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# ECONOMIC CONFLICT IN POSTWAR LEBANON: STATE - LABOR RELATIONS BETWEEN 1992 AND 1997

Sami E. Baroudi

*This article examines state-labor relations in post civil war Lebanon. It covers the period between the coming to power of Prime Minister Rafiq Hariri in October 1992, and the government-orchestrated defeat of labor leader Ilyas Abu Rizq in the General Confederation of Labor (CGTL) elections of 24 April 1997. This period was characterized by repeated confrontations between government and labor over a wide range of socioeconomic and political issues. Despite the removal of the militant labor leadership in 1997, most of the issues dividing government and labor have remained unresolved, thus setting the stage for a future round of confrontations.*

**H**ardly any empirical work has been done on state-labor relations in Lebanon, despite the importance of the subject.<sup>1</sup> This article tries to remedy this problem, by focusing on those relations during a critical period in the recent history of Lebanon's labor movement (1992–97). These years witnessed a growth in labor militancy and in labor pressure on the government brought about by two main factors: first, the deterioration in the living conditions of workers during the Lebanese civil war years (1975–89) and the first few

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1. In this article, the author adopts the following translation from Arabic: *niqaba* is “trade union,” *itihad niqabat* is “federation of trade unions.” Up until 1997, the CGTL was a confederation of 22 federations; in 1997, the government authorized five new federations that were not recognized by the former leadership of the CGTL. See *Al-Nahar* (Beirut), 15 May 1997, p. 9.

years following the cessation of hostilities (1990–92); and second, the election of a more militant labor leadership in July 1993, represented mainly by the former president and secretary general of the CGTL, Ilyas Abu Rizq and Yasir Ni‘mi, respectively. The governments of Prime Minister Rafiq Hariri (1992–present) made a few concessions to labor, by agreeing to limited wage increments in 1994, 1995 and 1996. These concessions, however, failed to satisfy the demands of the labor leadership; and, by late 1994 or early 1995, the CGTL became an integral part of the political opposition to Hariri, which included leftist as well as non-leftist elements.<sup>2</sup>

### *HISTORICAL BACKGROUND: STATE-LABOR RELATIONS UNTIL 1992*

Trade unions or syndicates (*niqabat ‘ummaliyya*) have existed in Lebanon since the inter-war period (1919–39), although one pro-communist labor activist, Ilyas Buwari, traces their origins to the beginning of the twentieth century.<sup>3</sup> Three years after independence, in September 1946, the Lebanese parliament approved a labor code that listed the basic rights and duties of employers and employees.<sup>4</sup> The speedy adoption of that code was to enable Lebanon to join the International Labor Organization (ILO) that year. The 1946 labor law was progressive by the standards of the time, granting workers certain basic rights, such as the right to organize. However, under Article 50, employers retained the power to dismiss workers for any reason and on very short notice.<sup>5</sup> In the 1950s and 1960s, the number of unionized workers steadily grew, and the labor movement became increasingly vocal, demanding a review of Article 50 of the labor law, a raise of the minimum wage, the establishment of a social security fund, approval of paid holidays, the reduction of working hours, and the recognition of the right of workers to establish trade unions and federations of unions without government intervention.

### *The Labor Movement in the 1960s and the 1970s*

From independence until 1970, the labor movement was plagued by internal divisions caused, in part, by a deliberate government policy of encouraging the formation of more than one union to represent workers in the same sector, and then fostering rivalries between the unions.<sup>6</sup> Furthermore, there were genuine ideological differences between

2. The leftist elements included mainly parliamentary deputies Najah Wakim and Zahir al-Khatib and former deputy Habib Sadiq (1992–96); while the non-leftists included mainly Hizballah, the Phalangist party, former prime ministers ‘Umar Karami and Salim al-Hus, and deputy Nasib Lahud.

3. For the history of Lebanon’s labor movement before independence see the first volume of Ilyas Buwari, *Tarikh al-Harakat al-‘Ummaliyya wa al-Niqabiyya fi Lubnan: 1908–1946* (History of the Labor and Unions Movement in Lebanon: 1908–1946) (Beirut: Dar al-Farabi, 1986).

4. For the text of the labor code, see “Qanun al-‘Amal al-Lubnani” (The Lebanese Labor Code), in *Al-Jarida al-Rasmiyya* (Beirut), 2 November 1948.

5. *Ibid.*

6. Most pre-war Lebanese cabinets were dominated by conservative pro-business politicians who feared a unified and independent labor movement and sought to keep labor weak and disorganized, with a section of it coopted by the government. On the close ties between government and business in pre-war Lebanon see, for example, Tabitha Petran, *The Struggle Over Lebanon* (New York: Monthly Review Press, 1987), especially pp. 36–37. While Ilyas Buwari might have exaggerated the extent of government intervention in the formation

right wing trade unions, dominated by the Christian Phalangist party, and left wing, including pro-communist, unions. While internal divisions and rivalries weakened the labor movement, they did not render it totally ineffective: trade unions and federations of unions were able to obtain many concessions from government and employers. In the 1960s, for instance, the movement to legalize trade unions and federations of unions, regardless of their ideology, gained momentum. In 1966, when Jamil Lahud was minister of labor, he gave licenses to three leftist federations of trade unions, including the communist-leaning National Federation.<sup>7</sup> Even after the departure of the pro-labor Lahud, his successor, Sulayman al-Zayn, did not revoke their licenses, although he was under some pressure to do so. The labor movement finally achieved internal unity in 1970 when all existing federations of trade unions agreed to join the CGTL.<sup>8</sup> Soon afterwards, the CGTL became labor's highest representative body, and the principal interlocutor with government and business on all issues affecting workers.

As the Lebanese economy steadily expanded in the 1960s and early 1970s, it became easier for business and government (already a large employer) to respond positively to at least some of labor's demands, especially those concerning paid holidays, raising the minimum wage, and increasing employer contributions to the social security fund. While labor unions continued to threaten and to resort to strikes, such strikes were localized and often quickly ended after a mutually acceptable agreement was reached. The reforms of Lebanese president Fu'ad Shihab (1958–64) expanded the role of the state in the social domain and brought several concrete benefits to workers, particularly those outside agriculture.<sup>9</sup> Indexation of wages to protect workers against the adverse effects of inflation began in 1966, and real wages steadily improved in the second half of the 1960s and the early 1970s.<sup>10</sup>

Lebanon's labor movement became more stratified in the 1960s and early 1970s, with socioeconomic differences emerging between unionized and nonunionized workers. Unionized workers were able to obtain several concessions from the government and employers, and saw an improvement in their living standards. There was little improvement, however, in the conditions of non-unionized workers employed in agriculture, construction, small-scale establishments (such as small industrial workshops, grocery stores, etc.), and temporary service jobs. These unorganized workers formed Lebanon's subproletariat, which Claude Dubar and Salim Nasr, two Lebanese sociologists, estimated at 13.7 percent of the working population.<sup>11</sup> Theodor Hanf notes that the majority of

of trade unions, he nevertheless gives many concrete examples of the government licensing unions of carpenters, painters, and press workers, which failed to attract the majority of workers in these sectors. Buwari, *Tarikh al-Harakat al-'Ummaliyya wa al-Niqabiyya fi Lubnan: 1947–1970*, vol. 2, especially pp. 63, 70, 107, 129, 214.

7. *Ibid.*, pp. 248, 272.

