THE GLOBAL FINANCIAL CRISIS:  
IMPACT ON LEBANESE EXPATRIATES IN THE GULF

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Abstract

Economists forecast that the current global financial crisis is the biggest recession since the 1930s. As was the case during the Great Depression, some countries have been hit hard from the outset, while others have experienced a ripple effect later on. Others, like Lebanon, believe they can weather the storm largely unaffected. However, financial experts believe that although Lebanon has remained largely unscathed by the initial impact of the crisis, this good performance can essentially be traced back to sufficiently available liquidity and bank deposits. Experts from the International Monetary Fund (IMF) warn against Lebanon’s overly optimistic stance, particularly as more Lebanese expatriates in the Gulf are being threatened by the economic crisis and might face short term layoffs, pay cuts, or extended periods of underemployment. This study takes a critical look at these assertions, and examines the impact that the economic crisis has had on Lebanese in the Gulf.

The economic situation in the Gulf Cooperation Council States (GCC) - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates - has been directly affected by the global crisis. Major development projects, which have required the recruitment of hundreds of thousands of foreign employees until recently, have been halted, which in turn is leading to significant labor force downsizing. Approximately 350,000 Lebanese expatriates working in the GCC, particularly in the financial, construction, and hospitality sectors, are potentially at risk of losing their jobs.

It can be assumed that Lebanese expatriates are well informed of the actual state of Lebanon’s economy, especially with respect to its labor market and the fragility of its socio-political state of affairs. There is evidence to suggest that some Lebanese in the GCC whose employment situation has changed for the worse are not returning home, but rather are finding employment opportunities in their host or neighboring countries. As a contribution to an emergent geography of labor, this micro-scaled paper will a) offer a glimpse into the situation of Lebanese expatriates working in the GCC; b) survey the coping strategies currently being employed and the various ways these expatriates are dealing with the uncertainties and their actions and reactions to the labor situation and the new circumstances they find themselves in; c) discuss why returning to Lebanon is not an option; and d) assess the applicability of Hirschman’s theory Exit, Voice and Loyalty to the expatriates’ response. Due to lack of statistical information in the sending country and to lack of access to data in the host countries, the original data used in this paper was gathered through the use of a largely quantitative email-based survey with expatriates employed in the GCC, along with additional interviews with banking, economic, and policy experts in Lebanon and in Abu Dhabi.
THE GLOBAL FINANCIAL CRISIS: IMPACT ON LEBANESE EXPATRIATES IN THE GULF

Background
The global financial crisis of 2008, due primarily to irresponsible policy and a lack of regulations in the financial market, created a financial scare that reverberated across the globe. The crisis, and the economic decline that predated it, has left no country spared of its consequences. Its depth and extent is difficult to assess, especially as it continues to be unveiled. However, preliminary reports on its impact on employment reveals that many enterprises “have stopped hiring and many are laying off workers in considerable numbers.” The Organization for Economic Cooperation and Development (OECD) has reported that the financial crisis “has turned into a jobs crisis.”

The Gulf countries that form the Gulf Cooperation Council (GCC) - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates - have all been impacted to various degrees, depending on respective economies. Qatar’s economy, for example, remains largely healthy due to its “conservative approach towards investment and the revenue from natural gas which cushions its economy.” Bahrain’s economy, which relies on petroleum production and aluminum export, as well as its Islamic banking and insurance sectors, was not severely hit due to the government’s sensible financial and economic policies. Abu Dhabi, a state in the UAE, has, to a certain extent, weathered the storm. Dubai, on the other hand, another autonomous emirate of the UAE, was hit the hardest because its economy is built not on natural resources, but on real estate, tourism, and financial markets.

Between 2002 and 2008, GCC countries flourished and registered unprecedented growth due to higher oil prices, which led to a record increase in state and individual wealth. This growth and wealth increasingly attracted skilled and professional immigrant labor from all over the world, including the Middle East/North Africa (MENA) region. This put the GCC countries’ labor force at a minimum of 12.5 million foreigners, who “constituted 27 percent of the GCC total population.”

The majority of the GCC’s foreign population is formed of Middle Eastern and Asian expatriates who work mainly in construction, banking, IT, real estate, and hospitality sectors. The highly qualified of these expatriates, of whom several thousand are Lebanese, are attracted to the GCC by well-paid jobs, a high standard of living, and swift career development.

As the crisis began being presented through the media, there were rumors that expatriates in the Gulf were ditching their cars at airports, defaulting on leases and loans, and leaving by the

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5 OECD, International Migration: Charting a Course through the Crisis, Policy Brief, June 2009, p. 1.
7 Ibid.
thousands. Anecdotal information and media reports predicted that tens of thousands of Lebanese in the Gulf would lose their jobs and head home to Lebanon. Estimates of the numbers of returnees ranged between 15,000 and 25,000, creating a scare both on familial and social levels.

Despite the fact that Lebanese banks have benefited from “increased liquidity since the onset of the crisis, as Lebanese expatriates and Gulf investors have been redirecting their savings [to Lebanon],” the country was considered in danger of being negatively affected by the world crisis, particularly because its economy relies heavily on remittances from Lebanese Gulf expatriates and tourism receipts generated by Gulf expatriates’ visits, the latter affecting the economies of the Gulf States.

This micro-scaled paper addresses the following in an exploration of the impact of the financial crisis on Lebanese in the Gulf: a) the situation facing Lebanese expatriates working in the GCC; b) coping strategies currently being employed, methods of dealing with uncertainties, and actions and reactions to the labor situation by expatriates; c) discussion of why returning to Lebanon is not an option; and d) the applicability of Hirschman’s theory described in Exit, Voice and Loyalty to expatriates’ response. Given the lack of statistical information in sending and host countries, the data used in this paper was gathered through a largely quantitative email-based survey with expatriates employed in the GCC, and was supplemented by additional interviews with economic and policy experts in Lebanon.

