

## Social Dialogue

### Bipartite Dialogue : Employers and Civil Society Organizations

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#### Session 1 : Inequality & Poverty

Expert : Lara Feghali, Beyond RD

Facilitator : Ziad Abdel Samad, Arab NGO Network for Development

The dialogue in this session dealt with the social situation in Lebanon, which is going through multiple crises, the causes of which are due to the failure of public institutions and their inability to perform their constitutional roles, to the extent that the Lebanese state is considered a failed state or on its way to failure, as indicated by the United Nations Special Rapporteur in his press conference. The dissolution of the state and institutions in Lebanon, and the adoption of failed economic and social policies, resulted in a steady increase in the levels of poverty in all its dimensions, the concentration of wealth to be in the hands of a few influential people, and the deepening of inequality in all its dimensions. Under these circumstances, the importance of social protection systems rises, but these systems in Lebanon suffer from their lack of comprehensiveness, as half of the Lebanese society does not enjoy social coverage, and these systems are disjointed between social security, the employees' cooperative, and the armed forces, in addition to what is spent by the Ministries of Health and Social Affairs. This constitutes one of the causes of waste in public finances and inequality between the beneficiaries of the different systems. Public spending in Lebanon on the social sectors constitutes a significant percentage of public spending (between 11 and 15%). Hence, the participants considered that there is a need to reform the social sector and correct public spending, in addition to the need to relaunch the wheel of the economy and strengthen redistribution mechanisms, especially Through reforming tax policies and promoting comprehensive social protection policies.

#### The main outcomes of the discussion:

1. The social policies to be adopted are linked to a new social contract and a broader economic and productivity vision that must be reached.
2. Agreeing that social protection is a human right and that the state is obligated to protect and implement this right, hence the need to expand social coverage to include all citizens and residents of the Lebanese territory, and to expand the scope of coverage to include unemployment compensation and pension compensation.
3. The necessity of working on a governance framework for the guarantor institutions and strengthening coordination among them.

4. The sources of financing social protection should not fall on the productive sectors, but rather be secured from public finances by limiting waste and corruption, and enhancing tax revenues by adopting fair tax policies that contribute to the redistribution of wealth on the one hand and to strengthening and stimulating productive economic sectors.
5. The need to regulate the labor market within the laws respecting the requirements of decent work and the rights of workers)
6. It is necessary to adopt measures to protect the poor in the transitional period through the adoption of social safety nets (financial transfers or family compensation, etc.) provided that they are included in the framework of a clear-cut future vision, and broader social policies, including the social protection system, on the basis of right The effectiveness is far from the customers.
7. Adopting measures that contribute to reducing household spending on basic services such as transportation and energy, which protects people with low incomes and the poor through public policies in which the state has a primary and determined role.

## **Session 2 : Macroeconomic Policies**

Expert : Salim Araji, ESCWA

Facilitator : Diana Kallas

The dialogue in this session dealt with the economic situation in Lebanon, and attributed the economic and monetary crisis to political causes and the absence of an economic vision that dominated the rentier and financial sectors and led to the weakening of production, accompanied by a set of trade agreements that contributed to hitting the productive sector and industries significantly. In addition to wasting public money through lack of transparency and weak tax, customs and fees collection. The political and economic reality in the country weakened investment, and the current account deficit continued as a result of dependence on imports. As for the tax and customs resources, they remained weak.

### The main outcomes of the discussion:

1. Tax reform is a necessary entry point to enhance redistribution, enhance production, and reduce social inequality, provided that the proposed tax system takes into account social and economic considerations in terms of stimulating some productive and generating sectors to impose work, or promising economic sectors, in terms of imposing greater tax burdens on the rentier sectors and imposing taxes On wealth, especially those not invested in productive work.
2. Moving from the current segmented system that treats different types of income separately (the so-called specific tax system), to the application of a “progressive

- single tax” system, which includes all taxable income of individuals (salaries, wages, capital gains, dividends interest, and income derived from built-in property income and commercial and professional income) in a unified tax base.
3. Reconsidering trade agreements to protect and enhance local production within a comprehensive economic vision.
  4. Restructuring the banking sector, holding accountable those responsible for the causes of the crisis, and distributing losses fairly.

