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Egypt: A critical review of the most recent CBE decisions

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In light of the acute economic crisis that the Egyptian economy has endured in recent months, the Central Bank of Egypt (CBE) has made several significant decisions that are likely to have numerous impacts on the course of economic conditions in Egypt within the coming period. This paper will introduce a critical review and brief analysis of these CBE decisions, as follows:

First decision: Raising the interest rate by 3% on deposits and lending:

The Central Bank of Egypt (CBE) on 22 December 2022 decided to raise the interest rate by 3% on deposits and lending at the last meeting of the Monetary Policy Committee in 2022, to curb inflation (pace of price hikes), thus exceeding market expectations.

Thus, the interest rate at the CBE rose to 16.25% on deposits and 17.25% on lending. With this decision, the Central Bank has raised interest rates 4 times during 2022, with a total of 8%.

The CBE had held two extraordinary meetings during 2022 in which it raised the interest rate: the first on 21 March by 1%, the second on 27 October by 2%, in addition to another rise of 2% at the end of May. By adding the last hike, on 22 December, the total interest rate hikes reached 8% in less than a year.

The interest rate decision is one of the monetary policy tools to contain inflation pressures, after the core inflation rate rose during last November to 21.5%, according to the data of the Central Agency for Public Mobilization and Statistics (CAPMAS), while the annual urban inflation rate rose to 18.7%, also according to the CAPMAS data.

The CBE had announced that the interest rate hike policies were aimed at containing inflation pressures, targeting reaching an average of 7% (±2 percentage points) during the fourth quarter of 2024, and an average of 5% (±2% percentage point) during the last quarter of 2026.

The CBE Monetary Policy Committee referred to the recent increase in inflationary pressures on demand, which was reflected in the development of real economic activity, compared to maximum production capacity; in the price rise of many items of the consumer price index, and in the increase in domestic liquidity growth rates, in attempt to justify the decision.

Some experts added that raising the interest rate by 3% at once is aimed at increasing the attractiveness of the Egyptian pound and reducing pressures on it in the face of foreign currencies, by increasing the inflows of Egyptian expatriates following the increase in the return rate on the pound, although the real interest rate is still negative.

Undoubtedly, the justifications of the CBE Monetary Policy Committee seem to be outdated, and even reprehensible to a large extent, as there are many reasons for the high inflation rate in Egypt, where the demand item constitutes, if any, only a very small percentage, as the inflation rate in Egypt was mainly affected by the following factors:

1- The devaluation of the Egyptian pound

In late October, the Egyptian government announced reaching an agreement worth 3 billion dollars with the International Monetary Fund (the agreement had not finally been approved until December 2022), with commitment to switch to a permanent "flexible exchange rate regime". This led to a record continuing decline in the pound's exchange rate against the dollar, up to EGP 27.5/dollar in the official market and more than 33 pounds in the parallel market (before almost reaching EGP 30 officially), with expectations of continued decline, in light of the government's hesitation so far to bring about a complete flotation, with persistence of chronic deficit in the economic balances.

In general, it is natural for the exaggerated rise in the dollar price against the pound to cause a decline in the real value of workers' wages and pensions of retirees, in addition to the loss of a large percentage of the purchasing power of savings, investments, and assets denominated in the Egyptian currency, all of which make sense to reduce total domestic demand, not increase it, as the CBE monetary policy committee claims.

2- Increasing the money supply

Undoubtedly, the increase in cash issuance is one of the most significant factors that have impact on the inflation rate. It is noteworthy that the Egyptian government, in previous periods, used to print paper money as a means to confront the scarcity of domestic resources.

Inflationary financing is one of the most important policies and procedures that some countries may follow to cover the gap between revenues and expenditures, as resorting to inflationary financing is a result of the inability of regular sources of financing (savings and surpluses), whether compulsory or optional, to cover the gap between government spending and public revenues.

In other words, in cases where the volume of required investments exceeds the volume of compulsory and optional savings, the state resorts to financing its budget through inflationary financing, that is, an increase in cash issuance.

However, there is consensus among economists to warn against resorting to inflationary financing to fund investments on a large scale, and that it should not be used except in cases of necessity, with certain limits, standards and systems, otherwise this conduct will lead to problems at the economic level[1].