8. The CGTL was established in 1958. Before 1970, it did not include any of the leftist federations.

9. Theodor Hanf, *Coexistence in Wartime Lebanon: Decline of a State and Birth of a Nation* (London: The Center for Lebanese Studies with I.B. Tauris & Co., Ltd., 1993), p.101.

10. According to figures from Lebanon's Central Bank (BDL), the minimum wage (in constant 1964 prices) rose from LL125 in 1964 to LL200 in 1975 (55 percent growth). Banque du Liban, *Al-Taqrir al-Sanawi li al-'Am 1974* (Annual Report for 1974) (Beirut: Banque du Liban, 1975), p. 158.

11. Claude Dubar and Salim Nasr, *Les Classes Sociales au Liban* (Social Classes in Lebanon) (Paris: La Fondation Nationale des Sciences Politiques, 1976), p. 113.

Lebanon's subproletariat was Shi'ite.<sup>12</sup>

*The Labor Movement During the Civil War (1975–90)*

Throughout the war years (1975–90), the CGTL played a key role in maintaining the unity of the labor movement and was one of the few Lebanese institutions to rise above sectarian divisions. Until 1982, the CGTL was able to negotiate successfully with the government annual wage increases that protected the real value of workers' wages from inflation. As economic conditions worsened, however, and income disparities widened, particularly after 1982, the CGTL became increasingly embroiled in Lebanese politics. It demanded an immediate end to hostilities and attempted to devote its efforts to addressing the deteriorating economic and social situation. In the second half of the 1980s, the CGTL spearheaded an antiwar movement, organizing several general strikes and mass demonstrations between 1986 and 1988. In November 1987, the CGTL demonstration in Beirut drew a crowd estimated at 60,000 from both (Christian) East and (Muslim) West Beirut.<sup>13</sup> Between 1986 and 1990, the CGTL was probably at the zenith of its power, as it came to symbolize the unity of the nation and opposition to the war. Naturally, the CGTL supported the Ta'if peace accords of 1989 that paved the way for ending the war. Labor leaders welcomed, in particular, the inclusion of economic and social provisions in the Ta'if accords that stressed the need for a balanced regional development, and the establishment of an economic and social council to promote such a development.<sup>14</sup> In virtually every major statement it issued after the war, the CGTL demanded the immediate implementation of the economic clauses of the Ta'if accords, especially that calling for the establishment of the economic and social council.<sup>15</sup>

*Economic Conditions in the Aftermath of the Civil War (1990–92)*

The termination of military hostilities in 1990 did not bring an end to economic hardships for the majority of Lebanese. In the immediate postwar years, political instability, flawed monetary and economic policies, and uncertainty about the future dampened the prospects for economic recovery. Furthermore, the 1991 Gulf War prevented the rich Gulf states from keeping their promises of massive financial assistance to Lebanon.<sup>16</sup> While, economically speaking, 1991 was a better year than 1990 (the last and one of the most destructive of the war years), economic conditions took a turn for the worse in the first ten months of 1992. Inflation, which was brought down to about 16

12. Hanf, *Coexistence in Wartime Lebanon: Decline of a State and Birth of a Nation*, p. 102.

13. *Ibid.*, p. 640.

14. For an English text of the Ta'if accords, see Joseph Malia, *The Document of National Understanding: A Commentary* (Oxford: Center for Lebanese Studies, May 1992).

15. See for example, General Labor Union, "Al-Tawsiyyat wa al-Muqararat li al-Mu'tamar al-Niqabi al-'Am Fi Dawratihi al-Sadisa" (The Recommendations and Resolutions of the Sixth Session of the General National Conference of Unions), Beirut, 13 December 1995, p. 2. This unpublished report was provided to the author by the CGTL.

16. Albert Mansur, *Mawt Jumhuriyya* (Death of a Republic) (Beirut: Dar al-Jadid, 1994), p. 360.

percent in 1991, sharply rose in the first three quarters of 1992, and the Lebanese lira (LL) lost 63.8 percent of its value between 30 December 1991 and 30 September 1992.<sup>17</sup> Matters came to a head in the spring of 1992, when the CGTL called for a day-long general strike and mass demonstrations to protest against the government's mishandling of the economic situation. Thousands of people took to the streets on 9 May 1992 in angry anti-government demonstrations, and many random acts of violence took place. These events revealed the widespread dissatisfaction of workers with the government's economic policies and the limited popular support Lebanon's Second Republic enjoyed after the Ta'if agreements.<sup>18</sup> The extent of the protests of 9 May shocked the country, and forced the cabinet of Prime Minister 'Umar Karami to resign. Although labor leaders later denied having deliberately sought to bring down the government, there is no doubt that the CGTL played a leading role in the 9 May events.

The next government, of Rashid al-Sulh, tried in the summer of 1992, to stop the deterioration of the economic conditions in the country by adopting a tighter monetary policy and creating new measures to expand government revenues.<sup>19</sup> Those measures, however, failed to curb inflation or put an end to the slide of the Lebanese lira against the US dollar. By mid-September 1992, the exchange rate had hit a new low of LL2,850 to the US dollar.<sup>20</sup>

By the summer of 1992, Lebanon was in the grips of a serious economic crisis. Government insistence on holding parliamentary elections in September 1992, despite strong opposition from most Christian leaders, created serious political disruption, further dampening the prospects for a rapid economic recovery. Once the parliamentary election took place, however, most deputies demanded the appointment of Rafiq Hariri, a selfmade billionaire and the godfather of the Ta'if agreement, as prime minister of Lebanon. They believed he was the most qualified person to address the country's economic woes. Hariri, who had already secured Syria's backing for his appointment, became prime minister in late October 1992.

17. The exchange rate dropped from LL879 to one US dollar, to LL2,420 to one US dollar. Banque du Liban, *Al-Taqrir al-Sanawi li 'Am 1991* (Annual Report for 1991) (Beirut: Banque du Liban, 1992); Banque du Liban, *Al-Taqrir al-Sanawi li 'Am 1992* (Annual Report for 1992) (Beirut: Banque du Liban, 1993); Banque du Liban, *Al-Taqrir al-Sanawi li 'Am 1993* (Annual Report for 1993) (Beirut: Banque du Liban, 1994).

18. The term "Second Republic" refers to the structure of government in Lebanon following the adoption by the Lebanese parliament, on 5 November 1989, of the constitutional amendments agreed upon at the Ta'if conference (September 1989), which paved the way for ending the Lebanese war. For the Ta'if agreements and politics in the Second Republic, see Albert Mansur, *Al-Inqilab 'ala al-Ta'if* (Turning Against Ta'if) (Beirut: Dar al-Jadid, 1993).

19. These measures included raising the value of the customs dollar to LL800; collecting the penalties on private construction that was done during the war in violation of building codes, and especially on private construction on public lands (such as the coastline); and raising the tax on each tank (20 liters) of gasoline to LL1,000 (about 54 cents, given the average exchange rate for the dollar in July 1992). See *Al-Nahar*, 15 July 1992, p. 2.

20. The average exchange rate of the US dollar for the month of September was LL2,528. See Banque du Liban, *Al-Taqrir al-Sanawi li 'Am 1994* (Annual Report for 1994) (Beirut: Banque du Liban, 1995), p. 52.

