

GLOPAC - Egypt

Problem Definition

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Egypt's Basic needs (1)



**How can we achieve happiness?
Can money buy us happiness?**

Egypt's Basic needs (2)



Money does not buy happiness. This is a very well-known world-wide proverb. BUT, without money an ordinary person or family cannot live. Today money is just a gate from which you can escape. Money is essential if you are to transform a nation's culture. WHY? Because ordinary people in today's world respect POWER which comes as a by-product of Money. They are so burdened by every days' needs, that they usually work 12 or even 14 hours just like old day slaves. Well, in a sense we are all slaves. Example: If I think too much, I am enslaved by my mental world.

Egypt's Basic needs (3)



So where does MONEY come from?

Egypt's Basic needs (4)



MONEY comes mainly from having the necessary tools and skills:

EDUCATION

But what type of education?

In my opinion, there are two types of education, ETHICAL and MATERIAL. ETHICAL education is necessary and essential if any nation is to be happy. Ethics requires the ability to READ A LOT. ENGLISH language, being the universal one, is a must, at least for the time being.

Egypt's Basic needs (5)



Why is ETHICAL education important?

Because it lays a strong foundation of JUSTICE upon which any system built will be successful. An Egyptian proverb used in courts is “JUSTICE is the base of Kingship and Ownership”.

Both types of EDUCATION: ETHICAL and MATERIAL are needed, the first being the necessary but not sufficient one.

Egypt's Basic needs (6)



Then: what should be our main Economic Goals?

Prior to January 25, 2011 (Gregorian calendar) – the Egyptian revolution - Egypt had the fastest moving GDP growth of any Arab country. So how come an economically strong economy – in terms of GDP growth and output – can have its economy halted so easily like that? The answer is the fact that $1 + 1$ is definitely not equal to 2. The politicians of the time thought $1 + 1$ should equal 2.

Living in a multi-dimensional world(1)

Then: what should be our main Economic Goals?

The equation $1 + 1 = 2$ works only in a one-dimension world. But God created the Universe to be multi-dimensional. There are the rich, there are the poor. There is the feminine, there's the masculine. And then out of seemingly nowhere children are born; giving hope that the world is more than we just see. Actually, I have just proven that $1 + 1$ can be any number. For some, God grants no kids. For others, He grants a large number of kids. So $1 + 1$ is definitely not equal to 2 from the Creator's point of view.

Strategic Management (1)



So what exactly went wrong for the revolution to take place?

I will tell you ... Economic Injustice coupled with lots of misinformation, ignorance and arrogance. A well-known mode or hierarchy of management is the Pyramid. One person manages 5. The 5 Manage 25. And so on. This means that you just need 11 levels of management to control almost 50 million people. In my opinion this top-down-only approach to management is pure slavery.

Strategic Management (2)



Is there a better management system?

A better, but still limited, approach is a strategic management process that is both top-down as well as bottom-up. In a bottom-up approach, the weakest members of society have their voices heard by providing constructive feedback up to the top of other pyramid. From an ethical point of view, this should be the aim of any JUST ruler, to protect the weak and socially disadvantaged. So why am I saying that this is a limited model? And not robust enough to build upon a sustainable financial and social system?

Strategic Management (3)



Why a dual pyramid structure is not enough?

The reason is that if people are not educated in ETHICS then fear, a very negative source, will be the main drive of their life. People will fear each other, fear change, and expect the worst to happen instead of trusting the flow of LIFE. Remember, having a dual pyramid will result for sure into lots and lots of friction. This friction will be intolerable if there was not enough transparency, trust, faith, acceptance of the other, and lots of patience. Each head of the pyramid (the up-right one as well as the inverted one) will feel threatened by the other leading to mass depression and loss of faith. A force capable of destroying any inherently-good nation.

Strategic Management (4)

Why a dual pyramid structure is not enough?

