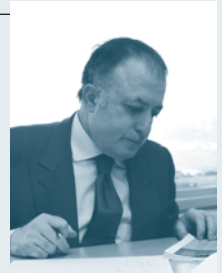


The Tent Part 6



One could not visit Lebanon's numerous tents, without passing by the enigmatic golden tent of the banking sector. The aura fabricated by the players - "Leave the banking sector alone! Don't mess with it!" - was dispelled a long time ago; there is no need to recall the torments of Intra Bank and others in the late 1960's and then in the 1970s, 1980s and early 1990s. The Lebanese are now used to the tactics of politicians and bankers: governments borrow and squander public money and banks dispense it at high interest rates. Intellectuals, economists and journalists, as well as Paris 1, 2 and 3, praise this arrangement.

The government, the banking sector, the Banking Monitoring Agency, the Central Bank and the mass media are all in bed together. The arrangement becomes more exciting when we see local and international auditors bestow on banks, financial institutions and the Central Bank, certificates of good behavior, while hiding the true figures. At the same time certain international rating institutions, while classifying Lebanon as "risky", continue to praise the "wisdom" of the Lebanese banking sector leaders.

The banking sector not only patronizes the Lebanese by announcing profits of more than \$900 million annually, but it also states that they employ around 16,000 people - for which we should all be grateful. This is also acclaimed by presidents, prime ministers and Parliament Speaker(s), coupled with a mass media campaign to justify the unequivocal support to banks.

Lebanese banks have perhaps contributed to the creation of a unique phenomenon: when the economy is going down, their profits are going up. Profits grew even during the July 2006 war and during the period when explosions destabilized the country. Banks announce the opening of branches here and there with the main purpose of collecting deposits to be able to fund governments of waste and corruption and the pretentious and extravagant lifestyle of some citizens.

These banks celebrate not only the emigration of Lebanese and the remittances thereof, but also foreign transfers earmarked to local parties and politicians.

Do the Lebanese know that a high percentage of banks' revenue comes from "investments" in the Central Bank and loans to the public sector? Without the governments' loans, Lebanese banks would be in peril. A survey conducted by Information International in March 2005 showed that the

majority of Lebanese were proud of their banking sector, displaying total lack of understanding that banks' profits are actually coming from their own pockets.

Public money protects the banking sector; a sector which feeds bankrupt governments in a country of moral bankruptcy and corruption. This sector, with the assistance of economists, journalists and politicians, was able to create its own vocabulary, undecipherable by the ordinary upright citizen.

- ⊙ **"Eurobond"** is an expression used and marketed by both government and Central Bank. Eurobond issues are nothing but government bills in foreign currencies.
- ⊙ **"External Debt"** is an expression intended to suggest that foreign countries or banks are lending Lebanon money because "they trust us", but the truth is that these debts are loans by local banks to the Lebanese government in US dollars.
- ⊙ **"Central Bank's Reserves"** is an expression which does not take into consideration the banks' obligatory deposits and money placed by other depositors, nor other financial commitments.
- ⊙ **"If the banking sector collapses, the country will collapse"**: When everyone is exclaiming "God save us if the banking sector collapses," the banking sector is saying "après moi le déluge"
- ⊙ **"Stock Market Surge"**: Ten companies controlled by around 20 people celebrating the realization of profits.
- ⊙ **"What is important is trust"**: This translates as "I am corrupt and my eyes are on your pocket. As long as you think that I am in a good condition, then you will continue to lend me money."
- ⊙ **"The bank...is your partner to offer you a car, solar energy or plastic surgery"**: This means "I need to show that I am a commercial bank that lends to the private sector and individuals; we, the Lebanese, need to show off."
- ⊙ **"Interest Rate"**: The interest on your savings is always less than what is declared, while that on your loans is always higher than what is presumed.

The moral of the story is that Lebanon went to war for 15 years and perhaps more, and while the whole country was destroyed and Beirut's Central District completely devastated the Banks' Street, located between the demolished Parliament and Serail, survived.

Lebanon can collapse, but the banking sector will not.

It seems that it is not the Cedars of Lebanon that are eternal, but its banking sector.

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