



Social Justice in Lebanon: Reality, Challenges, and Stakes

By

Antoine Wakim

July 2023

Introduction

Social security is one of the basic human rights stipulated in the Universal Declaration of Human Rights, which was adopted by the United Nations in **1948**. The preamble to the Lebanese constitution states that “Lebanon is a parliamentary democratic republic based on respect for public and private freedoms, especially the freedom of opinion and belief, and respect for social justice and equality of rights and duties among all citizens without discrimination.”

Hence, the principle of social justice is the result of a social and solidary thought that emanated from Venezuela with the activist Simon Bolivar, who was the first to coin the term social security (**1819**), highlighting that “The most perfect system of government is that which produces the greatest possible amount of happiness, social security and political stability.”

As for Bismarck, he considered socialist ideology as a threat to the rule of the German Empire at the time, and he was the first to float the idea of a mutual assistance system in Europe to insure against sickness (**1883**), work emergencies (**1884**), disability and old age (**1889**). He was succeeded in Great Britain by Lord Beveridge, who wrote the report entitled *Social Insurance and Allied Services* (**1942**).

In France, social security (**Larocque’s Project**) served as the foundation for the development of a vast national system of compulsory insurance, characterized by a mandatory and comprehensive nature. In **1944**, President Charles de Gaulle founded the National Social Security Fund, convinced that it was the best way to ensure real social justice in the face of the danger of socialism and communism, which were developing in Eastern Europe with the support of the Soviet Union, then in its prime. This compulsory, comprehensive health insurance and pension system played a fundamental role in spreading the idea of social justice, solidarity and equality among French citizens, and proved the moral role of governance responsibility.

In Lebanon, President Fouad Chehab followed the example of General de Gaulle, and was the first Arab president to launch the National Social Security Fund project, at a time when the socialism of the United Arab Republic (Egypt and Syria) had reached the borders of Lebanon. President Chehab was keen to draft an advanced law and elaborate a developed administrative organization for the Fund, with the aim of consolidating the principles of national solidarity and social justice and focusing on the role of the State as protector of the Human Security of its citizens.

De Gaulle – Adenauer – Schuman

In the same context, Chehab pointed out that after the end of the Second World War, General de Gaulle and the first Chancellor of the Federal Republic of Germany, Konrad Adenauer, communicated with the aim of developing a vision for Europe that would prevent similar wars, and with the aim of working towards achieving the unity of European countries as a federation, from the Mediterranean to the Urals. It is worth noting that Robert Schuman was one of the founding fathers of the post-war reconstruction and unity of Europe, along with President de Gaulle and Konrad Adenauer. He also was the first to launch the idea of defining the three rights of the European citizen, which would later form the nucleus of the union between the 28 nations of Europe, whose origins and languages are manifold.

As a result, modern European thinking has evolved towards new definitions of the meaning of poverty and social marginalization, and introduced the idea of citizenship, which confers three rights on the any Citizen:

1. The Democratic right, which allows voting for the ruler, questioning them, holding them accountable, and electing others.
2. The Civil right, which is related to guaranteeing civil freedoms for citizens, the most important of which is freedom of movement and speech within the framework of the applicable laws and regulations.
3. The social right, which is one of the most fundamental rights that the State is responsible for guaranteeing, the most important of which is the citizen's right to obtain services, particularly in the event of illness, disability, and retirement. It also guarantees a minimum of equality to ensure a decent standard of living for all citizens. In addition, it guarantees compulsory participation in the social protection system, which preserves the dignity of the employee and requires the employer to contribute to the financing of the system and to consider it as a pillar of social security and economic growth.

Based on this right, social security institutions were established and became an essential requirement to be accepted as a member of the European Union.

This was highlighted in the following statement: "Reading the European constitution is the most important proof of the role of social justice as an essential requirement for accepting any country as a member of the European Union. Thus, any marginalization of human rights constitutes an obstacle to accepting a new member in a united Europe." The fusion between social classes resulting from the three rights, which are required to be taught in Western Europe, has led to the establishment of true democracy and the creation of a growth dynamic that has made Europe one of the richest continents.

