

The social recipe for reform

Reforms in Lebanon are the headlines of all our daily debates and news, where the discussions are taking up huge space on mass and social media. Upon the CEDRE forum, the Lebanese government has developed a concrete list of macroeconomic, financial, monetary and governance reforms that aim to put the economy back on track after years of misspending, corruption and fragile economic performance. The plan and its reforms were welcomed by the donors, who pledged a package of grants and loans.

There's no question that the current state of the Lebanese economy requires a serious revisit; and a host of reforms are urgently needed on macroeconomic, financial and monetary policies. The urgency for these reforms is stemming from the fact that Lebanon's currency and credit status is at a critical level.

Improving the macroeconomic situation will give oxygen to the economy and stabilize it in a way that gives confidence to international and national investors and businesses. The rationale of this process is to reach faster and higher growth and jobs creation.

As the government is close to endorsing a new budget with the first application of the reforms, the discussion around the reforms is missing two important facts.

First, economic reform must be accompanied by political reform. The political reform will structurally provide the needed assurances for the sustainability and buy-in of the economic reform process. Secondly, it shall put in place a political dynamic that does not take the society hostage to political wars of attrition that major economist schools have designated as a true delayer of reform.

Secondly, economic and political reforms require a true social reform, not in any sort of social engineering but in the shape of a robust rejuvenation of social relationships with the aim of increasing social resilience. Political and economic reforms are easier to assess, measure and evaluate in the form of growth indicators or political stability measures; while social reforms are long-term, hard to measure and require a deep multiagency approach in order to maximize social capital.

It is an established fact that without a rich social capital, economic and political reforms cannot reach their maximum impact and potential. The most famous empirical evidence on this is a study done by Harvard political scientist Robert Putnam and his team in Italy that was published in the seminal book "Making Democracy Work: Civic Traditions in Modern Italy."

In a nutshell, Putnam started from the discrepancy in growth and performance between the north and south of Italy despite the fact that both regions are subject to one macroeconomic and monetary policy. The main finding is that the north's capacity to maintain robust social capital by forming strong networks of reciprocity, among members of the same sector, social group and beyond, has expedited information and knowledge transfer among members of the society and hence increased "trust," which is the key guarantor for speedier reform and constructive policy implementation.

This experiment has been rerunning in several countries, societies and entities and the findings remained robust despite the change of its targeted fields.

Lebanon's vibrant civil society represents a good start for the sought-after social reforms. However, the maximization of social capital requires a lot more than the current state of civic activism.

Collective endeavors for connecting the society's individuals need to be initiated as soon as possible and relational spaces need to be developed and made accessible for young people and organizations. Members of the different sectors need to work together to increase knowledge and information transfer. In that sense, reciprocity and trust seem to be Lebanon's most-needed measures to ensure an impactful political and economic reform agenda.

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