*GOVERNMENT-LABOR RELATIONS UNDER THE HARIRI ADMINISTRATION:  
1992–97*

Prime Minister Hariri came to power with an economic program that had a definite order of priorities: reversing the deterioration of the foreign exchange rate for the Lebanese lira, curbing inflation, and launching a massive reconstruction program. Although improving the material conditions of the poorer strata of Lebanese society was not a priority of Hariri's economic plans, such an improvement would take place, the government believed, as a result of its program to stimulate economic growth through private investment.<sup>21</sup>

*The CGTL and Hariri's First Cabinet (October 1992-May 1993)*

The Hariri-backed plan for reconstruction and economic recovery, dubbed the Horizons 2000 plan, was designed by the Council of Development and Reconstruction (CDR) and presented to parliament in 1993. It called for significant government and private investments in Lebanon over a ten-year period. According to the plan's original version, government expenditures for reconstruction and infrastructural development would total \$13 billion between 1993 and 2002.<sup>22</sup> The Horizons 2000 plan triggered a wave of criticisms from different circles.<sup>23</sup> Critics argued that the plan, in addition to imposing a heavy burden on the state treasury, was based on the principle of trickle-down economics, and failed to address the issues of poverty and economic inequality. According to one writer, "the poor were largely forgotten in the \$13 billion Horizon 2000 reconstruction plan."<sup>24</sup>

Less than three months after Hariri became prime minister, the CGTL presented him with a list of demands that included wage increases, expansion of workers' fringe benefits, consumer price regulations, rent controls, respecting the independence of the labor movement, and incorporating the views of unions in the formulation of reconstruction and economic recovery plans. When the government did not respond to the demands, the very short honeymoon between Hariri's government and the CGTL ended quite abruptly. In his Labor Day speech on 1 May 1993, Antoine Bishara, then CGTL president, expressed disappointment with the Hariri government's failure to take into account the demands and concerns of workers and the poorer strata of Lebanese society for better wages and fringe benefits and more government spending on education and health care and the development of the poorer regions.<sup>25</sup>

In July 1993, the executive council of the CGTL held its first election in 12 years to choose its presiding officers. Most of the government-backed candidates lost to indepen-

21. Michael Young, "Stability and the Poor," *The Lebanon Report*, no. 2 (Summer 1996), p. 34.

22. *Ibid.*, p. 24.

23. David Butter, "How Hariri Pulled Lebanon from the Abyss," *Middle East Economic Digest*, 27 October 1995, p. 3.

24. Young, "Stability and the Poor," p. 34.

25. *Al-Nahar*, 2 May 1993, p. 8.

dent or leftist candidates, and Ilyas Abu Rizq was elected new CGTL president defeating, by just one vote, Bishara who headed the government-backed coalition list.<sup>26</sup> While Labor Minister 'Abdallah al-Amin boasted that the election results proved the neutrality of the government, what really happened was that government attempts at influencing the election outcome backfired.<sup>27</sup> Many delegates voted for Abu Rizq because they felt that Bishara had not taken a sufficiently firm stand against government intervention in the election process.

Shortly after the election, the CGTL and the government, represented by Al-Amin, resumed their dialogue over a wide range of labor demands. In November 1993, the two sides reached an agreement over wage increases, workers' fringe benefits, greater government supervision of consumer prices, and the holding of regular consultations between the CGTL and the government.<sup>28</sup> When the government failed to implement the provisions of that agreement, the CGTL accused it of renegeing on its promises. Prime Minister Hariri responded by denying full knowledge of the details of the November understanding.<sup>29</sup> The CGTL pressed ahead with its demands throughout 1994. On 19 September 1994, the CGTL submitted a detailed memo to the president of the republic, the Council of Ministers, and parliament, outlining its basic demands for wage increases, the expansion of workers' fringe benefits and the tightening of regulations on rent control and consumer prices. These same demands were reiterated at the sixth session of the General Conference of National Unions held on 13 December 1994.<sup>30</sup> Session speakers criticized the Hariri government, accusing it of wasteful spending, failing to implement political and administrative reforms, and increasing taxes on the poor. The "Recommendations and Decisions" of the sixth session reiterated the familiar demands for higher wages and more fringe benefits, and called, inter alia, for tightening governmental control over consumer prices, adopting a progressive taxation system, increasing government spending on education and health services, approving the grades and salaries scale for Lebanese University professors and school teachers, establishing the economic and social council,

26. *Al-Nahar*, 9 July 1993, p. 8.

27. For Al-Amin's remarks see *ibid.*; and *Al-Nahar*, 22 July 1993, p. 8.

28. A copy of the Arabic text of the 14 December 1993 agreement between the CGTL and Al-Amin (with the minister's signature) was provided to the author by Ghassan Shluq, former economic advisor to the CGTL. In his customary statement to the press after every meeting of the Council of Ministers, Michel Samaha, then minister of information, provided the following information with regard to the agreement: "at the beginning of the Council of Ministers meeting (15 December 1993) the prime minister informed the Council of the contents of the agreement reached yesterday between the minister of labor and the CGTL." Translated by the author from Arabic.

29. Al-Amin, who negotiated the November 1993 understanding, was later dropped from Hariri's second cabinet. At the 12 March 1996 meeting between Hariri and Abu Rizq, the former blamed Al-Amin for not properly representing the government's position in his dealings with the CGTL. *Al-Safir* (Beirut), 13 March 1996, p. 3.

30. The General National Conference is a CGTL-dominated forum that includes representatives from over 100 syndicates, associations and civic groups. Both the sixth and seventh sessions of the General National Conference were well attended, and received good press coverage, providing the CGTL and its allies with the opportunity to air their grievances and apply pressure on the Hariri government. General Labor Union, "Al-Tawsiyyat wa al-Maqarat li al-Mu'tamar al-Watani al-Niqabi al-'Am fi Dawratihi al-Sadisa," pp. 4-5; and "Taqrir Muqadam ila al-Mu'tamar al-Watani al-'Am al-Dawra al-Sabi'a," (Report Submitted to the General National Conference at its Seventh Session) Beirut, 13 January 1996, pp. 13-14. This unpublished report was provided to the author courtesy of the CGTL.

and recognizing the “right” of the CGTL to nominate labor representatives to that council.<sup>31</sup>

*The CGTL and Hariri’s Second Cabinet (May 1995–November 1997)*

The summer of 1995 saw a return to confrontations between the CGTL and the new Hariri government, which had been appointed on 25 May 1995. In July 1995, the Council of Ministers finally bowed to pressure from school teachers (who had stopped grading the national Baccalaureate exams), Lebanese University professors, and civil servants, and approved a 20 percent wage increase for all public sector employees.<sup>32</sup> To finance the salary increase, the government raised taxes on some luxury items and imposed a LL3,000 (about \$1.8) surcharge on every 20 liters of gasoline. While not objecting to the taxes on luxury items, the CGTL reacted swiftly and angrily to the gasoline surcharge. In an attempt to force the government to remove the gasoline surcharge, it called for a general strike and mass demonstration on 19 July 1995.<sup>33</sup> Responding immediately, the government banned all demonstrations and public gatherings and ordered the internal security forces and army to implement this decision, which they did.<sup>34</sup> Although the government held its ground and did not withdraw the gasoline tax, the political standing of the prime minister suffered nonetheless. Critics of the prime minister accused him of plotting to drive a wedge between the army and the workers, and of using the former to keep himself in power, despite the wishes of the majority of the Lebanese who had had enough of his neoliberal economic policies.<sup>35</sup>

Relations between the CGTL and the government remained sour for the rest of 1995, with both sides preparing for the next round of confrontations. Resorting to an age-old tactic, the government sought to divide the labor movement in order to undermine its power and overall effectiveness. Hariri and his new labor minister, As’ad Hardan, encouraged Bishara, the former CGTL president and president of the Federation of Independent Authorities—which represented workers in the railway, Beirut port, electricity, and water sectors—to distance himself from the positions of Abu Rizq. Bishara, who had been defeated by Abu Rizq in the July 1993 CGTL election, and perhaps hoped to recapture the CGTL presidency, agreed to do so. His federation as well as two others—the Federation of Unions of Bank Employees and the Federation of Unions of Airline Company Employees—suspended their membership in the (then) 44-member CGTL executive council. Bishara also refused to endorse the CGTL calls for a general strike and

31. Ibid.

32. *Al-Nahar*, 8 July 1995, p. 2.

