

# Lebanon: Social, Economic and Financial Collapse

“Lebanese officials, Army and Resistance are united on off-shore energy resources issue”, Dr. Ghassan Melhem

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*Lebanon has slipped into social, economic and financial collapse after years of systemic political corruption. Beirut has the opportunity to be resurrected from the ashes by a new parliament, financial reforms and the opportunity to retrieve energy resources from a large off-shore gas field yet undeveloped.*

[Steven Sahiounie](#) of [MidEastDiscourse](#) interviewed [Dr. Ghassan Melhem](#) to gain insight into the issues and the people who may effect a positive change for Lebanon. Dr. Melhem is a lecturer and researcher in Political Sciences and International Relations at the Lebanese University.

Steven Sahiounie (SS): Lebanon has elected a new parliament. In your opinion, will this Parliament be able to accomplish the most important tasks to help Lebanon recover from near collapse?

Dr. Ghassan Melhem (GM): The crisis which Lebanon is suffering seems to be complicated; it’s a national one par excellence. It’s not only a financial, economic, and social crisis, but it is political as well; a regime and existence crisis. Therefore, tackling this problem might be a difficult task in terms of how to start going out of its darkness and abyss.

Nevertheless, the future parliament would have to find effective solutions for what the country is floundering through by enacting legislation concerning the financial, economic,

social, and administrative reforms and other steps, procedures, measures, and arrangements, such as passing the law of the independence of the judiciary, the general budget law, and reviewing the Capitol Control Law, as well as how to restructure banks, plan for financial and economic advancement, and bring about structural and administrative and privatization reform, in addition to addressing many thorny and pending issues and files with the aim of reaching the development of a national plan, which serves as a road map for the national salvation of Lebanon.

SS: The Parliament is now tasked with forming a government, and most importantly appointing a Prime Minister. In your opinion, can this be accomplished, and who might be the next Prime Minister of Lebanon?

GM: It should be noted that the formation map of the new parliament in terms of political positioning and alignment appears different in terms of the pattern of political power distribution within parliament between political parties and parliamentary blocs, which, of course, may reflect on the development or change in the political equations and balances in the country. The political components, or the political forces rather, in the language of political reality, are now divided into three key axes or blocs, as follows: firstly, the axis or the bloc of pro-resistance political forces and their allies and friends; secondly, the axis or the bloc of anti-resistance and pro-US and pro-Saudi political forces; thirdly and finally, the group of forces, organizations, and new or emerging persons. Accordingly, it seems that a remarkable change has occurred in the Lebanese political scene, and consequently, in the course of the Lebanese political process and life. From this angle, the calculations, considerations, and readings may differ when approaching the national, political and constitutional, expected or assumed entitlements, including the process of forming the government, and before that the process of choosing the political person who will be entrusted with this task to form the government, then the process of electing the President on October 31, 2022. It was decided to invite the representatives and the parliamentary blocs to conduct binding parliamentary consultations by the Presidency of the Republic next Thursday, June 23, 2022. In this regard, information and data indicate that caretaker Prime Minister Najib Mikati, the most likely candidate, may be re-assigned. However, the task of forming a government remains, to date, stumbled and impossible in light of that the political solution in the country has come to a dead-end in the short run, which presupposes keeping the caretaker government in charge of managing the country and the people affairs; noting that the possibility that the presidency becomes vacant with the end of President Michel Aoun's tenure without electing the next president is valid and exists, where the powers of the President, according to the Constitution, will be transferred to the Council of Ministers to avoid the potential vacuum, so that the House of Representatives can, naturally, elect a new President.

SS: President Michel Aoun's term in office will expire in the upcoming months. In your opinion, who might be the next President of Lebanon?

