



1 - 7 December 2011
Issue No. 1074
Reader's corner

Published in Cairo by AL-AHRAM established in 1875

Financial sovereignty

Sir-- I read Niveen Wahish's article 'Less is more' (*Al-Ahram Weekly*, 3-9 November) with a great sense of frustration about the prevalence of the conventional wisdom that tax revenues finance government spending and that "borrowing" is inherently destabilising. If Egypt is going to lead the way in a new era in the Middle East, it must abandon the "sound finance" mythology, which is a relic of the gold standard, and embrace a model of true financial sovereignty. A financially sovereign country prints its own currency, collects taxes in that same currency, and most importantly issues government bonds that are only denominated in that same sovereign currency. As such, Egypt can finance all the national priorities that its people demand. A national debt is always manageable under a flexible exchange rate system and an adequate agricultural and industrial policy. Egypt's most valuable assets are its people and their ingenuity. The country must also harness support from and cooperation with like-minded nations that are interested in fair trade amongst equals rather than neo-colonialist subjugation. The real burden on Egypt's economy is the odious debt that was incurred under the Mubarak regime. This debt must be repudiated in the same way that Iraq's and Ecuador's debt were. Debt cancellation (not forgiveness) is the least that the West can do today to make up for the ills that Mubarak and his Western supporters have done to the people of Egypt.

Fadhel Kaboub
Ohio
USA

© Copyright Al-Ahram Weekly. All rights reserved

Al-Ahram Weekly Online: Located at: <http://weekly.ahram.org.eg/2011/1074/letters.htm>