



A horizontal battle for redistribution in a vertically divided polity: A policy-process account of taxing rents in Lebanon

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Introduction

Lebanon currently grapples with overlapping crises: [an unresolved financial meltdown](#), [drastic migration outflows](#), [stalling post-war reconstruction](#), and [contested sovereignty](#). The present feels bleak, dominated by unproductive divisions across sectarian and external alliance lines – what political scientists call *vertical cleavages*. In such a context, it is worth looking back to a moment when a redistributive demand to “tax rents” took center stage and foregrounded a socioeconomic horizontal cleavage cutting across sectarianized identity divisions.¹

This article treats the 2011-2017 battle to tax rentier incomes as a policy-process case study: it examines how ideas enter agendas, how they are maintained, and how they are reshaped. Using the advocacy coalition framework (ACF), the analysis centers on the rent-taxation policy subsystem and situates its dynamics within the broader political system and interactions with adjacent subsystems.² It tracks two opposing coalitions and policy brokers as they navigated and generated political events and strategies. The narrative follows issue-coupling contests and delay and dilution tactics that shaped agenda setting and formulation. The analysis demonstrates how agenda maintenance mattered as much as entry, and how formulation was mediated by power games and brokers, with oscillating partisanship.

The studied policy battle transcended technical tinkering, directly challenging the regime’s operating model. In examining the 2011-2017 policy process, the author aspires to inform readings and actions within today’s stalemates by showcasing a map from the recent past of how horizontal claims can survive vertical divisions and yield new policy and organizational baselines.

Setting the stage for battle

Stable parameters: A sectarian rentier regime

In Lebanon, consolidation of sectarian consociationalism during state formation has impaired effective state building.³ Sectarian power sharing, often manifesting in national unity governments, entrenches mutual vetoes and increases the possibility for deadlock. The politicization of sectarian identities has left substantive contestation over resource distribution and state intervention muzzled in the name of coexistence and the prevention of sectarian violence. This manifests in the absence of programmatic politics and a political culture based on identity-oriented affective partisanship, cynicism, and externalization of agency. All these attributes restrict the possibilities for policy change and mass mobilization behind material- and class-based interests. Nevertheless, historical actions and hard-won gains by workers and employees provided a repertoire for mobilization and favorable statutory entitlements.

In parallel, the Lebanese economic model has long privileged rentier sectors like banking and real estate, especially in the post-civil-war era. These sectors have been pivotal channels in attracting capital into the country.⁴ This model created powerful financial and real estate elites with ample capacities. In fact, the political class and rentier class overlap considerably.⁵ The economic elite, particularly within the rentier sector, are favored within the tax system with low rates, loopholes, and deep regressivity.⁶

The incapacitation of the state by the sectarian and neoliberal political economy has further implications specific to the taxation policy subsystem. On the one hand, the (deliberate) lack of updated census data complicates evidence-based contestation over taxation. On the other hand, as part of the frequent overriding and violating of institutional norms, the political establishment throughout the 2005-2017 period failed to pass annual budget laws and audit reports. Such practices and conditions eroded fiscal accountability, welfare spending, and state legitimacy. In turn, they generated strong narratives against taxation, describing it as unwarranted state extraction disconnected from tangible benefits.

External events: Political turnover, wage erosion, and rent accrual

Events external to the policy subsystem can inject disruptive conditions favoring change-oriented actions. Following the Syrian regime's withdrawal from Lebanon in 2005, the space for political organizing and mobilizing expanded. Several political actors entered or returned to the political scene and governmental arena, like Saad Hariri, the Free Patriotic Movement, the Lebanese Forces, and Hezbollah. More generally, periods of government turnover, including the campaigning for and conduct of parliamentary elections, spurred shifts in political behavior and discourse.

One key event, which built slowly over time, was price inflation: coupled with stagnant wages and salaries, it triggered demands for wage correction. The salary scale for public sector employees had been effectively frozen since 1996, apart from a flat increase in 2008.

By 2012, price inflation reached 121%.⁷ Certain groups of employees – namely judges and Lebanese University faculty with their relatively higher leverage – won pay-scale corrections in 2011.⁸ This, in turn, reinforced other employees' claims and bolstered the prospects for mass mobilization.

Meanwhile, exorbitant profits were accumulating in the banking and real estate sectors. Rising oil prices after 2005 and the Lebanese banking system's insulation from the 2008 global financial crisis drove massive inflows into these sectors mainly via remittances and regional and international capital placements. Between 2005 and 2012, land prices rose by 600% – an annual average growth rate of more than 30%, which is even more notable compared to the roughly 6% annual growth rate in construction costs and the modest household formation rate.⁹ During the same period, bank deposits more than doubled.¹⁰ This disproportionate capture of windfall gains by banking and real estate amid real-income erosion for workers reinforced pro-tax rationales and created an urgency in targeting rent.

Advocacy coalitions: Two camps and evolving brokers

The analysis of the rent-taxation policy battle reveals two broad advocacy coalition camps: the pro-rent-taxation (pro-RT) coalition and the anti-rent-taxation (anti-RT) coalition. Each coalition is constituted of actors who share some common policy beliefs within the taxation subsystem and who conduct coordinated action to affect policy.