Of course, there is no recent data that can be relied upon in surveying the volume of money printing in Egypt during the last year, but it should be noted that, according to the CSE, domestic liquidity increased in the past year during the period from July to September of FY 2021/2022 (note that this period does not fall within FY 2021/2022!) with about EGP 217.4 billion, at a rate of 4.1%, compared to an increase of about EGP 218.4 billion, at a rate of 4.8%, during the same period of the previous fiscal year, to reach EGP 5574.0 billion at the end of September 2021, which represents 71.1% of the GDP in FY 2021/2022.

This increase was reflected in the growth of both quasi-money and money supply, as the quasi-money increased by EGP 143.0 billion, at a rate of 3.5% during the period, to reach about EGP 4244.4 billion at the end of September 2021, and the money supply increased by 74.4 billion pounds, at a rate of 5.9% during the period, to reach EGP 1329.6 billion at the end of September 2021[2].

It should be noted that this increase in the money supply was only for a period of three months, as the CBE monthly statistical bulletin No. 307 of October 2022, indicates that the total uncovered cash

[1] Abdul Rahman Yousry: Economic Development in Islam, University Youth Foundation, Alexandria, Egypt, p. 78.

[2] The Central Bank of Egypt: The Economic Review, Volume 62 No. 1, 2021/2022.

printed in that fiscal year amounted to EGP 115.6 billion, compared to EGP 71 billion in the previous year; and this was under more stable economic conditions than the current difficult conditions, and therefore this number is likely to double during the recent period.

It is certain that money over-issuance will increase the intensity of current inflation wave, taking into account that a percentage of this issuance is used by the government to pay the arrears of dues of the contractors implementing the so-called national projects, and did not go to financing any rise in wages of civil servants, pensions or other increases that support consumer spending (inflation on the demand side).

It should also be noted that inflation is a kind of "tax on the poor" as it affects low-income people, who will certainly face difficulties in covering their expenses in general, and the essential ones in particular. Since the vast majority of Egyptians (60-70% according to some estimates) are poor, the CBE Monetary Policy Committee's raising of interest under the pretext of high demand, will be meaningless or illogical.

3- Monopoly of the Egyptian market

The Egyptian domestic and international supply chains are enveloped by a monopolistic network that has grown and flourished in the arms of successive regimes, that its relations with these regimes, their apparatuses, and their institutions have become difficult to separate, or even neutralize.

It is well known that less than ten companies monopolize the import of wheat, and the like in other strategic commodities, where the matter did not stop at the limits of import monopolists, but rather extended to include holders of international agencies operating on Egyptian soil, as well as to major merchants in the Egyptian production of basic commodities, especially agricultural ones, which constitutes a monopolistic conglomerate with tight organization and understandings, controlling the prices in effect throughout the country.

The situation is getting worse, amid the state’s mismanagement of many files in which it is trying to neutralize some of the negative impact of those monopolists. With respect to the sugar crisis to the recent rice crisis, it is clear that government decisions complicate crises and do not provide appropriate solutions to them, which may be due to that inseparable relationship referred to above.

It should also be noted that this monopolistic situation is rooted and well-established in the Egyptian economy about four decades ago, but it is extremely remarkable that the state did not even try during all that period to address that negative situation - despite its inability to control it through the remaining material and human tools in the hands of the Ministry of Supply - accordingly, attempts to establish cooperative complexes seemed very timid, clearly being against the will of the stakeholders; and even the consumer protection apparatus seemed weak and unable to take any action, given the fact of being subject to orders of the security services and centers of economic power.

Therefore, the Egyptian state does not possess real tools through it can use for controlling price manipulation, resetting the exaggerated profit margins, preventing actions that fuel inflation and profit manipulators. However, perhaps building that network of cooperatives is one of the solutions that the state must resort to partly address the crisis if it really wanted a solution.

Accordingly, a percentage of the inflation in the Egyptian case is due to the monopolistic situation that the Egyptian economy suffers from, while the state did not even attempt to develop appropriate solutions for it; therefore, the CBE Monetary Policy Committee's excuse of rising demand is considered flimsy to a large extent.

4- The documentary credits crisis

This decision by the CBE will be discussed in detail when talking about the second decision regarding the abolition of the documentary credits system, which has been in place since February 2022, being one of the reasons for the high inflation rate, and the (recent) return to acceptance of collection documents to implement all import operations.