33. *Al-Hayat* (London), 18 July 1995, p. 3.

34. Ibid. See also Hariri’s remarks during a press conference, quoted in *Al-Nahar*, 20 July 1995, p. 16.

35. The strongest criticisms came from former Speaker of the House Husayn al-Husayni, former Prime Minister ‘Umar Karami, Shaykh Husayn Fadlallah, deputies Nasib Lahud and Zahir al-Khatib, and the Phalangist party. See *Al-Safir*, 27 October 1995, p. 3; *Al-Nahar*, 20 August 1995, p. 4; and *Al-Hayat*, 22 August 1995.

demonstrations on 19 July 1995 and later on 28 February 1996, and on several occasions criticized the “bellicose” attitude of Abu Rizq.<sup>36</sup>

In late 1995 and early 1996, the CGTL began preparing for the seventh session of the General Conference of National Associations. In a 24-page report to the session, the CGTL provided a detailed critique of the government’s economic policies.<sup>37</sup> As evidence of the government’s mismanagement of the economy, the report cited mounting public debt, large trade and budgetary deficits, high interest rates which discouraged long term investments, and the growing impoverishment of workers and wage earners. On political issues, the report noted that the Hariri-backed new media law and the ban on demonstrations constituted an assault on the basic freedoms of the people.<sup>38</sup> The decisions of the seventh session reiterated the same demands that were made at the previous session and on several other occasions. This time, however, the CGTL and its allies gave the government a one-month ultimatum to respond to their demands before they would call for a general strike and anti-government demonstrations.<sup>39</sup>

The ultimatum elicited mixed signals from the government in late January and February 1996. One minister leaked to the press that the cabinet was ready to engage in a constructive dialogue with the CGTL on condition that the latter not raise any political issues.<sup>40</sup> Even Hariri sounded more accommodating. The government was reluctant, however, to make any financial concession, in part because it feared that this might jeopardize the recently approved 1996 budget. School teachers and Lebanese University professors held strikes in February to demand the immediate adoption of the new “grades and salaries scale.”<sup>41</sup> As for the CGTL, it quickly lost patience and set 27 February 1996 (later changed to 29 February) as the date for its promised general strike and anti-government demonstrations.<sup>42</sup>

Once again, the government banned all demonstrations and public gatherings, ordering the army to prevent strikes throughout a three-month period.<sup>43</sup> Faced with the insistence of the CGTL and its allies to hold massive anti-government demonstrations in most Lebanese cities and towns, the army command imposed a curfew throughout the country that was to start at 4:00 a.m. on 29 February. Fearing a clash with the army, the CGTL called off the planned demonstrations at the eleventh hour and vowed to respect army orders. As a number of observers pointed out, both Hariri and the CGTL lost from pushing the country to the brink of a major crisis, while the army emerged with its reputation untarnished.

36. *Al-Safir*, 26 February 1996, p. 6; *Al-Nahar*, 22 August 1996, p.14; and *Al-Nahar*, 30 August 1996, p. 10.

37. “Taqrir Muqadam ila al-Mu’tamar al-Watani al-‘Am al-Dawra al-Sabi’a.”

38. *Ibid.*, p. 5. See also the decisions of the CGTL executive council meeting of 6 February 1996 in *Al-Safir*, 7 February 1996, p. 6.

39. *Al-Safir*, 7 February 1996, p. 6.

40. See, for example, the remarks made by an unidentified minister quoted in *Al-Safir*, 10 February 1996, p. 2.

41. *Al-Safir*, 13 February 1996, p.1; and *Al-Safir*, 13 February 1996, p. 10.

42. See *Al-Hayat*, 27 February 1996, p.2; and *Al-Hayat*, 28 February 1996, p. 2.

43. See *Al-Safir*, 28 February 1996, p. 3.

Sensing that his political standing was hurt by this confrontation, Hariri appeared willing, in March and early April 1996, to modify his economic program in a way that would incorporate some of his critics' demands.<sup>44</sup> Following several preparatory meetings with the minister of labor and an advisor to Hariri, Abu Rizq visited the prime minister at his personal residence in Quraytim to discuss the reasons behind the events of late February and to remind Hariri of the basic CGTL demands.<sup>45</sup> After the meeting, Abu Rizq sounded cautiously optimistic about the prospects of narrowing the differences between the government and the trade unions. After some government prodding, business leaders had also indicated, in early March, that they were willing to discuss labor demands for wage increases.<sup>46</sup> Accordingly, the Price Index Committee, which includes representatives of business, labor, and the Ministry of Labor, held several meetings in March 1996 to determine the level of increase in the price of basic goods and services in 1995 and recommend a cost of living adjustment for 1996.<sup>47</sup>

Meetings of the committee were suspended when it became evident that business representatives would not offer more than a 12 to 15 percent wage increment (depending on the ability of the individual enterprise to pay), which was far below the 76 percent that the CGTL demanded.<sup>48</sup> Sensing that the Hariri government was not ready to accept its demands and was engaging in delaying tactics, the CGTL decided to use the upcoming visit of French president Jacques Chirac to Beirut to exert pressure on the government. Abu Rizq issued a thinly veiled ultimatum: unless the government accepted labor's demands immediately, the CGTL would hold a public sit-in in front of parliament to coincide with Chirac's speech before that body. Hariri refused to make any immediate concessions, and reminded the CGTL that the army still had its orders to prevent any demonstration or unauthorized public gathering. The CGTL, however, insisted on holding its public sit-in on 4 April 1996, the day of Chirac's arrival in Beirut. Once again, the task of diffusing a tense situation fell on the army. With the full knowledge of the CGTL leadership, and even its tacit cooperation, army units blockaded the entrance to the building housing the CGTL headquarters, thus "preventing" those inside from marching to parliament.<sup>49</sup> The CGTL held its sit-in, with full press coverage, but it did so inside its headquarters. While the 4 April sit-in was first designed to pressure and then just to embarrass Hariri, the move backfired. It cost the CGTL the support of the majority of parliamentarians and broad sections of the Lebanese public, who valued Lebanon's relationship with France. The speaker of the House, Nabih Birri, was quoted as saying that any attempt to interfere with Chirac's visit would be like collaborating with Israel,

44. *Al-Safir*, 10 February 1996, p. 2; and *Al-Hayat*, 5 March 1996, p. 6.

45. *Al-Hayat*, 5 March 1996, p. 6; and *Al-Safir*, 13 March 1996, p. 3.

46. *Al-Nahar*, 5 March 1996, p. 10.

47. *Al-Safir*, 13 March 1996, p. 6. The Price Index Committee is a loosely organized body that includes representatives appointed by business groups, the CGTL, and the Ministry of Labor. The committee's main role is to provide a forum for business and labor to agree (with government mediation) on annual adjustments of wages to reflect increases in the cost of living. Nothing has been heard about the work of the committee since the spring of 1996.

48. *Al-Nahar*, 27 March 1996, p. 10.