Coalition beliefs, resources, and constraints

The pro-RT coalition included the Union Coordination Committee (UCC) and its constituent leagues and unions; figures like Charbel Nahas and other political actors; economists;¹¹ researchers;¹² activists; and journalists. The coalition's core policy beliefs included a critical diagnosis of the Lebanese political economic model, which over-rewarded rents and underfunded labor. From there, the pro-RT camp advocated for increasing welfare and the effective social remuneration of labor, while shifting tax burdens from consumption and production to rentier income. Secondary beliefs are concerned with instruments: capital gains taxes on real estate, taxes on interest, measures against tax evasion, and penalties on maritime and river public domain encroachment. Anticorruption measures were also underscored by several coalition members. A caveat worth mentioning here is that an advocacy coalition need not require doctrinal homogeneity, only belief overlaps and nontrivial coordination. This is particularly relevant to the taxation policy subsystem in question as coordinated action often created overlaps with coalitions within the salary scale subsystem. More concretely, while the UCC discourse was strongly inclusive of rent taxation issues, some UCC members could be expected to operate in a narrow material group logic, primarily motivated by direct and concrete material gains from salary readjustments.

The pro-RT coalition had limited monetary resources relative to the opposing coalition; however, its primary leverage lay in its alignment with mass interests. This translated into mass mobilization potential and disruptive capacities. The UCC was able to organize a

series of mobilizations, including general strikes, sit-ins, and demonstrations involving thousands of teachers and public sector employees from across the country.¹³ The essential roles of public sector workers and teachers made their strikes and civil disobedience significantly disruptive to day-to-day operations and service delivery. However, this also had its constraints. As public sector workers were legally prohibited from forming official unions, they countered by forming unofficial leagues. Still, pressures on their job security remained a strong card in the hands of the incumbent opposition. Disrupting normal operations also engendered antagonism from the public.¹⁴

The coalition also included actors with technical capacities and media reach. While the coalition lacked clear and continuous representation in government and parliament, the brief presence of Minister of Labor Nahas in the 2011 Mikati cabinet opened opportunities and increased leverage. In addition, within the UCC, the workers and employees affiliated with sectarian parties might also have been able to influence their leaders and party positions. However, such influence went in the other direction as well and created limitations and constraints for the UCC. This bidirectional dynamic was most pronounced between the Amal Movement's leaders and unionists.¹⁵

The UCC has been commended for its democratic, horizontal structure, which increased trust and broadened its membership. While the resulting diversity within the UCC – in terms of sectors, geography, and political affiliation – bolstered the impact and scale of its mobilizations, it made the UCC vulnerable to splits and co-optation.¹⁶

The anti-RT coalition included the business, landowning, and financial classes, primarily represented by the Lebanese Economic Organizations (LEO),¹⁷ which included the Association of Banks in Lebanon, the chambers of commerce, the Beirut Traders Association, the Lebanese Businessmen Association, and others. The coalition also included Riad Salameh, the then-governor of Banque du Liban; the Lebanese central bank; political figures and parliamentarians like Fouad Siniora; and certain media institutions and journalists. The coalition's core policy beliefs were centered around favoring and seeking to reinforce the pro-market model, while limiting the state's role and minimizing tax impositions on investors and asset owners. These actors viewed the finance and real estate sectors as the pillars of the Lebanese economy whose profitability required protection; taxing them would threaten inflows, credit, and currency stability. The coalition's secondary beliefs specifically rejected rentier income tax hikes and possibly refused any tax increases altogether. Any needed fiscal adjustment, in their view, should come from anticorruption measures and downsizing the state, not higher taxation. Here as well, the coalition had clear motives rooted in material interests, and members were not bound to value and belief congruence.

The anti-RT coalition was endowed with ample monetary resources. This reduced their personal risks from engaging in disruption. But more importantly, banks, represented by coalition members like the Association of Banks in Lebanon and the Banque du Liban, were pivotal in channeling funding to the state. This gave them strong leverage, even though it was somewhat constrained by profitability considerations and the banks-state codependence.¹⁸ The entanglement of the capitalist elite and political elite ensured that the

coalition's interests and beliefs were well-represented in government, parliament, and sectarian party arenas.¹⁹ Overlap between the political elite and monetary resources also allowed the anti-RT coalition strong representation in media, expanding the reach of their issue framings and narratives. It is noteworthy that there were attempts by some pro-RT coalition members to instrumentalize differences in interests and beliefs within the anti-RT coalition. For example, the head of the private teachers' league, Nehme Mahfouz, expressed the idea that the LEO should not be dealt with as a single, unified entity, as some of its constituents showed sympathy toward the UCC. For his part, Nahas emphasized contradictions between representatives of the productive sectors and the rentier sectors within the LEO.²⁰ But the LEO proved cohesive, if not overpowered by its rentier actors.

Policy brokers

Policy brokers are theoretically conceptualized as subsystem actors whose primary goal is consensus and the mitigation of conflict.²¹ Such a definition points toward political actors within sectarian parties and elites who are motivated by suppressing intra-sectarian contradictions. Their sectarian constituencies were composed of members from both coalitions, both of which they were motivated to appease. However, these brokers are far more partisan than neutral. The orientation of the anti-RT coalition toward status-quo maintenance favored the interests of the sectarian system. Additionally, in the political-economic arrangement, sectarian and economic elites were overlapping and codependent. While this pointed toward protracted partisanship of the brokers toward the anti-RT coalition, the periods running up to elections and popular appeasement considerations allowed for episodic, partial, and discursive flips in partisanship. Besides, who the brokers were would change depending on the venue in which a policy conflict was unfolding. In 2011-2013, ministers were engaging in negotiations with both coalitions. As the policy process shifted to the parliament, negotiations were handled by parliamentary committees and later the general assembly. In 2017, Parliament Speaker Nabih Berri, Prime Minister Saah Hariri, and several ministers played direct brokering roles in their attempts to conclude the policy conflict and pass the salary scale adjustment and new tax package laws.