5- Some global causes

There are many global reasons that have a negative impact on the overall Egyptian economy and, accordingly, the inflation rate. Some of these reasons can be reviewed in brief as follows:

- Continuation of some negative effects of the Covid-19 economic repercussions, and the subsequent crisis of high freight prices, supply chain crises, and the electronic chip crisis.

- Continuation of the negative effects resulting from the outbreak of the Russian-Ukrainian war, and the subsequent rise in the prices of energy and the main foodstuffs imported by Egypt.

- Continuation of the monetary tightening policy pursued by the US Federal Reserve and major central banks all around the world, which has increased the cost of funds and depleted sources of borrowing through indirect investments.

To summarize:

A review of the previous elements may indicate that the causes of domestic inflation in Egypt, in general, are not due to the demand side, as the CBE Monetary Policy Committee claims. Therefore, its action to raise the interest rate successively during the current year does not aim to reduce the inflation rate as much as it aims to attract more remittances from Egyptian expatriates; or an attempt to attract some hot money, which is extremely difficult in light of current and expected global economic conditions, and in light of continuation of negative real interest rate despite the interest rate hikes, in addition to an attempt to stop the dollarization fever and the loss of confidence in the local currency, all of which are hostages to inflation rates and its continued escalation during the last period.

On the other hand, the policy of raising the interest rate has many negative effects, most prominently escalating the domestic debt servicing burden, raising the public budget deficit or reducing spending on subsidies and public investments, in addition to increase in the cost of funds for local investors, which means a slowdown in investment cycles and the growth rate, and going towards continued recession during the current year (as has recently been evident in the value of the PMI for the non-oil sectors, which showed contraction for the twenty-fifth month in a row), with repercussions on unemployment and poverty rates. All this leads to risk of the Egyptian economy falling into an infernal cycle of stagflation.

The wrong approach of the CBE Policy Committee simply means that its future forecasts will be wrong or at least questionable. For example, the committee's confirmation of the downward path of inflation and its targeting of a rate at the level of 7% (±2% percentage point) on average during the fourth quarter of 2024, and the level of 5%. (±2% percentage point) on average during the last quarter of 2026, is highly questionable, in addition to ignoring 2023, which confirms continued escalation in the inflation rate throughout the current year and perhaps the first three quarters of next year.

The statement of Central Bank's MPC indicates that the future path of inflation rates depends on the cumulative increases in interest rates to date, which takes time to affect inflation rates, and that the path of basic interest rates depends on expected inflation rates and not the prevailing inflation rates. However, these assertions will remain hostage to many local and global factors and raise high suspicions about their verifiability.

Perhaps the statement of former International Monetary Fund Director Christine Lagarde, President of the European Central Bank, confirms this conclusion, when she said, "There is growing talk that rate-hike medicine may taste bitter. On top of that, risks surrounding the big uncertainties – the Ukraine war, tensions between China and the West – are skewed to the downside."

Second decision: Abolition of the documentary credits system

According to a letter sent to Egyptian banks, the Central Bank of Egypt instructed banks, with reference to the periodic book issued on 13 February 2022, to stop dealing with the collection documents in implementation of all import operations, and to start working with documentary credits only, and subsequent exceptions, as well as the periodic book issued on 27 October 2022 on increasing the value of shipments excluded from the decision from $5,000 to $500,000, it was decided to abolish the decision and allow collection documents to be accepted in the implementation of all import operations.

The CBE on 14 February 2022 announced suspension of dealing with collection documents in the implementation of all import operations and operating through documentary credits, a decision that entered into force on 23 February 2022, with the aim of governing the foreign trade system and rationalizing the use of dollar resources after they were affected by the negative consequences of the Russian-Ukrainian war, a decision that resulted in widespread economic turmoil after imports dramatically slowed down and goods piled up at ports.

The operation of collection documents means that the importer pays the foreign supplier part of the shipment value, and when the shipment arrives, with the documents related to it, then the importer transfers the rest of the shipment value. In the documentary credit system, the importer opens a credit for the full value of the imported shipment before starting the import procedures, which means forcing the importer to procure the full value of the shipment in dollars and deposit it in bank in full (with a precondition that the official source of dollars be disclosed, which means that the dollars available in the parallel market cannot be used) and the bank then releases part of the deal value and freezes the rest of the amount until the shipment arrives. These procedures almost completely paralyzed the Import process.

