracting mechanisms that Hariri put in place in subsequent years. These mechanisms would become fully developed after Hariri was appointed prime minister in October 1992.

ii. After Ta’if – the approval of Law 117 to create private real estate companies

At the formal request of el-Shallaq – and ‘the verbal request of Hariri’ – Dar Al-Handasah was asked to draw up master plans for the three areas of Beirut. In terms of Downtown Beirut, Dar Al-Handasah appointed architect Henri Eddeh – a member of the new generation of architects who became prominent during the Shihabist interlude – to head the design team.⁴⁵⁸ By the summer of 1991, a preliminary master plan for Downtown Beirut was disclosed to the public for review.⁴⁵⁹ Importantly, the Dar Al-Handasah (Eddeh) Plan called for the creation of a ‘Manhattan’ or a ‘Hong Kong’ of the

See: Sarkis, ‘Territorial Claims: Architecture and Post-War Attitudes Toward the Built Environment’, p.114. See also Saree Makdisi’s comments when he talks about ‘Harirism’: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, p.670.

⁴⁵⁶ See: Nabil Beyhum, ‘Beyrouth au coeur des débats’, *Les Cahiers de l'Orient*, 32-33, (1994), p.103.

⁴⁵⁷ See: Assem Salam, ‘Lebanon’s Experience with Urban Planning: Problems and Prospects’, in Samir Khalaf and Philip S. Khoury, (Eds.), *Recovering Beirut: Urban Design and Post-War Reconstruction*, (New York: Brill., 1998), p.198.

⁴⁵⁸ This is according to information obtained from an interview with a current employee at Dar Al-Handasah: Interview with Ahmed Makouk held on 05 September 2012 in Beirut.

⁴⁵⁹ This master plan was shown earlier in this chapter in figure 36.

Mediterranean that bore absolutely no resemblance to the old character of the city centre; or to the rest of the capital, for that matter (see Figures 33 to 36).⁴⁶⁰ Despite the growing support for this plan in certain public- and private-circles, opposition was also increasing, which culminated in the formation of a protest group that met to try to generate an alternative master plan.

Protests against the Eddeh Master Plan began in July that same year, during the public symposiums held by Dar Al-Handasah and the CDR. But expressing critical views was very difficult in Beirut at the time, because local newspaper owners were becoming closer to Hariri, and were in turn, leaving little room for the public to state its case. One example of this was *An-Nahar* Daily Newspaper.⁴⁶¹ In some cases, the opposition found it easier to express their opinions abroad. For instance, two conferences took place: one in the United States at the Massachusetts Institute of Technology, and the other in France at the *Institut du Monde Arabe*. The two conferences facilitated exchanges of views between supporters and critics of the plan.⁴⁶² Despite the difficulties, a small group of academics and planners was able to make itself heard in Beirut. Amongst its distinguished members were architects Assem Salam, who since the 1960s had designed a number of elaborate buildings across the country, and Jad Tabet who was the son of Antoine Tabet, whose St. Georges Hotel and Yacht Club, amongst other buildings, had been a prominent symbol of Beirut before its fall. See Chapter 4 for more details on these two individuals. At this point, two of their younger colleagues who had recently finished their studies in the United States, Hashim Sarkis – not related to Shihabist President Elias Sarkis – and Oussama Kabbani, were also actively involved in the opposition. There was

⁴⁶⁰ See: Michael F. Davie, 'Discontinuités Imposées au Coeur de la Ville: Le Projet de Reconstruction de Beyrouth', in Jean-Paul Charrié, (Éd.), *Villes en projet(s): Actes du colloque tenu a Talence les 23 et 24 mars 1995*, (Bordeaux: Edition de la Maison des sciences de l'homme d'Aquitaine, 1995), pp.351-360; Denoeux and Springborg, "Hariri's Lebanon: Singapore of the Middle East or Sanaa of the Levant?", pp.158-173.

⁴⁶¹ There are allegations of Hariri using his wealth to buy off some of the leading newspapers. For instance, some believe that *An-Nahar* newspaper, which used to report the views of the opposition academics and planners, reached an informal agreement with Hariri that Solidere would award it an attractive plot of land in the downtown area to build a new headquarters if it stopped reporting the critical views against the reconstruction effort. As argued by a number of interviewees – such as Giorgio Tarraf, Habib Battah, and Mohammed Zbib – but denied by Violette Balla (Economic Editor of *An-Nahar*).

⁴⁶² This is according to information obtained from: Kassir, *Beirut*, p.531.



Figure 33 – A view of Martyrs' Square in the 1930s. Source: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.187.



Figure 34 – A view of Martyrs' Square in 1975. Source: Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', p.661.



Figure 35 – An artist's impression of what Martyrs' Square would look like after the Eddeh Plan is implemented. Source: Nabil Beyhum et al., *I'mar Bayrut wa-l fursa al-da'i'a. Wasat Bayrut al-tijari wa-l-sharikat al-'iqariya. Al-waq'a'i, al-murtakazat, al-bada'il*, (1992).



Figure 36 – Illustrations from the Eddeh Plan that bore absolutely no resemblance to the old character of the city centre. Source: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.54.

also the economist Georges Corm (who operated in the Shihabist tradition and would later become Finance Minister in Salim el-Hoss's government), the sociologist Nabil Beyhum (a scion of a prominent Sunni-Beirut family), and the novelist Elias Khoury (the new editor of *Al-Mulhaq*, which was the cultural supplement of *An-Nahar*, and which became the main outlet for dissent at a time when its parent publication preferred to maintain a neutral stance).⁴⁶³ Together, they became known as the 'only credible and independent experts' on the reconstruction effort.⁴⁶⁴ In several lectures and meetings, book publications and appearances on television talk shows, this group of local experts demanded modifications to be made to the Eddeh Master Plan.⁴⁶⁵

The Eddeh Master Plan called for the almost total demolition of whatever remained in Downtown Beirut. See Figures 37 and 38 for an illustration of the extent of the proposed demolitions. As one British free-lance journalist living in Beirut at the time eloquently put it: "Today, with the fighting over, there is a new plan to destroy [what was left of] the city centre...but this time with the bulldozer and the pick-axe".⁴⁶⁶ As a result, most of these experts' criticisms, focused on the extensive demolitions proposed by the Eddeh Plan and the impact this would have had on the city. The Eddeh Plan, argued Jad Tabet, would have made the city centre an isolated 'island of modernity', all but cut off from the rest of the city.⁴⁶⁷ In one more poignant critique, Elias Khoury wrote that Downtown Beirut would have become an 'empty face', a 'placeless place' and a 'hole in

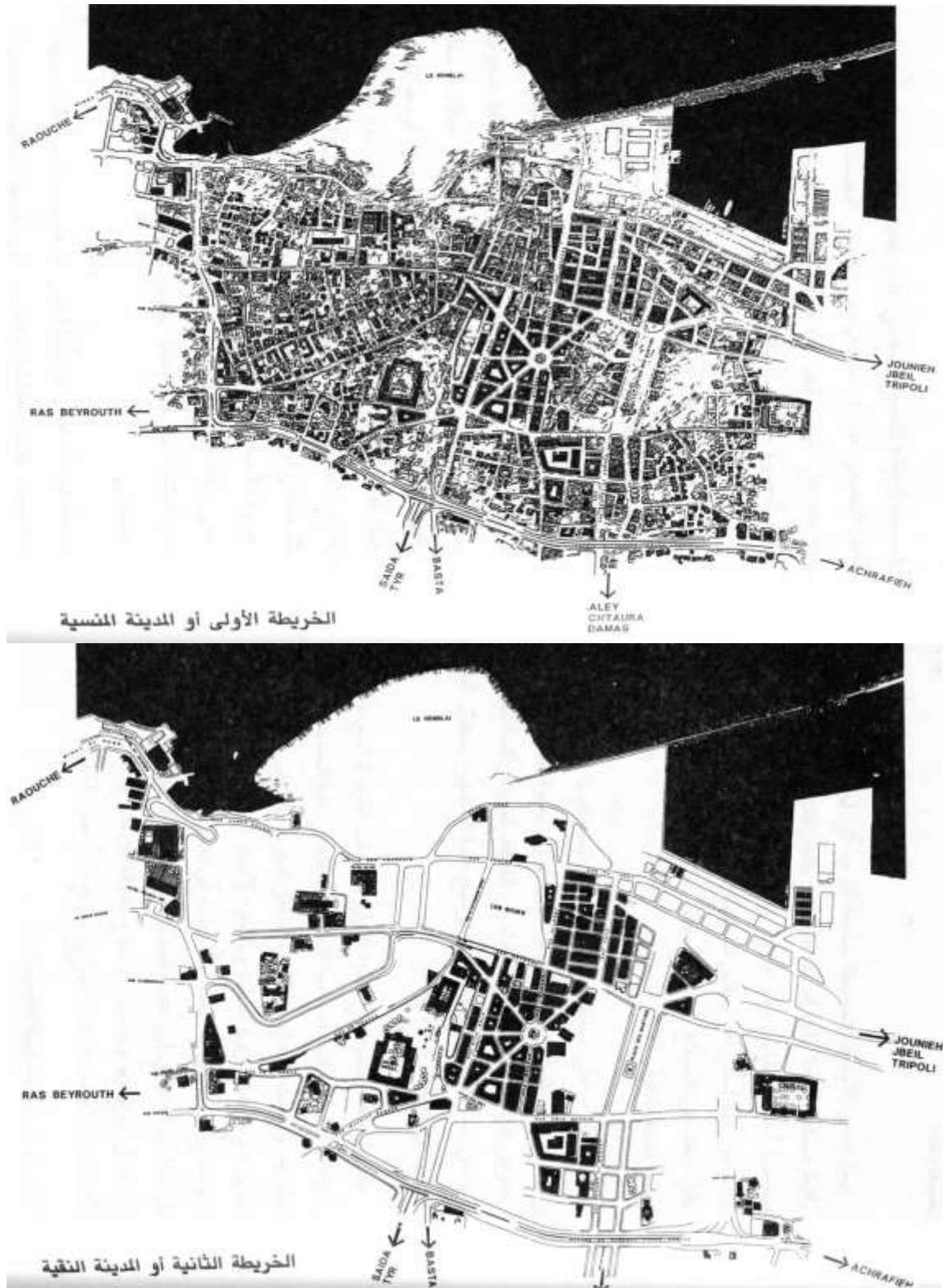
⁴⁶³ See: *ibid*, pp.531-532.

⁴⁶⁴ This information on the symposiums and protest group is according to: Mango, *Solidere: The Battle for Beirut's Central District*, pp.52-54.

⁴⁶⁵ Some of these experts would later come together and release a series of books documenting their criticisms against the project. Notably, this included a tetralogy published as '*I'mar Beirut wa-l-al-Fursa da'i'a*' (1996), edited by four of the main individuals mentioned above: Nabil Beyhum, Jad Tabet, Georges Corm and Assem Salam. Interestingly, one of the authors in the book, Kamal Hamdan, claims that many bookstores in the country were 'sold-out' of this critical publication focusing on the reconstruction process in the city centre because Hariri was 'buying them all'. This information is according to an interview with Kamal Hamdan held on 08 August 2012 in Beirut.

⁴⁶⁶ Quoted in: Giles Trendle, 'A "Civil War" Over Rebuilding Beirut', *Middle East Journal*, 22, (1991), p.22. Giles Trendle, was a free-lance journalist based in Beirut and reporting on Lebanon's economy after the civil war. He spent over ten years in Beirut reporting for, amongst others, *The Economist*, *The Sunday Times*, CNN and CBS radio. Today, he works for Al Jazeera English.

⁴⁶⁷ See: Tabet, 'Towards a Master Plan for *Post-War* Lebanon', p.95. See also: Beyhum, 'Beyrouth au coeur des débats', p.103.



Figures 37 and 38 – Before and after demolitions. Black denotes buildings that will be preserved. Source: Tabet, *Al-I'mar wa-l-Maslaha al-'Amma* [Building Development and Public Interest], p.191, and p.201.

the memory', in the face of a 'frightening amnesia'.⁴⁶⁸ After a slow start, these criticisms spread like wildfire as other personalities joined in and made their voices heard. One of these was archaeologist Suzy Hakimian, who underscored that the main weakness in the Eddeh Plan was the lack of cooperation amongst architects, archaeologists and city planners, and emphasized that archaeological and historical preservation should not be an obstacle to reconstruction.⁴⁶⁹ All in all, public debate surrounding the Eddeh Plan represented what Beyhum described as, "the first public debate since the beginning of the war, and the first on urban matters in Lebanon's history".⁴⁷⁰ In the face of a public outcry, the CDR and Dar Al-Handasah were forced to scrap the scheme, return to the drawing boards and amend the Eddeh Plan. Out of all the amendments, the most significant was the proposed preservation of a hundred more 'old buildings' in the area.⁴⁷¹ Hariri advertised the amended plan as 'an inclusion of the criticism', and as the involvement of the 'public' in a 'private' scheme.⁴⁷² However, the opposition argued that these amendments 'did not go far enough', and therefore, dismissed them as a 'corrupting co-operation' to win over the opposition.⁴⁷³ The opposition continued to organise public relations activities, such as press conferences, newspaper articles, and leaflets.⁴⁷⁴

During this time, Hariri was using his financial wealth to exert economic pressure on Omar Karami's government to put forward a law that would allow for the creation of

⁴⁶⁸ See: Elias Khoury, 'The Memory of the City', *Grand Street: Special Issue on Space*, 54, (1995), pp.142-173.

⁴⁶⁹ See: Suzy Hakimian, 'Beyrouth: L'histoire d'une destruction ou les destructions de l'histoire', in Nabil Beyhum, Assem Salam, and Jad Tabet (eds.), *Beyrouth: Construire l'avenir, reconstruire le passé?*, (Beirut: Urban Research Institute, 1996), pp.17-29.

⁴⁷⁰ See: Nabil Beyhum, *Construction and the Public Benefit in Society and Culture: Citizens and the City*, (Beirut: Dar El-Jadeed, 1995), p.50.

⁴⁷¹ See: Gruia Bădescu, "Beyond the Green Line: Sustainability and Beirut's post-war reconstruction", *Development*, 54(3) (2011), p.363.

⁴⁷² See: Schmid, 'The Reconstruction of Downtown Beirut in the Context of Political Geography', p.242.

⁴⁷³ According to Schmid, two high-profile architects were won over and their support was proclaimed as an approval of the reconstruction project by the opposition. For details, see: *ibid*.

⁴⁷⁴ For an overview of these criticisms, see: Hassan Al-Abdulah, *Al-Hamlah al-'Aqariya al-ula: I'adat Bina' wasat al-Madina*, (Beirut: Dar El-Jadeed, 1993); Beyhum et al., *I'mar Bayrut wa-l fursa al-da'i'a. Wasat Bayrut al-tijari wa-l-sharikat al-'iqariya. Al-waq'a'i, al-murtakazat, al-bada'il*; Beyhum, Salam and Tabet, *Beyrouth: Construire l'avenir reconstruire le passé?*; Samir Khalaf, 'Culture, Collective Memory and the Restoration of Civility', in Deirdre Collings (ed.), *Peace for Lebanon? From War to Reconstruction*, (Colorado: Lynne Rienner Publishers, 1994), pp.273-286; Khalaf and Khoury, *Recovering Beirut: Urban Design and Post-War Reconstruction*; Davie, 'Discontinuités Imposées au Coeur de la Ville: Le Projet de Reconstruction de Beyrouth', pp.351-360.

three private real estate companies to oversee reconstruction projects in Downtown Beirut, the northern littoral (Nahr el-Mott) and the southern suburbs. At the time, Hariri's banks were allegedly purchasing US dollars in large quantities to lower the value of the Lebanese pound. This was done in order to fuel the economic crisis at the time, and increase the street protests that were threatening Karami's government.⁴⁷⁵ The Karami government did eventually fall on the 6th of May 1992; an event that fuelled Karami's personal opposition to Hariri and the Solidere project in subsequent years.⁴⁷⁶ But Karami had already supported Hariri's proposed law. The proposal of such a law spurred a heated debate in the 128-member parliament, which at the time, was headed by Hussein el-Husseini. The debate focused on several contentious issues, but four were recurrent: firstly, the socio-economic dimension of the project and whether the reconstruction of Downtown Beirut would have a positive impact on the domestic economy; secondly, the constitutionality of the law, especially with regards to property rights being taken away from *public* and *private* owners and being given to a *private* firm; thirdly, the considerable vagueness of the wording of the law, especially with regards to financing; and finally, the rationale behind this 'single firm concept', and whether the suggested concept was the best model to follow.⁴⁷⁷ But as amendments were being proposed to solve these issues, Hariri allegedly resorted to corrupt practices on the sidelines.

According to Najah Wakim (the author of the book detailing corruption allegations against Hariri and the rest of the political class), Hariri sent el-Shallaq and Siniora to

⁴⁷⁵ This is according to a claim made during an interview with Kamal Hamdan held on 08 August 2012 in Beirut. Hamdan is a Lebanese economist and one of the authors of *'I'mar Beirut wa-l-al-Fursa da'i'a'* (1996). It is important to note that there is little proof to substantiate Hamdan's claim. But former MP Najah Wakim makes a similar claim in his book. See: Wakim, *Al-Ayadi al-Sud*, p.146.

⁴⁷⁶ Before the civil war, 1 US\$ was worth around 3 Lebanese pounds. By the time the Ta'if Peace Accords were signed in October 1989, the Lebanese pound devalued significantly to approximately 453 Lebanese pounds to 1US\$. The value decreased rapidly until 1992, when 1 US\$ was worth over 2500 pounds. In other words, the value of the Lebanese pound devalued much more in the two years after the civil war than during the sixteen years of heavy fighting. This data is according to Banque du Liban's online spreadsheets. See: Banque du Liban, 'Economic & Financial Data', <http://www.bdl.gov.lb/statistics/table.php?name=t5282usd> (Accessed 15 June 2013).

⁴⁷⁷ These points were confirmed in interviews with Charbel Nahas, Elie Saba and Kamal Hamdan. Also see the discussions in Parliament as detailed in: Issam Karam, *Kanoon Assharrika Al-Iqariyya: Annosos Attashri'ia wa Attanthimiyya: Monaqashat Majlis Annuwab wa Ilijan Almoshtaraka*, (Beirut: Sharikat Al-Matbou'at Li Al-Tawzee', 1994).

bribe almost 40 MPs.⁴⁷⁸ Some bribes came in the form of cash payments of between \$50,000 to \$100,000. Others, however, came in the form of interest-free loans from Hariri's *Banque Méditerranée* and Saudi-Lebanese bank, which allowed them to subscribe to Solidere shares issued in January 1994.⁴⁷⁹ In an interview with Elias Saba, who was one of the MPs at the time, he and his close friend Hassan el-Rifai were amongst the 40 MPs that received bribes to switch their votes. He explains that el-Rifai was won over and forced to switch his vote after being offered a generous bribe. But unlike el-Rifai, he did not change his stance when confronted with a similar bribe.⁴⁸⁰ In another account provided by Henri Eddeh, Hariri was also making a number of 'promises and pledges' to ensure that his law proposal would pass. In this regard, Hariri allegedly made a promise to a certain minister to convince him to support the law. This minister was Mohammed Abdel-Hamid Baydoun. Hariri had to garner Baydoun's support because he was the owner of STARCO Centre, a famous office tower built in the Wadi Bou Jmil district in the early 1960s that was influenced by the same movement of architecture pioneered by the likes of Antoine Tabet, Assem Salam and others (see Chapter 4). According to Eddeh, Baydoun was promised that STARCO would not be expropriated like other properties in the city centre, and that he would retain ownership.⁴⁸¹

Thus, after a series of successful 'influences' and 'heavy pressures'⁴⁸² on Hariri's part, parliament finally convened on the 7th of December 1991 and put the law to a vote. To Hariri's delight, the law was overwhelmingly approved by the Lebanese parliament, and was registered in the official gazette as Law 117. Of the MPs who were present on the day of the vote, only six voted against the law. When voicing their objections, MP Albert Mokhaiber said that he could not get out of the 'darkness' that was surrounding the law every time he read it. MP Salim Sa'ada concluded his remarks by describing the

⁴⁷⁸ See: Wakim, *Al-Ayadi al-Sud*, pp.146-147.

⁴⁷⁹ See: *ibid*, pp.130-137. Reinoud Leenders references Wakim's claim that Hariri bribed around 40 MPs. He notes that Wakim gives little evidence of his claims, and therefore, finds them difficult to authenticate. Reinoud Leenders, *Spoils of Truce: Corruption and State-Building in Postwar Lebanon*, (London: Cornell University Press, 2012), p.58.

⁴⁸⁰ Again, this is difficult to authenticate: Interview with Elias Saba held on 04 September 2012 in Beirut.

⁴⁸¹ See: Eddeh, *Al-Mal in Hakam*, p.177.

⁴⁸² See: Nabil Beyhum, Assem Salam and Jad Tabet (Eds.), *Beyrouth: Construire l'avenir reconstruire le passé?*, (Beirut: Dar El-Jadeed, 1996), p.19.

law as 'naïve' and 'out of touch with reality'. And MP Elias Saba simply said the law was 'massikh' or 'foolish'.⁴⁸³ Before the vote, Saba claimed to have received 'political reassurances' from the Syrian regime for whichever side he took, and received guarantees that he would return to office. To Saba's disappointment, he would lose his seat in the 1992 parliamentary elections. He later found out that all those who were critical of the law lost their seats as well. More upsettingly, those who voted against the law never returned to office again. Saba would also find out that, Abdel-Halim Khaddam – who was in charge of Syria's Lebanon File, and who Hariri had built a close relationship with in previous years – was paid a sum-total of US\$6 million (most probably by Hariri himself) to 'rig the elections'.⁴⁸⁴

iii. The birth of neoliberal urban developments – Solidere, Linord and Elyssar

Soon after Law 117 was approved, the demolition crews converged once again on the city centre. It was assumed to be the end-all of requirements for the reconstruction effort to begin. However, nowhere in this law was the name of 'Downtown Beirut' mentioned, nor was the company of 'Solidere' signed into existence. It is undeniable that Law 117 took the country a step close to the creation of Solidere. But even so, it must be remembered that the Lebanese government enacted Law 117 as a *general* law, applicable to the reconstruction of *any* and *all* war-damaged areas, and not specifically for the reconstruction of Downtown Beirut. As a direct result of this, the government had to: firstly, pass a series of laws (known as the Articles of Incorporation) that would lead to the official creation of Solidere; and secondly, ratify a master plan that was specific to Downtown Beirut.

Following the approval of Law 117, and in anticipation of the formation of a company to carry out and fund the reconstruction of Downtown Beirut, the government passed Decree No. 2,236 dated the 19th of February 1992, which fixed the geographic

⁴⁸³ For further details on what they said, see: Karam, *Kanoon Assharrika Al-Iqariyya: Annosos Attashri'ia wa Attanthimiyya: Monaqashat Majlis Annuwab wa llijan Almoshtaraka*, pp.483-529.

⁴⁸⁴ Interview with Elias Saba held on 04 September 2012 in Beirut.

limits of the project in Beirut's Business Central District (BCD) and the number of lots within it.⁴⁸⁵ That same day, seven Appraisal Committees and a Higher Appraisal Committee were established under Decree No. 2,237, which were charged with the task of appraising the value of all the real estate properties falling within the BCD.⁴⁸⁶ In the spring of 1992, the CDR began carrying out *further* demolitions in the identified BCD zone – see Figures 39 to 42. Importantly, these demolitions took place when no company as of yet had been ratified by the government and so the CDR was, in fact, acting beyond the limits of its mandate.⁴⁸⁷ Again, the demolitions were carried out 'under the guise' of stabilising the area from the dangers posed by condemned buildings. These buildings were being brought down through the use of high explosive demolition charges, but the explosives used were stronger than necessary, and were employed in a way that would affect the foundations of neighbouring buildings. Before the demolitions began, only a third of the structures in the area were irreparable. But due to the explosives that were used, for every building that was brought down, several other buildings were damaged beyond repair.⁴⁸⁸ These buildings would be declared a 'hazard' to public safety, and would later be demolished as well. It is believed that 80 percent of the total buildings in the downtown area were demolished (the same proportion of clearing suggested by the 1986 OGER Liban/Dar Al-Handasah Plan). According to renowned Lebanese architect Assem Salam, "more buildings were brought down by the demolition crews than by the civil war itself".⁴⁸⁹ In other words, it is understood that more damage was done to Downtown Beirut by those who claimed to be interested in salvaging and reconstructing it, than had been done by the sixteen years of fighting.⁴⁹⁰

⁴⁸⁵ See: Mango, *Solidere: The Battle for Beirut's Central District*, p.56.

⁴⁸⁶ See: *ibid*, p.7

⁴⁸⁷ See: Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', p.672.

⁴⁸⁸ See: Beyhum et al., *I'mar Bayrut wa-l fursa al-da'i'a. Wasat Bayrut al-tijari wa-l-sharikat al-'iqariya. Al-waq'a'i', al-murtakazat, al-bada'il*, pp.15-20.

⁴⁸⁹ Moreover, areas that witnessed excessive demolition, such as Wadi Bou Jmil and Ghalghoul, were barely affected by the war, whereas areas that witnessed renovation, such as Saifi and the Place d'Etoile, were heavily damaged. This is according to an interview with Assem Salam held on 24 July 2012 in Beirut.

⁴⁹⁰ In addition to that, some critics such as former MP Najah Wakim assert that much of the fighting in the city centre was paid for in order to achieve as much destruction as possible. This is according to information obtained from: Gambill and Abdelnour, 'Dossier: Rafiq Hariri'. Such views are certainly overly cynical and hard to prove, but given the many twists and turns that occurred during the war, and the lack of trust and transparency in the events, these views cannot be entirely ruled out of the question.



Figure 39 – View of Martyrs’ Square after the war, but before the demolitions (facing south). All the buildings seen here have since been removed. Source: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, p.668.



Figure 40 – Demolition of the Rivoli building (facing north). Ironically, it resisted the explosion three times before it finally collapsed. Source: Khalaf, *Heart of Beirut: Reclaiming the Bourj*, p.207.



Figure 41 – View of Martyrs’ Square (facing north). Most of the buildings have been removed by this stage. Source: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, p.671.



Figure 42 – View of Martyrs’ Square (facing north). Notice the poster in the background displaying what the area will look like after reconstruction. Source: Makdisi, ‘Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere’, p.671.

As these demolitions were taking place, the opposition grew alongside them. One story that was retold many times in Beirut was of Yvonne, Lady Cochrane Sursock's battle with Hariri. As mentioned in Chapter 4, Lady Cochrane Sursock was the founder of the Association for the Protection of the Natural Sites and Ancient Buildings (APSAD) and daughter of pre-civil war merchant notable Alfred Sursock. The story begins when APSAD launched a national and international campaign to pressure Hariri into changing the preliminary plan for Downtown Beirut. According to Lady Cochrane Sursock, the campaign gained much attention, not just in Lebanon, but also, for reasons unknown to her, in Germany.⁴⁹¹ By May of 1992, the same group of concerned architects came together to denounce the – still unofficial – reconstruction plan. The architects organised a conference to debate issues to do with the aesthetic, cultural, social, economic and political significance of any reconstruction effort, and to call for a halt to the illegal demolitions. In addition to that, the conference called for the necessity of public and governmental debate, and urged that consideration be given to other proposals before any major decisions were taken on the ground. In particular, they urged appropriate consideration be given to rights-holders in the downtown area.⁴⁹² On the 22nd and 23rd of May 1992, the Urban Research Institute held another symposium – this time at the Carlton Hotel – under the heading of: *'The Beirut of Memory; the Beirut of Sharing; the Beirut of the Future: the Politics of Reconstruction and the Public Interest'*. The objective of the symposium was to address the issue of reconstruction from several angles, and to produce recommendations under the headings of 'administrative', 'legal', 'social', 'architectural', 'financial', and 'economic'. The participants at the symposium emphasised the need for the state to honour its responsibility to ensure that democratic paths were followed in the reconstruction effort, and that an open dialogue be maintained between all interested parties. This symposium also called upon the government to protect the heritage in the area from illegal demolitions (which were still occurring), and

⁴⁹¹ This is according to interviews with Giorgio Tarraf held on 12 July 2012 in Beirut and with Mounir Doumani held on 27 July 2012 in Beirut.

⁴⁹² See: Mango, *Solidere: The Battle for Beirut's Central District*, pp.57-58.

to publicise the expropriation of land. Importantly, it concluded that ‘the public’ needed to approve the reconstruction plan before any efforts on this front could begin.⁴⁹³

Despite exhausting all efforts to prevent the illegal demolitions, more attention and coverage was being given to the national parliamentary elections due in September that year (the first in which Hariri was due to run). In other words, the electoral campaigns overshadowed the debates over Downtown Beirut. Against, this backdrop, the government passed a series of laws, whose articles of incorporation would be approved in July of that year.⁴⁹⁴ Despite the escalating efforts of the opposition, on the 14th of July 1992, the Lebanese government held a special session and decided on the basic structure for the formation of The Lebanese Company for the Development and Reconstruction of Beirut Central District (s.a.l.), which is more famously known by its French acronym ‘Solidere’. On the 17th of July 1992, the Higher Council of Urban Planning (HCUP), whose function it was to render opinions and make suggestions, denounced the idea of creating Solidere from a number of different angles. In turn, the HCUP called for rethinking the plan. Despite the HCUP’s objections, the Lebanese government went ahead and Parliament approved the company’s Articles of Incorporation in Decree No. 2,537 dated the 22nd of July 1992.⁴⁹⁵ Solidere’s objectives were as follows: to acquire real estate properties, to finance and ensure the execution of the infrastructure works in the area where real estate properties were acquired, to prepare and reconstruct the area in accordance to the provisions of an approved master plan, to reconstruct or restore existing buildings, to erect buildings and sell, lease or exploit such buildings and lots, and to develop the landfill on the seaside.⁴⁹⁶ Its duration was initially fixed at 25 years, beginning from the 10th of May 1994 (the date of its registration at the Commercial Register). This duration, however, was extended from 25 years to 35 years by Decree No.

⁴⁹³ Records of the Urban Research Institute were published with the support of the Ford Foundation. See: *ibid*, pp.58-59.

⁴⁹⁴ The ‘Articles of Incorporation’ is a legal document that every company is required to hold before it is able to function. In a sense, the articles are like the firm’s ‘constitution’. Importantly, the articles state and describe the name of the company, its objectives, duration and location of its headquarters, while also detailing its various organs and their respective prerogatives and responsibilities.

⁴⁹⁵ See: Solidere, *Articles of Incorporation*, (Beirut: Solidere, 1992).

⁴⁹⁶ See: *ibid*, pp.5-6.

13,909 of 2005.⁴⁹⁷ The ratified Articles of Incorporation meant that Solidere was now granted complete rights to be a fully functional and private company. It was also, in effect, legally capable of appropriating any and all land within the city centre. All that was left now was to approve a master plan for reconstructing Downtown Beirut.

At this point, the approval of a master plan for Downtown Beirut was the last act of the Lebanese government (shortly after parliamentary elections and before the government was replaced by one headed by Hariri). In response to the various criticisms levelled against its previous master plan, Dar Al-Handasah introduced a revised master plan that they claimed responded to public concerns and took into consideration the various issues raised during the public debate. Unlike the previous plan, the revamped plan was never fully approved through a public process before it was submitted for approval by the Lebanese government. The ‘new’ master plan highlighted the intended reintegration of the city centre with the greater metropolitan area of Beirut. It also included the planned preservation of certain buildings in the historic core (particularly, in the relatively small area between the Grand Serail and Martyrs’ Square). The reconstruction process would also entail the rehabilitation of the *aswaq*, the preservation of lower- and lower-middle class residential areas, the preservation of various archaeological remains found in the area, and the creation of culturally- and environmentally-friendly open spaces (such as the planned creation of a seaside park on the landfill), which would include some ‘cultural facilities’ such as a library and a centre for the arts. In addition to that, there was a policy to limit the high-rise buildings in the area.⁴⁹⁸ Many of the amendments that were introduced to the plan can be seen in many of the leaflets and publications released by Solidere in the early years of its creation. See Figures 43 and 44 for artists’ impressions of the new, revised master plan.

Against this backdrop, the new and improved plan was advertised by Hariri as a successful result of mixing the old and new. Lady Cochrane Sursock recalls how Hariri

⁴⁹⁷ See Chapter 7.

⁴⁹⁸ Much of the information in this paragraph was obtained from an interview with Jean-Paul Lebas held on 15 November 2013 in Paris.



Figure 43 – Artist's impression of the new plan. Notice how the rendering includes preserved historic buildings. Source: Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', p.677.

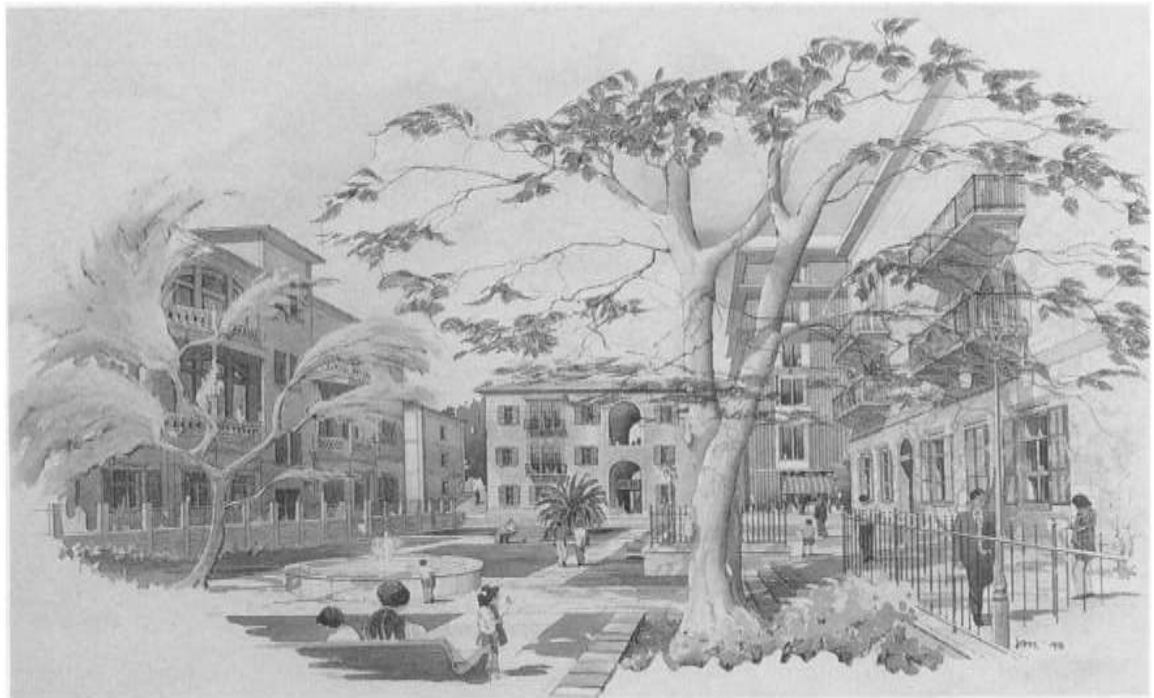


Figure 44 – Artist's impression of the new plan. Notice, as well, the emphasis on the creation of a friendly and open space. Source: Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', p.681.

sent her a signed copy of *Beirut Reborn*⁴⁹⁹, in which he had written, “I hope that you are satisfied [with the changes]”.⁵⁰⁰ In this book as well, one cannot help but notice the adoption of a new marketing slogan for the project – ‘Beirut: Ancient City of the Future’.⁵⁰¹ In contrast with the previous ‘Hong Kong of the Mediterranean’ slogan, this new slogan exalted a balanced mixture of old and new, as it carefully integrated the surviving buildings and structures with a new urban fabric.⁵⁰² Under the guidance of Oussama Kabbani – hired by Hariri to review the master plan for the reconstruction effort– the new master plan called for the return of a lively and attractive urban core in Beirut; one that was similar to the hustle and bustle of the district in the pre-civil war days of the 1960s and 1970s. In visual terms, at least, Kabbani’s urban design team was trying to ensure that the new city centre would not look like a ‘foreign body’ in the heart of the city. In other words, the new plan was meant to signify the return to a more ‘familiar’ city centre that people could live in and identify with. However, the details of the new plan continued to generate considerable criticism against it.

