

## **Maronite Bishops monthly meeting-**

### **August 1, 2012 Call**

On the first of August 2012, their Excellencies the Maronite Bishops held their monthly meeting in Diman, headed by His Beatitude Patriarch Mar Bechara Boutros Al Rai, Patriarch of Antioch and All the East, with the participation of His Beatitude, Mar Nasrallah Boutros Cardinal Sfeir. The meeting was also attended on special invitation by the General Superiors of the Maronite Orders. They examined the ecclesiastical and the national affairs, they greeted the Lebanese Army, commanders, officers, non commissioned officers and soldiers on the Army Annual Anniversary, appraising all their sacrifices to defend homeland and citizens, calling on everyone to rally around this army, so it remains an invincible bastion facing threats to Lebanon. They concluded the meeting by issuing the following appeal that treats the basic vital sector in the country life, which is the economy: reality, causes and solutions.

#### **I. Why the appeal?**

1. In addition to the thorny issues that weighed upon the situation in Lebanon, the Syrian crisis and its implication, the **socio-economic theme** has recently emerged in a remarkable and sometimes tragic evolution. This theme is taking dangerous aspects, making it a prey to the political controversies connected to more than one background. And the most dangerous matter in this topic is its tendency to sectarianism, out of norms and laws, and resorting to logic similar to the civil disobedience. In front of this scene, we witness a state of deficit at the level of political decision and the economic vision, which outcome might enter Lebanon into a foggy stage exposing its destiny to a bankruptcy risk in case it is dealt in a non-responsibility spirit or partial approaches. There is no way out from searching radical exits to the economic crisis, based on ethical and legal principles, and on the long-term projects that provide the state and the society a gradual economic stability.

2. Facing this perilous reality, the Church, involved in individuals and society, “because man is the first path pursued by the Church to carry its message...a path drawn by Christ Himself, throughout the Incarnation and the Redemption”, (John Paul II, Year 100, P.53), cannot remote from an issue where the victim is primarily the Lebanese citizens, especially the poor and the weak. **Therefore, our Council directed this appeal, which is considered a wake-up and an urgent call** to deal with issues before it is too late. We first aim at the Lebanese Public Opinion, to be aware of its role in the exercise of its democratic rights in election and accountability, and second, to all officials in order to bear their moral and national responsibilities in this field, as to serve the people and to preserve the nation. Otherwise, the state of Lebanon would become a bankrupt state on the moral, financial and legal levels, validating St Augustine saying: “Remove the Law-then what would distinguish the State from a huge gang of bandits?”

## **II. The reality of the Lebanese Economy**

3. The socio-economic reality in Lebanon is witnessing since 1975 to date, very difficult conditions signaling a more of peril in light of the inability to confrontation and the absence of integrated visions for solution. In the light of globalization and the linked economies of the countries, **lays a fundamental problem shown in the lack of stability in the international oil prices**, resulting complications in the various economic sectors in Lebanon.
  - a) It puts additional burdens on the energy production cost in the present and the future. The Electricity affair is starting to pose a risk to the national economy as it has become a nearly 20% of the annual state budget, and contributes to the value of the deficit with more than 65%, a figure expected to increase annually.
  - b) Its repercussions are clearly shown on the productive sectors of industry and agriculture, dangerously withdrawing its competitive capacity, in addition to what is happening of natural or artificial disasters, as well as

the difficulties in conducting its production, caused by troubles and wars converging in the region.

- c) The service sectors, which themselves need to use the energy, cannot survive and they are also affected by the unsteady political and security circumstances.

**4. The second basic problem is the public debt accumulation**, forcing the state to borrowing year after year to cover the value of the benefits resulting from the service of this debt. Practically, the bottom line is the absence of investment funding sources in development, establishment and safeguard. Therefore, Lebanon is facing the reality of “a hemorrhagic economy”, which turned into a continuous existential crisis, exposed year after year by the increase of deficits, in the absence of a real solution for both Lebanon Electricity and the Public Debt.