In a statement, the CBE indicated that the abolition serves as an incentive to support economic activity in the medium term, and that the CBE would also work to build and develop the financial derivatives market with the aim of deepening the foreign exchange market and raising the foreign currency liquidity levels.

A few days after the decision, the Egyptian Council of Ministers announced the release of $5 billion worth of goods in Egyptian ports, from early December until the 23rd. of the same month, and the Cabinet stated in a statement that the released goods came from goods held inside the ports, that their value exceeds 14 billion dollars, and that the goods remaining in the ports as of 25 December 2022, are worth about 9.5 billion dollars. The CBE also indicated that the priority in releasing goods would be for food commodities, food manufacturing components, medicines, and production supplies.

It should be noted that the government's procurement of part of those amounts (it is not known how the remaining part was procured) was by offering local debt instruments in dollars, but they were very short-term (for a period of one month), as the government put forward an offering of $990 million for a month, with an interest rate of 4.5%; the second offering was $1.14 billion for a month, with an interest rate ranging between 4.59% and 5.3%; and the third offering came on 2 January 2023, with $850 million for a month, and the interest rate would be determined at the time of the auction, where this very short period shows the urgent need and the great compulsion to borrow dollars, and that It was logical that these sums would be repaid through borrowing at new auctions, where this approach would be the obligatory path until the assets are sold.

The most prominent thing in the CBE decision was the gradual abolition, up to a complete cancellation in December 2022, that is, within two months. In conjunction with the gradual abolition of documentary credits, the CBE raised the value of shipments from 5 thousand dollars to 500 thousand dollars, which means that it provided flexibility to work with documents Collection without the need to open credits.

Likewise, there is general agreement that the decision to abolish the decision to work with documentary credits and allow the return to working with collection documents in import operations, will revive the economy temporarily, but on the condition of availability of the dollar and that a flexible exchange rate for the Egyptian pound against the dollar would be available without any restrictions, as a result of the scarcity of the dollar in the state and banks, especially In light of the position of foreign exchange reserves in Egyptian banks, at minus 22 billion dollars, which led to banks refusing to lend each other in dollars, in the so-called "interbank" operations.

Simply put, the decision will make the door for imports wide open after a long absence, and if there is no dollar proceeds available in banks to cover import requests, the price of the dollar will further rise. However, on the other hand, the decision will partially relieve pressure on the dollar demand (for a temporary period), as what is required is only a percentage of the value of the import process and not its entire value, as had prevailed since last February, especially that the time period for the import process could take 6 full months.

It should be noted here that the decision did not explicitly specify whether the sources of import financing would be limited only to banks or would allow acceptance of dollars from importers outside the banking system, and in general, the continuation of restrictions on accepting dollars from money exchange offices or of unknown origin from outside banks would be inevitable to avoid the existence of price gaps in new parallel (black) market to increase the entry of dollar resource flows from international or regional institutions.

In general, it can be confirmed that although the new CBE decision is in the right direction (provided that a reasonable amount of dollars be available, sufficient to cover the needs), yet, it is still insufficient to achieve stability in the price of the pound against the dollar, and that it requires an integrated package of economic policies to eliminate the structural distortion of the Egyptian economy in general and commercial transactions in particular.

Third decision: NBE and Banque Misr's issuance of 25%-return saving certificates

The National Bank of Egypt (NBE) and Banque Misr on 4 January 2023 decided to issue a one-year span saving certificate, with a return of 25% to be disbursed at the end of the year, as well as a periodic monthly return of 22.5% as of 4 January. Such high returns for saving certificates have become a regular practice with every devaluation of the Egyptian pound. A few months ago, banks issued saving certificates with 18.5% return, and before it had been a saving certificate of 16% return.

It is undoubtedly that this procedure complemented the decision of the CBE Monetary Policy Committee to raise the interbank interest rate by 3%, with continuation of the downward path of the pound after the CBE had lifted its hand from fixing the price in response to the IMF pressures and under the weight of the suffocating dollar crisis.

The CBE has been accustomed to using the two major banks, the NBE and Banque Misr, since 2016 in implementing its monetary policy by issuance of high-yield saving certificates in times of difficult economic conditions and waves of inflation, in coincidence with the liberalization of the pound's exchange rate against foreign currencies and its decline, with the aim of having a real return on customers' savings to maintain the real value of their savings.