Lebanese Expatriates in the Gulf States


14 This paper was researched between May and September 2009. It covers the crisis from September 2008-July 2009.
Lebanese migration shifted from the traditional countries of emigration in the West to oil producing countries in the Arabian Peninsula, primarily Saudi Arabia and Kuwait, after World War II. The Arabian Peninsula has remained a major destination since the 1980s, following the development boom in the United Arab Emirates and the need for professionals and technicians in all the sectors of the economy.  

The majority of Lebanese expatriates who were in the GCC between 1975 and 1989 were working in construction, followed by trade, tourism, transport and communications, banks, and public service sectors. Lebanese emigrants to the Gulf tend to be educated, cultured, and high-income earners. Philippe Fargues estimated in 2006 that 51.8% of Lebanese emigrants have a university education. According to a multinational leader in the field of transportation and computer solutions with a regional office for the Middle East, North Africa, and the Indian subcontinent, “35% of the directorship positions in the Gulf countries are occupied by Lebanese.”

In 2008, Finance Minister Mohammad Chatah stated that about one third of Lebanon’s workforce - about 350,000 people - was working the Gulf. The Université Saint-Joseph in Lebanon recently estimated the number of emigrants from Lebanon between 1992 and 2007 to be 466,000, and that Arab countries, mainly the Gulf States, absorbed 35% of this number, 136,100 individuals.

Regarding reasons for departure to the Gulf, Maaouia states that “the greater number of emigrants come from the two extremes of the social ladder: the already successful and wealthy in search of new opportunities, and the underprivileged who hope to do better abroad than they did at home.”

Protracted conflicts and insecurities in Lebanon, which directly affect Foreign Direct Investment and job creation, keep emigration at a high level.

15 The main author thanks Research Assistants Ms. Sara Al Mokdad, Ms. Sarah Panossian, and Mr. Elie Geagea for collecting media reports pertaining to the topic of this paper.
17 Ibid., p. 655.
19 Choghig Kasparian, La Migration Circulaire au Liban: Perspective Démo-économique, Série sur la Migration Circulaire: Module Démographique et Économique, CARIM AS 2008/06, Robert Schuman Centre for Advanced Studies, San Domenico di Fiesole (FI): Institut Universitaire Européen, pp. 4-5.
20 Lebanon Starts to Feel the Pinch of Financial Crisis, Reuters, December 6, 2008, [http://www.gulfnews.com/BUSINESS/Economy/10265415.html].
The Situation of Lebanese Expatriates in the Gulf as of February 2009

The Directorate of Migrants at the Lebanese Ministry of Foreign Affairs requested reports from the Lebanese embassies in the Gulf States concerning the impact of the global financial crisis on the Lebanese communities in those states. Reports were received between February and March 2009 from Lebanese embassies in the United Arab Emirates, Oman, Qatar, Kuwait, and Dubai.

The report from the Lebanese embassy in the UAE stated that those directly impacted were Lebanese industry and hospitality service owners, because revenue dropped off significantly. The second most affected group were Lebanese who had been employed and were either laid off or had their salaries and/or fringe benefits reduced. The report emphasized that the Lebanese in the UAE have been the least affected among the Arab and foreign communities because they are not primarily employees, but rather business owners, and that those most affected were those who working in Dubai. The report attributed the reduced impact to the fact that: a) Lebanese in the UAE work in all of the economic sectors, and b) they are more in demand than most because the UAE value their know-how, flexibility, courteousness, and intelligence.

In Oman the Lebanese community (close to 2,000 people, including spouses and children) mostly work in private companies and some have their own businesses. The Embassy report stated that the crisis did not impact them directly, and that no Lebanese had filed for bankruptcy or was forced to leave. However, the report indicates that future work opportunities will be reduced due to the crisis.

The Qatar report stated that the frequency of Lebanese emigrant arrival had weakened due to the crisis, and that the crisis has made the Lebanese change their personal spending habits. The report also stated that, except for individual cases not related to the crisis, no one from the Lebanese community left Qatar.

The Kuwait report recounts Kuwaiti government figures that put the number of Lebanese in the country at 106,000. The report also suggests that the Lebanese can be classified into three groups: 1) businesspeople, craftsmen, and traders; 2) workers; and 3) professionals. The report warns against what might transpire in terms of the policies of the government of Kuwait in light of the crisis, which aim to increase the number of national employees in both the public and private sectors. The report goes on to say that between mid-2007 and 2008, 18,000 new jobs were secured for Kuwaiti nationals, of which 46% were in the private sector versus 53% in the government and petrol sectors. The report concludes that, judging by the embassy’s transactions (i.e., power of attorneys,


The authors thank the Director of the Directorate of Migrants at the Ministry of Foreign Affairs Mr. Haitham Jumaa for making these reports available for this research.

The Global Financial Crisis and its Impact on the United Arab Emirates and on the Lebanese Community, report by the Lebanese Embassy in the UAE, Fax No. 4/9/3/177, February 24, 2009 signed by Ambassador Fawzi Fawaz.

