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Crises, Uncertainty, and Reform: Disentangling the Mechanisms of a Conventional Wisdom in Fractionalized Polities

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ABSTRACT. This working paper outlines a theory and presents preliminary results to analyze the micro mechanisms of political collaboration during crises in fractionalized, clientelist polities. Our paper advances the literature on the so-called *crisis hypothesis*, which is one of the most widely cited but yet underexplored theories in the literature on the political economy of reform. Our preliminary results suggest that outgoing governments, under uncertainty about the allocation of political power in a post-crisis environment, prioritize legislation geared towards individualized, clientelist services, in particular trade licenses and the registration of new associations. We hypothesize that the mechanism by which this works is the effort to rally support for a new regime post-crisis in the absence of electoral incentives that structure political life. We base our analysis on a novel dataset of legislative activity in Lebanon by investigating two periods of crisis, the events that followed the 2005 assassination of former Prime Minister Rafiq Hariri, and the current period that started in October 2019. Future work will augment the methodological approach. The results have important policy implications, in particular for the design of international assistance programs.

1. Introduction

Do crises facilitate political collaboration on reform? The notion that crises can induce reform has long been considered a “conventional wisdom” in the literature on the political economy of reform (Tommasi and Velasco, 1996). Crises are supposed to create the conditions under which reform can be implemented that would not otherwise be possible. However, empirical evidence remains inconclusive and the mechanisms by which crises can induce reform underdetermined (Mahmalat and Curran, 2018; Prato and Wolton, 2018).

This working paper presents a theory to analyze the micro mechanisms by which crises impact political collaboration on reform in fractionalized, clientelist societies. We argue that the degree to which crises impact collaboration depends on the incentive structures of political actors to rally political support. Based on an analysis of a novel dataset on legislative activity in Lebanon, our preliminary results provide an explanation for why crises can fail to induce reform and thereby contribute towards explaining ambiguous results in extant literature.

We narrowly define crises as moments in which the uncertainty about the post-crisis environment is sufficiently large by threatening the realignment of political power. This definition of crises rests on a constructivist understanding of the interrelationships between actors within a specific environment in which policy outcomes are explained in terms of the prevailing ideas and beliefs of political actors. Constructivists contend that crisis situations are characterized by great uncertainty, which is qualitatively different from a situation of risk in which the probability distribution of possible outcomes is known (Blyth, 2002, 2010). Actors, therefore, cannot determine with certainty their objective functions vis-à-vis their material interests during crisis. Instead, they must interpret the political or economic realities that confront them and develop their own imperatives in order to guide their actions (Widmaier, Blyth and Seabrooke, 2007; Hay, 2016; Widmaier, 2016; Curran and Mahmalat, 2020).

Following this actor-centric approach, our framework focuses on how actors elaborate and vote on legislation. Our theoretical discussion integrates two theoretical approaches: political transactions theory, which explains the quality of a given set of policies with the setup of political institutions (Spiller and Tommasi, 2003) and agenda setting theory, explaining how governments share their attention across policy areas (Jones and Baumgartner, 2005). The central argument of political transactions theory is that the functioning of political institutions impacts upon the capacity of political actors to engage in political transactions. Because the concept of political transactions applies to democratic regimes independent from the structure of a polity, we employ it as a framework in this paper. Agenda setting theory, in turn, contributes to understanding the political priorities which actors assign in times of uncertainty.

We question two of the crisis hypothesis' implicit but central tenets. These tenets posit that actors are a) implicitly driven by incentives to work via constitutional means towards b) preserving the state as it is by resolving the crisis (Fernandez and Rodrik, 1991). As we argue in this paper, in societies in which the power of political elites rests upon the provisioning of clientelist services, the objective functions of actors are not necessarily determined by these tenets. Instead, as elites rally support for a possible post-crisis regime in times of severe uncertainty, they shift their political attention from measures that rest upon constitutional means to preserve the state as it is, towards the provisioning of clientelist services. That way, reform of regulatory nature that amends or establishes generally applicable rules and that can significantly change the legislative framework of a country becomes even less likely during times of crisis, while the provisioning of clientelist services in the form of licenses for business operations or the establishment of organizations receives more attention. This mechanism contributes to explaining some of the ambiguous results in the literature on the impact of fractionalization on reform in times of crisis.

Our analysis leverages a novel and comprehensive dataset on legislative activity in Lebanon. The dataset contains all primary and secondary legislation published in the years in which the crisis episodes took place. The country's polity is organized in a communal power sharing arrangement among sectarian groups. As the power of political elites rests upon the provision of clientelist services to their constituencies, electoral incentives fail to structure political life (Cammatt, 2014; Salamey, 2014; Corstange, 2016; Mahmalat and Chaitani, 2020). Therefore, Lebanon is a well-suited case to refine the mechanisms that connect crises and reform in fractionalized, clientelist polities.

This version of the paper will introduce the methodological approach and model specification. We go on and present preliminary results on two crisis periods: First, the time from mid-February until April 2005 which preceded the Cedar Revolution, and second, the period that followed the popular uprisings mid-October 2019.

