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NAVIGATING THROUGH COVID-19 IN THE MEDITERRANEAN ACT 1: STRATEGIES FOR INTEGRATION AND RESILIENCE

Lebanon in the midst of multiple crises- Hope Born Out of Despair

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Socio-economic and political features of Lebanon

Succession of severe crises : the Covid-19 pandemic started in the country in March 2020, occurred while it is still struggling to move out of the profound economic and political crisis:

- The country's complex power-sharing system makes it very difficult for any political party or group to gain a majority of seats in parliament and leads sometimes to paralysis of decision-making policy process and corruption practices
- The presidency was vacant for two years due to the lack of political consensus on a successor to Michel Suleiman, whose term ended in 2014. Lebanon was in a state of a paralysing two-year standoff until 2016
- deterioration in country infrastructures, and water and electricity shortages, mixed with an acute trash crisis which began in 2015 from which the country is always grappling
- October 2019 revolution (massive protests that have erupted across Lebanon) was born out of the ruins of weak and structurally deficient system (Transparency International has documented Lebanon's serious problems and obstacles of corruption as well as the difficulty in implementing anti-corruption regulations, ranking it 138th out of 180 countries in the Corruption Perception Index for 2018 and 2019).
- Youth unemployment higher at 37 percent, level of public debt reaching more than 150% of GDP

- ◆ Prior to the Covid-19 pandemic, estimates for 2020 already predicted a drop of GDP because of economic crisis compounded by months of political instability.
- ◆ Poverty rates were estimated at 55.3 per cent of the population in May 2020
- ◆ Beirut port explosion on August 4, which killed more than 200 people and left thousands homeless, and pointed out Lebanon's corrupt and negligent political leadership
- ◆ Since the end of 2019, the Lebanese pound had plummeted markedly losing more than 80% of its value, a collapse in confidence has since rendered the lira worthless

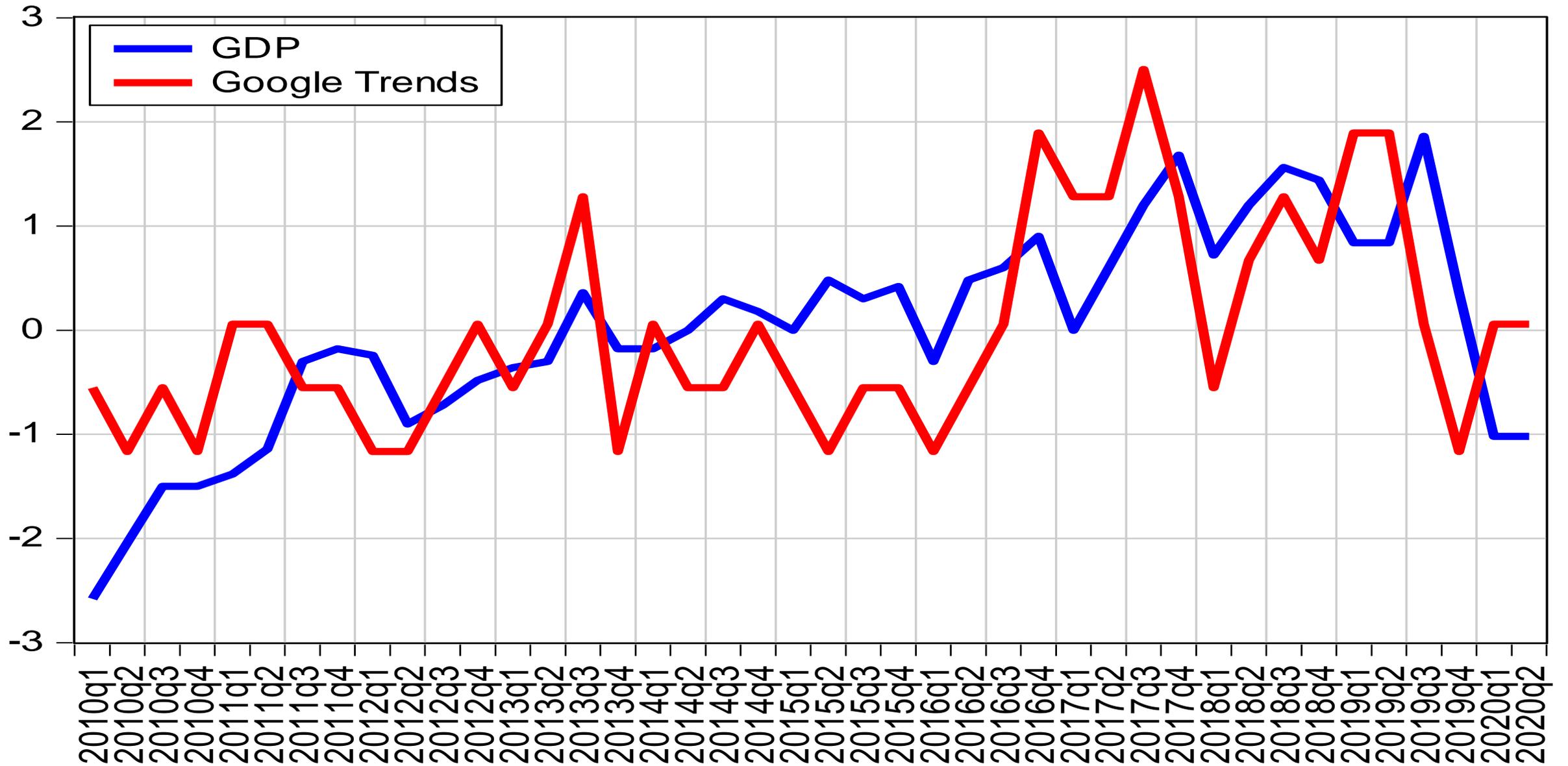
Research project

- ◆ Economic difficulties mixed with a political and social crisis leading to low confidence and high uncertainty, it is worth examining this claim
- ◆ Intuitively, economists and observers find it plausible that the confidence and uncertainties are likely to play an important role as drivers of economic fluctuations
- ◆ We examine whether the measure used as proxy of (economic) sentiment of the Lebanese population can produce a diagnosis on changes in the economic outlook in Lebanon

Data & methodology

- ◆ Data come from the Google Trends platform (Robustness: Wikipedia)
- ◆ the search volume of crisis-related keywords can well represent a fearful attitude toward the economic situation
- ◆ Control variables explaining the economic growth, in particular, investment, remittances, trade openness and credits to private sector for the period from 2010:Q1 to 2020:Q2
- ◆ Monthly Google Trends for the keyword “recession” used as supplementary predictor of growth

Evolution of GDP and Google Trends (Normalized data)



Conclusion

- Our results confirm that making sentiment of the Lebanese into consideration would improve the forecast of quarter growth in an uncertain context
- The COVID-19 crisis comes when country was facing compounded crises. These are not normal times for this country that is witnessing a crisis on the top of crisis. Such exceptional conditions call for exceptional solutions and recommendations
 - - structural reforms
 - - accompanying economic reforms with direct aid to the poor and most vulnerable including workers in the informal economy
- international aid and private investment will be essential for comprehensive recovery and reconstruction
 - - system reform: the political rivalries and factional interests have often prevented the formation of government and are accused of keeping politics locked in a vicious circle where religious figures interfere in politics; . Responsibilities need to be divided, not based on a clan membership, but instead on skills, and additional efforts must be made in the area of administrative, judicial and financial appointments by the adoption of competency, merit-based and transparent recruitment practice