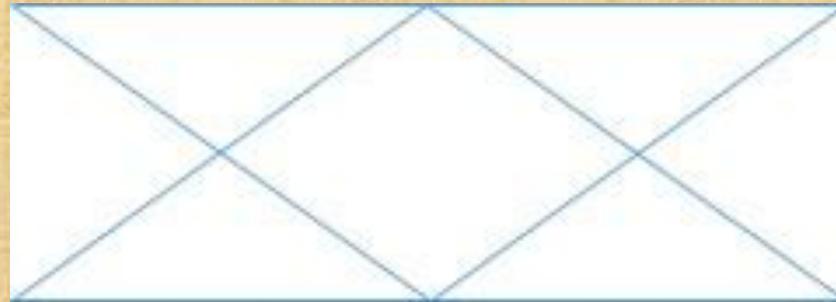


Fig (1 a) : Strategic Management : both a top-down and bottom-up approach

Strategic Management (5)



What is my suggested solution?

The solution to this problem is more and more cultural interaction and ETHICAL education. This information should be made public to the masses and at a very small cost to all individuals. ETHICAL education, from my point of view, is a multi-dimensional continuing education that takes care of the following relationships or dimensions of the human being and incorporates it into daily governmental decision-making:

Strategic Management (6)

What is one suggested solution?

The decision-making education should take the following - dimensions / relationships of the individual - into consideration:

- | | |
|-------------------------------|-------------------------------|
| 1. His Environment and nature | 3. His Family |
| 2. Himself | 4. His Community |
| a) Physical | 5. His Colleagues and Clients |
| b) Mental | |
| c) Emotional | |
| d) Spiritual | |

Strategic Management (7)



What is the expected result?

Through this foundational education system tolerance, and acceptance of the other, will be planted into the hearts of our kids. They will grow up trusting the flow of life. The dual pyramid structure will make sure that all segments of the population will have their voices heard. This education system should be made preliminary to any-one seeking a high position in the government or the House of Lords. Laws and daily decisions should abide by the constitution of the country very closely. Constitutions should be based on the two basic ideas of FREEDOM and DIGNITY.

Questions and Answer Session



End of Part 1

Egyptian Economic Situation (1)