Some of the same concerns and criticisms kept resurfacing, and at times, they led to a head-to-head collision between the opposition and those responsible for the new plan. In one particular incident, opposition groups who were lobbying for a lower urban density in the city centre instigated a heated clash between Hariri and Eddeh (the head of the design team appointed by Dar Al-Handasah). The initial master plan had set the floor-area-ratio (FAR) factor to 4.2. The opposition, however, argued that this should be no more than 3, in order to preserve the ‘traditional features’ of the city centre. But Hariri wanted to increase this factor to 5. This substantial increase created severe reservations on the part of some members of the design team responsible for the old plan. So much so,

⁴⁹⁹ As mentioned in Chapter 1, this is a book that was edited by Angus Gavin, who would eventually become the Head of Design in Solidere.

⁵⁰⁰ Although satisfied by the changes, Lady Cochrane Sursock would later describe the Solidere project as a ‘dream of a retarded adolescent’. This is according to: Interview with Mounir Doumani held on 27 July 2012 in Beirut.

⁵⁰¹ See: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.55.

⁵⁰² For more information on Solidere’s new motto and the meanings behind it, see: Fares al-Dahdah, “On Solidere’s Motto, ‘Beirut: Ancient City of the Future’”, in Peter G. Rowe and Hashim Sarkis, (eds.), *Projecting Beirut: Episodes in the Construction and Reconstruction of a Modern City*, (Munich: Prestel Verlag, 1998), pp.68-77.

that Eddeh submitted a letter of resignation in protest.⁵⁰³ According to Simon Moussalli, increasing the FAR does not come as a ‘surprise’ to him, because Hariri wanted nothing more than to ‘seek profits’ from reconstruction process in the city centre. According to Hariri’s rationale, it would make ‘better economic sense’ to increase the FAR, because ‘a higher FAR would mean a higher profitability margin’.⁵⁰⁴

After Eddeh’s resignation, a team led by French urban planner Louis Sato and other foreign consultants, such as Jean-Paul Lebas and Angus Gavin, sketched out a revised master plan. Both Lebas and Gavin had worked on several mega-projects before.⁵⁰⁵ As the revised master plan was gaining support in government, a group from the Engineers’ Union presented a report to the CDR, suggesting that an independent expert committee be created to rethink the master plan. The report was then presented to the government on the 24th of September 1991. Regardless of their efforts, the group received ‘no response’ from the government.⁵⁰⁶ Thinking about all these calls, Saree Makdisi argues that in spite of the increasing ‘attention’ and ‘coverage’ being given to the debates over Downtown Beirut at the time, the public’s attention was more focused on the upcoming parliamentary elections. Thus, in an atmosphere of ‘national anxiety and concern’ about the elections, the government went ahead and approved the new master plan on the 14th of October 1992.⁵⁰⁷ The Detailed Plan – see Figure 45 – was not submitted and endorsed by the CDR until the 21st of October 1993.⁵⁰⁸

⁵⁰³ Not long after submitting his resignation, Eddeh would publish his seminal book, ‘*Al-Mal in Hakam*’ (1999), in which he also details his experiences working with Hariri and Dar Al-Handasah in Downtown Beirut. Wakim also documents Eddeh’s clash with Hariri in his book: Wakim, *Al-Ayadi al-Sud*, pp.155-156.

⁵⁰⁴ Interview with Simon Moussalli held on 11 July 2012 in Beirut.

⁵⁰⁵ Lebas was a French urban planner who had worked on several urban developments across Europe. Most notably, he worked on the La Defense project in Paris. See: Interview with Jean-Paul Lebas held on 15 November 2013 in Paris. Unlike Lebas, Gavin was a British town planner who had worked on the London Docklands project, as well as on a number of projects in Dubai and elsewhere in the Gulf. See: Interview with Angus Gavin held on 27 August 2012 in Beirut.

⁵⁰⁶ See: Beyhum, Salam and Tabet, *Beyrouth: Construire l’avenir reconstruire le passé?*, p.18.

⁵⁰⁷ See: Solidere, *Information Memorandum*, p.10.

⁵⁰⁸ The Detailed Plan was approved by Hariri’s government and issued together with some additional amendments to the master plan by Decree No. 4,830 (dated the 17th of March 1994). See: Mango, *Solidere: The Battle for Beirut’s Central District*, p.67. See Figure 16.

BEIRUT CENTRAL DISTRICT DETAILED PLAN

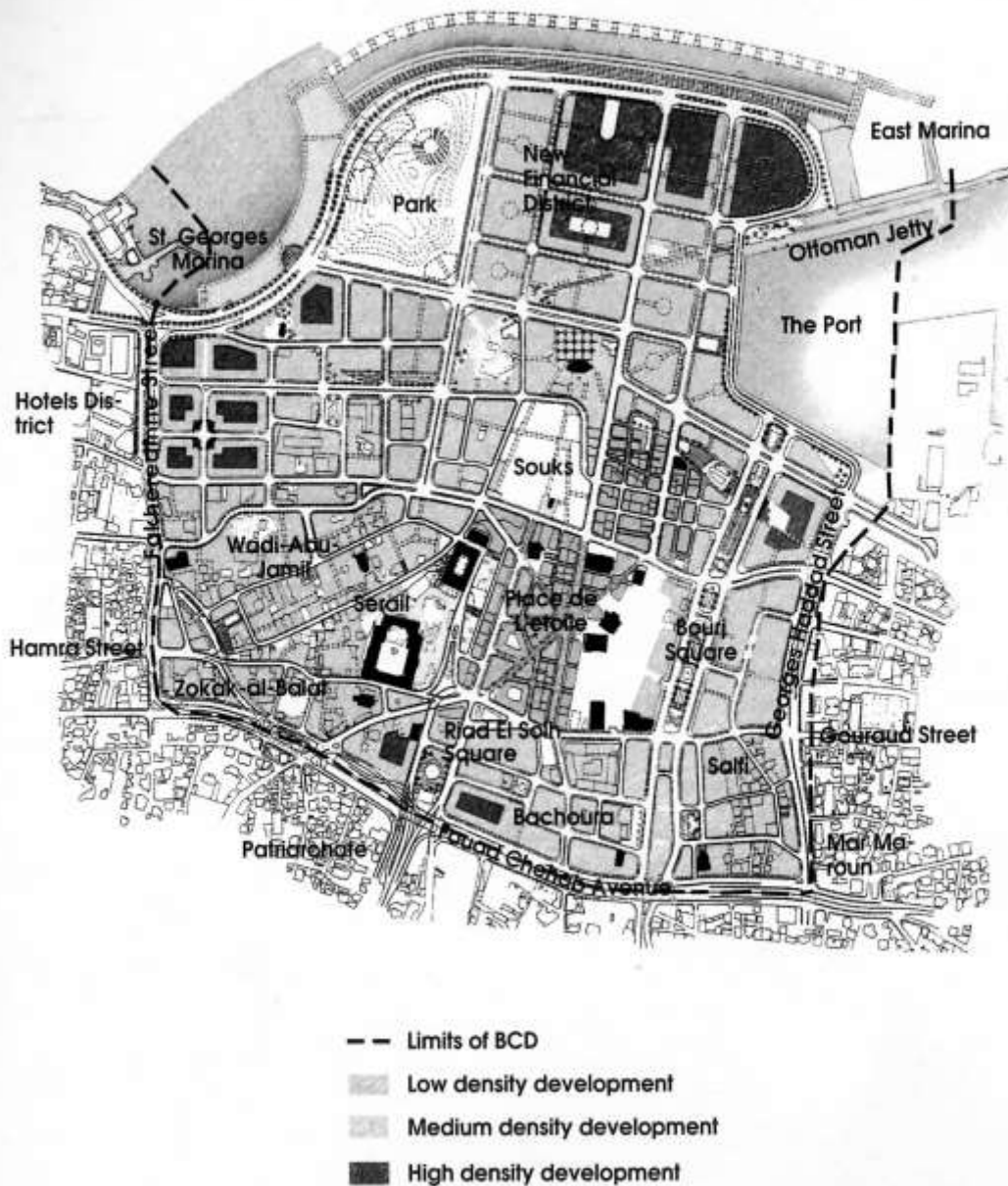


Figure 45 – The Detailed Plan that was endorsed by the CDR on the 21st of October 1993.

Source: Solidere, *Information Memorandum*, (Beirut: Solidere, 1993), p.1.

Solidere was officially incorporated on the 15th of May 1994. But it was not the only company to be created at the time. In his capacity as prime minister, Hariri was quick to create real estate holding companies in both the northern littoral (Nahr el-Mott) and the southern suburbs. In the northern littoral, a company called Linord was formed to implement a project there. This company was established in November 1995. Interestingly, a section of this area came under the management of the *Société Nationale d'Enterprises*, which was a construction company privately owned by Joseph Khoury (the man Hariri won a contract with to execute Gemayel's pet project). Khoury's project is commonly known as the Dbayyeh project.⁵⁰⁹ Unlike the Dbayyeh project, the Linord project did not reach implementation. As mentioned in Chapter 3, this was because popular protests were successful at halting the project altogether. See Figure 46 for a map of the Dbayyeh and Linord projects.

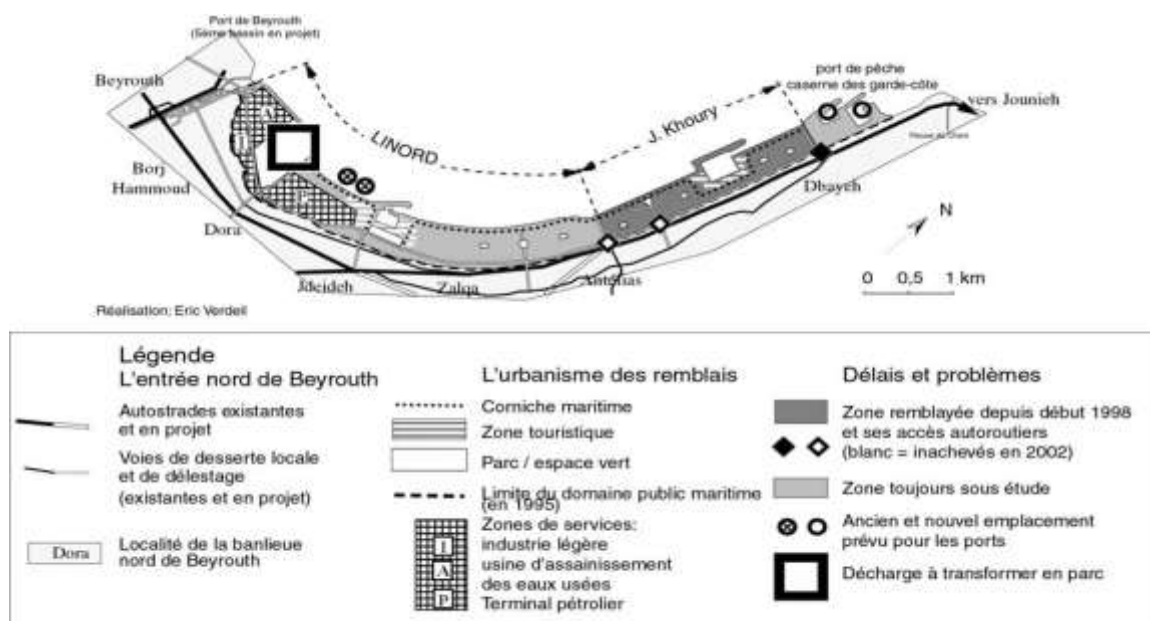


Figure 46 – A map illustrating the northern littoral divided between Linord and Joseph Khoury's company. Source: Eric Verdeil, 'Entre Guerre et Reconstruction: Remblais et Empietements Littoraux A Beyrouth', in N. Baron-Yeles, L. Goeldner-Gianella and S. Velut, (Eds.), *Le Littoral, regards, pratiques et savoirs, Etudes offertes à F. Verger*, (Paris: Editions Rue D'Ulm, 2003), p.332.

⁵⁰⁹ See: Atallah, 'The Northern Sector: Projects and Plans at Sea', pp.202-215. See also: Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, pp.501-558.

In the southern suburbs, Elyssar was created. It was first revealed to the public in early 1994; specifically, when the press announced that a real estate company had been created based on Law 117 (the same law that was used to create both Solidere and Linord). This immediately provoked a negative reaction from both Amal and Hezbollah (the two main patrons of the Shiite community). Amal leader Nabih Berri made a famous statement: “Elisar is from Tyre not from Sidon,” suggesting that he was from Tyre and Hariri was from Sidon and that, therefore, he should have control over construction in the southern suburbs.⁵¹⁰ Thus, Hariri had to enter negotiations with Amal and Hezbollah, and create an agreement whereby the latter two parties would be major players involved in the project. After three years of tough negotiations, the shape of the company, its aims and plans were announced.⁵¹¹ See Figure 47 for a map of the Elyssar project in the southern suburbs.

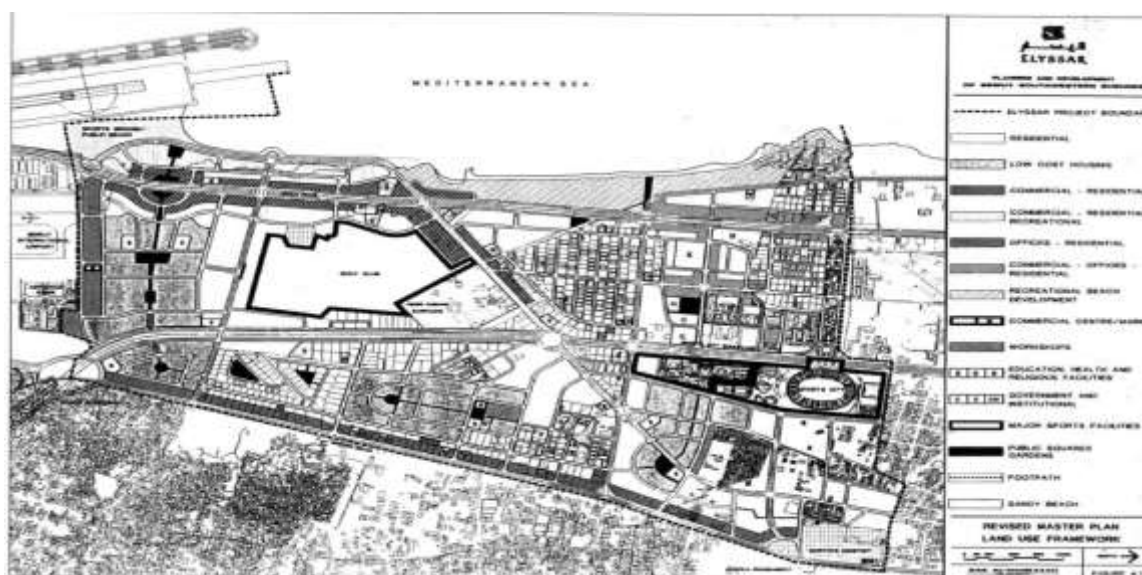


Figure 47 – A map illustrating the Elyssar project. Source: Harb el-Kak, “Transforming the Site of Dereliction into the Urban Culture of Modernity: Beirut’s Southern Suburb and Elisar Project”, p.177.

⁵¹⁰ Quoted from: Mona Harb el-Kak, “Transforming the Site of Dereliction into the Urban Culture of Modernity: Beirut’s Southern Suburb and Elisar Project”, in Peter G. Rowe and Hashim Sarkis, (Eds.), *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, (Munich: Prestel Verlag, 1998), p.176.

⁵¹¹ For further details, see: Khayat, *The Elyssar Reconstruction Project*, p.8; Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, pp.551-601. See also: Harb, ‘Urban Governance in Post-War Beirut: Resources, Negotiations, and Contestations in the Elyssar Project’, pp.111-133.

Conclusions

To conclude, what distinguished Hariri from other new contractors was the amount of politico-economic power he was able to accumulate from his Saudi connection. Of course, he was one of several new contractors who sought foreign sponsors in order to increase their domestic standing. But while there were many new contractors who developed close relationships with the other countries (such as Najib Mikati and Issam Fares with the Syrian leadership), none of these countries relied on any one of them to represent their interests in the same way that Saudi Arabia relied on Hariri to gain control of, and manage, a larger percentage of their petrodollars entering Lebanon at the time. Thus, Hariri's choice of Saudi Arabia as a foreign ally was a major determinant of his success in pushing the three construction projects forwards.

So what does all this mean for the discussion on the neoliberalisation process in Lebanon? In short, it means that by the early 1990s, Hariri was the main – if not the only – protagonist in his country pursuing neoliberal globalisation as a *political* project.⁵¹² Of all the new contractors, Hariri was the first to establish himself as a *new* political leader: not only had he demonstrated a certain degree of idealism and nationalism – emphasised by his philanthropic projects in his native Sidon, as well as by his private firm OGER Liban and its participation in the clean-up operation in Beirut – but he had also demonstrated a strong commitment to reaching a peace settlement, which he finally achieved in 1989 with the signing of the Ta'if Peace Accords. Hariri was also the first to be given exclusive rights of control over an administrative body or institution such as the CDR. Although there were several other new contractors like Hariri searching for investment opportunities at the time, none were able to negotiate the details of decrees and laws in the same way that he did. The final point to make is that Hariri was the first member of the new contractor bourgeoisie to become prime minister of the country. And

⁵¹² In Chapter 1, it was explained that new contractors do this in order to re-establish the conditions for capital accumulation and the reconstitution of power to capitalists (both national and transnational). See: Harvey, *A Brief History of Neoliberalism*, p.19. See also: Duménil and Lévy, 'The Neoliberal (Counter-)Revolution', pp.9-19.

therefore, he was the first in line to be given authoritative, as well as allocative, powers to recruit allies and protégés from his network to the top posts of the state.

Having identified and explained the interests of the different elites – including those of Rafiq Hariri – we can now assess the Solidere project itself. As explained at the start of this thesis, the Solidere project was pushed forward with two particular objectives: firstly, that it would help bring economic growth and prosperity to the country's population; and secondly, that it would help to reconcile and reintegrate a divided society. But two decades since the company's incorporation, the reconstruction process appears to have contributed towards: firstly, increasing the public debt; and secondly, reproducing sectarian divisions. In order to explain this outcome, the analysis will focus on the rent-creating and -extracting mechanisms that Hariri put in place.

PART III

Analysing and assessing the Solidere project: Exploratory case study

Chapter Six

The consequences of the Solidere project

In the previous two chapters, the discussion began by introducing the reader to the different types of elites involved in Beirut's urban scene. Details were given on the historical sociology of each type of elite, and in turn, the kinds of interests they were pursuing over time. For example, it was shown that before the civil war, there was a commercial-financial bourgeoisie seeking to extract rents from the trade and financial sectors. In contrast, the militia leaders that emerged during the civil war came to depend on rents either from external sources (foreign state support, emigrants' remittances), or domestic ones (goods, land and financial speculation). And finally, the analysis shed light on the new contractors, who were searching for investment opportunities during the civil war years. The analysis then explained Rafiq Hariri's desire to create rents from large-scale urban developments in Beirut: specifically, in Downtown Beirut, the northern littoral (Nahr el-Mott) and the southern suburbs.

The discussion in the next couple of chapters will focus on the larger-scale reconstruction of Downtown Beirut, which was overseen by Solidere. The first of these two chapters will explain how the Solidere project contributed towards: firstly, increasing a public debt that was burdening the country at the time; and secondly, reproducing sectarian divisions in Lebanese politics and society. Importantly, most of the evidence used to explain this outcome is based on a rough ten-year period after Solidere was established and before Hariri was assassinated. In contrast, the second of the two chapters will look at the period following Hariri's assassination in 2005. Here, it will be argued that those individuals who have stood behind the company since 2005 have maintained the rent-creation and -extraction mechanisms put in place by Hariri in previous years.

More importantly, the purpose of this chapter is to explore the backgrounds of those individuals, and explain where they fit in with regards to the neoliberalisation process.

The current chapter will be divided into two sections. The first section will explain how the Solidere project contributed towards the country's staggering public debt. In short, it will be shown that Hariri's desire to create and appropriate as much rent as possible from reconstruction in Downtown Beirut, the northern littoral (Nahr el-Mott) and the southern suburbs, mixed with huge amounts of *public* resources spent by the CDR on corruption and patron-client exchanges, led to increasing levels of public debt. This argument, however, will be placed in the context of other factors driving up the debt (most particularly, prior debt and other public expenditures). The second section of this chapter will explain how the Solidere project contributed towards reproducing sectarian divisions. This will be explained through analysing the effects of the 'anti-corruption campaign' that targeted Hariri and his protégés. This campaign triggered Hariri's turn to a sectarian discourse, which became visibly demonstrated in the reconstruction process, and which inevitably transformed the Solidere project from one that used to be described as a 'national project', to one that became more closely identified with the Sunni community (which Hariri belonged to). This argument, again, will need to be placed in the context of a gradual breakdown in intra-elite relations and the deteriorating regional situation, both of which coincided with the neoliberal drive of Hariri and his technocrats.

The chapter will then turn its attention to neoliberal urban developments in Lebanon more generally. To begin with, the patterns of competition and cooperation between Hariri and rival elites shaped the costs of the Solidere project. So, will *all* neoliberal urban developments reproduce similar economic and social costs? Secondly, the Solidere project transformed from a national project to a Sunni project. Does this mean that neoliberal urban developments have a tendency to appeal to particularist, sectarian interests or not?

I. How did Solidere contribute towards increasing the public debt?

To begin with, the Solidere project contributed towards increasing a public debt that was burdening the country at the time. Public debt had been virtually unknown in pre-civil war Lebanon. As discussed in Chapter 4, militias took over the ports and their customs points (which acted as the main source of government revenue). Even so, the state continued to pay its employees and, as a result, the country slipped into debt. In the first couple of years after the end of the civil war (and before Hariri came into office), the government regained some ability to collect customs and taxes and, therefore, public debt came under control. However, under the Hariri government expenditure and deficits skyrocketed and debt grew from 48% of GDP in 1992 to 176% in 2005 (the year that Hariri was assassinated).⁵¹³ Therefore, to understand how the Solidere project contributed towards increasing the public debt, we need to have a closer look at public expenditures during this period, which did not just benefit new contractors involved in reconstruction: while government spending of public resources benefited the institutions that came under Hariri's control, it also benefited other agencies – most significant of which were the 'welfare-related' institutions and ministries that were being used as patronage instruments by other elite figures.

i. The main institutions involved in rent-seeking

Until his assassination on the 14th of February 2005, Hariri served as prime minister from 1992 to 1998, and again from 2000 until his resignation on the 20th of October 2004. During these two periods, he headed five different cabinets. Upon becoming prime minister on the 31st of October 1992, Hariri distributed administrative bodies and institutions – and even cabinet positions – to a number of his rivals. This distribution

⁵¹³ According to the Lebanese Ministry of Finance, the net public debt as a percentage of estimated GDP increased from 48% in 1992, to 109% in 1998 and to 176% in 2005. According to figures published by the Finance Ministry, available at: <http://www.finance.gov.lb/en-US/finance/PublicDebt/Documents/PublicDebtTimesSeries/General%20Debt%20Overview.zip> (Accessed 15 August 2013). It must be noted that while the public debt appears to have started to decrease in recent years, it remains to be significantly above the 100% margin.

benefited various elite figures; most significant of which were former militia leaders Nabih Berri and Walid Junblatt. As discussed in Chapter 3, the former militia leaders used the welfare-related agencies that were allocated to them as patronage instruments. In contrast, Hariri sought to create and appropriate rents from the reconstruction process in Downtown Beirut, the northern littoral (Nahr el-Mott) and southern suburbs. It therefore raises the following question: which administrative bodies and institutions did Hariri instrumentalise to collect rent?

In order to appropriate rents from the reconstruction process in Downtown Beirut, Hariri needed to ‘personally control’ all the key institutions that were concerned with reconstruction; most important of which were the Finance Ministry, the Central Bank, and the CDR. Before becoming prime minister, he did not have *personal* control over these institutions. At most, he could only ‘collaborate’ with the people who ran them.⁵¹⁴ When Hariri was appointed as prime minister in 1992, he used his newly-acquired ‘authoritative’ and ‘allocative’ powers to install his technocratic allies and friends in all the relevant institutions concerned with reconstruction.⁵¹⁵ This included finance specialists, engineers and lawyers; many of whom had worked for Hariri’s construction company OGER, or for one of his banks (notably, Banque Méditerranée and the Saudi Lebanese Bank). These people tended to come from all sects, and therefore, Hariri’s network was more cross-confessional than the networks of other politicians.⁵¹⁶ Thus, the appointment of employees and confidants to important positions within these institutions was a strategic move that allowed Hariri to establish personal control over the decision-making process in reconstruction matters. This can be demonstrated if we explore the three aforementioned institutions in detail.

⁵¹⁴ During the civil war, for example, Hariri had to deal with CDR head Mohammed Atallah – a Shihabist appointed by President Elias Sarkis in 1977 – if he wanted to influence decision-making in the CDR. See Chapter 5.

⁵¹⁵ These terms of ‘authoritative’ and ‘allocative’ are borrowed from Heiko Schmid’s work: For further details, see: Schmid, ‘The Reconstruction of Downtown Beirut in the Context of Political Geography’, pp.239-240.

⁵¹⁶ This point is made by Tom Najem as well in his study of reconstruction in post-civil war Lebanon. See: Najem, *Lebanon’s Renaissance: The Political Economy of Reconstruction*, p.95.

To begin with, one finds that Hariri gained personal control of the Finance Ministry and the Central Bank: the two main institutional bodies that would be involved in the financing of the reconstruction process in Downtown Beirut. With regards to the Finance Ministry, Hariri formally assumed the post himself, but later appointed Fouad Siniora as the person in charge at the rank of Minister of State. As mentioned in Chapter 5, Siniora was one of Hariri's oldest childhood friends. He later joined Hariri's business empire in 1982 when he started running Hariri's *Groupe Mediterranee* banking interests. It was because of Siniora's background as Hariri's most important financial advisor, that he was awarded the top post in the Finance Ministry. It is also worth mentioning that Siniora served as Finance Minister in all of Hariri's future cabinets. Another central institution for financing the reconstruction process was the Central Bank. On the 1st of August 1993, a previously unknown man called Riyadh Salameh became Governor of the Central Bank. When his appointment was announced, Beirut papers reported that Salameh had previously managed Hariri's personal finance portfolio at Merrill Lynch in Paris.⁵¹⁷ Salameh's six-year mandate as Central Bank Governor would be renewed for three further terms in 1999, 2005 and 2011. Thus, like the Finance Ministry, Hariri placed one of his former employees at the head of the Central Bank. Compared to the Finance Ministry and the Central Bank, however, the CDR is considered to be the most important institution in reconstruction matters. This is because it is the main agency in charge of government expenditures on reconstruction projects in the country. Hariri already enjoyed personal control over the CDR through Fadel el-Shallaq – who became the head of the agency in 1991 (see Chapter 5). While el-Shallaq was accountable to the government as a whole, Hariri alone had influence over him.⁵¹⁸ When el-Shallaq's term as the head of the CDR came to an end on the 9th of June 1995, he was succeeded by Nabil el-Jisr (who was another close confidante of Hariri). Like el-Shallaq, el-Jisr held

⁵¹⁷ See: Gambill and Abdelnour, 'Dossier: Rafiq Hariri'.

⁵¹⁸ This led to disputes with some of the other ministers complaining about the lack of influence that they had on reconstruction matters. For example, in the spring of 1993, Tourism Minister Nicolas Fattoush criticised the role of the CDR, saying: "the cabinet was kept in the dark about many details of the government's finances and the CDR was allowed to operate as a kind of super ministry accountable to no-one." Quoted in: Middle East Economic Digest (MEED), 23 April 1993, p.27, in: Najem, *Lebanon's Renaissance: The Political Economy of Reconstruction*, p.95.

senior management positions in Hariri's Saudi OGER and OGER International.⁵¹⁹ All in all, Siniora, Salameh and el-Shallaq are described here as 'technocrats' who fit the profile of 'globalising elites', defined by Gill as a grouping of 'organic intellectuals' and 'political leaders' that were – in the cases above – strategically located in transnational companies and banks.⁵²⁰ The most important fact to note is that Hariri's recruits came from a variety of confessional backgrounds, and were not necessarily from the Sunni community. Take Salameh, for example: he was a Maronite Christian. This therefore accords to Wallerstein's observation (mentioned in Chapter 3), that the 'cadres' of many companies (or bureaucracies) are picked based on *merit* rather than *identity*.⁵²¹

Thus, Rafiq Hariri enjoyed personal control over the key institutions that were concerned with reconstruction matters in Downtown Beirut, the northern littoral (Nahr el-Mott) and the southern suburbs. But this was not enough to control the reconstruction process in Downtown Beirut. The reconstruction was to be carried out by a private company called Solidere. This company was to consist of shareholders, who would have the final say on all reconstruction matters in the area. Out of the 33,000 shareholders, Hariri was the biggest. However, he subscribed to only 6.5% of the total shares (valued at US\$125 million).⁵²² He may have bought more shares in subsequent years, but he could not have owned more than 10% of the 165 million shares available in the company.⁵²³ In order to build his subscription, Hariri held shares through his private banks. He also used employees, family members and friends to control a much larger share of voting rights. For example, Hariri's associate and former OGER employee Nasser Chammaa was instructed to hold shares on behalf of Hariri's family and friends, including his son (Saad

⁵¹⁹ El-Jisr was also the former head of OGER in Paris. See: Middle East Economic Digest (MEED), 23 June 1995, p.15, in: *ibid*.

⁵²⁰ See: Gill, *Power and Resistance in the New World Order: Second Edition Fully Revised and Updated*, p.194.

⁵²¹ See: Wallerstein, *World Systems Analysis: An Introduction*, p.40.

⁵²² This is according to: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.44.

⁵²³ Despite the many rumours claiming that he owned as much as 50% of the shares in the company, the truth is that he could not have owned (directly or indirectly) more than 10% of the shares. This is according to people interviewed who were close to Hariri at the time. Many staunch critics have made claims that Hariri owned somewhere between 19 to 50% of shares in Solidere. But as stipulated in Law 117, and in Article 17 of the company's Articles of Incorporation: "No shareholder, whether he be a natural person or body corporate, may directly or indirectly own more than 10% (ten percent) of the Company's capital." As quoted in: Solidere, *Articles of Incorporation*, p.11.

Hariri) and his childhood friend (Siniora).⁵²⁴ It is worth mentioning that Chammaa was also appointed as the Chairman of the company's Board of Directors, and still holds this position today. Another example worth mentioning is one of Hariri's close business associates Issam Fayez Makarem.⁵²⁵ Like Hariri, Makarem was a successful expatriate businessman who had built his fortunes abroad (specifically, in Nigeria). In this context, Makarem fits the profile of a new contractor, like Hariri, Mikati, Safadi (and others). When Makarem returned to Lebanon, he was inspired by Hariri's ambitious plan to reconstruct Downtown Beirut. Upon hearing about it, he approached Hariri:

“[Like Hariri] I came back to Lebanon in the beginning of the 1990s. When Hariri joined politics, I was impressed by what he was saying and doing. I watched him, and marveled at the good intentions he had to help the country. As an emigrant as well, I thought I should go introduce myself to Hariri and offer my services in contributing to the country. Not long after that, we became very good friends and even working partners.”⁵²⁶

Not long after becoming friends, Makarem was approached by Hariri and asked to become a major investor in Solidere and also to buy property in Downtown Beirut:

“When Solidere was first established, he [Hariri] contacted me and said, ‘Issam, I advise you to buy shares in Solidere.’ So I bought shares. And later when Solidere was selling land, Hariri contacted me again and said, ‘Issam, I advise you to buy a plot of land, and even more than one plot if you can.’ So I did. But then, after I had signed the contract, I had a meeting with Hariri and showed him the plot of land I had chosen. He looked at the map and said, ‘Issam, you are my friend, and therefore, I should tell you that this plot you chose is not for you. I want to give you a better plot.’ So, as he was giving me an alternative suggestion, I told him, ‘but Rafiq, I have already signed the contract for this other plot.’ He then reassured me, saying, ‘That doesn’t matter. Tomorrow, call Nasser [Chammaa] and he will change your papers no problem. I will tell him as well.’ When I arrived to Nasser’s office the next morning, he said, ‘Do not worry, Hariri already told me, and I have changed the papers.’”⁵²⁷

⁵²⁴ According to a document obtained by the newspaper *Al-Akhbar* in 2012, Hariri's Banque Méditerranée is believed to be holding over 15 million shares, while Chammaa is believed to be acting upon the behalf of the original owners of a further 6.7 million shares. See: Mouhamad Wehbe, ‘Lebanon Real Estate: Who Owns Solidere?’, *Al-Akhbar*, [in Arabic], 02 August 2012.

⁵²⁵ It is worth noting that Issam Fayez Makarem is related to the author.

⁵²⁶ Interview with Issam Fayez Makarem on 22 July 2012 in Ras el Metn (Lebanon).

⁵²⁷ Interview with Issam Fayez Makarem on 22 July 2012 in Ras el Metn (Lebanon).

Today, Makarem holds around 479,000 shares in the company. He is also the proud owner of Berytus Parks, which is a Class-A office space that is leased to various international companies. Some examples include Credit Suisse, Citi Bank and Microsoft, amongst others.⁵²⁸ The most important fact to note is that Makarem did not belong to the Sunni community either. He was recruited by Hariri because of his *merits*; not his *identity*. Again, this seems to conform to Wallerstein's observation that 'cadres' of economic managements are recruited based on 'universal criteria'.⁵²⁹

Going back to the idea of personally controlling all the key institutions that were concerned with reconstruction, the major decision-makers in the reconstruction process were the following: the Board of Directors of Solidere (in which Hariri was heavily represented by himself and through others), the president of the CDR Fadel el-Shallaq (who as mentioned in the previous chapter was a former employee in Hariri's OGER Liban), and Hariri himself in his capacity as prime minister to appoint his confidantes to different ministries and agencies concerned with reconstruction. In relation to this, Reinoud Leenders comments: "In the murky institutional environment of Lebanon's largest reconstruction project in history, Hariri had thus basically negotiated the contract terms with himself".⁵³⁰

ii. How were rents being created and extracted from these institutions?

To understand how the Solidere project contributed towards increasing the public debt, we must begin by looking at how rents were being created and extracted (more generally). In the welfare-related agencies, for example, there were indications that enormous rents were derived: firstly, from over-staffing (by providing jobs to

⁵²⁸ The number of shares held by Makarem is based on the figure given by him during an interview. Of course, the number of shares owned by him may subsequently have changed.

⁵²⁹ See: Wallerstein, *World Systems Analysis: An Introduction*, p.40.

⁵³⁰ See: Leenders, 'Public Means to Private Ends: State Building and Power in Post-war Lebanon', p.321.

supporters); and secondly, from allowing fraudulent practices to take place unnoticed.⁵³¹ In terms of reconstruction in Downtown Beirut (and elsewhere), the main source of rents was to come from the transfer of property rights to a single real estate company (REC) in exchange for shares in the company to the original owners. The justification for creating a private REC was drawn up by combining pragmatic arguments rooted in the particularity of the post-civil war environment with neoliberal ideology that advocated for private sector-led reconstruction and low government involvement. However, the concept of creating an REC to carry out and finance the reconstruction project did have a historical precedent.