GM: The term of the current President of the Lebanese Republic, General Michel Aoun, it is about to end, with over four months only remaining. At this point, the presidential election battle may have begun. There are many names being circulated in the corridors, backrooms, parlors, and in the political, diplomatic, and media councils. These names include former MP and Minister Suleiman Frangieh, head of the Marada Movement, son of martyr minister Tony Frangieh and grandson of the late President Suleiman Frangieh, an ally

to Syria and the resistance in political and strategic choices or bets. Given the current facts, he may be the most prominent and fortunate candidate so far. Among the names on the table is also the army commander, General Joseph Aoun, whose election requires an amendment to the constitution, and it is assumed that an agreement or a political understanding has been reached about it beforehand. On the other hand, the chances of Representative Gebran Bassil, the son-in-law of President General Michel Aoun and the leader of the Free Patriotic Movement and head of the Strong Lebanon bloc, seem to be limited and weak, while the chances of Dr. Samir Geagea, head of the Lebanese Forces Party, remain nil. The stock of the names nominated or proposed to assume the presidency of the Republic remains open to all possibilities in the coming and remaining period along with the continuation of the state of political confusion in light of the ongoing political labor in the country, as in the region that may be heading towards calm, easing and downgrading the levels of tension and escalation, waiting for the green light of launching the process of political understandings and the convening of political settlements. Thus, a new political era begins in the region, based on a set of new or emerging regional arrangements whose precursors, indicators, and features have begun to gradually and successively become evident, and which will, in turn, affect the political and social reality and future in this country, which may lead to the possibility, contrary to expectations and estimates, that a moderate, open and balanced political figure reaches the Presidency of the Republic.

SS: Riad Salameh has been accused of systemic corruption as head of the Central Bank of Lebanon. In your opinion, will he be removed, and will the IMF plan for monetary recovery be implemented?

GM: This question is of two parts. As for the first, concerning the fate of the Governor of the Banque du Liban, Riad Salameh, there are several observations about his performance and behavior, not only in the recent period but throughout the past era that extended for many years, even for the past three decades. Naturally, he takes the responsibility for the failure of the monetary policy and the deterioration of the exchange rate of the national currency, the Lebanese pound, against the US dollar.

The accusations and the files of financial corruption against him in many Western and foreign courts and judicial institutions are also noteworthy. Accordingly, keeping the governor in office has become an impossibility, sooner or later. Hereby, dismissing the governor, meaning his removal, or his abdication is an issue on the table and to be discussed from now on. It's just a matter of time. The decision to change the governor of the Central Bank has become expected and likely, that is, until the atmosphere and circumstances are ripe for choosing a replacement or successor for him in this position with considerations and other relevant accounts. The decision-making process in this regard and in this direction may be postponed for some time – perhaps until a new President is elected, ffof the country- but the initiative to take this step may no longer be far away or out of the question, not even unacceptable or impossible. As for the second part, concerning the International Monetary Fund's plan, it may be noted that the Lebanese government's heading for the International Monetary Fund is not necessarily the only or best and optimal option for the Lebanese state. This observation must be contemplated and overthought. That means not to rush out and apply the International Monetary Fund plan, taking this option alone, because this type of irresponsible political performance is suspicious, and condemned.

It is unreasonable and unacceptable to accept such a policy which may be useless, unhelpful

and unconstructive, perhaps more than that, on the basis that it is not permissible to resort and rely again on repeating previous experiences by adopting the same financial, economic, and social policies that, in reality, led to emptying and hollowing out of the national economy, by hitting the productive sectors and giving priority to mercantile and rentier accounts, in reference to the networks and groups of capitalist and bourgeois interests of banking and real estate rents at the expense of economic growth and sustainable economic and social development. Therefore, deciding on this par excellence national issue, which is a pivotal and fateful issue, is assumed by everyone, especially by the political authority, the media, public opinion, and other political actors to take the national and historical responsibility, now and in the future, and not to falter, slacken, or collude, but rather to seek how to ensure supplying the demands and requirements of the public interest and the supreme national interest.

SS: Israel has started drilling for off-shore energy resources in waters disputed by Lebanon. This has caused great tension between the Lebanese officials and Hezbollah. In your opinion, how will the situation develop?

GM: Delineating the maritime borders of the Lebanese state in the south with occupied Palestine is not a new or recent issue, and so the issue of delineating the land borders before it; that is, to deal with the problem of the sticking points in more than one place or station along these southern land borders from Ras Al-Naqoura in the west to Shebaa Farms in the east. Nevertheless, it has been brought up and raised in the media and in front of public opinion again in recent times with the escalation of the debate and the intensification of the confrontation between Lebanon and the Israeli enemy over energy (oil and gas) exploration and extraction in the disputed region.

