

US. Dollars Crisis in Tanzania and Elsewhere an Indication of US. Economic Hegemony

News:

Tanzania as many other countries is undergoing US dollar shortage crisis. Reports says foreign currency reserves reported \$4.9 billion at the end of April 2023 and \$5.55 billion on July 2023. According to Bank of Tanzania (BoT), the reserve can meet the importation needs for about five months.

Comment:

The term dollar shortage is a situation that emerges when a country has a very low supply of US dollars in its reserves required to effectively conduct international trade.

The current scenario of US dollar scarcity is being experienced since the beginning of this year by a number of African countries including Kenya, Egypt, Zimbabwe, Nigeria, Ghana, Zambia and etc., to the extent that Kenyan President William Ruto desperately issued an order on March 22 2023 calling for the resurrection of the interbank foreign exchange market.

In Tanzanian context, in spite of the fact that the Bank of Tanzania assured the masses that the current reserve can save up to five months, a situation seems to be the contrary, a fever of its scarcity is higher in the market.

When there is highly US. Dollar shortage crisis, it leads local currencies to weaken against the US dollar, so local prices rise, as much of what people buy, including essential goods, fuel and industrial inputs since they are imported. This situation is vividly visible in recent meetings between Energy Minister, Mr. January Makamba, with the leaders of the Tanzania Association of Oil Marketing Companies (Taomac) on 04/08/2023 discussing the oil crisis, and it was confirmed that the shortage of US Dollar in the country was the main reason hindering fuel imports.

US. Dollar shortage in a particular country emerges as a result of deterioration of balance of payments, meaning a country's financial transactions with the rest of the world. In a broader picture, US. Dollar shortage crisis in the third world is a product of economic exploitative and colonial agenda of the US since the 1944 Bretton Woods Agreement. This Agreements brought two sever impacts: Firstly, abandonment of gold standard currency to paper standard which is vulnerable to fluctuate as in the current case. Secondly, it strengthened US position by giving power to handle and control global economies via its currency as a top and supreme currency in global arena.

Since America is the current leading capitalist nation in the world, it works hard to hold this economic interests as the cornerstone of its ideology by exploiting others via Dollar dominance to colonize and destroy the world's economy for its own interests.

Tanzania, just like other developing countries, has nothing but to surrender to American shackles and hegemony bay tied its economy with US Dollar currency. Under this US run paper Dollar economy, countries are forced to collect dollars from exports and remittances abroad to pay for imports and debt repayments.

All the measures and directives aiming at controlling foreign reserve like the retail market control, improving exports and encouraging foreign investment only leading to one point, accumulation of US Dollar from America which is giving it extra dominance over third world economies.

Under the capitalist economic system, in which America is enjoying its hegemony, there will be never a tangible solution for the developing nations except further exploitations.

The solution to this matter is within Islam in its economic system that does not serve Western capitalist hegemony or exploiting poor countries as cheap supply chains. Under its Khilafah state, gold and silver standard would be re-introduce bringing global economic back to stability and eliminate US currency dominance.

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