Subsystems spillovers

This policy process was mainly characterized by two tightly interlinked policy issues: wages and salaries, and taxes. Following the theoretical assumptions of the advocacy coalition framework, the associated subsystems were defined separately, a choice further supported by the intermittent political attempts to decouple the policies. Still, there was significant crossover between the subsystems, illustrated by the overlaps between not only policy outputs but also their coalitions and brokers.²² Moreover, these subsystems were affected by spillovers from other policy issues that could introduce new external events, with certain policy subsystems taking priority over others relative to the involved actors.²³ A case in point is the Free Patriotic Movement – with its then leader Michel Aoun and its “Reform and Change” ministerial bloc – which initially demonstrated allyship with the pro-RT coalition only to later abandon the battle. In December 2011, the bloc's ministers presented a memorandum to the cabinet on the budgetary process explicitly promoting rent taxes; in

parallel, Aoun showed adamant support to Nahas's rent taxation proposals.²⁴ Soon after, following dealings with other sectarian players, the ministers voted for a counter proposal, and Aoun no longer defended Nahas.²⁵ In this instance, stakes in another subsystem—the position within the sectarian power sharing arrangement—trumped interests in the taxation subsystem and undermined the leverage of the pro-RT coalition.

Establishing and maintaining the battle

An appropriate starting point for analysis is when the tax issue was forced onto the public agenda. It was up to the pro-RT coalition members to initiate the policy battle. But the struggle, more than simply placing the policy on the agenda, also required ensuring it would remain there, especially given that the opposing coalition's status-quo orientation would succeed by merely preventing the conflict.

The pro-RT coalition was able to benefit from a relatively favorable opportunity structure. The government, which was in office when the policy process officially unfolded, featured some openings or opening potentials. First, Najib Mikati's 2011 cabinet was dominated by the March 8 alliance; unlike national unity governments where political responsibilities can be more easily diffused, this configuration could have increased incentives to consolidate and broaden popular support²⁶. Second, additional motives could have hinged on the expectation of parliamentary elections in 2013. Third, the government ministerial statement explicitly declared an intent to “revalorize productive incomes over rentier incomes,” directly implicating rent taxation.²⁷ Fourth, Charbel Nahas, a key figure within the pro-RT coalition, served as the minister of labor.

The fight over the agenda: Issue coupling and decoupling

For the agenda setting and maintenance phase, various strategies were used by the different coalitions and brokers. The following analysis is anchored around strategies of issue coupling and decoupling, i.e. the struggle over which issues and policies are tied together or separated, whether discursively or procedurally.²⁸

Wages, healthcare, and rent taxes

With an understanding of the structural sectarian and rentier parameters, Nahas aimed to put a proposal for interest and land gains taxation on the agenda. The proposal originally included: increasing taxes on bank interests from 5% to 15%, equivalent to the corporate income tax rate, with caveats to encourage voluntary lifting of bank secrecy; and a 25% tax on land value gains, with a basic deduction and an indexation to minimum or average wage.²⁹ In coordination with Aoun – the head of the “Reform and Change Bloc” with which Nahas was affiliated – a plan was devised to spark minimum wage adjustments for the private sector followed by public sector salary scale correction. This would put pressure on the tax system to be expanded while also guaranteeing a social wage.³⁰ Nahas's social wage proposal not only included wage correction but also universal health coverage, which entailed a need for government spending and financing. In September 2011, he also revived the Price Index Committee and invited workers and business association representatives to

meet under the committee's scope to discuss the wage correction problem and policy solutions.³¹ While also rooted in the structural problem of deficient state legitimacy, Nahas's strategy explicitly linked the problem of wage corrections and the problem of health coverage to rent tax solutions.³²

Not only was Nahas's initial proposal not put on cabinet's schedule, but as a counter delinking strategy, the Amal Movement, through Minister of Health Ali Hasan Khalil, sought to separate the healthcare issue from the wage proposal package. The primary declared motivation behind their opposition was that they considered the National Fund for Social Security, which would have been reshaped by Nahas's proposal, as part of the Amal Movement's domain within the power sharing arrangement.³³ They succeeded in removing the healthcare component from the proposal, following an agreement between their ministers and the Free Patriotic Movement and Hezbollah ministers. In tandem, the General Labor Confederation (GLC), whose leadership was aligned primarily with the Amal Movement, joined the LEO in its rejection of the universal healthcare proposal. It is important to note here that while the GLC was historically representative of workers' interests, by then it had been co-opted by sectarian parties and transformed into an undemocratic and unrepresentative empty shell packed with fake unions.³⁴

Opposition to the generous social wage proposal overlapped with opposition to rent taxation. In this sense, one can argue that the anti-RT coalition started taking form as Nabih Berri, the speaker of parliament and head of the Amal Movement, and Prime Minister Mikati prompted coordination between the LEO and the GLC that culminated in a counter wage proposal, with modest wage increase and separation of transportation allowances from the basic wage.³⁵ Nahas resisted the proposal and refused to sign it, following his appeal to the Shura Council that proved components within the LEO–GLC proposal were illegal.³⁶ As Aoun and his ministers had withdrawn their support of Nahas's stance, the latter chose to resign. After the LEO–GLC proposal was passed and (inadequately) raised wages in the private sector, the conflict shifted to the issue of salary scale adjustment for public sector employees and teachers.