We depart from extant research in important ways. First, we base our understanding of crises on a constructivist perspective that emphasizes the uncertainty about the post-crisis environment as the most salient determinant for collaboration. That way, we depart from prevailing approaches in the rational expectations literature that define crises based on fixed thresholds of the deterioration of macroeconomic variables in cross-country panel datasets. Such thresholds fail to take into account the cultural and institutional differences across countries that determine the point at which actors perceive a situation to be "bad enough" to collaborate on reform (Drazen and Easterly, 2001; Pop-Eleches, 2008; Scheemaekere, Oosterlinck and Szafarz, 2015; Mahmalat and Curran, 2018).

Rather than investigating macroeconomic indicators, we leverage extensive reviews of contemporaneous speeches, newspaper articles and opinion pieces to identify discrete periods of time in which there was a significant uncertainty about the post-crisis environment in terms of the future distribution of political power.

Second, we refine the discussion about the nature of reform that can be induced during crises by using legislative texts itself as a dependent variable, rather than aggregate reform indices or the amount or quality of public goods. Traditional reform indices mostly reflect relative changes in the regulatory environment of a given country and thereby risk conflating distinct causal connections that link collaboration and regulatory change (Babecký and Campos, 2011; Campos and Horváth, 2012).

Similarly, analyzing the provisioning of public goods inherently restricts the analysis on a specific set of policy areas, such as education or health care. By investigating the entirety of legislative activity, we arrive at a more nuanced understanding of political collaboration on reform during crises.

The paper is organized as follows. Section 2 reviews the literature on the crisis hypothesis, while section 3 lays out our theoretical framework. Section 4 describes the data and methodology. Section 5 discusses the results. Section 6 concludes.

2. LITERATURE REVIEW

The political economy literature has paid significant attention to the relationship between crises and reform and came to regard the idea that crises induce reform as an “orthodoxy” of the discipline (Drazen, 2000, p. 444). However, the hypothesis has been repeatedly criticized for failing to adequately reflect the complexity of the mechanism that links crisis and reform (Corrales, 1998; Edwards and Steiner, 2000; Campos, Hsiao and Nugent, 2010; Prato and Wolton, 2018). Despite the significant traction the hypothesis created, the mechanisms that connect the two concepts remain underdetermined and have yet to be fully understood (Mahmalat and Curran, 2018).

Theoretical Approaches

Extant theoretical contributions link crisis and reform by focusing on the interactions between interest groups, and how this interaction changes during crises based on material interests and distributional preferences. These models posit that actors delay reform as part of a contest over the distribution of the cost of reform. As economic conditions deteriorate, weaker interest groups concede to bearing a disproportionate share of the cost of reform when they realize that the marginal benefits (in terms of political power or economic resources) of waiting have become lower than the marginal cost arising from continued economic distortion (Alesina and Drazen, 1991; Drazen and Grilli, 1993; Bruno and Easterly, 1996; Ranciere and Tornell, 2015). A large theoretical and empirical literature has sought to verify this hypothesis in various configurations (Bruno and Easterly, 1996; Abiad and Mody, 2005; Galasso, 2014; Agnello *et al.*, 2015a).

Such models provide valuable insights into explaining interest group dynamics in periods of rapid macroeconomic deterioration. However, they introduce a number of conceptual and methodological ambiguities that render them ill-suited for explaining the micro-mechanisms of collaboration during specific crisis episodes. For one, the amelioration of economic conditions after crises cannot be interpreted merely as the result of concessions of weaker interest groups, as this assumes that the solution to a particular crisis is contested but known. More importantly, however, empirical models based on quantitative cross-country panel regression setting have proved difficult to operationalize and interpret. In particular, the use of thresholds derived from a deterioration of macroeconomic variables in order to indicate the occurrence of crises is difficult to reconcile with the view that crises are subjective in nature and that the perception of what constitutes a crisis varies significantly across countries (Corrales, 1998; Edwards and Steiner, 2000; Pop-Eleches, 2008; Mahmalat and Curran, 2018). These empirical models, reliant on analyses of comparative statics, require that a similar ‘sense of urgency’ exists across countries in response to a well-defined deterioration of macroeconomic variables. As crisis experiences differ significantly across countries, comparative statics tell us little about the underlying mechanisms through which crises induce policy change (Scheemaekere, Oosterlinck and Szafarz, 2015).

More recent scholarship emanating from actor-centric institutionalism reexamines the mechanisms by which crises can induce reform. These contributions start from the recognition of a central feature of crises, namely that crises are accompanied by deep uncertainty (as opposed to risk) as to what the material position of actors should be (Harberger, 1993; Blyth, 2007). Crisis situations are qualitatively different from situations of risk in more ‘normal’ times, in which actors know the probability distribution of possible outcomes (Blyth, 2002). As Nelson and Katzenstein (2014) put it: “In the world of risk, the assumption that agents follow consistent, rational, instrumental decision rules is plausible. But that assumption becomes untenable when parameters are too unstable to quantify the prospects for events that may or may not happen in the future.” (p.362)

Chwieroth (2010), Mandelkern and Shalev (2010), as well as Nelson and Katzenstein (2014), for example, examine the way in which political crises, often initially induced by economic crises (Funke, Schularick and Trebesch, 2016), induce a high degree of uncertainty into the material positions of actors vis-à-vis each other. This uncertainty must be resolved with a new set of ideas before actors can collaborate on reform. The findings of Campos, Hsiao and Nugent (2010) can be interpreted as support of this approach. They find that political crises, i.e. situations in which political actors face uncertainty about the distribution of political power and therefore their remaining term in office, constitute a more significant explanatory variable for the occurrence of reform than economic ones. Following this logic, political crises might play a more significant role in ‘convincing’ one group to concede and collaborate than economic crises because groups want to preserve their political and economic status in a future regime.

