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Lebanon and Syria

# Regulating Prices Without Spending: Consumer Protection Under Wartime Constraint in Lebanon

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# STABILITY UNDER FIRE



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Lebanon's current wartime conditions have revived a familiar and destabilizing pattern: rapid price increases, uneven availability of essential goods, and widespread perceptions of opportunistic pricing. In such moments, inflation is not merely a macroeconomic phenomenon; it becomes a lived experience shaped by fragmented markets, information asymmetries, and weakened enforcement. The reflex response is often to look toward fiscal tools - subsidies, transfers, or direct market interventions. Yet under present conditions, these instruments are either unavailable or counterproductive. The binding constraint is not simply inflation; it is the state's diminished fiscal capacity. The relevant policy question is therefore narrower and more urgent: how can the Ministry of Economy act immediately, without public spending, to stabilize prices and protect consumers? The answer lies in reactivating the state's regulatory function - using administrative enforcement, market coordination, and information transparency as primary tools rather than as complements to fiscal policy.

The premise of this brief is that even in a context of severe fiscal constraint, the state retains meaningful capacity to shape market outcomes. Prices in wartime Lebanon are not determined solely by global shocks or currency movements; they are also the product of local practices - opaque pricing, inconsistent markups, hoarding behavior, and barriers to entry that limit competition. These are domains in which administrative action can have immediate effect. The Ministry of Economy, if it acts decisively, can alter the incentives facing traders and distributors, reduce uncertainty for consumers, and reintroduce a degree of predictability into markets that are otherwise prone to panic and manipulation.

# “ The state retains meaningful capacity to shape market outcomes ”

A first and foundational step for Lebanon’s Ministry of Economy is to enforce price transparency as a binding requirement across all retail and wholesale outlets. In an environment where global supply shocks - particularly disruptions linked to the Strait of Hormuz - are affecting import costs and availability, the absence of clear, posted prices enables arbitrary adjustments and weakens consumer discipline. Mandating visible, up-to-date price lists - both in physical stores and through digital platforms - can significantly reduce this opacity. Digital price posting, in particular, allows for rapid updates while creating a traceable record that inspectors and consumers alike can monitor. This is not a costly intervention; it is a regulatory obligation that can be enforced through existing legal frameworks. By making prices observable and comparable, the Ministry of Economy can reduce the informational advantage that sellers exploit in times of crisis and restore a degree of fairness and predictability to Lebanese markets.



Transparency, however, must be paired with active oversight. The Ministry can immediately expand inspection rotations by reallocating existing personnel and coordinating with municipalities to extend geographic coverage. Inspectors need not be increased in number to become more effective; they must be deployed strategically, focusing on high-density commercial areas and essential goods sectors where price manipulation is most likely. Municipal authorities can be empowered to act as force multipliers, conducting preliminary checks and reporting violations to central authorities. This distributed model of enforcement allows the state to overcome capacity constraints while maintaining a unified regulatory framework.

**“ Prices are shaped not only by global shocks, but by local practices ”**

Consumer reporting mechanisms are equally critical. Activating and widely publicizing consumer hotlines - along with digital complaint channels - enables households to participate directly in enforcement. When consumers can report price discrepancies, missing price lists, or suspected hoarding in real time, the Ministry gains access to a decentralized monitoring system that no inspection unit could replicate on its own. The key is to ensure that these reports are not merely collected but acted upon. Rapid response protocols, even if limited to warnings or follow-up inspections, signal that the state is present and attentive. Over time, this can shift expectations among traders, who begin to internalize the risk of detection.

To anchor both transparency and enforcement, the Ministry should publish daily reference price lists for a basket of essential goods. These lists would not function as price controls, but as benchmarks derived from observed market conditions and import costs. By providing a publicly available reference, the state establishes a focal point around which expectations can converge. Traders remain free to set prices, but deviations from the reference range become visible and contestable. For consumers, these lists offer a tool to assess whether they are being overcharged; for inspectors, they provide a basis for identifying outliers. In volatile environments, such reference points can have a stabilizing effect by reducing uncertainty and anchoring perceptions of fairness.

Hoarding and artificial scarcity represent a more direct threat to market stability. The Ministry can address this through targeted enforcement of existing competition and consumer protection laws, penalizing practices that restrict supply with the intent of driving up prices. This does not require new legislation or funding; it requires prioritization and coordination with security agencies where necessary. Publicizing enforcement actions - fines, closures, or confiscations - can have a deterrent effect that extends beyond the specific cases addressed. The objective is not to eliminate all instances of hoarding, which may be unrealistic, but to raise its perceived cost sufficiently to discourage widespread adoption.

At the same time, the state must work to lower barriers to entry for new suppliers. In times of disruption, incumbent distributors often consolidate their position, limiting competition and reinforcing price increases. The Ministry can facilitate market entry by streamlining administrative procedures for importers and wholesalers, reducing unnecessary delays at ports, and coordinating with customs authorities to prioritize essential goods. Even small increases in the number of active suppliers can have a disproportionate impact on price dynamics, particularly in concentrated markets. By signaling openness to new entrants, the state can counteract tendencies toward monopolistic behavior.

