

# **The Way to Prosperity:**

## **Development and Solidarity**

The initiative of this book comes with the objective of breaking out from the existing conflict in the country where mingle the needy and protester voices, and for paving the way to a new society of welfare devoted to the good of citizens.

It comes after “Emerging Lebanon – Towards an Economic and Social Vision” edited in 2007.

Nine years have since elapsed, and we still find ourselves mired in a lame economy, a public administration that is plagued by vacancies yet to be filled and where corruption thrives, a fiscal situation characterized by bleeding from servicing a public debt that amounts to over US\$ 70 billion to date, a weak tax collection system that has gone weaker, and the absence of voted state budgets since 2005.

Moreover, we find ourselves facing a deteriorating social condition where a) the population below the poverty line climbs and unemployment rises, notably among the youth, leading our sons to emigrate in droves looking for a decent way of living, and b) a booming influx into our country of displaced Syrians reached the awesome number of 2,000,000 people (on a Lebanese population of 4.5 million), let alone the conditions known to prevail at the Palestinian refugee camps which already exist in the country from the South to Beirut, and from the North to the Bekaa.

Further, we find ourselves surrounded by the propagation of violence, instability and heightened concerns in many Arab countries, thus tying down their energies to their internal strife, and leaving their economies to fall into a situation characterized by powerlessness and all forms of bleeding. In addition, counter-terrorism efforts have taken the upper-hand over all other national priorities.

And we find ourselves against a backdrop of weakened economies in neighboring Europe, and in many other countries of the globe as well.

Looking at this grim picture, it was deemed imperative that we call for a joining of forces which would be purposed with moving from the present situation of waiting and inertia. Hence the idea of this book, so that it constitutes a cry “to us all” to accelerate work in two complementary directions:

First: It has become both a need and a must that we all, and wholeheartedly together, spring to action to halt the present “backward walk” of our nation, marked by deterioration and fatigue.

Second: It has become a must that we all together spring to action not just to break from the unfortunate past and the present conditions, but to draw a long term project that would reflect the role that befits Lebanon in the 21<sup>st</sup> century.

The studies included in this book are undoubtedly important on their own due to the figures, data, deep analysis and insightful synthesis which they carry. Most important, however, they bear the particular significance of being the launching pad to a dialogue of a dual scientific and pragmatic nature that aims at crystallizing a vision congruent to the Rise of Lebanon.

### **Do we need a standard plan, or the pulse of a developmental vision?**

From the onset, a number of questions came to mind with respect to this national endeavor:

1- Which social economy to which state? Here, the complexity sprang from the change that has been occurring in core concepts, where the notion of country-states has shifted to a talk about the groups that make up the nation, and the one about centralization to decentralization, and where the discourse has moved from the separation of the public and the private sectors to the necessity of those two sectors to complement each other as the necessary condition for the country to rise.

2- Is the rise of the Lebanese economy a pure internal matter? Or is it the fruit of an interaction between internal and external forces working together? To what extent can one talk of the rise of the domestic economy as separate from the role that the Lebanese diaspora can play in it, or from the role that Lebanese investments play abroad. And what about the serious endeavor of attracting direct foreign investment into Lebanon?

3- To what extent we could inspire from, or apply, what has worked for other countries? Would it work for ours? That is, does Lebanon need a standard plan, or does it rather need what we call “the pulse of a congruent developmental vision” to pump blood into its economy, thus creating jobs, supporting the Lebanese “spirit of initiative”, and contributing to the materialization of the true role of Lebanon regionally and internationally?

4- Is the recovery plan responsibility of the state alone? Or does the state’s responsibility lie in marshalling all the national capabilities and capacities toward recovery? Or is it in bringing together all forces to rebuild entire economic sectors and bring about the global rise of the nation?

In the light of all of that this book came to galvanize all efforts towards a scientific and pragmatic dialogue which would contribute to the formulation of remedies and solutions.

It's quite evident that our crises have cumulated to the point of conceding that:

- a) Partial reform is not enough;
- b) Selective patch-work does not help any more.

Moreover, the recent years have reflected:

- a) A constant slide of the growth indicators, to the point that the year 2015 closed on no-growth;
- b) A diminished interest of the international community in supporting the Lebanese economy.

It has indeed become an insistent matter that we commit to agreeing a developmental vision that starts from reinforcing the concept of citizenship, and doesn't end at just expanding the role of civil society to go forward.

This vision begins with restoring confidence: The citizen's confidence in the state, and the confidence of society in the future.

Our commitment to a rational and realistic approach leads to the affirmation that our way to recovery is based on Developmental Integration and Societal Solidarity.

The entry point to that mixed realm rests on two fixed principles which summarize the organic inter-relationships among what is political (i.e. national consensus), what is of a security nature (i.e. stability and confidence in the state), administrative (i.e. automation and decentralization), and economic/social (i.e. potential and aspirations).