Perhaps the most important thing that may be noted with respect to the above paragraph is lack of reliance on Banque du Caire, the third government bank in terms of size, which clearly indicates the government's unwillingness to place the heavy burdens of those certificates on the bank that is being prepared for privatization, in addition to failure of all other Egyptian banks to announce joinin that step (of the NBE and Banque Misr), despite the hills of money flowing towards the two banks during the past few days, amounting to about EGP 155 billion by the end of 9 January 2023, according to statements by Yehia Aboul Fotouh, Vice Chairman of the Board of Directors of the National Bank of Egypt, where EGP 105 billion of them were collected by the NBE and EGP 50 billion by Banque Misr, which confirms their heavy cost on the profits of those banks (given the commitment to pay the high return), although it is likely that these banks will try to match the market in a later period by issuing higher certificates in terms of returns, but they will not be able to keep up with the NBE and Banque Misr, which will undoubtedly pay the bill in full .

It is undoubtedly that allowing the issuance of saving certificates with a return of up to 25% prompted experts to talk about a number of negative and positive effects on all variables of the national economy.

In the next part, the paper will review and discuss these negatives and positives, in attempt to identify and weigh the general impact of these saving certificates on the economic conditions in Egypt during the coming period:

First: the negative aspects

There are several negative effects of this decision on the Egyptian economic situation, perhaps the most important of which are:

1- Discouraging real investment.

In the area of comparison between alternatives, a large number of investors will prefer to resort to investing in savings certificates with a high and guaranteed return, rather than entering into real investments that are not guaranteed with returns and are fraught with risks (especially in light of the current conditions of the Egyptian national economy). It is undoubtedly that this will reduce real investment by a large percentage, which will accordingly affect the overall economic activity, limit the creation or even preservation of job opportunities, and exacerbate severity of the economic recession.

The situation becomes more complicated when taking into account the government's need to reduce spending on investment and major projects due to the severe funding crisis on the one hand, and due to the pressures of international creditor institutions on the other, which means that a double blow has been directed to domestic investment in both its private and public parts.

2- More budget deficit:

The government boasts to international institutions of achieving a primary surplus in the state's general budget as an outcome of the fiscal control program with the IMF, which started in late 2016, but it is clear that this imaginary surplus has become at risk after issuance of these saving certificates, as the rise in the interest rate in general and the interest rates on savings certificates in particular, affects the government's need to raise interest rates for treasury bills and bonds in order to continue financing the budget deficit, which leads to higher interest payments and public debt service expenditures, and accordingly increases public expenditures, which may negatively affect the government's estimates in the public budget and the budget deficit.

According to estimates by the Minister of Finance, every 1% increase in the interest rate costs the state budget between 30 and 32 billion Egyptian pounds, which means that a 3% increase in interest costs the budget an additional deficit of 90 billion Egyptian pounds.

3- The negative impact on Egypt's Stock Exchange

In the area of investment, a comparison is made between alternatives of assets, and savings certificates are considered one of the competing alternatives with stocks, bonds and gold, which are strong candidates for citizens to preserve the value of their savings in local currency; and undoubtedly raising the interest to this degree in the new saving certificates will direct funds directly towards certificates at the expense of other alternatives, primarily stocks.

It seems logical that this situation would directly have two negative effects: the first of which is a general decline in the Egyptian Stock Exchange indices, which have just emerged from periods of acute losses during the past years; and the second is to allow foreign ownership of the majority of stock exchange shares, as the sharp decline in the share price is denominated in dollars, which means more sale of Egyptian assets to foreigners. It should be noted here that the recent rise in the Egyptian Stock Exchange indices is mainly driven by the second factor (the decline in the value of stocks denominated in dollars), but the withdrawal of liquidity related to the first factor will eventually lead to a decline in the indices again.

4- Poor effect on inflation and major effect on recession

The government has always justified its decision to raise the interest rate by the efforts to fight inflation; and undoubtedly, inflation in Egypt is not on the demand side. The consumer spending has been subjected to several severe blows during the past years, especially after the first flotation decision, and the erosion of the purchasing power of citizens, in addition to the decisions to lift subsidies and raise transportation fees, all of which destroyed the purchasing power of Egyptian citizens.

It should be noted that the devaluation of the Egyptian pound will raise the prices of imported commodities (most of which are basic commodities and production requirements), even if the pace of customs release increases during the coming period, which will further fuel the inflation rate.

