



T.C.

**TOKAT GAZİOSMANPAŞA UNIVERSITY GRADUATE EDUCATION
INSTITUTE**

**THE ECONOMIC CRISIS (COVID-19): EFFECTS AND
TREATMENTS ON A SELECTED SAMPLE OF COUNTRIES**

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SCIENTIFIC ETHICS PAGE

According to the thesis writing guide of Tokat Gaziosmanpaşa University Social Sciences Institute, I declare that my Master thesis titled " The economic crisis (Covid-19): effects and treatments on a selected sample of countries", which I have prepared under the consultancy of *Prof. Dr. Salih Barışık*, is an original study that complies with scientific ethical values and rules, and I will accept all kinds of legal sanctions if it is determined otherwise.

Signature

KARAWAN MOHAMMED SALIH TAHA

/ / /2021

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ABSTRACT

The study dealt with the theoretical and historical nature of the economic crises that occur within the capitalist system, with an emphasis on the causes, effects and treatments for each of them. Then the study touched on the most important developments at the international economic and political level from the last quarter of the twentieth century to the first two decades of the third millennium, highlighting a detailed analysis of the economic crisis (Covid-19) with all its causes, effects and treatments, whether at the global level or on a sample of countries that included 6 economies, including two developed (the United States of America and France) and two emerging economies (Turkey and Brazil) with two oil economies (Saudi Arabia and Iraq). The study ended with a set of conclusions and suggestions.

Keywords: Crisis, Covid 19, Developed Economies, Emerging Economies, Oil Economies

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INTRODUCTION

Since the inception of the capitalist system and the foundations on which it is based, economic problems have appeared from time to time in the capitalist economy, and it was believed that the mechanism on which this system was based (the market mechanism) would be able to eliminate these problems without interference from any party, but events proved that this view was deficient. If not completely wrong, the capitalist system went through successive economic cycles until it collapsed completely in 1929 (the Great Depression), and due to the tremendous flexibility of capitalist economic thought, which helped it to have the ability to renew capitalism for itself through Keynesian thought and subsequent capitalist ideas and theories. But all of this did not save the capitalist economy from going through deep and accelerating successive economic crises in some of their events and comprehensive at the global level, regionally and nationally narrow in others, such as the Asian tiger crisis, the international debt crisis and the crisis of emerging economies such as Argentina and Brazil, and with the successive development of events on the political and economic levels and the development of financial markets. The modern technological advancement in the third millennium hastened the occurrence of successive crises at the global level. For the world as the 2008 crisis (the mortgage crisis) until the global economy finally collided with the Covid.19 crisis, which came with a specificity that accompanies the indicators of the occurrence of the crisis with a global epidemic and what then called for the closure of advanced, emerging and developing economies, which brought the global economy into a new dark tunnel that it had not previously gone through. Both in terms of the effects, the nature of the crisis and the treatments.

Research Importance:

No two people disagree that the issue of financial and economic crises has become a preoccupation for researchers and strategic research centers because of its exceptional importance in the lives of different peoples and economies, and the topic has gained its importance from many foundations, including: The widespread adoption of a free market economy in most local economies, globally, especially after the collapse of the region. Socialism, as well as the change in the nature of these crises, as they used to happen every ten years through the economic cycle through which the economies of free markets go through, but now they are occurring every two or three years in a more comprehensive and deeper way, and their effects differ as if they occurred in an advanced or developing economy, and the other matter. Which added

importance to the problem of economic and financial crises. These crises are accompanied by disasters and calamities of global nature and characteristics, in addition to the rapid transmission of the negative effects of the crisis globally and the difference and diversity of policies that show its use to address it, especially the economic and financial crisis that we are living in now.

Research Problem:

The research problem revolves around the specificity that accompanied the recent crisis, as it began as a global pandemic crisis (Covid.19) and then turned into a deep monetary, financial and economic crisis in large economies as a result of the closure of these economies, which caused the spread of large unemployment, greater poverty and extensive government interventions (return to Keynesianism) with new processors not previously.

Research Assumes:

The research started from a basic hypothesis that “the recent economic and financial crisis has assumed a new nature that was not taken into account as a result of the occurrence of a global epidemic, which gave it a certain privacy represented by the collapse of some of the constants of globalization (such as economic freedom, non-interference and the preservation of competition....), which called for taking unilateral and narrow treatments New, different locally, regionally and globally.

Research Goal:

The research tries to achieve the following objectives:

1. Studying the nature of the economic environment that produces financial and economic crises.
2. Studying the causes of these crises, whether they are monetary, financial, or real in other economic sectors, or stemming from the economic policies followed.
3. Clarify the theoretical and philosophical framework for the occurrence of crises in the capitalist system.
4. Studying the recent crisis and the privacy that characterized it and its difference from previous crises.
5. Studying the repercussions and effects of the recent crisis on large capitalist countries, emerging economies, and developing countries, including oil.

6. Study all solutions that these economies have resorted to to alleviate the crisis.
7. Study the future dimension of this crisis on international economic relations.

Research period and place:

1. Time: The economic and financial crisis in the year 2020 will address its causes, repercussions and the treatments that accompanied it.
2. Spatially: major economies, some emerging economies and oil states.
3. Objectively, the global economic crises.

Research Methodology:

The inductive and deductive methodologies will be adopted with the use of well-known descriptive and quantitative research methods, as required by the research plan.

CHAPTER I: ECONOMIC CRISES: A HISTORICAL FRAMEWORK

The countries of the world (and capitalism in particular) have witnessed, since the beginning of the twentieth century, an intensification and acceleration up to the present time, cycles and crises that have caused many economic and social fluctuations and turmoil accompanying them. Economic), in addition to changing its historical characteristics, such as its short period of time and its closeness. If we observe during more than two hundred years the capitalist system has known about (السامرائي, 2019: 33) 53 different economic crises, differing in terms of their duration, type and impact on the level of economic activity.

Those who follow the history of crises or economic cycles in the capitalist system clearly see the occurrence of the economies of the countries that adopt this system with crises or very short cycles and medium-term cycles ranging from 5.10 years and long-term cycles that occur every 10 years or 15 years, and some go to the long-term cycles It occurs once every fifty or sixty years. But the question that arises, why the capitalist system in particular? To answer, this chapter will deal with the most important foundations on which the free economic system is based and the contradictions within this system with an analysis of major economic crises as well as international economic and political developments and their impact on economic crises.

1.1. THE FOUNDATIONS OF THE FREE ECONOMIC SYSTEM

Many foundations have crystallized and have become the pillars upon which the capitalist economic system is based, or what is called the market economy, and these foundations were not born out of a vacuum, but through historical developments that the capitalist countries went through until they were crystallized by Adam Smith in the last quarter of the tenth century through his great work (wealth Nations) in the year 1774 A.D. In this book Adam Smith established and laid the rules upon which the economic system was based, thus announcing the birth of the founder of economics, coupled with the birth of this system. Adam Smith listed the most important rules, principles and characteristics as follows:

1.1.1. Sole Proprietorship

The capitalist system is based on respecting the right to private property, so the individual has complete freedom to create and dispose of wealth as long as this does not

contradict the prevailing laws. And individual ownership flows, as private property is one of the most important issues for the human being to preserve wealth and not squander it in excess that characterizes the capitalist economic system, and the capitalist school relies on the concepts of the economic world (John Locke), whereby humans claim their ownership of production resources by controlling everything. No one has demanded it as soon as they own it, and voluntary exchange, inheritance, or gifting is the only legitimate means of transferring property, and the scholars of the capitalist school consider that private ownership enhances efficiency by giving the resource owner an incentive to increase the value of his property, as the capitalist system gives the owner of the tool of production or productive goods the right to obtain any value associated with these tools or resources, and to ensure this, capitalist systems organize the necessary laws and legislations in a way that protects and guarantees the right of owners to transfer these properties to them and to preserve them. As capitalism depends on legal contracts to facilitate and enforce their property rights. Sole Proprietorship can be defined as (a form of authority over an asset, called sole proprietorship), and it consists of the following rights (Klumpp, 2011, 2):

- The right to control the asset and decide on its use.
- A claim for the value of the asset.
- The right to exclude others from using the asset.
- The right to transfer all of the above to another owner.