Where does Lebanon stand in terms of social concepts?

After Fouad Chehab's term as President, Lebanon's social history has never witnessed a politician or party that focused in their discourse, behavior and program on the importance of social justice and its role in boosting productivity and limiting brain drain. Have any of us ever heard a Lebanese politician describe accurately and knowledgeably the National Social Security Fund as the safety valve for social justice?

How many times have we read or seen that a Member of Parliament had built their election campaign on the foundations of social justice and persevered in working to achieve it after taking office? In Lebanon, unlike in democratic countries, there are no electoral programs based on the principle of achieving social justice, and some candidates merely present abstract concepts and high-sounding terms under the banner of democracy, freedoms, sovereignty, etc. These candidates bank on the fact that most people will vote for religious, political and feudal leaders!

This raises several questions: Why don't our politicians and representatives draw inspiration from the principles of the Lebanese constitution, and pay attention to the importance of what is stated in the constitution of the European Union regarding the three rights mentioned above? Why don't they begin their

discourse with the need to guarantee the citizen's social rights, which ensure the most basic needs for a dignified and decent life? Aren't economic growth and job security the backbone of most political discourses around the world? Are our politicians unaware of these axioms, or simply ignoring them? And why are they refusing to emulate true democratic discourse in the free world, in the age of openness, the Internet and the global village?

Our concern here is not political issues, but the question of social security in Lebanon. We all know that Lebanon's National Social Security Fund used to rank first in the Arab world, surpassing the private insurance sector. Today, however, it is collapsing and teetering on the brink of bankruptcy, providing very modest services with great effort, while end-of-service benefits have plummeted to almost 10%.

Urgent legal amendments

During the past quarter century, fourteen ministers succeeded one another at the Ministry of Labor, while plans to reform the end-of-service system remained dead letter, lying dormant in the drawers of the Parliament. That is until positive signs appeared in 2022, thanks to the help of the International Labor Organization (ILO) and the creation of the Parliamentary Commission, headed by former minister Nicolas Nahas. The said commission was tasked with the preparation of an advanced work program for a pension system that could form a future basis for a fund that includes all workers in Lebanon gradually until insurance becomes compulsory over time while ensuring healthcare for all, through the use of modern technology.

The truth is that it took 23 years to reach an acceptable draft of the bill. In 2004, the Lebanese Business Leaders Association launched a draft law, which was approved with the help of ministers Dr. Georges Corm and MP Michel Moussa during the last meeting of Prime Minister Selim Al-Hoss' government. The bill was published under N°13760. It was submitted to the Parliament in 2008, then examined and amended by the parliamentary sub-committee of the joint parliamentary committees in 2010. Two years later, the ILO and the World Bank recommended the adoption of a determined contribution model with a virtual bank account. In 2018, the ILO evaluated the draft law and proposed alternatives. After evaluation and consultation, two models were presented and discussed in 2019. The sub-committee reviewed the bill and its amendments and continued its discussions in 2020 and 2021. It agreed to amend the pension system model to adapt it to the Lebanese context and international standards, based on the advanced ideas suggested by researcher and writer Professor Rafik Salameh, member of the Fund's Board of Directors and former head of the Fund's Technical Committee. In May 2022, the amendment introduced a combined capitalization and distribution model, supported by a good governance system to manage investments, as well as an in-depth study aiming to reduce the number of board members to fourteen. The ILO is cooperating with the Fund to collect the most recent data on the calculation of end-of-service compensation following the economic, social and political crisis, to be used as a basis for realigning the actuarial model with the current economic reality.

When will a political decision be made?

