

News Highlights



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Ex-Minister Corm pushes for economic and fiscal reform



Former Finance Minister Georges Corm

Former Finance Minister Georges Corm told a large audience on May 21 that policy makers should focus on enhancing growth and building the domestic economy, if they really want to address the serious debt facing the country.

Corm was speaking at a lecture organized by the

Institute of Financial Economics and the Department of Economics which was held in College Hall B-1. The lecture was entitled "Lebanon's Public Debt: An Alternative Development Model."

Corm argued that the current economic model that is in place focuses on Lebanon's role as a service economy, especially to the region. As a result, productive sectors which Lebanon could have developed were neglected. While this model served its purpose well during the pre-civil war period, since most Arab economies were still relatively underdeveloped at the time, Corm argued that it was time to shift to new policies, especially with the emergence of globalization and strong Arab economies.

By not taking account of new regional and world developments and insisting on old monetary and economic policies (e.g. high interest rates) as well as focusing on rent generating activities, policy makers have willingly or unwillingly contributed to the emergence of the huge public debt (185 % of GDP for 2006 compared with 30 % for 1992), said Corm. Moreover, policy makers have managed to discourage productive activities including investments in high value-added service industries, such as the sophisticated food industry and the medical and research sectors, where Lebanon has comparative advantages.

Corm also attacked the successive government's monetary policy which endorsed high interest rates on bank deposits, effectively paralyzing the investment sector and causing stagnation in the economy.

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