

# 2019 LEBANESE REVOLUTION

## 100 DAYS INTO THE REVOLUTION



### Political Updates:

More than 100 days into the Lebanese revolution and protestors are still calling for change, and are still faced with fierce. The long awaited government was finally formed on 22 January 2020, almost one month after the Prime Minister (PM) was named, but unfortunately not conforming with the key demands of the revolution. The newly appointed 20 ministers are mostly technocrats, but few are indeed independents. Even the formation of this government was done through consultations and settlements aimed to, as per the usual, please the political and sectarian leaders and norms. And therefore, this government has been officially rejected by the protestors and the revolution.

The formation of the new Cabinet trigger thousands of protestors to march in demonstrations across Beirut towards the Parliament on 25 January, marking the 100th day of the revolution.

### Socio-Economic Updates:

The financial crisis has continued to grow, further affecting the small and medium households who are threatened by the increasing informal exchange rate (that reached 2500 LBP for 1USD during the reporting period) and whose incomes are mostly provided in Lebanese pound. While the official rate remains stable at 1507 LBP for 1 USD, the black market in parallel is seeing severe fluctuations with a minimum of 2000

LBP for 1USD. Despite the statement made by the syndicate of money changers in Lebanon asking not to exceed the 2000 LBP to 1USD ratio on the same day the government was born, the informal exchange rate continues to fluctuate. The increase in this rate has had plenty of repercussions on businesses that are purchasing the USD from the black market (where it is only available) to be able to import the goods, and ultimately increasing the prices on the consumers to weigh their losses.

Moreover, the banks continue to informally hold a tight grip on money withdrawal, particularly in USD, of all earnings and savings, with stringent limits reaching 100 USD per week. This is in addition to the new restrictive measures imposed on credit cards and debit cards holders, where the average limits of the former have been reduced by minimum the half, and the latter not at all allowed to be used outside of the country.

### Human Rights Violations:

Violence has been on rise, and protestors were subjected to increased violations during the reporting period. Following the arbitrary arrest of protestors, hundreds gathered on 15 January outside the detention facility calling for the release of all protestors, and were subjected to excessive force by the riot police, including indiscriminate firing of tear gas. More severely, journalists and TV reporters were directly attacked by riot police.

As of mid-January, the protests have marked an unprecedented increase in violence and

abuse. A footage was leaked showing the security forces beating the detainees while transporting them into a detention facility. Moreover, some of the released detainees shared stories of torture and abuse inside the detention facilities.

The recent statistics released by the Lawyers Committee to defend the demonstrators in Lebanon show that between 17 October 2019 and 31 January 2020, around 906 protestors were arrested and detained, including 49 minors and 17 women. And roughly 546 protestors were subjected to violence during the demonstrations or in the detention facilities.

Clashed between protestors and security forces and riot police were especially intense during the attacks protestors ran on banks, and during protests and attempts to remove the massive walls and blocks unlawfully put in front of the parliament, and more recently in front of the Government Palace. As a result, the Office of the High Commissioner for Human Rights shared in a statement their concern over the increased violence and clashed during the second half of January, and called on the authorities to establish a “meaningful and inclusive dialogue with all segments of society”, and to conduct a “prompt, thorough, independent, transparent and impartial investigations into alleged use of force violations committed during the latest outbreaks of violence and ill-treatment during arrest and detention”.



