

The Quagmire of Debt: The Failure of Capitalism and the Solution of Islam

(Translated)

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By: Ustadh Mahmoud El-Leithy*

Al-Ahram Gate reported on Sunday, November 2, 2025, that the Central Bank of Egypt announced the issuance of €600 million in one-year treasury bills denominated in euros, intended to repay previously maturing treasury bills. This issuance is part of the bank's policy of managing short-term foreign currency debt to provide the necessary liquidity to meet external obligations without directly depleting foreign currency reserves. The report indicates that the issuance was conducted in cooperation with the Ministry of Finance, as part of the government's efforts to secure its financing needs and meet its obligations amidst financial pressures and declining dollar revenues.

The fact that the Central Bank of Egypt borrowed more than one billion euros to pay off outstanding debts is not a passing news item. Instead, it is a clear picture of the dire economic reality that the regime in Egypt is experiencing, and a mirror reflecting the depth of the global crisis that is sweeping through capitalist systems based on debt and *riba* (usury), and on managing the economy with the logic of "financing in exchange for control."

For many years, borrowing has been the main pillar on which the Egyptian economic system is based, until external debt exceeded \$155 billion by the end of 2024, according to the Central Bank's own reports, after it was less than \$40 billion in 2010. In addition to that, hundreds of billions of Egyptian pounds in the form of internal debts until debt service (interest and installments) now consumes more than 60% of the state's general budget which makes all of the state's resources directed towards paying off what has accumulated of previous loans.

The central bank's recent announcement of issuing €600 million in euro-denominated treasury bills, and the media reports of borrowing over €1 billion to repay maturing debts, are nothing more than a refinancing of old debt with new debt - a recycling of the crisis, not a solution. This policy, known in capitalist economics as "refinancing," simply means postponing the crisis to the future with increased costs and interest, leaving the state beholden to its creditors for decades to come.

Loans are not money that enters the country to generate real wealth. Instead, they are a burden that brings with it compound interest that drains resources. In reality, they mean selling the country's economic and political sovereignty to creditors. Every loan is conditional on reform measures imposed by the International Monetary Fund (IMF) or Western financial institutions which invariably boil down to lifting subsidies, privatizing public properties, floating the currency, raising taxes, and reducing humanitarian spending.

The result is plain to see:

The Egyptian pound has depreciated by more than 70% in just a few years.

Poverty rates have soared to over 30% of the population, according to data from the Central Agency for Public Mobilization and Statistics, while the actual, unofficial figure exceeds 50%.

Rampageous inflation, exceeding 35% by 2025, has eroded people's savings, salaries, and even their hard-earned money.

Real investments have fled, transforming the economy into a rentier economy that serves only to service debt and repay interest.

Loans have created a harsh class system where wealth is concentrated in the hands of a few beneficiaries of debt-financed projects, while the entire Ummah bears the consequences of corruption and mismanagement.

Capitalism sees money only as a tool for profit, even at the expense of people's suffering. It permits usury under the guise of development loans and bonds, and considers debt a natural means of driving the economy. Thus, developing countries become testing grounds for Western banks and financial institutions.

In the capitalist worldview, the state is run as a commercial enterprise, not as a guardian of the people's welfare. The measure of success is not achieving sufficiency and justice. Instead, the ability to service the debt and maintain a credit rating. Therefore, capitalism does not address poverty but manages it. It does not seek to distribute wealth but to perpetuate its monopoly. Hence, it is no wonder that the central bank borrows to repay a loan, and the government sells state assets to pay interest on the debt, while the people are left to suffer under the weight of inflation and taxes.

This system produces nothing but financial slavery, shackling nations with the chains of *riba* (interest) for eternity. It is a colonialist policy cloaked in figures and reports, its aim being to tighten control over the Ummah's resources and decision-making processes.

