

Comments on the protests in Lebanon & closure of banks in Asia Times, 25 Oct 2019

Dr. Nasser Saidi's comments on the Lebanese protests and closure of banks appeared in the article "Lebanon's shuttered banks bracing for dollar run" published by Asia Times on 25th Oct 2019.

The full article can be accessed at: <https://www.asiatimes.com/2019/10/article/lebanons-shuttered-banks-bracing-for-dollar-run/>

Comments are posted below:

"It was a mistake to close the banks," Dubai-based economist Nasser Saidi told Asia Times by phone.

"When you shut down the banks, you create a crisis of confidence because people feel they can no longer access their deposits, so when it opens they will want to access their deposits."

"What you can expect is a rush on the banks, if not a run on the banks" when they finally re-open, Saidi added.

Already, "people are worried about capital controls. You are already seeing a black market or parallel market for Lebanese pounds, and it is increasingly difficult to convert pounds to dollars, if not impossible."

Economist Saidi says he does not believe Lebanon is at "imminent" risk of default.

"The Central Bank and Lebanese banks own something like 90% of the debt ... they have a lot of skin in the game," he said.

For Saidi, confidence in the ruling elite is beyond repair, and a new musical chairs of political faces would most certainly deepen the crisis amidst already depleted confidence in the system.

"They need to have a new government in place as quickly as possible with the main portfolios in the hands of technocrats

– not political appointees – and they need to put together as quickly as possible a macro financial fiscal plan to rescue Lebanon. That is the priority right now to avoid the meltdown,” he said.

“You cannot expect the people who are source and origin of the problem to reform. You need fresh blood. Besides that, I don’t think they have the technical expertise to deal with Lebanon’s fiscal and debt problems,” Saidi added.

The key word, besides technocrat, will be independent, as past technocrats appointed by political movements were still beholden to those superiors.

Lebanon’s political elites control vast chunks of equity in the banks, 50% of whose deposits are owned by the top 1%.

“Any default will wipe out the equity of the banks, and their own deposits are at risk, so it is in their own self-interest that a government of technocrats comes in and helps solve the problem they created,” said Saidi.

Comments on the protests in Lebanon in Arab News, 21 Oct 2019

Dr. Nasser Saidi’s comments on the Lebanese protests appeared in the article “Lebanese unite in protest against their political elite” published by Arab News on 21st Oct 2019.

The full article can be accessed at: <https://www.arabnews.com/node/1571806/middle-east>

Comment are posted below:

Nasser Saidi, a former finance minister and vice governor of the country’s central bank, believes that the unrest is the

result of a combination of factors: Poor governance; a rapid decline in health, education and environmental standards; and deteriorating economic conditions and prospects for the future.

“Lebanon has a high misery index of 36 percent, as measured by the sum of the unemployment rate (30 percent) and inflation (6 percent), similar to that of countries such as Nigeria, Bosnia and Iran,” he told Arab News.

“It is estimated that half of the labor force is in the informal sector without access to social insurance, and there is a high degree of inequality in the distribution of wealth and income – 1 percent of depositors own more than 50 percent of the value of deposits.”

Former minister Saidi said that there is a clear consensus that Lebanon needs a regime change, with a new beginning that establishes the rule of law, combats corruption and addresses the country’s many divides.

“It is time for a new government with extraordinary powers, composed of non-partisan technocrats, able to implement a financial plan to address Lebanon’s high level of debt, among other things,” he said.

“New elections should bring forth fresh blood and a new vision for the country. Clearly, this will be an uphill battle and there will be opposition from the varied forces of the establishment. But the future of Lebanon and our young is at stake.”

Lebanon Needs a Digital Revolution to Leap Forward:

Article in An Nahar newspaper, 27 Sep 2018

Dr. Nasser Saidi's article titled "Lebanon Needs a Digital Revolution to Leap Forward" was published on 27 September 2018 in a special issue of the daily An Nahar newspaper with the American University of Beirut. The article is posted below.

Click to download the original article in [English](#) and [Arabic](#).

Lebanon is in deep economic malaise, suffering from stagflation: dismal economic growth, high budget deficits, debt, unemployment and inflation. Lebanon's recovery and its future growth prospects are highly dependent on developing a new economic development model, renewed investment in physical infrastructure and in soft infrastructure, including human capital and rebuilding political capital which has been depleted by mal-governance, the widespread cancer of corruption, nepotism and state and regulatory capture. Lebanon's corruption rankings are dismal: 87th out of 113 countries on corruption. We rank 105 out of 137 countries on competitiveness and ranked 133 out of 190 countries on cost of doing business.

Yet things can be turned around. Beyond the much discussed structural, fiscal, and monetary policy reforms, we need a major, growth lifting, productivity growth increasing strategy. We should launch a "**Lebanon Leap Forward**" strategy, a **Digital Revolution** to create **e-Lebanon**. New technologies are disrupting markets, products and services. Digitalization is becoming pervasive, transforming retail, manufacturing, industry, transport and logistics, banking and finance, health services and other sectors. Technology is rapidly changing

agriculture to AgriTech. We are increasingly living in digital markets.

Lebanon must make massive investments in digital infrastructure to lower the cost and have faster telecom services (jump to 4G), networks and platforms in order to actively participate in four major transformations that will unfold over the coming decades: Digital Services such as e-commerce, Clean energy & Clean Technologies to mitigate the risks and consequences of climate change, health and life sciences, AI, BlockChain, FinTech, robotics and nanotechnologies.

Digitalization can radically change, revolutionize, Lebanon's banking and financial sector. FinTech for banking & corporate finance, capital markets, financial data analytics, payments, insurance, and asset and wealth management has the power to open new horizons and cross-border markets for our banking and financial sector. Countries as diverse as Estonia, China, Kenya, Malta, Thailand and Singapore show the benefits of digitized payment and banking services. Digitized services are the most efficient tools to serve our wealthy Lebanese expatriate community. Crowdfunding can be key to economic development and economic diversification supporting SMEs and financial inclusion.

Digitalization can substantially strengthen public finances and reduce budget deficits through better reporting of transactions and collection of VAT, customs and other taxes, increase the efficiency of spending and reduce waste, bribery and corruption in public procurement and spending. Introducing a national digital ID system (like in Estonia) can provide access to all e-services, including those provided by government. Digital IDs for all public sector employees would dramatically reduce "shadow" and absent employees and workers. Digital government is a potent, effective tool against bribery and corruption.

To enable Lebanon's Digital Revolution, we need to establish digital institutions, set-up a Ministry for Financial Services, Digital Economy and Innovation, enact laws and regulations to support new technologies and FinTech and recognize digital assets to enable Lebanon to develop a Silicon Valley and attract investment and startups. Our universities and institutes of technology will need major investments in labs, incubators and accelerators; a multiplication of current initiatives. A digital Lebanon would maximize the use of Lebanon's talented youth and entrepreneurs and human capital and attract FDI to promote technological innovation and knowledge-intensive sectors. Lebanon ranks 4th globally on math and science education (WEF, 2018)! The evidence from China and other countries indicates that a 1 percentage point increase in digitalization increases growth by 0.3 percentage points.

Our private sector can make Lebanon Leap Forward. A Digital Revolution can transform our economic landscape. Are our politicians and policy makers capable of delivering their side?