Salary scale and rent taxes

The GLC's subservience to sectarian leaders and its collusion with capitalist and rentier interests was crystalized in its opposition to the social wage proposal and its last-minute decision to cancel a strike against the counter proposal without coordinating with the UCC.³⁷ This compelled several unions to suspend their GLC membership. Meanwhile, the UCC also chose to no longer work with the GLC and became the primary representative of workers' interests. Nahas had already started coordination with Hanna Gharib and Mahmoud Haidar, representatives of leagues within the UCC, on the devised plan and the linkage between salaries and rent taxes.³⁸ The UCC had also been invited to the Price Index Committee meetings, whose positions and declarations were largely in sync with Nahas's.³⁹ Following Nahas's resignation, the UCC maintained its mobilizations and pressure campaigns and imposed negotiations with the ministers while adhering to salary scale readjustments coupled with pro-rent-taxation demands. The UCC's messaging also clearly placed blame on the business associations for obstructing the sought-after administrative

reforms and attempting to evade “taxes they are obliged to pay on rents and real estate-derived profits”.⁴⁰ Gharib, one of the leading figures in the UCC, was known for framing the fight against the “financial whales;” he explicitly addressed business associations, saying: “It’s your turn; you pay.”⁴¹

Meanwhile, the LEO was leading the anti-tax coalition with lobbying, mobilizing, and escalating against salary readjustments by arguing that the imposition of “more direct taxes on economic institutions and citizens will lead to an explosion.”⁴² The anti-RT coalition also leveraged influential allies like religious institutions, with the Christian–Islamic Spiritual Summit announcing in a September 2012 conference its support for the business associations and warning against “imminent dangers”.⁴³ Similar messaging was disseminated by allied media outlets: “The salary scale issue is a disaster for the public treasury and the economy, and so is the taxes issue.”⁴⁴

Alternative links

Mikati’s cabinet, cycling through multiple policy drafts, was blamed by both sides for betraying promises. Nonetheless, the cabinet moved beyond attempts to broker compromises – deferring and attenuating salary adjustment and increasing working hours – to actively seek new policy solution links to the salary scale problem. Among its proposed links was increasing electricity tariffs, levying taxes on retirement pensions and end-of-service indemnities, privatizing government services, and notably selling new development rights to property owners through what was known as the “Mikati floor.”⁴⁵ While these proposals were ultimately shot down, they demonstrate intentions to not only divert taxes away from high-income earners toward low-income earners but also to open avenues for capitalists and rentiers to increase their wealth and profits at the expense of public resources.

Other issue-linkages were floated throughout the policy battle. Corruption, clientelist hirings, public sector bloating, and maritime violations were often brought up by different actors, including members from each coalition.

Salaries, taxes, and debts

The linking and delinking of the salaries and taxation issues were strategically leveraged by different coalitions. Opponents of salary readjustment were conditioning the passage of the salary scale law on prior agreement over new revenue measures. A “financing the scale” narrative was constructed to isolate salaries from other state obligations and budget items. This sought to pit the general taxpaying public against public workers and teachers. Besides, locking in the salaries–taxes coupling procedurally also functioned as a strategy to derail progress on either issue.⁴⁶

The pro-RT coalition members, also being proponents of salary readjustment in itself, advanced two lines of reasoning.⁴⁷ On the one hand, they sustained advocacy for taxing rents and framed the fight for salary readjustment as part of a broader fight for a redistributive, systemic correction. On the other hand, they also refuted the procedural

coupling of salaries and taxes through several counter narratives. They argued that the salary scale issue was at its core intended to catch up to price inflation. Price inflation translated into increases in nominal tax revenues that could have been used to adjust the salaries instead of expanding clientelist hiring in the public sector.⁴⁸ Another counter narrative compared salaries to public debt. While the incumbent political actors never questioned financing the state's obligations to its creditors – banks and bondholders – they refused to pay obligations to civil servants. Mohammad Zbeeb, a prominent economist within the pro-RT coalition, even asserted that public salaries were “privileged debts,” and they should have priority over ordinary debts paid to banks.⁴⁹ Journalist Hasan Illaik built on a similar argument to emphasize the need for higher taxes on banks.⁵⁰

Delay, dilution, but not defeat

Policy formulation: An opportunity to undo the agenda

Spanning across different institutional venues, the policy formulation process extended until late 2017. Following the wage correction episode, the first explicit signal from Mikati's government about a salary scale proposal came in March 2012. As the first draft's details surfaced and were contested by teachers, a second proposal was drafted; this was in turn also retracted following push back from the opposing coalition. A ministerial committee was formed, followed by another. Back and forth continued until March 2013, when the cabinet announced that it was transferring the proposal to parliament. Prime Minister Mikati resigned the next day, further slowing cabinet operations. It took until June 2013 for the draft laws to be officially sent to parliament; by that point, they included measures explicitly rejected by the UCC such as taxes on low-income earners, a hiring freeze and expansion in contracting, lower pay, and more working hours.⁵¹

In the parliament, the draft laws were first handled and amended by a subcommittee, emanating from joint committees. The coalitions continued to apply pressure, with the Banque du Liban governor attending subcommittee meetings and sounding the alarm on the risks of increasing expenditures.⁵² In April 2014, the amended draft laws were voted on by the joint committees and presented to the general assembly. The latter chose to reexamine the proposals in a new committee. With the presidential vacuum starting on 25 May 2014, the March 14 alliance boycotted sessions on the salary scale, requesting prior agreement on expenditures-revenues data, while the March 8 alliance boycotted sessions on presidential elections, requesting prior agreement on the candidate.⁵³ While changes in details of the salary scales and the inclusion or exclusion of military personnel were a cause for stalling, on the taxation front there was particular contention surrounded VAT increases. Broader institutional paralysis continued, and other issues occupied the political scene – presidential elections, parliamentary election law, and the 2015 garbage crisis, to name a few.⁵⁴ In late 2016, a deal was struck leading to the election of Aoun as president, with Hariri as the prime minister. As the political impasse was overcome, the legislative and executive branches were reactivated and allowed the passage of a series of laws, including a new election law, the annual budget law, and the scale and tax laws. While the discussions of the laws showed similar patterns and contentions, the incumbents' political will to move forward was clear.⁵⁵ A final delay attempt was made by the anti-RT coalition through an

appeal to the constitutional council. The appeal included allegations of several constitutional violations and a stance against the proposed “double taxation” on professionals, certain businesses, and banks in Article 17 of Law 45/2017 concerning taxes on interest.⁵⁶ While the appeal was accepted, the constitutional court only recognized double taxation on professionals, allowing the tax on banks in the redrafted Law 65/2017.⁵⁷