The Impact of the Global Financial Crisis on the Lebanese Community in Oman, report by the Lebanese Embassy in Oman, File No. 12/3-8/3, March 2, 2009 signed by Ambassador Afif Ayoub.

transferring deeds, or renewal of passports) the crisis has not increased the percentage of Lebanese permanently leaving Kuwait.28

The report from Dubai states that the Directorate of Citizenship and Residency reported the number of registered Lebanese living in Dubai at 36,311 people. However, this number may be higher if we include the number of Lebanese who have entered Dubai on dual nationality passports, consequently counted as members of their alternate nationalities. The report states that most of the companies in Dubai granted their laid-off employees three months to leave the territories or asked them to move to branches in other states in the Gulf. The report suggests that Dubai, according to business and company owners, provides good job opportunities for Lebanese, because Lebanese employees are not overly expensive and are qualified. The report concludes that some expatriates have sent their families to Lebanon while they stayed in Dubai in order to save more as a consequence of salary reductions.29

The reports confirm that the scare of massive lay-offs and returns that swept Lebanon and its expatriates in the Gulf did not materialize. An interview conducted in November 2009 with Dr. Jad Chaaban affirms that Lebanon has not seen massive returns thus far.30

The Gulf continues to attract Lebanese, whose remittance payments continue to increase. According to Dilip Ratha and Zhimei Xu, the number of Lebanese emigrants in 2005 was 621,903, or 17.4% of the population.31 If we accept this figure, and use Choghig Kasparian’s estimate that 34.9% of Lebanese emigrants are in the Gulf, we estimate that formal remittances by Lebanese from the Gulf stood at US $1.7 billion in 2005 alone, recognizing the US $5 billion received by Lebanon that year.

According to Lebanon This Week, the United Arab Emirates (UAE) was the primary source of electronic cash transfers (a proxy for remittance inflows to Lebanon) in 2008, at US $227.3 million, equivalent to 23.7% of the total US $960.4 million received in Lebanon that year.32 The UAE was followed by:

- Saudi Arabia, at US $146.6 million (15.2%),
- Qatar at US $89.4 million (9.3%),
- Australia at US $63.8 million (6.7%),
- Kuwait at US $63.5 million (6.6%),
- The United States at US $62.8 million (6.6%),
- Gabon at US $39.3 million (4.1%),

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28 The Impact of the Global Economic Crisis on the Lebanese Community in Kuwait, report by the Lebanese Embassy in Kuwait, No. 9/308, March 2, 2009, signed by Ambassador Bassam Al Naamani.
29 The Impact of the Financial and Economic Crisis and its Impact on the Lebanese Expatriates in Dubai: Preliminary Diagnosis, report by the Consulate General of Lebanon in Dubai, February 9, 2009, signed by the Consul General Ms. Dona Turk.
• Canada at US $28 million (2.9%),
• Jordan at US $22.5 million (2.3%), and
• Congo at US $21 million (2.2%).

*Lebanon This Week* reported that the six countries of the Gulf Cooperation Council accounted for 57% of the total US $960.4 million electronic cash transfers to Lebanon in 2008.

**Method**

A typical methodological problem that arises when assessing the impact of a financial or economic crisis on the life of immigrants has to do with isolating effects that are distinctively attributable to the crisis. In the case of Lebanese in the Gulf, the difficulty of disentangling the socio-economic impact of the crisis from other factors in both host and home countries, and on the personal level, is a key problem.

Additionally, the brief time period since the onset of the crisis (less than a year) limits the possibility of a more comprehensive analysis. Further complications involve the lack qualitative and quantitative data on Lebanese in the Gulf and returnees.

Recognizing the above limitations, the following methods were adopted in this study:

- Desktop research, including literature and media review.
- Small survey
- Expert interviews
- Reports sent by the embassies in the Gulf States to the Directorate of Migrants at the Lebanese Ministry of Foreign Affairs.
- Testing the applicability of Hirschman’s theory *Exit, Voice and Loyalty* to the expatriates’ responses

We founded our arguments on a literature review in general, and on an email-based survey that we administered between June and July 2009. 500 Lebanese working in the Gulf were identified that fit the selection criteria. Lebanese expatriates were selected by using the Lebanese Emigration Research Center (LERC) database on Lebanese abroad, and by asking friends, colleagues, and acquaintances to disseminate the questionnaire via email to their Lebanese contacts in the Gulf. We also circulated the questionnaire through several Lebanese LISTSERVS. Furthermore, the questionnaire was picked up and circulated by other website portals frequented by Lebanese in the Gulf. Given that the majority of our target population works in professional positions, that the Gulf countries use the latest electronic communication tools, and that Internet and email have become the main mode of immigrant networking with their families, we were confident that the choice of an email-based survey would be suitable for our purposes. We considered a snowballing, email-based approach to be legitimate, instead of a representative probability sample for the following reasons: neither the Ministry of Foreign Affairs nor the Directorate of Migrants collect data related to Lebanese emigrants, and even if they did they would be very reluctant to share it; field surveys in the GCC

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33 This paper was prepared between May and August of 2009. The paper includes literature reviews of international reporting and media coverage from September 2008 to August 2009.
States are very difficult due to the political ramifications in most countries; and representative field research requires extensive investments of time and resources. Finally, the study aimed at capturing the situation facing Lebanese expatriates in the GCC as the international financial crisis was unfolding, versus doing post-crisis research.

We attached the survey to a cover letter explaining the research project and followed it up with reminder emails to those who had not responded to the survey. The survey selection criteria included being Lebanese and working in the Gulf prior to September 2008. A decision was made for the sake of speed, cost efficiency, and because our target population is overseas, to opt for an email-based survey. This decision was chosen because Internet surveys are appropriate “for some target populations that are difficult to reach by traditional survey methods.” Although 500 individuals were contacted by e-mail, only 43 agreed to answer a set of 10 questions focusing on the effect of the crisis on employment, impact of the crisis on ability to pay obligations, economic worries, the effect on remittances, and anti-crisis strategies employed by individual expatriates. The questionnaire also included two qualitative questions on how the Lebanese government could assist Lebanese expatriates in their countries of migration and/or in returning to Lebanon. All participants provided informed consent. Statistical analysis was done using SPSS 11.5.

Results

Our response rate was 8.6%. Initially it was assumed that the salience of the topic might positively influence this rate, but the reality was different. The low response rate could be due to several factors, most importantly inaccessibility due to a lack of statistical data: neither the Directorate General of Migrants nor any other government institution was able to provide us with data on the Lebanese in the Gulf. Other reasons might include the fact that the survey was not administered by people in the Gulf countries, that the survey was conducted during summer while many are on vacation and out of reach, and incorrect or inactive email addresses. Another obstacle might also be the level of psychological stress due to the crisis, and consequently an unwillingness to answer questions on the topic.

