

Egypt on the Throes of another Economic Crisis

News:

Soon after floating its currency and increasing fuel prices, Egypt's government adamantly defended its decision to engage the IMF. Prime Minister Sherif Ismail said, "Today, we don't have the luxury to postpone these decisions; today, we can't take painkiller decisions. We're taking important decisions, decisions that will revive the economy and take it forward." However, the Egyptian people are angry and do not believe the IMF prescription will improve the situation. This polarization in viewpoints has led some to forecast increase social unrest and possibly a full-scale uprising.

Comment:

Egypt's government devalued the Egyptian pound by 48% and is expected to remove state subsidies on fuel to qualify for the \$12 billion IMF deal. The government has already lifted subsidies on household electricity and increased the price of sugar by 40% for ration cardholders. The latest measures will only hurt the poor and the middle class that has been decimated by the harsh economic environment.

Egypt's economy has been in the doldrums for years, and none of the previous IMF programmes managed to either revive the economy or return Egypt to any form of economic self-efficiency. The 2011 revolution and the ensuing political crisis dealt repeated blows the economy thereby increasing the popular anger towards Mubarak, followed by Morsi and now current Egyptian President Sisi. The Gulf countries handed Egypt a temporary lifeline by propping up the economy via aid and cheap oil.

However, the refusal of Saudi Arabia last month to honour its agreement to ship cheap refined oil to Egypt precipitated the current crisis. To minimise fuel shortages, Egypt was forced to use its precious dollar reserves to buy fuel from the international market. This created a balance of payments emergency (shortage of dollars) and pushed the Egyptian government to finalize an agreement with the IMF.

Additionally, newspaper reports suggest Egypt has finally agreed to send troops to Syria. Whether this is Sisi's way of securing the IMF deal remains to be seen, but the timing is highly suspicious, and adds to the perception that Sisi is in cohorts with America.

Once again, the Egyptian people are the victims of the IMF agreement. The harsh IMF reform package for Egypt and the deployment of Egyptian troops abroad clearly underscores that President Sisi—just like all of the previous presidents—constantly puts the interests of foreign powers and their institutions ahead of the Egyptian people.

It is now up to the Egyptian people to vehemently reject the IMF deal and openly work for the removal of Sisi and the illegitimate Nasserite regime that has enslaved them since 1956 to American hegemony.

However, the solution does not rest in aimless street protests that pivot around narrow personal interests, and calls for a Sisi's removal. If the Egyptian people seriously covet a long-lasting solution that guarantees honour, dignity and minimum Western interference, then they must work for the re-establishment of the rightly guided Khilafah state (Caliphate) on the methodology of the Prophethood.

﴿يَا أَيُّهَا الَّذِينَ آمَنُوا اسْتَجِيبُوا لِلَّهِ وَلِلرَّسُولِ إِذَا دَعَاكُمْ لِمَا يُحْيِيكُمْ وَاعْلَمُوا أَنَّ اللَّهَ يَحُولُ بَيْنَ الْمَرْءِ وَقَلْبِهِ وَأَنَّهُ إِلَيْهِ تُحْشَرُونَ﴾

“Oh you who have Iman, respond to Allah and to the Messenger when he calls you to that which gives you life. And know that Allah intervenes between a man and his heart and that to Him you will be gathered.” [TMQ: Al Anfal: 24]

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