**“Transparency is not a cost;  
it is a regulatory obligation”**

Market coordination can also be enhanced through the creation of voluntary bulk purchasing platforms. These platforms, organized in collaboration with syndicates, cooperatives, and large buyers, allow participants to pool demand and negotiate better terms with suppliers. The Ministry's role is not to finance these arrangements, but to convene actors, provide information, and ensure transparency in transactions. By aggregating demand, such platforms can reduce unit costs and improve supply reliability, with benefits that cascade down to consumers. In a fragmented market, coordination itself becomes a form of intervention.

Standardizing the enforcement of weights and measures is another low-cost but high-impact measure. In times of inflation, discrepancies in quantity - whether intentional or due to lax enforcement - effectively constitute hidden price increases. Ensuring that goods are sold in accurate and clearly labeled quantities protects consumers and reinforces trust in market transactions. This function already exists within the Ministry's mandate; it requires renewed emphasis and systematic application.

Beyond these specific measures, the Ministry should issue clear, binding guidance on unfair pricing practices. This guidance can define acceptable markup ranges for essential goods under current conditions, outline prohibited behaviors, and clarify the consequences of non-compliance. While not equivalent to formal price controls, such directives shape expectations and provide a basis for enforcement. They also communicate a broader message: that the state is attentive to the distributional consequences of market behavior and is willing to act within its authority to prevent abuse.

**“ The state's most valuable asset is its ability to organize expectations ”**

None of these interventions operate in a political economy vacuum. Lebanon's regulatory landscape is characterized by fragmented authority, uneven enforcement capacity, and heterogeneous incentives among key actors - municipalities, inspectors, traders, and syndicates of retailers, importers, and producers - each facing their own constraints and pressures. These conditions create predictable risks: partial enforcement may induce informalization rather than compliance; traders may resist transparency or shift activity off the books; and uneven application across regions can generate arbitrage opportunities and erode credibility. To mitigate these risks, the Ministry must prioritize selective but visible enforcement - focusing on high-traffic sectors and emblematic violations - to signal that rules are binding even if coverage is incomplete. Aligning incentives is equally critical: municipalities should be given clear mandates and reputational stakes in enforcement, while traders' compliance costs can be reduced through simple, standardized procedures (e.g., digital price posting templates). Public disclosure - of reference prices, violations, and enforcement actions - helps compensate for limited capacity by leveraging reputational discipline. Finally, sequencing matters: early wins in a few sectors can build credibility, reducing resistance over time and discouraging a shift toward informality. In this way, enforcement remains credible not because it is universal, but because it is predictable, targeted, and visible.

Communication plays a critical role in this system. The Ministry should provide daily public updates on market conditions, enforcement actions, and reference prices. These updates serve multiple functions: they inform consumers, signal to traders that oversight is active, and create a record of state action that can be scrutinized and evaluated. In an environment where trust is fragile, consistency and transparency in communication can reinforce the credibility of regulatory efforts.



Skeptics may question whether administrative measures alone can meaningfully influence inflation in a context shaped primarily by external shocks, including disruptions linked to the closure of the Strait of Hormuz and the broader regional war. It is important to distinguish between the drivers of inflation and its expression. While the Ministry cannot control global supply conditions or geopolitical developments, it can influence how these pressures are transmitted through domestic markets. By reducing opacity, limiting opportunistic behavior, and enhancing competition, administrative action can dampen the amplification mechanisms that turn external shocks into disproportionate local price increases. In this sense, regulatory enforcement does not replace macroeconomic policy; it complements it by addressing the micro-level dynamics that directly affect households.

The broader significance of this approach lies in its implications for governance under constraint. Lebanon's fiscal crisis has often been interpreted as a general incapacity of the state. This brief challenges that assumption by demonstrating that capacity is not reducible to spending. The Ministry of Economy retains legal authority, administrative structures, and convening power. When these are deployed effectively, they can produce tangible outcomes even in the absence of financial resources.

For policymakers, the implications are immediate and actionable. They must prioritize enforcement of price transparency, mobilize inspection capacity through coordination with municipalities, activate consumer reporting mechanisms, and establish daily reference pricing. They must act against hoarding, facilitate market entry, and convene actors to coordinate supply. They must standardize measurement practices and issue clear guidance on acceptable pricing behavior. These steps can be initiated within days, using existing personnel and legal frameworks. Their impact will depend not on the scale of resources deployed, but on the consistency and credibility of their implementation.

In wartime conditions, where uncertainty is high and resources are scarce, the state's most valuable asset is its ability to organize expectations. By making markets more transparent, predictable, and fair, the Ministry of Economy can reduce the space for manipulation and restore a measure of stability. This is not a substitute for broader economic reform, but it is an essential component of immediate crisis management. It demonstrates that even under severe constraint, the state can act - not by spending more, but by governing better.