The concept of RECs first gained traction in 1977, when the Lebanese government approved a law that established a mechanism for public and private partnerships to occur. The intention behind the 1977 REC law was to liberate the relatively impoverished government from the burden of publically financing projects of such a sheer scale and size. The law would also provide private developers and investors with the opportunity to approach the government with redevelopment proposals, which, if approved by the relevant authorities, would obtain proper legal backing for their implementation.⁵³² Between 1983 and 1986, the CDR launched a major study of the metropolitan area of Beirut. While the study focused on most of the city and its outskirts, it did not include the city centre. The study culminated in the publication of the '*Le schéma directeur de la région métropolitaine de Beyrouth*' (details of this master plan were provided in Chapter

⁵³¹ These issues have been widely discussed in Lebanon and some evidence crops up in several reports. In education, pupil-teacher ratios in public schools stood at 8:1 compared to 17:1 in private schools in the 1990s. See: Ramla Khalidi-Beyhum, *Poverty Reduction Policies in Jordan and Lebanon: An Overview*, (New York: UN, 1999), p.61. Over-staffing is one reason for this discrepancy, with reports suggesting that teachers were receiving salaries without actually working. In the health sector, private hospitals were over-charging public social security funds while 'political pressure' prevented the Ministry of Health from investigating the abuses. See: Walid Ammar, *Health System and Reform in Lebanon*, (Beirut: WHO and Ministry of Public Health, Lebanon, 2003), p.56. There is also evidence to suggest that ministers were channelling social benefits to their electoral constituencies rather than to those who need them most. An internal paper by the Ministry of Social Affairs (MOSA) shows that spending did not benefit the poorest. The north, for example, is home to 30.0% of the most deprived, but they received only 13.9% of the MOSA budget in support of NGOs, social care institutions, and development projects. In contrast, the governorate of Mount Lebanon – which is home to 27.2% of the deprived – received 44.6% of the budget. This suggests that political factors, rather than need, were the basis for allocating public funds. See: Ministry of Social Affairs, 'Situation of the relationship between the Ministry of Social Affairs and the NGO sector in Lebanon', [in Arabic], *Internal Report*, 2001.

⁵³² See: Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*, p.8.

4). When the CDR released this master plan to the public, it took everyone by surprise. The funding requirements for such a master plan had grown significantly in terms of financial and infrastructural needs. Indeed, a World Bank team that visited Lebanon in November 1982, suggested in a report produced in February 1983 that a reconstruction programme to cover the Greater Beirut area alone would cost an estimated total of US\$6.4 billion.⁵³³ Based on the government's financial situation, the CDR produced a report in early 1985 explaining that about three-quarters of the funds required would have to come from 'external sources'. Ideally – it suggested – 50 to 60% of this would come in the form of grants, 20 to 30% would come in the form of long-term soft loans, and the rest would come in the form of syndicated loans.⁵³⁴ But such figures were still out of the government's reach. Even if this ambitious target was met, the government would still have to come up with around US\$1.6 billion.

In light of these financial problems that the government was facing at the time, the Middle East Economic Consultants (MEEC) prepared a report in June 1985 proposing the idea of completely abandoning the public-private collaboration and instead permitting the establishment of completely 'private institutions' which would oversee reconstruction projects in the country.⁵³⁵ Importantly, the MEEC report concluded that private institutions (complete with the necessary funding and institutional capacities that the government lacked), would be the only possible means of reconstructing war-damaged areas in a meaningful manner. This report provided an important basis for the creation of an REC to carry out and finance the reconstruction of Downtown Beirut. By the summer

⁵³³ It is difficult to conduct a complete survey and inventory of the waste, damage and destruction inflicted on the country and its economy. However, fairly extensive surveys have been conducted by the CDR. According to one such survey conducted in late 1982, a reconstruction programme for the entire country was estimated to cost a staggering US\$16.3 billion for the 9-year period of 1982-91. A revised 1983-92 version was estimated at US\$17 billion in the spring of 1983. For details, see: John Rolland, *Lebanon: Current Issues and Background*, (Hauppauge, NY: Nova, 2003), pp.123-124. See also: Freddie Baz, 'The Macroeconomic Basis of Reconstruction', in Peter G. Rowe and Hashim Sarkis (eds.), *Projecting Beirut: Episodes in the Construction and Reconstruction of a Modern City*, (Munich: Prestel Verlag, 1998), pp.165-172.

⁵³⁴ According to the CDR, annual reconstruction requirements for the entire country were estimated at between US\$1.3 billion and US\$1.6 billion a year for the following 8-9 years, which put the total reconstruction requirements for the period, up to the end of 1993, at between US\$11.78 billion and US\$14.4 billion, or between LL105 billion and LL128 billion. This is according to: Mango, *Solidere: The Battle for Beirut's Central District*, pp.33-34.

⁵³⁵ Unless otherwise indicated, much of the information in this paragraph was obtained from: Mango, *Solidere: The Battle for Beirut's Central District*, p.36 and pp.47-49.

of 1991, the Dar al-Handassah (Eddeh) Plan was disclosed to the public for review. Importantly, the accompanying report concluded that there was ‘no other solution’ than the creation of a private REC to carry out and fund this plan, and recommended the 1977 REC law to be updated so as to expand the responsibilities of the CDR to include monitoring such a firm. The updated law came to be known as ‘Law 117’ (discussed in Chapter 5). Importantly, this modified law broadened the scope of the REC. Unlike before, the REC would now have the legal prerogatives to be entirely responsible for the construction of public properties (such as roads, squares and public gardens), and ensure the execution of infrastructure improvements (such as the water system, electricity, sewage and drainage systems, roads, sidewalks, lampposts, garages, telecommunications network and all other public facilities and installations in the area concerned) at the expense of the state.⁵³⁶ In turn, the state would reimburse the REC for all ‘infrastructure costs’ incurred, either in the form of cash (to be paid in US dollars), a share of reclaimed land (if the damaged area was adjacent to the sea) and/or of state-owned land in the area concerned, a concession for the exploitation of infrastructure services (with the stipulation that “such exploitation shall be made by virtue of laws to promulgated in this respect”), or through a combination of all the above.⁵³⁷ The new law also grants the REC a series of incentives to entice development. One such incentive would be a ten-year tax exemption from income tax from the date of its formation.⁵³⁸ It is worth noting that these ‘perks’ apply to other companies, like Linord and Elyssar.

As Harvey explains, Law 117 is a typical example of neoliberal legislation produced by the state that advantages private corporations: “the state assumes much of the risk while the private sector takes most of the profits”.⁵³⁹ When this law was first passed, it was difficult to assess how much the state was *risking*. However, it is now possible to assess the extent. In 1994, the Lebanese government – which was headed by

⁵³⁶ See: Article 3, Clause VII, ‘Rights and Obligations of the Company’, in: Solidere, *Law No. 91 – 117 of 7th December 1991: Fifth Edition*, p.13.

⁵³⁷ See: *ibid.* See also: Solidere, *Information Memorandum*, p.29.

⁵³⁸ Other incentives included exemptions from the ‘Notary Public Duties’ pertaining to the state, the registration duties at the ‘Commercial Registry’ and the ‘Stamp Duty’ on the capital. See: Article 3, Clause VII ‘Rights and Obligations of the Company’, in: Solidere, *Law No. 91 – 117 of 7th December 1991: Fifth Edition*, p.12.

⁵³⁹ See: Harvey, *A Brief History of Neoliberalism*, p.77.

Hariri – signed over reclaimed land converted from a landfill area that had sprung up during the war (what would later become the Waterfront district).⁵⁴⁰ See Figures 48 and 49 for images of the reclaimed land. This was done in order to recompense the private company for ‘infrastructure works’ it was to conduct in the city centre.⁵⁴¹ Solidere also acquired an additional land area in the traditional BCD. But critics raised concerns that the government may have *overpaid* Solidere. This can be confirmed by calculations made by Leenders, according to whom Solidere was expecting to make US\$900 million from land sales in the landfill. For the additional land it acquired in the traditional BCD, Solidere made an additional US\$237 million in profits. In total, this meant that Solidere made up to US\$1.137 billion in revenues.⁵⁴² According to Mounir Douaidy (Solidere’s General Manager and Financial Director), the real costs of the infrastructure works carried out on behalf of the state amounted to US\$650 million.⁵⁴³ The company’s profits, therefore, amounted to US\$487 million.⁵⁴⁴ As Leenders rightly points out, the fundamental flaw in the law comes down to the serious mismatch between the real costs of the operations and the revenues that Solidere generated from the landfill and the additional surface area acquired in the traditional BCD. Importantly, the excess income that Solidere made from the landfill should not be understood to imply corruption; rather, it should be understood as rents: *illegal* transactions should not be confused with *legal* payments that are officially approved. The difference between the two is not always delineated clearly, but it is central to the analysis if we want to understand the implications of rent-seeking. What follows is a question about efficiency. As some scholars have argued, rent-seeking can sometimes be efficient, and in other cases, be essential for promoting growth and development.⁵⁴⁵ But as will be shown shortly, the conflicts of interest that emerged as a result of caused more harm than good.

⁵⁴⁰ This information was obtained from: Leenders, ‘Public Means to Private Ends: State Building and Power in Post-war Lebanon’, pp.313-315.

⁵⁴¹ According to former MP Najah Wakim, the reclaimed land alone was believed to be worth US\$400 million. See: Wakim, *Al-Ayadi al-Sud*, p.152.

⁵⁴² See: Leenders, ‘Public Means to Private Ends: State Building and Power in Post-war Lebanon’, p.314.

⁵⁴³ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

⁵⁴⁴ In a similar interview conducted by Leenders with Douaidy, the latter offers a different figure of costs of infrastructure works. See: Leenders, ‘Public Means to Private Ends: State Building and Power in Post-war Lebanon’, p.314.

⁵⁴⁵ For details on this argument, see: Khan, ‘Rents, Efficiency and Growth’, pp.22-23.



Figure 48 – An image of the reclaimed land converted from a landfill. Source: Solidere, *Annual Report*, (Beirut: Solidere, 2004), p.4.



Figure 49 – Another image of the reclaimed land converted from a landfill. Source: Mosbah Assi (Solidere photographer).

While Law 117 provided a framework for the creation of RECs to reconstruct war-damaged areas, it was in fact updated in a way that would fit the contemporary needs of the city centre as well. According to the law, the REC would, “ earmark a certain percentage of its available funds received from cash subscriptions for restoring buildings which are not intended to be demolished and for the construction of new buildings in the area concerned”.⁵⁴⁶ Essentially, this meant that all properties within any war-damaged area would now be treated as a single development block. This approach was justified by the extent of the damage inflicted on the city centre. In other words, the severe damage to properties and infrastructure made it necessary to entrust the whole area to one company rather than dividing up the area into several smaller-sized areas assigned to separate companies. This would give the company a free hand to smoothly redesign the area, with any losses incurred being treated as a cost spread out over the entire project. The government of the time also justified the idea of treating the entire area as a single development block based on the claim that such an approach ensured ‘absolute equality of treatment’ of all the property-rights holders inside the city centre; irrespective of the status of the properties.⁵⁴⁷ This second point is worth particular attention because the transfer of property rights was to be the main source of rents. The idea here was to transfer property rights in exchange for shares in the REC.⁵⁴⁸ The rationale for the expropriation was the complex web of ownership rights, with both landowners and tenants having claims to properties – some dating back to Ottoman times (as demonstrated previously in Chapter 4). According to some estimates, the number of rights holders was believed to range from 100,000 to 150,000 landowners and tenants.⁵⁴⁹ The rights holders received US\$1.17 billion in shares as compensation, while another US\$650 million was raised through a public issue in January 1994, which was

⁵⁴⁶ See: Article 3, Clause VII ‘Rights and Obligations of the Company’, in: Solidere, *Law No. 91 – 117 of 7th December 1991: Fifth Edition*, p.13.

⁵⁴⁷ For a more detailed discussion on the condition that Downtown Beirut was in after the end of the civil war, and the options that were discussed, see: Mango, *Solidere: The Battle for Beirut’s Central District*, pp.39-47.

⁵⁴⁸ Only some of the major landowners were able to retain ownership of their properties. The most significant example, which was mentioned in Chapter 5, was Mohammed Abdel-Hamid Baydoun, who was the owner of the STARCO Centre in the Wadi Bou Jmil district of Downtown Beirut.

⁵⁴⁹ See: Lysandra Ohrstrom, “Solidere: ‘Vigilantism under color of law’”, *The Daily Star*, 06 August 2007.

oversubscribed by 142%.⁵⁵⁰ Over 90% of rights holders accepted the deal and took the shares.⁵⁵¹ But most did not benefit from the shares they received from Solidere. This was because the properties were undervalued: what had been valued at US\$800 per square metre of built-up area began selling at US\$5,000 to US\$10,000.⁵⁵² This was even before infrastructure works were completed. By 2007, land was being sold at US\$15,000 to US\$20,000 per square metre.⁵⁵³ Combined with the substantial tax breaks (such as the dividends to shareholders, capital gains from the sale of shares, as well as direct income that was exempted from tax for ten years following the company's incorporation in 1994), Solidere made huge profits from the land sales.⁵⁵⁴ It is worth stressing that the former landowners – many of whom belonged to the pre-civil war bourgeoisie – were not completely opposed to the idea of a financially-lucrative company such as Solidere. What they were unhappy about was the fact that Hariri and his protégés benefited more than they did. Some of the rights holders complained that their shares were issued late, even when the secondary market had already been established: of the total 11.7 million shares allocated to the former landowners, only 2.6 million had been distributed by April 1995.⁵⁵⁵ This means that most had missed the peak when the share price skyrocketed from US\$100 (at issue) to US\$170 in August 1994. The share price fell back down to US\$150 and US\$130 within two weeks.⁵⁵⁶ This continued to fall until share prices hovered between US\$3 and US\$10 in 1997 to 2004.⁵⁵⁷ The picture that therefore emerges is one in which the former landowners (and tenants) did not share in the land rents realised by the company's main shareholders, which included Hariri and his protégés.

Once the company had gained full control of Downtown Beirut, it pursued a strategy of maximising profit by doubling the urban density of the area and tripling the

⁵⁵⁰ See: Solidere, *The Development and Reconstruction of Beirut Central District*, (Beirut: Solidere, 1995), p.4.

⁵⁵¹ See: Ohrstrom, "Solidere: 'Vigilantism under color of law'".

⁵⁵² See: Wakim, *Al-Ayadi al-Sud*, p.147.

⁵⁵³ Quoted in: Ohrstrom, "Solidere: 'Vigilantism under color of law'".

⁵⁵⁴ See: Solidere, *The Development and Reconstruction of Beirut Central District*, p.5.

⁵⁵⁵ See: Najem, *Lebanon's Renaissance: The Political Economy of Reconstruction*, p.167.

⁵⁵⁶ See: Ohrstrom, "Solidere: 'Vigilantism under color of law'".

⁵⁵⁷ See: Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, p.109.

floor-area-ratio (FAR) factor.⁵⁵⁸ Chapter 5 covered the heated clash that emerged between Hariri and Eddeh (the head of the design team appointed by Dar Al-Handasah) concerning the proposed increase of the urban density in the city centre. Importantly, the drastic increase in urban density meant that much of the area's historic fabric had to be demolished. According to renowned Lebanese architect Assem Salam, 80% of the original fabric was cleared by Solidere: "In the end, more buildings were demolished by Solidere than had been destroyed during the civil war".⁵⁵⁹ Those parts of the city centre that were recuperated were those that already had the highest density:

"Certain districts like the Wadi Bou Jmil and Ghalghoul did not suffer from the war as much as others such as Place d'Etoile and Saifi. But because the majority of the buildings in Wadi Bou Jmil and Ghalghoul had a very low density, the old fabric of these two areas was labelled as 'not worth preserving'. Now when you look at the master plan of downtown, most of the high-rise buildings will be built in these two districts."⁵⁶⁰

Even though more historic buildings were, eventually, preserved – not least since Ousamma Kabbani was hired to review the Eddeh Master Plan (see Chapter 5) – the Solidere project is still replete with high-rise buildings. The construction of several glass and steel high-rises in the city centre falls in line with the trend elsewhere in the region, where cities and city-regions are replicating the tall buildings that can be found in Gulf cities like Dubai.⁵⁶¹ One journalist makes this comparison with Gulf cities when describing the reconstruction process: "Solidere has a 'desert mentality'... it sees Downtown Beirut as an 'empty desert' where we can build another desert city".⁵⁶² Not everyone was surprised by the transformation of Downtown Beirut into a desert city. Nabil Beyhum, for example, predicted that this would happen from as early as 1992:

⁵⁵⁸ This is according to an interview Simon Moussalli held on 11 July 2012 in Beirut. See also: Schmid, 'Privatized Urbanity or Politicized Society? Reconstruction in Beirut after the Civil War', *European Planning Studies*, p.370; Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, p.57 and p.62.

⁵⁵⁹ Interview with Assem Salam held on 24 July 2012 in Beirut.

⁵⁶⁰ Interview with Assem Salam held on 24 July 2012 in Beirut.

⁵⁶¹ For details, see: Elsheshtawy, 'The Great Divide: Struggling and Emerging Cities in the Arab world', p.8; Elsheshtawy, *Dubai: Behind an Urban Spectacle*, pp.250-252.

⁵⁶² Interview with Mohammed Zbib held on 05 September 2012 in Beirut.

“But is Beirut really a desert city? Is it a city without a history, which one can simply abandon to the bulldozers? ... Will Beirut be reconstructed without being lost, without closing itself off, without ultimately being forced to deny itself? Will the feeling of tolerance which existed in the Ottoman city be allowed to prevail once again?”⁵⁶³

Again, profits were to be realised by shareholders in Solidere, as well as the property developers who bought land from the private company. Many of the buyers were local, but they also included international buyers, most of whom were based in the Gulf. As a result, the Solidere project is considered an ‘elite playing field’, where various players are shaping Downtown Beirut in line with their own interests.⁵⁶⁴ All in all, the aim of the property developers has been to cater to the high-end and luxury segment of the market; be it hotels, retail, or residential buildings. It was precisely this effort to capture the lucrative end of the market that was intended to attract the international investor. Targeting the international investor falls in line with the neoliberal rationale of deferring to the needs of capital.⁵⁶⁵ See Figures 50 to 52 for images of some of the buildings that were constructed in the area.

At this stage, an exploration of the Lebanese state’s compensation to Solidere is required. It is worth remembered that, Law 117 stipulates that Solidere (as an REC) would be reimbursed by the state (through the CDR) for all infrastructure costs incurred. One form of reimbursement involved signing over the Waterfront district. Cash (US dollars) was another form of reimbursement. But due to the high volume of welfare-related expenditures, the government had little money at the time to fulfil its end of the agreement. In light of such circumstances, Hariri and his technocrats believed that the best way to solve this problem would be to introduce the notion of ‘government borrowing’. Since they were in charge of the main agencies concerned with economics

⁵⁶³ Quoted from: Nabil Beyhum, ‘The crisis of urban culture: the three reconstruction plans for Beirut’, *Beirut Review*, 4, (1992), p.55.

⁵⁶⁴ See: Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, pp.567-568.

⁵⁶⁵ For details, see: Healey, Cars, Madanipour and de Magalhaes, ‘Transforming governance, institutional analysis and institutional capacity’, pp.6–28; Pierre, ‘Introduction: Understanding governance’, pp.1-10; Moulaert, Swyngedouw and Rodriguez, ‘Large scale urban development projects and local governance: From democratic urban planning to besieged local governance’, pp.71-84; Harvey, ‘From managerialism to entrepreneurialism: The transformation in urban governance in late Capitalism’, pp.3-17.



Figure 50 – An image of completed 5-star hotels and luxury apartment buildings in the Hotel district. Photo taken by author.



Figure 51 – Another image of completed 5-star hotels and luxury apartment buildings in the Hotel district. Not a significant change from the Eddeh Plan. Photo taken by author.



Figure 52 – An image of construction sites in the Hotel district. Notice that high-rises are being built in these plots as well. Photo taken by author.

and finance, they were able to make this idea a reality.⁵⁶⁶ The Central Bank Governor, Salameh, formalised this notion of borrowing in the ‘Horizon 2000’ plan, which consisted of securing a cumulative volume of public investments of US\$18 billion over the period of 1995 to 2007.⁵⁶⁷ Importantly, the government expected that indebtedness would grow during this period. Indeed, figures would later show that a sharp increase in public spending, coupled with substantial government over-borrowing and growing interest rates, led to a ballooning public debt.⁵⁶⁸ The Shihabist former Finance Minister Georges Corm argues that Hariri was deliberately permitting the debt burden to reach astronomical levels in order to benefit from it.⁵⁶⁹ In order to understand the extent with which Hariri benefited, we need to have a general look at the main beneficiaries of rent created by government over-borrowing. The government financed its debt by selling Lebanese pound denominated treasury bills, which were primarily bought up by commercial banks (the vast majority of which were Lebanese). Between December 1993 and December 1998, banks held between two thirds and three quarters of all Lebanese Pound denominated debt at any one time.⁵⁷⁰ The World Bank calculated that government expenditure on public debt transactions – the cost of rent-creation through government debt management – reached 14.5% of GDP in 1997. While this figure is high, it should be put in the context of spending on community and social services, which includes education, health, and social and welfare, and which reached 7.8% of GDP in 1997.⁵⁷¹ This meant that Lebanese commercial banks benefited more from government spending than welfare-related agencies did. But some observers suggest that Hariri’s banks, which

⁵⁶⁶ Interview with Georges Corm held on 25 July 2012 in Beirut.

⁵⁶⁷ In this plan, it clearly stated that 13% of the costs for the first phase (rehabilitation period 1993-1995) would be secured from ‘internal-borrowing’. See: Gebara, *Reconstruction Survey: The Political Economy of Corruption in Post-War Lebanon*, p.16. See also: Baz, ‘The Macroeconomic Basis of Reconstruction’, pp.166-170.

⁵⁶⁸ For detailed studies on increasing public debt and budget deficit, see: Ghada el Khoury, Bruno Colmant and Albert Corhay, ‘La dette publique libanaise: Anticipation de défaut de l’Etat libanais sur la dette souveraine en devises étrangères’, *Bulletin de Documentation – Ecole de gestion de l’Université de Liège*, 68(3), (2008), pp.223-260; Hassan Ayoub, Jerome Creel and Etienne Farvaque, ‘Détermination du niveau des prix et finances publiques: le cas du Liban, 1965 – 2005’, *Revue d’économie du développement*, 22(3), (2008), pp.115-141.

⁵⁶⁹ Interview with Georges Corm held on 25 July 2012 in Beirut.

⁵⁷⁰ This is according to: Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, p.111.

⁵⁷¹ Expenditure on military and security reached 6.5%, while expenditure on wages and salaries for the whole government reached 10.3% of GDP in 1997. This data was taken from: World Bank, *Lebanon: Public Expenditure Reform Priorities for Fiscal Adjustment, Growth and Poverty Alleviation*, (Washington DC: World Bank, 2005), pp.75-76.

included Banque Méditerranée, became some of the largest investors in Lebanese debt. For example, Richard Becherer argues that Hariri's banks were purchasing the 'lion's share' of the Lebanese pound denominated treasury bills, which was sometimes at an interest rate that topped 30%.⁵⁷² While such estimates cannot be proven as long as they are based on 'allegations' and 'accusations', the sentiment behind this data deserves to be spelled out when comparing it to Hariri's personal wealth, which almost doubled during the same period.⁵⁷³

It cannot be stressed enough that Solidere was not the only REC to be created at the time. As mentioned in Chapter 5, other RECs included Linord in the northern littoral and Elyssar in the southern suburbs. Before it was abandoned, Linord resembled Solidere in that it would facilitate rent-creation and -extraction for investors. For example, the Lebanese state recompensed the company for the cost of land reclamation by giving it property rights over the reclaimed land. Furthermore, urban planning was oriented around the strategy of maximising profits but deliberately isolating it from the surrounding environment to emphasise its exclusivity.⁵⁷⁴ The idea behind Elyssar was also very much like that of Solidere and Linord: to create rents from land that would be developed for high-value office spaces, luxury residences and tourism facilities. The only difference was that Amal and Hezbollah held up Hariri's plans. But both parties were not necessarily opposed to the project in principle. Rather, they sought to become part of it in

⁵⁷² See: Becherer, 'A matter of life and debt: the untold costs of Rafiq Hariri's New Beirut', p.34. For further information, see: Axel Schimmelpfennig and Edward H. Gardner, *Lebanon—Weathering the Perfect Storm*, (Washington DC: IMF Working Paper for the Middle East and Central Asia Department, 2008), p.19; Gebara, *Reconstruction Survey: The Political Economy of Corruption in Post-War Lebanon*, p.16.

⁵⁷³ Before his assassination, *Forbes Magazine* regularly ranked the Hariri family amongst the world's wealthiest families (108 in 2004, 83 in 2003, 87 in 2002, and 146 in 2001). According to *Forbes Magazine*, Hariri's net worth increased from US\$2.5 billion in 1996 to US\$4.3 billion in 2004. For further statistics on Rafik Hariri's net worth, see 'Rafik Al-Hariri & family' in *Forbes Magazine*. Available at: <http://www.forbes.com/finance/lists/10/2004/LIR.jhtml?uniqueId=SKVY> (Accessed on 05 February 2012). See also in 'Notes and References' in: Becherer, 'A matter of life and debt: the untold costs of Rafiq Hariri's New Beirut', p.34.

⁵⁷⁴ See: Atallah, 'The Northern Sector: Projects and Plans at Sea', pp.202-215. See also: Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, pp.501-558.

order to gain a share of the rents which they could direct towards their Shiite supporters in the area.⁵⁷⁵

iii. Expenditures on corruption and patron-client exchanges to capture rents

The second step towards understanding how the Solidere project contributed towards increasing the public debt, is by addressing government expenditures on corruption and patron-client exchanges to capture rents.⁵⁷⁶ Of course, such expenditures were not limited to the CDR when dealing with reconstruction matters in Downtown Beirut, the northern littoral (Nahr el-Mott) and southern suburbs: welfare-related agencies, most significant of which were the Council for South Lebanon and the Ministry of the Displaced, expended public resources on these two processes as well.⁵⁷⁷ The welfare-related agencies mentioned here are analysed in terms of rent-creation and -extraction, but this does not mean that the provision of welfare is a 'rent'. It is the wastage and political use of state welfare as a patronage instrument that constitutes the rent element.⁵⁷⁸

⁵⁷⁵ See: Harb el-Kak, 'Transforming the Site of Dereliction into the Urban Culture of Modernity: Beirut's Southern Suburb and Elisar Project', pp.173-181.

⁵⁷⁶ As mentioned in Chapter 1, it is important to mention corruption and clientelism because in post-civil war Lebanon, there is a high level of expenditure on these two processes. This point is derived from Hutchcroft in his study of the Philippines. See: Hutchcroft, 'Obstructive corruption: The Politics of Privilege in the Philippines', pp.207-247.

⁵⁷⁷ The exact level of expenditure by these agencies is hard to come by because they are excluded from the regular government budget – just as the CDR is. See: Said Hitti, Kemal Shehadi, and Rana Houry, *A Framework for Reducing the Lebanese Budget Deficit*, (Beirut: Lebanese Centre for Policy Studies, 1998), p.24.

⁵⁷⁸ The political use of state welfare is most visibly demonstrated in the Council for South Lebanon and the Ministry for the Displaced. The former was controlled by Nabih Berri, the latter by Walid Junblatt. The Council for South Lebanon, for example, carried out reconstruction projects in South Lebanon and was, therefore, a convenient instrument for Berri to channel patronage to his Shiite supporters; the majority of whom were in the south. But patronage appears to have been more important than efficiency and, therefore, the council's efforts at rehabilitating infrastructure in South Lebanon were slow. The Ministry of the Displaced was established in the early 1990s to support an estimated 500,000 people who were displaced by events during the civil war (an estimated 75% of them living in poverty). After Junblatt lost control of the ministry, he was accused of systematic waste and paying 'political money'. This information was taken from: Baumann, *Citizen Hariri and Neoliberal Politics in Post-War Lebanon*, pp.116-117.

Though Hariri was the prime minister, and in a position to control all the key institutions concerned with reconstruction matters in Beirut, this did not guarantee that there would not be any ‘spoilers’ along the way. If he wanted to maintain his mechanisms of rent-creation and -extraction, he had to ensure that his rivals constantly ‘got what they wanted’. Hariri negotiated with properties, shares and positions in Solidere, Linord and Elyssar. He also distributed public (and private) resources to them. These resources reached their intended recipient, either as cash bribes, or as patronage money. According to Harvey, this is what Reagan and Thatcher did: “once the state apparatus made the neo-liberal turn it could use its powers of persuasion, co-optation, bribery, and threat to maintain the climate of consent necessary to perpetuate its power.”⁵⁷⁹ All in all, the expenditure of public resources on corruption and clientelism – both in matters related to the reconstruction process and the welfare-related agencies – contributed towards increasing the public debt. But it raises the following question: who exactly did Hariri distribute *public* resources to, and why?

Before answering this question, we must begin by identifying those individuals and groups that opposed the Solidere project. In less than a year since its establishment, Solidere had generated a staunch opposition against it. Of course, it is misleading to simply say ‘the opposition’. While sometimes joined in their efforts and advertising campaigns, the opposition was by no means a unified block, and was instead, split into four distinct groupings: firstly, the former landowners and tenants, who objected to the existence of a company that appropriated private land; secondly, the displaced/refugees who were squatting in the abandoned buildings; thirdly, the intellectuals and professionals, who objected on purely aesthetic, environmental, or intellectual grounds or those of historical precedent; and finally, the Christian and Muslim foundations, which maintained a symbolic representation of their religions in the city centre through the mosques and church buildings, and which could hardly be ignored in the reconstruction process because they could rely on strong socio-political support.⁵⁸⁰ Since becoming prime minister, and after appointing technocratic allies and friends to all the key

⁵⁷⁹ See: Harvey, *A Brief History of Neoliberalism*, p.40.

⁵⁸⁰ Further opponents included heritage activists who wanted to protect archaeological discoveries and historical monuments. Details on this group will be provided in Chapter 7.

institutions concerned with reconstruction, one finds high levels of public and private resources being distributed by Hariri to undermine the efforts of these groups. Of course, expenditures on these two processes are not unique to Lebanon.⁵⁸¹

With regards to the former landowners and tenants, Hariri used cash incentives, but he also distributed properties, shares and positions in Solidere to the most powerful figures in this group. Most significantly, he offered Maher Daouk membership of the board of directors of Solidere.⁵⁸² Maher Daouk came from a well-known Sunni-Beiruti family with significant properties in the city centre (see Chapter 4). Importantly, he was the cousin of Omar Daouk, who headed the Association of Owners of Rights in the Beirut Central District (one of the many committees of landowners and tenants that banded together to prevent the reconstruction project from taking place). Hariri then used Maher Daouk to create a ‘counter-committee’ that would hinder the work of the mainstream opposition committees.⁵⁸³ This was a heavily symbolic gesture, as Hariri sought to delegitimise his opponents. Besides Maher Daouk, Hariri also managed to ‘co-opt’ some large property owners with political influence as well. One example was businessman and politician Michel el-Murr. Initially, el-Murr was opposed to Solidere’s planned expropriation of his Murr Tower (see Figure 53) – a half-completed office tower sitting on the fringes of the Solidere area.⁵⁸⁴ But in 1994, he agreed to sell his property in exchange for US\$12 million worth of Solidere shares. Hariri later paid him another US\$3 million in cash.⁵⁸⁵ El-Murr was also allowed to stay as Deputy Prime Minister in Hariri’s 1995 cabinet line-up.⁵⁸⁶ A similar situation happened with Tammam Salam, who was the head of the Maqasid Foundation, and a major landowner in the city centre. In this regard,

⁵⁸¹ This point is made clear by Paul Hutchcroft’s analysis of the Philippines. See: Hutchcroft, ‘Obstructive corruption: The Politics of Privilege in the Philippines’, pp.207-247.

⁵⁸² Maher Daouk has been a member of Solidere’s Board of Directors since May 1994. See Solidere’s Board of Directors webpage: <http://www.solidere.com/corporate/about/board-directors> (Accessed on 20 August 2013).

⁵⁸³ Much of this information is according to: Schmid, ‘The Reconstruction of Downtown Beirut in the Context of Political Geography’, p.240.

⁵⁸⁴ See: Becherer, ‘A matter of life and debt: the untold costs of Rafiq Hariri’s New Beirut’, p.17

⁵⁸⁵ See: Peter Speetjens, ‘Beirut’s sore thumb is 30’, *The Executive*, 01 June 2004.

⁵⁸⁶ Being awarded a position in Hariri’s government was important for el-Murr because he used this post to further his political and economic interests. El-Murr was said to have used the interior ministry’s control over construction permits for economic gain and as a patronage instrument. He was also said to use his position to protect his quarries both from competition and from environmental regulation. See: Ziad K. Abdelnour, ‘Dossier: Michel and Elias Murr’, *Middle East Intelligence Bulletin*, 5(6), (2003).



Figure 53 – An image of Murr Tower (Arabic: *Burj el-Murr*). It is a 35-storey unfinished tower situated in the south-western corner of the Solidere area. Photo taken by author.

Salam eventually acquiesced when a seat on the company's board was created and awarded to Sami Nahas as a 'representative of the Maqasid Foundation'.⁵⁸⁷ And finally, Hariri managed to gain the support of veteran journalist and politician Ghassan Tuwayni. Like el-Murr and Salam, he and his family were major landowners in the downtown area. As chief-in-editor of *An-Nahar* (one of Lebanon's leading Arabic newspapers), Tuwayni used his position in his family's newspaper to campaign against the Solidere project.⁵⁸⁸ However, this campaign came to an end as soon as Hariri offered Tuwayni a plot of land next to Martyrs' Square to build a new headquarters for *An-Nahar* (see Figure 54).⁵⁸⁹



Figure 54 – An image of *An-Nahar*'s new headquarters. It is situated in the north-western corner of Martyrs's Square. Photo taken by author.

⁵⁸⁷ See: Solidere, *Information Memorandum*, p.37.

⁵⁸⁸ In the early 1990s, for example, we find that *An-Nahar* used to report very critically against Solidere, and question the illegal demolitions in the city centre. This is evidently displayed in the newspaper's archives.

⁵⁸⁹ Although this is denied by *An-Nahar*, this view appears to be repeated by many people interviewed in Beirut, such as Giorgio Tarraf, Habib Battah and Mohammed Zbib.

This co-optation tactic was not only used on the former landowners. It was also used on many of the intellectuals and professionals that opposed Solidere as well. One example was Oussama Kabbani (mentioned in Chapter 5). In 1992, Kabbani was invited by Oxford University's Centre for Lebanese Studies (CLS) to give a presentation at a conference in London on the reconstruction of Beirut. By September of 1992, with the support of CLS, he compiled his criticisms of the Eddeh Master Plan and published a small book entitled *Prospects for Lebanon: The Reconstruction of Beirut*.⁵⁹⁰ Later that year, Solidere hired Kabbani to review the master plan for its reconstruction project. In 1994, he became the manager of the town planning department, and in 1997, he became the head of the urban management department at Solidere.⁵⁹¹ More significantly, Kabbani became a member of Solidere's Board of Directors in July of 2012.⁵⁹² Another example is Jad Tabet (also mentioned in Chapter 5), who had originally criticised the initial master plan, only to later become the leading planner for the reconstruction of the *aswaq* in Downtown Beirut.⁵⁹³ Interestingly though, Tabet stresses that his opposition to Solidere did not 'waver' like that of Kabbani (and others). In this context, he rejects the suggestion that he was co-opted by Hariri and Solidere. Rather, he explains his recruitment as coming at a time when he sensed the opposition movement was already defeated, and therefore, describes his acceptance of the job offer as a last-ditch attempt to change the master plan from 'within the company'. According to Tabet, his long-time friend Assem Salam had encouraged him to accept the job offer as well. When Tabet realised his limits in influencing the decision-making process within the company, he chose to quit.⁵⁹⁴

Then there were the '*Awqaf*': in other words, the 'charitable religious endowments' which refused to relinquish their property interests in the downtown area. Because the *Awqaf* had the power to mobilise their followers against the Solidere project, Hariri made

⁵⁹⁰ See: Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*.

⁵⁹¹ This is according to the biographical note in: Sarkis and Rowe, *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, p.299.

⁵⁹² See Solidere's Board of Directors webpage: <http://www.solidere.com/corporate/about/board-directors> (Accessed 20 August 2013).

⁵⁹³ The original criticism was contained in Jad Tabet's work. For example, see: Tabet, 'Towards a Master Plan for *Post-War* Lebanon', pp.81-100. Tabet's move to Solidere to help in the *aswaq* project is mentioned in the biographical note in Sarkis and Rowe's book as well. See: Sarkis and Rowe, *Projecting Beirut: Episodes in the Construction and the Reconstruction of the City*, p.301.