**5.** Unless we strongly confront this bad situation, the next few years are expected to be really scary. **For in the year 2016**, some experts expect a 33% increase of the total public debt, to reach about 80 billion US dollars; the annual deficit in the government budget would rise about 47% and the percentage of debt to gross domestic product from 140% to more than 170%. This ratio may lead Lebanon to be banned, as it did to richer European countries such as Greece, Italy and others.

**6.** This is negatively reflected on the citizen who is sinking under the rising burden of heating, transportation and electricity generators costs...in addition to the prices raise of all consumed goods and services, while the purchasing power is diminished day after day, thereby creating a **social crisis**, so far unknown by the Lebanese community. It led and will lead to the dissolution of the middle class and the increase proportion of citizens living below the poverty line, the declining of job opportunities and the increase of a bleeding migration in all directions.

**7.** Behind all these facts, the specter of Great Depression is looming as well as the risk of the State bankruptcy, which indicators are obvious in the State faltering dues payments to private and public enterprises, its inability to

develop infrastructure, the fear of not being able to secure the salaries and wages for the public sector workers, the payment of pensions and the end of service indemnities...

### **III. The causes of this reality**

8. There is no doubt that Lebanon wars, occupation, destruction and displacement...since 1975, have hit the national economy at heart, and smashed the prosperity of this country. Nevertheless, there are other reasons that prevented and still prevent this economy to regain its vitality and its natural path. Some of the most important reasons:

a) **An incomplete adoption of economic policies:** the economic policies pursued since the end of the war in the early nineties, have focused on the revenue economy, and neglected the productive sectors that build the real national economy basis, have found it simpler to borrow in order to finance the State deficit worsening derived from the amplification of the mostly non productive State expenses. It also limited the economic power in the capital without seriously working on rebuilding the destroyed displaced areas, equally developing all Lebanese regions and all the economy sectors. This led to the serious decline in the competitiveness power of productive sectors in industry, agriculture and others. The other sectors were not reinforced in face of the political and security instability. **The accumulation of public debt** that drove the national economy in a devastating spiral is the most dangerous result of these policies.

b) **A severe corruption in the body of the State and public administrations:** which led to the public money seizure and the wasteful spending on projects that cost the state times the real cost, as well as the growing tide of transactions in all areas with the absence of any control or accountability.

c) **Considering the State a “dairy cow”** and a breeding ground for partisans gathered in departments without needing them, their efficiencies and their productivity. This led to administrative inflation in non efficient number of persons, while administration is complaining about large voids in sensitive positions that require scientific and high

ethical skills. Finally, several attempts to lay hands on some public utilities are emerging with rival competition, which definitely damage the state imports.

- d) **The loss of decision-making in the State:** the deep political divisions and the lack of a unified and clear vision, the tyranny of private or partisan interest over the public interest, the lack of respect for the correct rules of democracy, the adoption of spiteful policies and disruption of mutual revenge...all this led to a paralysis of the right decision-making mechanism at the right time. In the rare times when a decision was taken, it came after a unanimously labor through bargaining, and often too late, to become in the end, inappropriate and useless. Thus, the results are incomplete on the economic front, in the lack of the studied and root coherent solutions.

#### **IV. Suggesting some solutions**

9. The Fathers realize that the complex situation of the Lebanese economy will not find magic solutions, as they know that finding technical solutions is a task for experts, in abundance but put aside in our society. Though, the gravity of the situation leads us to propose some strategic solutions capable of placing the records straight.

- a) **Focus on the governing role of the State:** the State, in the free economic system, should not monopolize the power and the decision, and should not directly manage all economy as in the totalitarian states and regimes. Nevertheless, this does not mean that it has no role at all, as claimed by ultra-liberal extremists. “The Church respects the independent legitimate democratic system (and the free economic one), but economic activity, especially at the market level. It cannot fall in an institutional or legal or political vacuum; rather provide guarantees for individual freedoms and private ownership, as well as currency stability and public services restoration. It is the core duties of the State to ensure these guarantees...The State must also monitor and sponsor the application of human rights in the economic field” (John Paul II, Year 100.P 48). Hence, the State has an organizational role in the economics field, played

through the enactment of fair laws that determine the rights and duties of each class, to ensure the application of these laws without bias, limiting the monopoly and the greed of some people. It should carry out the rights of the poor and the vulnerable in the society and ensure social justice for all citizens. It also must draw the general economic policies and the plans that control the investment of natural resources; it should sponsor the weak sector and spread balanced development in all areas. The restoration of the Lebanese State governing role, its efficiency and firm practice in a spirit of responsibility and high ethical, lead the way to adopt other solutions that deeply treat economic and social problems. Therefore, it should not monopolize public utilities while it does not have the capacity to promote and develop them, due to its high borrowing.

