

The prodigal son’s return and the uncertain future of Lebanon

Hariri’s comeback offers little hope of a rescue



IN a scene reminiscent of last year’s massive protests that had led to the downfall of Saad Hariri, Lebanon’s prodigal son, the streets of Beirut were filled with protestors on October 17, 2020. They walked past the Martyr’s Square, the central bank and the parliament building before gathering near the country’s crumbling port. Then there was silence, and then candles were lit near ground zero—site of the recent Beirut explosion. This is how the people of Lebanon marked the first anniversary of their protests against the misadventures of the country’s ruling political elites.

But what has really changed over this one year? Economically the country has plunged into one of its lowest points since the 15 year civil war that ended in 1990. Inflation has peaked to a staggering 120.03 percent (as of August 2020, *Trending Economic*) putting the already struggling Lebanese Pound under increasing pressure. Food inflation—as reported by CNBC—has spiralled to an overwhelming 190 percent. Unemployment rate crossed the 30 percent mark in May, 2020, according to the same report. The country’s gross public debt soared to USD 93.40 billion in the first six months of 2020, as per data released by its finance ministry. It is an increase of 8.94 percent compared to the first half of 2019.

Life overall has suffered. Power outages due to fuel shortage—in certain areas up to even 20 hours per day—have forced hospitals to limit their operations, that too at the height of a global pandemic. “Clouds are gathering and we might be heading into a storm... If we do, what is the current capacity of our hospitals considering recent events?

Will we be forced into another lockdown? Can we still change course and avoid a surge? We can, but it will not be easy,” suggested Firass Abiad, director general of the Rafic Hariri University Hospital, while voicing his concern over the situation on Twitter.

People are unable to buy food—80 percent of the food in Lebanon comes through imports which have been affected by the country’s rising external debt, which stood at USD 34,798.7 million in June 2020, a 7.82 percent increase from June 2019 (data from *Trending Economics*)—have been forced to grow their own produce. Many have lost their savings, thanks to the country’s economic meltdown. For the majority of the population the future looks bleak. And amidst all these happened the Beirut port blast, pushing the economy and the nation closer to the brink, deeper and more desperate than the woes that had triggered the protests last year.

Politically, however, not much has changed it seems. After a year-long sabbatical the prodigal son is back again at the centre stage of Lebanese politics. Saad Hariri has been entrusted with the responsibility of forming the next government of Lebanon after he received 65 parliamentary votes out of 118 on October 22.

Prior to his “election”, in a live interview with MTV television channel, the most prominent Sunni Muslim leader of Lebanon oozing confidence said, “I am definitely a candidate”. “I will not close the door on the only hope left for Lebanon to stem this collapse,” he further added.

So, here we have the man who had had to bow down to the relentless demands of the protestors last year, back in full glory, trying to salvage the nation and the economy from the very crisis that spiralled out of control during his tenure. Not that Hariri alone is responsible for the plight of the Lebanese people, but it cannot be denied that his government had a role in the failure in managing the economic affairs of the country



Lebanon’s Prime Minister Saad Hariri in front of a portrait of his father, assassinated former premier Rafiq Hariri.

PHOTO: AFP

before things reached the tipping point.

But the return of Hariri, while surprising is not an unexpected move, not at least for those who are familiar with the delicate structure that holds the fragile and fragmented political system of the country together. There are the Maronite Christians and there are the divided Muslims; there are the Druze, the Armenians and there are a few secular groups. And all of these groups have their own vested interests which they prioritise over the interests of the republic. And in a diverse ethno-religious political landscape such a Lebanon’s, practicing secular Democracy perhaps translates to serving the interests of all these groups so that everyone can hold their peace.

In the context of the troublesome history of Lebanon, way back in 1943 a National

Pact was agreed upon by the various political factions. It was an unwritten agreement that dictated the terms of a delicate balance among all parties: a parliament with a 51 percent Christian majority; a Maronite Catholic as the president of the Republic; a Sunni Muslim as its prime minister, a Shiite parliament speaker, a Druze chief of the general staff of the armed forces, and Greek Orthodox Christians as deputy speaker of the parliament and the deputy prime minister. Ever since the multi-confessional state of Lebanon has been led and exploited by these vested groups—collectively, to the extent that this has become the ruling political elite: a group so powerful that even the unrelenting protests of the entire nation could not break this vicious pact.

“We don’t have one head of state, it’s a group of men, they have agreed to divide the spoils of the state at every level. It’s a system that you can hardly topple,” told Carmen Geha—associate professor in public administration and an activist—the Associated Press, referring to the system of exploitation that has been created by this powerful group over decades.

When Saad Hariri resigned last year, some thought this might perhaps shake the foundation of the political mechanism that is sucking Lebanon out of its resources. But things didn’t improve; if anything things got worse. Because Hariri—or his party—alone was not the reason behind the economic collapse of Lebanon. It was the system.

And the system remains. But Hariri is promising to push through the reforms suggested by Lebanon’s former coloniser: France. Even if Hariri succeeds in forming a cabinet of independent technocrats to carry out the much needed reforms, he faces two major hurdles: Hariri lacks the support of the major Christian block, including the Free Patriotic Movement headed by the president’s son-in-law Gebran Bassil. Second and the one fraught with more difficulties: navigating the complex maze that is the political landscape of Lebanon, satisfying all quarters, while taking measures that would be unpleasant to them all. Hariri is faced with the biggest challenge of his political career and the stakes are too high, and for everyone.

Betting on Hariri to be the saviour might be over-optimistic. He is just one man, that too a part of this group of establishment elites. And the establishment and their system are going to be around. And there remains the possibility of this collective, powerful group of puppeteers pulling the strings no matter who sits in the cabinet, no matter who the prime minister is. Lebanon’s woes are unlikely to end anytime soon.