The greatest gamble remains the political decision to approve and implement the above so that it becomes, in stages (over a period of 3 years), a compulsory insurance system for all Lebanese citizens and residents, as well as for those working outside Lebanon in countries that have not adopted a similar system. This advanced project will not be feasible without the assistance and effective monitoring of the ILO, which will

identify the urgent reforms needed to fill the administrative and technical gaps and to devise an advanced strategy for the development of a new pension system, the provision of comprehensive healthcare and the establishment of a national basis for social protection. However, the priorities lie in raising the performance level of the Fund's management through automation and the use of modern, advanced technologies, and the introduction of highly experienced executives, following the example of the private insurance sector.

Theoretically, this situation will persist if the state does not adopt a guarantee for social justice through constitutional institutions, i.e., the President of the Republic, the Parliament, and the Government. Together, they must decide to implement these amendments as a moral and social priority. It is worth noting that without fiscal transparency, social justice cannot be achieved. In addition, the triangle of democratic, civil, and social rights should be taught in schools, high schools, and universities as a basis for citizenship and social justice.

Conclusions

Finally, it is important to emphasize that social security is an urgent national issue that must be a top priority for officials after the election of a New President. It is true that social security faces risks and challenges linked to the absence of the state, which means that the stakes remain linked to the establishment of an institution-based state governed by the rule of law that ensures social justice based on modern laws and regulations. We therefore need to focus on the following:

- 1.** The pension and health insurance system is complex and costly, but the private insurance sector has made remarkable administrative and technical progress over the last thirty years, particularly in the areas of automation in Lebanon and the Arab world. It can be an example and a significant source for the reform process if recruitment is based on skills, specialization and experience, rather than the usual clientelism.
- 2.** The figures showing the financial situation of the National Social Security Fund are not transparent and do not include all the components of the debts contracted by the Fund.
- 3.** The Fund's accounts have not been certified by the supervisory Ministry (the Ministry of Labor) for twenty years, due to the flaws and comments made by the external auditor on the accounts from 2006 to 2010, and to the fact that no audit of the accounts for 2011 has yet been carried out.
- 4.** The use of funds from the End-of-Service Indemnity Fund to finance contributions to the Sickness and Maternity Fund is contrary to the law, which enshrines the Funds' financial autonomy. The above-mentioned funds exceed four trillion Lebanese Pounds.
- 5.** The blatant negligence in the collection and verification of contributions, as well as in the establishment of nominal lists for what remains to be collected.
- 6.** The fraud and corruption to which institutions and insured individuals resort when it comes to contributions is increasing, thus wrecking the National Social Security Fund, its budget, and its services.

7. The lack of any serious research, at all levels, to address the bottlenecks of the Fund's financial situation and to implement automation, which hinders the development of service provision to citizens.

8. The lack of mandatory financial control and independent auditing by independent auditing and actuarial institutions contributes to obscuring transparency and impeding good governance.






Therefore, the revitalization and modernization of the National Social Security Fund based on the foundations we have mentioned is a guarantee of social safety and economic growth for the whole country's geography and demography, and an element of social stability and economic prosperity.

Konrad-Adenauer-Stiftung e. V.
<https://www.kas.de/en/web/libanon>



The text of this publication is published under a Creative Commons license: Creative Commons Attribution-share Alike 4.0 international” (CC BY-SA 4.0), <https://creativecommons.org/licenses/by-sa/4.0/legalcode>

Civic Influence Hub
<https://cihlebanon.org>
Beirut Central District - Allenby St.,
Port136 Bldg., 4th floor. Beirut - Lebanon
info@cihlebanon.org
Phone: +961 1 986 760
Phone: +961 8 1 624 012
Mobile: +961 3 002 797

 CIHLebanon
   CIH_Lebanon
 CIHCivicInfluenceHubLebanon

Disclaimer: The views expressed in this publication are those of the author(s) and do not necessarily reflect the official policy or position of the “Civic Influence Hub” (CIH) and the Konrad-Adenauer-Stiftung or its Lebanon Office.