The Role of Fractionalization and Clientelism

The uncertainty of actors about the possible post-crisis environment offers an important entry point to understand why specific reform responses prevail. As we suggest in this paper, uncertainty about the post-crisis environment does not necessarily reduce the resistance against reform of a specific sector. Under certain circumstances, specifically in clientelist, fractionalized settings with limited executive power such as in power-sharing-arrangements, crises can make reform even less likely.

We refer to fractionalization as the number of politically salient groups with veto powers that are involved in political collaboration. Theoretical approaches predict fractionalization to delay reform over the difficulty to agree on compromise: a higher number of preferences and veto players make political reconciliation more challenging as they reduce the win-set of the status quo (Tsebelis, 2002; Tommasi, Scartascini and Stein, 2014). Accordingly, a set of studies has identified a higher degree of fractionalization to reduce the incidence of reform even in times of crises. Galasso (2014), for example, finds fractionalization to reduce liberalization and product market reforms in OECD countries. Banerjee and Munger (2004) show that more fractionalize governments are less likely to privatize. Veiga (2000) as well as Alesina, Ardagna and Trebbi (2006) show that more fractionalized governments delay reform to stabilize economies in the wake of economic crises.

A range of other authors, however, challenge this relationship (Mahmalat and Curran, 2018). Pitlik and Wirth (2003), for example, “clearly reject” the hypothesis that more fractionalized governments have a lower propensity to enact liberalization reform (p.565). Similarly, Wiese (2014) finds no relationship between fractionalization and health care reform in OECD countries. Agnello *et al.* (2015b) find fractionalization to be insignificant for structural reform in large set of countries.

The above-cited evidence fails to reflect the differing incentive structures that political actors have in times of crisis. These incentives are important, however, as they depend on the mechanisms by which actors derive their legitimacy and power. While in developed countries electoral incentives determine political exchanges, such electoral incentives often fail to structure political life in developing, fractionalized countries with weak legislatures, such as in many power sharing arrangements (Cammett, 2014; Corstange, 2016). In these cases, the political power of actors rests on more informal mechanisms, often based on clientelist services to constituencies (Habyarimana *et al.*, 2007; Stokes *et al.*, 2013). The ways in which the difference in actors’ incentive structure shapes collaboration during crisis has, to our knowledge, not been investigated in extant research.

3. THEORY

In order for any reform to occur, political actors need to collaborate. We refer to political collaboration as the process of engaging into *credible intertemporal agreements* (Spiller and Tommasi, 2003; Stein *et al.*, 2006). The focus of this definition relies on the intertemporal nature of these agreements, as political concessions today (such as a vote for a project) are often exchanged for concessions tomorrow (such the allocation of resources).

In the absence of credible impartial enforcement mechanisms, these agreements need to be self-enforcing (Acemoglu, 2003) and become highly susceptible to the time-horizons of key political actors.

In an environment of political instability, the time horizons of key political actors are shortened, undermining their credibility to keep promises for future actions (Pinea, 1994; Acemoglu, García-jimeno and Robinson, 2015; Mahmalat and Curran, 2019).

When a crisis hits, political collaboration changes and needs to respond to the updated likelihood that future promises are being kept. This affects collaboration more generally, not only ‘structural adjustments’ commonly investigated in extant literature, such as trade, labor, or tax reform (Drazen, 2000; Alesina, Ardagna and Trebbi, 2006). Crises generally affect political collaboration by way of ‘focusing the minds of legislators’ and reducing the diversity of a governments’ agenda, that is, the dispersion of governmental attention to a variety of topics (Williamson and Haggard, 1994; Jones and Baumgartner, 2005; Jennings *et al.*, 2011). Following the attention driven model of policy choice, it is cognitive constraints that limit the attention of key political actors which in turn becomes the scarce resource for policymaking. Therefore, the variety of topics a government can pay attention to is limited when faced by urgent and demanding challenges and generally concentrated on macroeconomic issues (Jones, 1994, 2001; Cerna, 2013).

Legislative projects, however, differ significantly in the amount of attention they require. Different policy areas and types of legislative projects exhibit a different degree of *institutional friction*, which determines the transaction costs involved in elaborating and implementing a specific legislation (Chaqués-Bonafont, Palau and Baumgartner, 2015). This friction depends on the decision costs involved, which rise when its elaboration and approval requires the attention and consent of a larger number of actors. That way, friction can be understood as a product of two factors. First, friction increases with the rank of a legislation in a country’s legal hierarchy as higher ranked legislation, such as laws, have higher voting requirements than lower ranked texts, such as resolutions (Chaqués-Bonafont, Palau and Baumgartner, 2015, pp. 19–45). Table 1 describes the three major types of legislative output in Lebanon: laws, decrees, and resolutions.

Table 1: Simplified description of Lebanese legal code (Sources: Lebanese Constitution, Dictionnaire du droit privé, and Glossaire de Vie Publique.)