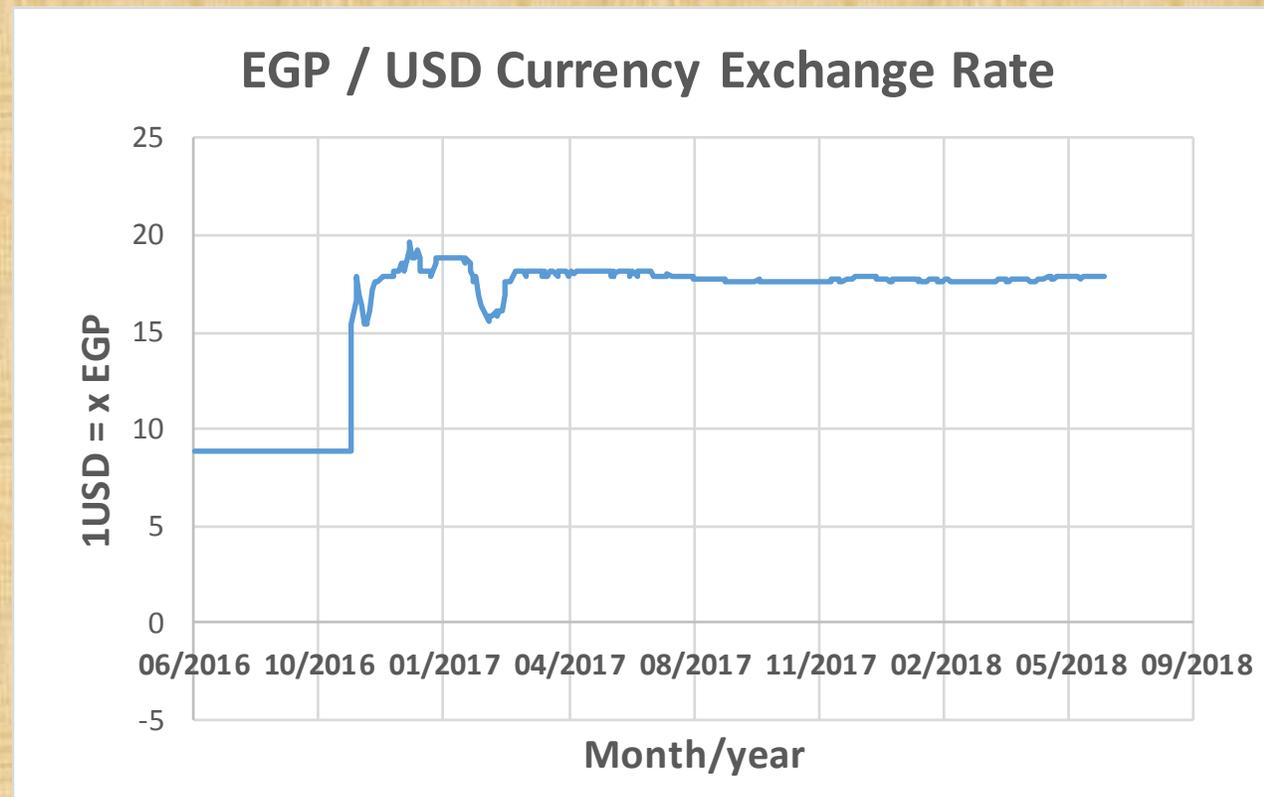


So what exactly happened from an economic point of view?

- 1. Floatation (actual Devaluation) of the Egyptian Pound – 3 Nov. 2018**
- 2. Inflation and subsidies' cancelation**
- 3. High Interest Rates set by Central Bank of Egypt**
- 4. Negative Real Investment Returns**

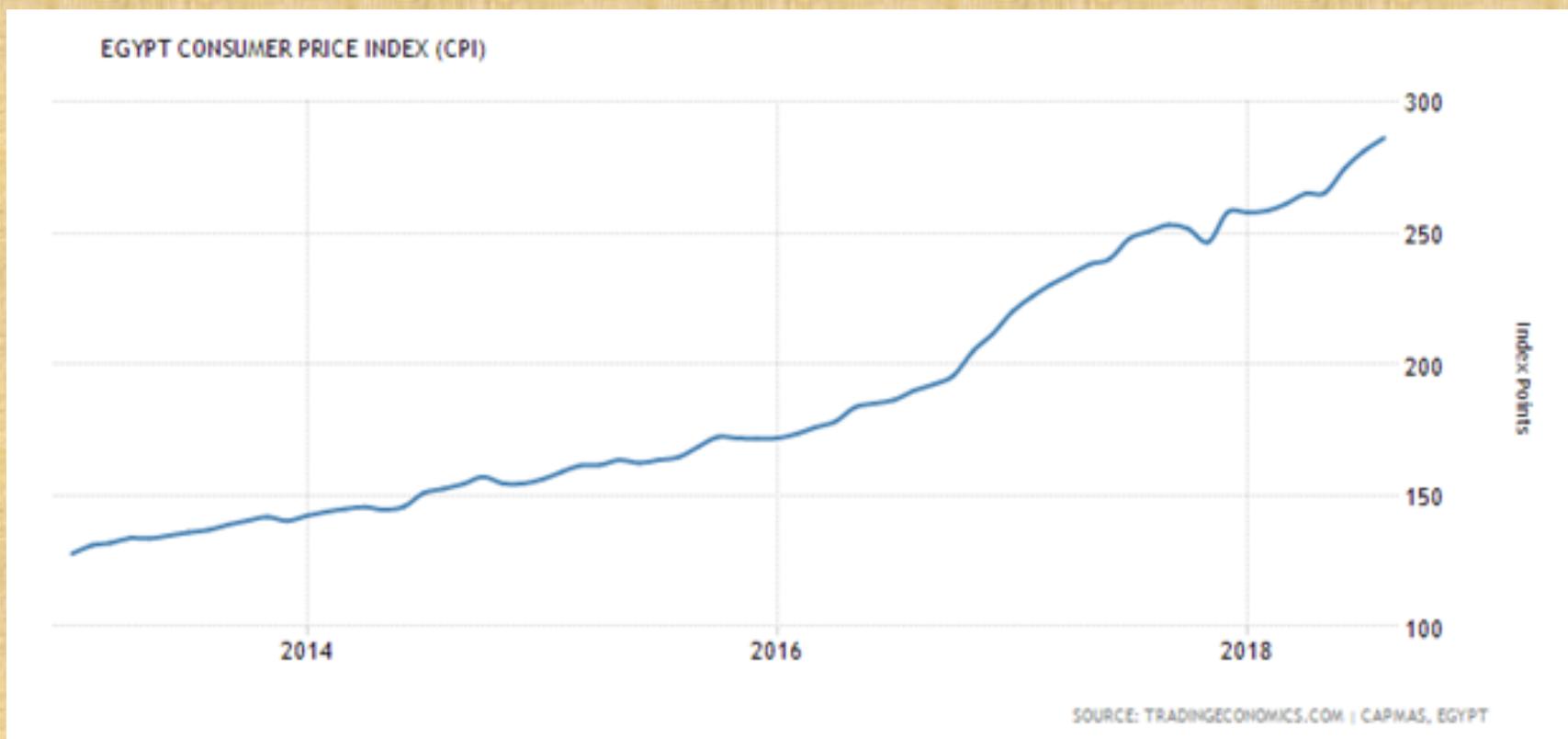
Egyptian Economic Situation (2)