⁵⁹⁴ Interview with Jad Tabet held on 28 September 2013 in Paris.

sure to distribute as many shares as possible to close associates who could also represent the interests of each religious community. Some examples of close associates that held shares on behalf of the *Awqaf* include: Fouad El-Khazen as the representative of the Maronite *Waqf*; Raphael Sabbagha as the representative of the Greek Orthodox *Waqf*; Basile Yared as the representative of the Greek Catholic *Waqf*; and Faysal Tabbarah as the representative of the Islamic (Sunni) *Waqf*.⁵⁹⁵ Interestingly, these four people were also amongst the first members to be elected to the company's Board of Directors. Essentially, the way shares were distributed meant that the Solidere project was now surrounded by an intersection of sectarian interests. This therefore requires a re-exploration of Hariri's own sectarianism. Before Solidere was established, the late businessman surrounded himself with advisors and associates based on competence, not confession. The appointments of Siniora, Salameh and el-Shallaq are cases in point. And as mentioned before, this conforms to Wallerstein's observation of 'cadres' that are recruited to ensure the smooth running of companies (or bureaucracies).⁵⁹⁶ Indeed, when analysing the relationships between the above individuals and the former prime minister, we discover that many had a long history of working with Hariri before becoming involved in the Solidere project. To take Yared as an example: before becoming the representative of the Greek Catholic *Waqf*, he served as a board member in Hariri's Banque Méditerranée (since 1985), as well as Hariri's legal advisor.⁵⁹⁷ Therefore, Hariri was able to utilise these advisors later on because they came from different sects.

In terms of *public* resources, the most significant expenditure on corruption and patron-client exchanges came about when Hariri and Solidere had to deal with the 'squatter issue' in Downtown Beirut. The reconstruction process in Downtown Beirut was to undergo a process of 'class segregation' in order to turn it into 'an island for the rich'.⁵⁹⁸ In order to achieve this, however, Hariri needed to evict the displaced citizens

⁵⁹⁵ This information was obtained from Solidere's Information Memorandum. See: Solidere, *Information Memorandum*, p.37. Some details on the numbers of shares these different individuals came to hold can be found in the following article: Wehbe, 'Lebanon Real Estate: Who Owns Solidere?'.

⁵⁹⁶ See: Wallerstein, *World Systems Analysis: An Introduction*, p.40.

⁵⁹⁷ After Hariri's death in 2005, Yared became a legal advisor to the Hariri family more generally, as well as a board member in other companies owned by the Hariri business empire: Interview with Basile Yared held on 25 November 2013 in Paris.

⁵⁹⁸ See Chapter 2.

who had occupied the abandoned buildings in the area (see Figures 55 and 56). As demolition crews went in to bulldoze the area, Solidere began paying squatters to leave. According to Mounir Douaidy (Solidere's General Manager and Financial Director), families elsewhere in the city began arriving in order to benefit from the pay-offs as well.⁵⁹⁹ Some were genuine refugees from South Lebanon, while others were simply squatters. A 1991 Solidere survey of the population in Downtown Beirut initially showed that there were only 2,500 illegal families. In a 1993 count, the number had soared to 4,500.⁶⁰⁰ According to Douaidy, the final count said that there were as many as 20,000 refugee families that received compensation.⁶⁰¹ The Solidere pay-off scale was fixed at US\$8,000 to US\$12,000 per family. But considering the hardship some of these families endured, some were demanding higher payments. In this regard, it is alleged that some families were paid as much as US\$100,000 before they agreed to leave.⁶⁰² Since most of the families squatting in the area were Shiites from Israeli-occupied South Lebanon, their patrons, Amal and Hezbollah, were quick to defend their interests.⁶⁰³ In this context, Douaidy claims that the two parties were responsible for driving in pick-up trucks full of other Shiite families, telling them to settle in quickly in order to receive payments as well.⁶⁰⁴ But with Hariri in public office, both parties saw an opportunity to extract favours as well.⁶⁰⁵ At this point, patronage and corruption began to overlap.⁶⁰⁶

⁵⁹⁹ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

⁶⁰⁰ These figures were obtained from the following article: Marilyn Raschka, 'Changing Lifestyles: Some Squatters in Rags Get Riches From Effort to Rebuild Beirut Area: But others are overlooked by a program that pays thousands to families displaced by construction', *The LA Times*, 18 April 1995.

⁶⁰¹ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

⁶⁰² See: Schmid, 'The Reconstruction of Downtown Beirut in the Context of Political Geography', pp.239-240.

⁶⁰³ See: Aseel Sawalha, "'Healing the Wounds of the War': Placing the War-Displaced in Post-War Beirut', in Jane Schneider and Ida Susser, (Eds.), *Wounded Cities: Destruction and Reconstruction in a Globalised World*, (Oxford: Berg. 2003), pp.289.

⁶⁰⁴ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

⁶⁰⁵ It is worth remembering that this was not the only time both Amal and Hezbollah attempted to extract favours from Prime Minister Hariri. As briefly mentioned in Chapter 5, both parties were in negotiations with Hariri over control of the Elyssar project in the southern suburbs. See: Khayat, *The Elyssar Reconstruction Project*, p.8; Verdeil, *Une ville et ses urbanistes: Beyrouth en reconstruction*, pp.551-601. See also: Harb, 'Urban Governance in Post-War Beirut: Resources, Negotiations, and Contestations in the Elyssar Project', pp.111-133.

⁶⁰⁶ See: John Waterbury, 'Endemic and Planned Corruption in a Monarchical Regime', *World Politics*, 25, (1973), p.537, quoted in Hutchcroft, 'Obstructive corruption: The Politics of Privilege in the Philippines', p.215.



Figure 55 – Abandoned building in Downtown Beirut occupied by displaced citizens after the civil war. Source: Trawi, *Beirut's Memory*; Dhakirat Bayrut; *La Memoire du Beyrouth*, p.170.



Figure 56 – The people in the picture above are displaced persons from the South of Lebanon after the Israeli invasion. Such people took shelter in the buildings that were destroyed early in the war in Downtown Beirut, as well as those buildings that were abandoned. Source: Trawi, *Beirut's Memory*; *Dhakirat Bayrut*; *La Memoire du Beyrouth*, p.248.

As the squatter issue became an instrument for both Amal and Hezbollah to extract favours, Hariri (and his allies and friends) came to the conclusion that they had to deal directly with the two parties. According to Jean-Paul Lebas (mentioned briefly in Chapter 5), Solidere engineered a 'political premium' to ensure the two parties' support for the reconstruction process in Downtown Beirut. This political premium would involve Solidere paying Amal and Hezbollah huge sums of money, and in turn, Amal and Hezbollah would distribute the money 'as they saw fit'.⁶⁰⁷ According to most estimates, the two parties were paid US\$250 million to ensure their compliance and support for the Solidere project.⁶⁰⁸ Lebas, however, believes that it was much higher than that.⁶⁰⁹ It is not

⁶⁰⁷ Interview with Jean-Paul Lebas held on 15 November 2013 in Paris.

⁶⁰⁸ This figure is according to: Ohrstrom, "Solidere: 'Vigilantism under color of law'".

entirely clear where this money came from, but according to Leenders, it appears that the state was compensating Solidere for all that it was spending on the ‘squatter issue’. He argues that the company’s finance department had included the costs incurred by the eviction of squatters from Downtown Beirut (estimated at around US\$250 million) in its calculation of total expenses relating to ‘infrastructure works’.⁶¹⁰ Combined with all other incidents of public resources being spent in favour of ‘private contractors overarching the state’, Leenders estimates that up to 20 percent of the nearly US\$6,595 million – in other words, around US\$1,319 million – spent by the CDR between 1992 and 2003 was ‘wasted’.⁶¹¹ Other analysts have offered higher estimates: Yahya Hakim (Managing Director of the Lebanese Transparency Association), claims that this wastage could have been as high as 70 percent.⁶¹²

On 15th February 1996, 15 members of the Ayyad family were killed – and another 8 were wounded – when a Solidere crew demolished the building they were squatting in. Despite being enough to cause a public uproar against the private company, the incident was followed by little media attention and outcry.⁶¹³ The lack of public concern, therefore, suggests that Solidere had successfully ‘bought-out’ the displaced Shiites and their political backers.

II. How did Solidere contribute towards reproducing sectarian divisions?

The second consequence of the Solidere project is that it contributed towards reproducing sectarian divisions in Lebanese politics and society. Sectarian divisions date

⁶⁰⁹ Interview with Jean-Paul Lebas held on 15 November 2013 in Paris.

⁶¹⁰ For a breakdown of the figures, see: Leenders, ‘Public Means to Private Ends: State Building and Power in Post-war Lebanon’, p.314. Alongside this, Kathrin Höckel makes a shocking revelation that while the total costs covering the infrastructure works in Downtown Beirut were declared to be \$50 billion, the actual costs of infrastructure works are estimated to have been no more than \$5 billion. See: Kathrin Höckel, ‘Beyond Beirut: Why Reconstruction in Lebanon did not Contribute to State-making and Stability’, *Crisis States Research Centre*, 4, (2007), p.7.

⁶¹¹ See: Reinoud Leenders, ‘In Search of the State: The Politics of Corruption in Post-War Lebanon’, *unpublished essay*, (2004), p.16.

⁶¹² Interview with Yahya Hakim held on 03 August 2012 in Beirut.

⁶¹³ See: Wakim, *Al-Ayadi al-Sud*, pp.154-155. See also: Ussama Makdisi, ‘The Modernity of Sectarianism in Lebanon: Reconstructing the Nation-State’, *Middle East Report*, 200, (1996), p.23.

back to the civil war period, when Lebanon was associated with intractable political conflict, kidnappings, and terrorism. After Ta'if, sectarian rivalries played out in relative harmony because Syrian hegemony (under Hafez al-Assad) mandated cordial relations and compromise between Lebanon's elite. This changed after 1998, when the concord within Lebanon's elite cartel gradually broke down. This breakdown was driven by intensifying intra-elite competition, fuelled by the rise of Bashar al-Assad (Hafez's son). The development of a Saudi-Syrian and US-Syrian rift gave intra-elite competition over the country and its economy a new edge. Syrian hegemony in Lebanon was initially based on a Saudi-Syrian understanding, which itself depended on a US-Syrian rapprochement dating back to the late 1980s. All this started to fall apart in 2000, when the Bush administration began to pursue a neo-conservative project to 'remake' the Middle East.⁶¹⁴ The shift in US strategy created a rift between Washington and Damascus which, in turn, created rising tensions between Lebanon's elite. In this regard, it provides the background for understanding Solidere's role in reproducing sectarian divisions.

i. Elite rivalries and the anti-corruption campaign against Hariri

Throughout the early 1990s, political rivalries between Hariri and others members of the elite were played out in relative harmony. This was because Syrian hegemony, under Hafez al-Assad, mandated cordial relations and compromise between Lebanon's elite.⁶¹⁵ However, this co-existence turned sour with the election of the then Lebanese Army Commander Emile Lahoud to the presidency in late 1998. Upon his election, Lahoud replaced Hariri with Salim el-Hoss. Importantly, Lahoud and el-Hoss followed a Shihabist tradition, and therefore, shared a determination to stamp out corruption from Lebanese politics. The anti-corruption campaign launched by the two figures led to rising

⁶¹⁴ The turning point that created the US-Syrian rift was a shift in US hegemonic strategy from 'neoliberalism, which relied on the economic dominance of the country's capitalist class, to a 'new imperialism', which was more directly militaristic. The two strategies of domination had always been coupled together in US strategy. However, the events of 9/11 represented a decisive shift of emphasis towards the latter. See: David Harvey, *The New Imperialism*, (Oxford: Oxford University Press, 2003), p.27.

⁶¹⁵ For a nuanced account on Syria's role in Lebanon, see: Rola el-Husseini, *Pax Syriana: Elite Politics in Postwar Lebanon*, (Syracuse, NY: Syracuse University Press, 2012).

elite tensions; particularly, between them and Hariri. The intra-elite competition that ensued later culminated in the assassination of Hariri in early 2005.

To understand the depth and breadth of the conflict that was emerging, it is worth delving into Syria's growing involvement in Lebanese politics first. As mentioned in Chapter 5, Hariri had developed close relations with Syrian Vice President Khaddam and with Syrian Army chief of staff Hikmat Shehabi (two of the most senior Sunnis in the Alawite-dominated regime). Khaddam, in particular, was the main architect of Syria's hegemony over Lebanon, being in charge of Syria's 'Lebanon file' at the time.⁶¹⁶ Unsurprisingly, Khaddam and Shehabi (and others in the Syrian regime) stood to benefit richly from their dealings with Hariri.⁶¹⁷ According to Nicholas Blanford, Hariri's wealth was the 'glue' that 'bound the group together'.⁶¹⁸ However, the relationship Hariri shared with these figures – and Khaddam, in particular – put him at odds with the 'Assad children', which revolved around Basil al-Assad until his death.⁶¹⁹ These Syrian figures were in a dispute with the Assad children over the issue of succession.⁶²⁰ The dispute can be described in generational and confessional terms, pitting the younger, mainly Alawite, generation against the older, mainly Sunni, contemporaries of Hafez al-Assad.⁶²¹ Since the latter clique was closely connected to Hariri, Basil found it difficult not to link Hariri with Khaddam (and others) in a possible conspiracy against his presidential ambitions.

Undoubtedly, Basil's distrust of Hariri put Solidere, which was Hariri's brainchild, in the line of fire as well. Throughout the 1990s, Hariri was always reluctant to deal with him when it came to discussing the reconstruction of Downtown Beirut, believing,

⁶¹⁶ See Chapter 5.

⁶¹⁷ See: Gambill and Abdelnour, 'Dossier: Rafiq Hariri'.

⁶¹⁸ See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.55.

⁶¹⁹ For a good biographical account of the Assad family, see: Chapter 2 – 'The Asads of Syria', in David W. Lesch, *The New Lion of Damascus: Bashar al-Assad and Modern Syria*, (New Haven, Yale University Press, 2005), pp.5-19.

⁶²⁰ After the death of Basil, Hafez made a number of decisions to strengthen the status of his second son, Bashar al-Assad. See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.55.

⁶²¹ While Khaddam and Shihabi were two of the most powerful Sunni figures in Damascus, some Alawites – such as Brigadier General and head of Syrian military intelligence in Lebanon Ghazi Kanaan – endorsed the misgivings of his Sunni counterparts. See: *ibid*.

somewhat naïvely, that all he needed was to maintain contacts with Basil's father. However, Hariri did meet Basil once when promoting the Solidere project. According to Hariri's former aide, Nohad Mashnouq, it was an 'uncomfortable encounter'. During the meeting, Basil made it clear that he opposed the Solidere project.⁶²² Thus, the way in which Basil viewed the reconstruction of Downtown Beirut is quite revealing about the way in which Damascus would treat the Solidere project when his brother, Bashar, became president in 2000. Guided by the same distrust of Hariri that Basil had, Bashar decided to support the candidacy of Lahoud to the Lebanese presidency. It is worth noting that Lahoud fits into the category of military and security officials. But, he carried a 'neo-Shihibist' vision as well: just as former President Fuad Shihab had sought to rein in the power of the *zu'ama* (see Chapter 4), Lahoud also sought to rein in what he regarded as the 'corruption' of Lebanon's post-civil war elite.⁶²³ In his inaugural address on the 24th of November 1998, Lahoud vowed to adhere to the 'rule of law' and pledged to clamp down on corruption; a thinly veiled attack on Hariri and his protégés:

“The people want an administration that will be strictly supervised, characterised by honesty and expertise, run by officials whose immunity is derived by their professional performance, not from political or sectarian protection. They want an administration from which they can obtain services by paying taxes, not by bribery as well as taxes.”⁶²⁴

Importantly, Lahoud's anti-corruption campaign mirrored that of Bashar in Syria. After the death of his brother, Basil, in 1994, Bashar was given new responsibilities. One of these was managing a campaign against corruption.⁶²⁵ It is because of this that Nicholas Blanford – Rafiq Hariri's biographer – makes the suggestion that the future Syrian leader was the muscle behind Lebanon's newly elected president.⁶²⁶

⁶²² For details on the encounter, see: *ibid*, p.56.

⁶²³ It is worth noting that Lahoud's opposition to Hariri stems from the latter's neoliberal drive, which would have led to cuts in military expenditures. In one incident, Hariri and Siniora (his Finance Minister) complained about the increasingly generous expenditure being provided to the military leadership. For details, see: EIU, *Country Report: Lebanon*, 4th Quarter 1994, p.12.

⁶²⁴ See: MEED, 11 December 1998, p.2, quoted in Michael Johnson, *All Honourable Men: The Social Origins of War in Lebanon*, (London: I.B.Tauris, 2001), p.247.

⁶²⁵ See: Lesch, *The New Lion of Damascus: Bashar al-Asad and Modern Syria*, pp.62-65.

⁶²⁶ See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.70.

Upon becoming president, Lahoud replaced Hariri with Salim el-Hoss; a highly-respected member of parliament representing Beirut. As a former banker, el-Hoss was what Michael Johnson describes as ‘a technocrat in a Shihabist mould’.⁶²⁷ He established a political reputation when he first served as prime minister (1976-80) during the presidential regime of Elias Sarkis; he was also the man who ran Fuad Shihab’s presidential office in the 1960s, and later, the governor of the central bank from 1967 to 1973 (see Chapter 4). In light of this past working history, it seemed appropriate to Lahoud that el-Hoss be appointed prime minister to a president, who like Shihab, had previously been the army commander. In place of Hariri’s cabinet, el-Hoss formed a government of 15 technocrats.⁶²⁸ Amongst them was Georges Corm; an economist who had long been opposed to Hariri’s economic policies.⁶²⁹ With Corm at his side, el-Hoss opened several corruption files against Hariri and his protégés. It was no surprise, therefore, that all those institutions which were personally controlled by Hariri and his technocratic allies and friends became the target of these investigations.⁶³⁰ This was particularly the case with the CDR. The agency’s president, Nabil el-Jisr, was removed and replaced with Mahmoud Othman (viewed as being close to Lahoud).⁶³¹ In turn, el-Jisr stood accused of ‘administrative irregularities and corruption’. It all began when lawyer and human-rights activist Mohammed Mughraby accused the CDR of squandering public money – on Solidere’s behalf – to bribe the judges who assessed the value of Downtown Beirut properties.⁶³² Mughraby also pointed out that these payments continued until January 1999, when el-Jisr left office. At a news conference at the Alexandre Hotel in the Ashrafiyeh neighbourhood of Beirut, Mughraby explained that

⁶²⁷ See: Johnson, *All Honourable Men: The Social Origins of War in Lebanon*, p.247.

⁶²⁸ See: *ibid.*

⁶²⁹ This was demonstrated in the previous section, when Corm criticised Hariri for his government’s over-borrowing policy.

⁶³⁰ See: EIU, *Country Report: Lebanon*, 1st Quarter 1999, p.19. See also: David Walsh, ‘Public prosecutor to question Siniora’, *The Daily Star*, 04 February 1999; David Walsh, ‘Siniora testifies in Solidere case’, *The Daily Star*, 13 February 1999; Zeina Abu Rizk and Nafez Kawas, ‘Cabinet sets its sights on Hariri’, *The Daily Star*, 01 April 1999; David Walsh, ‘Hariri may face questioning’, *The Daily Star*, 15 April 1999.

⁶³¹ Othman’s close relationship to Lahoud is made clear in: Leenders, *Spoils of Truce: Corruption and State-Building in Postwar Lebanon*, p.212.

⁶³² In particular, seven judges were accused of accepting payments since 1993, each pocketing over \$350,000 in less than five years (a sum many times larger than judges’ salaries, which was at a mere \$500 per month), according to Mughraby. The judges named were Mouheib Maamari, Shukri Sader, Hussein Zein, Suheil Abdul-Samad, Khodr Zanhour, Saird Mirza and Joseph Qazzi. See: Zayan Khalil, ‘Angry Property Owners Accuse Solidere of Bribing Judges’, *The Daily Star*, 15 October 1999.

none of these payments were listed in the CDR's budget, which therefore means that they were not 'salary payments', but rather, 'bribes'. Mughraby also claimed that Hariri went as far as paying el-Jisr 'additional salaries' from his own pocket so that the CDR would pay off the judges.⁶³³ If true, then it would verify the suspicions of many former landowners and tenants who believed that previous court proceedings were refused or delayed because Hariri and his protégés were using corrupt practices to influence the judicial system during his term in office.⁶³⁴

At this point, some words are needed on the rest of the elites. Because of his close ties with King Saud al-Faysal of Saudi Arabia – and French President Jacques Chirac (as well as some basic US support) – many within the political class were cultivating close relations with Bashar al-Assad over the years.⁶³⁵ Because some of these elites were bitter rivals of Hariri, Bashar was able to secure them a spot in the el-Hoss government. Most notably, this included representatives of Nabih Berri's Amal Party – such as Michel Mousa, Anwar Khalil and Ghazi Zeaiter. In spite of being given rents by Hariri, many of these elite figures were reluctant to support him in the face of Lahoud's anti-corruption campaign: Hariri's neoliberal agenda – involving the neoliberal restructuring of the Lebanese state and economy – threatened the service ministries and state-controlled enterprises that they used as patronage resources.⁶³⁶ Instead, they chose to jump onto the 'bandwagon' against Hariri.

ii. The repercussions of the anti-corruption campaign against Hariri

To understand why Hariri gradually embraced the role of a sectarian leader, we must begin by explaining the repercussions that this (Shihabist-inspired) anti-corruption campaign had on Hariri's ability to continue extracting rents. The most obvious

⁶³³ See: *ibid.*

⁶³⁴ The Doumani family tried to challenge Solidere in the judicial courts on countless occasions. However, their appeals were either completely 'refused' or 'delayed' for years. This is according to an interview with Mounir Doumani held on 27 July 2012 in Beirut.

⁶³⁵ For details, see: Nizameddin, 'The Political Economy of Lebanon under Rafiq Hariri', pp.95-114.

⁶³⁶ Some details on this point were given in Chapter 3.

consequence of the anti-corruption campaign was that it led to the removal of many of Hariri's technocratic allies and friends from their positions; most significant of which – as demonstrated above – was the removal and replacement of el-Jisr with Mahmoud Othman. In turn, Hariri's loss of control of these key institutions led to the collapse of Solidere profits. This therefore goes to show the importance of Hariri's protégés for rent-creation and -extraction through such institutions.

In a matter of months, the crackdown on corruption went beyond the CDR's offices to include many senior political figures in the former government. This began with the arrest of former Oil Minister (and close political ally of Hariri) Shahe Barsoumian on the 5th of March 1999. Barsoumian was accused of misappropriating state funds during his tenure as minister in the previous government. The detention of Barsoumian was significant because it raised questions about whether corruption inquiries would stretch to other officials as well.⁶³⁷ Minister of Defence Ghazi Zeaiter (who, as mentioned earlier, was a member of Berri's Amal Party), hailed the arrest of Barsoumian and described the judiciary's move against Hariri's ally, "as a translation of President Emile Lahoud's pledge in his inauguration speech to crack down on corruption."⁶³⁸ Later that month, the Auditing Department released a 157-page report implicating Hariri and three former ministers (including Fouad Siniora) of 'embezzlement and corruption'.⁶³⁹ The Auditing Department report was discussed in al-Hoss's government on the 31st of March 1999 and thereafter referred to the State Prosecutor General Adnan Addoum, who was assigned by the cabinet to examine the report.⁶⁴⁰ It must be noted that it was an investigation into the

⁶³⁷ For details on the arrest of former Oil Minister Barsoumian, see: Zeina Abu Rizk & Youssef Diab, 'Ex-minister held for graft as oil losses hit \$800m', *The Daily Star*, 05 March 1999.

⁶³⁸ Zeina Takieddine, 'Hoss insists Barsoumian charges are not political', *The Daily Star*, 06 March 1999

⁶³⁹ For details on the investigation, see: *The Daily Star*, 'Last government left unpaid bills of \$600m', *The Daily Star*, 13 January 1999; Osama Habib, 'More unpaid invoices land on Corm's desk', *The Daily Star*, 23 February 1999; Zeina Abu Rizk, 'Hoss calls for inquiry into unpaid bills. President urges cooperation to kickstart economic revival', *The Daily Star*, 26 March 1999; Abu Rizk and Kawas, 'Cabinet sets its sights on Hariri'.

⁶⁴⁰ For details, see: *The Daily Star*, 'Last government left unpaid bills of \$600m', *The Daily Star*, 13 January 1999; Osama Habib, 'More unpaid invoices land on Corm's desk', *The Daily Star*, 23 February 1999; Abu Rizk and Kawas, 'Cabinet sets its sights on Hariri'.

payment of US\$50 million to the Italian government for a ‘bogus’ waste incinerator in the Bourj Hammoud district of Beirut and it nearly put Siniora in prison.⁶⁴¹

As corruption cases continued rolling through, the el-Hoss government prepared a drastic overhaul of the Lebanese state in order to regain control from Hariri’s protégés. In this regard, they launched a plan to reorganise the staff of the different state-run bodies. To this end, Law 247 – dated the 7th of August 2000 – was adopted, which led to major staff appointments in most institutions.⁶⁴² In one example, Hariri-loyalist Nicolas Saba was replaced with Yaacoub Sarraf (also considered to be close to Lahoud), as governor of Beirut.⁶⁴³ Following Sarraf’s appointment, Solidere started to feel the pressure. The company complained that the municipality (headed by Sarraf) was preventing it from connecting to the national electricity grid, and that it was obstructing developers seeking building licences for projects in the area.⁶⁴⁴ In this regard, Solidere claimed that some 50 permits (for projects valued at more than US\$500 million) were being delayed by Beirut’s municipal council.⁶⁴⁵ In 1999, Solidere had reported that its profits had fallen by 30%.⁶⁴⁶ But in 2000, the company recorded losses.⁶⁴⁷ To complicate matters further, Solidere got locked into bitter disputes with its nervous investors.⁶⁴⁸ One of the most serious of these was with el-Murr (mentioned in the previous section). With shares prices

⁶⁴¹ For details, on the incinerator that ‘did not exist’, see: *The Daily Star*, ‘Judiciary will probe \$50m spent on bogus incinerator’, *The Daily Star*, 21 April 1999; David Walsh, ‘Siniora joins the list of accused over squandering \$50m funds’, *The Daily Star*, 02 February 2000. One could also see how Hariri and his political allies played an important role delaying the court procedures against Siniora in order to prevent him from getting arrested. See: Zeina Abu Rizk, ‘Hariri steps into the fray to save Siniora’s skin’, *The Daily Star*, 08 February 2000.

⁶⁴² See: Leenders, *Spoils of Truce: Corruption and State-Building in Postwar Lebanon*, p.212.

⁶⁴³ Like el-Jisr, Saba was subjected to corruption investigations. Importantly, he was jailed for nine weeks for allowing private construction on government property. Zeina Abu Rizk, ‘Reform ‘Defeated’ by National Unity”, *The Daily Star*, 15 January 2000.

⁶⁴⁴ See: EIU, *Country Report: Lebanon*, July 2000, p.24.

⁶⁴⁵ See: *ibid*, p.29.

⁶⁴⁶ See: Kirsten Vance, ‘Heart of city misses a beat as HSBC report predicts Solidere profit slump’, *The Daily Star*, 14 September 1999.

⁶⁴⁷ See: Richard Eames, ‘Solidere loses \$2.7m in first half of 2000’, *The Daily Star*, 19 October 2000.

⁶⁴⁸ The Lebanese Bourse got locked into a bitter dispute with Solidere – by far the largest trading stock in the country – over several block trades which the company arranged outside the bourse at a discount from the trading price of its shares at the time. The bourse has said that the trade cannot be recognised, and has threatened to suspend Solidere, although few expect this to happen. EIU, *Country Report: Lebanon*, October 2000, pp.28-29.

falling to an all-time-low, el-Murr demanded the Murr Tower be sold back to him.⁶⁴⁹ Still occupying the post of Interior Minister, el-Murr was believed to have caused the most delays to construction permits in Downtown Beirut – especially as company shareholders kept postponing the vote on whether to allow el-Murr to repurchase the tower.⁶⁵⁰ It must be stressed that one of the greatest perks of the Interior Ministry in Lebanon is that it is empowered with the right to issue all construction permits in the country.⁶⁵¹

When Lahoud came to power with his anti-corruption campaign, there was considerable public support for him. This was because many people had turned against the corrupt and repressive governments of Hariri. But it did not take long for people to turn against the el-Hoss government as well. One reason for this was the government's poor performance in managing the economy: the country continued to witness an increasing public debt and a deepening economic recession during this period.⁶⁵² But the other, more upsetting, reason was the fact that the government failed to crack down on *other* incidents of corruption. Corruption did not just involve Hariri and his protégés. It also involved other elites; most particularly, the former militia leaders. Indeed, el-Hoss formed a government of 'technocrats', none of whom had been a 'militia leader' in the past. But a number of corrupt politicians, many of whom owed their positions to connections with the former militia leaders, remained in their positions in other state-run bodies. For example, when the CDR's entire board of directors was replaced, one person who was able to retain his seat on it was Yasser Berri – the brother of former militia leader Nabih Berri. Yasser was initially brought in to the CDR in 1995, when he became a member of the agency's board. By 1997, he was appointed as deputy president of the

⁶⁴⁹ See: EIU, *Country Report: Lebanon*, July 2000, p.29.

⁶⁵⁰ Much of this information was obtained from the following article: Osama Habib, 'Saudi tycoon set to give up on Solidere', *The Daily Star*, 01 July 2000.

⁶⁵¹ Interestingly, the dispute brought el-Murr closer to Lahoud. It is worth noting, as well, that el-Murr had sealed a political tie with Lahoud by this stage. This political tie was brought about through a marriage between their respective children so that both men shared the same grandchildren. This biographical information on el-Murr is taken from: Abdelnour, 'Dossier: Michel and Elias Murr'; Nizameddin, 'The Political Economy of Lebanon Under Rafiq Hariri: An Interpretation', p.100.

⁶⁵² See: Khoury, Colmant and Corhay, 'La dette publique libanaise: Anticipation de défaut de l'Etat libanais sur la dette souveraine en devises étrangères', pp.223-260; Ayoub, Creel and Farvaque, 'Détermination du niveau des prix et finances publiques: le cas du Liban, 1965 – 2005', pp.115-141.

agency.⁶⁵³ In this context, a suggestion was being floated in the media that the anti-corruption campaign reflected ‘vengeful’ feelings towards Hariri and his protégés, rather than an attempt to enforce the law and promote economic recovery.⁶⁵⁴ In addition to that, arguments began to surface that Lahoud himself was a corrupt politician: any business that needed doing merely required connections with a military officer who was close to Lahoud.⁶⁵⁵ With Lebanon’s political system becoming more – or perhaps, more overtly – corrupt, it comes as no surprise that people turned against the el-Hoss government.

As people became disillusioned, it was easy for Hariri to capitalise on the failures of the el-Hoss government and turn the tables back in his favour. In the 2000 parliamentary elections, Hariri and his allies were able to achieve a landslide victory, taking all 19 seats in Beirut and defeating the lists of many of their opponents (including that of el-Hoss).⁶⁵⁶ Being met with an increasingly hostile parliament, Lahoud was therefore forced to reappoint Hariri as premier. Reclaiming the post, he reappointed Siniora as his Finance Minister. Hariri then went on to quash the corruption probes against him and his protégés. Siniora was able to witness first-hand how a change in government caused the Lebanese judiciary to reverse itself overnight and to shelve the mismanagement case against him.⁶⁵⁷ Hariri then sought to bolster his personal grip over the CDR. In January 2002, the CDR’s board of directors was removed (amongst them was Nabih Berri’s brother, Yasser Berri), and its president, Othman, was fired and

⁶⁵³ As demonstrated in Chapter 3, Hariri allowed kickbacks from public spending to enrich all major governmental figures. Parliament Speaker Nabih Berri was one of them. In this regard, Nabih Berri was also able to extort a huge amount of benefits for members of his family. See: Daniel Nassif, ‘Nabih Berri: Lebanese Parliament Speaker’, *Middle East Intelligence Bulletin*, 2(11), (2000).

⁶⁵⁴ The el-Hoss government was accused of targeting Hariri and his ‘supporters’. These accusations were documented throughout local media reports. For examples, see: Zeina Takieddine, ‘Hoss insists Barsoumian charges are not political’, *The Daily Star*, 06 March 1999; Joshua Craze, ‘Hariri probe gets mixed reviews’, *The Daily Star*, 02 April 1999.

⁶⁵⁵ Indeed, it was widely suggested, sometimes blatantly by Druze leader Walid Junblatt, that a middle ranking military officer in Lebanon had more administrative power than a government minister under Lahoud. The suggestion was made repeatedly and widely quoted by Lebanon’s media including television news reports. The earliest noted remark came as early as August 8, 1999, reported by Reuters and quoted in: Gary C. Gambill and Daniel Nassif, ‘Walid Jumblatt: Head of the Progressive Socialist Party (PSP)’, *Middle East Intelligence Bulletin*, 3(5), (2001).

⁶⁵⁶ See: Johnson, *All Honourable Men: The Social Origins of War in Lebanon*, p.248.

⁶⁵⁷ See the following opinion piece regarding how a change in government can cause Lebanon’s judiciary to reverse itself overnight: *The Daily Star*, ‘A crusade for Siniora’, *The Daily Star*, 17 November 2000.

replaced with Jamal Itani – another Hariri protégé.⁶⁵⁸ It is worth remembering that the relationship between Nabih Berri and Rafiq Hariri – as with other relationships – had reached an all-time low during this period because of the repercussions that the neoliberal drive was having on the former's sources of patronage.⁶⁵⁹ In light of this deteriorating relationship between the two leaders, Hariri opted to keep Yasser Berri out of the CDR's board of directors in order to avoid any further obstacles.

At this stage, Hariri worked hard to salvage the two rent-creating and -extracting mechanisms he had built. First with regards to reconstruction itself, Hariri passed a new property ownership law (Law 296 dated 3rd of April 2001), which removed restrictions on non-nationals owning property.⁶⁶⁰ Soon after, Solidere began marketing its properties directly to Gulf Arabs; an opportunity that Hariri enthusiastically advertised in the Gulf media.⁶⁶¹ The company's net profits climbed sharply from US\$1.9 million in 2001 to US\$42 million in 2002.⁶⁶² In this regard, the company explained that land sales had risen by 94% year on year, while rental income strengthened by 32% as a growing number of local *and* foreign offices, restaurants and shops were opening in the increasingly fashionable district.⁶⁶³ With regards to government borrowing, Hariri passed new legislation (Law 295 dated 5th of April 2001), which bolstered the powers of the CDR. Essentially, this law ensured that the CDR was now the 'exclusive conduit of foreign-financed reconstruction projects'.⁶⁶⁴ The following year, Hariri was able to secure a US\$1.2 billion loan for projects at the Paris II Donors Conference.⁶⁶⁵ Undoubtedly, this

⁶⁵⁸ See: EIU, *Country Report: Lebanon*, January 2002, p.13. See also: Leenders, *Spoils of Truce: Corruption and State-Building in Postwar Lebanon*, p.212.

⁶⁵⁹ The deterioration in the relationship between the two figures reached an all-time low over the latter's government fiscal adjustment programme. Despite committing himself in early 2001 to backing the government's fiscal adjustment programme, Berri later rejected spending cuts because they were impacting on his own Shiite constituency (which is also one of the poorest in the country). The impact became more apparent when Berri began losing support within the community to his better financed and politically more attractive rival, Hezbollah. For further details, see: EIU, *Country Report: Lebanon*, January 2002, p.7.

⁶⁶⁰ See: EIU, *Country Report: Lebanon*, April 2001, p.26.

⁶⁶¹ See Rafiq Hariri's interview to the Saudi newspaper Al-Jazirah, 20th April 2001. Available at: <http://www.rhariri.com/news.aspx?ID=63&Category=Interviews> (Accessed 27 August 2013).

⁶⁶² See: EIU, *Country Report: Lebanon*, July 2003, p.25.

⁶⁶³ See: *ibid*.

⁶⁶⁴ See: EIU, *Country Report: Lebanon*, April 2001, p.25. This law is also mentioned in: Leenders, *Spoils of Truce: Corruption and State-Building in Postwar Lebanon*, p.212.