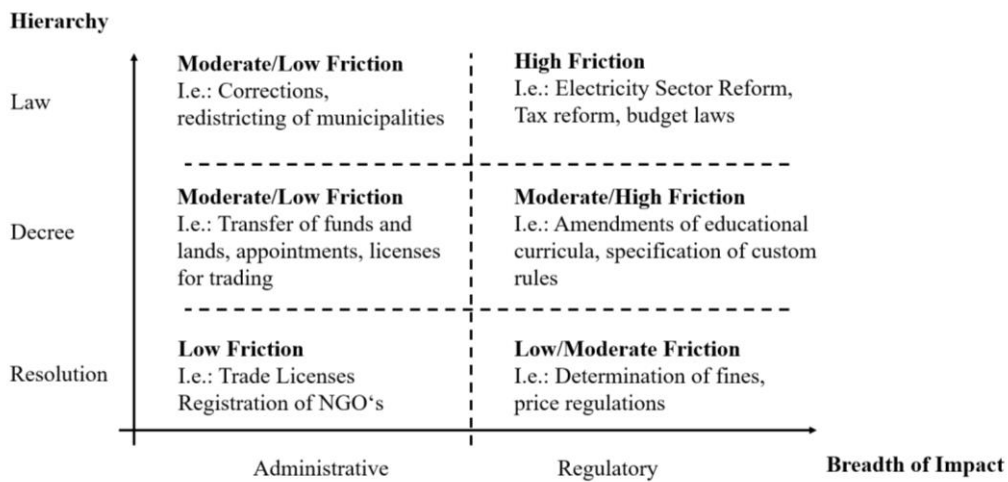
Rank	Type of Legislation	Description	Issuing Body	Institutional Friction
1	Law	A supreme, general and impersonal legal rule, following the Parliament’s deliberation and initiative. No law can be enacted if it has not been passed by the Parliament.	Parliament	High
2	Decree	Administrative orders taken by the President of the Republic, or the Council of Ministers according to the powers allocated by the Constitution and the Laws. No parliamentary approval necessary but limited in scope by applying the law.	Council of Ministers, President	Moderate
3	Resolution	Issuance of the Executive power, i.e., the Ministers or the administrative authorities, to which constitutional laws conferred regulatory power. Limited legal scope within the realm of existing legal frameworks.	Ministers	Low

These types of legislation differ in their scope of application. Laws require parliamentary approval and establish a generally applicable and impersonal rule. Decrees constitute administrative orders and

decisions issued by either the Council of Ministers or the President. The scope of decrees is limited to the application of the law, rather than the establishment of independent, impersonal, and general rules.¹ Resolutions are decisions taken by ministers within existing legal frameworks and generally do not require the formal approval of the Parliament or the Council of Ministers.

The second factor that determines institutional friction is the scope of application and the breadth of impact of a legislative text (Mahmalat and Curran, 2019). Being modeled after the French law code, legislation in Lebanon are either administrative or regulatory in nature. Administrative legislation applies a generally applicable impersonal rule to a specific person or institutional context, such as the establishment of organizations, granting of licenses and otherwise. Regulatory legislation, by contrast, establishes or amends an impersonal, generally applicable rule that is not addressed to a specific person or institution, such as tax increases, labor market reforms or financial regulation.

Figure 1: Relationship between legislative hierarchy and the breadth of impact of reform in Lebanon



The institutional friction to enact legislation increases with the number of political actors across parties and institutional resources that are involved in elaborating and approving a legislative text. Laws of regulatory nature exhibit the highest institutional friction as these require most attention by lawyers and related staff as well as a majority vote of members of parliament and thereby a broad consensus among political parties. Decrees, both administrative and regulatory, only need the Council of Ministers' or President's approval and therefore generally entail more moderate friction. Resolutions of administrative nature exhibit the lowest friction and are issued by ministers generally without formal voting procedures. That way, legislation that involves a high degree of consensus among political parties, such as regulatory laws, have a higher likelihood of being blocked by veto players. Resolutions, on the other hand, can be enacted even in the absence of consensus among parties or the blockage of governmental institutions, such as the parliament.

Hypotheses

We analyze this relationship by scrutinizing the possible strategies with which actors in clientelist polities react to the uncertainty induced by crises. We test whether they focus on collaboration pertaining to significant legislation of national outreach (pursuing a “national strategy”) in an effort to preserve the “system as it is,” or whether attention will be focused on legislation providing clientelist measures to cater to constituencies directly (pursuing a local strategy) in an effort to ensure continued political support in a possible new regime post-crisis.

Legislation with a high profile generally exhibit higher friction than lower profile legislation, such as ministerial resolutions. If crises induce reform, they should impact political collaboration in the sense

¹ Exceptions to this rule are legislative decrees, which have the status of ordinary laws. These decrees are issued by the Council of Ministers after having been granted the authority to do so by the parliament in rare and exceptional circumstances. Such decrees, however, have not been used since the late 1960's and are coded as decrees in this data set.

that they reduce the institutional friction of ‘high-profile’ reform. Such reforms can entail electoral law reforms, tax reforms or other legislation that alters the regulatory environment.

Low-profile legislations, on the other hand, apply existing regulations to individuals or organizations. Such legislation includes the issuance of licenses, or registrations of businesses or NGO’s. Should the uncertainty induced by crises increase the attention of actors to clientelist measures to preserve their political support, this should increase the occurrence of low-profile legislation.

H0: During crises, actors do not change their allocation of attention to high-profile vis-à-vis low-profile legislation.

H1: Crises facilitate the passage of high-profile legislation (national strategy).

