

Debate on salary increase reveals both the trade unions' weakness and the need for large-scale economic reform

In the night of October 11th, government members and representatives of the General Confederation of Lebanese Workers¹ reached a settlement over the increase of salaries, averting a general strike of an expected historic size. The government agreed on raising the wages of three income groups. The minimum wage rises from 500,000 Lebanese Lira (LL) to 700,000. Those earning less than 1 million LL will receive an extra of 200,000 LL as well. Employees who earn between 1 million LL and 1.8 million LL can expect a plus of 300,000 LL.

A large number of trade unions rejected the contents of the agreement and said that the GCTL – officially acting as the representation of the trade unions towards the government – missed a historic chance by accepting these outcomes.²

One part of the criticism aims at the “ceiling”. The agreement excludes all

employees earning more than 1.8 million LL a month, leaving around 40% of the employees without any improvement. Yet, the numbers with

respect to the share of employees concerned vary. While Labor Minister Charbel Nahhas speaks of a remaining 15 percent of the workforce³, the syndicate representing the employees of Middle East Airlines speaks of 50 percent of the workforce.⁴ Boosting the wages of only a part of the population unsurprisingly raises the question of justice and creates discontent. “A teacher whose salary is a bit above 1.8 million after 40 years of work or even more gets nothing”, said a teacher cited in the Daily Star Lebanon during a teachers’ strike. “Whereas this teacher’s student, who has been teaching for 10 or 15 years, benefits from the wage rise.”⁵

The second aspect that is criticized is that this decree is unlikely to have a lasting effect. Raising the salaries alone without launching other initiatives will not help the employees to improve their

¹In the following text abbreviated as CGTL. Sometimes translated as General Worker’s Union (GWU) or General Labor Confederation (GLC). French: Confederation General des Travailleurs Libanais (CGTL).

² L’Orient le Jour, October 19, 2011: “La grève des enseignants maintenue pour aujourd’hui ; sit-in prévu devant le Grand Sérail “.

³ The Daily Star Lebanon: “Cabinet set to approve wage increase”, October 18, 2011.

⁴ The Daily Star Lebanon: “Opposition mounts to Cabinet’s salary increase”, October 14, 2011.

⁵ The Daily Star Lebanon: “Striking teachers say their salaries fail to make ends meet”, October 20, 2011.

purchasing power. Inflation will most likely eat up the additional money after a short period of time. Lebanon has been struggling with high inflation rates for decades, these barely ever being balanced by implemented salary hikes. The Central Bank forecast an inflation rate of 6 percent. Yet, NGOs challenge these numbers and claim that inflation is a lot higher than this. They also underline that food and transport are among the main sources of the inflation. Price raises in both areas hit the consumers hard as food and non-alcoholic beverages represent 20 percent of the average household's expenditures.⁶ There have been indications that prices already rose considerably when the talks over the salary increase took place.

As a consequence of these conditions, the monthly expenses of private households often cannot be covered by the comparatively small salaries. This applies especially to the capital, as housing in Beirut steadily becomes more expensive. High tariffs for energy put a strain on the Lebanese as well. High unemployment rates complete the picture. The overall percentage is estimated to lie between 12 percent and 14 percent⁷ while youth unemployment is much higher with about 25 percent. Many Lebanese cannot pay the rent for an apartment of their own and have to stay living with their family. Others are frustrated because they cannot afford a lifestyle

they had expected when, for example, pursuing a costly university education. A mid-level servant for example can sometimes not pay for a good education for his or her child, with the starting salary for them lying at LL 1,060,000.⁸

Apart from demanding that all employees should be paid more, many critics of the deal go a step further by calling for an overall improvement of the social services.⁹ This is related to the bad condition of the National Social Security Fund (NSSF). This government entity is supposed to cover health care and social services for employees. Yet, it has proven not to fulfill these expectations as it suffers from constant financial and administrative problems.

The private sector expressed its deep concerns about the salary deal as well, although for different reasons. As thousands of businessmen, merchants and industrialists met on October 20th, about a week after the salary increase deal, they even threatened to go to the Higher Judiciary Council with the matter.¹⁰ They predict that businesses will not be able to pay the higher salaries and this could force many of them to close down, fire their employees or raise the prices, contributing again in a vicious cycle to inflation and unemployment. In a worst case scenario this could even lead to a recession, they fear. Some representatives of the private sector

⁶ The Daily Star Lebanon: "Lebanon's inflation gains momentum", September 22, 2011.

⁷ The Daily Star Lebanon: "Lebanon's youth unemployment rates following widespread regional trend", January 31, 2011.

⁸ The Daily Star Lebanon: "Striking teachers say their salaries fail to make ends meet", October 20, 2011.

⁹ L'Orient le Jour: "La grève des enseignants maintenue pour aujourd'hui ; sit-in prévu devant le Grand Sérail ", October 19, 2011.

¹⁰ The Daily Star Lebanon: "Businesses lash out at decision to raise salaries", October 21, 2011.

thus announced to ignore the agreement.¹¹

The unsatisfying results of the recent negotiations are at least partly rooted in the weakened position of the Lebanese trade unions in general. During the war, the CGTL was an example of unity and represented across the different sects. And even in the first years after the Taif Accord, the trade unions could successfully represent the workers needs. Later, the CGTL became more and more affiliated to political groups. Sami Baroudi, professor at the Lebanese University, sees two main factors contributing to this change. On the one hand, governments and especially the Rafik Hariri administration tried to gain more influence on the Confederation. "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."¹² Secondly, growing divisions within the CGTL weakened it further.¹³

The problematic situation of the trade unions has not changed since. At present, the CGTL is considered to be strongly influenced by the Shiite Amal Movement.¹⁴ Trade unions close to Amal hold the This assumption is supported by the way that the negotiations between the CGTL and the government representatives took place when settling the deal over the salary increase. Apparently, Parliament

Speaker Nabih Birri from Amal Movement empowered his party colleague Ali Hassan Khalil (health minister) to lead the negotiations.¹⁵ As a consequence of these bonds between political parties and the CGTL, not all trade unions see themselves represented well by the CGTL. Numerous trade unions are represented by the Union Coordinating Committee which mainly gathers teachers and employees from the public sector that are not represented in the CGTL.¹⁶

The split of the trade unions movement along with its increasing politicization led to a weak representation of the worker's interests in Lebanon. Taking this into account, the – for the trade unions – disappointing results of October's salary increase deal do not come as a surprise.

¹¹ The Daily Star Lebanon: "Opposition mounts to Cabinet's salary increase", October 14, 2011.

¹² Baroudi 1997: 548.

¹³ Baroudi 1997: 548f.

¹⁴ Now Lebanon: "Fruitless labor". October 16, 2011.

¹⁵ The Daily Star Lebanon: "Late-night deal averts strike", October 12, 2011.

¹⁶ The Daily Star Lebanon: "Striking teachers say their salaries fail to make ends meet", October 20, 2011.