

Press Release

Loans will Not Fix What Capitalism Has Ruined

How can Egypt Survive the Successive Saves of Loans and the Subsequent Inflation?

(Translated)

The International Monetary Fund (IMF) announced its approval of a 46-month cooperation program for Egypt, in an amount of 3 billion US dollars, according to a statement from the IMF on Saturday 12/17/2022. The package of policies included in the program includes measures, including the permanent transition to a flexible exchange rate system and the implementation of a monetary policy aimed at reducing inflation rates.

The crises that Egypt is suffering from are originally caused by the West's control over our country and its rule with its man-made capitalist laws that make its existence and plundering of the country's wealth within the framework of the law and the duty of protection from the existing regimes. And all the reforms that are proposed, within the framework of capitalism, deepen the crises and increase people's suffering, and this is what the loans of international institutions do accompanied by catastrophic decisions.

These procedures or conditions will lead to a decrease in the price of the Egyptian pound against the dollar, and thus an increase in the prices of imports and a decrease in the prices of exports. It is true that the depreciation of the pound may improve the price competitiveness of Egyptian goods and services (provided that the demand for them abroad is flexible, and this is not the case in Egyptian exports), but this will raise the cost of Egyptian imports (which does not have a flexibility of demand, which means a large increase in the cost of imports). Studies conducted on the development of the volume of Egyptian exports and imports confirm that the depreciation of the Egyptian pound did not have a positive effect on the Egyptian trade balance. The lower the value of the pound, the higher the import bill without decreasing its quantities. Egypt imports more than 80% of what it consumes, and this devaluation of the pound does not affect the volume of Egyptian exports, and this can be verified through the data of the Egyptian current operations balance. Previously, the Central Bank of Egypt announced that the Egyptian economy's transactions with the outside world from July to December of the fiscal year 2021-2022 resulted in an increase in the current account deficit to record about \$7.8 billion, compared to about \$7.6 billion for the same period from the previous fiscal year. (Al-Arabiya 4/15/2022). Meaning that the depreciation of the currency will lead to an increase in inflation rates, the inability to buy, and an increase in the rate of poverty and the poor. This is what man-made capitalist laws are doing in Egypt. In May 2019, the World Bank announced that "about 60% of Egyptians are either poor or in need more" meaning that they qualify for poverty.

It is impossible to address inflation and poverty and reform the economy on the terms of the fund and in light of capitalism and its corrupt treatments and paper currencies that have no real value. Rather, all that is happening is attempts to mitigate the effects of those disastrous decisions on people in order to avoid or delay any possible explosion with the increasing pressures that exceed their tolerance.

People should be aware that Egypt, with its resources, does not need international loans or grants, even if they are not conditional. Egypt is indispensable for this with its resources and wealth, only if the diversification of resources is properly exploited and wealth is produced from them, and if the state abandons the dollar and dismantles any link between it and its economy. With the adoption of a currency backed by gold and silver, it eliminates inflation, which leads to price stability.

In conclusion, Egypt needs a new vision from a different angle than the capitalist system, and an alternative system capable of making a difference, so how can this be done? And who is capable of it? Who carries this system?

Egypt has a great diversity of its resources, including oil, gas, gold, and other minerals. Even its desert sands are a valuable treasure, as well as water bodies rich in marine life and the accompanying industries based on them, as well as vast arable areas that are sufficient for Egypt to grow all the strategic plants it needs enough and abundant, it does not need to import its food. However, capitalism and subordination prevent Egypt from utilizing its resources and enable the West to plunder them. In order for Egypt to be able to obtain these resources and recover their sources, the capitalist companies that dominate their sources must be expelled and divide the property on the basis of Islam. So the sources of oil and gas and other minerals and buried wealth come under the framework of public ownership, which the State is not allowed to give ownership to real or notable people, but rather it must produce the wealth from it and redistribute it to the subjects equally in kind or services, there is no difference between rich and poor or between a Muslim and a non-Muslim, because the Messenger of Allah (saw) says: «الْمُسْلِمُونَ شُرَكَاءُ فِي ثَلَاثٍ، فِي الْكَلْبِ، وَالْمَاءِ، وَالنَّارِ» **Muslims share alike in three things: water, herbage and fire.**”

The State also enables its citizens to possess and build the land through agriculture, industry and housing, and supports them in this way, transforming the enormous human energy into productive energy and qualifies them to exploit these areas and similar water bodies in fishing and the associated industries, as the Prophet (saw) said: «مَنْ أَحْيَا أَرْضًا مَيْتَةً فَهِيَ لَهُ» **"If anyone revives dead land, it belongs to him."** How will Egypt be then? Will it complain of overpopulation or unemployment?

As for the dollar, it is a paper currency that has no value in itself, and it is one of America's tools to dominate the wealth of our country, and a means of enslaving peoples. It is not correct to link the economy or the currency to it or to any paper that is not based on a real value of gold and silver, the state's currency must be gold and silver or papers representing them, Egypt can do this easily, because what it actually possesses of gold is capable of providing abundantly, and the fact that the currency is based on gold gives the value that defies disasters and crises and addresses inflation, and Shar'a obligated that money be gold and silver, and linked Shariah rulings to it in terms of zakat, hudud, and so on. And it was like that until recently, as the American economist Nathan Lewis stated in a research he conducted in 2011 that Egypt remained the largest country with a monetary cover of gold in the world, specifically from the year 1926 until the early 1950s, despite devaluating its currency in 1931 like the rest of the world during that period to surpass all countries in the world in terms of the strength of its own currency, including Britain.

Dealing with resources, wealth, even currency, loans, and so on, has Shariah rulings that regulate its modalities. Islam regulates all matters of our life with Shariah rulings emanating from a political belief that coincides with the human instinct of incapability and need for the Creator. These provisions are a real guarantee for people to live a decent life in which their souls are reassured. They were applied over the past centuries until we saw some of the rulers of our country saying: "Sprinkle wheat on mountaintops so that it is not said that a bird is hungry in Muslim lands." And who addresses a cloud passing through the sky, saying: "Rain as you wish, for your *kharaj* will return to me." We need people like these in their piety (taqwa) and in their ruling by the rulings of Islam, its Shariah, and its system. We need a state that implements Islam completely, comprehensively and undiminished under its Khilafah Rashidah (rightly guided Caliphate), on the method of the Prophethood.

﴿وَلَوْ أَنَّ أَهْلَ الْقُرَىٰ آمَنُوا وَاتَّقَوْا لَفَتَحْنَا عَلَيْهِم بَرَكَاتٍ مِّنَ السَّمَاءِ وَالْأَرْضِ﴾

"Had the people of those societies been faithful and mindful of Allah, We would have overwhelmed them with blessings from heaven and earth." [Al-A'raf 7:96]

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in Wilayah Egypt**