1.1.2. Economic Freedom

The history of the capitalist system also affirms the economic freedom that is the product of respecting private property. Individuals are free to achieve their personal interests, choose their craft and their activities to be practiced and they are free to own and work. The individual is free to produce, consume and contract in accordance with the prevailing laws that restrict government intervention in a narrow angle, as long as it does not conflict with the interest of the state, that the capitalist view of production is based on the organization of production itself and that the state governs and does not possess. That is why (Salah al. Din Namiq) went on to state that capitalism is compatible with the nature of man and his urgent desire to be free to pay him, buy and own, and this and economic freedom under the capitalist economic system has elements including (Derbel, 2011, 50):

A. Individual freedom of ownership: It includes all kinds of material wealth such as land, buildings, machinery ... etc. This ownership is followed by the freedom of the

individual to dispose of his property, because the individual in the capitalist system is the basic economic cell in all fields of economic activity without restrictions or procedures that limit and restrict it as well as He has the right to produce what is not compatible with the interests of society in general.

B. Consumer freedom in the market: that is because the consumer is free to choose between the goods produced and which he finds put in front of him in the market without requiring him to have an income in determining their quantities or types, so he is free to buy what he actually wants from the producer of the goods. But resources must be directed to the production of these commodities and the quantities produced from them. In this sense, the freedom of the consumer should not be in conflict with the law, and he is not permitted to consume drugs, for example, and smuggled goods without the state's approval.

C. Worker freedom and production: that is, everyone has the freedom of the profession he wants, within his mental or physical capabilities, meaning that the worker's freedom to assess a number of issues that express his freedom of action in his work force, as he can freely determine the type of activity, he wants to undertake He may choose to work in the field of agriculture, industry, or various types of services. Likewise, the owner of the money is free to invest it in any type of economic activity, that is, the owners of the means of production, whatever their type, are free to determine the type of products they wish to produce, their specifications and quantities in order to achieve the highest possible degree of profits.

1.1.3. Competition

Competition is one of the most important characteristics of the capitalist system, as it is considered one of the factors that work to increase economic efficiency and productivity. Producers compete to attract the largest number of consumers, and the result is the trend of prices to decline and the exit of low-efficiency producers, leaving only the most efficient in the market, and then this leads to employment. The best of the resources. On the other hand, there is competition at the level of consumers who compete among themselves to obtain the goods and services they need, which leads to an increase in prices. Those whose need for the commodity is greater. In order for the institution to be able to occupy the forefront in the local or global market, it has resorted to competition in many areas that complement and overlap between them, among the most important areas of competition between institutions, we find: (عامر, 2001:ص366) (<http://images.pcmac.org>).

➤ Time competition:

As competition takes place between institutions to shorten the time in all operations, especially those related to the cycle (supply, catering, production, marketing), and to shorten the time between each innovation and the introduction of a new product, that is, to reduce the life cycle of the product, and on this basis, time has become a resource of the institution and an important factor, and it took a strategic dimension.

➤ Competition with Quality:

There is no doubt that quality is the most important competitive weapon for the corporation, and a prerequisite for accepting any product in general, whether in the local or international market, and a source of excellence for the institution and its high competitiveness, and competition with quality requires several components, the most important of which are: (عامر, 2001: ص705, 701)

- . Consumer needs are the basis of product design.
- . Making quality the most important priority for senior management.
- . Developing and developing a culture of quality in the institution.
- . Selecting, training and motivating the work force for the distinguished performance.
- . Sound product design and proper design implementation.

➤ Competition at cost: (Competition analysis)

Cost competitiveness is defined as: “The ability of the institution to reduce unitary costs of its production at a lower rate than other competing institutions”. Whereas it is not possible to prepare a price policy for the institution’s products without the constant control of costs, with the aim of rationalizing them and controlling the levels of expenditure, because this will contribute to lowering the price of the product cost, and consequently, increasing competition and the freedom to choose prices. This relates to the cost control strategy.

➤ Technological competition: (Competition analysis) (Nezeys, 1994, 50).

With the aim of building a competitive center, the enterprises of the single sector compete for obtaining the latest production technology that allows the improvement and development of old products or the introduction of new products, and to obtain competitive advantages based on the lowest cost, and to provide distinctive products of science and innovation, through innovation and innovation. The latter constitutes a competitive dimension, and a barrier that prevents the entry of new institutions as a potential competitive force, and for this reason, today’s institutions are continuously

working on tracking the technological development of technology, which does not affect only their competitiveness, their competitiveness, and their competitive position. Among the advantages achieved by the technological competitiveness of the institution:

- . Reducing production costs in a way that allows the institution to reduce its prices and attract a larger number of consumers and customers.
- . Achieving quality in goods and services, and thus attracting the largest number of consumers and customers and obtaining the largest market share.
- . It is considered as a barrier preventing the entry of enterprises with weak technology into the sector.
- . Enhancing the institution's negotiating capacity.
- . Giving the organization an opportunity to produce new or alternative competitive products.

➤ Price competition:

Price is the most important competitive weapon for the corporation, and one of the easiest policies that it uses to compete, and price competitiveness is defined as: (the institution's possession of a competitive advantage in the freedom to choose appropriate prices, that is efficient compared to its competitors) (بلقاسم, 2002: ص2) that is, it is the ability of the institution to raise its prices. On the size of the demand for its products, or the size of the profits it has.

1.1.4. Profit Incentive:

The profit motive in the capitalist system is the main motive for increasing production, and it is the main driver for any decision taken by the producers. Every individual in this system acts as dictated by his personal interest in accordance with the achievement of his own goals and since profit is the difference between revenues and costs https://shodhganga.inflibnet.ac.in/bitstream/10603/55527/8/08_chapter%203.pdf, p.109 the producers in the capitalist system They choose the appropriate economic activity to exploit the resources in the best possible way, and as this happens in all economic activities, all economic resources have been used and organized in such a way as to give the maximum possible profits and thus society gets the maximum possible income from its resources. This profit in the capitalist system is called the risk return because the person who owns the project risks and risks, he may win or lose, and this (Adam Smith) indicated that there is a hidden hand that stands between the private interest of the individual and the general interest of society, so the individual who seeks to achieve the maximum possible profit is producing Goods that are in high demand,

and thus it meets the society's need for this commodity as it makes more profits. Thus, we find that profit in the capitalist system is not just a return that the organizers get, but it is also one of the basic elements that direct the economic system and always work on its development, as more profits mean in the end more production. Thus, competition between producers among themselves and between consumers leads to the efficient exploitation of economic resources, as the availability of a competitive advantage leads to the provision of goods with the best quality and the best prices. The capitalists earn a return on their efforts by providing three productive inputs (<https://www.econlib.org/library/Enc/Profit>):

A- They are willing to delay their personal satisfaction. Instead of consuming all of their resources today, they save some of today's income and invest that savings in activities (plants and equipment) that will produce goods and services in the future. When sold, these future goods and services will generate profits that can then be used to finance additional consumption or investment. Frankly, the capitalist saves capital by not depreciating. Without capital much less production could occur. As a result, some of the profits are actually the "wages" paid to those who are willing to delay their personal satisfaction.

