

SUBSIDY

As a matter of fact, subsidy is bilateral: social subsidy and economic subsidy.

It is no secret that when we tackle the issue of subsidy, the first thing that comes to our mind is the loaf of bread, tea, sugar and other such commodities and services provided by the state for citizens. This is what we call social subsidy.

Although social subsidy is a duty imposed on the state budget, yet it brings no economic yield to the state, where its impact remains within the social boundaries. This is the objective of social subsidy.

As for economic subsidy, it exceeds by far the abovementioned. To establish an exporting mechanism, we need several axes of subsidy, in order to build the competitive potentials of the mechanism and enable it to penetrate export markets on a permanent and escalating basis.

Achieving such a strategic goal calls for the support of the state. This constitutes part of the subsidy file in its constructive - namely developmental - form.

Hence, when speaking of subsidy, we should tackle the two parts of the file, while regarding the smaller one that falls within the context of social subsidy.

As for the major part of this file, it should fall within directed subsidy, in order to magnify the competitive potentials of the Egyptian economy and modernize industrial and economic institutions.

However, we should not overlook the development and maintenance of our human capital. This entails building skills and capacities, in order to help absorb all aspects and developments of our contemporary life, in line with the fast progress and evolving challenges.

In fact, economic progress is the result of increased individual productivity, qualitatively and quantitatively. Productivity of individuals is the natural outcome of their capacities and skills.

The experience launched by the Ministry of Foreign Trade, in setting up a mechanism through which exporting potentials could be enhanced for certain promising industries, is a pilot experience that establishes the subsidy theory. Such experience should be developed, in order to attain its objectives.

What is new and more fitting in this mechanism is represented in its simplicity and easy application, where it involves no complex calculations built on cost, added value, percentage of Egyptian component and percentage of automatic production line vis-à-vis manpower. All this is useful, but is surely impeding and encumbering.

We sincerely hope that this experience would attain its objectives and prove that the Egyptian governmental minds are capable of introducing modern and influential concepts.

The subsidy issue with its two parts, the limited social part and the more comprehensive economic part, is of vital importance.

With further legal and administrative organization, this subsidy is capable of bringing forth its fruits for our economy, in general, and for individuals, in particular.

Subsidy should be especially directed towards industrial modernization and the enhancement of exportation, while taking into account the development of human capital through health care and the education of new generations, as this has its economic yield for the state on the medium- and long-term.