The First Fixture is committing to a partnership among the public sector, the private sector, and civil society, so that the Rise of Lebanon becomes a national project.

The Second Fixture is acknowledging that the Rise vision is not a pure academic matter, nor is it the responsibility of the politicians alone, and that it isn't just a function of economic and social considerations, but it also depends on reading through the changes that are occurring around us. Didn't Beirut's role as a transit point to the Arab hinterland diminish due to the conflict in Syria? Didn't tourism and investments in Lebanon ebb due to our internal political divisions, and to the inability of our institutions to deal with a host of vital infrastructure and services issues which range from electricity to telecommunications, to transportation, to garbage collection...?

This leads to emphasizing the conjoint nature of security and growth. In fact, there's no growth without security, and security relies on growth for sustaining stability.

In addition, emphasizing the Environment issue is also needed. In fact, it's one of the most prominent challenges in this century, the reason being that the environment isn't just a

Lebanese issue, but simultaneously a regional and international one as well. The thinning ozone layer, deforestation, desertification, the increased rate of polar melting, pollution, and water scarcity are universal problems par excellence.

These dangers necessitated the holding of Arab and international conferences, notably the historic COP 21 meeting in Paris on the 12<sup>th</sup> December 2015 which scored the unanimous voting of 195 countries on resolutions where they committed themselves to enact measures against the global warming phenomenon. The importance of this agreement transcends the protection of man and nature from pollution, as it carries the elevated status of being a model of international cooperation at the service of man which is deployed irrespective of the costly economic sacrifices which the industrial nations will make in terms of reducing their energy consumption, while minding that their search for alternative energy is obviously going to cost them even more.

To that effect, an integrated Environmental – Developmental – Security policy imposes itself as the means to safeguard Lebanon’s sustained development, and the planet’s ultimate safety as well.

### **The building of a modern state as the basis of success for the emerging country**

The Emerging Task rests on three foundations:

First: National Consensus;

Second: Economic Stability requires a social safety net that doesn’t come at the detriment of growth;

Third: Building a modern and efficient state by breathing life into the institutions, adopting administrative decentralization, and evolving the laws and their application on the basis that “The Law is above All, and for All”.

In this context, a tripartite partnership among the public sector, the private sector, and civil society would lead to the acceleration of:

a) Lebanon’s competitiveness potential (Commercial relations, diverse languages, banking secrecy, educational curricula...);

b) How to meet the contemporary challenges of information technology and globalization.

The ensuing interaction leads to searching for new ideas for managing our economy, and for a new approach to our concept of the social contract.

It also points to the need for creating jobs in a dynamic way, and for diligently modernizing infrastructure and the basic services (electricity, education, health, transportation, and telecommunications).

### **The basic scope of these studies**

The responsibilities of the said tripartite partnership encompass among other:

a) Launching Comprehensive Development by encouraging competitiveness and supporting the various sectors through tying incentives and improved financial support programs to training, job rehabilitation, and exports reinforcement, i.e. through improving the productivity conditions and supporting SMEs besides giving corporations the attention they deserve.

This requires fixing Public Finances, and improving the manpower structure in addition to the old-age insurance system and the educational sector, while taking into consideration the repercussions of the Syrian crisis, notably in what relates to the voluminous influx of the Syrian displaced into our country and its sizeable effects on our economic and social situations.

b) Consolidating the relations with brotherly (Arab) and friendly nations, and so in order to:

- Enlarge the spectrum of foreign markets for Lebanese products;
- Attract investments to Lebanon.

In this context, it becomes imperative to strengthen political stability; improve the economic environment by upgrading its technical and administrative instruments; and devise appealing investment programs.

The successive events and developments of the recent years revealed that:

- 1) Neither a local economy independent of the global economy can still exist;
- 2) Nor a local economy dependent of the external economic activity alone can still exist.

Thus, it becomes clear that reinforcing the ties with abroad on a pattern of openness, coordination and cooperation is a must in order to attract investments and systematize the exchange of goods and services namely at the level of the Knowledge Economy and tourism of all types in addition to media and art productions. Our internal work will then have priorities such as:

1) Reinforcing democracy so that our choices come out as the embodiment of the whole nation's vitality.

2) Opening the gates of opportunity to women in society, and securing them with civil rights so that they become capable of contributing to the Emerging Enterprise. For the magnitude of the tasks and challenges ahead necessitate the empowerment of the Lebanese woman to participate effectively and widely in the process of national development.

3) Safeguarding our liberal economy and re-energizing it by:

- a) Conducting fiscal, administrative and economic reforms;
- b) Supporting the private sector and energizing it through economic revitalization;

- c) Programs meant to empower it to become an essential partner in the Rise Enterprise;
- d) Tightening the coordination and integration inside the public institutions that support the productive sectors (Office of Grains & Beetroot, Deposits Assurance Institution, The Green Project, Kafalat) or inside the governmental programs set to support the productive sectors (Soft loans, BDL programs, Agricultural Exports Support Program).