B- Some profits are the return of those who take risks. Some investments make a profit and get back to what was invested plus a profit; others don't. When an airline collapses, for example, the investors in the airline lose some of their fortunes and become poorer. Just as underground miners, who are willing to perform dangerous work, earn more salaries than those who work in safer jobs, so too do investors wanting to invest in risky ventures earn more than those who invest in less risky projects. On average, those who risk will receive a higher rate of return on their investment than those who invest more conservatively.

C- Some profits are a return to organizational capacity, enterprise, and entrepreneurial energy. Entrepreneur, by inventing a new product or process, or by organizing better delivery of an old product, generates profits. People are willing to pay an entrepreneur because he invented a "better mousetrap".

1.2. CONTRADICTIONS OF THE CAPITALIST SYSTEM

The foregoing are the most important characteristics and justifications on which the free doctrine relied, which is the intellectual and theoretical basis of the capitalist system. This doctrine has been attacked from every side, and the advocates of socialism and supporters of social doctrines have poured out a barrage of criticisms and

deficiencies. In fact, this doctrine has its deficiencies that cannot be tolerated. Therefore, more than one of its adherents has been criticized, because the foundations on which he relied lack a scientific basis to support them. Perhaps it is useful to quote the most important and prominent contradictions of the free doctrine, as follows:

1.2.1. Monopoly

Monopoly is the presence of almost one party or provider for a certain good or service and this embodies the reality of the greedy capitalist thought, or in other words, monopoly means the absence of competition and its absence, control over the market and the extension of hegemony that governments try to resist, and this is an explicit contradiction to all the principles and characteristics of capitalism, especially competition, which is One of the most important characteristics of the capitalist system, where capitalists and business owners are considered the most hostile people to capitalism. They support aspects of the capitalist system related to the freedom of economic activity and dislike open competition. These people do everything they can to monopolize the market by allowing their monopoly companies to set the price that it desires it because it is safe from potential competition, and many economists and thinkers, including Adam Smith and Aristotle, have warned about the dangers of monopoly.

The monopoly that has grown and nurtured in the capitalist system allows the big enterprise to displace those who are less than in the market with the monopoly of technology, and the ability to reduce the price of the commodity for a certain period without suffering and in light of the inability of the small enterprise to continue, which means the exploitation of consumers for the benefit of the monopolists (Jossa, 2013, 9).

1.2.2. The Advanced Social Character of The Means of Production.

This point contradicts the characteristic of individual ownership (sole proprietorship). Some means of production do not have the characteristic of individual ownership. Rather, more than one investor must participate in it in order for the company to produce its products, for example if three or more people participate in the capital of a particular company or the owner of a specific company by renting someone else's premises, this is how the property belongs to more than one person (Jossa, 2013).

1.2.3. The Desire of The Working Class to Obtain a Percentage of The Production Returns

This contradicts the interest of the capitalists who manage the means of production to secure the highest possible profit, as the capitalist rents labor power from the worker for a wage during the period that the worker works (8 hours) in which he adds value to the final product. On the next day, and this value (the wage) is less than the value that the worker adds to the final product, in other words that paid workers produce a value equal to the wage he receives during the first two or three hours of the working day, while the rest of the working hours (the value that he produces in this Hours) to the capitalist in a net manner. That is why we see in the capitalist countries that the trade unions are calling for a continuous increase in wages of pressure, whether it is the demonstration, the strikes, or others.

In sum, these contradictions, whether on the intellectual level represented by the free economic doctrine, or at the level of reality represented by traditional capitalism, have led to the collapse of the doctrine, in its practical and theoretical forms, and unscrupulously pushed many writers who belong to capitalism and its approach themselves to the need to reconsider it. These are the likes of (Marshall) and (Peugeot). These shouts reached the top of these shouts with the emergence of the treasure theory. Those and others realized that it has become impossible in the modern economy to rely on the invisible hand and those natural economic laws in the task of transforming self-interest into an efficient apparatus capable of facing all Social needs, because the system of unattended economic freedom is far from achieving harmony of interests between the various economic and financial actors.

1.3. ECONOMIC CRISES IN THE CAPITALIST SYSTEM

1.3.1. Definitions of The Economic Crisis

Defining crisis in language: “means distress and drought, meaning intensification and distress (النजार, 2009 : ص 18).

Defining a crisis idiomatically: it can be defined as a defect that has a material impact on the system meaning the transition from an ascending stage to a downward stage that is often violent and sudden (عباس, 2000 : ص 28).

Definitions of the economic crisis:

. Daniel Arnold's definition: An economic crisis is a period of interruption during previous economic growth, until it reaches a decrease in the level of production in a period when the actual growth level is lower than potential growth (ارنولد, ص 20).

. The economic crisis is defined as a sudden imbalance that occurs in one or all of the economic activities in a country or several countries, and it is generally used to describe the entire imbalance arising from the imbalance between supply and demand. (عبابنة, 2008: ص 17,18).

. The crisis is also known as (a stage in which economic activity is going through and characterized by a sharp decline in production, growth rate and high unemployment rate, and this stage is usually preceded by economic expansion and high production) (S.Mishkin, December 2000, 3).

. The term economic cycle may be used at sometimes instead of the economic crisis, and it means those fluctuations that occur regularly during a variable period that totally or partially affect many macroeconomic indicators (Dominick Salvatore & Eugene A. Diulio, 1996, 59).

. Keynesian economic crisis: The economist Keynes believes that economic crises are those crises that arise from a lack of consumption in the sense of insufficient actual demand due to the decline in the marginal efficiency of capital (ارنولد, ص 198).

. Frederick Engels describes the economic crisis, saying: (Trade stops, markets get crowded, goods accumulate in huge quantities, there is no way to sell them, liquid cash (cash) disappears, credit disappears, then factories stop and workers lose their means of livelihood just because they have produced a lot, after this the bankruptcies follow. The forced sales process continues, and this cruel blockage continues for many years, destroying the productive forces and the products in general until the time when production and exchange gradually recover their course (مريم, ص 13).

It is important to differentiate between the economic crisis and the financial crisis, for the concept of the financial crisis is a less broad concept than the concept of the economic crisis. Not every financial crisis is followed by an economic crisis, but the links between them are so complex that it seems to some that they are one.

The financial crisis: is a disorder that affects the entire financial system, the prices of financial assets such as loans, bank deposits, and the exchange rate decrease, and all of this is associated with the bankruptcy of financial intermediaries and debtors, and investors tend to search for liquidity more and more by evading and abandoning the assets that they had and replacing them with other assets.

As for the economic crisis, it is, in addition to the above, affecting the real variables or aspects of the economy, such as a decrease in production of all kinds

(industrial, agricultural, and services), employment (permanent unemployment), prices (deflation or inflation) and a contraction in internal and external trade. The financial crisis can lead to an economic crisis in the economy of a country, and sometimes to a global economic crisis if it has a large economic weight, such as the United States of America (صلاحدين, 2010: ص 3).