In this scenario, institutional and political resources become concentrated on fewer topics due to shared beliefs that concerted effort is needed to find solutions to the challenge. This concentration narrows the political agenda and accelerates the adoption of high-profile legislation in an effort to preserve the existing political and economic arrangements.

H2: Crises increase the passage of low-profile legislation that provides clientelist services for constituencies (local strategy).

In this scenario, crises enhance institutional friction for high-profile legislation as actors redirect their attention to local matters. Political attention and institutional resources become diverted to the provision of clientelist services by political elites in order to ensure the support of constituents in a possible new regime.

4. DATA & METHODOLOGY

We test these hypotheses based on a comprehensive dataset on legislative activity in Lebanon (see Mahmalat, 2020 for a detailed review of the dataset). The data set includes all primary and secondary legislation from independence in 1943 until 2019. Each text is one observation and contains information about the policy area, type of legislation, the date of signature of the President of the republic, the signing ministers, publication date and the title. The data is retrieved from the online archive of the *Official Gazette* of the law school of the Lebanese University.

The coding was done in a two-step approach. First, while all basic information of each observation was collected automatically from the source (i.e., the title, reference number, date, signatories, etc.), we leveraged a machine learning algorithm to automatically assign each text a specific policy area and regulatory or administrative character based on pre-defined key words. For the observations included in this analysis, in a second step we manually review and re-categorize as necessary each observation to ensure the correct allocation to policy area, type, and whether a text is administrative or regulatory in nature.

We identify five crisis episodes based on an analysis of contemporary sources, in particular newspapers and speeches. Our econometric specification exploits the phenomenon that all crisis episodes in Lebanon have been accompanied by the resignation of the presiding government. We therefore construct a control group of all remaining government resignations and focus on legislation 10 weeks before and after each resignation.

We take the absolute numbers of legislation in two configurations as key dependent variables to verify our hypotheses. In a negative binominal regression design, we capture the specific effect of uncertainty induced by crises on political collaboration. We estimate the following equation

$$Y_{ct} = \alpha + \gamma R_t + \lambda P_t + \delta L_t + \varepsilon_{ct}$$

where Y_{ct} is a count variable and depicts the number of texts in specification c and time t (i.e., the number of legislation per week). c represents the two model specifications. R_t is a dummy variable for the treatment groups (crises periods) and takes the value of 1 for the five identified periods. P_t represents

the total number of primary and secondary legislation passed in each week, while L_t represents periods fixed effects. All specifications are run by using robust standard errors.

The first model specification ($c=1$) tests H1 and takes the number of high-profile legislations as the dependent variable. These are regulatory laws and decrees passed in the 10 weeks before a government resignation. The second specification ($c=2$) tests H2 and contains low-profile legislation as the dependent variable. These include administrative resolutions and decrees geared at applying regulations to individuals and organizations.

To that end, we review all categories of administrative legislation on the extent to which they are suitable for providing clientelist services. In doing so, we analyzed their content and consulted legal experts in an effort to understand the process by which legislation in specific categories is generated. We identify two categories in particular – the approval of licenses and the establishment of associations – that prove to be suitable means of granting clientelist services.

Licensing refers to the concessional granting of trade licenses which regulate the imports of the country. These licenses are legislated in the form of resolutions that apply to specific individuals or organizations. As our expert interviews indicate, licensing involves a complicated procedure within the respective ministry and is eventually subject to the discretion of a respective minister to grant. While the registration of associations refer to is a less complicated administrative procedure, the establishment of organizations and the endowments that come with it are highly dependent on the support of a minister in power to sign the respective announcements.

5. PRELIMINARY ANALYSIS

In this version of the paper, we provide preliminary results based on descriptive statistics in time series disaggregated per week for two crisis episodes, 2005 and 2019. Both periods were marked by uncertainty about a possible realignment of political power as well as government changes. Both periods were marked by unprecedented popular protests that pressured political elites to introduce government changes. In 2005, the assassination of ex-Prime Minister Rafiq Hariri unleashed domestic and international accusations against the prevailing Syrian occupation and political hegemony that ultimately succeeded to end Syrian military presence. In the 2019 period, popular pressures introduced significant pressures on elites to reshuffle or even relinquish political power in an effort to avert a severe economic crisis.

Table 2: Summary statistics, number of legislative texts per year and type

Type	Total	2019		Total	2005	
		Crisis (17/10 to 5/11)	No Crisis (31/1 to 16/10)		Crisis (14/2 to 15/3)	No Crisis
Regulatory	128	5	123	118	10	108
Administrative	1452	111	1328	2471	167	2259
International Agreements	85	1	84	114	8	104

We start our analysis by briefly describing the circumstances in each crisis episode. We then compare the respective legislative activity.