49. *Al-Nahar*, 4 April 1996, p. 2.

regardless of the intentions of those who made the decision to hold the sit-in. In an angry editorial in the daily newspaper *Al-Nahar*, Raja al-Khuri wrote that the sit-in would have the effect of “distorting the intimacy that always characterized Lebanese-French relations.”<sup>50</sup>

*Government-Labor Relations and the 1996 Israeli Operation in South Lebanon*

On 11 April 1996, Israel launched its “Grapes of Wrath” operation into South Lebanon.<sup>51</sup> One unintended consequence of the operation was that Hariri’s popularity was boosted, due to the key role he played in negotiating an end to the crisis. This intervention was perceived as having protected Lebanon’s (and Syria’s) basic interests, and it made him less vulnerable to attacks from his opponents, including the CGTL. With his grip on power enhanced, Hariri felt that he could make some concessions to labor from a position of strength. In May 1996, in an unanticipated move, the cabinet approved a complex scheme for improving the wage and fringe benefits of workers in the private sector. While the move was aimed at silencing the critics of the government, it had the opposite effect. Opposition to the wage adjustment scheme quickly developed from three main sources: First, groups representing the business community rejected the proposed wage increases, arguing that such increases would impose heavy financial burdens on enterprises, and that some businesses might be even forced to close down.<sup>52</sup> The CGTL also rejected the wage adjustment scheme, maintaining that the approved wage increases fell far below the 76 percent increase it had been demanding, and that public sector employees were not included in the scheme. In fact, public sector employees, especially school teachers, were furious because they felt that the government’s scheme was discriminatory and did not treat them on a par with private sector workers. As usual, school teachers exhibited the greatest militancy among public sector employees. When strikes failed to get the government to approve a new grades and salaries scale for public school teachers, the latter suspended grading the official Baccalaureate high school exams, as they had the previous year. Their decision subjected the government to immense pressure, since the fate of about 60,000 students hung in the balance.<sup>53</sup> Teachers’ representatives and the CGTL resorted to another pressure tactic: they threatened to call on their many supporters to vote against incumbent deputies and ministers in the summer 1996 parliamentary elections, unless parliament, before the end of its term, approved a new grades and salaries scale for teachers and public sector employees.<sup>54</sup>

50. *Al-Nahar*, 3 April 1996, p. 2. Author’s translation.

51. The Israeli operation had two main objectives: to destroy Hizballah’s bases in South Lebanon, and to pressure the Lebanese government and army to intervene to stop Hizballah’s attacks in South Lebanon. The operation ended on 27 April with the signing of the “April Understanding” (the main parties to the April Understanding were the governments of Lebanon, Israel, Syria, the United States, and France) that barred all warring sides from attacking civilians.

52. See, for example, the statements issued by Al-Hay’at al-Iqtisadiyya (Economic Association), a forum that represents employers’ interests, quoted in *Al-Nahar*, 2 April 1996, p. 10; and *Al-Safir*, 16 April 1996, p. 6.

53. *Al-Nahar*, 2 August 1996, p. 19; and *Al-Nahar*, 7 August 1996, p. 19.

54. *Al-Hayat*, 8 August 1996, p. 3.

To avoid further embarrassment right before a key parliamentary election, Prime Minister Hariri and Speaker of the House Birri agreed that parliament should vote on the 1996 grades and salaries scale at its extraordinary session convened to approve the modified electoral law. After two years of arduous negotiations during which the *Maktab al-Mu'alimin* (Teachers Bureau), the association that represents the interests of school teachers in the private and public sectors, resorted to strong pressure tactics, which included strikes and suspension of grading of official exams, the parliament finally approved most of the teachers' demands.<sup>55</sup> As far as the demands of other public sector employees were concerned, these were deferred until after the August-September 1996 parliamentary elections.

*The CGTL and Hariri's Third Cabinet (November 1997- present )*

Less than two weeks after the 1996 parliamentary elections of 25 September 1996, the CGTL was again on the offensive. Abu Rizq, the CGTL leader, was the first speaker at a meeting of opposition figures—dubbed *Al-Liqa' al-Watani* (National Gathering)—to protest against government plans to close down most private television and radio stations.<sup>56</sup> In his speech, Abu Rizq denounced the government clamp-down on the private media, reiterated all CGTL demands, and warned the government of yet another wave of strikes and demonstrations “to end the massacre (of the media) and save the country.”<sup>57</sup> At a meeting of a follow-up group that emerged from the “National Gathering,” Abu Rizq called for a public sit-in in front of the Government Palace on 4 October to be followed by a general strike and anti-government demonstrations on 10 October.<sup>58</sup> As on previous occasions, the army and the internal security forces intervened to prevent the 4 October public sit-in in front of the Government Palace, which was scheduled to coincide with the weekly meeting of the Council of Ministers. The CGTL tried to stage another sit-in in front of the Government Palace on 9 October 1996, but the security forces again intervened and dispersed the few hundred demonstrators,<sup>59</sup> injuring slightly one of the protestors in a brief skirmish.<sup>60</sup>

On 7 November, Hariri formed his third cabinet, pledging to give priority to tackling the country's social problems and improving the living standards of low income families. Such promises, however, failed to stem the anger of the CGTL and the political opponents of Hariri. On 28 November 1996, the CGTL tried to hold its long-promised anti-government demonstration, in spite of the government ban, to protest against the

55. *Al-Nahar*, 14 August 1996, p. 9.

56. Among those present at the meeting were former Speaker of the House Husayn al-Husayni; former Prime Minister Salim al-Hus, a score of deputies opposed to Hariri, and representatives from the Phalangist, National Liberals, and Communist parties, as well as *Al-Tayyar al-Watani al-Hurr* (The Independent National Current), supporters of the deposed general, and former prime minister, Michel 'Awn. *Al-Hayat*, 26 September 1996, p. 3.

57. *Al-Nahar*, 26 September 1996, p. 8.

58. *Al-Nahar*, 3 October 1996, p. 10.

59. *Al-Nahar*, 7 October 1996, p. 10; and *Al-Nahar*, 10 October 1996, p. 8.

60. *Al-Nahar*, 10 October 1996, p. 8.

government-planned closure of private radio and television stations (that were established during the war years and were operating without licenses), and the alleged deterioration in economic and social conditions. As had become the custom, army units intervened and violently dispersed the demonstrators. Three university students were injured and dozens more were detained and interrogated.

By the beginning of 1997, the speaker of the House, the prime minister, and most ministers had come to the conclusion that there needed to be a change in the leadership of the CGTL.<sup>61</sup> The government, and in particular the minister of labor, began a campaign to defeat Abu Rizq in the April 1997 CGTL elections. The government's strategy for ousting Abu Rizq focused on: licensing the creation of five new federations loyal to Speaker of the House Birri, and admitting them to the CGTL, despite Abu Rizq's objections; intervening in the elections of at least three federations (already in the CGTL) to ensure that their representatives on the CGTL's executive committee would vote against Abu Rizq; and luring many of the leaders of the remaining federations away from Abu Rizq and his allies.<sup>62</sup> Government plans for ousting Abu Rizq also benefited from the growing divisions within the labor movement, which were due, in part, to personal rivalries and, in part, to the close links that Abu Rizq had developed with the political opposition.