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Small businesses must be saved



OUR planning minister has recently remarked that the discrepancy in wealth distribution is not just an accident, it has been happening due to some in-built injustices in society and the state. If one wishes to investigate the injustices prevailing in our society, the study of the small businesses of our country might be a good place to start.

An example from my personal experience might be worth sharing here. I was posted to an office located in the outskirts of Dhaka several years ago. It was a small town. Still a good number of banks were present there in a bid to penetrate the burgeoning commercial market. I struggled to stay afloat in the face of intense competition. Yet I managed to persuade the richest businessman of the market to start banking with us. However, I needed to offer him some apparently innocent gifts like enhancement of credit limit, reduction of price, waiver of conditions, etc.

The man eventually submitted his loan application along with other documents representing his big business. We visited his business centres and warehouses only as a routine exercise. We were impressed by his transaction record which surpassed our previous expectation. Everything appeared good except a little mismatch. The transaction record of the bank was much higher than the sales records of his books of accounts. We didn’t annoy the local tycoon asking for a reason; however, we initiated an investigation. A shocking story unfolded—almost all the small businessmen down the line needed to transact in his account to make it bulky, which helped the ringleader get a favourable position among the financiers and manage big loans.

However, the most intriguing chapter

remained to be discovered. Our business magnate would run a parallel bank of his own, which catered to the financial needs of hard-pressed small businesses. It was no surprise that the interest rate of the “special bank” launched by our big businessman was much higher than that of the banks we served.

Sounds unbelievable? However, this is a rather common picture of small businesses all over Bangladesh! Small businesses have little access to the banks. Consequently, they have to give in to the greed of local business moguls, who often take the role of traditional money lenders.

The SME sector accounts for one-fourth of the GDP of Bangladesh and generates nearly one-third of its total employment. Yet our financial market succeeded in disbursing

only one-fourth of the mammoth Tk 20,000 crore covid-19 stimulus package allotted for the CMSME sector. The country is currently home to 8.66 lakh small and medium sized firms; however, we have found only 11,183 borrowers among them to give stimulus to according to a recent newspaper report. A Credit Guarantee Scheme has been approved by Bangladesh Bank of late with a hope that the disbursement will get the required momentum.

Mike Tyson once said that everyone has a strategy until they get punched in the face. The small entrepreneurs of Bangladesh dreamed of a downsized interest rate since long. However, they are on the verge of being axed out in the age of single digit interest rate designed to reduce their borrowing cost to

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Small enterprises fail to provide necessary documents like written record of sales turnover or financial statements according to credit guidelines of the central bank. As such, they are shunned by the compliant banks. A liberalisation policy in this regard might pave the way for the desired momentum in SME loan disbursement.

We have grown up with the theory of “economies of scale” and modern technology keeps growing in line with the philosophy of “the bigger, the better” and “too big to fail”. However, the “big” needs the “small” for its survival. In history, we find ample examples where arduous programmes have been taken to attain smallness in bigness. Alfred Pritchard Sloan, the long-term president of General Motors, structured the firm in a manner that it became a federation of small lively firms having their own drive and sense of achievement. While some people still worship the big firms, practical people worldwide prefer making profit from convenient and manageable small firms.

Mahatma Gandhi once said: “The poor of the world can’t be helped by mass production. They can only be helped by production by the masses”. The change of our traditional mindset can unlock the golden gate of small enterprises. The secret of sustainable development lies in the spread of SMEs throughout the country.

Vintage Schumacher in his book titled “Small is Beautiful” wrote: “Any activity which fails to recognise a self-limiting principle is of the devil”. Many of our big businesses sink failing to limit their obsession for increasing size. On the contrary, our small businesses love to grow based on necessity and capacity. The self-limiting mantra adds to the beauty of our small businesses. As such, if our SMEs are axed, the inherent beauty of our business climate will be severely compromised. The land of big businesses will turn barren if the small businesses lying around are uprooted.

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Mohammad Kazi Mamun, AVP and Head of Branch, Bank Asia Limited.



An entrepreneur in Bangladesh puts the finishing touches on her clay pots.

PHOTO: MOKSUMAL HAQUE/CGAP

EDGAR ALLAN POE
(1809-1849)
American writer, poet, editor, and literary critic.

In one case out of a hundred a point is excessively discussed because it is obscure; in the ninety-nine remaining it is obscure because it is excessively discussed.

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Stood up

6 Swiss watch parts

11 Christmas song

12 Dark

13 Burglar’s crime

14 Draw out

15 Fling

17 Kitten cry

18 Ridiculously exaggerated

22 Moon goddess

23 Logic

27 Touches on

29 O’Neill forte

30 Former Spanish coin

32 Sink problem

33 Move

35 Horse healer

38 Hotspot offering

29 Bakery come-on

41 Sun-dried brick

45 Chad neighbor

46 Wish granter

47 Berate

48 Wear away

DOWN

1 Play a part

2 Fan’s cry

3 Lode material

4 It contains minimal dissolved minerals

5 Pop star John

6 Took a stab

7 Finish

8 Homecoming attendee

9 Paella base

10 Hearty dish

16 Knight’s address

18 Thunder sound

19 Garage job, for short

20 Burden

21 Applejack kin

24 Mystery writer

Woods

25 Leave out

26 Neck part

28 Cruise worker

31 Boxer Laila

34 No longer a minor

35 Moving trucks

36 Bana of “Troy”

37 Fast food request

40 Brooks of film

42 Music’s Yoko

43 Auction action

44 Wide shoe letters

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BEEBLE BAILEY

BY MORT WALKER

BABY BLUES

BY KIRKMAN & SCOTT