Respondent profiles included professionals holding jobs in Dubai, Abu Dhabi, Kuwait, Saudi Arabia, Qatar, and Bahrain in the fields of banking, financial services, IT, engineering, architecture, human resources, media, advertising, marketing, sales, and consulting.

Geography of the Lebanese expatriate respondents in the Gulf

The majority of respondents were working in Dubai (25.6%), followed by Qatar, Saudi Arabia and Kuwait (18.6%) respectively, Abu Dhabi (14%), and Bahrain (4.6%). Of the total respondents,

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35 Originally the questionnaire was formed of 43 questions. When it was piloted, there were complaints regarding its length. An effort was made to reduce it to ten most important questions.
39.6% were residing in the United Arab Emirates\(^{37}\) (Abu Dhabi and Dubai) and 60.4% were residing in the Bahrain, Kuwait, Qatar and Saudi Arabia.

<table>
<thead>
<tr>
<th>Geographic Distribution of Respondents</th>
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<tbody>
<tr>
<td><strong>Country of Immigration</strong></td>
</tr>
<tr>
<td>Abu Dhabi</td>
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<tr>
<td>Bahrain</td>
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<td>Dubai</td>
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<td>Kuwait</td>
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<td>Qatar</td>
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<td>Saudi Arabia</td>
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<tr>
<td><strong>Total</strong></td>
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</table>

**Most important worries**

One of the most important worries expressed by those surveyed was a fear of losing their jobs. 79.5% of the respondents said that they have stayed on in the same job. A minority answered that they stayed with the same company but relocated to other countries, while a small number said that they have changed their jobs for better opportunities.

43.7% of respondents reported being worried about the devaluation of their financial investments in the GCC. Most Lebanese expatriates do not invest in real estate in the Gulf, so losing their homes, or declining real estate values, did not record high in terms of importance.

**Changes in fringe benefits**

The majority of respondents (62.5%) answered in the affirmative as to whether they had experienced a loss in bonuses. When asked whether there was a decline in fringe benefits, only 20% of respondents answered in the affirmative. In terms of an increase in salary, 77.5% answered that they had been informed there would be no increase in salary. 20.9% said that they were informed that no promotions would take place in the foreseeable future. Only 9.3% had lost their job between September 2008 and the date of the survey. The same percentage experienced a decrease in salary. As for the loss of severance pay, and partial salary payment with promissory notes for the balance, 90.7% of respondents’ answered in the negative, only 2.3% answered in the affirmative, and 7% did not respond.

**Impact on plans to buy property**

68.5% of the respondents reported that they had delayed or canceled buying property. Lebanese in the Gulf buy their properties in Lebanon.

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\(^{37}\) The United Arab Emirates (UAE) was formed as a federation of seven emirates (Abu Dhabi, Dubai, Sharjah, Ajman, Ras Al Khaimah, Fujairah, and Umm Al Quwain).
Impact on plans to get married

Most recent migrants to the Gulf are single men. 43.4% of the respondents said that they delayed and/or canceled their plans to get married. Most Lebanese emigrants return to Lebanon to get married.38 Marriage and family remain important religious and social signifiers among Lebanese. According to wedding planners, the wedding season, between May and September, witnesses the return of many migrants to tie the knot.39

Impact on remittances

Sending remittances to Lebanon is a major reason for Lebanese migration to the Gulf. Remittances from the Gulf were estimated in 2009 to average 54% of the US $6 billion remitted yearly to Lebanon.40 With these average annual remittances, “Lebanon has the highest ratio for remittances per capita in the world.”41 The economic performance of the expatriate becomes an important factor for the migrant and his or her family. In addition, the migrant’s economic situation has become increasingly vital for the sending country, because, in many countries, remittances have become the leading source of external funding. Lebanon’s remittances have been growing, and have become so important that the International Monetary Fund has recently called for the addition of remittances to the country’s GDP in order to further drop the ratio of public debt to GDP.42

The first manifestation of the crisis is reflected in expatriates’ ability to send money home. Therefore, one of the important questions in the survey was whether the crisis has resulted in the reduction of remittances to Lebanon. Answers were not surprising, with 25% of respondents having reduced their remittances by 50%, while 20% reduced their remittances by 25%. 22.5% said that transfers had not been affected, while 15% said they have completely stopped sending money.

Empirical evidence suggests that remittance inflows correlate with the growth rate of remittance sending countries. In other words, if the host country’s economy grows, remittances to the home country increase. This means that if the Gulf State’s economies do not experience growth, remittance flow into Lebanon might decline.

Different survival strategies

As for the different survival strategies used in the Gulf to withstand the crisis, Dr. Kamal Hamdan described three options for migrants:

- Changing activities in the Gulf or changing work sector;
- Changing the country of residence; and
- Using alternative citizenships (other than Lebanese) to get more privileges while applying for another job.

Our interviews show that expatriates have had to adjust expenditures in order to cope with the crisis and its unforeseen effects. Lowering expenses has been the primary mechanism for coping with the crisis (54.8%), followed by an increase in the rate of saving (31%). A third means of lowering expenditures included buying generic brands more often (20.9%). Respondents are also employing alternative solutions, such as making fewer risky investments (25.6%), moving money into safer investments (16.5%), and building an emergency fund (20.9%).

According to Dr. Hamdan,

> “Everyone interviewed told NOW Lebanon that the situation has forced them to become more cautious with their spending, as even if they have not lost their jobs, there is little stability to be found. Diana has delayed renovating her house in Lebanon and Ziad says he’s not going back to Beirut for vacation this year. Ziad, a Lebanese man in his thirties and the father of little girl, was laid off with barely a month’s notice from his company, which specializes in communication hardware. He admitted to NOW Lebanon that he panicked at first until he was able to renegotiate the terms of his layoff. ‘I have a family, and my daughter is on my residency [visa], I just could not abandon the life I had built in Dubai within a month!’ Fortunately, and quite unusually, Ziad was able to quickly find another job in a well-established company… Ziad admits he has cancelled his purchase of an apartment in Lebanon due to uncertain economic conditions.”

