

# What Tax Policy for Lebanon? Lessons from the Past for a Difficult Future

Lydia Assouad  
Paris School of Economics, World Inequality Lab

Arab Reform Initiative  
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1. Observation : Lebanon is exceptional in terms of income and wealth inequality

2. The Role of the Lebanese Tax System : Taking from the Poor, Giving to the Rich ?

3. Which Tax Reforms for more Social Justice ?

Conclusion

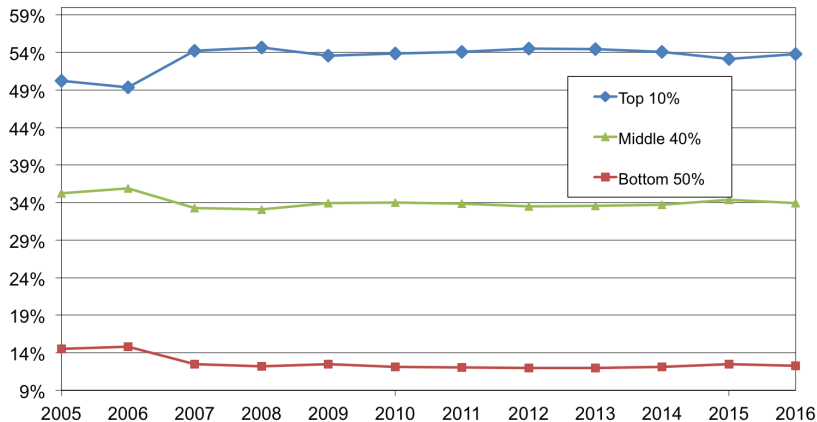
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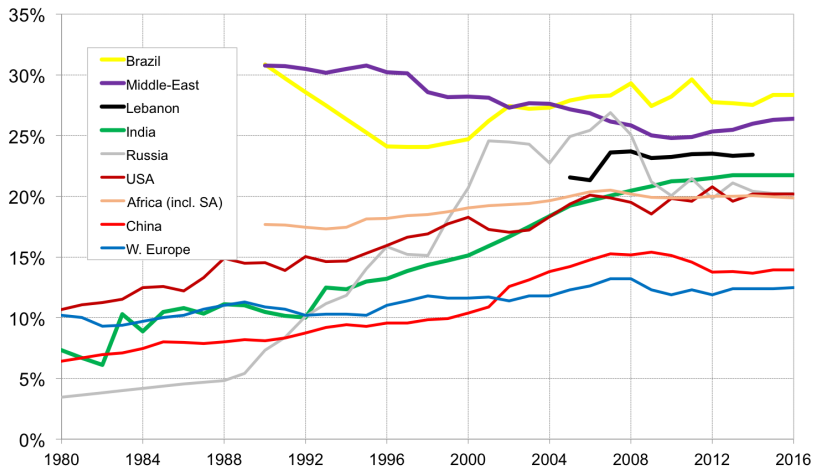
# Evolution of the Lebanese Income Share, 2005-2016



Source: Assouad, 2018, "Rethinking the Lebanese economic miracle: the extreme concentration of income and wealth in Lebanon"

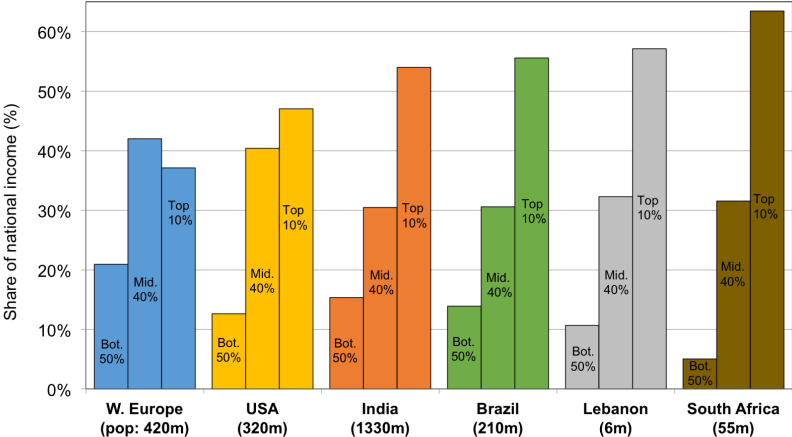
Notes: Distribution of national income among adults aged 20 and more. The final corrected estimates combine survey, fiscal, wealth and national accounts data. Equal-split-adults series (household income divided by the number of adults in the household for the bottom of the distribution).