On 24 April 1997, and for the first time in the history of Lebanon's labor movement, two separate elections for the eleven-member bureau of the CGTL's executive committee took place in adjacent rooms on the CGTL premises. In the first election, held at 10:00 a.m.—one hour before the announced time—and in the absence of representatives from the Ministry of Labor, delegates from the federations that stayed loyal to Abu Rizq (about 12 federations) reelected the latter to a four-year term as CGTL president.<sup>63</sup> The Ministry of Labor did not send representatives to observe this election and refused to recognize that it took place. About one hour later, another election took place under the auspices of the Ministry of Labor.<sup>64</sup> In this second election—which was held with the participation of the five recently licensed federations, loyal to Speaker of the House Birri—35 delegates (out of 54 who, according to the Ministry of Labor, had the right to vote) elected a rival list of 12 candidates headed by Ghanim al-Zughbi, the pro-government candidate.<sup>65</sup> The entire

61. Hariri had poor relations with Abu Rizq since at least the CGTL strike of July 1995. Birri's relations with Abu Rizq deteriorated after the CGTL tried to stage a sit-in before parliament, and as a result of the CGTL's executive council's continued opposition to the admission to the CGTL of five new federations of unions that were loyal to Birri's Amal party. See *Al-Diyar* (Beirut), 16 April 1997, p. 2. Perhaps the last influential political figure to turn against Abu Rizq was Minister of the Displaced Walid Jumblatt, who, according to sources, realized by early April that his efforts to change the confrontational approach of Abu Rizq were bearing no fruits.

62. See interview with Abu Rizq in *Nahar al-Shabab* (Beirut) (Appendix to *Al-Nahar*), 23 April 1997, p. 30. See also *Al-Nahar*, 3 April 1997, p. 16; *Al-Nahar*, 16 April 1997, p. 10; and *Al-Diyar*, 17 April 1997, p. 1.

63. Of the 26 delegates who voted in this election, 24 voted for Abu Rizq. See *Al-Diyar*, 25 April 1997, p. 11.

64. *Al-Diyar*, 25 April 1997, p. 11; see also *Monday Morning* (Beirut), 5 May 1997, p. 5; and *Monday Morning*, 2 June 1997, p. 15.

65. *Al-Diyar*, 25 April 1997, p. 11; and *Al-Nahar*, 15 May 1997, p. 11.

election process was marred by serious irregularities.<sup>66</sup> Certain federations were represented by different delegates at the first and second elections, making it unclear who they were actually voting for.<sup>67</sup> Furthermore, security officers were present in large numbers around and inside the CGTL's premises, and, according to various accounts, were trying to prevent delegates supportive of Abu Rizq's list from entering the CGTL's premises.<sup>68</sup>

### *LABOR DEMANDS (1992–97)*

All Lebanese governments have had their differences with the CGTL; but in the 1970s, 1980s, and early 1990s, it was relatively easy for the CGTL to wrestle concessions from politically weak cabinets. Upon coming to power, Hariri adopted a tougher stance towards unions because he objected to their tactics and feared that their "exaggerated demands" for higher wages and more fringe benefits would jeopardize his economic reform program. Hariri also resented the fact that the CGTL took a stand on politically sensitive matters, such as the implementation of the media law, under the slogan of fighting for "basic freedoms and the bread of the poor."<sup>69</sup> There were other basic issues over which the two sides clashed during the 1992–97 period, including wages, consumer prices, social benefits, foreign workers, and independence of the labor movement.

### *Wages*

In early 1993, the CGTL demanded a hefty wage increase to compensate workers for the loss in purchasing power resulting from inflation in 1992, which CGTL sources estimated at 120 percent.<sup>70</sup> When Hariri refused to grant any wage increase throughout 1993, he was severely criticized by trade unions, teachers' associations and Lebanese University professors. In early 1994, the Hariri administration, after just a one-year suspension (1993) resumed the practice, begun in the 1980s, of introducing annual adjustments to the pay scales of workers in the private and public sectors. Wages were increased three times during Hariri's tenure (in 1994, 1995, and 1996).<sup>71</sup> Each wage increase was preceded by intense negotiations between unions, the government, usually represented by the minister of labor, and business associations.

The government found it easier to approve wage increments for private sector workers (as it did not have to pay the bill) than to increase the salaries of its own public sector employees. In both 1995 and 1996, the government approved wage increases for private sector workers months before it agreed, under pressure, to similar raises in the

66. *Al-Nahar*, 15 May 1997, p. 9; see also the text of the legal suit submitted before the Beirut primary court on 28 April 1997 by three federations loyal to Abu Rizq against Ghanim al-Zughbi, cited in *Al-Nahar*, 1 May 1997, p. 12.

67. *Al-Nahar*, 24 April 1997, p. 12; and *Al-Diyar*, 25 April 1997, p. 11.

68. See interview with veteran labor activist Ilyas Habri, in *Al-Nahar*, 15 May 1997, p. 9.

69. See *Al-Hayat*, 1 October 1996, p. 3; *Al-Nahar*, 3 October 1996, p. 10; *Al-Diyar*, 5 October 1996, p. 3.

70. Memorandum submitted by the CGTL to the Council of Ministers on 11 December 1993, quoted in *Al-Nahar*, 14 December 1993, p. 5.

71. There were no wage adjustments in 1997 or 1998.

salaries of public sector employees; and, in 1996, the wage increases for public sector employees were restricted to Lebanese University professors and school teachers. While arguably justifiable from a budgetary standpoint, such obvious discrimination against public sector employees angered private businesses, which felt they had to accept wage increases that the government was balking at giving to public sector employees. The wage increases also upset the CGTL and its members, who felt they were being treated unfairly.<sup>72</sup> None of the government-approved wage increases, however, satisfied the CGTL, which insisted on much higher increases. In July 1994, for example, the CGTL demanded (but did not get) an 86 percent wage increase for its members on top of the government-approved 40–45 percent raise.<sup>73</sup> CGTL leaders repeatedly argued that the annual wage adjustments, approved by the Hariri administration, barely kept up with annual inflation rates and failed to compensate workers for the loss in purchasing power that resulted from previous years of hyper-inflation in the 1980s and early 1990s.<sup>74</sup> It should be noted, however, that in 1994 and in 1995 the government-approved increase in wages exceeded the highest estimates of the rise in the Consumer Price Index (CPI). The

TABLE 1  
*Increase in Wages and Estimated Increase in CPI: 1993–96*

Year	Average Increase in Wages (%)	Changes in CPI (%) (Beirut Chamber of Commerce)	Changes in CPI (%) (According to <i>Ecochifres</i> Magazine)
1992	n.a.	80.00	131.10
1993	0.00	11.70	8.86
1994	40–45.00	6.80	12.05
1995	20.00	9.40	9.92
1996	11.00	n.a.	n.a.

Source: Butrus Labaki, *Al-Nahar*, 19 June 1997, p. 16.

11 percent wage increment in 1996 was about the same as the inflation rate, estimated at between 10 and 12 percent (see Table 1).<sup>75</sup>

### *Consumer Prices*

Price increases that are not matched by wage increases cause wages to decline in real terms. This is what happened in Lebanon, especially between 1983 and 1993. Historically, Lebanese unions have always demanded close government regulation of the price of

72. For business reactions to the 1996 wage increase, see *Al-Nahar*, 2 April 1996, p. 10; *Al-Safir*, 30 March 1996, p. 6; and *Al-Safir*, 3 April 1996, p. 9.

