

Unwillingness to Change Plays Key Role in Egypt's Economic Crisis

By Khaled Fouad Sherif
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CAIRO — History is filled with stories of societies whose economic downfall accompanied their unwillingness to adjust to a new way of life. Their demise was not caused by a shortage of resources but by forms of economic organization and an overall unwillingness to accept or adapt to change.

The new ways of doing things and the organizational arrangements that accompany structural change are currently just too threatening to the Egyptian mind.

The Egyptian of Mohammed Ali, who ruled from 1806 to 1849, for example, was a vigorous economic maverick. But afterward Egypt was overtaken by many countries whose resources and human capital in no way matched its own.

Now, in the 20th century, it faces serious income distribution problems with the majority of the country's wealth at the disposal of a small minority of Egyptians. Those who accumulated their fortunes in the years of the 'open door' policy are now attending exclusively to keeping them.

Public spirit has completely degenerated because the majority of Egyptians who have been unable to improve their lot feel that there is no way now to do so. They behave as if their future had been sacrificed so that a minority could benefit. Their work spirit has simply disappeared.

For many, production is organized in a way that squanders a whole range of talents. Some of Egypt's most gifted citizens work for the bureaucratic public sector in dead-end jobs. Millions of citizens are now underemployed and sheltered from domestic or international competition.

Egypt has been, and is, neglectful of its human assets. All too often when a public-sector company fails, its plant and equipment are not quickly redeployed and its workers, irrevocably of their redundancy, are rarely remobilized.

Thus, labor fails to develop new skills or to absorb new technology. Instead, they become superfluous. In many cases are simply paid to go to work in the morning and perform only one task, signing in and then signing out.

True, one can argue that today Egypt's public industries very often operate with the latest manufacturing technology available anywhere. But, specialized machines and unskilled workers cannot adapt easily to new situations. Flexibly machines and teams of skilled workers can. By preventing labor mobility, Egypt is creating a shortage of resources but by forms of economic organization and an overall unwillingness to accept or adapt to change.

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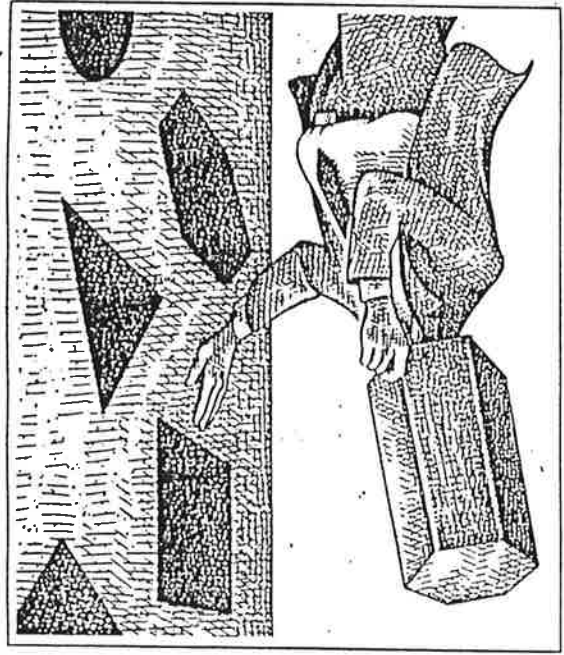
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These are illustrations in Egypt of long-term ill-effects in the economy. They will worsen unless the government acts deliberately and strategically to speed the economy's movement into higher-valued production. But Egyptian ideologies and a significant portion of the public-sector labor force are resisting change, particularly when change may seem to threaten people's economic security. In Egypt, the process of long-term economic decline has had a self-perpetuating quality. It has rigidified old convictions and led to the creation of an army of interest groups whose sole purpose is to maintain the status quo.

Many Egyptians today feel that they can only improve on their own standard of living at the expense of others. The vicious circle is closing. As the economy continues to degenerate, profits instead of losses and growth in value instead of negative value. Government policy should not serve the most politically powerful public industries. Workers must be reassured that their mobility is not only for their own good, but for the good of the state. They must be given chances to improve on their skills and should not be allowed to become superfluous. They must be encouraged to be mobile rather than static.

But the Egyptian labor force is resisting change and structural adjustment because there are simply too many unknowns accompanying structural adjustment is only possible through which many Egyptians have altered the ideological lenses about collective endeavor.

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