1. Floatation (actual devaluation) of the Egyptian Pound – 3 Nov. 2018



Egyptian Economic Situation (3)

2. Inflation and subsidies' cancelation



Egyptian Economic Situation (4)



2. Inflation and subsidies' cancelation

Egypt imports most of its goods, especially food and wheat that have international prices in US dollars. As an expense, adding up to a liability, this makes Egypt, and its people, very prone to fluctuations in the currency exchange rate. Cost inflation of Imported goods is a risk that must be managed effectively. This risk is further amplified by demand inflation as the Egyptian population increases exponentially.

Recommended Solution



A Culture that accepts Risk, and bases its decisions upon ethical values and critical thinking

A well-known proverb in Egypt is that Financial Capital is a coward. It loves safe-havens. But there is not such a thing like a free-lunch. FRA encourages more and more financial institutions to invest in the stock market. More risk means more expected return, provided that we have done our duty of fundamentally analyzing each and every investment. Education is the best investment one can put his/her money. We are investing in the future of our country, our kids. So maybe we should also put a rating as to the value of each and every investment. We need to learn this from the best practices possible.

Egyptian Economic Situation (5)



3. High Interest Rates set by Central Bank of Egypt

High interest rates, as a remedy for high inflation, proved also very destructive. Those with sufficient cash and bank accounts, the wealthier, got to earn 16% or higher interest rates p.a. This meant that the wealthy are getting wealthier, with a larger piece of the economic cake, and the poor are getting poorer. This is in direct contrast to the teachings we discussed above. It also meant that social mobility will not be possible. But the problem is much more deeper than that.

Egyptian Economic Situation (6)



4. Negative Real Investment Returns - a

The vast majority, including myself, of the Egyptian population lack the required financial literacy and / or resources to manage investments effectively. Most private pension funds and life insurance companies invest in fixed income government-backed treasury securities. What is the effect of this pattern?

Inflation has hit record high levels of 33% p.a. in the past couple of years.

Egyptian Economic Situation (7)



4. Negative Real Investment Returns - b

The real return = nominal return (16%) – inflation rate p.a. (33%) = - 17%.

This means that every 3 years people's wealth get slashed in half or even more depending on your social level. This becomes destructive to poor and middle-class people, especially those with families and kids. Education is a very high priority for Egyptian families and it becomes increasingly difficult to pay for it. That's not to mention that our education system lacks the foundational ETHICAL component I talked before previously.

Conclusion



A Cultural Revolution in Governance, Financial Means and Education is needed in Egypt.

We hope to learn this from one of the best cultures possible ... yours, the Japanese way.