### **Session 3 : Decent Work**

Expert : Paolo Salvai, ILO

Facilitator : May Hammoud, Arab NGO Network for Development

The dialogue in this session addressed the possibility of building coherent strategies for decent work. This can be done by stimulating decent wages through unemployment insurance, setting a new minimum wage, and ensuring the right to assembly for workers, to improve response and mitigate the effects of the current national economic crisis in addition to strengthening social protection systems.

The main outcomes of the discussion:

1. Work must be done to reconcile the incentives (economic requirements) to increase competitiveness and the demands of employers in return of meeting social benefits to modify the purchasing power of workers.
2. The need for objective treatment of the minimum wage through a relative correction of wages and the creation of exceptional circumstantial aid to until some sort of stability in the exchange rate and inflation is found. The issue must now be dealt with on a case-by-case basis to ensure adequate living.
3. Temporary and immediate measures should not come in the way of correcting the existing imbalances that lead to inequality and poverty. This includes improving the primary distribution of income so that the wage share of the national income is raised, given that it is low compared to the share of profits and interests.
4. The relationship between the worker and the employer should not be considered as an exclusively bilateral relationship, but rather a relationship governed by the general policy of the state. Definitely the problem must be resolved by a third party, but in the absence of a third party, the rift must be bridged through the bilateral agreement (and the strengthening of collective bargaining mechanisms).

5. Since the Lebanese situation is exceptional, exceptional solutions must be found in the sense of an immediate response to the requirements of survival during the crisis, and in the sense of finding structural solutions to the crisis that prevent its recurrence.

#### **Session 4 : Political & Institutional Reform**

Expert : Adib Nehmeh, Arab NGO Network for Development

Facilitator : Farah Shami, Arab Reform Initiative

The dialogue in this session dealt with the political blockage and the breakdown of institutions, which was agreed upon in the previous sessions to be the common denominator that hinders any possibility of reform at the social and economic level or even in labor relations. The session also discussed the deterioration of the situation in Lebanon and how it reached an unprecedented point of political and institutional crisis. A reference was also made to the historical reasons which began since independence, specifically when the tribal and sectarian mentality prevailed and transformed the state and its organizations to a form in terms of relations between members of society that are based on cultural and traditional relations like relationships of kinship, clientele, clan and sectarian affiliations of a familial and local character. Then, after the Lebanese civil war, it moved to the company's logic with the establishment of an economic project that expresses itself in a political way. The pursuit of profit and economic growth became permitting violations and corruption, inflicting the state in debt and weakening its institutions, with the control of companies that were not subject to any form of accountability. Until we recently arrived at the concept of the spoiled state, where the militias that participated in the war joined the traditional groups and the capitalists and all participated in disrupting all the roles of institutions. Power and decisions are made outside the institutions, and the ruling political forces have managed to control the economy, politics, and institutions, weakening them and emptying them of their roles. Even the state and its institutions have become outside the law. Reform opportunities are linked to changes at the political level and require a rebalancing of the balance of power.

The main outcomes of the discussion:

- 1- The key to change in Lebanon is political, hence the necessity for all groups from the private sector, civil society, and unions to participate in political expression, since all the goals of these groups are in terms of change, reform, or in terms of enhancing production and profits, hampered by political obstruction. It is therefore not possible to reach these goals without clear political expression by all groups.
- 2- Diverse and constructive social dialogue is the basis and starting point for transformation.
- 3- The necessity of joint work between business, industrialists and civil society to change the balance of power and pressure towards change

4- The importance of working towards a state of law that allows everyone to organize themselves.

5- Judicial reform is very important to ensure accountability and transition to the rule of law.

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