73. Elie Yashwi, *Iqtisad Lubnan* (Lebanon's Economy) (Beirut: Maktabat Lubnan, 1996), p. 379.

74. See "Taqrir Muqadam ila al-Mu'tamar al-Watani al-'Am al-Dawra al-Sabi'a," p. 13.

75. Banque du Liban, *Al-Taqrir al-Sanawi lil-Am 1996* (Annual Report, 1996) (Beirut: Banque du Liban, 1997), p. 19.

consumer goods and services, primarily prices of food, fuel, clothing, electricity, education, and health care. For instance, the report of the sixth session of the General National Conference of Unions and Associations recommended that the government, inter alia, “activate the National Council for the Supervision of Prices to decide product prices and profit margins . . . Show greater vigilance in supervising prices and combating price hikes, establish special courts to try those who [unfairly] raise prices, impose maximum penalties on violators that can reach confiscation of their products and their distribution through cooperatives . . . Enact modern legislation to prevent the formation of monopolies and cartels . . . Reduce electricity fees by 50 percent.”<sup>76</sup>

Hardly anyone expected the Hariri government to accept such a tall list of demands. In theory, the government, through the Ministry of the Economy and Foreign Trade, has the power to regulate prices and set profit margins. Successive governments, however, chose not to exercise those powers, except in the cases of bread and gasoline prices. After the abolition of the fuel subsidy in the mid-1980s, the Lebanese government frequently adjusted the price of bread and fuel products to keep them in line with international prices. Unlike many Arab governments, the Lebanese government does not heavily subsidize the price of bread. Government opposition to price controls is due to a combination of ideological, economical, administrative, and political factors. Most senior Lebanese officials believe in a market economy, where prices are determined by supply and demand with minimum government intervention. They also oppose price regulation on the grounds that when enforced over a long period of time, price controls cause inefficiencies and economic dislocations of the market. Furthermore, regulating the prices of thousands of items carries a high, even prohibitive, administrative cost, and requires an army of disciplined and well-trained civil servants to ensure that government-set prices and fees are observed. Since the majority of consumer goods is imported, the government would have to obtain access to prices in the countries of origin and calculate transportation and insurance fees in order to set a fair price for those goods. These are daunting tasks that the Lebanese bureaucracy cannot handle. Finally, opposition to price controls does not only come from government and private businesses that do not want government regulation, it also comes from landowners, who are against rent control, as well as doctors, hospitals and private schools that insist on their freedom to decide the fees they charge. No government can afford to alienate all these powerful interests. In brief, there is little chance that the present government or any future one will attempt to tighten controls over prices.

### *Workers' Social Benefits*

Before 1975, trade unions fought hard to protect workers against arbitrary firing, and to establish their right to paid holidays and a variety of social benefits. These benefits, known collectively as *taqdimat ijtimaiyya* (social offerings), came to include medical insurance, transportation allowances, educational benefits and financial assistance to

76. General Labor Union, “Al-Tawsiyyat wa al-Muqaratat li al-Mu’tamar al-Niqabi al-‘Am fi Dawratihi al-Sadisa,” p. 13. Quotation translated by author.

dependents, severance payments, and (most importantly) retirement pensions, or end of service compensations. President Shihab and to a lesser extent, his two successors, Charles Hilw (1964–70) and Sulayman Franjiyya (1970–76), understood the need to integrate urban workers into the political system through higher wages and improved social benefits. As the real value of wages declined after 1975, however, so did the real value of those benefits, because they were calculated on the basis of nominal wages.

In several statements, Abu Rizq deplored the decline in the real value of social benefits, calling on the government to take corrective action.<sup>77</sup> The CGTL also criticized the mismanagement of the National Fund for Social Security, which handles medical insurance and retirement pensions; and the practice of computing the value of a number of social benefits on the basis of the 1992 minimum wage of LL118,000 that reduced their total value.<sup>78</sup>

The CGTL lost the battle to increase the real value of social benefits, due to opposition from both the government and the private business sector. Since the end of the civil war in 1990, employer associations have criticized the social benefits system in Lebanon, arguing that it is too expensive and wasteful. Most of these criticisms have been directed at retirement pensions. As one source close to the Association of Lebanese Industrialists put it: “The contributions to the retirement fund constitute the employers’ single most important cause of worry.”<sup>79</sup> In 1996, many businesses, particularly smaller ones, were months behind on their payments to the retirement fund (part of the National Fund for Social Security).<sup>80</sup> With a minimum of 6,000 employees reaching retirement age every year (costing around \$38 million annually), the resources of the retirement fund may soon dry up unless businesses agree to increase their contributions and to make them on time. Government, employer associations and the CGTL are aware of the need for reforming the pension system, but they do not agree on how to do so. The future of the retirement fund may prove to be an explosive issue, intensifying the conflict between state, business and labor. The current CGTL leadership will be hard pressed by its labor constituency to fight for preserving the real value of pensions, an uneasy task given annual

77. See for example Abu Rizq’s interview with *Al-Nahar* a few days after his election in July 1993 to the CGTL presidency, *Al-Nahar*, 14 July 1993, p. 14; and the statements issued by the executive committee of the CGTL on 6 February 1996, quoted in *Al-Safir*, 7 February 1996, p. 6; see also *Al-Safir*, 4 March 1996, p. 5.

78. The exchange rate fluctuated widely throughout 1992. So while LL118,000 represented \$134 on 1 January 1992, it only amounted to about \$46 in September 1992. For the changes in the exchange rate between 1992 and 1995, see Banque du Liban, *Al-Taqrir al-Sanawi li ‘Am 1995* (Annual Report for 1995) (Beirut: Banque du Liban, 1996), p. 60. The minimum wage more than doubled between 1992 and 1995. See “Taqrir Muqadam ila al-Mu’tamar al-Watani al-‘Am al-Dawra al-Sabi’a,” pp. 13–14.

79. “The Week in Focus: Employers Say Retirement Fund Not Needed,” *Eco News* (Beirut), 2 September 1996, p. 2.

80. The National Fund for Social Security was established in 1965 as an autonomous government agency (under the authority of the minister of social affairs). It handles workers’ pensions (from the retirement fund), as well as medical insurance for covered workers and maternity leaves. By law, employers must pay to the retirement fund a percentage of the minimum wage for each of their workers. Upon reaching retirement age (65) every worker is entitled to receive as pension the amount that has accumulated in his or her pension fund. For a good description of the work of the National Fund for Social Security, see ‘Abd al-Halim Hraybi, “Al-Daman al-Ijtima’i wa ‘Ilaqatihi bi al-Tanmiyya” (Social Security and its Relation to Development), *Ab‘ad*, no. 6, May 1997, pp. 114–26; and Amir ‘Abd al-Malik, “Al-Daman al-Ijtima’i wa I‘adat Tawzi‘ al-Dakhl” (Social Security and Income Redistribution), *Ab‘ad*, no. 6, May 1997, pp. 127–40.

inflation and the reluctance of many businesses to make timely contributions to the retirement fund.

### *Foreign Workers*

Estimates put the number of foreign workers in Lebanon in 1997 at between 1–1.2 million.<sup>81</sup> There are at least as many foreign workers as there are local ones. Most foreign workers are Syrian (between 600,000 and 800,000), who enter Lebanon without travel documents and do not need work permits. Virtually all construction work is being done by Syrians. SOLIDERE, the Hariri-backed company in charge of reconstructing downtown Beirut, is, by far, the single largest employer of Syrian workers in Lebanon. A Syrian worker earns about \$300 a month and remits most of his earnings back home.<sup>82</sup> Abu Rizq repeatedly criticized the government's extremely liberal policy toward foreign employment, arguing that foreign workers contribute to domestic unemployment and siphon off local resources.<sup>83</sup> Government officials have been very reluctant to tackle directly the issue of foreign workers for several reasons, paramount among which is the fear of upsetting the Syrian authorities over the issue of Syrian workers in Lebanon.