Here, we are talking about the exclusive economic zone in particular, and not the territorial waters, of Lebanon and occupied Palestine, because this distinction and differentiation between them have legal effects in terms of subordination to national sovereignty, yet there is no room here to delve into this legal matter in detail. Anyway, the recent escalation between the Lebanese and Israeli sides was preceded by several rounds of indirect negotiations mediated by the United States and under the auspices of the United Nations. All of them failed, or let's say they were unsuccessful.

Then negotiations were renewed with the visit of the American mediator, Amos Hochstein, to Beirut earlier this week, meeting senior Lebanese officials and Lebanese statesmen, led by the President, as well as the Speaker of Parliament, the Prime Minister, the Deputy Speaker of Parliament, the Minister of Foreign Affairs, the Army Commander, and other political and non-political figures. This issue has turned into a political dispute, and the latter may, in turn, turn into a legal conflict, and perhaps an armed military conflict, although the war option or possibility between the Lebanese and Israeli sides might be unlikely, at least for now, waiting for the developments in the next few hours or days when the American mediator returns to Beirut again from the Israeli entity, where he is supposed to meet with senior leaders and political, military and security officials of the enemy entity to discuss how to resume and complete negotiations with the aim of reaching a political settlement about the issue of delineating the maritime border outstanding between the Lebanese and Israeli sides.

In this context, it should be noted that the failure of negotiations, and consequently the fall of this option, is not in anyone's interest, especially Lebanon, in light of the difficult

circumstances or conditions it is experiencing. At that time, the alternative would be resorting to the option of international arbitration, which will take several years to resolve this dispute, which contradicts Lebanon's interest in trying to benefit from this card to get out of this crisis. Meanwhile, remarkable was the unification of the official Lebanese position and the army leadership's support for the political authority decision, as well as the positions of the resistance leadership, which emphasized the commitment to the state's reference and legitimacy, not to bid or be stubborn, escalate, or incite, of course, as well as the commitment and pledge of the resistance leadership to protect Lebanon, its rights and wealth are under the roof of the sovereignty and legitimacy of the Lebanese state.

This leads to a conclusion from scientific observation point of view, to the effect that the course of the file may go in the right direction, in terms of reaching a just and balanced political and diplomatic solution between the two conflicting parties, provided that Lebanon realizes at all official, political, diplomatic, military, security and media and popular levels how to take advantage of the changing and volatile circumstances and atmosphere first; including Israel's need, along with the entire West, from Europe to America, to consume energy resources from the eastern Mediterranean basin, especially after the outbreak of the Russian-Ukrainian war and the exacerbation of its impacts and its political, financial, economic and strategic repercussions, and how to take advantage of strength factors; political, popular and military ones, including the army's stance and the resistance weaponry and strength.

Lebanon has the right, the argument, the evidence, and the proof, and it is in dire need of seizing this opportunity. Things remain subject to developments on the line of diplomatic negotiations, the facts on the ground, and the political positions of the concerned parties in the near future.

What is more important than the issue of demarcating the maritime borders with occupied Palestine from the south for Lebanon – despite the importance and gravity of this issue, of course – is what is beyond it as well, as Lebanon stands at a dangerous crossroads, where there are many questions or inquiries that need to be answered.

That means resolving options and bets, taking stances and decisions, on how Lebanon would kick off energy resources exploration and drilling operations, then how to extract and consume them, including, of course, international guarantees, both political and legal, to lift the siege and sanctions on Lebanon and end pressures, threats and restrictions on foreign companies in general and Western ones (or European) in particular, to enable the latter to carry out drilling, prospecting, extracting and supplying energy resources from Lebanon to the West and elsewhere, and allow it to do so in light of the needs and requirements, on one hand; on the other, there's Lebanon's location and stance within the framework of the map of energy fields and potential or assumed pipelines drawn in the region, and across it to several regions of the world in the West and East, as well as international and regional competition between many international and regional powers in this regard. Still more to say...

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