Source: Mona Alami, From the Gulf to Lebanon, Now Lebanon, January 10, 2009, [https://nowlebanon.com/NewsArchiveDetails.asp?ID=74402]

45 Interview with economist Dr. Kamal Hamdan, interview conducted by Basma Abdul Khalek, November 12, 2009, Beirut, Lebanon.
46 Ibid.
In an attempt to adapt to the current financial situation, expatriates have had to change their behavior in a number of ways, including restricting expenditures, including holding off on major purchases in order to cope with the crisis (39.5%), reducing the use of credit cards (25.6%), and delaying visits to Lebanon (11.6%).

Expenditure adjustments in the Middle East were the subject of a survey carried out in July 2009 by bayt.com. The survey found that in most countries, between a quarter and a third of respondents expressed a decline in expenses. In the UAE, 43% of respondents mentioned they had reduced household expenditure.47

Some expatriates have looked for alternative solutions such as freelance work (7%), and/or having their spouses take a job (14%).

**Respondents’ Recommendations for Lebanese Government Action**

*Expectations from the Lebanese Government*

To gain a better understanding of what Lebanese in the Gulf expect from Lebanon and the Lebanese government during this time of hardship, we asked two questions: one regards recommendations they propose to assist migrants returning to Lebanon, and the other involves soliciting recommendations to assist them in the Gulf States.

*Government assistance to return to Lebanon*

On the political level, one third of respondents demanded political stability and security. Many identified fighting corruption, abolishing bureaucracy, and establishing good governance through serious administrative reforms as crucial. Others asked for the protection of the judiciary and the reduction of political influence on the economy. Yet others stressed the need to permit Lebanese emigrants to engage in out-of-country voting, and to grant citizenship to those who do not have it.

On the economic level, respondents suggested the lifting of hindrances to economic, social, and political development, and the elimination of physical, political, economic, and social insecurity as prerequisites or incentives to return. Those surveyed stressed the necessity for securing job opportunities, rehabilitation of infrastructure (roads, energy, water, telecom) and good management of natural resources in order to attract Lebanese and foreign investments, enacting housing policy that facilitates home ownership by expatriates, reducing living costs in Lebanon, increasing salaries in Lebanon, providing Lebanese emigrants with access to health care, and decreasing shipping costs for returnees.

We propose the following categorizations of insecurity:

- Physical insecurity includes wars, ethnic and sectarian conflicts, population displacement, rapid urbanization, loss of rural livelihoods, and destruction of infrastructure and productive assets;

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Political insecurity includes political rights, political crimes and terrorism, human trafficking, the lack of rule of law and instruments for law enforcement, illegal armed groups, authoritarian repression, criminal activities, and corruption in government and in democratic procedures;

Economic insecurity can be indicated by poverty, unemployment, the amount of coverage provided in a welfare system, and national debt;

Societal insecurity can be measured in terms of food insecurity, health insecurity, environmental insecurity, ethno-religious insecurity and moral and personal insecurity.

All of these are found in Lebanon, and are interrelated and overlapping. Insecurity causes migration and discourages the return of migrants.48

The Arab Human Development Report 2009: Challenges to Human Security in Arab Countries argues that human security is a prerequisite for human development, and found human insecurity to be widespread in the Arab countries. The report states that the

relationship between migration and human security is multifaceted. … It is the perceived lack of human security that pushes workers to leave their countries of origin in search of better employment and incomes. The push factors at play essentially are unemployment, underemployment and poverty. Political instability and conflict are additional factors.49

The table below demonstrates that Lebanon ranks high on all principal perceived threats to human security. In terms of political risk, Lebanon’s level was high prior to the crisis, and has continued to be. Lebanon scored 57.5 out of 100 (where 100 stands for lowest risk) and was considered high risk politically in April 2009.50 High political risk has been one of the foremost deterrents of return migration.

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Respondents made the following proposals regarding recommendations to the Lebanese government for assistance in the GCC.

Some of the respondents suggested that the Lebanese government should know the number of Lebanese in the Gulf, and that these expatriates need to be surveyed, particularly those who have lost their jobs, in order for the government to identify them and assist them in finding jobs through bilateral relations with the various GCC countries. Other suggestions included establishing bilateral agreements with Gulf countries to facilitate work permits for Lebanese, as well as to exercise pressure on the GCC governments to avoid laying off Lebanese. Other suggestions were to increase public campaigns to highlight the Lebanese contribution to the development of the Gulf States as a

<table>
<thead>
<tr>
<th>Threats</th>
<th>Countries</th>
<th>Kuwait</th>
<th>Lebanon</th>
<th>Morocco</th>
<th>OPI</th>
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<tr>
<td>Environmental pollutants</td>
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<td>91.2</td>
<td>77.8</td>
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<tr>
<td>Water shortages</td>
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<td>Deterioration of agricultural land</td>
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<td>Occupation and foreign influence</td>
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<td>Governmental failure to protect citizens</td>
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<td>87</td>
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<td>86.9</td>
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<td>Arbitrariness of government</td>
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<td>80.9</td>
<td>72.3</td>
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<td>Poor educational services</td>
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<td>The spread of corruption</td>
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<td>Slow legal procedures and difficulty in obtaining rights</td>
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<td>Weak solidarity among members of society</td>
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<td>81.1</td>
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<td>75.4</td>
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<td>81.2</td>
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<td>Poverty</td>
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<td>85.4</td>
<td>80.4</td>
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<td>Hunger</td>
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<td>79.5</td>
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<td>Assaults on persons and private property</td>
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<td></td>
<td>89.1</td>
<td></td>
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</table>

way to curb the negative impact of rumors that have harmed the reputation of the Lebanese during the crisis.  