## Debt in Lebanon: Is there a way out?

Lebanon is one of the most indebted countries, both in the private and public sectors. According to data from the Lebanese Ministry of Finance, the volume of the Lebanese public debt reached about \$85 billion and the cost of servicing this debt is estimated at about \$3 billion annually, in addition to the budget deficit that raises the value of debt servicing every year. As for private sector loans, they exceed \$65 billion in an economy whose size is estimated at around \$54 billion. The Lebanese citizens generally resort to borrowing in order to secure primary and secondary needs, tempted by the offers accessible through the banks and promoted in the media. As such, the personal loans increased as follows:

- **More than 128 thousand families in Lebanon have housing loans.**
- **More than 11,000 families have education loans.**
- **Roughly 73 thousand people have a housing loan.**
- **More than 521 thousand have personal loans (usage not specified).**

The increased demand for borrowing is often considered in Lebanon an advantage that facilitates the lives of citizens and provides huge profits for banks, but indeed, it can constitute a burden and a threat to families and banks alike if it exceeds the reasonable rates; and that's a lesson learnt from the 2008 financial crisis in the United States and other European countries. The central bank in Lebanon has attempted since 2012 to take protective measures for banks and individuals based on international standards, and as such, requested to increase the provisions formed by banks on retail lending, as well as increase securities from borrowers to

protect them from falling into increased debts that exceed their ability to pay. Despite these measures, the number of loans remained high in relation to household incomes, and banks have been thus facing high rates of default lately. With the intensification of the financial crisis and the deterioration of the living conditions, discussions about the risks of default and their repercussions on banks and the economy in general have become prominent.

Some experts have begun calling for the need to cancel the debts held by Lebanese households, and protestors launched a campaign "We will not pay", which calls on borrowers not to pay their bank loan installments, given that the loans sought by borrowers are due to the failure of successive governments to adopt appropriate economic and social policies and secure basic human rights and needs. Indeed, the reason for resorting to housing loans is the absence of housing policies; similarly, the education loans are sought due to the lack of quality public education in Lebanon, which has led families to borrow to secure a good level of education for their children, enabling them to have better opportunities in the future. Also in Lebanon, public transportation failed to develop with the absence of trains or regular bus plans, and therefore everyone was obliged to own a private car, mostly through loans from private banks. As for personal loans (not specified in terms of use), they could be linked to the absence of a comprehensive social protection scheme, given that more than 50% of Lebanese are not covered by social protection systems and lack health insurance, in addition to the limited public hospitals and inability to provide medical services of high quality. Consequently, a portion of personal loans have been sought to secure

treatments or undergo surgeries. From this standpoint, the protestors consider that the failure of social policies to secure the basic needs and rights led individuals to borrow, and with the current crisis, the increased inflation, and decreased purchasing power and high unemployment rates, there is a need to protect those borrowers and refrain from any prosecution measures against them if they default on loans.

Other calls were targeted towards reducing interest rates, which constitute a solution for the indebted state, for individual borrowers and for private companies.

Moreover, the central bank recently issued a circular (number 536) in which it calls to reduce the interest rates on savings accounts, to 8.5% on the accounts in Lebanese pound and to 5% on accounts in dollars. It also authorizes the banks to pay 50% of the interest value on deposits in foreign currencies (dollars) and 50% in Lebanese pounds. And yet, the debtor interests did not witness any reduction equivalent to the reduction on the savings accounts interests. Some consider that there is a need to radically reduce the interest to roughly 1% or 0%, both on creditor and debtor accounts, which would save the borrowers, either individuals or companies who are threatened to collapse, and would reduce the public debt servicing.

In a crisis where the formation of the government was delayed for more than a month without hearing the people's needs and the demands of the protestors, there remains an absence of a serious approach to the economic and financial crises ongoing in Lebanon, and its delay will only lead





to deepening the crises in the near future. The government is due to make the first debt installment of the Eurobonds in March 2020, and the payment will lead to the consumption of a large part of the limited liquidity available at the central bank. If the government defaults from paying, this will jeopardize Lebanon's reputation within the international community, but paying might as well reduce the possibility of importing basic goods. Moreover, Lebanese households are suffering the burden of private debts and loans (especially the interest rates) at a time when they are facing severe challenges in meeting their basic living needs. The failure to take immediate actions and act during this situation increases the severity of the crises, but rushing into solutions that do not tackle the roots of the crises may as well lead us again into the trap of borrowing. And therefore, there is an urgent need to strengthen social dialogues and discuss all the economic and financial solutions from different perspectives, and try to solve the debt crisis within a comprehensive political, economic and social approach that is based on eliminating all the potential burdens on vulnerable groups.