⁶⁶⁵ Although this increase in debt was significant, it was not growing substantially faster than over the same period of 2002. See: EIU, *Country Report: Lebanon*, December 2002, p.2.

conference benefited Hariri's banks: one year later, the government's foreign debt grew by US\$2.7 billion.⁶⁶⁶

iii. Hariri's transformation into a sectarian leader and its reflection in the image of the Solidere project

The repercussions of Lahoud's anti-corruption campaign are important to consider in the analysis because they led to heightened competition between Lebanon's fractious elites. In light of this competition, we find Hariri embracing the role of a sectarian leader and turning into a specifically 'Sunni leader' towards the end of the 1990s. Hariri's transformation into a sectarian leader was reflected in the Solidere project as well: the reconstruction process transformed from one that used to be described as a 'national project', to one that became more closely identified with the Sunni community, which Hariri belonged to. Importantly, this turn towards sectarian populism should be seen as part of Hariri's struggle to salvage the rent-creating and -extracting processes he had built around the Solidere project, as well as to expand the neoliberal economic project he was driving in the country.

The political biography of Rafiq Hariri addresses the question about whether Hariri was a sectarian leader. As demonstrated in Chapter 5, during the 1980s Hariri did not endorse a sectarian discourse much. He had played an instrumental role in organising the Ta'if Peace Accords of 1989 and had styled himself as an outsider with a 'clean' background compared to the many militia leaders who were tainted by sectarian violence. Even when Hariri first became prime minister, he claimed to be a 'national leader', surrounding himself with advisors from all different sects. His legal advisor Basile Yared, for example, was a Greek Catholic. However, there were many expectations within the Sunni community that he would 'represent' and 'defend' their interests. After all, the prime minister's post is the leading political representative of the Sunni community. From 1996 onwards, Hariri abandoned claims to 'national leadership' and slowly styled

⁶⁶⁶ See: EIU, *Country Report: Lebanon*, January 2004, p.28.

himself as a specifically Sunni leader. In December 1996, Hariri supported the election of Sheikh Mohammed Rashid Kabbani as ‘Mufti of the Lebanese Republic’ and head of Dar al-Fatwa.⁶⁶⁷ By 1999, Hariri had started building health centres and schools in Sunni neighbourhoods of Beirut through his Hariri Foundation. In turn, he used his philanthropic contributions as evidence that he, unlike his rival Salim el-Hoss (who was the prime minister at the time), was better equipped to defend Beirut’s Sunni community. By running philanthropic activities in Beirut, however, the Hariri Foundation came into competition with the work of the Maqasid Foundation – the patronage vehicle of the Sunni-Beirut Salam family. Undoubtedly, this affected Hariri’s relationship with Tammam Salam. Salam was first elected to parliament in the 1996 elections on Hariri’s electoral list for Beirut. Not long after Hariri launched his philanthropic activities in Beirut, this alliance ended, and Salam lost his seat in the 2000 elections. Overall, it all goes to show that Hariri embraced a more sectarian discourse over the years; something that he had previously avoided.⁶⁶⁸

Importantly, Hariri’s transformation into a sectarian leader was also reflected in the Solidere project, especially when he became involved in the construction of the Mohammed Al-Amin Mosque (also known as the ‘Hariri mosque’), next to Martyrs’ Square (see Figure 57). Hariri was under pressure from different Sunni sides (particularly Dar al-Fatwa, Lebanon’s main Sunni Foundation) to construct a new mosque on *zawiya Abu Nasr* – a location on the southwestern corner of Martyr’s Square. This was because a mosque here would reassert the Sunni community’s historical presence in the area, in the

⁶⁶⁷ Sheikh Kabbani was a candidate championed by Hariri: he was elected merely hours after an institutional reform – masterminded by advisors close to Hariri – had modified the voting procedure. See: Bernard Rougier, *Le Jihad au quotidien*, (Paris: Presses Universitaires de France, 2004), pp.130-131; Harris, *Faces of Lebanon: Sects, Wars, and Global Extensions*, p.255.

⁶⁶⁸ Much of the information in this paragraph on Hariri’s slow embracement of sectarianism, and his competition with other Sunni leaders in Beirut, is derived from the following article: Baumann, ‘The Ascent of Rafiq Hariri and Sunni Philanthropy’, pp.81-106.

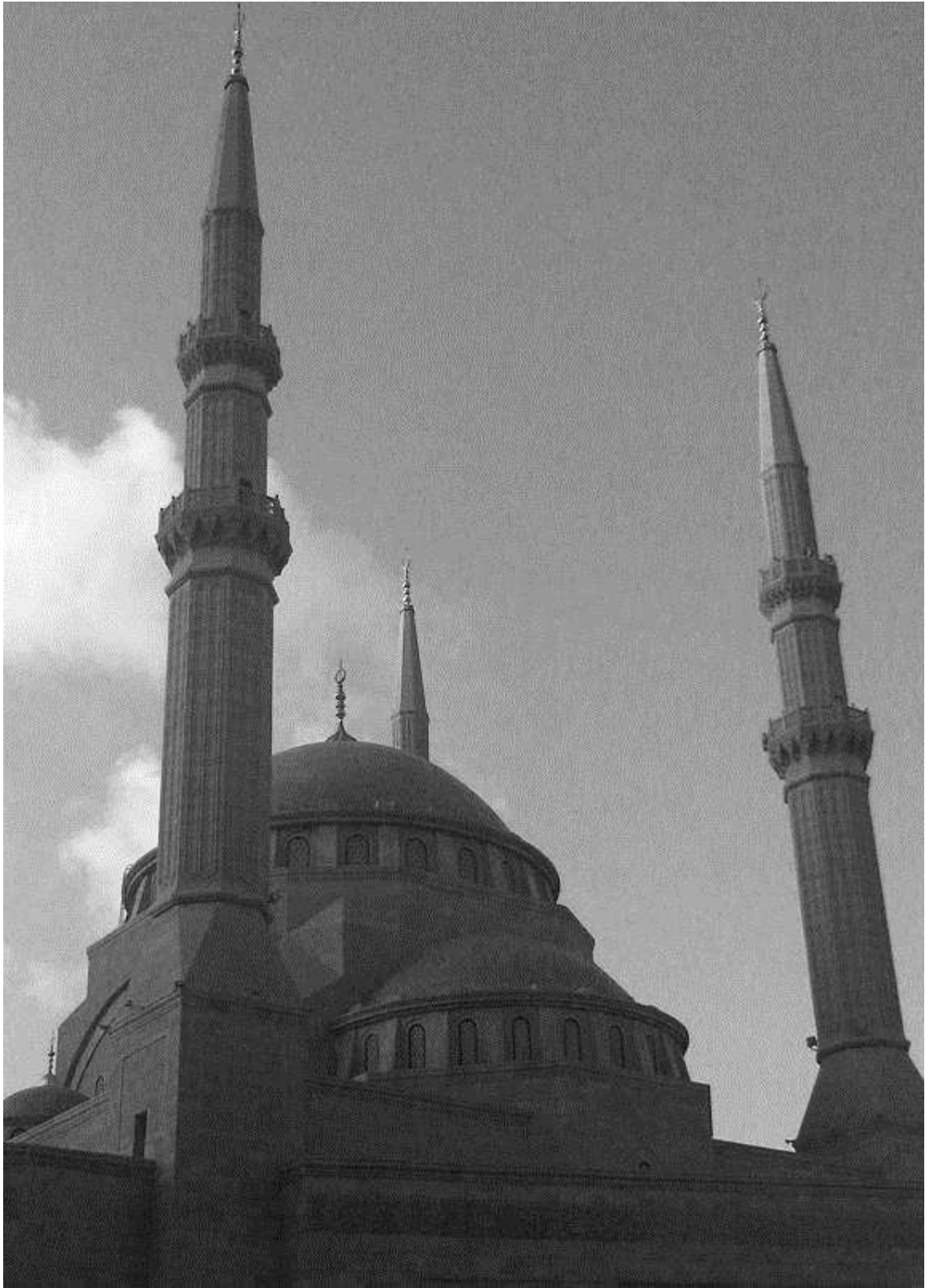


Figure 57 – An image of the Mohammed Al-Amin mosque in Downtown Beirut. Photo taken by author.

city, and hence, the rest of the country.⁶⁶⁹ Hariri initially had no lust for the project, and therefore, disregarded it altogether. In an apparent attempt to target Hariri within his own constituency, President Lahoud reportedly invited Al-Walid bin Talal (a Saudi prince and one of the richest men in the world) to participate in financing the construction of the mosque. In 2001, Al-Walid contributed US\$2 million as a donation towards purchasing parts of the parcel. It is worth mentioning that Al-Walid is connected to Lebanon through his mother, Mona el-Solh – the daughter of Riad el-Solh (the first prime minister of Lebanon after independence). As indicated earlier, Hariri was initially opposed to the idea of a mosque. But upon hearing of Lahoud's attempt to weaken his position on 'his own territory', Hariri felt forced to act so as to uphold his reputation in his community as a devout Sunni Muslim. He could not accept the consequences of not contributing, namely being perceived as 'stingy' or 'sidelined' by a rival on 'a major project in his own backyard'. A year after Al-Walid made his donation, Hariri was able to obtain, with backing from Dar al-Fatwa, signatures from both the Minister of Interior Elias el-Murr and President Lahoud for Decree No. 8,572 (dated the 31st of August 2002).⁶⁷⁰ In this regard, the alliance between Hariri and Mufti Kabbani paid off. Essentially, this decree declared the Mohammed Al-Amin Association to be illegal and dissolved by virtue of

⁶⁶⁹ Of course, religious and sectarian claims to the city centre were not new. For many centuries, different religious communities have been making religious and sectarian claims by building places of worship in the heart of the city. Before the civil war, the downtown area was represented by Sunni Muslim, Christian and Jewish properties. This reflects the demographic characteristics of Beirut in the pre-civil war period. The only community without a property was the Shiite community. After the civil war, Beirut had evolved to include hundreds of thousands of Shiite Muslims who had settled in the southern suburbs. But the Shiites were seen as outsiders who did not belong to the city. As a result, as early as May 1992, Hezbollah began to claim that a mausoleum in the city centre was an important pilgrimage site for the Shiites, and that this site needed to be preserved. According to Hezbollah, this mausoleum housed the remains of a Shiite mosque caretaker called 'Ibn Iraq'. But not long after, Sunni scholars responded to Hezbollah's claim by proving that Ibn Iraq was, in fact, a Sunni Muslim from a Sufi tradition. What this shows is that Hezbollah tried to use the Ibn Iraq shrine as a tool to make a religious and sectarian claim to the downtown area. The connotation to this was that the Shiites belonged in the city of Beirut as well. For further details, see: Maha Yahya, 'Let the Dead be Dead: Communal Imaginaries and National Narratives in the Post-Civil War Reconstruction of Beirut', Alev Cinar and Thomas Bender, (Eds.), *Urban Imaginaries: Locating the Modern City*, (Minneapolis: University of Minneapolis Press, 2007), p.237. See also: Becherer, 'A matter of life and debt: the untold costs of Rafiq Hariri's New Beirut', p.27.

⁶⁷⁰ Al-Jarida ar-Rasmiya, No. 49, 31 August 2002, p.5807. Available at: <http://www.pcm.gov.lb/arabic/subpgoldJo.aspx?pageid=3836> (Accessed 15 October 2013).

law, which in turn, enabled Hariri to become closely involved in every phase of the operations and personally oversee every single step in the mosque's construction.⁶⁷¹

The new Al-Amin mosque was built next to the old St. George Maronite Cathedral, over which it towers. According to Solidere's Head of Design Angus Gavin – who had previously worked on the London Docklands project and other mega-projects in the Gulf – the mosque was initially planned to be even bigger than it actually is today:

“It was the initial design that caused a huge outcry against the mosque. It was huge! Hariri then asked us to get involved. We managed to reduce it a little bit, but today, when looking at the mosque, it still looks out of place...Now when we take photographs of Downtown Beirut for our promotional brochures we purposefully take it from the opposite end of Martyrs' Square to make the mosque not seem as big as it actually is.”⁶⁷²

Today, the ‘gargantuan’ mosque is ‘dwarfing’ the neighbouring cathedral (see Figure 58).⁶⁷³ Because of its colossal proportions, this has led many Christians to the belief that Hariri was ‘Islamicising’ the city centre. For the Maronites in particular, its construction is seen to “epitomise the regained political strength of the Sunni community in post-war Lebanon”.⁶⁷⁴ This was a reference to the benefits given to the prime minister's post by the Ta'if Peace Accords, some of the details of which Hariri had been deeply involved in negotiating. In the pre-civil war era, the National Pact had created a power-sharing mechanism that placed Maronite Christians and Sunni Muslims as the main beneficiaries. At the end of the war, the Ta'if Accords amended the power-sharing mechanism by giving preference to the Sunni community. As a result, the premiership – a position constitutionally entitled to the Sunni Muslims now controlled all the real power; the presidency – a position constitutionally entitled to the Maronite Christians – became a ‘ceremonial and consultative role’.⁶⁷⁵ As Pierre Gemayel (son of former President Amin

⁶⁷¹ Unless otherwise indicated, the information in this paragraph is derived from: Ward Vloeberghs, ‘The Genesis of a Mosque: Negotiating Sacred Space in Downtown Beirut’, *European University Institute: Mediterranean Programme Series*, 17, (2008), pp.2-13.

⁶⁷² Interview with Angus Gavin held on 27 August 2012 in Beirut.

⁶⁷³ See: Samir Khalaf, *Heart of Beirut: Reclaiming the Bourj*, (London: Saqi, 2006), p.31.

⁶⁷⁴ See: Vloeberghs, ‘The Genesis of a Mosque: Negotiating Sacred Space in Downtown Beirut’, p.12.

⁶⁷⁵ See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.36.



Figure 58 – An image of the Mohammed Al-Amin mosque towering over the St. George Cathedral next to it. Photo taken by author.

Gemayel), once famously proclaimed, the construction of such a mosque next to the church serves to indicate ‘where exactly they were sitting today’.⁶⁷⁶ But what is more interesting is that the construction of the mosque led to a redefinition of the St. George Cathedral. Considering the construction of such a large-scale mosque a ‘provocation’, Archbishop Boulos Matar unilaterally responded (regardless of the political consequences) by building a campanile next to the cathedral that is in the form of a 65 metre clock-tower (the same height as the mosque’s minarets).⁶⁷⁷ See Figure 59 for an image of the new campanile. Thus, this rivalry reveals the impact that Hariri’s turn to

⁶⁷⁶ Pierre Gemayel quoted in: Vloeberghs, ‘The Genesis of a Mosque: Negotiating Sacred Space in Downtown Beirut’, p.17.

⁶⁷⁷ See: *ibid*, pp.17-18.



Figure 59 – An image of a campanile under construction next to the St. George Cathedral. Notice how it was designed to match the height of the minarets on the neighbouring mosque. Photo taken by author.

sectarianism had, not just on the nonpartisan reputation that he had meticulously built in previous years, but also on the image of the reconstruction process in Downtown Beirut.

Furthermore, the Solidere project became more closely associated with Hariri's predominantly Sunni Al-Mustaqbal party. This association became more visibly demonstrated in the years following Hariri's assassination on the 14th of February 2005. At this point, it is essential to emphasise that intra-elite competition in Lebanon had intensified to levels unseen since the end of the civil war. This intensification was also fuelled by the emergence of a Saudi-Syrian and US-Syrian rift that had been brewing since Bashar al-Assad officially succeeded his father in 2000.⁶⁷⁸ The political climate that befell on Lebanon was one of political confrontation between pro- and anti-Syrian factions. Immediately after Hariri's assassination, a funeral procession took off from Hariri's residence in West Beirut, to the monumental Mohammed al-Amin Mosque (which at the time, was still under construction). Importantly, the procession turned out to be a highly politicised event, as the Hariri family made it clear that pro-Syrian politicians, such as then President Lahoud, were not welcome at the gathering. Immediately after the procession, the Hariri family decided to bury Hariri, and the bodyguards killed with him, on a plot of land adjacent to the Mohammed Al-Amin Mosque. Installing a tomb (*darih*) in the heart of the capital contradicted previous plans to lay Hariri to rest next to his father's grave in his family hometown of Sidon (see Figures 60 and 61).⁶⁷⁹ In this regard, just as with the decision to turn the funeral into an anti-Syrian event, the decision to lay the martyred prime minister to rest in Downtown Beirut was a political statement. Within a month, two broad political coalitions emerged in the country: the '8th March' (in reference to an enormous pro-Syrian manifestation led by Hezbollah) and the '14th March' (in reference to an equally enormous pro-US and pro-

⁶⁷⁸ The political crisis was later fuelled by the development of a Saudi-Syrian and US-Syrian rift, which gave intra-elite competition over the country and its economy a new edge. Syrian hegemony in Lebanon was initially based on a Saudi-Syrian understanding, which itself depended on a US-Syrian *rapprochement* dating back to the late 1980s. All this started to fall apart in 2000, when the Bush administration began to pursue a neo-conservative project to 'remake' the Middle East. The shift in US strategy created a rift between Washington and Damascus, which in turn, created rising tensions between Lebanon's elite. In this regard, it provides the background to understanding the slowdown of the reconstruction effort in Downtown Beirut as well.

⁶⁷⁹ See: Vloeberghs, 'The Genesis of a Mosque: Negotiating Sacred Space in Downtown Beirut', p.18.



Figure 60 – An image of Rafiq Hariri's tomb (*darih*) in the white tent next to Mohammed Al-Amin mosque. Photo taken by author.



Figure 61 – An image of Rafiq Hariri's tomb (*darih*). Photo taken by author.

Saudi manifestation organised by Al-Mustaqbal to commemorate Hariri's assassination). Both of these camps evolved into two opposing political currents. The gap between them was further exacerbated by their respective allies abroad. Astonishingly, this divide had spatial repercussions that were most visibly expressed in Downtown Beirut.

The 14th March camp tried to develop the *darih* into a 'national mausoleum' that would attract visitors of all confessions. By the first annual commemoration of Hariri's assassination, however, the mosque and the neighbouring Martyr's Square became a space that clearly belonged to 14th March supporters. In response to this development, the 8th March camp organised a major sit-in (*'i'tisam*) in Riyadh el-Solh Square and laid siege to the prime minister's office in the Grand Serail (which at the time was under the control of the 14th March camp). See Figures 62 and 63. By December 2006, the *'i'tisam* became a tent-city that transformed Riyadh el-Solh Square into a clearly marked political space belonging to the 8th March camp. People were now forced to choose sides; either entering the tent-city installed by the 8th March supporters, or passing by the *darih* and paying respect to the 14th March camp. As time evolved, protests and counter-protests between the two contested 'spaces' became a regular occurrence in Downtown Beirut. Eventually, the numbers of visitors in the city centre dwindled.⁶⁸⁰ Numerous businesses and restaurants shut their doors and moved out completely.⁶⁸¹ Many construction projects were either cancelled or put on hold.⁶⁸² And the Lebanese Bourse saw significant (and worrying) buying and selling activity in Solidere shares.⁶⁸³

⁶⁸⁰ For example, see: Lysandra Ohrstrom, 'Downtown becomes ghost town as protests continue', *The Daily Star*, 03 February 2007; Hassan Abdo, 'For Monnot and Solidere, crisis is a party pooper', *The Daily Star*, 04 February 2008.

⁶⁸¹ For example, see: Habib Battah, 'Political Turmoil takes its toll on Beirut Business', *The Daily Star*, 02 March 2005; AFP, 'Downtown merchants lose patience with standoff', *The Daily Star*, 01 March 2007.

⁶⁸² For example, Kuwaiti investors led by Al-Sayer Group and its subsidiary Al-Dhow Investment Company, cancelled a US\$1,100 million Phoenician Village mixed-use real estate project new Martyrs Square. See: MEED, 'Mixed response by Gulf investors to Beirut projects', 15 September 2006.

⁶⁸³ Since Hariri's assassination, Solidere's shares plummeted. In the first three days following Hariri's death, the company saw a drop of 15 per cent, then another 15 per cent and another 15 per cent. Solidere's share price lost about 30-40% of its initial value, says Mounir Douaidi (Solidere's General Manager and Financial Director). See: MEED, 'Solidere: Normal Service Resumes', 12 August 2005. Share prices fluctuated during the July War of 2006 between Israel and Hezbollah, the Nahr al Bared Crisis in the summer of 2007, and the Civil Strife of May 2008. Recognising this, a growing number of investors began to seek business elsewhere in the region. For details, see: EIU, *Country Report: Lebanon*, July 2007, p.25.

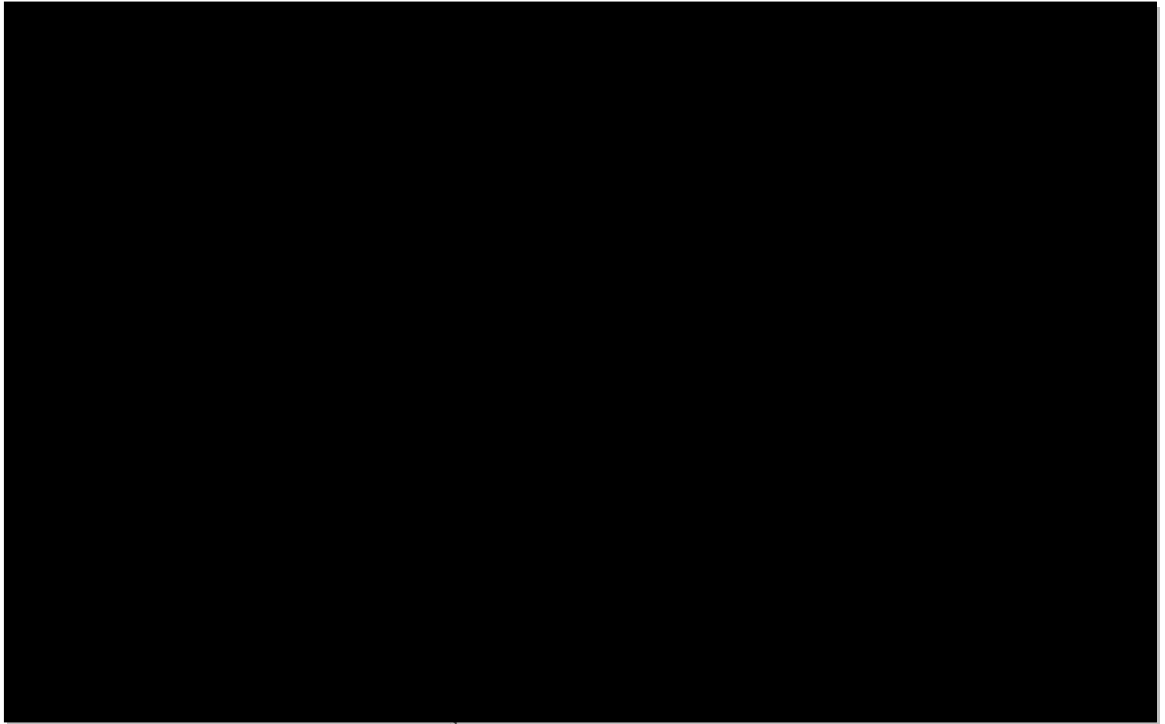


Figure 62 – Image taken of the 8th March protest in 2005. Source: *Al-Mustaqbal* Daily Newspaper, *Issue No. 1855*, (Beirut: 09 March 2005), p.1.

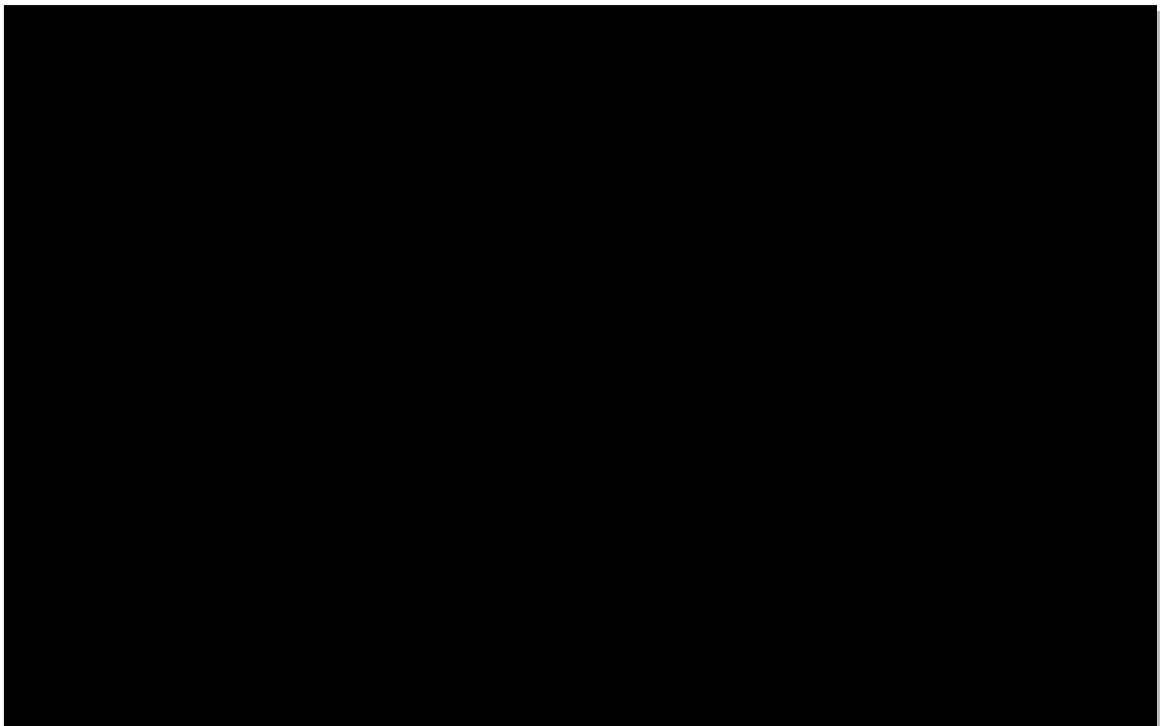


Figure 63 – Image taken of the 14th March protest in 2005. Notice the masses filling an empty Martyrs' Square that is still waiting for construction. Source: *Al-Mustaqbal* Daily Newspaper, *Issue No. 1861*, (Beirut: 15 March 2005), p.1.

Against this background, Solidere believed that it had fallen ‘victim’ to the political wrangling between the opposing camps. According to Solidere’s Press Attaché Nabil Rached:

“There is a group [the 8th March camp] that thinks that if we destroy the country, we will destroy ‘March 14’. This group [the 8th March camp] is doing all that it can to bring down the other group [the 14th March camp], even if it means destroying all the good that there is in the country. ‘March 14’, on the other hand, is doing all that it can to protect and defend the country. We should not hurt the good things we have done in this country... We should not attack the good work of Solidere because we want to hurt ‘March 14’.”⁶⁸⁴

This statement is significant; even though Solidere has always tried to portray itself as a politically-neutral company, it believed that the 14th March camp was ‘protecting’ the reconstruction process against the ‘unjust’ attacks of the 8th March camp – a clear demonstration that it had taken sides in the political dispute. Of course, it was difficult for Solidere to characterise itself as a neutral body, not simply because it increased the wealth of Hariri (and his inner circle), but also because some of its main investors were leading the 14th March camp; the most significant name being Hariri’s childhood friend Siniora.

Conclusions

The Solidere project appears to have been initiated on the grounds that it would be free of the ‘traditional Lebanese mentality’ of corruption and sectarianism. It was presented as a neutral venture – isolated from politics and sectarianism – to ensure Lebanon’s recovery and re-insertion into the universal developmental trajectory that had bypassed the country during the war. Of course, the key protagonist behind the project was former Prime Minister Rafiq Hariri. But he was not the only elite figure to support the proposal of creating ‘private institutions’ to oversee reconstruction projects in the country. Clearly, many others types of elite – including the pre-civil war bourgeoisie and

⁶⁸⁴ Interview with Nabil Rachid held on 09 August 2011 in Beirut.

the former militia leaders – backed the idea and lent their support to the neoliberal rationale articulated by the former prime minister; not least because they sought to benefit from the Solidere project and/or launch other projects like it.

Hariri recruited his allies and friends, and presented them as ‘technocrats’ – or as Gill calls them ‘globalising elites’ – who did not have a political or confessional affiliation.⁶⁸⁵ The fact that he appointed a Maronite Christian – as opposed to a Sunni Muslim – to the post of Central Bank Governor is a clear demonstration of this. In turn, Hariri styled his technocrats as the best and the brightest ‘cadres’ who are removed from Lebanese politics and society, and instead, guided by the all-powerful logic of capitalism.⁶⁸⁶ Accordingly, the decrees and laws that these technocrats formulated to facilitate private institutions carrying out reconstruction projects are – to many of Solidere’s supporters – driven by the most abstract and purest form of economic rationality. Importantly, Hariri and his entourage extended this ontology and applied it to the Solidere project. The interview with Solidere’s Press Attaché Nabil Rached (for example) reveals an understanding of the reconstruction process that is liberated from the political and cultural obstacles of Lebanese politics and society, and that is driven by financial capital only. But the Solidere project was not a politically-neutral technocratic programme: the rent-creating and -extracting mechanisms that Hariri built around it had strong distributive effects that fuelled a lot of resentment against the former prime minister, and therefore, the project as well. In particular, it created serious divisions between the former prime minister and those elites that felt they had missed out on the benefits. Moreover, sectarianism has had a way of creeping into the Solidere project: today, it is more closely associated with the Sunni-led 14th March camp. To some extent, this was inevitable because of the project’s location in the heart of the capital city: arguably the most symbolic piece of territory in a politically-fractured and religiously-divided society. But it was also due to the fact that Hariri was the face behind Solidere.

⁶⁸⁵ See: Gill, *Power and Resistance in the New World Order: Second Edition Fully Revised and Updated*, p.194.

⁶⁸⁶ This falls in line with Wallerstein’s description of technocrats who are recruited based on *merit* over *identity*. See: Wallerstein, *World Systems Analysis: An Introduction*, p.40.

So when he decided to become a specifically Sunni leader, it did not take long before people began to associate the Solidere project with the Sunni community.

So what does this tell us about neoliberal urban developments in post-civil war Lebanon? In short, it tells us that even those that claim to be neutral have a way of being ‘Lebanonised’. Most are controlled by a political class that uses corruption and populist appeals to sectarian identity to forward their interests. Rafiq Hariri – as a member of the new contractors bourgeoisie – tried to separate himself from the political and cultural dynamics of Lebanese politics and society, but as demonstrated by the analysis above, he himself was ‘Lebanonised’ in the process, and therefore, resorted to the same practices as his counterparts. The next chapter will explore the course of the reconstruction process in Downtown Beirut in the period following Hariri’s assassination. Specifically, it will explore the social backgrounds of the individuals that maintained the rent-creation and extraction mechanisms put in place by Hariri in previous years.

Chapter Seven

The Solidere project after Rafiq Hariri

The previous chapter helped to explain how the Solidere project contributed towards: firstly, increasing the public debt; and secondly, reproducing sectarian divisions. The evidence used to explain these two consequences was based on a rough ten-year period after Solidere was established and before Hariri was assassinated. This chapter will explore the period following Hariri's assassination; specifically, between 2005 and 2013.

Solidere – as a private real estate company – was launched and led by former Prime Minister Rafiq Hariri, but the Solidere project was in no way limited to him and his protégés. Like other neoliberal urban developments at the time, the Solidere project was an 'elite playing field', where a number of key elites were brought together to reshape the city centre according to their *own* aspirations and visions.⁶⁸⁷ They included members of the pre-civil war bourgeoisie and former militia leaders. Other than *local* elites, it brought together a number of social, cultural, political and economic elite players from the *regional* – and sometimes also, *international* – circles. Of course, this grouping of elites is not as united as it seems. And therefore, it is not strange to sometimes find these same elites, outside Solidere, competing for power and influence. Yet, the underlying goal of *all* involved in the Solidere project remains the same: to accumulate capital.

In this context, the first section of this chapter will look at the local elites that were invested in the Solidere project, but that were also competing for control over the state.

⁶⁸⁷ See: Swyngedouw, Moulaert and Rodriguez, 'Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy', pp.567-568.

Again, the role of the state is crucial to mention, because it is through the state that such elites are enriching themselves and their allies. Importantly, it will be shown that these elites have *individual* business interests, but also a *collective* economic interest in the Solidere project. The difference between these two types of interests will be clarified. But what happened to the Hariri network? The second section will look at how much the network of capitalists that the former prime minister built has evolved since 2005. Much of this section will look at it in terms of Solidere's decision to expand its operations abroad, through Solidere International (SI). The management of SI is controlled by many of the same members that controlled Solidere. It is, therefore, clear that surviving members of the Hariri network are still in a position to determine who is included in, and who is excluded from, the decision-making structures that oversee the Solidere project.

The chapter will then conclude by asking the following question: did the Solidere project re-establish conditions for capital accumulation and the reconstitution of power to capitalists (both national and transnational) – as diagnosed by scholars such as David Harvey, Gérard Duménil and Dominique Lévy (amongst others)?⁶⁸⁸ As will be shown, the Solidere project was an expression of the reconstitution of power to capitalists, but it was also the flagship project that enabled elites across the political spectrum to enhance their economic and political power.

I. The Solidere project and the post-2005 governments

After Hariri's death, we find that successive governments – as well as the key institutions concerned with reconstruction (in other words, the Finance Ministry, the Central Bank and the CDR) – have been occupied by elites that were embroiled in profound power struggles and position-taking. Some of these elites were heavily invested in Downtown Beirut (either as shareholders or property owners). Their main priority, obviously, was to protect their *individual* business interests in Solidere. But despite their

⁶⁸⁸ See: Harvey, *A Brief History of Neoliberalism*, p.19. See also: Duménil and Lévy, 'The Neoliberal (Counter-)Revolution', pp.9-19.

personal and/or political differences, they were all committed towards protecting the Solidere project (more generally). Why did they share this *collective* economic interest? In short, they did so because the Solidere project was the main economic venture giving Beirut (and the rest of the country) a competitive advantage in the region.⁶⁸⁹ Therefore, without it, Beirut (and other parts of the country) would struggle to attract international investment into other economic sectors (which the same elites were invested in). In this context, property developers in Downtown Beirut continued to cater to the high-end and luxury segment of the market.⁶⁹⁰ This was visibly demonstrated by the construction of: a marina, a yacht club, five-star hotels, high-end office spaces, and hundreds of luxury boutiques and stores. The section below will explain all this in more detail.

i. The governments of Siniora, Saad Hariri and Mikati

Between 2005 and 2013, Lebanon was headed by four governments. The first two were led by Hariri's childhood friend Fouad Siniora (2005-8 and 2008-9). Siniora had by this stage acquired significant political influence and power, allowing him to create a clientelist network of his own. The third government was headed by Hariri's son Saad Hariri (2009-11). This not only shows that the feudal nepotistic style of Lebanese governance lived on, but that it was adopted by the Hariri family to continue the father's legacy. The last government was headed by Najib Mikati (2011-13). It must be remembered that Mikati was part of the same new contractor bourgeoisie that Rafiq Hariri came from (see Chapter 4). All three individuals, along with their allies and friends, were major investors in Downtown Beirut. In this context, these three men used their posts to bolster and develop their individual business interests in the city centre. Of course, their interests were not only limited to Downtown Beirut, they also stretched to

⁶⁸⁹ See Chapter 2 for details.

⁶⁹⁰ For details, see: Healey, Cars, Madanipour and de Magalhaes, 'Transforming governance, institutional analysis and institutional capacity', pp.6-28; Pierre, 'Introduction: Understanding governance', pp.1-10; Moulaert, Swyngedouw and Rodriguez, 'Large scale urban development projects and local governance: From democratic urban planning to besieged local governance', pp.71-84; Harvey, 'From managerialism to entrepreneurialism: The transformation in urban governance in late Capitalism', pp.3-17.

other economic sectors and regions in the country. But for heuristic purposes, we will focus on the interests they had in Downtown Beirut.