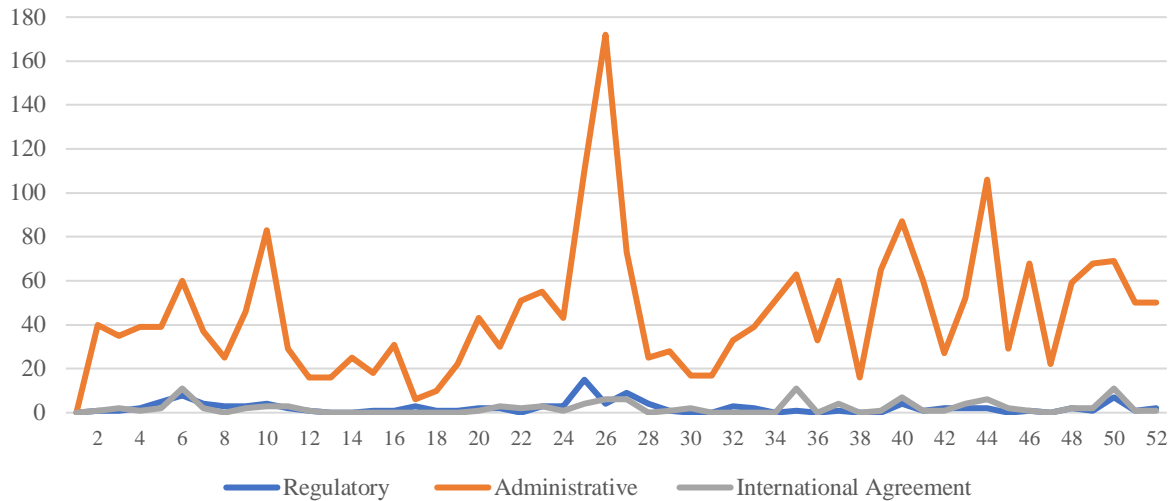
2005 – Assassination of Rafiq Hariri

Following military involvement during the Lebanese civil war (1975-1989), Syria maintained a military presence with direct political influence in Lebanon until 2005. On February 14 2005, ex-prime minister and critic of the Syrian presence Rafiq Hariri, was assassinated by a car bomb in Beirut, an attack for which large parts of the international community and the Lebanese population held the Syrian government responsible. The events that followed unfolded wave of protests that forced the pro-Syrian government of Omar Karami to resign two weeks later, on February 28. Intentions for a reestablishment

of a government under Karami faded quickly as domestic and international pressures against Syrian hegemony increased. Eventually, political developments led to the so-called *Cedar Revolution* which resulted in the withdrawal of Syrian troops from Lebanon by April 2005 and a readjustment in the underlying configuration of political power (Mahmalat and Chaitani, 2020).² The events induced uncertainty to the extent that the possibility of another civil war was present in public discourse.³

The evolution of legislative activity during 2005 exhibits significant variation for all three major types of legislative activity (Pearson correlation coefficient 0.49). There are several local maxima for administrative legislation, one of which in week 10 during the months of February.

Figure 2: Number of legislative texts per week in 2005



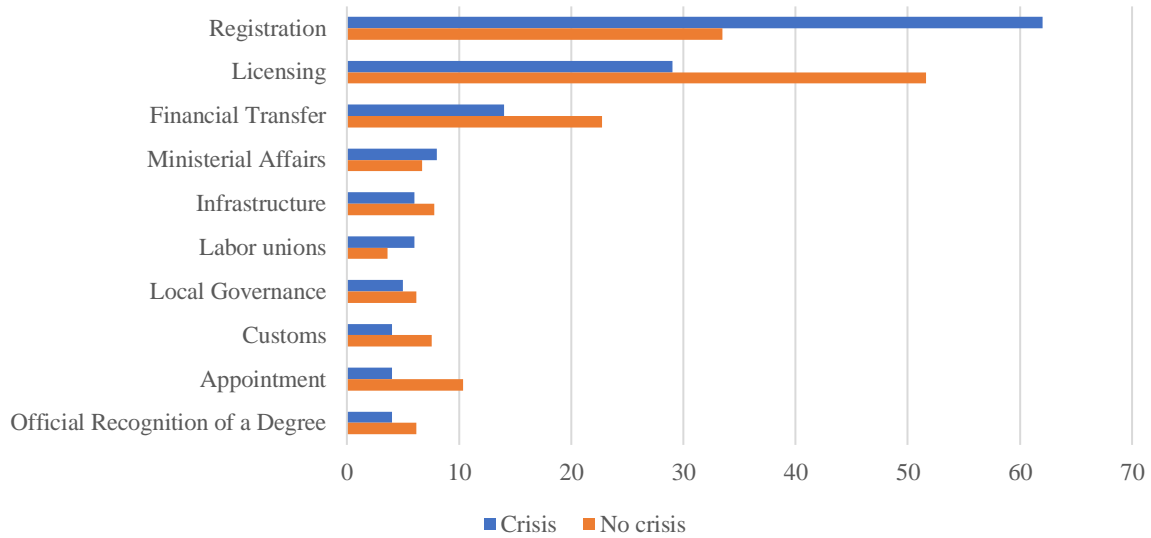
Disaggregating legislation by type reveals that average administrative legislation is reduced in the time we initially define as a crisis episode (February 14 until March 14) due to the resignation of the government end of February. However, the period exhibits a significant increase in registrations of new associations, which is on average almost twice as high during the period as compared to the remainder of the year.