- b) The partnership launch between the public sector and the private one, resident and expatriate:** the treatment of the economic situation on the verge of the great depression, requires the combined efforts of each well-off to contribute in stopping this collapse, and the launch of a new dynamic motivating all citizens to carry their share of responsibility for their community. Thus, we recommend the launch of the decision to revive the work in the Social-Economic Council that opens doors for constructive, scientific and conventional dialogue, in order to build this partnership. We also recommend the adoption and application of mutual law between the public and private sector, to encourage the smart investment in infrastructure that is witnessing frightening erosion by an appropriate funding without new debts on the treasury. We recommend expediting the appointment of governing bodies for various sectors, such as electricity, gas, water and other...
- c) The quintuple strategy or more to reduce the public debt ratio:** the treatment of socio-economic dispatched files is through a radical reform within the quintuple strategy or more. It should develop budgets that anticipate the data for the next years, adopt creative complementary solutions through the development of a “special fund” to cure the public debt, create a “fund for energy”, stimulate the productive sectors, strengthen the citizens’ purchasing power, attract investment for employment in infrastructure, support education, restructure the electricity sectors, contract with specialized companies to extract oil with

an absolute transparency and without any politicization or corruption, before hands are placed over a large part of the oil fields and the natural gas in our territorial waters, causing us new wars we can do without. The Lebanese Banks are an important fortress for the Lebanese economy, and the pride to all the Lebanese. Hence, the need for awareness of its responsibilities in the protection of small depositors and savers, and the rationalization of the State condemnation process, avoiding their exposure to risks we witness along with sovereign debt crisis, today and yesterday, in Asia, Latin America and others.

- d) **To expedite the implementation of administrative and extended development decentralization:** this releases the economic growth and the balanced development wheel, and brings closer the social and development services to the citizen. This measure will stimulate citizens to pay the required taxes and fees, opens them the possibility of monitoring and accounting, and feeds their spirit in solidarity and social joint liability.
- e) **The extension of state decisions on all the regions and all the citizens:** regarding the levying and taxes collects, the application of customs laws, to subject everyone to their requirements, the fight against smuggling, deviations and various types of evading the regulations, there would be no summer and winter on one roof, thus, the State will deal with justice and equality with all its children.

## Conclusion and Warning

10. Facing the great dangers of collapse and a failure to reach the national-social pact, the Fathers are appealing and warning to **face the risk of failure synchrony with the major political changes in the region**, they might constitute, God forbid, the spark that, if erupted, lead to the dissolution of Lebanon. If the social-economic collapse occurs, it would be an additional pressure on the national fabric that unites common national interests, as fundamental and constitutional understandings are neither a conflict nor a split. When the State is unable to comply with its obligations, the nation and its supreme interest are pledged, it is easy then to impose fundamental

changes that may affect its national fabric such as the imposition of a “de facto” nationalization, or deviation from the essence of the Taif Agreement stipulating equity, or the acceptance of basic changes in the strategic choices in terms of foreign policy...

The Fathers hope that the Lebanese could find in these dangers, a real opportunity to launch an economic and a social renaissance, perceive fundamental solutions to our country dilemmas and our people’s suffering. They call upon to renew the pact among the nation partners on its essence, regime and mission, and to endeavor on neutralizing Lebanon from regional and international conflicts, to maintain its rich mission as a nation of pluralism and unity in diversity, to consolidate the stability as an input to the launch of real growth for the sake of the human. There is no legitimacy for any political or economic action, if not to serve the human, to promote his life level and to protect the poor and the weak.