### *Independence and Unity of the Labor Movement*

All CGTL presidents have sought to limit government intervention in the internal affairs of the labor movement. This was easy during the civil war years because the government was weak. After the war, however, the government, and more particularly Hariri's cabinets, sought to reestablish a measure of control over the CGTL and the labor movement. One technique used by the Ministry of Labor was to license new federations that were loyal to particular state officials and then push for their inclusion in the CGTL executive committee. Realizing that the government was trying to build a loyal majority for itself within the CGTL's executive committee, CGTL presidents Bishara and Abu Rizq did their utmost to prevent the admission of these federations.<sup>84</sup> Although Bishara had his differences with the government, the minister of labor, Al-Amin, backed his candidacy for another term as CGTL president, as part of a deal to prevent the election of certain anti-government candidates to the bureau of the executive committee.<sup>85</sup>

As noted above, Bishara and most of the government-backed candidates lost in the 1993 election. Bishara's loss created the first serious fracture within the CGTL. Following

81. *Al-Nahar*, 3 April 1997, p. 2.

82. Author's interviews with private builders who employ primarily unskilled Syrian workers.

83. See, for example, Abu Rizq's remarks to the press, quoted in *Al-Nahar*, 3 May 1996, p. 9.

84. Personal interviews with Yasir Ni'mi, Secretary General of the CGTL, in Beirut in July 1996, and with Ghassan Shluq, economic advisor to the CGTL, in Beirut in July 1996.

85. Prior to the July 1993 election, Bishara settled his differences with the Ministry of Labor, and agreed to exclude delegates with communist or strongly leftist leanings from his list. His list was referred to in the press as the '*amr al-waqi'* (fait accompli) list. *Al-Nahar*, 8 July 1993, p. 9. Bishara's deal with the government cost him the support of the communist delegates, and contributed to his loss of the presidency by three votes to Abu Rizq; out of 44 votes (members of the CGTL's executive committee), Abu Rizq received 23 and Bishara 21. *Al-Nahar*, 9 July 1993, p. 8.

his defeat, Bishara's federation froze its membership in the CGTL, and established direct contacts with the government. Bishara went on to establish a rival federation to the CGTL, although it is not clear what unions are represented in this group.<sup>86</sup> Growing divisions within the labor movement served the government well. With Bishara and Abu Rizq competing for the leadership of the labor movement, the government was able to claim that its conflict was with Abu Rizq, and not with the whole labor movement. On the other hand, Abu Rizq's militancy and political activism led the government to seek tighter control over the labor movement, which it achieved with the defeat of Abu Rizq and the election of the more moderate Ghanim Zughbi to the presidency of the CGTL on 24 April 1997. Abu Rizq, however, recaptured the presidency of the CGTL in the July 1998 elections.

### *The Media Law and Basic Political Freedoms*

Unlike his predecessors, who tended to steer clear of strictly political matters, Abu Rizq interpreted his mandate as CGTL president much more liberally to include standing up for the basic political rights of society. This was in line with Abu Rizq's view of the CGTL as part and parcel of civil society in Lebanon.<sup>87</sup> Under Abu Rizq's leadership, the CGTL demanded that the government respect people's right to hold peaceful demonstrations, ensure the impartiality of the state-run media, legalize existing (privately owned) radio and television stations, and recognize the right of these stations to air political programs without government censorship. One major source of friction in Abu Rizq's relations with the prime minister between 1994 and 1996 was the government campaign to greatly reduce the number of privately owned radio and television stations by offering licenses to only a relatively small number of selected radio and television stations, and forcing the rest to close down. The CGTL leadership opposed the government clamp-down on the independent media, because it saw it as an attempt by Hariri to silence his critics. For his part, Hariri (supported by many high ranking state officials) rejected any negotiations with the CGTL on political issues (i.e., the media law, and the "right" of the government to ban all demonstrations).

### *CONCLUSION*

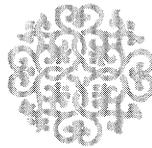
At no time in Lebanon's history was there more conflict in state-labor relations than during Abu Rizq's first term as CGTL president (July 1993-April 1997). Under Abu

86. Bishara's rival federation is called Ittihad al-Niqabat al-Qita'iyya (Federation of Sectoral Syndicates).

87. See, for example, Abu Rizq's speech at the 3 October 1996 sit-in close to Government House (to protest the government plan to shut down most private radio and television stations), *Al-Diyar*, 4 October 1996. See also Abu Rizq's remarks after visiting the Maronite Patriarch on 5 October 1996, when he said inter alia: "Freedom is essential for Lebanon, Lebanon cannot exist without freedom, especially freedom of the media, which is the key to maintaining freedom of speech and freedom of expression . . . Freedom and bread are a constant theme for us at CGTL, when our freedom and our bread are in danger, we are all soldiers fighting for them . . . Because by doing so we would be defending Lebanon and its continuation." *Al-Nahar*, 5 October 1996, p. 3. Quotation translated by the author.

Rizq's leadership, the CGTL challenged virtually every policy initiative of the Hariri administration, and fostered close ties with the prime minister's political opponents. But despite his courage, forceful personality and political links, Abu Rizq was no match for the prime minister. Hariri was determined to prevent the CGTL from forcing concessions from the government, or becoming an alternative forum, to that of his government, for launching policy initiatives. When the state mobilized its resources against Abu Rizq, the latter's defeat became a foregone conclusion. In 1997, Abu Rizq was defeated not in the street, but by governmental intervention in the CGTL election and with the help of Lebanon's legal system, which upheld the victory of his rival Al-Zughbi.

The 24 April 1997 CGTL election was probably the most divisive event in the recent history of Lebanon's labor movement. Abu Rizq and his allies continued their relentless attacks on the new CGTL leadership. Despite his interrogation and brief detention by the authorities in July 1997, Abu Rizq maintained that he was the legitimate president of the CGTL.<sup>88</sup> Caught up in its internal conflicts, the CGTL became ineffective as a pressure group and as the representative of labor in the dialogue with the government and with business. As a matter of fact, the tripartite dialogue (between state, labor and business) over wages, reform of the National Fund for Social Security, and workers' social benefits has been suspended since early 1996. The main loser from all of this has been labor. The removal of Abu Rizq in April 1997 and the election of the more pragmatic Ghanim al-Zughbi to the CGTL presidency provided an opportunity to relaunch the dialogue between labor, business and the state. The government, however, failed to make any meaningful concessions to labor in 1997 or the first part of 1998, which probably contributed to Al-Zughbi's unexpected decision to resign from the CGTL presidency. It is yet to be seen whether the surprise re-election of Abu Rizq on 31 July 1998 to the CGTL presidency will lead to a new wave of confrontations with the government, or whether the two sides (the government and the CGTL) have learned from the mistakes of the past and will try to put their relationship on a new footing.<sup>89</sup>



88. See, for example, the open letter addressed by Abu Rizq and Yasir Ni'mi to the prime minister. Cited in *Al-Nahar*, 3 October 1997, p. 8.

89. For the circumstances surrounding Abu Rizq's reelection, see *Al-Safir*, 29 July 1998, p. 6; *Al-Safir*, 31 July 1998, pp. 1, 21; *Al-Diyar al-Iqtisadi* (Beirut) (Appendix to *Al-Diyar*), 29 July 1998, pp. 17–18; and *Al-Diyar al-Iqtisadi*, 30 July 1998, pp. 17–18.