The lengthiness of the policy process can be attributed to several factors. First, the power struggle between the different coalitions was constantly present and in flux; the tug-of-war was translated into a plethora of proposals, deals, promises, and counter-promises. Second, contentions over technicalities, the complexity of the policy reforms, and the confusion among certain actors could have contributed to slowing the process. For example, even in the final parliamentary sessions dedicated to passing the laws, some parliamentarians expressed uncertainty about the figures and their implications.⁵⁸ As mentioned, the lack of regular budget laws and final year accounts accentuated the difficulties in precisely gauging fiscal matters. Third, the anti-tax coalition and their incumbent allies had an interest in stalling. Delays served to exhaust the opposing coalition, shrinking their mobilization capacities and undermining the pressures they posed. More directly, the years-long delay in tax imposition allowed the targeted groups to “evade” substantial financial responsibilities. Ironically, Mohammed Shukair, the head of the Chamber of Commerce, argued in early 2013: “the Lebanese economy is unable to meet [the UCC demands] at this point in time and it would be better to defer government approval for another three or four years.”⁵⁹ Fourth, the delay can also be attributed to competing agenda priorities advanced by institutional actors, that is different policy subsystems like sectarian quotas and presidential elections.

In terms of effects, the long-running formulation process could have led to the removal of rent taxes from the official and public agenda. From a short-term, material interest perspective, the salary battle could have been prioritized over the tax battle for the mobilized workers while the inverse could have applied for the anti-RT coalition. The fact that this was prevented can be partly attributed to the success of the pro-RT coalition in solidifying the link between the two issues. Beyond that, incumbent actors, particularly before parliamentary elections, would have had difficulty in relying purely on regressive salient taxes. Besides, watering down the impacts of the rent-tax policies with lower rates and considerable exemptions accommodated to a certain degree the interests of the targeted groups.

Enactment: Winning a new baseline

Rent taxes were ultimately instituted after the years-long battle, albeit with loopholes, exemptions, and relatively low rates. The political organizing and the pressure mounted by unionists – alongside political, discursive, and linkage strategies adopted by their allies – made the maximal aim of no rent taxes hard for the opposing coalition to publicly defend. However, the pro-RT coalition’s initial proposal of a 15% tax on interests and 25% tax on real estate capital gains was unrealized; the rates passed were 7% and 15% respectively.⁶⁰ The goal of the capital gains tax was further undermined by lower rates on reevaluation gains, exemptions for real estate transfers through shares, and decreasing annual rates

which resulted in no tax after 12 years. Still, the achievement should be viewed not through a policy perfection lens but instead as the institutionalization of a concept and its translation into some enforceable norms. Incumbent political actors chose to tap onto these taxes to increase state revenues: taxes on interest increased to 10% for the 2019-2022 period,⁶¹ and the reevaluation of capital gains taxes increased to 15% from 2024.⁶² In contrast, an “exceptional” rate of 1% is being applied to real estate transfers by individuals until 2026.⁶³

Only the organized collectives from the anti-tax-coalition survived at the scale they had maintained during the policy battle; by 2015 the UCC was already being co-opted by sectarian parties winning elections in its constituent leagues.⁶⁴ To its credit, the UCC had set a precedent for mass, rights-based mobilization and had respectable organizing experience that could be critically illustrative. Another success from this battle was that it unveiled organized capitalist and rentier interests actively operating in opposition to mass interests and exposed the partisanship of incumbent actors outside the conventionally vertical sectarian divides.

Conclusion

This analysis attempted to shed light on a policy process that transcended the insular identitarian logics dominating the Lebanese political landscape. Using the ACF allowed for a reconstruction of the process while drawing causal interpretations of its dynamics. It underscored the consolidation of two coalitions along horizontal cleavage lines. Its contextual application also supported theoretical nuances surrounding concepts like partisan policy brokers and policy subsystems crossovers. The focus of the analysis on issue-linkage strategies showed how opposing coalitions were able to turn the same problem-policy couplings to their advantage. Another process finding emphasized that agenda maintenance mattered as much as agenda entry, suggesting a protracted policy stage particularly in a context of consociationalism, asymmetric conflict, and partisan brokers. The analysis also identified how strategies of and conditions for delay shaped the policy process and created significant benefits to certain actors and interests.

Looking ahead to future battle rounds, this analysis invites change-oriented actors to engage with strategic questions on coalition building, issue coupling, and the shaping and harnessing of opportunity structures. Even amid deep political polarization along sectarian and external-alliance binaries, society's needs cut across these vertical cleavages. Incumbent political actors are outsourcing urgent issues of state sovereignty, post-war reconstruction, and economic recovery to external donors and their conditionalities. Meanwhile, banking actors and other local beneficiaries of the pre-crisis financial order still enjoy political cover from sectarian parties, largely avoid accountability, and continue to shift losses onto the public. It is possible to imagine cross-arena coalitions, coupling these different problems to taxation solutions that can mobilize domestic resources to build defense capacities, finance post-war recovery, distribute crisis losses fairly, support productive economic activity, and establish universal welfare programs. Such political fights can help break the sectarian stalemate, advance the country's substantive sovereignty, and rebuild state legitimacy.