The following suggestions were most recommended regarding economic issues:

- decreasing the flight charges to Lebanon,
- assisting Lebanese migrants in finding jobs,
- exhorting pressure on Lebanese businessmen to prioritize the hiring of Lebanese,
- reducing charges for official paperwork in Lebanese embassies,
- raising awareness and counseling Lebanese who are planning to migrate to the Gulf regarding the high cost of living,
- having Lebanese embassies negotiate discounts for expatriates in order to buy houses in the Gulf, and,
- assisting Lebanese migrants to pay their financial obligations and avoid jail in the Gulf.

In terms of socio-cultural issues, those surveyed demanded the establishment of a club or organization for Lebanese emigrants to gather and share their interests, embassy-organized activities in support of Lebanese facing difficulties, and the establishment of a Lebanese school with moderate tuition fees in order for Lebanese to afford education for their children in the Gulf.

Discussion

This study has given us a glimpse into the employment state of affairs of some expatriates, and the strategies of survival they use to maintain employment and reduce expenditure as a precaution. The study has also revealed factors pertaining to the application of Hirschman’s theory expounded in Exit, Voice and Loyalty to their situation. This theory, which was coined by Albert O. Hirschman and came to be known as the Exit-Voice-Loyalty model of dissatisfaction, is “a leading general theory that explains responses to dissatisfaction in many different contexts.”  

When people are faced with dissatisfaction, says Hirschman’s model, they will either exit (i.e. leave the relationship), voice (i.e. attempt to change the relationship from within), or stay loyal (i.e. use voice to change the situation or wait for the situation to improve).

The scope of the study has been limited by the difficulties of interactive sampling, and the study is not generalizable to a selected population. Taken as a qualitative study, its value is in being one of the few studies on Lebanese in the Gulf during the financial crisis, and is therefore a contribution to Lebanese migration studies more broadly. To our knowledge, there are few similar studies. The reliability of the results as indicative of a broader trend would clearly be stronger had the original sample been significantly larger, and the response rate more statistically significant. Perhaps in


53 Ibid., p. 187.
recognition of the difficulties of conducting this type of research in the Arab world\textsuperscript{54} - there is limited survey experience in the region and a general hesitancy towards opinion polls - the study was supplemented by reports from Lebanese embassies in the Gulf and expert interviews conducted to add insights towards the effect of the economic crisis on the respondents.

Limitations of a low response rate led us to take the interviews as qualitative case studies that can yield insight. The study opens doors to test Hirschman’s theory on immigrant Lebanese particularly in financial and/or political crisis and provides opportunities to conduct studies on Lebanese emigration communities in non-western societies by illustrating the lack of data and deficiency in research on Lebanese expatriates in the GCC, and the need to field survey. It also fosters new research topics, such as the factors that impel immigrants to stay in countries facing economic and political challenges. We believe that Hirschman’s theory should be further tested in other Lebanese communities, such as in Africa, to learn why Lebanese remain in challenging and insecure environments, and what their survival strategies are.

In the process of formulating our questionnaire, a more developed questionnaire assessing push factors was tested, but found too long by respondents. As a consequence, a shorter questionnaire was administered. We found, therefore, that time constitutes another factor affecting the feasibility of a well-designed study.

Many highly skilled Lebanese professionals have traditionally been attracted to oil producing countries in the Gulf due to the availability of jobs, high salaries and fringe benefits, and the geographic proximity to Lebanon.\textsuperscript{55} Some also use their jobs in the Gulf as stepping-stones to better opportunities in Europe or North America.\textsuperscript{56}

Our survey results provide a preliminary understanding of how the global financial crisis forced Lebanese in the Gulf to devise survival strategies. The survey result also provides an opportunity to test Hirschman’s theory of loyalty as it relates to Lebanese working in the Gulf in the wake of the global financial crisis. Hirschman identified three reactions to dissatisfaction or to quality decline in people’s livelihood: exit, voice, or loyalty. We have used Hirschman’s model to analyze the answers provided by our respondents as to their reaction to the financial crisis.

According to Hirschman, challenged by decline in quality of livelihood, people decide to shift to another firm or product, to exit;\textsuperscript{57} protest, “kick up a fuss”\textsuperscript{58} or complain as a substitute to exit, voice;\textsuperscript{59} or stay loyal.\textsuperscript{60} Loyalty is understood as fight rather than flight. In other words, sticking with

\textsuperscript{58}Ibid., p. 30.
\textsuperscript{59}Ibid., pp.30-43.
\textsuperscript{60}Ibid., pp. 76-105.
the product and believing that things will get better. Hirschman’s theory, says Brubaker, holds “not only for firms but also for schools, political parties and voluntary associations.” The theory has been used to explore gendered patterns of migration and transnationalism in Haiti, examine voice and exit behavior of political parties in the Japanese parliament, research the May 1998 riots in Indonesia, and describe scenarios for migrant response to the global financial crisis.

Hirschman’s theory, in response to the economic/financial crisis, can also be applied to the case of Lebanese in the Gulf, by examining whether the Lebanese choose fight or flight. To this end, we classify Lebanese who moved out of the Gulf, whether to Lebanon or elsewhere, as exiters. The voicers are those we identify who did not accept reductions in salary and benefits, and decided either to voice their complaints or find comparable jobs within the Gulf States. The loyalists are those who have decided to stay in their jobs and to weather the storm and wait until the situation improves.