Figure 3: Average number of administrative legislations passed in 2005, crisis vs. non-crisis time

² Second semi-annual report of the Secretary-General to the Security Council on the implementation of resolution 1559, available at: <https://undocs.org/S/2005/673>, [accessed 7/12/2018]

³ This is exemplified by a quote of Hassan Nasrallah who is quoted on February 21 that the popular uprisings risk to draw Lebanon into a civil war.

https://www.lorientlejour.com/article/495112/Le_Hezbollah_met_en_garde_contre_le_risque_de_guerre_civileNasrallah_ap pelle_les_Libanais_au_dialogue_pour_resoudre_la_crise.html

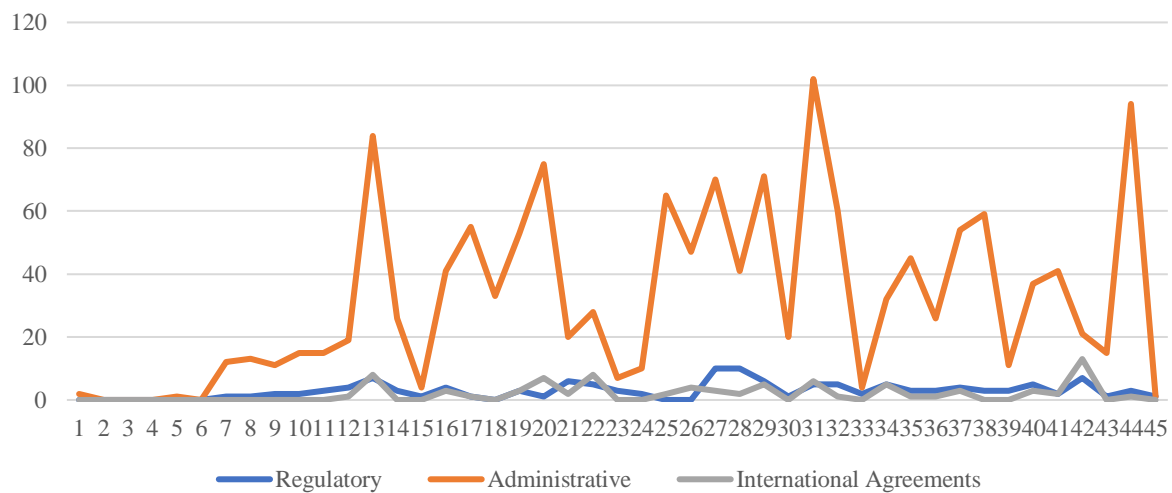


2019 – Popular Uprisings Following Economic Crisis

The period over the summer 2019 was marked by economic recession and large budget deficits that threatened macroeconomic stability. Mass protests erupted after the proposal of a further tax increase to consolidate state finances on October 17th. After a period of attempted consolidation among political actors in the first two weeks following the outbreak of the protests, the government of Saad Hariri stepped down on October 29th. Given the unprecedented non-sectarian nature and magnitude of the protests, coupled with significant economic and financial distress, the events create uncertainty in that they threaten a realignment of political power.

Legislative activity picked up after the formation of the government by Prime Minister Hariri end on January 31. Since then, there are several periods with local maxima in administrative legislation that are accompanied by increases in regulatory legislation (Pearson correlation 0.45).

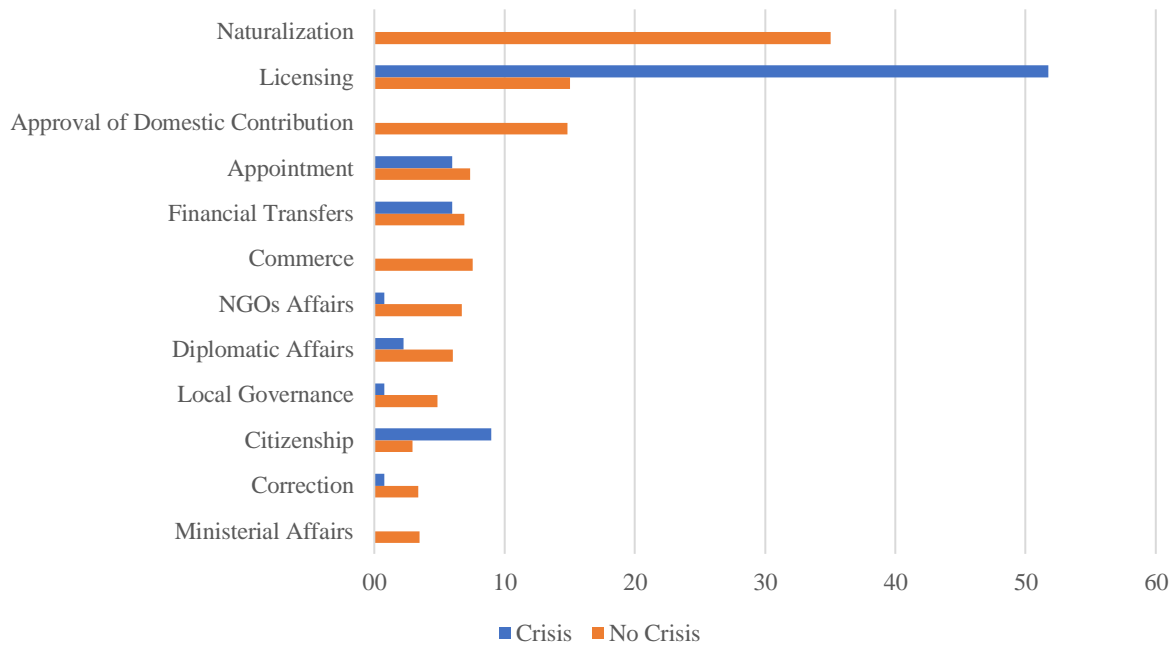
Figure 4: Number of legislative texts published per week in 2019



The spike in administrative activity during week 43 and 44 falls into the timeframe right before the resignation of the government end of October. This spike, however, is not accompanied by a spike in regulatory legislation. Disaggregating administrative legislation by area shows that licensing in particular received a significant increase in activity, which pertained in particular to licensing for weapons trading and hunting. Citizenships, that is, licenses given to Lebanese nationals to acquire

foreign nationality, also received a comparative surge, albeit from low basis. No significant regulatory activity is recorded during the crisis time.