¹ Rents here are defined as income derived from the ownership or control of assets or privileges that exceeds the minimum return needed to induce their supply, in contrast to earnings from labor or from productive engagement in risk-taking and value creation in the real economy. In Lebanon, banking and real estate largely operate as rentier sectors: banking generates financial and regulatory rents, with above-normal returns on deposits and public debt sustained by policy choices, financial engineering, and continuous inflows of diaspora remittances; while real estate generates land and location rents rooted in ownership, zoning decisions, and speculative price appreciation.

² In ACF, a policy subsystem is the primary unit of analysis. It comprises the set of actors that regularly interact around a specific policy issue within a territorial scope, spanning multiple venues. Subsystems are nested within the broader political system, whose relatively stable parameters and external events condition subsystem dynamics.

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³ Bassel F. Salloukh, "The state of consociationalism in Lebanon", *Nationalism and Ethnic Politics* 30, no. 1 (2024), pp. 8-27, available at <https://doi.org/10.1080/13537113.2023.2187970>

⁴ Charbel Nahas, "Towards Property Taxation Regime in Lebanon", presentation at City Debates 2014, American University of Beirut, March 2014, available at <https://www.youtube.com/watch?v=rMvzUtmmKM&t=2189s> (Nahas, *Towards Property Taxation*).

⁵ Jad Chaaban, *I've Got the Power: Mapping Connections between Lebanon's Banking Sector and the Ruling Class*, Economic Research Forum Working Paper 1059, October 2016, available at <https://erf.org.eg/publications/ive-got-the-power-mapping-connections-between-lebanons-banking-sector-and-the-ruling-class/>; Gherbal Initiative, "Political Figures' Properties", *Gherbal Initiative*, n.d., available at <https://elgherbal.org/political-properties>

⁶ Lydia Assouad, "Top Incomes and Personal Taxation in Lebanon: An Exploration of Individual Tax Records, 2005-2012", Paris School of Economics, Master's thesis, September 2015, available at <http://piketty.pse.ens.fr/files/Assouad2015.pdf>

⁷ Nahas, *Towards Property Taxation*.

⁸ Mohamed El Agati and Zeinab Srour, *Social Movements in Lebanon: The Case of the Salary Scale Movement*, Arab Forum for Alternatives, January 2024, available at <https://www.afalebanon.org/en/publication/11273/social-movements-in-lebanon-the-case-of-the-salary-scale-movement/> (El Agati and Srour, *Salary Scale*).

⁹ Nahas, *Towards Property Taxation*.

¹⁰ Nahas, *Towards Property Taxation*.

¹¹ El Agati and Srour, *Salary Scale*.

<https://legal-على>, متاح على-على، مارس 2013، 19 آذار / مارس 2013، بيان المفكرة القانونية، بيان الاقتصاديين). agenda.com/%D8%A8%D9%8A%D8%A...%D8%A8-%D9%88/
¹² أحمد الديراني وفرح قببسي (الإعداد)، الاحتجاجات وقضايا العمال في لبنان عام 2012: عام نهوض القطاع العام وتعرية الاتحاد العمالي العام (التقرير السنوي الأول، المرصد اللبناني لحقوق العمال والمواطنين، كانون الثاني/يناير 2013، متاح على <https://daleel-madani.org/sites/default/files/Resources/report-marsad.pdf> (الديراني وقببسي، الاحتجاجات العمالية). (2012).

¹³ The intensity of mobilization was highest in the early years. In 2012, 14 strikes, 60 sit-ins, and four protests were organized. In 2013, a 33-day strike was mounted, coupled with regular protests. Threats to boycott the grading of public exams was another powerful tactic used recurrently; in 2014, the boycott was applied; 2012 الاحتجاجات، الديراني وقببسي، الاحتجاجات 2012; El Agati and Srour, *Salary Scale*.

¹⁴ El Agati and Srour, *Salary Scale*.

¹⁵ رائد شرف، "وحدة الموظفين والأساتذة الممنوعة: سلسلة أزمات النظام السياسي اللبناني" (بالعربية)، المفكرة القانونية، 3 حزيران/يونيو 2014، متاح على <https://legal-agenda.com/%D9%88%D8%... 84%D8%B3> (شرف، وحدة الموظفين). (الموظفين).

¹⁶ El Agati and Srour, *Salary Scale*;

رائد شرف، "معركة هيئة التنسيق النقابية في 2013: الحراك المرکز"، المفكرة القانونية، 4 شباط/فبراير 2014، متاح على [/https://legal-agenda.com/%D9%85%D8%B...%83%D8%A7](https://legal-agenda.com/%D9%85%D8%B...%83%D8%A7) (شرف، الحراك المرکز).

¹⁷ اقتصاد لبنان، "الهيئات الاقتصادية"، اقتصاد لبنان، من دون تاريخ، متاح على

[/https://lebanoneconomy.net/category/%D8%A7%D...8A%D8%A9](https://lebanoneconomy.net/category/%D8%A7%D...8A%D8%A9) (اقتصاد لبنان، الهيئات الاقتصادية)؛

Fawwaz Traboulsi, *Social Classes and Political Power in Lebanon*, Heinrich Böll Stiftung, 2014, available at <https://lb.boell.org/en/2024/06/12/social-classes-and-political-power-lebanon> (Traboulsi, *Social Classes*).