The global financial crisis made exit much more difficult. Finding job opportunities in other countries became more challenging than ever, especially as economies became employer-defined, particularly in the Gulf. The choice to return to the home country depends on criteria such as political stability, good economic conditions, employment and the like. According to our research, Lebanese in the Gulf searched for jobs in and out of the Gulf States. Dr. Jad Chaaban, Assistant Professor of Economics at the American University of Beirut, painted the following picture in an interview in May of 2009:

What we are witnessing is that when there are jobs that are being lost for some project in the Gulf, the Lebanese are going somewhere else and not returning immediately to Lebanon. This is due to their high skill level and their experience, so they can recycle very quickly in the labor market. Some have been going to other emerging markets like Northern Iraq, some countries in Africa – like Nigeria, Algeria, or other countries – and some have been migrating to Europe or the U.S. The number of Lebanese going back [to Lebanon] is, in my opinion, very little, because those who migrated are highly skilled and are searching for very high wages that are not available in Lebanon.

The exit option is arduous due to the political, economic, and social situation in Lebanon. Lebanon continues to be unstable politically, and far less productive economically, changing the flow of returnees. The exit option from Lebanon has been historically significant. Lebanese emigrated in the late 19th and early 20th centuries. Their exit has increased in the last few decades due to successive

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61 Ibid., p. 108.
68 Navtej Dhillon, Global Economic Crisis: Prosperity and Politics in Lebanon, Middle East Youth Initiative, May 4, 2009, [http://www.shababinclusion.org/content/blog/detail/1340/].
wars and socio-political and economic downturn in the post-war era. The Summer 2006 war, and
the violent upheavals and assassinations that followed, forced even more Lebanese to leave. They
opted to exit in response to their dissatisfaction, and their return will not take place until this
dissatisfaction has abated. Migration to escape from social and political problems is common
among Lebanese. Their return to Lebanon will be carefully considered, as networks and available
technology provide a deeper understanding of the situation in the country, often making return a last
resort. In our interview with economist Dr. Kamal Hamdan, he confirmed that,

Despite the fact that some Lebanese lost their jobs in the Gulf, many of them did not return to
Lebanon, because they don’t have a secure alternative in Lebanon to find a job, to have a good
salary, to cover housing, education and health expenses. The major determinant for not coming
to Lebanon is economic: the difficulty in finding a secure job and having a real career
development. Other important determinant is the political situation.

The OECD International Migration Outlook 2008 explains that,

in making their decision to return to their home country, migrants consider not only their
situation in the host country labor market, but also the opportunities open to them in their home
country. The macroeconomic context in the home country and in the host country is a major
determinant of the decision to return.

In a recent report by the Local Government Association in England on the impact of the recession
on migrant labor, the decision to stay, or in our case to choose loyalty, sometimes goes beyond
purely financial interest, particularly when economic incentives to remain decline. According to the
report, this is due to personal relations, cultural or social attractions, or because immigrants have set
up businesses. The report also found social capital to be a factor, as well as being settled due to
marriage or property ownership. The report further found that “the longer a migrant stays in the
host country, the less likely they are to return home or to emigrate to a third country” and that
“middle aged migrants are more likely to stay, with higher rates of return observed for the young
and for retirees.” Furthermore, the report states that,

highly skilled migrants generally exhibit a high return rate, as do those with very low skills, with
those with an intermediate level of education more likely to stay. … The least and most highly
skilled migrants will find it in their interest to return to their country of origin because there they
can capitalize on their experience and increase their earnings.

The decision to return is not taken independently from the interplay of social, economic, and
political conditions in migrant-source countries. Return migration is affected not only by
unemployment, but, as Behrendt et al. argue, but by “the occupational structure of migrants … their
residency status, … their degree of social integration and on the opportunity of finding alternative

69 Guita Hourani, Insecurity, Migration and Return: The Case of Lebanon Following the Summer 2006 War. A study
published electronically by the Euro-Mediterranean Consortium for Applied Research on International Migration
71 Interview with economist Dr. Kamal Hamdan, conducted by Basma Abdul Khalek, November 12, 2009, Beirut,
Lebanon.
72 Return Migration: A New Perspective, Part III of the International Migration Outlook Annual Report, OECD, 2008,
74 Ibid., p. 5.
employment elsewhere.” The decision to return is also impacted by employment opportunities in the home country. In the case of Lebanon, unemployment has ranged between 18% and 20% between 2003 and 2008. Hence, economic migrants will not likely return to face worse economic prospects at home than in the country of immigration.

Return migration is also influenced by whether migrants have access to social and health security benefits, or whether they can transport their benefits from host countries to home country. These benefits are exportable for migrant returnees from the West. Pensions, for example, are portable benefits that the majority of host countries allow: migrants who have contributed to their pension in their country of migration may receive their monthly retirement checks in any country around the world. Migrants who work in the Gulf do not benefit from social security benefits. The Gulf States “allow migrants to make provisions for long-term benefits… like participating in old-age pension plans from private insurance companies or the public pension system of their home country.”

Furthermore, the decision to return cannot ignore restrictive policies employed by host countries, which impact the flow and residence of the immigrants. The Gulf States are a case in point. Above and beyond the Kafala, or sponsorship, system, which Gulf States employ to import and control millions of foreigners, the Gulf States are earnestly enacting and implementing restrictive policies to reduce the inflow of foreign workers and increase the participation of the indigenous population.


76 Lebanon Unemployment Rate, Index Mundi, [http://www.indexmundi.com/lebanon/unemployment_rate.html].


79 It should be noted that as a consequence of the international financial crisis and the fact that migrants who lost their jobs where stranded in the GCC countries, some of the GCC countries - such as Bahrain and Kuwait - announced the abolishment of the Kafala system in their respective countries. Other states are considering following suit. See: Suffering Lingers at UAE Labor Camps, Newspapers Today, [http://www.newspaperstoday.com/middle-east/suffering-lingers-at-uae-labor-camps], October 10, 2010; Khaled Al-Shamari in Kuwait, Kuwait to abolish Kafala system, Al Shorfa, October 19, 2010, [http://www.al-shorfa.com/cocoon/meii/xhtml/en_GB/features/meii/features/main/2010/10/19/feature-02]; Bahrain Scraps Sponsorship System, Migrant Rights, May 6th, 2009, [http://www.migrant-rights.org/2009/05/06/bahrain-scraps-sponsorship-system/].