## The 17 October Revolution: Are we back to the bottom?

Adib Nehmeh

The formation of the new Lebanese government on 21 January 2020, nearly one hundred days after the eruption of the popular protests, is an important milestone in the first stage of the confrontation between the “revolution” and the authorities. This has raised questions and discussions among activists and groups whether the revolution has made progress, or the formation of the government constitutes a return to the bottom, to pre 17 October period.

So what has the revolution achieved against the regime?

Indeed, the revolution has had accomplishments on two levels, the authorities’ and popular levels. Within 100 days, the revolution has achieved the following:

- 1. The overthrow of the so-called presidential settlement that led Michel Aoun to become president and to produce a parliament based on an unconstitutional electoral law, and thus the rise of a new political majority, and the formation of a coalition government constituting seven major political parties. Achieving this presidential settlement and government came with a high price, including the conciliation of regional and local powers, frequent disruption of the work of the parliament and government, and very intense popular, security and political pressure. And therefore, the overthrow of this settlement is one of the key highlights of the revolution.**
- 2. The overthrow of government, which is the executive power within the settlement and the weakest component, given that the PM was the weakest among power holders (Hezbollah, Amal movement and the Free Patriotic Movement).**

- 3. The interruption of two parliamentary sessions and the adoption of equivocal draft laws listed on the agendas constitutes a major highlight, given that the power of the people and protests has been never able to cancel a parliamentary session.**
- 4. Causing disruption within the ruling coalition and between the components of the authorities, which was expressed by the resignation of the government and the confusion that prevailed in the process of forming the new government, especially when two PM candidates were let go for failing to meet the minimum profile accepted by the revolution (and due to other auxiliary factors as well). During this lengthy process, acute differences and contradictions were revealed between the allied parties despite belonging to the same block.**

The formation of such a government is a sign of weakness rather than a sign of strength. The authorities have not made explicitly or publicly any concession to the revolution’s demands, and this could be interpreted as a sign of strength whereby the authorities are operating independently and in spite of the ongoing protests. Yet, other interpretations believe that not making any concessions to the protestors is a sign of weakness, because only the strong, coherent and self-confident party will be able to make concessions and reach compromises. And because the weak party stiffens and clings to its positions because any concession, no matter how small and limited, may open the door to other concessions that cannot be controlled, and may lead to undermining its authority.

Transitions at the popular level

It is uncontested that the revolution has increased popular awareness through thousands

of initiatives and discussions, and the decentralized nature of the protests across all cities and villages from the far south to the far north and east, that have included all social and age groups. This diverse and inclusive revolution has contributed to first, break the rigid sectarian and regional political discourse, second, disrupt traditional loyalties, and finally break down the barriers between social groups and regions. Perhaps in the opinion of some, this positive shift cannot be considered complete, but there is indeed a consensus that it is a very important and irreversible shift, which will remain despite any setbacks. We must hence be confident that a significant progress has been made in regards to popular awareness and the social groups’ movements have advanced to direct political action in the streets.

Before 17 October, we were faced on one hand with plenty of political alliances, which despite their differences, proceeded in these alliances that equally served their interests, and on the other, with citizens who were thought to be radically loyal to the traditional political leaders. Yet today, after one hundred days of revolution, we have become in front of a government which its quorum is made up of only a few parties, and an alliance accused of corruption and failure; and in parallel, people and citizens struggling in the streets to defend their rights, and stand against the traditional leaders and the corrupt system. The revolution did not fail, but has achieved certain gains during the first round, and is preparing for the next rounds.

We, the people and the revolution, are much stronger than some think. And the authorities are much weaker than they pretend.











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