# Top 1% income share in selected regions, 1980-2016

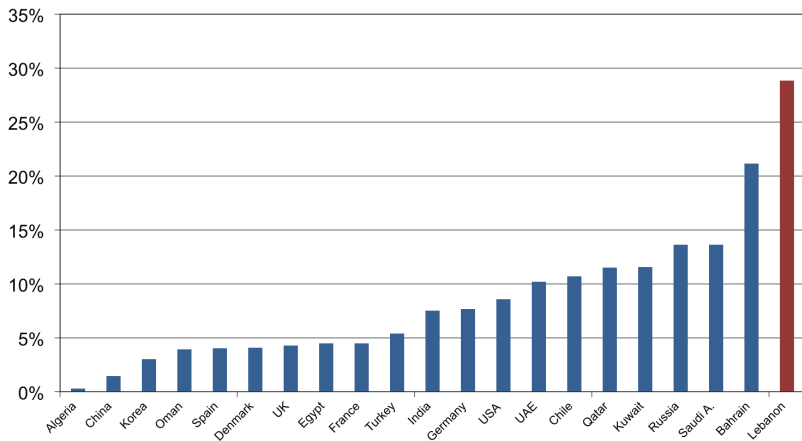


Distribution of national income (before taxes and transfers, except pensions and unempl. insurance) among adults. Corrected estimates combining survey, fiscal, wealth and national accounts data. Equal-split series (income of married couples divided by two), except for South Africa (individuals). Latest years available (2012-2016). Source: WID.world.

# Extreme Social Polarization

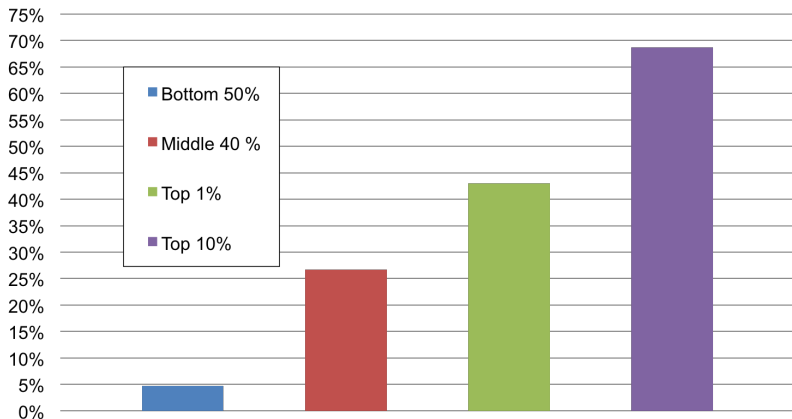


## Billionaires' wealth as a share of National Income, in selected countries (average over 1990-2017)



Assouad (2018). Author's computation using rich lists from Forbes and Arabian Business magazines, for Middle Eastern countries. Total billionaire wealth as a share of national income (measured at market exchange rates), average over for 2010-2017.

# Wealth Shares in Lebanon, averages over 1990-2016



Distribution of personal wealth among adults. Estimates obtained by combining billionaire data for Lebanon, generalized Pareto interpolation techniques and normalized WID.world wealth distributions. Source: Assouad (2018).



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- ▶ The 2019-2020 crises have in all likelihood increased further social polarization, inequality and poverty
- ▶ Any political transition needs to put social justice at its core