80 Control includes seizing the passport, restricting the movement, demanding fees to quit before end of contract, and prevent changing jobs of the sponsored immigrant.

81 See Nasra Shah, Restrictive labor Immigration Policies in the Oil-Rich Gulf: Implications for Sending Asian Countries, Department of Community Medicine and Behavioral Sciences, Faculty of Medicine, Kuwait University, paper presented
Return is more complex when the home country is unstable or in a post-conflict stage. Black and Gent contend that “post-conflict return is a highly politically charged process in a number of contexts, both for returnees and those who did not migrate or flee.”

Sustainable return is as much contingent upon the returnee’s ability to reintegrate as the home country’s ability to provide the returnee with opportunities and services that will prevent him or her from re-migrating. Lebanon continues to experience insecurity, which affects the socio-political and economic situation of the country and consequently impinges on the decision to return.

Lebanon does not have a migration policy. Only one activity has been reported in regard to interventions pertaining to the global financial crisis, that of the International Labor Organization (ILO). The ILO has announced a technical cooperation initiative with the Ministry of Labor. This initiative, which is being funded by the Canadian International Development Agency (CIDA), aims at strengthening the capacity of the public employment services to better deal with Lebanese migrant returnees, particularly from the Gulf countries, who are seeking jobs in Lebanon. UNDP and ILO found that Lebanon needs major reforms to reduce unemployment. However, Dr. Kamal Hamdan recounts that about a year ago,

> Member of Parliament Saad el-Hariri invited ministers, MPs, the Governor of the Central Bank of Lebanon, and 4 economic experts [including Dr. Hamdan] in order to develop a strategy that facilitates opening a business in Lebanon and taking credits from banks. A moderate interest rate was discussed also to finance SMEs and education in Lebanon. These steps were drawn in that meeting before the global financial crisis was full blown. Now it is more important to implement them in order to attract the Lebanese who are leaving the Gulf to come and invest their money in Lebanon. Some banks have begun lowering their interest rates in order to attract borrowers.

In 2008, the Lebanese government released a two-year plan that “intended to mitigate the impact of the financial crisis on the Lebanese economy.” The plan does not factor in any policy or provision regarding Lebanese returnees, but includes injecting liquidity into the market, stimulating public and private investment, and supporting employment. The plan also proposes,

> to exempt employers from National Security fees for jobs created in 2009-2010, and for the government to cover these fees for two years only. It also proposes to provide funding facilities and tax exemptions for businesses that create high value added and new job opportunities.

If return is a difficult or non-option for Lebanese emigrants who were affected by the international financial crisis in the Gulf States due to the reasons mentioned above, then loyalty is the reasonable choice. Consequently, Lebanese loyalist behavior in this case may be motivated by several reasons related not only by the circumstances in the host country, but also by the conditions in the home country.

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84 Interview with economist Dr. Kamal Hamdan, interview conducted by Basma Abdul Khalek, November 12, 2009, Beirut, Lebanon.


86 Ibid.
Conclusion

The large waves of returnees expected in the wake of the financial crisis, and the supposed blow to Lebanese employment sectors, have not been confirmed by reports from the Lebanese embassies in the Gulf, expert interviews, or by the respondents to this study. The impact of the global financial crisis on migration is complex and responses to it have been even more complex. Lebanese in the Gulf have adjusted more quickly to labor market mayhem by changing jobs, accepting pay cuts, or altering their expenditure. Return migration remains the exception and not the rule.

The World Bank expected that inflows of foreign remittances to Lebanon would drop between 6.7% and 13.2% in 2009 as a result of the international financial crisis. The expectations were unsubstantiated, especially as recent figures show remittances to Lebanon at a record high US $7 billion. Deposits in Lebanese banks increased, and GDP experienced a growth rate of 6% during 2009. Economists and observers attribute this positive trend to financial transfers by Lebanese emigrants and others to ward off risks faced in foreign banks. In an e-mail interview with Riad Ghosn, Chief Representative and UAE Manager of Bank Audi and Audi Saradar Group, Ghosn related the increase in deposits to the fact that in comparison to other countries:

Lebanon appeared as a safe haven for a change. Lebanese real-estate and deposits in Lebanese Lira and US Dollar with Lebanese banks and Lebanese treasuries offered above average returns in the last two years compared to investments in most asset classes abroad.

If insecurity continues to plague Lebanon, and if the Gulf States maintain their pace of development and need for qualified personnel, emigration from Lebanon will continue to intensify, especially if Lebanon continues to be “a reservoir of qualified human resources.” The Gulf will continue to be a destination for Lebanese, and according to the UNDP World Population Prospects, by 2015 Bahrain will be the primary destination for Lebanese 20-25 year-olds.

Migration management and return policies in Lebanon should be devised and take into account human insecurity as a major push factor and deterrent not only to the return of human capital, but also investment and job creation. Migration management policies in Lebanon are not recommended to prohibit free movement, but rather to focus on retaining labor, reducing push factors, and

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89 Reforming Electricity Sector is Essential for Stability of Public Finances Debt Could Decline to 120% of GDP by 2014 if Primary Surplus Rises to 4.5% of GDP, Lebanon this Week, Byblos Bank: Economic Research and Analysis Department, Issue 95, December 14-18, 2009, p. 1, [http://www.byblosbank.com.lb/newscenter/economic_research/Publications/LTW/LTW-147.pdf].

90 Interview conducted via email on December 27, 2009.


92 Fargues, 2008, p. 25.
capacity circulation. These steps need to be coupled with sound economic development, education, and job creation strategies.