1.3.2. Intellectual Analysis of The Economic Crisis

1.3.2.1. Classical Analysis

One of the most important ideas advocated by capitalist economic thought is the idea of (the self-balance of the economy), which says that the economy, if left free without interference from the government, will automatically move towards equilibrium at the level of production that achieves full employment. This idea was adopted by classic economists such as Adam Smith in his book (The Wealth of Nations) and David Ricardo in (Principles of Political Economy and Taxation) and others until the Great Depression at the end of the twenties of the twentieth century (الدباغ, 2007: ص 25).

The concept of economic equilibrium is defined as (a description of an economic situation that economic analysis aims to reach, and it indicates a situation in which a kind of stability and stability prevails in economic behavior (Ter Verkrijging van de Graad and others, 2009, 12).

The state of imbalance indicates an imbalance, which stimulates self-motivated factors affecting behavior to change in order to reach the balance, in which the actions, behavior and variables of economic units are commensurate and consistent with achieving the goal that they seek. The classicists believed in the existence of natural laws that govern economic activity, and they saw that the task of economists is crystallized in the search for these laws. Therefore, economic analysis in classical thought is based on several principles, including (امين, 2003: ص 53).

A- Adoption of the principle of private property in an unlimited way: private ownership in this doctrine is the general rule that extends to all areas and various fields of wealth and cannot be deviated from except by virtue of exceptional circumstances. Sometimes the state is forced to nationalize this or that project and make it the property of the state, and if it is not necessary to nationalize any project, private ownership remains the rule in effect.

B- Allowing everyone to choose freely in consumption, production and investment. The individual can buy different products, investors can increase their profits, and workers can demand better wages.

C- Absolute competition: through the freedom of companies to enter and exit markets, to increase social welfare, that is, the common welfare of both producers and consumers, and this occurs through the market mechanism that determines prices in a decentralized manner through interactions between buyers and sellers, in return for allocating resources. This, of course, seeks the highest return, not only for goods and services, but also for wages.

The capitalist economic system works through an apparatus (the price mechanism). It carries out the process of convergence and regulation of the actions of sub-units and uses values to allocate exchanges in order to complete the processes of production and distribution in society. Society obtains the elements of production for a price and sells its products in the markets for a price. For example, the consumer provides his labor power in order to obtain an income or a price (wage), and he gets his needs from the markets of consumer goods in order to satisfy his needs in exchange for a price for this commodity. Considering that there is an automatic trend for the national economy to operate at the level of employment or full employment, because supply always creates an equal demand. Jean Baptiste Say formulated a law of supply and demand, called Say's law (Field, 1994, 198).

The most important thing that Say brought and what his name was associated with among all economists is his theory known as the law of ports (*Loi des debouches*) and this law is summarized in that (products are replaced by products) and this is that the goods and services produced create an outlet for their disposal by the seller of the good or service who takes in return Money he does not acquire for the money itself, but rather uses it to buy goods and services, and so the mere production of the commodity creates the possibility for its producer who made it to buy a corresponding commodity, and money in this case has no more in these transactions than the role of the mediator that facilitates its conduct. As for saying that the sales movement is slow because people do not have enough money to buy with it is wrong saying, what is lacking in them is not money but produced goods with which they buy, and (Say) has arranged on his theory this several important results that explain to us, which are (Horwitz, 2003):

A- The economic crises that may appear from time to time in the national economy are a product depression crisis, and not the result of a surplus of products or

overproduction, as some imagine. Some economists before Say's theory had expressed their fear of the spread of machines (automatic or technical development) and of overproduction due to it. This progress or inflation in production must be general and not limited to one or several branches of production, and this can be guaranteed through economic freedom.

B- Foreign trade between different countries is the exchange of a commodity in exchange for a commodity, as is the case for buying and selling, and a country cannot be indebted on a continuous basis, because the debt, whether it has it or it, accumulates for a period, and ultimately must be repaid. With it, its position would be contradictory to itself if it was a creditor demanding the repayment of its debt, and then surrounded itself at the same time with barriers preventing the entry of foreign products to it.

C- The outlets law is evidence of the harmony and compatibility of interests in society, whether it is the interests of individuals or the interests of nations. Every industry is concerned and influenced by the success and progress of other industries, and the city's progress and prosperity depend on the progress and prosperity of the countryside, as well as import depends on export, and in general, all Benefit depends on ensuring everyone's interest and promoting their business. It is noticeable that this perception also reflects the optimistic outlook for which (Say) is famous.

As for the Malthus theory. Malthus' interest in economic crises came against the backdrop of the economic crisis that affected the British economy in 1817, as there was debate among thinkers of that era about the causes and foundations of dealing with the crisis. Malthus' analysis of the crisis stems from the idea of a lack of consumption due to the existence of two classes in the capitalist system, namely the capitalist class and the working class, and the contradictions that result from their economic behavior (الدباغ, 2007: ص 23). The first class (capitalism) is characterized by saving and the second class (workers) is a consumer class par excellence.

In the context and in the context of Malthus' analysis of the causes of the economic crisis, he considers that this lack of consumption resulting from the lack of effective demand cannot be solved without activating the role of the bourgeois class over workers in bridging the gap in demand through non-productive consumption, Malthus sees the decrease in consumption as the saving of the owners of capital. It would lead to a recession. Malthus' understanding of the nature of the economic crisis and his adoption of the principle of the inability to consistently achieve equilibrium in

the capitalist economy as a result of insufficient demand constituted a starting point for Keynes. Zalsler in the same direction for analyzing the drivers of the Great Depression (1929-1933).

1.3.2.2. Keynesian Crisis Analysis

The directive economy policy after the First World War and the 1929 crisis became an urgent requirement in capitalist countries. Indeed, the measures taken by countries in dealing with crises in their countries varied, but no capitalist country at that time developed an integrated economic program for economic orientation in which it deviates radically from the principles that on which capitalism is based as a system, but all the measures taken were only partial solutions to some of the existing conditions, and those who advocated the necessity of adopting the policy of economic orientation (state intervention) lacked a clear way for this directive, and this deficiency worked to avoid it by the English economist (John Maynard Keynes) in his book Known as (The General Theory of Employment, Interest, and Money) 1936.

This theory had a great impact in the circles of economists, which led many of them to say that Keynes brought about a revolution in economic studies that they called (the Keynesian revolution). According to Keynes, it is not necessary that the level at which employment is determined is the level of full employment (Keynes, 1964, 11) because in order for full employment to be achieved there must be a demand for investment equal to the savings achieved by the economy at the level of full employment, and when this condition is met, we guarantee that what is produced at full employment It is discharged into the market, and below is the content of Keynes' theory of equilibrium (Stanley L Brue & Randy R. Grant, 2012, 453.460):

A- Keynes referred to the relationship between consumption and income, in the sense that people tend to increase their consumption when there is an increase in their income. That is, in the sense that the relationship between consumption (C) and national income (Y) is expressed by the following equation: $C = F(Y)$, but the percentage of increase in consumption is less than the percentage of increase in income, and also saving (S) increases with the increase in income.

B- Investment is the spending that is made by producers and businessmen, and leads to an increase in the productive capacity of the national economy, and it includes:

- Purchase of capital goods (machines and machinery).
- Constructions (buildings, factories, commercial centers).

- Change in commodity stock (Year-end stock Year-beginning stock).

C- Keynes proposed a greater role for the state to achieve economic stability at the level of full employment of national income, as well as the government's use of expansionary fiscal policy. Difficulty.