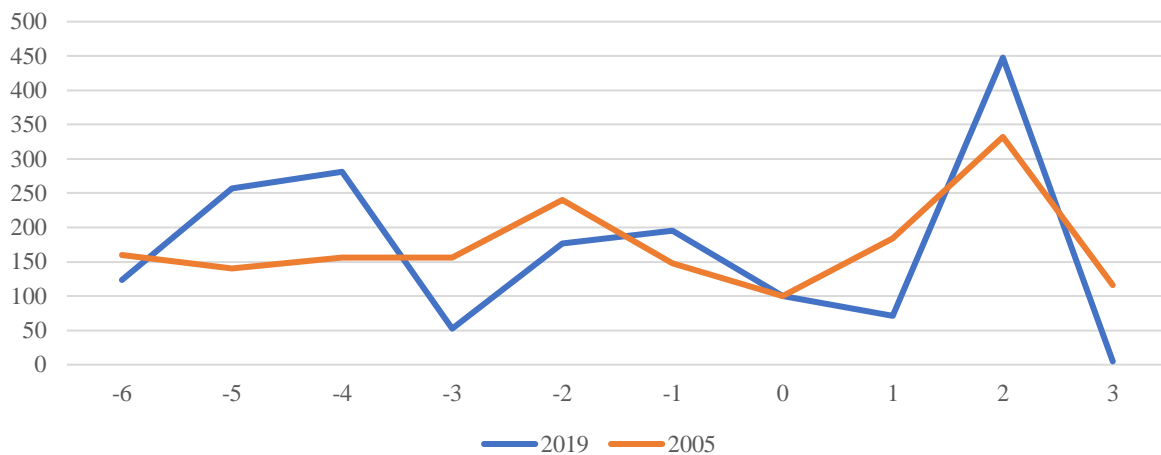
Figure 5: Average number of administrative legislative texts published 2019, crisis vs. non-crisis time



Discussion – Comparing Legislative Response to Crises

We index the relative change of legislative activity over time and compare the two periods to the crisis onset, where t=0 marks the week in which the specific crisis event started. In both periods, the two weeks after the onset of the crisis received a significant surge in legislative activity of 3.5 times the amount of legislation covered initially in 2005 versus 4.5 times the initial amount covered in 2019. In both cases, the levels of administrative legislation two weeks after the onset of crisis and just before an incumbent government resigns points to hitherto unexplored policymaking processes that require further investigation.

Figure 6: Relative change in administrative legislative activity per categories, t=0 week of crisis onset



These preliminary results point to the confirmation of hypothesis 2, in which political actors concentrate their activities on narrow administrative legislation geared towards clientelist services rather than regulatory reform of broader and impersonal impact. In fact, regulatory legislation remains low and

gains little attention apart from legislation of moderate impact in both cases. Instead, both the outgoing government in 2005 and 2019 appear to have made significant effort to pass legislation geared towards individuals just before leaving office.

6. Conclusion

This working paper has presented a first attempt to analyze the micro mechanisms of political collaboration during crises. We have analyzed the dispersion of legislative activity in Lebanon in two instances of crisis, in which there prevailed a significant degree of uncertainty about the post-crisis distribution of political power. These episodes are the 2005 crisis that followed the assassination of former Prime Minister Rafiq Hariri as well as the current episode of October 2019, that led to the resignation of the government of Prime Minister Saad Hariri.

This paper presented the first results of a larger project to theorize political collaboration during periods of crises in fractionalized, clientelist polities. Such theory will advance the current debate on the so-called crisis hypothesis, one of the most widely cited but yet underexplored theories in the literature on the political economy of reform. Our preliminary results suggest that outgoing governments, under uncertainty about the allocation of political power in a post-crisis environment, prioritize legislation geared towards individualized, clientelist services, in particular licenses and registration of associations. We hypothesize that the mechanism by which this works is the effort to rally support for a new regime post-crisis.

These results will be augmented in future work. First, by coding additional years of data, the analysis will be based on a significantly larger dataset and number of crisis-cases. Such expansion of the dataset will allow the employment of regression analyses to indicate a significant deviation of such potential clientelist legislation from the long-run equilibrium. To that end, we will refine our measure of clientelist legislation and will augmenting with additional indicators in robustness checks. This requires a more systematic understanding of the policymaking process of the granting clientelist services via legislative activity over time, such as by means of licenses or registrations.

Our research has important policy implications. Crises situations, as detrimental as they are, tend to be considered an important opportunity to instigate policy change and reform that would not otherwise be possible.⁴ Our results suggest otherwise, in that under certain conditions, namely when the incentives for actors to really support are not structured by electoral incentives such as in fractionalized, clientelist polities, crises situation can eventually reduce reform activity. International assistance programs, then, should reflect these incentive structures in their technical reform programs in order to increase their efficacy.

⁴ This notion can be exemplified by a quote of Hillary Clinton that she made in reference to the 2008 financial crisis during a speech in the European Parliament 2009: “Never let a good crisis go to waste.”

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