

After the financial crisis of 2000, America reduced interest rates in order to support its economy and restore confidence in its markets. At that time our economy was stable, with interest rates on deposits between 5% and 6%, and dropped below 20 USD per barrel. In spite of this, Kuwait followed the American lead and reduced interest on the dinar to less than 1% on deposits which encouraged inexperienced entrants to the real estate and development market. Property rose, inflation rose, salaries unnecessarily rose, and as usual, everyone started borrowing short-term financing for long-term investments. Now that everyone entered into the trap, America's economy improved and interest rates began to increase. On the other hand, let's look at our own situation. Property is inflated, we've entered a correction stage, the stock market is very bad, liquidity is limited, wars are nearby, and sectarian groups poke out their devilish heads to take a look from time to time. Our country turns a blind eye to this situation, increasing interests on the dinar. "Why us, America?!" Then comes the idea of subsidizing the Kuwaiti currency which is something I do not understand. Our dinar, thanks to God, is not compromised and I believe the country has cash reserves in foreign currencies which even exceed the volume of circulating dinar. The bottom line is we do not have a crisis! Maybe we're experiencing a recession and maybe this requires caution, but if we continue to follow America and its economy, I guarantee you a financial crisis which we can proudly stamp: "Made in Kuwait!"