Just as Rafiq Hariri had done before them, they installed technocrats in the institutions that played important roles in reconstruction – in other words, the Finance Ministry, the Central Bank and the CDR.⁶⁹¹ What was interesting, though, was that the relationship between them and the technocrats they recruited was not as good as before. Of particular significance was the divide between Siniora and Fadel el-Shallaq, who returned as president of the CDR in 2004. According to one article published by *Al-Akhbar* Daily Newspaper, a large divide had emerged between the top echelons in the Al-Mustaqbal Party on one side (led by Siniora), and those who previously worked for Rafiq Hariri but were not heavily engaged in political squabbling.⁶⁹² In this regard, it is argued in the *Al-Akhbar* article that el-Shallaq represented this latter group. Importantly, el-Shallaq criticised Siniora, Saad Hariri and other members of the Hariri family for steering the Al-Mustaqbal Party away from the ideals of its founder, Rafiq Hariri. In particular, el-Shallaq disagreed with the way these figures were inciting popular opposition against Hezbollah: he argued that the late prime minister would have encouraged the Al-Mustaqbal Party to take a vocal, united stance in support of the resistance in order to counter Israeli attacks.⁶⁹³ El-Shallaq eventually resigned from his post in 2006 after he and Siniora disagreed over how reconstruction after the devastating July War should proceed.⁶⁹⁴ He was then replaced by former CDR President Nabil el-Jisr.⁶⁹⁵ Another

⁶⁹¹ Some new names included Jihad Azour, Mohammed Chatah and Raya al-Hasan; all of whom became finance ministers in the governments headed by Siniora and Saad Hariri. What all three individuals have in common is a previous working experience in international financial institutions before being recruited. Azour, for example, worked as a consultant for McKinsey & Company in Paris between 1989 and 1993, while Chatah was an employee at the IMF for several years before 1993 and again between 2001 and 2005. Like many of the previous technocrats recruited by Rafiq Hariri, these three individuals considered themselves more purely as ‘technocratic’ and ‘non-political’, and therefore, tended to be interested in neoliberalism as an economic project rather than a political one. Al-Hasan is a good example of this. Although she was appointed as Finance Minister in Saad Hariri’s government, Al-Hasan had no previous experience in Lebanese politics, working instead on economic projects for the United Nations Development Programme (UNDP) and the World Bank. Even after her tenure ended, she did not pursue a career in Lebanese politics.

⁶⁹² See: Leenders, *Spoils of Truce: Corruption and State-Building in Postwar Lebanon*, pp.212-213.

⁶⁹³ See: Jim Quilty and Lysandra Ohrstrom, ‘The Second Time as a Farce: Stories of Another Lebanese Reconstruction’, *MERIP*, 243, (2007), pp.31-41.

⁶⁹⁴ For more details on el-Shallaq’s resignation, see: The Daily Star, “‘Future Movement rift’ drove CDR chief to quit: Report says PM tried to sideline Shalak”, *The Daily Star*, 26 August 2006.

visible discord was between Siniora and Central Bank Governor Riyadh Salameh. Siniora and Salameh have had a tense relationship that dates back to the early 1990s.⁶⁹⁶ This tension reached its peak in the years following Rafiq Hariri's assassination, when Siniora heard of Salameh's presidential bid. According to a confidential diplomatic cable published by Wikileaks, Siniora's Finance Minister Jihad Azour had warned US Ambassador Jeffrey Feltman against supporting Salameh's presidential bid, describing him as the 'banker version' of Emile Lahoud.⁶⁹⁷ Importantly, Ambassador Feltman noted that Azour's warnings reflected Siniora's own distaste for Salameh, and explains that whatever the reasons, there appears to have been a personal distrust towards Salameh.⁶⁹⁸

There was also a political divide between Siniora and Saad Hariri on the one hand and Mikati on the other. This divide did not come into existence until 2011, when Najib Mikati became Lebanon's new prime minister. In the 1990s, Mikati was known for being a close ally of the then President Emile Lahoud. This earned him a position in the el-Hoss government as Minister of Public Works and Transport. Despite this alliance, he was a moderate politician who maintained a normal relationship with Rafiq Hariri as well. His moderate approach enabled him to retain his cabinet position when Rafiq Hariri returned as prime minister in 2000.⁶⁹⁹ After Hariri's assassination, Mikati became prime minister for the first time, and during his mandate between April and July of 2005, he helped steer the country towards parliamentary elections. Mikati remained a consensus figure for much of the following period. This was until the 8th March camp nominated him as their candidate for the premiership in 2011. Because Siniora and Saad Hariri belonged to the 14th March camp, Mikati was automatically labelled as their political adversary. Despite the soured relationship between him and many members of the 14th March coalition, it

⁶⁹⁵ See: Nafez Qawas, "Cabinet names Jisr to take Shalaq's spot as CDR boss", *The Daily Star*, 25 August 2006.

⁶⁹⁶ Wikileaks Cable, 07BEIRUT352, LEBANON: CENTRAL BANK GOVERNOR CAMPAIGNS FOR THE PRESIDENCY, http://www.wikileaks.org/plusd/cables/07BEIRUT352_a.html (Accessed 05 November 2013).

⁶⁹⁷ For further details, see: Wikileaks Cable, 07BEIRUT794, HADDAD, AZOUR CONVINCED SYRIA WANTS RIAD SALAMEH AS LEBANON'S NEXT PRESIDENT, http://www.wikileaks.org/plusd/cables/07BEIRUT794_a.html (Accessed 05 November 2013).

⁶⁹⁸ According to the same Wikileaks cable, Siniora "despises Salameh for a lot of historic and personal reasons". For further details, see: *ibid*.

⁶⁹⁹ After the resignation of Omar Karami on the 13th of April 2005, Mikati was appointed to act as caretaker premier until parliamentary elections later that year.

must be understood that Mikati, like Rafiq Hariri, remained a major advocate of deepening the neoliberal restructuring of the Lebanese state. As a result, many of those technocrats appointed to the key institutions concerned with reconstruction in previous years retained their positions. For example, it was Mikati's government that renewed Salameh's mandate as Central Bank Governor in 2005, and again in 2011.⁷⁰⁰ Moreover, the Mikati government did not remove and replace CDR President el-Jisr from his post.⁷⁰¹ This demonstrates that these technocrats remained protected and secured, regardless of the conflicts and rifts between the 8th March and 14th March members.

One other significant name to mention here is Mohammed Safadi, who belongs to the same new contractor bourgeoisie that Rafiq Hariri belonged to (see Chapter 4 for details). Safadi first entered politics in 2000, when he won a seat in that year's parliamentary elections. In 2005, he gained his first ministerial post as Minister of Public Works and Transport in the Siniora government. In 2008 he was appointed as Minister of Economy and Trade in Siniora's second cabinet line-up, and was reappointed to the same post in 2009 when Saad Hariri became prime minister. While trying to follow an independent path, Safadi is known for being a close ally of Mikati.⁷⁰² When Mikati became prime minister in 2011, therefore, he appointed Safadi as his Finance Minister. To some extent, his appointment can be compared to Siniora's appointment as Finance Minister in Rafiq Hariri's cabinets.

Of course, the names mentioned above are only but a few of the many elite players (inside and outside the government) with investment interests in the Solidere project. As shown in the sample list in Table 5, there were also: businessmen allied to Nabih Berri (a former militia leader), members of the pre-civil war bourgeoisie, and new contractors – other than those mentioned above – invested in the Solidere project. Notice, as well, how

⁷⁰⁰ See: Osama Habib, 'Business community hails Salameh term renewal', *The Daily Star*, 15 July 2011.

⁷⁰¹ It is worth noting that throughout the two years that Mikati was prime minister, el-Jisr remained in his post as CDR President.

⁷⁰² Though Safadi was a close ally of Mikati, he also had a political ambition to replace Mikati as prime minister. As a Sunni Muslim as well, Safadi could be nominated for the premiership one day. He also has a significant political following in his hometown of Tripoli which could propel him to the post. For details, see: *The Daily Star*, 'Future MP: Safadi is vying to replace Mikati as prime minister', *The Daily Star*, 23 March 2011.

some of the elite figures on the list have not been categorised. This goes to show that the categories used to differentiate between the elites are in themselves broad terms that can be misleading.⁷⁰³

Building	Use	Company or companies involved	Person(s) associated with company(ies) involved	Nationality of developer	Elite type
MIKA Land	Residential	MIKA Real Estate	Najib Mikati (and Taha Mikati)	Lebanese	New contractor
MIKA Sea	Residential				
MIKA Real Estate office	Offices				
Zaitunay Bay	Hotel and Retail	Beirut Waterfront Development s.a.l. 50/50 venture between STOW and Solidere.	Mohammed Safadi as representative of STOW (and Solidere shareholders)		
Marina Towers	Residential	Marina Towers s.a.l.	Mohammad Safadi and Khaled Al-Seif	Saffadi is Lebanese and Seif is Saudi.	New constructor (and Gulf businessman)
Berytus Parks	Offices	Berytus Park s.a.l.	Essam Fayeze Makarem	Lebanese	New contractor (became rich in West Africa)
An-Nahar Building	Offices	An-Nahar Headquarters	Ghassan Tuwayni		pre-civil war bourgeoisie
Maqasid Building	Offices	Maqasid Foundation	Tammam Salam		
Beirut Village	Residential	Beirut Trade Real-Estate	Ali Nazem Ahmad		Businessman allied to former militia leader Nabih Berri

⁷⁰³ See conclusions in Chapter 3.

Damac Tower	Residential	Damac Properties	Hussain Sajwani	Emirati	Gulf businessman
Phoenician Village	Mixed Use	Levant Holding (part of Al Dhow Investment)	Nasser Al-Sayer (and family)	Kuwaiti	
The Landmark	Mixed Use	The Landmark company	Hamad Al-Wazzan and Sheikha Souad and Ahmed Baadarani and Nassif Karam	Al-Wazzan and Souad are Kuwaiti and Baadarani and Karam are Lebanese	Gulf and local businessmen
Beirut Gardens	Residential	Arabian Civil Works Company	Hassan Jaafar and others	Saudi and Lebanese	
Grand Hyatt	Hotel	Société Méditerranéenne des Grands Hotels s.a.l.	Jihad Tannir and others		
Other projects involving other Lebanese elite players which have not been categorised					
Royal Hotel and Resorts	Hotel	Royal Hotels and Resorts (RHR)	Marwan Kheireddine	Lebanese	Started career in London in Qatari National Bank. Later became chairman of Al Mawared Bank. Was then appointed as Minister of State in Mikati government (representative of Talal Arslan)
Al Mawared	Bank	Al Mawared			
Plus Towers	Residential	Plus Properties	George Chehwane		Lebanese media mogul
Venus Towers	Residential	Venus Real Estate (part of Plus Properties)			

The Palladium	Mixed Use	Mouawad Projects (part of Mouawwad Investment Group)	Joseph Mouawad		Educated in the US with a Master of Science in Civil Engineering and with a family exposure to real estate and contracting business
The Atrium	Offices				
The Pavilions	Residential				
Stratum	Offices				
Wadi Grand Residence	Residential	Ven-Invest	Three brothers: Sarkis, Edmond and Joseph Kabchi (and Pierre Abou Jaber)		The Kabchis became successful businessmen in Venezuela in many sectors before returning to Lebanon.
Le Gray	Hotel				
District//S	Residential	Estates s.a.l. Property Development & Investment	Anthony el-Khoury and Namir Cortas		El-Khoury began his career as a consultant in London, and Cortas began his career with Deloitte in New York, before they both met in London.
Eden Gardens	Residential	A&H Construction and Development s.a.l.	Hani Haddad (and family)		Comes from a family of engineers
Beirut Terraces	Residential	Benchmark Development	Bassim Halaby, Nader Hariri and Mohammed Choucair		Halaby worked as a Senior Consultant to Merrill Lynch and World Bank. Nader Hariri was a cofounder, and Choucair was CEO of Patchi Chocolates

Table 5 – A small sample of projects that have been completed (or are under construction) in the city centre. Source: Solidere, *The Beirut City Centre: Cadastrals*, (Beirut: Solidere, 2010).

ii. The three governments and the individual business interests in the Solidere project

All three prime ministers held *individual* business interests in the Solidere project. This was more obvious in the cases of Siniora and Saad Hariri: they were shareholders in the company. But what was Mikati's interest in the Solidere project? As was shown in Table 5, Mikati (and his brother, Taha) are developing three properties in the downtown area. Of the three, 'MIKA Land' and 'MIKA Sea' are the most significant to consider. Both are located in what will become the Waterfront district.⁷⁰⁴ See Figure 64 for a digital image of what the new Waterfront district will look like. All three men used their posts to enrich themselves and their allies. For heuristic purposes, though, we will focus on the efforts of Mikati.

It is unclear when exactly Mikati developed an interest in the Waterfront district. But according to some evidence, it may have occurred around about the same time as his reappointment as Minister of Public Works and Transport in 2000. In February of the previous year (before his reappointment), Mikati had released a report stipulating that 'Sector 5' of the St. Georges Bay area – see Figure 64 – did not fall within the boundaries of the 'Western Marina'.⁷⁰⁵ Sector 5 is a 'public maritime domain' used by the St. Georges Hotel and Yacht Club – mentioned in earlier chapters – to access the sea. Not long after his reappointment, however, Rafiq Hariri asked Mikati to prepare a decree that would ratify Resolution 83/1995, which considered Sector 5 to be an integral part of the Western Marina.⁷⁰⁶ Essentially, this meant that the St. Georges Hotel would lose access to the sea. By the 3rd of February 2001, Mikati had done just that.⁷⁰⁷ A few weeks later,

⁷⁰⁴ MIKA Land and MIKA Sea are registered in plots 1,493 and 1,548 respectively. See: Solidere, *Annual Report*, (Beirut: Solidere, 2010), p.162.

⁷⁰⁵ This is according to information obtained from the following article: Warren Singh-Bartlett, 'St. Georges and Solidere do battle over soul of BCD', *The Daily Star*, 23 February 2001.

⁷⁰⁶ According to some available information, the Council of Ministers 'approved' a CDR recommendation to ask the Directorate General of Transport (DGT) – the technical unit of the Ministry of Public Works and Transport – to prepare the issuing of a decree that would ratify resolution 83 dated the 15th of November 1995. This is according to a Solidere Quarterly Report: Solidere, *Quarterly Report: Issue 4*, (Beirut: Solidere, 2000).

⁷⁰⁷ According to the Lebanese Official Gazette, this is Decree 4,838. Khoury points out that legally, a decree must carry the signature of the president, as well as the prime minister. There is much argument over

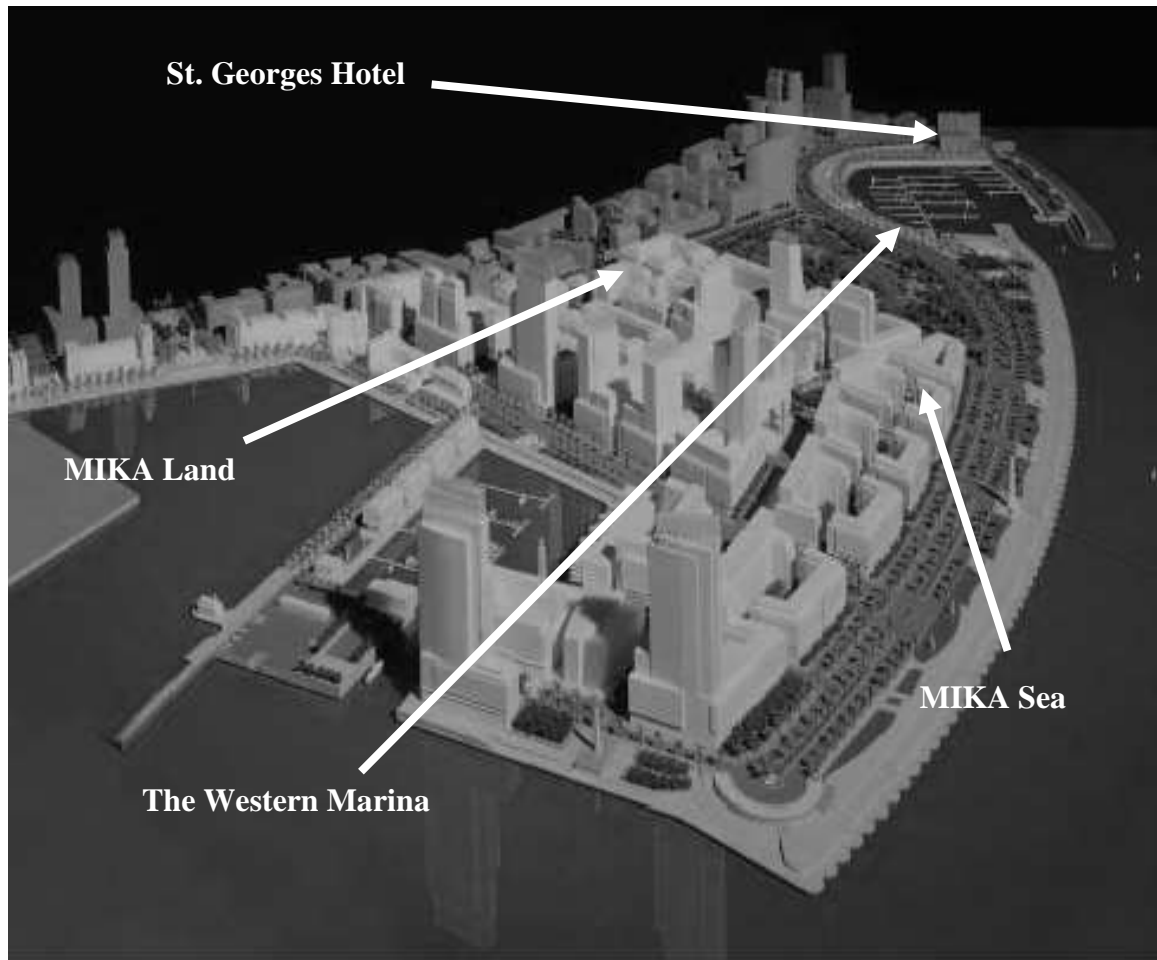


Figure 64 – Digital model of what the Waterfront district will look like after construction. Source: Solidere, *Annual Report*, (Beirut: Solidere, 2005), p.39.

the Ministry of Public Works and Transport – accompanied by the police – descended on the St. Georges Marina and slapped notices of eviction on all the boats moored in the area. Owners were informed that they had a week to find another mooring space.⁷⁰⁸ According to Fadi Khoury (the owner of the St. Georges Hotel), he tried telephoning Mikati – and the Director-General of Transport Abdel-Hafiz Qaisi – after the eviction notices were made: “I couldn’t reach them...We want to sit with the ministry officials around a table in the presence of the St. Georges’ lawyer...to discuss and clarify who is

this particular point of law. A provision in the Ta’if Accords lends legal legitimacy to decisions taken by the Cabinet but this provision is fiercely contested and has repeatedly been attacked for being unconstitutional. This is according to an interview with Fadi Khoury held on 28 August 2012 in Beirut.

⁷⁰⁸ According to *The Daily Star* article, these orders were originally drafted six months earlier but only released in February of 2001. See: Singh-Bartlett, ‘St. Georges and Solidere do battle over soul of BCD’.

violating the law and in what sense”.⁷⁰⁹ The showdown finally happened on the 27th of February, as the ministry spent the entire day confiscating the remaining 20 boats which had not been moved by their respective owners.⁷¹⁰ It was then, Khoury argues, that Mikati developed an interest in the Waterfront district. As he put it: “why else would Mikati contradict the report he had signed off in the previous year?”⁷¹¹

On the 11th of February 2004, Solidere announced the creation of Beirut Waterfront Development s.a.l. (BWD).⁷¹² Importantly, BWD would oversee the implementation of the Zaitunay Bay project (which overlooks the St. Georges Bay and includes the disputed Sector 5 of the Western Marina).⁷¹³ As BWD began its work, Khoury noticed how much impact the Zaitunay Bay project would have on his hotel’s future:

“They directed sewers into the marina instead of extending them out into the sea. They placed barges across the main entrance of the marina. They built an 8-metre-high breakwater that does not comply with Lebanese law, which stipulates that such structures cannot be over 6 metres high. And most importantly, they reclaimed more land than they were supposed to, which means that what will be built on the other side of the marina will block the hotel’s view of the Mediterranean Sea and Lebanese mountains. So when that happens, why would anyone want to stay in this hotel?”⁷¹⁴

Making matters worse, Khoury also experienced difficulties obtaining a building permit to repair his war-damaged hotel (see Figure 65). By the 2nd of April 2004, Khoury held a press conference to reveal the reasons why his hotel had not been renovated yet. In his statement to the press, Khoury repeated many of the same accusations that he had made previously. But what was new was that he introduced a new name into the line of fire: “The problem comes from Prime Minister Rafik Hariri, Transportation Minister Najib Mikati and Solidere. All these parties are the same in my eyes, [and] don’t want [to

⁷⁰⁹ Quoted in: Dania Shebaro, ‘Government wins latest battle with St. Georges’, *The Daily Star*, 28 February 2001.

⁷¹⁰ See: *ibid.*

⁷¹¹ Interview with Fadi Khoury held on 28 August 2012 in Beirut.

⁷¹² See Table 5.

⁷¹³ Zaitunay Bay is spread over two plots of land. Specifically, plots 1,455 and 1,456. See: Solidere, *Annual Report*, (Beirut: Solidere, 2010), p.166.

⁷¹⁴ Interview with Fadi Khoury held on 28 August 2012 in Beirut.



Figure 65 – A recent image of the St. Georges Hotel. Notice how the building is still empty and waiting to be renovated. Also notice the ‘Stop Solidere’ that is draped on the side of the building. Photo taken by author.

see] the St. Georges [Hotel] renovated because they want it for themselves”.⁷¹⁵ While his vested interests mean that his accusations should be treated with caution, the quote is important because it suggests that Mikati was using his authoritative powers as the Minister of Public Works and Transport to ensure that his interests – along with those of Hariri – were met.⁷¹⁶ Of course, their allies and friends – inside and outside government – had interests in BWD as well; most significant of whom was Mikati’s close friend Mohammed Safadi: the Zaitunay Bay project is a 50/50 joint venture between Solidere

⁷¹⁵ Quoted in: Tarek El Zein, ‘St. Georges chairman says Solidere stands in the way’, *The Daily Star*, 03 April 2004.

⁷¹⁶ It is worth noting that MIKA Land was the first project to be launched in the Waterfront district. See: Solidere, *Annual Report*, (Beirut: Solidere, 2009), p.104.

and STOW Capital; a company whose primary shareholder is Safadi.⁷¹⁷ It also sits across the road from ‘Marina Towers’ (plot number 1354), which was built by a consortium of three companies; one of which was Safadi Group Holding s.a.l.⁷¹⁸ One, thus, understands that Mikati was not just using his position as the Minister of Public Works and Transport to protect his own business interests, but also to protect the interests of his close ally.⁷¹⁹

In 2005 (not long after BWD was established), Mikati was replaced by Mohammed Safadi. As the new Minister of Public Works and Transport, Safadi granted BWD special building exemptions. The most significant of these exemptions draws reference to the ‘permitted height of a building on plot 1,456’. Indeed, the building on plot 1,456 refers to the apartment and yacht club building – see Figure 66 – that is part of the Zaitunay project.⁷²⁰ Importantly, this exemption comes as a complete reversal of a previous decree (Decree No. 3,808 dated the 8th of September 2000), which stipulates that this area, “is not suitable for the construction of any buildings.”⁷²¹ Essentially, this meant that Safadi bypassed all previous building regulations for the city centre that, otherwise, would have worked against his own aspirations. For Khoury, however, this meant that the building would block the only remaining sea view that the St. Georges Hotel still enjoyed. Undoubtedly, the prospect of this happening infuriated Khoury, as today he refers to Safadi’s decrees as ‘illegal alterations’.⁷²² On the 13th of November 2007, as Khoury continued to claim that his hotel was being denied permits from the Beirut Municipality, the acting governor of Beirut, Nassif Qaloush, granted BWD a six-year

⁷¹⁷ According to the agreement, Solidere would contribute 22,351 square metres of land (with about 20,000 square metres in built-up area), and STOW Capital would contribute US\$31.6 million. See: Solidere, *Annual Report*, (Beirut: Solidere, 2004), p.22.

⁷¹⁸ According to Solidere’s Quarterly Report, the other two companies in this consortium are Riyadh Holding s.a.l. and STOW Capital. For more details, see: Solidere, *Quarterly Report: Issue 2*, (Beirut: Solidere, 1998).

⁷¹⁹ For further details, see: Mohammad Zbeeb, ‘Public Property...For the Rich Only’, *Al-Akhbar* [in Arabic], 02 October 2012; Mohammad Zbeeb, ‘Lebanon’s Seafront Aggressors: The Names and the Details’, *Al-Akhbar*, [in Arabic], 06 December 2012. See also blog article: Gino Raidy, ‘The Truth Behind the Zaitunay Bay Rumors and Rents’, *Gino’s Blog*, 05 December 2012.

⁷²⁰ This was Decree No. 16,546 (dated the 9th of March 2006). See: Al-Jarida ar-Rasmiya, No. 14, 16 March 2006, p.1291. Available at: <http://www.pcm.gov.lb/arabic/subpgoldJo.aspx?pageid=3836> (Accessed 15 October 2013).

⁷²¹ As quoted in: Zbeeb, ‘Public Property...For the Rich Only’.

⁷²² Interview with Fadi Khoury held on 28 August 2012 in Beirut.



Figure 66 – An image of Zaitunay Bay. Notice on the far end the construction of Safadi's apartment and yacht club building on plot 1,456. Photo taken by author.

building permit.⁷²³ Importantly, this permit provided BWD with permission to construct a building on plot 1,456, with three floors below ground level, and two floors above it. But on the 7th of July 2009, Qalloush 'altered' the building permit so that BWD would instead be allowed to add four floors above ground level.⁷²⁴ The physical result of this alteration is most noticeable from the adjacent quayside (where the St. Georges Hotel is located). Today, the building on plot 1,456 is almost complete, and has six floors – instead of the original two – above ground level. And as Khoury had predicted, the building is blocking

⁷²³ This permit was issued on the 13th of November 2007. See: Zbeeb, 'Public Property...For the Rich Only'.

⁷²⁴ See: *ibid*. It is not clear what prompted Qalloush to alter the building permit, but it was suspected that corruption was involved. For details, see: *The Daily Star*, 'Beirut governor protecting corrupt employees: council member', *The Daily Star*, 22 December 2011.

the remaining view of the sea from the St. Georges Hotel. This shows that Safadi used his authoritative powers as Minister of Public Works and Transport to ensure that his interests in Downtown Beirut were met as well.

Of course, things became more complicated after Safadi was reassigned as Finance Minister. In late 2013, the new Minister of Public Works and Transport Ghazi el-Aridi organised a press conference to explain why his ministry had not cleaned the sewers ahead of the winter season. At it, el-Aridi explained that his ministry needed funding from the Finance Ministry to carry out its work. But the Finance Minister, who was Safadi, had apparently backtracked on issuing the necessary funds because el-Aridi refused to approve a law that would legalise a ‘construction violation’ in Zaitunay Bay.⁷²⁵ Of course, it is difficult to verify this claim. But what is understood from the incident above is the pertaining culture of controlling an official post that can be used to further one’s own business interests.

iii. The three governments and the collective economic interest in the Solidere project

As well as *individual* business interests, the governments of Fouad Siniora, Saad Hariri and Najib Mikati shared a *collective* economic interest in the Solidere project. As explained previously, the Solidere project was the main economic venture giving Beirut (and the rest of the country) a competitive advantage in the region.⁷²⁶ Therefore, without it, Beirut (and other parts of the country) would struggle to attract international investment into other economic sectors (which the same elites were invested in). To demonstrate this collective interest, we can look at how these three prime ministers

⁷²⁵ For details, see: Kareem Shaheen, ‘Lebanon unprepared as winter storms loom’, *The Daily Star*, 06 December 2013; Jana El Hassan, ‘Aridi says Safadi blackmail halting ministry work’, *The Daily Star*, 09 December 2013; Bassam Alkantar, ‘Aridi vs Safadi: The sewer of corruption has opened...so where is the justice?’ *Al-Akhbar*, [in Arabic], 10 December 2013; Mohammad Nazzal, ‘Al-Aridi and Safadi in Court’, *Al-Akhbar*, [in Arabic], 13 December 2013; Mohammad Nazzal, ‘Minister of Asphalt’ Resigns: Public Works Overflow with Corruption’, *Al-Akhbar*, [in Arabic], 17 December 2013; Bassam Alkantar, ‘Zaitunay Bay: The Crocodile Searches for a Path’, *Al-Akhbar*, [in Arabic], 18 December 2013.

⁷²⁶ See Chapter 2 for details.

offered protection to the investments of other elites, regardless of their social or political affiliations. Here, we find that the three men – in their respective governments – avoided ‘proper protocol’ when addressing issues regarding archaeological discoveries. One example in particular comes to mind: that of the Roman Hippodrome.

The Roman Hippodrome – see Figure 67 – was discovered by the Lebanese Directorate General of Antiquities (DGA) between March 2007 and April 2008 in the Wadi Bou Jmil district of Downtown Beirut (next to the newly-renovated Jewish Synagogue).⁷²⁷ The uncovered portions were spread across three plots of land, numbered 834, 1,370 and 1,410. But the controversy began on plot number 1,370, owned by Ali Nazem Ahmad’s Beirut Trade Real-Estate (see Table 5). Since purchasing this plot of land in 2007, Ahmad had issued ongoing requests for his company to build a 12,000 square metre block of luxury residential flats called Beirut Village.⁷²⁸ However, his ongoing requests were refused by the Ministry of Culture.⁷²⁹ Ahmad had invested heavily in this project, and therefore, he could not afford to lose out on it. When the Ministry of Culture tried to clean and rehabilitate the site, the prime minister’s office did not provide the necessary permits. Instead, the permits were referred to Solidere to issue. At this point, Solidere refused to comply, and in turn, denied staff from the DGA access to the site.⁷³⁰ The row between the Ministry of Culture and Solidere over access to the property persisted until the then Minister of Culture Tammam Salam (whose Maqasid Foundation was now in competition with the Hariri Foundation) issued Decree No. 63 (dated the 26th of August 2009) to officially include the site on the Lebanese Official List of Registered Historic Monuments and Sites.⁷³¹ It is important to note that Ahmad had political

⁷²⁷ For details, see: May Aboud Abi Aql, ‘The Discovery of the Roman Hippodrome, first of its kind in Beirut and fifth in the East’, *An-Nahar Newspaper*, [in Arabic], 21 April 2008.

⁷²⁸ See: Solidere, *Annual Report*, (Beirut: Solidere, 2006), p.79.

⁷²⁹ See blog article: Elie Fares, ‘Save Beirut Heritage: The Roman Hippodrome to be Demolished’, *A Separate State of Mind*, 18 March 2012.

⁷³⁰ In one incident, the Ministry of Culture wanted to clean the weeds and trees that had sprung up on the site. However so, Solidere had apparently denied staff from the DGA to access the site. For details, see: Alkantar, ‘Minister of Culture “Dismantles” Beirut’s Roman Hippodrome’.

⁷³¹ The minister ruled that the Roman hippodrome should be preserved *in situ* (kept in their original place) due to its archaeological, historic, and architectural significance, pending a decision to rehabilitate the site and open it up to public access as a tourist landmark – like others that have been preserved in downtown Beirut. See: Al-Jarida ar-Rasmiya, No. 42, 10 September 2009, p.5738. Available at: <http://www.pcm.gov.lb/arabic/subpgoldJo.aspx?pageid=3836> (Accessed 15 October 2013).



Figure 67 – An image of the excavation site where parts of the Roman Hippodrome were discovered. Source: Bassam Alkantar, “Minister of Culture ‘Dismantles’ Beirut’s Roman Hippodrome”, *Al-Akhbar*, [in Arabic], 13 March 2012.

connections with Nabih Berri’s Amal Party.⁷³² A former government official – who agreed to be interviewed on the condition of anonymity – makes the following comment:

“There were many wealthy politicians with investments in Solidere. They came from both the 8th March and 14th March camps. I heard from Tarek Metri that when he was Minister of Culture, members close to Amal [Nabih Berri’s party] came to him and asked him to change the laws related to many disputed properties both inside and outside Solidere.”⁷³³

The fact that they were political adversaries did not stop Siniora and Saad Hariri from offering their help. According to an article published by *As-Safir* Daily Newspaper in 2012, Ahmad approached Saad Hariri at his private residence in Downtown Beirut.

⁷³² This is according to an MTV report. See: Rakal Mubarak, ‘Roman Hippodrome under threat’, *MTV Report*, [in Arabic], 10 August 2013.

⁷³³ Interview with a former government official who wishes to remain anonymous.

There, he appealed for help in resolving the matter. According to the *As-Safir* article, Saad Hariri gave Ahmad his word that he would find a solution, but ‘in his own way’.⁷³⁴

Normally, decrees to officially include sites on the Lebanese Official List of Registered Historic Monuments and Sites are followed by a cabinet decision to ‘purchase the site’. But Prime Minister Fouad Siniora – and later, Prime Minister Saad Hariri – chose to ‘procrastinate’ over acquiring the property.⁷³⁵ It therefore suggests that both men had answered Ahmad’s call for help. But both men could not sway Tammam Salam (and his successor Salim Wardeh) to revoke Decree No. 63. This all changed as soon as Najib Mikati became prime minister. Upon taking up the post, Mikati appointed Gaby Layyoun as the new Minister of Culture. It is worth mentioning that Layyoun was a member of Michel Aoun’s Free Patriotic Movement – a party allied to Berri’s Amal Party and opposed to Siniora and Saad Hariri’s Al-Mustaqbal Party. Under the rubric of ‘the state cannot acquire properties in Downtown Beirut’, Layyoun proposed an idea that would involve ‘dismantling and re-integrating’ ancient ruins on several disputed sites. The move was significant:

“When the Minister of Culture refused to change the laws to suit the demands of the investors, they told him ‘no worries, you will not change the law, but the government will change one day, and then we can ask the new Minister of Culture to fulfil our demands’. That day happened when Layyoun was appointed. And since his party is closely allied to Amal, there is reason to believe that he was swayed in one way or another.”⁷³⁶

By the beginning of 2012, a ‘leaked document’ revealed that Layyoun had issued an ‘unpublished’ decree (specifically, Decree No. 849 dated the 14th of February 2012), that gave Beirut Trade approval to dismantle some sections of the Roman Hippodrome on its

⁷³⁴ According to this article, Ahmad privately approached Saad Hariri at his residence and asked him to help him with the issue. For details, see: Claire Shukr, “The Story of plot number 1370, who created it: It’s prohibited to tamper with the garden of the ‘Centre House’”, *As-Safir Newspaper*, [in Arabic] 21 March 2012.

⁷³⁵ According to the article, Salam’s decree was not followed up by a government decision to purchase the site. See: Alkantar, “Minister of Culture ‘Dismantles’ Beirut’s Roman Hippodrome”.

⁷³⁶ Interview with a former government official who wishes to remain anonymous.

plot (plot number 1,370), and in turn, re-integrating them using a small museum.⁷³⁷ During this time, a similar idea was being floated to dismantle the Phoenician Port. This ancient site was discovered by the DGA during excavations conducted between December 2010 and April 2011 in the Hotel district of Downtown Beirut – specifically, on plot number 1,398.⁷³⁸ This plot of approximately 7,500 square metres was sold to Venus Real-Estate (VRE), a company that falls under the umbrella of the Plus Holding Group (a conglomerate of 14 companies operating in five countries). Plus Holding is owned by Lebanese media mogul Georges Chehwane (see Table 5). Like Ahmad, Chehwane was not pleased by the archaeological finds on his land because it threatened his half-billion dollar investment in the area.⁷³⁹

Not long after, Layyoun passed another unpublished decree (Decree No. 2,437 dated the 5th of June 2013) granting permits to the owners of plots 834 and 1,410 to begin construction there. Like before, the decree delegated to the owners of the properties the task of dismantling some of the remains and re-integrating them in a small museum.⁷⁴⁰ On the 25th of October 2013, it was reported by some local activists that walls belonging to the Roman Hippodrome had already ‘disappeared’.⁷⁴¹ This was reminiscent of what had occurred the previous year, when activists showing up for a protest at VRE’s property found the Phoenician Port being levelled to the ground.⁷⁴² See Figures 68 and 69. According to various sources, the decision to demolish the site was not published in

⁷³⁷ See, for example: Mubarak, ‘Roman Hippodrome under threat’; Nohad Toplian, “Officials debate future of Beirut’s historic Roman Hippodrome”, *Al-Shorfa*, 27 April 2012. See also: Youth Economic Forum, *Cultural heritage in Lebanon put at stake by policy makers*, (Beirut: Youth Economic Forum Policy, Position Paper, 2012).