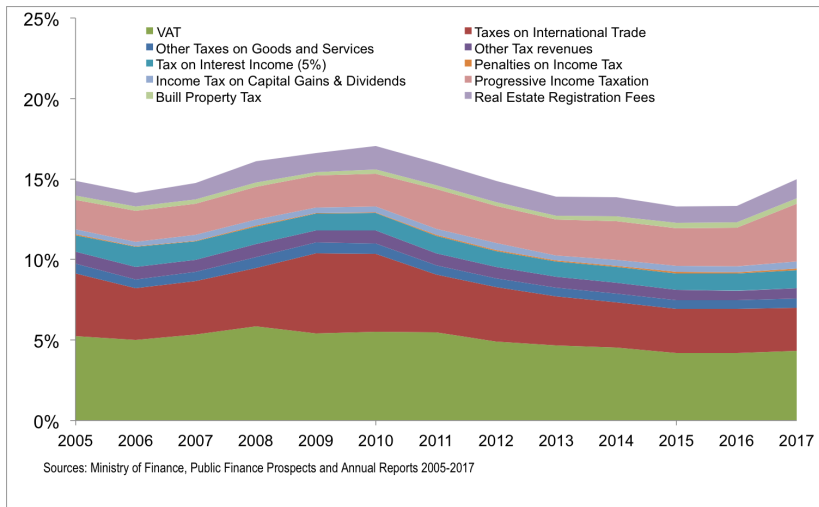
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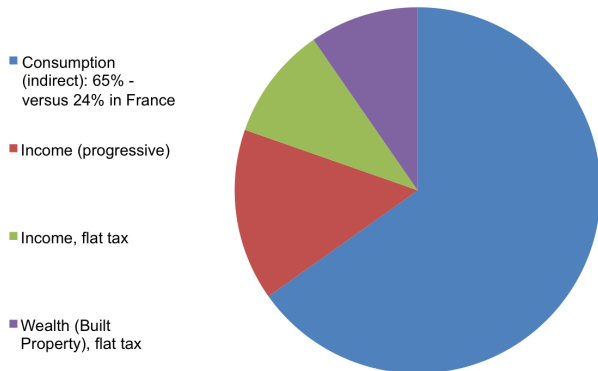
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# Evolution of tax revenues as share of GDP 2005-2017

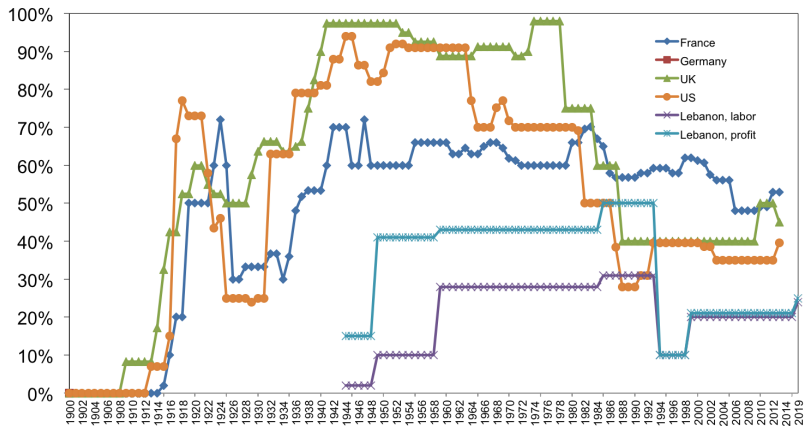


# Structure of the fiscal system (Average 2005-2017)



Sources: Ministry of Finance, Public Finance Prospects and Annual Reports 2005-2017

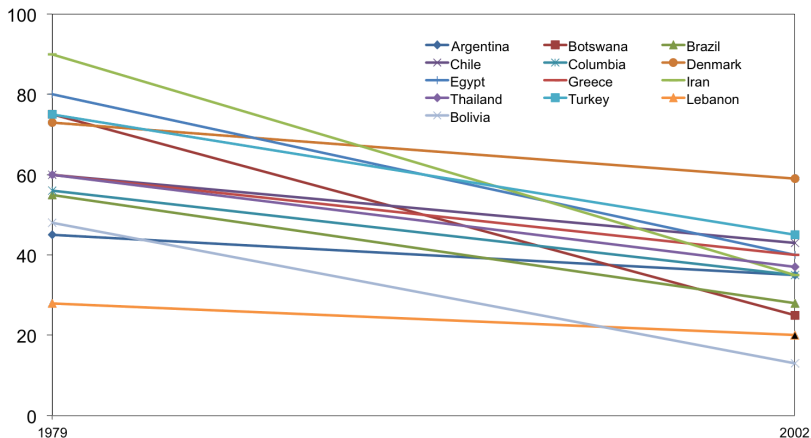
# Evolution of top marginal tax rates on personal income, in selected countries



Source: Lebanon: Dagher, 1995; Himadeh, 1953; UNDP, 2000; Daher, 2002; Corm 2012. For other countries: Piketty (2014), downloaded in OurWorldInData <https://ourworldindata.org/grapher/top-income-tax-rates-piketty>



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→ **Large degree of maneuverability**

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**Thank you !**

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