D- According to Keynes, there are three motives that encourage the preference for liquidity, which are for the purposes of deals, hedging and speculation, which translates into the demand curve for money, and the situation was called the liquidity trap due to the failure of the money supply by the central bank in the private banking system to reduce interest rates. This refers, for example, in monetary policy. This makes it ineffective in stimulating the economy, and that happens when the expected returns from investments in securities or machinery and equipment are low, investment drops and recession begins, and monetary assets in banks rise. This is a result of these behaviors. Individuals hold cash in anticipation of some negative economic events that make monetary policy. Ineffective and creating a so-called liquidity trap.

1.3.2.3. Marxist Thought Analysis Of The Economic Crisis

The economist Karl Marx developed his theory and showed the contradiction in the capitalist system, which leads to the occurrence of crises and crises that lead to the weakness of the national spirit, ignite conflicts and get out of control, and the most damage is due to society. Marxism occupies a prominent and distinct place in the history of economic thought because of what this thought brought about in its anti-capitalist style as a system of its far-reaching effects in the economic, social and political spheres, and on this basis, Marxism advocated materialist philosophy (not idealism) and scientific socialism (not fiction), which spread Marxism Between the various unions and labor trends (سويهي, ص 50).

Marx believes that economic crises are a cyclical phenomenon that follows the development of the capitalist system inevitably occurs in it, in other words that crises arise from the subjectivity of the capitalist production system, which is distinguished by the contradiction between the social character of production and the capitalist character of appropriation and on this basis, socialism is based on several principles and we try to summarize them in the following points (امين, ص 91.92).

A- Combating social class inequality: This puts an end to all kinds of human conflicts. If socialism is established and society is transformed into a single class, the

class contradiction that resulted in the division of society into owners and landless will be removed.

B- Dictatorship is not only necessary for the sake of settling capitalism but is necessary in order to eliminate all the spiritual, intellectual and social characteristics of capitalism.

C- Nationalization. The scientific idea of nationalization is based on the contradictions of surplus value revealed by the private ownership of the means of production. These contradictions accumulate until the nationalization of all means of production becomes an inevitable necessity.

D- The principle of distribution is one of the distinguishing features of socialism, and in it the individual compensation for the individual's contribution to the economy's total product in terms of effort, work and productivity is indicated.

1.3.2.4. The Economic Crisis in Islamic Thought

Islam came fourteen centuries ago with a complete approach to life in its material and spiritual aspects and considered that the economic problem in general is the existence of poverty in the beginning before societies develop and other economic problems such as unemployment, inflation and the lack of justice in the distribution of production resources available in societies as Islam is based on providing needs the basic element of the individual ensuring the level of sufficiency. starting from and considering it among the duties of the state when needed. Islam's view of the economic problem differs from that of both the capitalist and socialist systems. It does not attribute the cause of the problem to nature and its scarcity of resources, because it believes that nature is able to guarantee all the needs of life, the failure of which leads to a real problem in human life. Islam also does not see that the problem is the contradiction between the form of production and the relations of distribution as determined by Marxism, but rather the problem above all that of man himself, neither nature nor forms of production. (بطاينة و الغريري, 2003: ص 27) And the honorable verse confirms that.

"It is Allah who created the heavens and the earth and sent down rain from the sky and produced thereby some fruits as provision for you and subjected for you the ships to sail through the sea by His command and subjected for you the rivers. And He subjected for you the sun and the moon, continuous [in orbit], and subjected for you the night and the day. And He gave you from all you asked of Him.[660] And if you should count the favor [i.e., blessings] of Allah, you could not enumerate them. Indeed, mankind is [generally] most unjust and ungrateful" Surah Abraham (verse 32.34).

The noble verses clearly state that God Almighty has mobilized for man in this vast universe all his interests and benefits and provided them with sufficient resources

to supply him with his life and material needs, but it is man who wasted on himself this opportunity that God granted him through his injustice and unbelief (that man is the wrongdoing of infidels). Man in his working life and his penance of divine grace are the two main causes of the economic problem in a person's life. Human injustice on the economic level is embodied in the misdistribution, and his expiation for grace is embodied in his neglect of natural investment and his negative attitude towards it.

Islamic economics is an economic method based on Islamic legislation in using resources to provide for the needs of the people. The Islamic economic system is defined as a system linked to Islamic belief and ethics, which contains a set of guidelines that contribute to controlling economic behavior, specifically in the areas of saving and spending. One of the definitions of the Islamic economic system is that it is a set of rules that depend on the fundamentals of the Islamic faith, namely the Noble Qur'an, the Noble Prophet's Sunnah, and jurisprudential jurisprudence.

The economic system in Islam is distinguished from other economic systems by a set of characteristics or characteristics, the most important of which are (رحماني و دلمي, ص 9):

A- Islamic economics is a divine economy, meaning that God is the author and therefore its principles and legislation are fixed and not subject to change or alteration with the change of nations and over time, but this does not prevent the existence of some parts and some matters subject to change in which the human mind and scientific jurisprudence interfere in and take into account the public interest, because the economy The Islamic religion relies on the jurisprudential rule that says "Sharia is based on facilitation and raising the embarrassment."

B- Islamic economics is an ethical economy, whereby a Muslim must possess the good qualities called for by the Noble Qur'an and the Sunnah of the Prophet, among which are the following:

- To be honest and truthful in all his dealings.
- A Muslim must observe the lawful and the forbidden in his economic activity.

C- Islamic economics is a realistic economy that does not tend to the imagination, as it is realistic in its goals and its method because it aims in its principles goals that are consistent with the reality of humanity.

D- The comprehensiveness characteristic of Islamic economics, in addition to its interest in the material side, it cares about the spiritual and ethical aspects and

guarantees it for all human needs, i.e., working to provide the necessities of life such as food, drink, housing, education, care, health, freedom and other needs, and in addition to that it is It works on the advancement of moral values such as brotherhood, honesty and justice. Therefore, it is a purposeful economy that combines belief and ethics, unlike other economic systems that focus their attention on the material side only.

1.3.2.4.1. Foundations And Components of The Islamic Economy

Islamic economics is based on three basic foundations that differ in their content and meaning from other formal economic systems, although they are similar in terms of terminology, and because economics in Islam means moderation, moderation and integrity, we find that its most important foundations are (رحماني و دلمي, ص 14):

A- Dual ownership

Ownership in Islam differs fundamentally in comparison with man-made economic systems. Ownership in the capitalist system is a private property that permits the individual the right to own and fully control economic resources and wealth of all kinds without limits or conditions, even if it conflicts with the interest of society, while ownership in the socialist system is Quite the opposite, where ownership is collective, i.e., property of all members of society. As for ownership in Islam, the person is merely a successor in the property of God Almighty and uses it to benefit from it in his life, then he leaves it for future generations as he inherited it from previous generations. From this point of view, the Muslim individual, even if he has the right to own property, is subject within Islamic Sharia to the conditions of preserving it through Just use it and not waste it or harm it, so Islam distinguishes between what is for the individual and what is for society and gives the guardian (government) the power to supervise and monitor and take what is a duty to preserve resources and ensure their continuity in the service of society and the nation.

B- Restricted freedom

The principle of dealing in Islamic economics is permissibility and freedom unless there is a text prohibiting that. Therefore, the Muslim is free to practice the activity he desires, and it is not prevented from that unless it appears that this work collides with Islamic law and freedom in Islamic economics is not absolute, rather it is restricted With moral and legislative restrictions, and if the private interest conflicts with the public interest, the public precedes the private, so it is not permissible to disrupt the land, hoard money, monopolize goods, usury, cheat and harm others,

because the individual's freedom in Islam ends when the freedom of others begins. Freedom in Islam is true freedom. They are not theories and sayings, and a freedom that serves the interest of all and is free from injustice, exploitation and slavery, it is a freedom reinforced by human dignity, justice in the distribution of wealth and the guarantee of the basic needs of the individual.