⁷³⁸ See: May Aboud Abi Aql, ‘Discovery of first Phoenician port in Beirut and foundations of a Roman Temple in Mina al-Hosn’, *An-Nahar Newspaper*, [in Arabic], 08 April 2011.

⁷³⁹ See: Solidere, *Annual Report*, (Beirut: Solidere, 2010), p.164.

⁷⁴⁰ In this regard, the owner of the two plots are registered under Royal Hotels and Resorts (RHR); a company that is known to belong to the Kheireddine family (see Figure 68). Marwan Kheireddine, who was also a Minister of State in the Mikati government, said he had generously offered 4,000 square metres of basement space - worth an estimated US\$10m - to display some 38 metres of the foundation wall that falls on his property. For details, see: Bassam Alkantar, ‘Layyoun and the Roman Hippodrome: The Last Episode’, *Al-Akhbar*, [in Arabic], 27 July 2013.

⁷⁴¹ See blog article: Habib Battah, ‘Roman wall removed from Beirut Hippodrome site’, *The Beirut Report*, 25 October 2013.

⁷⁴² This is according to an interview with Giorgio Tarraf held on 12 July 2012 in Beirut, and an interview with Habib Battah held on 31 August 2012 in Beirut.



Figure 68 – An image of the excavation site where parts of the Phoenician Port were discovered. Source: Van Meguerditchian, ‘Construction firm demolishes Phoenician port’, *The Daily Star*, 28 June 2012.



Figure 69 – An image of the Phoenician Port after it was demolished. Source: Meguerditchian, ‘Construction firm demolishes Phoenician port’.

the Official Gazette until the 28th of June; a full day after the demolition took place.⁷⁴³ This time, many activists argued that Layyoun tried to ‘pre-empt’ activists by giving VRE ‘tacit permission’ to demolish the remains.⁷⁴⁴ Layyoun accused his critics of being politically-motivated. While doing so, he even made a swipe at those behind Solidere: “What we did...corrects the mistake by Solidere, which deceived property owners by not informing them that there were archaeological finds before buying the property”.⁷⁴⁵ It is clear, however one assesses it, that elites from across the political spectrum were working together not only to protect individual properties belonging to them and their allies, but also to safeguard the trajectory of the Solidere project. And they did this in spite of personal or political differences that existed between them and those standing behind the private company.

II. From Solidere to Solidere International

As mentioned at the start of this chapter (and elsewhere), the Solidere project is an ‘elite playing field’, where a number of key elites have been brought together to reshape the city centre according to their *own* aspirations and visions.⁷⁴⁶ In the years that followed Hariri’s assassination, a decision was made by the company’s leading shareholders to expand Solidere’s operations abroad. On the 7th of June 2007, Solidere announced the establishment of Solidere International (SI). This international branch has since launched a number of large-scale urban developments inside and outside Lebanon. Like the Solidere project, these new developments bring together a number of social, cultural, political and economic elite players from national, regional – and sometimes also, international – circles. Importantly, *all* are dominated by the most powerful segment(s) of

⁷⁴³ This was Decree No. 70 (dated the 26th of June 2012). See: Al-Jarida ar-Rasmiya, No. 28, 28 June 2012, p.2975. Available at: <http://www.pcm.gov.lb/arabic/subpgoldJo.aspx?pageid=3836> (Accessed 15 October 2013).

⁷⁴⁴ For details, see: Van Meguerditchian, ‘Phoenician Port in Beirut faces Mega Project’, *The Daily Star*, 25 June 2012; Bassam Alkantar and Joanne Bajjaly, ‘Phoenician Port Sold Down The River In Beirut’, *Al-Akhbar*, [in Arabic], 27 June 2012.

⁷⁴⁵ As quoted in: *ibid.* See also: Nafez Kawas, ‘Culture Ministry defends plans for Roman Hippodrome’, *The Daily Star*, 16 March 2012.

⁷⁴⁶ See: Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, pp.567-568.

the Hariri network. What this means is that the Hariri network is no longer limited to reshaping the urban future of Beirut: now, it is ‘imagineering’ the urban future of multiple cities. The move from Solidere to SI narrates the socio-historical trajectory of the Hariri network after 2005. It is, therefore, pivotal for understanding how networks of capitalists change over time and from place to place.

i. Solidere’s post-2005 challenges

Ten years after its establishment, Solidere was faced with a number of challenges that prompted the board to look for an alternative source of rents. The most significant challenge that Solidere had to deal with was the political crisis that engulfed Lebanon after Hariri’s assassination in 2005. This took a huge toll on economic growth in the country: visitors dwindled, businesses closed down, and many investors scurried to withdraw their capital.⁷⁴⁷ Despite the political impasse, real estate business was still flourishing in Downtown Beirut. This was because there remained a high demand for ‘land’ in general; thanks mainly to rich property buyers and tenants in Lebanon and the Arab Gulf.⁷⁴⁸

In fact, this demand was reaching ‘unheard-of proportions’ as well.⁷⁴⁹ And even after the 2006 war between Israel and Hezbollah came to an end, Gulf investors returned and funnelled billions of petro-dollars into high-end real estate projects in the city centre.⁷⁵⁰ Aided by the post-9/11 climate, Gulf investors found Lebanon to be a safer place to invest their money in, and therefore, continued to channel petrodollars into

⁷⁴⁷ According to one source, the country took a major hit from the political turmoil that plagued the country in 2005, as growth plunged from five percent in 2004 to around 0 percent in 2005. See: AFP, ‘Lebanon’s economy reeling from a year of violence’, *The Daily Star*, 22 December 2005.

⁷⁴⁸ This is according to information obtained from the following report: EIU, *Country Report: Lebanon*, April 2006, p.27.

⁷⁴⁹ This demand was visibly demonstrated by the numerous cranes rising above Beirut’s skyline. For details, see: Nada Bakri, ‘Construction fever sweeps Lebanon’, *The Daily Star*, 17 May 2006; Lysandra Ohrstrom, ‘Development boom heads for Beirut’, *The Daily Star*, 30 June 2006.

⁷⁵⁰ See: Lysandra Ohrstrom, ‘Construction boom goes bust – for now’, *The Daily Star*, 22 July 2006. See also: Osama Habib, ‘Accord sparks renewed expat interest, resumption of real-estate projects’, *The Daily Star*, 29 May 2008.

projects in the city centre. Some of the most significant projects included Ivana Trump Tower (a US\$150 million residential tower by Dubai real estate giant DAMAC), Beirut Gate (a US\$600 million project involving residential and business facilities by Abu Dhabi-based Investment House), and Phoenician Village (a whopping US\$1.3 billion residential and business project by Kuwaiti firm Levant Holding).⁷⁵¹ In this context, one can imagine how much the company's shareholders benefited from these projects. A close look at Solidere's financial reports would show that the company was performing well throughout this period. Solidere continued to make substantial profits from land sales (and rental income).⁷⁵² In turn, these profits drove the value of the company's shares sharply upwards.⁷⁵³ See Figure 70 for an artist's impression of one of these new developments under construction.

But even with such projects underway, the security situation was progressively worsening. Between 2011 and 2013 especially, the uprising in neighbouring Syria had turned into a full-blown civil war and Lebanon began to feel the repercussions.⁷⁵⁴ The city centre, which once acted as tourist magnet, attracting hordes of wealthy visitors from Gulf countries such as Saudi Arabia, had now become a 'ghost town' (see Figure 71).

⁷⁵¹ This fact can also be supported by the number of projects that were launched by Gulf-based investors. See: Will Rasmussen, 'Dubai firm unveils plans for \$120 million tower in Beirut', *The Daily Star*, 30 November 2005; Henri Mamarbachi, 'Investment in Solidere surges after Hariri's assassination', *The Daily Star*, 20 February 2006; Nada Bakri, 'Gulf money pours into Downtown Beirut', *The Daily Star*, 01 April 2006; The Daily Star, 'Solidere announces \$1.3 billion project', *The Daily Star*, 27 April 2006; Lysandra Ohlstrom, 'Phoenicia Village: Beirut's largest development yet', *The Daily Star*, 19 May 2006; Lysandra Ohlstrom, 'DAMAC unveils plans for 'Ivana Trump' apartments', *The Daily Star*, 27 June 2006; Lysandra Ohlstrom, 'Gulf developer to start building \$600-million Beirut complex', *The Daily Star*, 14 October 2006.

⁷⁵² Solidere continued to report impressive year-on-year profits. This is according to information obtained from *The Daily Star* archive. See: *The Daily Star*, 'Solidere reports 22 percent spike in profits despite war', *The Daily Star*, 03 April 2007; *The Daily Star*, 'Solidere posts net profits of \$155.9 million', *The Daily Star*, 05 June 2008; *The Daily Star*, 'Real-estate giant Solidere reports net profit of \$214.3 million in 2008', *The Daily Star*, 16 June 2009; *The Daily Star*, 'Solidere records net profits of \$182.2 million in 2009', *The Daily Star*, 01 June 2010; *The Daily Star*, 'Solidere 2010 profits surge 8 percent', *The Daily Star*, 16 June 2011.

⁷⁵³ This is according to: EIU, *Country Report: Lebanon*, January 2006, p.28.

⁷⁵⁴ For details, see: Mouhamad Wehbe, 'Lebanon: Bye Bye Tourists', *Al-Akhbar*, [in Arabic] 22 August 2012.

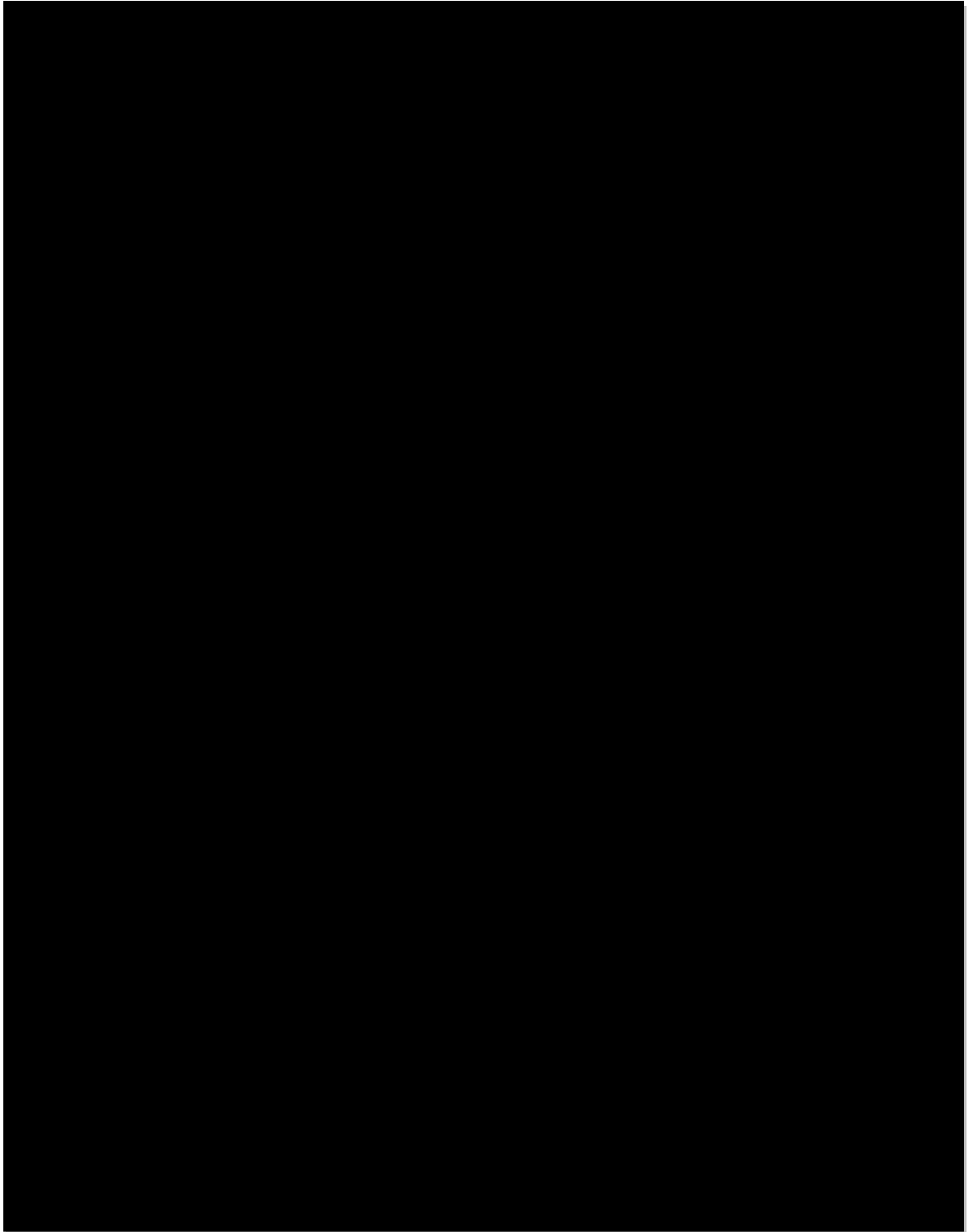


Figure 70 – An artist's impression of the Phoenician Village project in Downtown Beirut. Notice how this is another high-rise building designed to maximise profit. Source: The Phoenician Village webpage: <http://www.phoenicianvillage.com/gallery.html> (Accessed 20 November 2013).



Figure 71 – An image of the Place d'Etoile in Downtown Beirut. Notice how empty the street is. Photo taken by author.

Land sales and rental income began to plunge, and with it, Solidere share prices.⁷⁵⁵ According to economists, the decline in share prices reflected the cautious mood of investors and consumers, particularly those from the Gulf, to the unstable conditions in Lebanon brought about by political turmoil in the region, as well as domestic tensions resulting from the civil war in neighbouring Syria.⁷⁵⁶ The most significant incident took

⁷⁵⁵ By the 15th of July 2011, Solidere A and B shares fell to US\$16.54 and US\$16.42 respectively. According to economists, the decrease reflected the negative mood of investors and brokers who were becoming deeply concerned about political developments in the region – and especially, in Syria – impacting Lebanon. By the 1st of June 2012, Solidere A and B shares fell further to US\$12.62 and US\$12.41 respectively. Again, economists cited that investors and brokers were still deeply concerned with the security and political developments in the country as a result of the unstable conditions in the region and neighbouring Syria. Importantly, this was the first time that Solidere shares fell to these levels since 2005. By the 20th of September 2013, Solidere A and B shares fell further to US\$10.75 and US\$10.72 respectively. For details on the downward spiral of Solidere share prices, see Solidere's 'Stock Information' on its website: <http://www.solidere.com/corporate/investor-relations/stock-information> (Accessed 30 November 2013).

⁷⁵⁶ This viewpoint is shared by Solidere officials as well. See the statement made by the Chairman and General Manager of Solidere Nasser Chammaa in: Solidere, *Annual Report*, (Beirut: Solidere, 2012), p.2.

place towards the end of 2013, when a suicide bomber targeted the motorcade of a former minister next to the STARCO building in the downtown area. According to former Finance Minister and Shihabist Georges Corm, he was not surprised by the downturn that Solidere experienced in those last couple of years: “From the beginning I was warning them against transforming Downtown Beirut into an ‘island for the rich’. This island would not be used by Lebanese residents, but rather, by rich immigrants and Gulf tourists. So when these people stop visiting, of course the area will become dark and empty”.⁷⁵⁷ Today, there is an obvious disparity between the city centre and the rest of the city: while Downtown Beirut has become ‘dark’ and ‘empty’, other parts of the city, such as Hamra and Achrafiyeh, are still busy and thriving. In light of this, the initiative to expand abroad was necessary to make up for the losses incurred from the worsening political crisis at the time.⁷⁵⁸

It must be stressed, though, that Solidere’s expansion is part of a strategy to search for alternative rents. In turn, appropriated rents would benefit Solidere’s shareholders. Solidere officials are not shy to admit this, as confirmed by Douaidy:

“The price of our shares is not just connected to our land sales in Downtown Beirut. It is also connected to our operations abroad. Creating Solidere International was really part of an effort to create a new ‘land bank’ where our know-how can continue to operate. Here in Downtown Beirut the land bank is depleting. By going abroad, we are creating new land banks where this know-how can continue. Eventually, the revenue that will be generated from ‘exporting our expertise’ will come back to us, and therefore, be another source of income for Solidere. This, in turn, will improve the value of the shares in the company.”⁷⁵⁹

And this is exactly what happened. On the 29th of June 2007 (the day before Solidere International was officially established), Solidere A and B shares both closed at

⁷⁵⁷ Interview with Georges Corm held on 25 July 2012 in Beirut.

⁷⁵⁸ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

⁷⁵⁹ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

US\$15.39. By the 11th of July 2008, Solidere A and B shares closed at US\$38.86 and US\$38.60 respectively; an increase of well over 50%.⁷⁶⁰

By 2008, however, land sales began to plunge, and by 2011, they were almost non-existent.⁷⁶¹ Of course, this caused a decline in Solidere's share prices.⁷⁶² As explained previously, the decline in share prices reflected the cautious mood of investors and consumers to the unstable conditions brought about by the political crisis in the country. But despite the gloomy picture, Solidere shares have the potential to rebound in the future due to huge returns in revenue from SI. This point has been made by FFA Private Bank.⁷⁶³

ii. The plan to expand Solidere's operations abroad

In light of the political crisis at the time, Solidere pursued a plan to expand its operations abroad. The arrival of the Siniora government aided this expansion. A number of amendments – which needed governmental approval – were suddenly approved by Siniora's government; the most significant being the extension of Solidere's duration from 25 years to 35 years.⁷⁶⁴ Other amendments that were passed included modifications

⁷⁶⁰ This information is according to Solidere's 'Stock Information' on its website. See: <http://www.solidere.com/corporate/investor-relations/stock-information> (Accessed 30 November 2013).

⁷⁶¹ According to a chart showing Solidere's remaining land inventory, this inventory has remained largely static at under 2,000,000 square metres from 2011 to 2013. See: Solidere, *Excerpts for Analysts*, (Beirut: Solidere, 2013), p.10.

⁷⁶² By the 15th of July 2011, Solidere A and B shares fell to US\$16.54 and US\$16.42 respectively. According to economists, the decrease reflected the negative mood of investors and brokers who were becoming deeply concerned about political developments in the region – and especially, in Syria – impacting Lebanon. By the 1st of June 2012, Solidere A and B shares fell further to US\$12.62 and US\$12.41 respectively. Again, economists cited that investors and brokers were still deeply concerned with the security and political developments in the country as a result of the unstable conditions in the region and neighbouring Syria. Importantly, this was the first time that Solidere shares fell to these levels since 2005. By the 20th of September 2013, Solidere A and B shares fell further to US\$10.75 and US\$10.72 respectively. For details on the downward spiral of Solidere share prices, see Solidere's 'Stock Information' on its website: <http://www.solidere.com/corporate/investor-relations/stock-information> (Accessed 30 November 2013).

⁷⁶³ For details, see: FFA Private Bank Analysts, 'Solidere Analyst Day 2012', *FFA Private Bank*, 13 July 2012; FFA Private Bank Analysts, 'Solidere Analyst Day 2013', *FFA Private Bank*, 13 September 2013.

⁷⁶⁴ Solidere's duration was extended by Decree No. 13,909 of 2005 from 25 years to 35 years, starting from the 10th of May 1994, the date of its registration at the Commercial Register. See: Solidere, *Annual Report*,

to the master plan reflecting new sector plans for the Martyrs' Square axis, Ghalghoul, *aswaq*, Hotel and Waterfront Districts.⁷⁶⁵ There was, however, one amendment that was very controversial; specifically, it had to do with allowing Solidere to provide 'services and consultancy' to real estate development projects 'outside the downtown area' and 'all over the world'.⁷⁶⁶

The controversy began on the 25th of April 2006, when Raya Daouk accused Solidere of attempting to, "amend its regulations to allow it to extend its work turf outside Lebanon."⁷⁶⁷ Raya had by this stage replaced her husband, Omar Daouk, as head of the 'Association of Owners of Rights in the Beirut Central District'. Initially, these accusations were based on rumours that Solidere was involved in a multi-million dollar real estate project being developed by Baha' Hariri (Saad Hariri's brother) in Aqaba, Jordan.⁷⁶⁸ While there was no proof at the time confirming Solidere's involvement, Douaidy reveals in an interview that his company was being 'solicited' by many different countries and investors to go and 'replicate' what they had done in Downtown Beirut in other places.⁷⁶⁹ Later that year – on the 13th of November to be exact – Solidere's board approved a resolution put forward at an extraordinary general meeting held by Solidere shareholders to 'export its expertise' outside the city centre:

“We will apply our know-how in urban regeneration and city making within the Middle East and around the Mediterranean basin, teaming up with our network of consultants, investors and operators. External projects will offer a

(Beirut: Solidere, 2005), p.11. It is important to note that this extension was based on a suggestion that came out of an extraordinary general assembly of Solidere shareholders dated the 29th of June 1998, which resolved to amend the duration of the company to 75 years, but which had been waiting for the approval of the Council of Ministers. See: Solidere, *Quarterly Report: Issue 2*, (Beirut: Solidere, 1998).

⁷⁶⁵ See 'Chairman's Message' section for more details: Solidere, *Annual Report*, (Beirut: Solidere, 2005), pp.6-8.

⁷⁶⁶ An extraordinary general assembly of Solidere shareholders dated the 13th of November 2006 resolved to amend the 'objectives' section of the company's bylaws to include providing services and consultancy in real estate development for projects outside the BCD area and all over the world. See Solidere, *Annual Report*, (Beirut: Solidere, 2006), p.102.

⁷⁶⁷ Quoted in: Leila Hatoum, 'Solidere, Hariri family face fresh criticism', *The Daily Star*, 26 April 2006.

⁷⁶⁸ Multibillionaire Bahaa Hariri, the eldest son of slain Lebanese Prime Minister Rafiq Hariri, announced on the 7th of April 2006 his intentions to invest between US\$7 and US\$10 billion for the construction of a large scale city in the Aqaba Economic Zone (ASEZ) in southern Jordan on the Red Sea Coast. For more details, see: Shikrallah Nakhoul, 'Bahaa Hariri to Invest Up to \$10 Billion in Real Estate Project in Aqaba', *APD*, 08 April 2006.

⁷⁶⁹ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

new source of revenue in the form of fee income as well as equity and/or profit participations, while avoiding to invest any of our cash abroad.”⁷⁷⁰

The move is very significant, as it clearly shows that Solidere itself has become a ‘model’ to be replicated in other cities. This is what Rami Daher has called the ‘Solidere phenomenon’.⁷⁷¹ This comes in contrast to the regional trend – outlined in Chapter 2 – in which urban projects in the Arab Gulf cities are serving as models to be replicated in other cities in the Arab/Middle Eastern region.⁷⁷²

At this point, Solidere’s decision needed governmental approval first. Taking advantage of guaranteed support from Prime Minister Siniora, the company had already entered negotiations about going forward with development projects in a number of countries.⁷⁷³ According to a weekly bulletin published by Bank Audi Saradar, for example, Solidere had even gone as far as finalising a plan to invest US\$6.8 billion in a US\$13 billion real estate project in the UAE emirate of Ajman.⁷⁷⁴ Importantly, there was no official statement released by Solidere at the time to confirm this, therefore suggesting that the company was trying to pre-empt any opposition to the move. On the 29th of March 2007, Siniora finally passed a decree that officially approved the company’s decision.⁷⁷⁵ Undoubtedly, this shocked the committee of former landowners. On the 29th of May, the committee – represented by lawyer Albert Farhat – filed a lawsuit at Majlis al-Shura against the decree; describing it as ‘unconstitutional’ because it ‘violates

⁷⁷⁰ Nasser Chammaa, quoted in: Solidere, *Annual Report*, (Beirut: Solidere, 2006), p.8.

⁷⁷¹ This point was initially suggested by Rami Daher in his study of Amman, Jordan. For details, see: Daher, ‘Amman: Disguised Geneology and Recent Urban Restructuring and Neoliberal Threats’, p.49.

⁷⁷² In turn, this replication process has led to what some scholars have described as the ‘Dubaisation’ or ‘Gulfication’ of cities across the region. See: Elsheshtawy’s ‘*The Evolving Arab City: Tradition, Modernity & Urban Development*’ for more details.

⁷⁷³ According to one article in *The Daily Star*, Solidere had been negotiating and finalising plans in Egypt, Jordan and Turkey. See: Lysandra Ohrstrom, ‘Solidere activity abroad angers Lebanese shareholders’, *The Daily Star*, 18 July 2007.

⁷⁷⁴ The project would be developed in a strategic partnership with the Ajman government, and would cover 10 square kilometres in the Al Zoura area in Ajman, and will be known as ‘Downtown Ajman’. It would be a new city consisting of hospitals, schools, offices, shopping centres, residential buildings, five-star hotels, a golf course, and a marina. It is expected to attract individuals as well as investors and companies. One can already begin to understand how this concept already sounds very similar to Solidere’s concept of reconstructing Downtown Beirut. See: Bank Audi Research Department, ‘The Lebanon Weekly Monitor’, *Bank Audi sal – Audi Saradar Group*, Week 4, Jan 22 – Jan 27, (2007), p.3.

⁷⁷⁵ This was Ministerial Decree No. 207 (dated the 29th of March 2007). See: Al-Jarida ar-Rasmiya, No. 18, 29 March 2007, p.1705. Available at: <http://www.pcm.gov.lb/arabic/subpgoldJo.aspx?pageid=3836> (Accessed 15 October 2013).

Lebanese property law'.⁷⁷⁶ However, the lawsuit became the latest of the long line of lawsuits against Solidere that never received a ruling. Led by Raya Daouk, the former landowners committee accused the Hariri family of turning Solidere into a 'family business'. The committee also warned shareholders in Solidere that the company's main sponsors wanted to 'abandon' Downtown Beirut altogether in search of other 'more lucrative' projects.⁷⁷⁷ Solidere officials, however, denied such a diversion was happening:

"The decision to expand abroad absolutely does not mean [Solidere Lebanon] will abandon its projects in central Beirut especially when local operations are what gave Solidere access to foreign markets ... In contrast to what they claimed this expansion of activities abroad ... will use Lebanese assets to strengthen [Solidere's] presence in international markets and its balance sheet."⁷⁷⁸

They also described the committee's attack as being part of their decade-long 'smear campaign' against their company; in effect suggesting that it had been the 'victim' this whole time. According to a statement released by Solidere:

"...the so-called Beirut Central District Right-holders Committee is continuing its smear campaign against Solidere's activities and achievements at a time when the recovery of Beirut City Center is so obvious and clear to everyone around, and when Beirut itself is regaining its well-known regional and international role through its city center...At a time when the Solidere project for the development and reconstruction of Beirut City Center has become a pioneer model, a successful experience and a reference for city regeneration all over the world, it is regrettable the above-mentioned committee is keeping up with its policy of throwing false accusations through the media and misleading the public opinion."⁷⁷⁹

⁷⁷⁶ See: Ohrstrom, 'Solidere activity abroad angers Lebanese shareholders'.

⁷⁷⁷ Daouk accused officials of the firm of first "conspiring against Downtown by ejecting its [original] inhabitants," with its controversial reconstruction drive, and, "now emptying [BCD] of cash and assets." See: Ohrstrom, 'Solidere activity abroad angers Lebanese shareholders'.

⁷⁷⁸ This was according to a statement released by Solidere press attaché Rached. See: Lysnadra Ohrstrom, 'Solidere defends regional expansion', *The Daily Star*, 24 July 2007.

⁷⁷⁹ As quoted in: *The Daily Star*, "Solidere strikes back at 'smear campaign'", *The Daily Star*, 29 April 2006.

Whatever the motives, it must be stressed that the views presented by both sides are a reflection of a wider struggle for inclusion in, or exclusion from, the elite circle that controls the decision-making process in Solidere.

Since launching its operations abroad, SI has been managing real estate projects in the Middle East and the Mediterranean Basin – what it labels as its ‘Target Area’. SI has engaged with partners in the development of the following projects: the Al Zorah project in Ajman (UAE); the Eastown and Westown projects in Cairo (Egypt); and the Bodrum project in Turkey.⁷⁸⁰ In addition to that, SI has signed a contract to execute the Beirut Village project in the Beirut suburb of Hazmieh.⁷⁸¹ Like Solidere, SI has pursued a strategy of maximising profit: through the construction of high-end business towers, 5-star hotels and luxury apartments that offer exclusive spaces for consumption and refuge. Thus, Solidere created rents from the land it acquired in Downtown Beirut, and now, it was ready to share in the rents that were to be created from lands SI was acquiring elsewhere.

iii. Who decided to expand Solidere’s operations?

To answer this question, we need to know the identity of the major shareholders at the time. Since 2005, the most significant transfer of shares to have occurred was the transfer of Rafiq Hariri’s 6.5% stake of Solidere shares to members of his family. Other than that, not much else changed. His banks still held a significant percentage of shares. The same goes for his employees, family members and friends. And finally, shares were still being held by those ‘middlemen’ who represented an intersection of political and/or religious interests. Namely: Fouad el-Khazen still held shares on behalf of the Maronite *Waqf*; Raphael Sabbagha on behalf of the Greek Orthodox *Waqf*; Basile Yared on behalf of the Greek Catholic *Waqf*; and Faysal Tabbarah on behalf of the Islamic (Sunni)

⁷⁸⁰ In addition to those listed, several projects have been signed in Saudi Arabia, which SI considers to be a very promising real estate market. And other opportunities are being assessed in places such as Qatar, Algeria and even Montenegro. See: Solidere, *Annual Report*, (Beirut: Solidere, 2007), p.83.

⁷⁸¹ For a critical account on the Beirut Village project in Hazmieh, see: Joanne Bajjaly, ‘The Takeover of Asfouriyeh: How Solidere Went Nuts’, *Al-Akhbar*, [in Arabic], 19 February 2012.

Waqf.⁷⁸² The precise number of shares owned by these shareholders has definitely changed due to sales and purchases over the years. But according to information obtained by *Al-Akhbar* Daily Newspaper, the aforementioned names are still the largest stakeholders in the company.⁷⁸³ Thus, the board represents an intersection of interests that is still closely associated with the Hariri network.

During this period, however, some significant changes were made in the ranks of the company's Board of Directors. The most significant change occurred in the summer of 2012, when the general assembly elected a board that included four new members. The elections were significant because they replaced some of the 'veteran' members, such as el-Khazen. But according to Violette Balaa, Economic Editor of *An-Nahar* Daily Newspaper, this drastic change within Solidere was not the result of new internal politics:

“Every time there is a change in a company's Board of Directors, we try to explain the reasons for the change and the goals behind it. There is not much to explain when it comes to the case of Solidere. This is because large stakes in the company's shares are still being held by the same shareholders that existed before. This means that there was no significant change in the internal politics of the company, which in turn, suggests that the change in board members was 'cosmetic' in nature; nothing more and nothing less.”⁷⁸⁴

So why was el-Khazen removed? Simply, it was because he was growing old. Three years earlier, Nabil Boustany – the vice chairman on the company's board since 1997 – passed away at the age of 85.⁷⁸⁵ He was automatically replaced by his son, Fadi Boustany.⁷⁸⁶ According to Oussama Kabbani (one of the new members to be elected to the company's board in the summer of 2012), the outgoing members had been on the board for some time now, and most likely resigned for personal reasons. He therefore states: “the new comers bring with them new blood and new expertise.”⁷⁸⁷

⁷⁸² Most of the information in this paragraph was mentioned in Chapter 6.

⁷⁸³ See: Wehbe, 'Lebanon Real Estate: Who Owns Solidere?'.

⁷⁸⁴ Interview with Violette Balaa held on 07 August 2012 in Beirut.

⁷⁸⁵ See: *The Daily Star*, 'Former deputy Nabil Boustani passes away from long illness', *The Daily Star*, 01 August 2009.

⁷⁸⁶ See: Solidere, *Annual Report*, (Beirut: Solidere, 2009), p.119.

⁷⁸⁷ As quoted in: Hani Bathiche, 'Four new members for Solidere board', *BusinessNews.com.lb*, 30 July 2012.

As was explained in Chapter 6, Rafiq Hariri was able to benefit the most from the Solidere project because he was heavily represented; either in his personal capacity as the biggest shareholder, or through other shareholders. While the numbers of shares owned by shareholders are hard to come by, some figures obtained by previous research can help to highlight how many shares represent this group of shareholders today. When Solidere was first established, it was decided that rights holders (former landowners and tenants) would receive 65% of the total number of shares – with an estimated value of \$1.2 billion – as A-shares, while the remaining shares – with an estimated value of \$650 million – would be sold to the Lebanese public as B-shares.⁷⁸⁸ At this point, Hariri and his associates were believed to have acquired up to 19% of the company's shares.⁷⁸⁹ Solidere has never revealed the number of rights holders who accepted shares. But according to one article published in *The Daily Star*, those who accepted the offer held 50% of the company's shares.⁷⁹⁰ In the same article, it is written that 92% of the rights holders who received shares sold them on over the years.⁷⁹¹ It is impossible to verify who these shares were sold on to, but according to Balaa, the people that bought the greatest proportion of these shares were most likely those with the largest stakes in the company. Balaa writes in *An-Nahar* that between 2011 and 2012, only 10 million of the 165 million shares available in Solidere were traded.⁷⁹² As Balaa explains, this is a very low number of sales and purchases for a firm that is meant to be Lebanon's biggest in the real estate industry. More importantly, it shows that the company has reached a point where most of its shares are being held by what she terms 'strategic shareholders'; in other words, many of the long-term holders (mentioned above) with large stakes in the company. In the article, Balaa also makes a significant revelation when she writes that the percentage of the stakes held by these long-term holders equates to (approximately) 70% of the shares.⁷⁹³

⁷⁸⁸ See: Fricke, 'Forever Nearing the Finish Line: Heritage Policy and the Problem of Memory in Postwar Lebanon', p.167; Dona Stewart, 'Economic Recovery and Reconstruction in Postwar Beirut', *The Geographical Review*, 86(4), (1996), p.500.

⁷⁸⁹ See: P. Walden, 'Rebuilding of Lebanon Owes Much to Vision and Fortune of Hariri', *Wall Street Journal*, 29 March 1994, in Stewart, 'Economic Recovery and Reconstruction in Postwar Beirut', p.500.

⁷⁹⁰ See: Ohrstrom, "Solidere: 'Vigilantism under color of law'".

⁷⁹¹ See: *ibid.*

⁷⁹² See: Violette Balaa, 'The Change in Solidere does not carry with it new politics', *An-Nahar Newspaper*, [in Arabic], 01 August 2012.

⁷⁹³ See: *ibid.*

Going back to the 2012 Board elections, one notices that the new members are all closely connected to the Hariri network. To begin with, Nasser Chammaa (Rafiq Hariri's associate and former OGER employee) was still the Chairman of the company's Board of Directors.⁷⁹⁴ Moreover, many of the other original board members were re-elected. Most notably, they include Basile Yared, who was still the legal advisor to the Hariri family.⁷⁹⁵ When analysing the backgrounds of the four newest members on the company's board, we find that they had a long record of working with the company previously. Oussama Kabbani is one example: in 1994, he became the manager of the town planning department, and in 1997, he became the head of the urban management department (see Chapter 6). Another example that is of particular relevance to the analysis in this section is Mounir Douaidy. In this regard, Douaidy has been in Solidere since the company's inception. He first joined as Financial Director, only to then take up the dual role of General Manager and Financial Director in 2001. His prior working experience involved responsibilities in controlling the financial operations of two real estate companies, one of which was STOW Capital. This enabled him to become a board member of BWD – the subsidiary of Solidere in charge of constructing Zaitunay Bay (mentioned in the previous section).⁷⁹⁶ One can therefore argue that the Hariri network was still firmly in charge, and that they were the ones who decided to expand Solidere's operations abroad.

