

Lebanon

Political Deadlock Fuels Economic Crisis

The crash of the Lebanese pound, a series of strikes, and the mass revolt against hunger in Beirut in late August, have brought the economic and class aspect of the Lebanese crisis to the fore.

In August alone, prices rose 43.6%, setting a new record in crisis-torn Lebanon. The prices of many basic consumer items were estimated to have risen by 300% since the first of the year. In the same space of time, the inflation rate reached 245%, also a record high, leading Lebanon's General Labor confederation to predict an annual inflation rate of 600-800%. The Lebanese pound, once the most stable currency in the Middle East, lost over 70% of its value, plunging as low as £290 to the dollar, as of August 27th.

There were other more graphic symptoms of the all-sided economic crisis. Prompted by the fuel shortage, lines began at bakeries and petrol stations before dawn, swelling into crowds and fistfights as people scuffled to obtain their daily needs. Even in villages, merchants wouldn't open their shops until afternoon when the closing price of the Lebanese pound was posted. Increasingly, children were seen picking for food in piles of garbage.

With their buying power drastically eroded, Lebanese citizens began signalling their discontent. In July, there was a three-day general strike to protest the declining standard of living. In mid-August, both the state radio and television stopped broadcasting as employees went on strike. There were strikes by municipal workers in Tripoli, Mina and Ghbeiri, and in several private concerns. Then, on August 27th and 28th, people poured into the streets amid reports of pending abolishment of state subsidies on gasoline. In West Beirut, drivers stopped their services (collective taxis, the most common form of public transport in the city), fearing their means of making a living in jeopardy. Stalled services blocked main roads, as people marched on Hamra, the affluent business and shopping district. Hundreds tried to storm the Central Bank, targeting its failure to protect the Lebanese pound. The Lebanese Army fired in the air, at-

tempting to disperse the crowds. Protests spread all over the city, including the eastern sector, and continued through the next day. Burning tires blocked the road to the airport. Foreign exchange booths, supermarkets and luxury shops were overrun. While establishment figures decried the 'aimless violence', the targets singled out by the masses attest to their awareness of the sources of their economic woes - state policy (or lack of same), uncontrolled private enterprise and speculation - three elements which are closely interwoven in the Lebanese system.

HUMAN COSTS

Prices have continued to rise, propelled upward by the lifting of state subsidies on two vital commodities, gasoline and bread, in September and October respectively. Meanwhile, the pound continued its downward plunge, hitting 500 to the dollar on October 30th. The human costs of the collapse and concurrent dollarization of the Lebanese economy are almost incalculable. According to the Consumer's Protection Department (affiliated to the Economy Ministry), the value of Lebanon's minimum monthly wage of £4,300 has dropped from \$50 in January to \$16 in August. On October 5th the acting finance minister, Joseph Hashem (also Phalangist Party member), announced a decision to double the minimum wage, the first such raise in over a year. From that day to the next, the pound's value fell by over \$10, hitting a new record low (\$306). As one Beirut comment, «Yesterday, the government announced salary increases, today speculators snatch it all back by devaluating the pound.» Little over a week later, the same 'generous' minister lifted subsidies on bread, upping the price 47% overnight.

While the poor have always suffered from Lebanon's finance-oriented,

dependent capitalist system, the current crisis is hitting well into the middle class. A study published by the National Union Federation on October 3rd, showed that the minimum monthly expenses of an average family of five, excluding clothes, rent and school fees, had risen from £14,179 in October 1976, to £32,718. The report registered the average salary as £10,000, raising the simple question as to how a breadwinner feeds the family, even after the subsequent wage hike. There is moreover the severe problems of the unemployed whose ranks are swelling. As of two years ago, it was estimated that 40% of the population had no work. This number is constantly growing with company closures due to the economic crisis.

The answer is simply that not all families can feed their children. UNICEF has estimated that about 1,000 children die of infection and malnutrition every year in Lebanon. According to Richard Reid, UNICEF director for the Middle East and North Africa, indications of rising infant mortality and malnutrition surfaced in Lebanon early this year. He estimates that in the recent period, more children may have died from lack of food than from violence. In July, Lebanon's Islamic Orphanage reported that it had received a record number of abandoned infants (17) in the three preceding months, some of them found in piles of garbage, on roadsides or vacant lots.

Naturally, some are profiting from the decline in the working masses' standard of living. According to the Chamber of Commerce and Industry, Lebanon's exports may rise more than 50% in dollar terms this year, following the collapse of the pound. Since production has decreased rather than increased, this can only mean that manufacturers and exporters are profiting from cheaper local labor due to the pound's reduced dollar value. (Arab countries are now the main importers of Lebanese goods, but the US has recently emerged as a new market.)

VICIOUS CIRCLE OR STRUCTURAL CRISIS?

The Lebanese economic crisis appears as an irresolvable vicious circle, for each of its indices is interlocked with a cluster of other factors. The fuel crisis provides one example of how a