¹⁸ Traboulsi, *Social Classes*.

¹⁹ Traboulsi, *Social Classes*.

²⁰ El Agati and Srour, *Salary Scale*, pp.25-26;

شربل نحاس، "مهرجان انتحار الهيئات الاقتصادية"، فيديو يوتيوب، 30 حزيران/يونيو 2015، متاح على

<https://youtu.be/pOKxowflhMc>

²¹ For a discussion on policy broker roles and motivations, see Karin Ingold and Frédéric Varone, "Treating Policy Brokers Seriously: Evidence from the Climate Policy", *Journal of Public Administration Research and Theory* 22, no. 2 (2012), pp. 319-346, available at <https://doi.org/10.1093/jopart/mur035>

²² For a discussion on overlapping policy subsystems, see Laurence Brandenberger, Isabelle Schläpfer, Philip Leifeld, and Manuel Fischer, "Interrelated Issues and Overlapping Policy Sectors: Swiss Water Politics", paper prepared for the 2015 International Conference on Public Policy, Milan, June 2015, available at <https://www.ippapublicpolicy.org/file/paper/1433994897.pdf>

²³ Analogously, studies using the Multiple Streams Framework capture this dynamic in the Lebanese context by theorizing the presence of a geopolitical logic and national regime logic that at times subordinate a policy issue logic. See Robert Hoppe and Nermeen Kasseem, "Civil Society Associations' Efforts to Influence Post-Uprisings Governmental Policymaking in Three Arab States: A Regimes-Triad Approach," *International Journal of Public Administration* 45, no. 7 (2022), pp. 570-586, available at <https://doi.org/10.1080/01900692.2019.1676257>

²⁴ Nahas, *Towards Property Taxation*.

²⁵ It is difficult to describe with precisions and certainty what the deals struck between the Free Patriotic Movement and the other sectarian parties contained. It is reasonable to hypothesize that the deal concerned securing quotas within public institutions or increasing prospects of Aoun's presidency.

²⁶ "March 8" and "March 14" denote two rival political alliances that crystallized in Lebanon in 2005 after the assassination of Rafiq Hariri. March 8 grouped parties such as Hezbollah, the Amal Movement and, later, the Free Patriotic Movement, aligned with the "resistance axis," Iran, and al-Assad's Syria. March 14 brought together parties such as the Future Movement, Lebanese Forces, and the Progressive Socialist Party, which broadly opposed Syrian tutelage and were close to Saudi Arabia and Western states.

²⁷ رئاسة مجلس الوزراء (لبنان)، "البيان الوزاري للحكومة حكومة 'كلنا للوطن ... كلنا للعمل'", (بالعربية) رئاسة مجلس الوزراء

<http://pcm.gov.lb/arabic/subpg.aspx?pageid=4917> على، 2011، (لبنان)، متاح على

²⁸ These linkage strategies reflect what the Multiple Streams Framework theorizes as coupling of problem, policy, and politics streams. Through that lens, several coalition members and brokers can be described as policy entrepreneurs who strive to frame problems and shape institutional procedures to fit with their preferred policy solution and undercut rival proposals.

²⁹ Nahas, *Towards Property Taxation*.

³⁰ محمد وهبي، "شربل نحاس: خدش في النمط الاقتصادي" (بالعربية)، الأخبار، 21 تموز/يوليو 2017، متاح على

<https://www.al-akhbar.com/Community/235186> (وهبي، خدش في النمط).

³¹ Léa Bou Khater, *Understanding Policy-making in Lebanon: An Application of the Multiple Streams Framework to the 2012 Wage Hike*, AUB Policy Institute, American University of Beirut, July 2018, available at <https://www.aub.edu.lb/ifi/Documents/publications/docs/Understanding%20Policy-making%20in%20Lebanon.pdf> (Bou Khater, *Understanding Policy-making*).

³² Nahas, *Towards Property Taxation*.

³³ Traboulsi, *Social Classes*.

³⁴ Traboulsi, *Social Classes*; El Agati and Srour, *Salary Scale*.

³⁵ الأخبار، «الحكومة تُقرّ صيغة «الاتفاق الرضائي» ونحاس لا يستبعد الاستقالة»، *الأخبار* (السياسة)، 19 كانون الثاني/يناير 2012، متاح على <https://www.al-akhbar.com/Politics/63973>؛ غراسيا بيطار، «الرفيق شربل»: نشهد نهاية الدولة، السفير، 25 فبراير 2012، متاح على <https://www.mtv.com.lb/news/articles/68565/%D8%A7%D9%84%D8%...84%D8%A9>

³⁶ In Lebanon, the Shura Council is the highest administrative court, acting as the state's legal advisor and adjudicator for disputes involving public law and entities. It reviews government decrees and provides legal opinions on draft laws. Upon Nahas's referral of cabinet proposals to the Shura Council, the latter deemed the transportation allowance decrees illegal and that the executive had no jurisdiction to issue such decrees. As the cabinet intended to pass the decrees in spite of the Shura council stance, Nahas refused to sign it, contending that it was illegal and violated workers' rights, and subsequently resigned. For a more detailed narration of this episode, see Bou Khater, *Understanding Policy-making*.

³⁷ Al-Dirani and Kobaissy, 2012 الاحتجاجات.