C- Social Justice

Social justice is considered one of the foundations of Islamic economics because Islam views society as a continuous and compassionate human entity and that the family is linked to affection and continuity, and groups cooperate with each other in the interest of good and benefit, the strong supports the weak and the world knows the ignorant even if the colors, races and languages differ, because that does not require disparity. In the meaning of humanity and its rights, but everyone is equal in Islam and among the forms of justice in the Islamic economy, justice in the distribution of income within the framework of the provisions of Islamic law and its controls. This necessitated spending it on charitable work, but without extravagance or insignificance.

1.3.2.4.2. The Causes of The Crisis from The Point of View of The Islamic Economy

Islamic law works to control transactions between individuals, for the benefit of all of them, and prohibits all actions that may affect social justice or the rights of individuals, whether in distress or prosperity, to protect society from all forms of corruption in various fields, and we will stand in this axis on the position of Islam. Among the transactions that scholars are likely to cause in the financial crisis, which include:

A- Interest or usury

Islamic law prohibits all forms of granting loans with interest, which is one of the most important causes of the financial crises that humanity has been exposed to. Usury is a language that means an increase, and it is defined by Sharia as the free virtue of the conditional return in the sale and dealing with it is forbidden according to the evidence of the book, the Sunnah, and consensus. Among the reasons for the prohibition of usury, there are psychological, social and economic reasons (اسماعيل, 2010: ص11).

- Psychological and social causes

Usury causes a frail psychological state for the usury eater. For him, interest emanates from greed, the basis for the profit is from the effort of others. As for the

exploiter of usury, it emits from greed for a gain that he is unable to, and this causes constant anxiety in them, and some religious doctors have decided that the abundance of diseases That afflicts the heart, such as a blood clot or bleeding in the brain, and others are due to the economic turmoil that gave birth to greed, of which the possible causes are not available.

- ***Economic reasons***

Usury encourages unemployment and this is evident in the fact that the moneylender is not prepared to pay the money unless he guarantees a higher price for this money. So, the worker presents his work and gets the wage, and the wage is the value of the previous work. And since the moneylender wants to obtain the increase constantly, the wage paid is always less than the value of the previous work, and the workers will reveal over the days that they are losers, sell for less and buy more, so they demand an increase in wages. Usury creates a large gap between the classes of society as the rich get richer and the poor get poorer, as well as interest leads to inflation, as the usury imposes a high interest that forces the owners of goods and services to raise the prices of these goods and services.

B- Financial derivatives

Financial markets have become more fragile by expanding the trade in derivatives that are not related to trading in prices and entering financial assets present but are derived from fictitious financial assets that neither party owns at the time of the contract and which contain promises to buy or sell in the future. Then it moved to the primary and secondary financial markets. Islamic Sharia prohibited the financial derivative system that is based on fake transactions dominated by deception and ignorance, as it is considered a form of gambling that is prohibited by Sharia. The value of financial derivatives that exacerbated the crisis in the United States of America amounted to more than 600 trillion dollars, while the value of global production is estimated at 60 trillion dollars, meaning that the financial value is 10 times the in-kind value. And the Islamic Fiqh Council confirmed in its decision No. 7.1.65 in its seventh session in May 1992 that the description of the Sharia contract does not apply to financial derivatives due to the absence of the true conditions of delivery and receipt, which does not exist in the first place (الروبي, 2009: ص 36).

C- Mortgage

The form of the mortgage is a major reason for the emergence of the crisis (the crisis of 2007.2008) because of the unprecedented excesses of the owner of the deal in it. The mortgage is a contract between the owner of the property and a buyer and a financier from financial institutions and banks, provided that the buyer pays part of the price and the financier pays the remainder that becomes a loan is held by the buyer with interest. The banks neglected to check the credit record of borrowers, and expanded in granting loans, which created an increased demand for real estate, and this led to a decrease in their prices, and the banks had sold these loans to securitization companies that issued bonds in which they offered them for public subscription, so they arranged for each mortgage. A group of debts linked to each other in a fragile balance that shook when borrowers stopped paying their debts, especially after the successive rise in interest rates, as the volume of those loans reached about \$ 1.3 trillion (مصطفى, 2008: ص9). The usurious interest carried by mortgages, which are prohibited by Islamic law, was a major factor in the occurrence of the crisis.

D- Securitization

Securitization is an innovative financial instrument ³¹ which is the conversion of loans into negotiable securities, that is, the transfer of debt from the primary lender to other lenders, also called securitization. Securitization deals mainly with debts, as it works to sell it by dividing one debt into many sukuk or bonds that are offered to the public to subscribe to, then similar ones are collected in one wallet to be sold to a new financier, so that this process is repeated in successive waves, which were originally built on one debt and Its benefits are the fuel that drives all the successive waves of securitization, through which the secretaries, investors and lenders demand to divide them. It is logical that securitization in this way caused the occurrence of crises, because it led to an imaginary market in which it is not productive. It is believed that the solution to this is not to abandon the method of securitization altogether, since if it was used properly according to the Islamic calendar, we would benefit from its advantages and avoid its negative aspects. And the Islamic securitization valuation is by linking it to a good or service whose price is the debt that is secured (عبدالعزيز, 2009: ص 33).

1.3.2.4.3. Ways To Avoid Economic Crises

A- Avoiding usury

One of the most prominent causes of the contemporary economic crisis is the spread of usury and dealing with interest in banks, stock exchanges and companies, and

that the Islamic economy has prohibited usury, little and much, for consumption and production, between the individual and the state, by mutual consent or otherwise, because usury wipes out the economy and eradicates the desire for investment.

B- Avoid gambling

One of the harms of gambling is to accustom people to earning through luck, laziness, and addiction, and gambling is considered an uneconomic activity, because it does not add anything "to the wealth of society. Rather, wealth in it is transferred from one person to another. Gambling leads to the destruction and ruin of homes and the spread of crimes, such as theft, suicide, bribery, and enmity among people, and all of this is negative." For the public interest.

C- Prohibition of selling debt for debt

The wisdom of the prohibition of selling debt for debt from an Islamic economic perspective is that a sober pillar of the pillars of the sale has not been achieved, which is the seizure, as it is not permissible in the sale to agree to postpone the delivery of the price and the commodity. The operations of banks in the capitalist system are based on debt trading, so the bank borrows with interest and lends at a higher interest, and the interest increases on those who delay in repayment, and the debt can be sold to a second, third and fourth person, and thus many accumulated debts arise, but more than that, the capitalist system builds up all of it. Since mountains of debt, if there is a delay in payment or withholding it, these mountains could collapse, and crises could arise.

D- Adherence to the zakat system

What concerns us in this point is the effective role that zakat plays in the Islamic economic system by encouraging the investment of frozen funds, providing job opportunities for members of society, eliminating unemployment and achieving economic development. It is known that the Islamic economic system is unique in legislating zakat that is taken from the rich and returned to the poor, eliminating differences Interstate society (اسماعيل, 2009: 11.17).

1.3.3. Types of Major Economic Crises

The issue of distinguishing between crises of different types occupies a distinct place among the many theoretical issues of the cyclical development of the capitalist economy, which are still controversial now in Marxist economics. If the economic crisis expresses the status of a specific economic activity during a specific and specific period

of time, the type of this crisis It is mainly related to the sector in which it is analyzed and highlighted its features. Therefore, economists, especially specialized commentators, have classified economic crises into the following types (ميمونة, 2014: ص 25).

