

IMF Usurps Egypt's Economic Sovereignty

News:

According to the World Bank, the poorest countries face three years of soaring debt service costs, draining vital resources from spending on health, education and social assistance and leaving dozens of countries with unsustainable debts. According to the bank's annual data published, a group of 69 low- and middle-income countries will make payments of \$62bn on public debt this year alone. [Financial Times] The World Bank report coincides with Egypt's upcoming meeting with the IMF to agree to the disbursement of tranches as per the \$3bn Extended Fund Facility (EFF) deal inked in October this year. [IMF]

Comment:

Speculation is rife that the IMF money will be used to secure further loans from friendly countries, and that these loans will be used to service existing debt, which currently stands at \$155bn. The friendly countries will only lend to Egypt once Sisi's government has fully committed to an IMF deal. This is because the IMF deal will ensure a healthy profit on their loans through the structural reforms executed by Sisi at the behest of the IMF.

In anticipation of the EFF and the first tranche, the Sisi government has carried out a series of measures to placate IMF officials. This includes increasing interest rates, devaluing the Egyptian pound, and cutting financial aid to cooperates. Under the pretext of cutting aggregate demand to increase foreign reserves, other measures are likely to follow, such as eliminating subsidies, documenting the economy to boost tax receipts, greater privatization, reduction in the power of the Egyptian state and a flexible exchange rate mechanism that enables foreign powers to easily take money out of the country. [IMF]

It is obvious that the structural reforms are neoliberal prescriptions driven by the Washington Consensus to favor not only external creditors, but also American foreign policy goals in the region. The IMF structural adjustments ignore addressing the root of Egypt's economic malaise, which is a strong growing industrial base that creates jobs, increases tax receipts for the government, overcomes balance of payment issues through greater exports and less imports and provides much needed economic self-sufficiency.

The IMF economic prescriptions are intended to saddle Egypt with increased debt, which means the government does not have the fiscal space to support healthcare, education, upgrades to debilitating infrastructure and a strong military to defend the state. On the contrary, debt servicing only weakens the Egypt's economic sovereignty and makes the country completely dependent on American military aid. The measly military aid is sufficient to police Egyptians strictly in line with Sisi's draconian polices, but not strong enough to liberate Palestine. If Egyptians truly want to break free from the yoke of American colonialism and enjoy the fruits of economic sovereignty, then they must work hard to re-establish the Caliphate. Indeed under Rashidun, Umayyad, Abbasid and the Uthmani Caliphate, Egypt, like many of the Muslim countries, was so prosperous that the West envied its prosperity due to Islamic rule.

﴿يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ * فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ وَإِن تُبْتِغُوا فَكُنتُمْ رُؤُوسَ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ﴾

“O you who believe, fear Allah and give up what still remains of riba, if you are believers. But if you do not (give it up), then listen to the declaration of war from Allah and His Messenger. However, if you repent, yours is your principal. Neither wrong, nor be wronged.” [Al-Baqara: 278]

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