³⁸ وهبي، خدش في النمط ;

Benjamin Redd, "Mikati's striking dilemma", *Executive Magazine* (Economics & Policy), 25 February 2013, available at <https://www.executive-magazine.com/economics-policy/mikatis-striking-dilemma>

³⁹ عدنان حمدان، "نحاس يحدّد يوم غد موعداً لاجتماع لجنة المؤشر بحضور «التنسيق النقابية» غصن لـ«السفير»: لسنا بحاجة إلى اجتماعات جديدة وعلى الحكومة تصحيح قرارها" (بالعربية)، جريدة السفير، 10 تشرين الثاني/نوفمبر 2011، العدد رقم 12033، متاح على <https://archive.assafir.com/ssr/10334650.html>

⁴⁰ Traboulsi, *Social Classes*.

⁴¹ منير الربيع، "سلسلة الرتب والرواتب بين هيئة التنسيق والهيئات الاقتصادية"، *Future TV News*، تقرير إخباري، 31 آذار/مارس 2014، متاح على https://www.youtube.com/watch?v=D-OXyGmE_uo

⁴² Traboulsi, *Social Classes*.

⁴³ Traboulsi, *Social Classes*.

⁴⁴ شربل عبود، "سلسلة الرتب والرواتب والهيئات الاقتصادية"، *News Future TV*، تقرير إخباري، 26 أيلول/سبتمبر 2012، متاح على <https://www.youtube.com/watch?v=HJt1BCDFSGU>

⁴⁵ محمد زبيب، "مكافأة المضاربين بدل تغريمهم"، الأخبار، 12 كانون الأول/ديسمبر 2012، متاح على <https://www.al-akhbar.com/Community/80156>

محمد زبيب، "الانقلاب على حقوق الموظفين: تفرغ إدارات الدولة"، الأخبار، 16 كانون الأول/ديسمبر 2012، متاح على <https://www.al-akhbar.com/Community/80331> (الانقلاب على الموظفين).

⁴⁶ وهبي، خدش في النمط

⁴⁷ See the speeches by Mahmoud Ayoub, head of the elementary teachers league, and Hanna Gharib during a 2012 UCC protest, where the both lines of reasoning were expressed: Al Jadeed News, "إعتصام هيئة التنسيق" (Arabic), 27 November 2012, available at <https://www.youtube.com/watch?v=MD1mCWe7Zg8&t=473s>

⁴⁸ وهبي، خدش في النمط

⁴⁹ زبيب، الانقلاب على الموظفين.

⁵⁰ حسن عليق، "نعم للضرائب على المصارف!" (بالعربية)، الأخبار (السياسة)، 18 آذار/مارس 2017، متاح على <https://www.al-akhbar.com/Politics/228009>

⁵¹ Traboulsi, *Social Classes*.

⁵² Jessica Banfield and Victoria Stamadianou, eds., *Towards a Peace Economy in Lebanon*, International Alert, September 2015, available at <https://www.international-alert.org/publications/towards-peace-economy-lebanon/> (Banfield & Stamadianou, *Peace Economy*).

⁵³ Léa Bou Khater, "Public sector mobilisation despite a dormant workers' movement", *Confluences Méditerranée* 92, no. 1 (2015), pp. 125-142, available at <https://doi.org/10.3917/come.092.0125>

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على <https://www.youtube.com/watch?v=5NoXenJSo2M>

⁵⁵ ميسم رزق، "السلسلة في اللجان: تضييع للوقت و«رفع عتب»"، الأخبار، 7 آذار/مارس 2017، متاح على الرابط

<https://www.al-akhbar.com/node/227351>

⁵⁶ سامي جميل، "الطعن بالضرائب أمام المجلس الدستوري"، *سامي جميل (الموقع الرسمي)*، نص الطعن ضد القانون رقم

2017/45، المقدم في 22 آب/أغسطس 2017، متاح على [..https://samymayel.com/%D8%A7%D9%8B1%D9%8A](https://samymayel.com/%D8%A7%D9%8B1%D9%8A)

B1%D9%8A؛ جمعية المصارف في لبنان، "ازدواج ضريبي مع الإصرار والتأكيد"، *جمعية المصارف في لبنان (الافتتاحية الشهرية)*،

أيلول/سبتمبر 2017، متاح على [https://www.abl.org.lb/arabic/publications-amp-resources/monthly-](https://www.abl.org.lb/arabic/publications-amp-resources/monthly-editorial/september2017)

[editorial/september2017](https://www.abl.org.lb/arabic/publications-amp-resources/monthly-editorial/september2017)

⁵⁷ Decision no. 5, 22 September 2017, available (in Arabic) at

<http://legiliban.ul.edu.lb/Law.aspx?lawId=273288> (Decision 5/2017); Article 17 of Law No. 64, 20 October

2017, available (in Arabic) at <http://77.42.251.205/Law.aspx?lawId=273985> (Law 64/2017).

⁵⁸ رانيا حمزة، "هكذا أقرت ضرائب 'السلسلة' في لبنان: مواقف النواب بالتفصيل"، *المفكرة القانونية*، 24 تموز/يوليو 2017، متاح

على الرابط [/https://legal-agenda.com/%D9%87%D...7%D9%82](https://legal-agenda.com/%D9%87%D...7%D9%82)

⁵⁹ Traboulsi, *Social Classes*.

⁶⁰ Law 64/2017.

⁶¹ Article 31 of Law No. 144, 31 July 2019, available (in Arabic) at

<http://77.42.251.205/Law.aspx?lawId=282709> (Law 144/2019).

⁶² Law No. 330, 4 December 2024, available (in Arabic) at <http://77.42.251.205/Law.aspx?lawId=331565> (Law 330/2024).

⁶³ Law 330/2024.

⁶⁴ El Agati and Srour, *Salary Scale*.