1.3.3.1. Productive Crises

They are the crises that occur in the production process that lies in the production surplus and occur in the following sectors:

A. The agricultural sector crises: This type of crisis is directly related to the agricultural sector. It is also called (the crises of the Old Testament) (ارنولد, ص 13) Products other sectors, hence higher unemployment.

B. Industrial sector crises: This type of economic crisis occurs due to the industrial surplus production traded in the market. There is no corresponding effective request, and thus a stalemate is formed for us the economic, which in turn leads to a decline in production levels and a parallel decrease in the general level of prices (ميمونة, 2014: ص 26). The Great Depression, 1929, is an example of the crisis of surplus production.

D- Oil sector crises: This type of crisis is related to the hydrocarbon sector, and it specifically touches the fluctuations in oil prices, which are the most important factors in creating the oil crisis and the October 1973 oil shock is a model for this type of economic crisis (ارنولد, ص 16).

1.3.3.2. Periodic Crises (the crisis of surplus production)

The periodic crises occupy the center stage in the ranking of economic crises, and are defined as the crisis of surplus production that includes the main aspects of the process of repeated production (production, distribution, consumption) and this means that the shocks that result from the periodic crisis are more profound from other crises. Ultimately this crisis contributes to the creation of mechanisms that help increase labor productivity and reduce production costs. Enterprises, in their attempts to get out of the economic difficulties they are experiencing, intensify their research on new types of products and modern technologies that they use in production, and are temporary or radical solutions that the institutions reach The basis for the renewal of fixed capital, raising the productivity of labor and expanding production, and in this sense the crisis is considered a foundational stage of the economic cycle, that is, a stage that determines to a large extent the course of subsequent development and the main features of the next cycle (الكفري, 2012, ص 21).

1.3.3.3. The Intermediate Crisis

It is a crisis that is less extensive and comprehensive than the periodic crisis, and yet it includes many aspects and areas of the economy. This crisis occurs as a result of partial imbalances and contradictions in the process of repeating capitalist production, and this crisis does not have a global character as is the case with the periodic crisis. The intermediate crises are also a partial solution to the contradictions of the repetition of capitalist production, as they appear when there are partial disruptions and confusions in the process of reproduction that have not yet led to a general crisis of overproduction and therefore, they must be less deep and broad in terms of coverage compared to the periodic crises (بلجوك, 1981: ص 254).

1.3.3.4. Structural Crises

They usually include certain areas or large sectors of the global economy, including, for example, the energy crisis, the raw materials crisis, the food crisis, and others. If the structural crisis is limited to one sector of the economy, then it must be an important and fundamental sector. As energy sources, iron and steel industry, food crisis, etc., crises in small branches, even if they last for a long time, cannot become periodic crises because they do not affect all other aspects of the economy and its sector (بلجوك, 1981: ص 254).

1.3.3.5. Financial Crises

The financial crisis is defined as the collapse of the entire financial system, accompanied by the failure of many financial and non-financial institutions with a sharp contraction in overall economic activity. Financial crises are divided into several types, the most prominent of which are the following:

A- The money market crisis (the bubble state): This type of crisis occurs as a result of what is economically known as the bubble phenomenon, as the bubble is formed when the price of the assets rises unjustified in a way that exceeds their real value, which is what happens when the goal of buying the asset such as a share for example is The profit resulting from the increase in its price and not because of the asset's ability to generate income, in this case the collapse in prices becomes a matter of time when there is a strong tendency to sell that asset restricted to its price falling, and then panic situations begin to appear, and prices collapse and this effect extends to other asset prices, whether in The sector itself or in other sectors (بلقاسم, 2011: ص 4).

B- Currency crisis (exchange rate crisis): Currency crises can be defined as speculative attacks in a country's currency that lead to a sharp decline in the currency's

value, forcing the central bank to use a large part of its foreign exchange reserves or raise the domestic interest rate for defense about the local currency. There are those who define the currency crisis as a significant drop in the exchange rate of the currency during a short period of time (Reuven & Michael 2011, p. 2), and that losses in the currency's value sometimes range from 15% to more than 30% through various studies (Jan Becky and other, 2012, p. 2). And there are those who know it as a crisis that occurs when a rapid change in exchange rates affects the currency's ability to perform its mission as a medium of exchange or a store of value (السامرائي, 2010: ص234).

Through the previous definitions, we note that they all agree on the content that the currency crisis is a form of financial crisis and it occurs due to the attack of speculators on the exchange rate of a particular currency, which results in a decrease in the value of the currency, which forces the monetary authorities to withdraw large quantities from international currency reserves or Increasing interest rates in order to defend the prevailing currency exchange rate. This leads to a decrease in the size of the state's foreign currency reserves, which may not achieve its objectives in maintaining a stable level of the local currency exchange rate (سويهي, 2017: ص 63).

C. Banking crisis: We start with the definition of a comprehensive banking crisis according to our definition in a systemic banking crisis. Companies and financial sectors in a country face many defaults, and financial institutions and companies face great difficulties in paying contracts on time. As a result, NPLs increase sharply and all or most of the capital is depleted The overall banking system, and this situation may be accompanied by a decline in asset prices (such as stock prices and real estate) in the wake of periods of increase before the crisis, sharp increases in real interest rates and a slowdown or reversal in capital flows, using this broad definition of the systemic banking crisis, we can determine that The beginning of the systemic banking crises around the world that began in 1970 (Luc Laeven and Fabian Valencia, 2008, 5).

Banking crises were relatively rare in the fifties and sixties of the twentieth century due to the existence of capital and transfer restrictions, but they became more prevalent from the seventies until now and the reason is due to the development and innovation in financing tools and means and the presence of sophisticated electronic payment systems that contributed to the commercial banks 'surpassing some indicators (الخزرجي, 2009: ص 297.340).

1.3.3.6. Stages of Developments In Economic Crises

Economic crises develop in five stages, starting from the beginning of the crisis or before the beginning and ending with the stage of the end of the crisis and finding solutions to it, as follows (جارالله, 2003: ص 50 - 53).

A. Early warning stage: There is usually an alert of the occurrence of the crisis, but lack of attention to these signs leads to the expansion and spread of the crisis.

B. The prevention phase: It is the stage of developing a set of effective mechanisms to work in the judiciary and weaken the severity of the crisis before it harms the economic system.

C. The stage of injury and limiting it: In this stage, the effects of this crisis are addressed and the losses that harm the systems are minimized without getting rid of this crisis.

D. The recovery phase: setting up a set of effective means and programs that are chosen and include several aspects, including: Restoring intangible assets.

E. The stage of finding solutions: which is the development of a set of successful plans and means under regular study and re-division to improve what has been achieved in the past.

1.4. ANALYSIS OF MAJOR ECONOMIC CRISES

1.4.1. An Overview of The Economic Crises Before the Great Depression

The world has witnessed a number of financial and economic crises that have affected a large number of countries, and the recurrence of these crises is a phenomenon of concern and concern because of their negative effects and their threat to the economic and political stability of countries, as the experiences of the world have been proven through the gradual analysis of the various financial crises that hit different economies from It is imperative that economic freedom be accompanied by appropriate policies to limit the occurrence of these crises. Below is a brief overview of some of the most important and most influential crises.

1.4.2. The Tulip Crisis Between 1635 and 1637

Economists consider it the first financial crisis resulting from speculation, a name that refers to a large economic bubble that was named when the demand for the tulip bulb increased, leading to an unprecedented increase in its price, then suddenly its price collapsed in the Netherlands.