### **Comprehensive developmental vision and administrative decentralization along with a modern social contract**

It flows that these outlooks stem from the acknowledgement of four fundamental truths:

- 1) The Emerging of Lebanon is no more reliant on one sector without the others. It requires the activation of all sectors together.
- 2) It is no more restricted to some categories without the others. In fact, SMEs, as much as corporations, form a vital pillar of the economy to achieve growth and allow a better distribution of wealth.
- 3) It is no more limited to a local region without the others. It is rather facilitated by what I call "The Complementarity of Regional Development". The development of individual regions in the country activates overall development at the lowest cost, and keeps the citizens rooted in their land; in addition, it fosters the growth of inter-regional and national integration.

From this perspective, since the Taif Accord approved the adoption of Administrative Decentralization and divided Lebanon into the regions "Mohafazat", this calls for a careful look at the regions' economic and developmental considerations.

### **Doesn't development anchor belonging indeed?**

The Emerging of Lebanon especially relies on setting a modern social contract that develops incentives for economic growth and maintains social justice. It is worthwhile to point out here that the private sector does not benefit from a post-retirement medical insurance scheme and does not adopt a retirement system altogether, whereas the public sector ensures pre and post-retirement medical insurance, and endows its workforce members with a pension for life that amounts to no less than 80% of their last salary prior to retirement.

In this overall context, we renew the call to enact the Old-Age Scheme, as it'll strengthen the confidence of the young generation in the country and in the future.

Prior to its mandate's maturity, the Economic & Social Council put before the Council of Ministers a project that remains valid as a starting point for further study and discussion in the light of recent developments (In fact, the Common Parliamentary Committees had induced some changes to its text at two intervals: in 2006 and 2008).

The studies that were conducted shed light on a host of questions which beg for an in-depth analysis. Among those were:

- Where is the balance between inflation and the evolution of real salaries?
- Does the workforce have a balance between the amount and type of their benefits from the existing social offerings on the one hand, and their retirement, health, education, electricity and public transportation benefits on the other hand?
- Is there an equitable parity between the growth in GDP and the growth of job opportunities available to both the young generation and the existing workforce?
- What are the repercussions of mounting emigration and unemployment on the state of the domestic labor market?

### **The Economic and Social Council is a need and a must**

In consequence, it becomes evident that the reconstitution of the Economic and Social Council has become a necessity, as it would be a key player in the entire recovery process.

To elaborate, the importance of this council stems from three core functions, all inter-related and integrated:

- Collective representation
- Specialization and expertise
- Dialogue, consultation, and communication among the state, the forces of productivity, and civil society.

And in view of its being the point of intersection of the public sector, the private sector and civil society, the points of view that it adopts are normally the fruit of a constructive dialogue, as well as coordination and cooperation, among the various economic and social sectors, in a framework of scientific research and practical problem-solving. Which reinforces the practice of democracy in pondering economic and social problems, and in recommending solutions.

In parallel, the Economic and Social Council contributes to enhancing the communication with its counterparts and similar institutions in the Arab world and internationally. Which provides Lebanon with an extra opportunity to be kept abreast of economic and social changes across the globe. This wide exposure enables the Council to opine knowingly about those changes, and to draw on the experience of its counterparts abroad in what can improve the ways and means of the Rise at our end.

### **The topic of oil & gas discoveries and the vision of a comprehensive recovery**

In this topic which is open for discussion, we would like to point out that the economic and social recovery of Lebanon would meet with a conclusive success when the national growth will

happen before, or without, it is tied to the discovery of our oil and gas reserves and their exploitation. The vision here is that this wealth is better invested in completing the envisaged recovery in a comprehensive way (enhancing the standard of living, limiting unemployment, and strengthening the social safety net) rather than looking at it as the starting catalyst to inducing the economic recovery. For the importance of our oil and gas reserves lies in how to invest it in the best interest of the citizen, society and the state, and in building the country's future.

### **Let's dare in order to advance**

We are not saying that ours is a project for a ready-made recovery, and that there is no other effective endeavor.

What we are putting in your hands is a discussion paper that aims to facilitate the formulation of a comprehensive developmental vision that encapsulates the aspirations of all members of society, and helps Lebanon cross the bridge to performing its true role among the nations of this part of the world and globally as well.

Moreover, we would like to reckon that the economic and social Rise only bears fruit when it rests on a cultural revolution that drives a value system of heightened civil and human beliefs deeply into the citizen and society. For the shortest cut to stifle trouble, stem violence, and neutralize anxiety is the adoption of the golden triangle: Security – Growth – Education.

In spite of successive crises and challenges that have beset Lebanon since forty years, it remained resiliently steadfast. For this, it deserves from us all a coming-together and a congregation of efforts which will make it possible to launch its Rise Enterprise and set the country on the path to development.

Let's Dare to Advance!

**Roger Nasnas**