SI was announced with a share capital of US\$700 million. Its shareholders include a range of elite individuals and institutional investors from the Middle East and Europe. But its main shareholder is Solidere, which holds up to 37.19% of SI's share capital.⁷⁹⁷ Its board also consists of some of Solidere's 'core team'. Most notably, they include: Solidere Chairman Nasser Chammaa, who acts as SI's Chairman and General Manager; and Basile Yared, who is still the Hariri family's legal advisor. The shape of SI's board demonstrates that Solidere's main shareholders – with the Hariri network as its head – have become instrumental in shaping new large-scale developments outside Downtown

⁷⁹⁴ See Chapter 6.

⁷⁹⁵ Interview with Basile Yared held on 25 November 2013 in Paris.

⁷⁹⁶ Interview with Mounir Douaidy held on 23 July 2012 in Beirut.

⁷⁹⁷ See: Solidere, *Annual Report*, (Beirut: Solidere, 2007), pp.82-83.

Beirut. As such, access to these shareholders is crucial for those who want to play a role in shaping these new developments as well. Interestingly, SI is headquartered in the Dubai International Financial Centre (DIFC). This, again, goes to show the dominance and attractiveness of Dubai which is fuelled by an abundance of capital that can be found there (see Chapter 2). Moreover, much of SI's board consists of leading businessmen in the Gulf region; four of whom are from Saudi Arabia.⁷⁹⁸ The high number of Saudi nationals involved in SI is a reflection of the Hariri network itself, which developed by virtue of Rafiq Hariri's position within and alongside Saudi networks of politico-economic power (see Chapters 4 and 5).

Conclusions

Governments between 2005 and 2013 were occupied by elites that supported the Solidere project. To begin with, there were those who were in the inner circle of the Hariri network. These included not only the son of Rafiq Hariri (who succeeded in following his father's footsteps to become prime minister), but also Fouad Siniora (who for many years was a technocrat serving in Rafiq Hariri's cabinets). Then there were those that did not belong to the Hariri network. For example, there were new contractors such as Najib Mikati and Mohammed Safadi. There were also elite players who were connected to the pre-civil war bourgeoisie and former militia leaders. One example was Ali Nazem Ahmad, who was politically connected to Nabih Berri's Amal Party. All in all, their ability to influence the key institutions concerned with reconstruction meant that they were able to exercise power over the Solidere project and change the neoliberal approach put in place by Rafiq Hariri in previous years. But they all chose to maintain the approach; not least because it was drawing international investment into other economic sectors (which the same elites were invested in).

⁷⁹⁸ SI's Board of Directors is a mixture of Lebanese and Gulf nationals. For more details on these individuals, see Solidere's webpage: <http://www.solidere.com/international/corporate/company/si-board-directors> (Accessed 30 November 2013).

Despite the political divisions that existed between the so-called 8th March and 14th March coalitions, successive governments during this period did not have a negative impact on the flow of petrodollars into the Solidere project. Instead, this flow remained protected and secured. This was particularly the case when Mikati was appointed as the country's new prime minister, and when a shift in power occurred from the 14th March camp to the 8th March camp. Explaining this is simple: successive cabinets have been controlled by elites who were either directly invested in the project themselves, or else connected to other elites who were. The conclusion that can be made, therefore, is that the Solidere project is surrounded by a large intersection of interests that encompassed most of – if not the entire – political class. While the group of elites mentioned above did not conspire as an 'alliance', and while there may have been frequent tensions between them, they will nevertheless continue to work together in relation to the Solidere project. There is, however, one conundrum: it would be misleading to assume that these elites do not compete with one another in the pursuit of individual business interests in other economic sectors outside the Solidere project. All in all, the chapter demonstrates particularly well that the Solidere project was an expression of the reconstitution of power to capitalists (both national and transnational). But it not only demonstrates the ability to reconstitute power to capitalists – as diagnosed by scholars such as David Harvey, Gérard Duménil and Dominique Lévy (amongst others).⁷⁹⁹ More importantly, it demonstrates the ability of more and more elites to attach themselves to neoliberal processes for both the advantages and the protections that this affords them. Becoming increasingly empowered, the economic activities they pursued flourished as never before, just as they did for Rafiq Hariri and his network of allies and friends.

On a final note, one of the main metaphors borrowed and used in this chapter is 'elite playing fields'. As was shown, elite players hunger for playing fields where they can compete freely and fairly. Therefore, the expansion of these playing fields, both inside and outside Downtown Beirut, is carried out in order to accommodate their needs. This raises the following questions. Is the expansion of elite playing fields in Lebanon –

⁷⁹⁹ See: Harvey, *A Brief History of Neoliberalism*, p.19. See also: Duménil and Lévy, 'The Neoliberal (Counter-)Revolution', pp.9-19.

and in the Arab/Middle Eastern region more generally – driven (simply) by an association of elites that carry with them an all-powerful logic of capitalism? Or is it driven by other factors that are gripping the nation-states of the region? It must be remembered that the spread of neoliberal urban developments is also driven by a seemingly all-powerful, inter-urban competition as well. Such competition has generated a hierarchy of cities in the regional and world urban system. Those that fail to integrate into the processes of neoliberal globalisation risk becoming lost in a ‘black hole’ outside the global economy.⁸⁰⁰ In the Arab world especially, where petrodollars are searching for places to be invested in, this competition has remained markedly high, and could remain this way for many years to come.

⁸⁰⁰ See: Hourani, ‘Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War’, p.292.

Chapter Eight

Concluding remarks

At the end of the civil war, Lebanon witnessed a large-scale reconstruction effort in Downtown Beirut, which was delegated to a private real estate company called Solidere. Because this company enjoyed special freedoms and powers awarded to it by the Lebanese government, the reconstruction effort was placed in the wider context of neoliberal urban developments that have taken place in other cities and urban areas in our world today.

The private company set out on its mission of reconstruction with two objectives: to bring economic growth and prosperity to the country's population; and to reconcile and reintegrate a divided society. These goals were deemed to be realistic, for the simple reason that the reconstruction effort was to take place in the most important piece of territory in the country. Like in most other capitals, the downtown area plays a symbolic and practical role as the social and economic heart of the rest of the country. In light of this, it was not impossible for a large-scale reconstruction project, such as the Solidere project, to meet its goals. The reality though is that the Solidere project, thus far, has not lived up to people's expectations. Instead, it has sparked a fierce opposition that comprises of many protagonists from various backgrounds.

At the heart of the problem lies a burgeoning disparity between the declared public aims of the Solidere project – the well-being of all – and its actual consequences: firstly, its contribution towards increasing the public debt; and secondly, its contribution towards reproducing sectarian divisions. These two consequences were explained in terms of the

rent-seeking activities and behaviours that occurred around the reconstruction process. While rent-seeking is – as Gordon Tullock (amongst other scholars) describes – a ‘ubiquitous’ phenomenon that occurs in all economies, the amount spent to capture rents from the reconstruction effort in Downtown Beirut was astonishing.⁸⁰¹ Importantly, it was shown that huge amounts of public (and private) resources were spent on corruption and patron-client exchanges. Such expenditures reflect what some scholars refer to as a clear overlap between rent-seeking and these two other processes.⁸⁰²

The central goal of this thesis has been to assess the Solidere project based on the two specific consequences mentioned above. This was done via a detailed engagement with the agents involved in the reconstruction effort. The overarching conclusion that can be made is that the reconstruction of Downtown Beirut was a missed opportunity; not simply because Solidere did not meet its stated goals, but also because it failed the expectations of many Lebanese citizens. But at the same time, it was stressed that the creation of Solidere (as a company), and its survival for many years later (especially after 2005), was a sign of the success of Lebanon’s capitalist elites in accumulating power and bolstering itself over and above everyone else.

I. The Solidere project as an artefact of the neoliberalisation phenomenon

The reconstruction process in Downtown Beirut was placed in the wider context of neoliberal urban developments that are reshaping cities in many parts of the world today. This creates the impression that the Solidere project is very similar to privately-led large-scale developments taking place elsewhere. To a large extent, this is true. But any critical analysis of the Solidere project must pay close attention to the fact that these developments take on a different manifestation – in terms of incorporation and implementation – between different contexts. This is because of regional and national

⁸⁰¹ See: Rowley, Tollison and Tullock, (Eds.), *The Political Economy of Rent-Seeking*, p.367.

⁸⁰² See: Hutchcroft, ‘Obstructive corruption: The Politics of Privilege in the Philippines’, pp.207-247.

factors.⁸⁰³ So while the same models and practices used in the West were taken and reproduced in other parts of the world, ‘internal’ issues – such as regional politics and sectarian culture in the case of Lebanon – have a profound impact on the character and shape of these developments as well.

The Solidere project followed the neoliberal logic of making Beirut and Lebanon a more ‘competitive’ place in an ever increasingly globalised and interconnected world. But as was highlighted in Chapter 2, there was a regional competition for global capital as well. In this regard, we have seen Arab/Middle Eastern cities competing with each other to attract capital. However, this capital would come in the form of petrodollars from the oil-rich countries of the Arab Gulf region. This regional competition for Gulf capital became more pronounced from the early 1990s onwards, when the idea of a ‘New Middle East’, in which peace would be achieved between the Arabs and the Israelis, became more ‘real’. Beirut was no exception. The destruction of the downtown area during the civil war also offered an opportunity, through reconstruction, to create a new role for Beirut that could enable it to compete against other cities in the region; most particularly, those in the Gulf such as Abu Dhabi, Dubai and Doha, amongst others.⁸⁰⁴

Arab/Middle Eastern competition for Gulf capital meant that regional economies would be opened up, and this was achieved by a new generation of monarchs and presidents in the 1980s and 1990s. Assisted by businesspeople and private sector representatives who they recruited into the realm of economic policy decision-making, countries across the region passed a number of neoliberal laws and regulations that would ease the inward flow of capital into their respective economies. In this regard, they were part of what was described as a capitalist class. Here, a problem arises over whether this class is to be understood within the parameters of the nation-state. In this respect, it is stressed that many of these new recruits shared numerous international linkages. Many of them, if not all, had studied or worked abroad and then sought to invest their capital and

⁸⁰³ See: Peck and Adam Tickell, ‘Neoliberalising Space’, pp.381-382; Munck, ‘Neoliberalism and politics, and the politics of neoliberalism’, p.60; Brenner and Theodore, ‘Cities and the geographies of ‘actually existing neoliberalism’’, p.5; Harvey, *A Brief History of Neoliberalism*, p.21.

⁸⁰⁴ See: Gavin and Maluf, *Beirut Reborn: The Restoration and Development of the Central District*, p.35-37.

skills in their homeland. If we take Rafiq Hariri as an example, he became the owner of the French company OGER. This company was primarily active in Saudi Arabia, but was later moved into Lebanon after Hariri was invited by the then President Amine Gemayel to clean up the streets of Beirut in 1982. Such linkages is what leads some scholars, such as Leslie Sklair, to use the label of ‘transnational capitalist class’ instead.⁸⁰⁵ This does not mean, however, that leading individuals within this class do not attempt to attach themselves to specific decision-making bodies within the state for both the advantages and protections that this affords them. If we take Hariri’s example again, he began to realise after many years of trying to implement his reconstruction plans that the only way his goals would be met without any disruption was through becoming prime minister.

While there is regional competition for Gulf capital, one also observes that the fast pace of urban development in Gulf countries was very inspiring for their Arab neighbours. In turn, this inspiration has pushed rulers across the region to look to the fast developing Gulf cities as ‘models’ to follow. The literature on urban development in the Arab world is littered with studies on how countries across the region are building 5-star hotels, high-end business towers and gated communities that offer exclusive spaces for consumption and refuge in a similar fashion to those found in Gulf cities.⁸⁰⁶ The variety of terms used to describe this growing phenomenon of ‘replication’, such as ‘the Gulf Model’ or ‘the Dubai Model’, suggest that the urban development of Gulf cities has indeed become a very attractive model to follow. On so many occasions, there is ‘direct intervention’ from Gulf investors as well. Throughout this research, scholars point to Gulf investors directly influencing and shaping urban developments across the region. It must be remembered that the ability of these investors to intervene and directly influence and shape urban developments was made possible by the neoliberalisation process that has affected all countries in the region. In post-civil war Lebanon as well, Gulf investors have left their mark on Beirut’s urban environment, through the numerous five-star

⁸⁰⁵ See: Cox, ‘Social forces, states, and world orders: beyond international relations theory’, p.111; Sklair, *The Transnational Capitalist Class*; Robinson, *A Theory of Global Capitalism: Production, Class, and State in a Transnational World*, pp.33-84.

⁸⁰⁶ Indeed, one should stress the seminal contributions made by Yasser Alsheshtawy in two edited volumes on urban planning in the Arab world. For further details, see: Elsheshtawy, *The Evolving Arab City: Tradition, Modernity & Urban Development*; Elsheshtawy (ed.), *Planning Middle Eastern Cities: An Urban Kaleidoscope in a Globalizing World*.

hotels, luxury residential blocks, shopping malls and high-end office spaces. In Downtown Beirut as well, one finds various projects involving Gulf investors, such as the Ivana Trump Tower, Beirut Gate and Phoenicia Village (see Chapter 7 for details).

Focusing specifically on the Lebanese context, Chapter 3 exposed some of the influences that national factors have had on the character and shape of neoliberal urban developments in the country. Specifically, one finds that regional politics and sectarian culture have influenced some of these developments. It was shown, for example, that some local leaders and political parties exploited the neoliberal laws and regulations that were passed in the early 1990s, in order to launch developments that could be used to build and/or maintain their own clientelist networks. The Waad Initiative in the southern suburbs was given as an example. Here, Hezbollah created a private construction firm known as Jihad al-Bina, which was responsible for rebuilding some 200 multi-storey apartment buildings to the most up-to-date standards. The analysis showed how the reconstruction effort was an opportunity for Hezbollah to gain support from the Shiite constituency. This was done by ‘integrating’ local voices into the reconstruction effort. For example, by developing pre-project plans and embarking on rounds of consultations with the locals, and showing willingness to revise plans in the light of community reactions, Hezbollah was able to connect with the hearts and minds of the local inhabitants, and in turn, gain popular support.⁸⁰⁷ This argument was stretched to include the Solidere project as well. In this regard, the private firm created new jobs and investment opportunities for many locals. But it also distributed shares to all the former landowners and tenants. As shareholders, they were given voting power on all major issues, including: the election of board directors, as well as on proposals for fundamental changes affecting the company (such as mergers and expansions). Of course, however, not everyone was satisfied (as demonstrated in subsequent chapters).

⁸⁰⁷ For further details, see: Mac Ginty, ‘Reconstructing post-war Lebanon – A challenge to the liberal peace?’, pp.457-482; Mac Ginty and Sylva Hamieh, ‘Made in Lebanon: Local Participation and Indigenous Responses to Development and Post-War Reconstruction’, pp.47-48; See also: Mac Ginty, ‘Hybrid Reconstruction: The Case of Waad in Lebanon’, pp.208-225.

II. The arrival of new contractors and its local, regional and global implications

In this thesis, the author adopted a sociological approach. This involved intimate face-to-face interviews with locals who were deeply involved in the reconstruction process⁸⁰⁸. It also included information obtained from secondary resources on the structure of the political class, as well as biographies of specific elite figures; the most important of whom was the late Prime Minister Rafiq Hariri. All in all, this thesis rested on the use of a comprehensive, and mainly qualitative, set of interpersonal and in-depth methods. Such an approach was useful because detailed accounts highlighting the relationships between the different actors and interest groups involved in the reconstruction of Downtown Beirut were produced.

One of the most interesting accounts given in this thesis was that of Rafiq Hariri. As demonstrated in Chapter 5, Hariri rose from a simple fruit picker in Sidon, to a construction tycoon, peace mediator, prime minister, sectarian leader, and eventually, ‘a martyr’. This earned him the name of ‘Mr. Lebanon’, as presented in the title of Nicholas Blanford’s autobiography of the late prime minister.⁸⁰⁹ On the way, Hariri built an extensive network of ‘technocrats’ specialising in engineering, finance, and even social mobilisation (as demonstrated by the backgrounds of the main shareholders in Solidere). This network of technocrats became a formidable force for the realisation of the Solidere project, and for all the neoliberal aspects related to it. But the specific shape of the project arises more from the contradictions within the company and from the constraints imposed by Hariri’s rivals, rather than from its neoliberal aspects. The Solidere project was neoliberal, but it was shaped by the specific condition of post-civil war Lebanon. The network grew and consolidated itself over time; so much so, that its members continued to push through the Solidere project, even after Hariri’s death.

⁸⁰⁸ For further readings on collecting qualitative data through interviews, see: Fontana and Frey, ‘Interviewing: The Art of Science’, pp.47-78; Holsten, and Gubrium, *The Active Interview*; Seidman, *Interviewing as Qualitative Research: A Guide for Researchers in Education and the Social Sciences: Second Edition*.

⁸⁰⁹ See: Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*.

Rafiq Hariri is described throughout the study as a ‘new contractor’. These new contractors arose in the 1980s and 1990s when the country’s political economy experienced huge changes as a result of the raging civil war. Lebanon lost its place as a trade and services intermediary between the Arab East and Western markets, as well as an entrepôt for consumer goods entering the Arab world from the West. Between 1975 and 1990, the families that constituted Lebanon’s pre-civil war commercial-financial bourgeoisie lost their position as the dominant capitalist class to the new contractors. The latter group often comprised of Lebanese émigrés who had accumulated great wealth as contractors in the Arab Gulf, West Africa and elsewhere. Again, it is worth stressing that a similar process of class formation was taking place in many other countries around the world during this same period. As David Harvey explains, they included a range of businessmen coming from various new sectors of the economy, such as information technology (Bill Gates), global media (Rupert Murdoch), and telecommunications (Carlos Slim).⁸¹⁰ In their efforts to deepen neoliberalism in their respective countries, they exercised political influence in the background. Others, however, tried and managed to reach political office; just like Hariri had done. Some examples include Silvio Berlusconi in Italy, Thaksin Shinawatra in Thailand and Nawaz Sharif in Pakistan.

Hariri was not the only émigré who had become rich in the Gulf and then returned to Lebanon as an investor and politician. Other names that were mentioned – particularly in Chapter 7 – included Najib Mikati and Mohammed Safadi.⁸¹¹ The difference was that Hariri was the most successful of the three in political terms. The reason for this is simple: not only was he well endowed with considerable financial capital, but he also able to build a strong alliance and relationship with the Saudi royals. No other new contractor of his generation was also able to match Hariri in terms of the financial and political backing he received from a regional powerhouse such as Saudi Arabia. Of course, Hariri was able to develop a close relationship with the Saudi monarchy thanks to Nasser al-Rashid – a reputable Saudi businessman and close friend of Hariri. Before

⁸¹⁰ See: Harvey, *A Brief History of Neoliberalism*, pp.31-36.

⁸¹¹ A good study of the new contractors that became rich in the Gulf has been produced by Hannes Baumann. His work was particularly useful to this study. Most importantly, this included: Baumann, “The ‘new contractor bourgeoisie’ in Lebanese politics: Hariri, Miqati and Faris”, pp.125-144.

1982, al-Rashid acted as a ‘gatekeeper’ between the king and Hariri. All this changed when Hariri became involved in the clean-up effort of Beirut after the Israeli invasion. He was able to get King Fahd to fund the clean-up project, which in turn, demonstrated his political usefulness in Lebanon. Not long after, Hariri became “Saudi’s man” in Lebanon, engaging in diplomatic efforts to end the civil war. Simply put, Hariri’s roles as King Fahd’s voice and chequebook gave him access to the negotiation table, where the Ta’if Peace Accords and the post-civil war order would later be negotiated.

Hariri was a member of the new contractor bourgeoisie. But the new contractors have to be understood as a ‘type’ of elite in the specific context that is Lebanon. The new contractors were interacting with other types of elites that were present at the time. These, which were identified as relevant to the story of the reconstruction process in Downtown Beirut, included: the pre-civil war bourgeoisie, the Shihabists and the former militia leaders.⁸¹² Details on where these different elites came from, and the interests they had in Lebanon’s political economy – and in Downtown Beirut more specifically – were provided in Chapter 4. Specific names (both from the past and the present) were also highlighted. Importantly, the patterns of competition and cooperation that existed between these types of elites influenced the shape of the Solidere project as well. These elites had their own economic and political agendas. They also built transnational networks of their own. All in all, Hariri could not implement his reconstruction plans without first dealing with those elites who could act as potential ‘spoilers’ of the Solidere project. As a result, Hariri and his protégés responded by ‘co-opting’ some of the key elites that held major interests in the downtown area. While some were bribed through cash incentives, others were given shares in Solidere, properties in Downtown Beirut, and decision-making positions inside and outside the company. Specific details on those who were co-opted by Hariri were provided in Chapters 5 and 6.

⁸¹² Again, the categories used to distinguish between the different types of elites were obtained from a range of studies looking at the socio-topography of Lebanon’s classes. Some of the literature used which employs some of the same categories includes: Gates, *The Merchant Republic of Lebanon: Rise of an Open Economy*; Fawaz, *Merchants and Migrants in Nineteenth Century Beirut*; Traboulsi, *A History of Modern Lebanon*; Dib, *Warlords and Merchants: The Lebanese Business and Political Establishment*.

While Hariri had to deal with elites within Lebanon, he also had to deal with those influencing Lebanon from abroad; most particularly, from neighbouring Syria. The dominant control that Damascus was exercising over Lebanon had existed since the days of the civil war. Through its local proxies, Syria was able to pose a challenge to Hariri and his construction ambitions. Accepting Syria's dominance over the country, Hariri sought to appease Damascus by abandoning his previous support for Lebanese President Amine Gemayel. Over the years, Hariri developed a relationship with a number of leading figures within the Syrian regime. Many of these figures benefited richly from their relationships with Hariri, as the latter distributed much of his wealth to them as well. Most notably, Hariri offered to build a new presidential palace for President Hafez al-Assad. Despite his efforts, Hariri found it more difficult to win the favour of Hafez's son Bashar al-Assad. After succeeding his father, Bashar used his allies in Lebanon to undermine Hariri and the Solidere project. This was demonstrated by the election of Army General Emile Lahoud as Lebanese president, and the subsequent appointment of Shihabist Salim el-Hoss as his prime minister.⁸¹³

The biggest challenge for Solidere came after Hariri's assassination on the 14th of February 2005. The death of Solidere's founding father was seen as a big blow. The ensuing political crisis that engulfed the country, and that pitted two opposing currents against one another, also threatened to derail the reconstruction process in Downtown Beirut. But the reconstruction process was bolstered and has continued long after Hariri's death. This was due to the fact that successive governments comprised of many leading investors in the project. Namely, they included figures such as Fouad Siniora (Hariri's childhood friend), Saad Hariri (Hariri's son), and Mikati and Safadi (new contractors). Becoming increasingly empowered, the economic activities they pursued flourished as never before, just as they did for Rafiq Hariri before them. According to Harvey, the continuation of the Solidere project demonstrates the success of neoliberalisation, as a process, in 'restoring power' to them, or 'creating conditions' for the formation of a

⁸¹³ For details, see: Lesch, *The New Lion of Damascus: Bashar al-Asad and Modern Syria*, pp.62-65; Blanford, *Killing Mr Lebanon: The Assassination of Rafik Hariri and Its Impact on the Middle East*, p.70; Johnson, *All Honourable Men: The Social Origins of War in Lebanon*, p.247; Gambill and Abdelnour, 'Dossier: Rafiq Hariri'.

capitalist class (as in the US, Britain and elsewhere).⁸¹⁴ But in post-civil war Lebanon, it bolstered the positions of other types of elites as well – most significant of which were the former militia leaders.

III. Closing thoughts and questions

Despite the depth of this study, many things remain unsaid. One important question that arises from such a critical study of the reconstruction process in Downtown Beirut is whether any other approach would have achieved better results than that used by the Solidere approach. It is difficult to speak of other approaches that would have achieved better results. It is possible, however, to identify the various options that were proposed on how to go about the reconstruction process in Downtown Beirut. According to the numerous discussions in government circles in the early 1990s, three distinct options were considered.

The first option involved complete government financing of the reconstruction project. The idea here was that the government would make capital available to individual property owners to redevelop their plots through loans. According to some sources, however, this option was deliberated on only briefly in parliament.⁸¹⁵ As demonstrated in the study, the extreme land fragmentation and entanglement of property rights made this option almost unfeasible. Moreover, the government did not have the adequate resources to finance such a massive project, let alone, the institutional capacity or staff necessary to support the process of reconstruction. And even if the government had been able to afford to direct a large proportion of funds to the city centre alone, it would have seemed almost impossible to justify, given the long list of pressing social, economic and political issues that the country needed to address beforehand.

⁸¹⁴ See: Harvey, *A Brief History of Neoliberalism*, p.19. See also: Duménil and Lévy, 'The Neoliberal (Counter-)Revolution', pp.9-19.

⁸¹⁵ See: Karam, *Kanoon Assharrika Al-Iqariyya: Annosos Attashri'ia wa Attanthimiyya: Monaqashat Majlis Annuwab wa Ilijan Almoshtaraka*.

In turn, the second option that was proposed at the time was to enable a centralised government agency with compulsory purchase powers to buy out all the problem areas in Downtown Beirut. However, this option was highly unpopular, because, apart from the lack of funds, laissez-faire economics had reached a more advanced stage than elsewhere in the world. It must be remembered that Lebanon had a long history of low government involvement and high private sector participation. The public institutions – including those of parliament and government – were still occupied by private businessmen. More importantly, the country's political economy was witnessing an influx of private contractors, such as Rafiq Hariri, who were particularly scornful towards the concept of increasing government power and involvement. Thus, it was only inevitable that this option – like the first – would be scrapped very quickly.

It was in this context that the option of creating a private real estate company to handle the reconstruction process was proposed. This idea of privately-led reconstruction was presented as 'the only viable choice'.⁸¹⁶ While asserting the national importance of reconstructing the city centre, pragmatic arguments rooted in the particularity of the post-civil war environment were combined with neoliberal ideology to advocate for 'private sector-led reconstruction' and 'low government involvement'.⁸¹⁷ Three arguments are worth mentioning because they were recurring throughout the discussions in government circles. First, it was argued that Lebanon's private sector had considerable amounts of money, which, under the right economic, political and social conditions, could be 'attracted' to the domestic economy. Secondly, it was argued that the private sector was better able to tap into international finances because it was free of the 'inefficient governmental bureaucracy' of the domestic government. Finally, it was argued that the private sector would provide 'proper leadership', as private firms would 'insulate' the project from 'political polarisation' and 'governmental corruption'.⁸¹⁸

⁸¹⁶ See: Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*, p.12.

⁸¹⁷ For examples, see: Tabet, 'Towards a Master Plan for *Post-War* Lebanon', pp.94-100; Makdisi, 'Laying Claim to Beirut: Urban Narrative and Spatial Identity in the Age of Solidere', p.672; Salam, 'The Role of Government in Urban Planning', pp.131-133; Hourani, 'From National Utopia to Elite Enclave: The Selling of the Beirut Souqs', p.141.

⁸¹⁸ These three points are taken from: Kabbani, *Prospects for Lebanon: The Reconstruction of Beirut*, p.8.

A second question that emerges is one to do with the implications of these findings for future research. In particular, it would be interesting to expand the analysis and apply it to other neoliberal urban developments in Lebanon and the wider Arab/Middle Eastern region. As mentioned in Chapter 2, neoliberal urban developments are taking place across the Arab world. All have become ‘elite playing fields’ that bring together a number of social, cultural, political and economic elite players from *regional* – and sometimes also, *international* – circles.⁸¹⁹ These elites appear to be involved in a number of cities. If we take the Abdali project in Amman (Jordan), for example, we find that this development is a 50/50 joint venture between the state-owned Mawared and the private OGER Jordan – a subsidiary of OGER owned by the Hariri family. In light of this, further questions are posed. What *trans-Arab* connections do these elites share exactly? What kind of rent-creating and -extracting mechanisms are they involved in from one country to the other? And finally, are resources being spent on corruption and/or patron-client exchanges in these cases as well? By answering these questions, we not only understand how elites throughout the region are competing and cooperating with one another, but also, how the political economy of the Arab/Middle Eastern region as a whole is structured. There is, however, one factor that is hindering the reproduction of neoliberal urban developments in the region at the moment, and that is the civil upheaval caused by the ‘Arab Uprisings’.

As expressed at the end of Chapter 7, those cities that fail to integrate into the processes of neoliberal globalisation risk becoming lost in a ‘black hole’ outside the reach of the global economy.⁸²⁰ As a result of the Arab Uprisings, many cities and city-regions of the Middle East are believed to have become black holes to which capital flows do not extend anymore. Yet, there is good reason to believe otherwise. As Chapters 4 and 5 demonstrated, capital still arrives in areas that have fallen deep into civil war. During the Lebanese civil war, such capital was concentrated in particular activities, such as the clean-up operation in Beirut after 1982. In his analysis of Africa in the neoliberal world order, James Ferguson draws similar conclusions. He explains that capital gets

⁸¹⁹ See: Swyngedouw, Moulaert and Rodriguez, ‘Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy’, pp.567-568.

⁸²⁰ See: Hourani, ‘Transnational Pathways and Politico-economic Power: Globalisation and the Lebanese Civil War’, p.292.

concentrated in ‘secured enclaves’ that do not provide economic benefits to the ‘wider society’. Ferguson therefore argues that capital does not ‘flow’: it skips over most of what lies in between, and connects at ‘discrete points’.⁸²¹ We can already see this happening across the Arab world. In wartorn Syria, for example, the city of Tartus – which has sparred the worst of the civil war there – has been the target of private projects worth US\$50 million. One such project includes a glitzy new shopping mall. Importantly, the new Tartus Mall has sparked a rare criticism from local inhabitants.⁸²²

Caroline Nordstrom concurs with Ferguson’s analysis when she talks about an orphan selling Marlboro cigarette on a remote street in Africa. What brings a pack of cigarettes from an official source, through a complex global network of exchanges and negotiations, into the hands of a poor orphan on the frontlines? To her, it is interesting to see that only the orphan living on the streets and selling cigarette packs can see the logic of that question: “the entire spectrum of the extra-legal networks that move from the centers of cosmopolitan production across the various il/legalities of trade to bring a packet of cigarettes to his hand”. When an agent is freed from the hurdles and restrictions that shape much of the global economy, what emerges are a series of connections and networks that are made up of individuals (like Rafiq Hariri), and institutions and corporations (such as OGER), that work, “on both sides of the law”.⁸²³ So, what can be learned from Lebanon’s experience of a war which was, supposedly, a black hole period for the country? More specifically, how does the Arab/Middle Eastern region, with all its mess and socio-political upheavals, fit into all this?

The Lebanese political economy was never in a black hole. The militias that dominated during the sixteen years of infighting were caught up in their vast and transnational connections, associations and relationships. At the same time, new contractors, with their transnational networks of capitalists, were entering the mix and

⁸²¹ If we extend Ferguson’s analysis to the Arab/Middle Eastern context, this means that petrodollars are not ‘flowing’ throughout the region, but rather, ‘hopping’ from one point to the other. See: James Ferguson, *Global Shadows: Africa in the Neoliberal World Order*, (Durham: Duke University Press, 2006), pp.35-38.

⁸²² See: Rita Daou, ‘Assad supporters turn against regime after billions of Syrian pounds were spent on glitzy malls’, *Your Middle East*, 16 October 2014.

⁸²³ See: Carolyn Nordstrom, *Global Outlaws: Crime, Money and Power in the Contemporary World*, (Berkeley: University of California Press, 2007), pp.206–207.

snatching up contracts from as early as 1979. Importantly, these agents and their transnational connections were not invisible, marginal, or unnamed. The same approach and understanding can be adopted and adapted to construct an understanding of what is – or what could – emerge in other places across the region, such as Iraq, Libya, Syria and Yemen (amongst others). Their political economies are not absent from the global economy, and never will be. It may take many years for the wars in these countries to finally settle (as was the case in Lebanon). When it does, reconstruction will take its course. But it must be remembered that movements of capital into these countries have not stopped.

Appendix

<p style="text-align: center;">List of Interviews*</p> <p style="text-align: center;">(07 June 2011 – 07 September 2011, 01 June 2012 – 30 September 2012 & 01 September 2013 – 29 December 2013)</p> <p style="text-align: center;">conducted in Lebanon and France</p>			
	Name	Relation to the Solidere project	Date / Location sorted by date in ascending order
1	Nabil Rachid	Solidere's Press Attaché	09/08/2011 – Beirut
2	Raja Makarem	Founder and Managing Director of RAMCO Real Estate Advisers	18/08/2011 – Beirut
3	Toufic Abi Semaan	Local architect	02/07/2012 – Beirut
4	Hisham el-Ashkar	Local urban planner	06/07/2012 – Beirut
5	Abdel-Rahman Ayyas	Economic Editor of Al-Hayat newspaper	10/07/2012 – Beirut
6	Simon Moussalli	Urban planner and former Solidere employee	11/07/2012 – Beirut
7	Giorgio Tarraf	Spokesperson for 'Save Beirut Heritage'	12/07/2012 – Beirut
8	Leon Telvisian	Local academic in architecture	13/07/2012 – Beirut
9	Osama Habib	Economic Editor of The Daily Star newspaper	16/07/2012 – Beirut
10	Robert Saliba	Local academic in architecture	17/07/2012 – Beirut
11	Essam Fayez Makarem	Solidere investor and owner of Berytus Parks.	22/07/2012 – Ras el Metn
12	Mounir Douaidi	Solidere's General Manager and Financial Director	23/07/2012 – Beirut
13	Bernard Khoury	Local architect	23/07/2012 – Beirut
14	Assem Salam	Local architect and former Head of Engineers and Architects	24/07/2012 – Beirut

15	Georges Corm	Former Finance Minister (1998-2000)	25/07/2012 – Beirut
16	Mounir Doumani	Former property owner in Downtown Beirut	27/07/2012 – Beirut
17	Yahya Hakim	Managing Director of the ‘Lebanese Transparency Association’	03/08/2012 – Beirut
18	Charbel Nahas	Former employee of OGER Liban	06/08/2012 – Beirut
19	Elie Karam	Director of IDRAAC, with knowledge on issues of memory	06/08/2012 – Beirut
20	Nancy Hilal	Local urban planner with research on the Waad Initiative	07/08/2012 – Beirut
21	Mona Fawaz	Local academic in urban planning	07/08/2012 – Beirut
22	Violette Balaa	Economic Editor of An-Nahar Daily newspaper	07/08/2012 – Beirut
23	Kamal Hamdan	Local economist and contributing author in Beyhum et al., <i>I‘mar Bayrut wa-l fursa al-da‘i‘a</i> .	08/08/2012 – Beirut
24	Bilal Hamad	Mayor of Beirut	09/08/2012 – Beirut
25	Angus Gavin	Solidere’s Head of Design	27/08/2012 – Beirut
26	Fadi Khalaf	Former President of the Lebanese Bourse	28/08/2012 – Beirut
27	Fadi Khoury	Owner of St. Georges Hotel and Yacht Club	28/08/2012 – Beirut
28	Habib Battah	Independent journalist and media analyst	31/08/2012 – Beirut
29	Elias Saba	Former MP and critic of Law 117 in 1991.	04/09/2012 – Beirut
30	Ahmad Makouk	Dar Al-Handasah employee and senior urban planner in the Elyssar project	05/09/2012 – Beirut
31	Mohammed Zbib	Economic Editor at Al-Akhbar newspaper	05/09/2012 – Beirut
32	Mona Harb	Academic in urban planning	20/09/2012 – Beirut
33	Jad Tabet	Architect and former consultant to Solidere’s	28/09/2013 – Paris

		<i>aswaq</i> project in Downtown Beirut	
34	Hervé Dupont	Engineer and former Solidere employee	23/10/2013 – Paris
35	Jean-Paul Lebas	Urban planner and former Solidere employee	15/11/2013 – Paris
36	Ghassan Salameh	Former Minister of Culture	21/11/2013 – Paris
37	Basile Yared	Legal advisor to the Hariri family and Solidere board member	25/11/2013 – Paris
<p>* Note: This list does not include conversations and meetings with people not formally interviewed for the thesis (the author had a number of conversations with people visiting or working in the downtown area). None of the individuals interviewed asked for <i>full</i> anonymity. But some requested <i>partial</i> anonymity for some of the information shared.</p>			

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