Islam does not recognize *riba* loans, nor is its economy based on public debt. The fundamental principle of the Islamic economic system is the distribution of wealth, not the recycling of debt. True care for people and their advancement are achieved by channeling funds into real production, not into financial markets and bonds.

In Islam, the state is financed through spoils of war, land tax, booty, *zakat*, and revenues from public properties, not through *riba* loans. *Riba* in Islam is considered an inviting a declaration of war with Allah (swt) and His Messenger (saw). It destroys society and transforms money into a tool of enslavement.

Under Islam, the state is responsible for the welfare of the people, not for the interests of capitalists and lenders. The Islamic financial system considers public properties, such as oil, gas, and major minerals, as a primary resource whose revenues are distributed among the Ummah; these assets are not sold to foreigners nor mortgaged to banks.

The economic crisis in Egypt and other Muslim countries is not a liquidity crisis, but a crisis of system and management. Anything based on capitalism will continue to reproduce poverty, debt, and dependency. The fundamental solution is not to patch up this system or seek "better loan terms," but to overthrow it and establish an Islamic state with its own Islamic economic system in its place.

Hizb ut Tahrir presents its vision for an Islamic state, the Khilafah Rashidah (Rightly-Guided Caliphate) on the Method of Prophethood:

- All interest-based transactions are abolished, and all instruments of interest-based public debt, bonds and treasury bills, are invalidated.
- Wealth is redistributed according to Islamic Shariah rulings, and public assets are reclaimed from foreign companies and other entities.
- Resources are managed according to Islamic Shariah Law, directed towards revitalizing productive agriculture, industry, and trade, not towards servicing the debt or financing deficits.
- Financial policy is redirected to comply with Islamic Shariah rulings, making spending on the people a religious obligation of the state, not a favor from donors.

Thus, the economy is liberated from the shackles of riba (interest) and the dominance of international institutions, and the Ummah's monetary and political sovereignty is restored. Money is transformed from an instrument of subjugation into a tool for development, and from a means of taxation into a tool for welfare.

Loans are not a solution but a disease, and borrowing to repay old debts is not sound management but a postponed declaration of bankruptcy. Capitalism, with all its instruments — from the IMF to bonds and treasury bills — has produced nothing but poverty, inflation, and dependency. The more a system borrows, the more indebted it becomes until the nation's resources are held hostage by its creditors.

Islam, however, establishes a financial system based on justice and sufficiency, not on interest and profit, and is far removed from loans, debts, and taxes. There is no escape for Egypt, nor for any Muslim country, from the cycle of debt, except by dismantling the capitalist system entirely, and resuming Islamic life under a Khilafah Rashidah that rules according to Islam, eradicating riba (interest) and restoring money to its natural place: serving humanity, not controlling it.

Egypt's salvation does not lie in loans, or the accompanying conditions that empower the West over Egypt and its people. Instead, these loans and debts are part of the chronic illness and crisis afflicting Egypt. They are a solution imposed by the ruling capitalist system, which is the root of the crisis, the disease, and the source of all its woes. There is no way to salvation except by uprooting it entirely, with all its tools, implementers, policies, conditions, affiliations, and even the contracts, agreements, and treaties it has entered into — uprooting it completely, leaving nothing behind. Power must then be handed over to sincere individuals who possess a project that aligns with the beliefs of the Egyptian people, pleases their Lord first and foremost, and provides them with sufficient resources and the ability to safeguard their interests, fully secured by the Shariah rulings of Islam.

Egypt needs Islam and its alternative civilizational project where there are no riba (interest) loans, no collection of people's private wealth, no unjustly usurping it, no squandering of their wealth, and no protection for those who plunder it. Instead, there is justice that restores people's rights and takes good care of them, a justice that people feel from the first day, and under whose shade the trees, birds, and even stones will prosper in the state of Islam, the Khilafah Rashidah on the Method of Prophethood.

*** Member of the Media Office of Hizb ut Tahrir in Wilayah Egypt**