Therefore, it is logical that the actual impact of raising the interest rate in general and on saving certificates in particular will not have a significant impact on the decline in the inflation rate in Egypt, as it is mainly sharpened by the acute decline of the Egyptian pound, in addition to the fact that the nature of inflation in Egypt at the present time is related to the supply and costs side, most of which are primarily external causes.

Therefore, it is logical that the effects of this decision will be limited to a broad economic deflation and recession, as discussed above. It can be added that the severity of the expected recession depends only on the government's ability to find resources to spend on domestic investment (which seems very poor) as well as on its ability to evade the IMF requirements related to exiting from projects (which also seems difficult in light of the government's complete submissiveness during the last loan negotiations).

Second: the positive aspects

The views of experts in this regard revolve around the advantages of the decision to raise the interest on saving certificates, notably:

1- Raising attractiveness of the Egyptian pound

Raising the interest rate on saving certificates to 25% is one of the elements of defending the continuously declining value of the Egyptian pound against foreign currencies. The issuance of these certificates widens the difference between their returns and their counterparts in dollars to 20%, which increases the attractiveness of the Egyptian pound, in a way that may lead many to give up their dollar holdings, and with the expected continuation of the creeping dollar's rise, it is natural for many individuals to give up their dollar holdings and turn towards investing in new certificates in the local currency, especially in light of the continued flow of remittances from Egyptian expatriates and the expected collapse of the black market after the real devaluation of the pound in the CBE, all of which will provide more important dollar resources to resolve the current crisis.

Undoubtedly, the above analysis seems to a large extent theoretical, as the Egyptian citizen is dominated by a state of economic uncertainty, as the talk of achievements has dramatically turned into a crisis and runaway inflation, where the second flotation followed the first one, and the third flotation did not settle at a certain point in the bottom until the present moment. Also, the real inflation rate currently announced does not reflect reality, especially after the continuous decline of the Egyptian pound. Therefore, the return on saving certificates, appears negative, compared to the inflation rate, despite its high rate.

Therefore, the abandonment of the dollar by Egyptians, based on any high interest rate incentives seems far-fetched, especially as the current flotation is expected to continue until the state finds new dollar sources or until it is able to develop its regular resources, which are unlikely in the short term. Yahya Aboul Fotouh, Vice President of the National Bank of Egypt has stated that about half of the flows (EGP 155 billion until 9 January) came from getting rid of old certificates with a lower return, hoping for a higher return on new certificates; therefore, there is only part of the remaining half that may have resulted from exchange of dollars for pounds (on the basis that the remaining part came from other sources in Egyptian pounds), which means that the effect of issuance of new saving certificates on customers' disposal of hard currency sources to benefit from the high return on the pound is still modest.

2- Reducing capital smuggling abroad

The decision to raise interest rates and the issuance of saving certificates with high returns limits the phenomenon of money exit from Egypt, given that it represents an attractive element for the inflow of financial resources and reduces the incentives for money to flee abroad.

The above proposition seems very theoretical as well, as the factors influencing decisions to smuggle money abroad do not include the return on certificates; as the prevalence of an overall healthy investment climate, the rule of law, and a sense of security, stability and optimism about the future of economy are all lacking in the Egyptian case. This is evidenced by frequent news about the sale of large shares of major Egyptian companies to offshore companies in global tax and financial havens to foreign companies owned by the same Egyptian owners.

In general, the above analysis clearly indicates that the disadvantages of the decision to issue saving certificates with a return of 25% on the Egyptian economy will be significantly more influential than the advantages of that procedure, which lies in the circle of the theoretical framework that does not take into account many of the variables affecting the Egyptian economic scene that have accumulated that have accumulated through monetary, financial and perhaps security procedures adopted during the past years.

Therefore, these certificates can be considered as just a dose of economic painkillers for that social class that has financial surpluses and seek to reduce their real losses as a result of devaluation of the pound.

However, an important question arises, what about the other social class that no longer has any savings? What will the state offer them?

Conclusion

The analysis of the decisions made by the Central Bank of Egypt recently shows the continued state of confusion in monetary management and the resort to a number of sedatives that are questionable and unlikely to have any positive impact on the general economic situation in Egypt which has reached such a state of deterioration that any usual procedures to address various problems in a fairly stable economy, would not be appropriate[3].

[3] The views expressed in this article are entirely those of the author's and do not necessarily reflect the views of the Egyptian Institute for Studies