In February of 1637 the onion dealers no longer got higher bids for the onions and began selling. The bubble has burst. People began to doubt that the demand for tulip onions would disappear, and this generated widespread panic. Holders of futures contracts now hold contracts whose current price is not equal to a tenth of what the contracts stipulated, and many others soon found themselves carrying bulbs whose value is not equal to a fraction of the price they paid to obtain them. He claimed that thousands of Dutch people, including businessmen and incumbents, had collapsed financially. Attempts were made to correct the situation in the interest of all parties, but they were unsuccessful. Some individuals got involved with bulbs after the crash, and no court will force anyone to pay the value of futures contracts. Judges considered them gambling contracts that were not protected by the law (Galbraith, 1955, 17).

1.4.3. The 1720 Crisis

There were two successive crises that separated a few months between them in France and England regarding company shares. In 1719, John Law * came up with the idea of restructuring the French national debt through the Mississippi Company by replacing the company's shares in exchange for debt instruments and ensuring huge profits on these shares, as a result of the increase in speculation on the company's shares in 1719, the increasing popularity of these shares among the public increased the need to print more money to divert the purchases of these shares, and then inflation began to rise in France. Because the value of the shares did not reflect the actual value of them, John Law reduced the value of the banknote and the shares in half, but John Lu's decision pushed people into a wave of selling shares, which led to the deterioration of the market prices for them significantly. Unfortunately for John, if the public would have preferred to pay the profits through gold and silver, as people were accustomed to at the time, for fear of him on the gold balance of the royal bank, and knowing that doing so would reveal the banknote cover that it issued, the royal bank stopped disbursing bonds in coins, In 1720, Prince Conte sent his Instruments to the Royal Bank to convert them into gold money, and it is said that the prince sent three carts that carried gold in exchange for his checks, and then the royal bank stopped disbursing the checks in exchange for gold, and this led to the explosion of the crisis at the end of 1720. The Mississippi bubble Crisis ended, but at the time the balloon exploded, another balloon was also forming, but this time in Britain (2010, السقي).

1.4.4. The Crisis of 1825

In the early 1820s, investors were eager to invest in Britain, as markets were booming there, Wales was a source of raw materials and an exporter of iron to all parts of the world, and Manchester became the first industrial city in the world, and production grew by 34% between 1820 and 1825. Government bonds remained abundant due to the war with "Napoleon", and after the end of the hostilities, the Minister of Finance reduced the rate of bonds and the government was forced to reduce their rates. The return on government debt decreased from 5% in 1822 to 3.3% in 1824, and inflation reached about 1% between 1820. And 1825 was the most noticeable thing in the 1825 crisis, this sharp difference of views. Some blamed investors for investing in countries whose debt was unknown or mining to explore countries that had no ore and there was anger and demand for investors to do exploration of emerging markets before putting money at risk. While officials in Britain blamed the banks, and in order to solve this crisis, Britain used the experience of Scotland, where its banks depend on the contribution of lenders and issuing shares only to those who buy it and the Scottish lenders were better off during the crisis (ميمونة, 2014: ص 58).

1.4.5. The Crisis of 1837

It is a financial crisis in the United States that caused a major recession that lasted until the middle of 1840 and decreased profits, prices and wages, while unemployment increased and its causes were loan speculation in the western states, a sharp decline in cotton prices, (Glasner, 1997, p. 514) the collapse of the land price bubble, the flood of international currencies and restrictive lending policies. On May 10, 1837, banks in New York City suspended currency payments, which meant that they would not adjust commercial papers against currencies at their full-face value. Although the economy recovered for a short period in 1838, the recession lasted for about seven years. Banks collapsed, businesses failed, prices dropped, and thousands of workers lost their jobs. The unemployment rate in some areas has reached 25%. The years 1837 to 1844 were generally years of deflationary wages and prices (Knodell, 2006, 66).

1.4.6. The Crisis of 1866

The first financial crisis in the history of Spanish capitalism broke out in early 1866. The reason for that crisis was the railroad companies, which withdrew with them banks and credit companies. After the passage of the Railroad Act during the two-year period of the Progressives in 1855, many investors directed their capital towards the railway companies, whose shares boomed, fueling a spiral of stock speculation. But when the lines began to operate, it became clear to investors that the profit expectations

were exaggerated given the low level of development in the Spanish economy, the small quantities of shipped goods, and the small number of transport passengers which caused a sharp decline in the value of the shares of railway companies. It was like an international financial recession, accompanied by the failure of Overend and Gurney bank * in London, and the abandonment of the silver standard in Italy and Britain. The crisis led to a sharp rise in the unemployment rate to 8% and the subsequent drop in wages (Malcolm pearce and Geoffrey Stewart, 1992, 20).

1.4.7. The 1907 Crisis

It is called the US banking panic. It is a financial crisis that erupted in the United States of America, when the stock market collapsed, losing nearly 50% of the maximum financial value it had achieved in the previous year. A panic occurred in a period in which the recession prevailed as a result of withdrawals of funds deposited in banks, and this panic spread throughout the country in 1907, which led to the bankruptcy of many banks and companies, and the main reasons for this crisis are attributed to what New York banks witnessed in terms of withdrawal of liquidity and loss of confidence Among depositors and the lack of deposit guarantee funds, which resulted in the collapse of the Knickerbocker Trust, which is the third of its kind in terms of importance in New York, which resulted in the collapse of the Knickerbocker Trust, which is the third of its kind in terms of importance in New York. This collapse led to waves of panic among financial institutions. This crisis could have increased had it not been for the intervention of the businessman (John Pierpont Morgan), who paid with his own money and persuaded him to follow his example to support the US banking system. And the crisis actually ended when the economy recovered (مورغان, 2009). After a brokerage firm obtained huge loans, and that was done through a pledge of shares of Tennessee Coal, Iron and Railroad Company (TC&I), and the collapse of the shares of this company prevented the emergency intervention of US Steel with the approval of President Theodore Roosevelt despite his severe hostility the following year, Senator Nelson Willmarth Aldrich formed a committee headed by himself to launch investigations into this crisis and suggest solutions to it. This crisis ended on December 22 1913 with the establishment of the US Federal Reserve (Jon R. Moen and Ellis W. Tallman, 1995, 3).

1.5. ANALYSIS OF THE GREAT DEPRESSION 1929-1933

1.5.1. Hope and Optimism Before the Crisis

On December 4, 1928, President Coolidge* delivered his last message on the union to Congress in a new session. The president told the country's lawmakers that they and their country should look to the present with satisfaction and look to the future with optimism, and the most pessimistic members of Congress should have found reassurance in the president's words. Never before has the US Congress met to discuss the state of the union in light of a more satisfactory state of prosperity than that which we see at the present time. On the domestic arena there is calm and tranquility and years of prosperity that have not been witnessed before and on the outside arena there is peace represented by compromise resulting from understanding Joint (Galbraith, 1955, 23).

An entire generation of historians criticized Coolidge for his superficial optimism that prevented him from seeing that there was a great storm brewing inside as well as far outside.

Despite all this, the twenties of the twentieth century in America was a very good time, as production and employment were high and increasing, wages were not increasing significantly, but prices were stable, in the end, American capitalism was a period of vitality and between 1925 and 1929 the number of establishments increased the industrial sector from 1830900 to 2060700, and the value of its output rose from 6008 billion dollars to 6800 billion dollars. The Federal Reserve Index of Industrial Production, which averaged only 67 in 1921, rose to 110 in 1928 and reached 126 in June 1929. In the year 1926 the production of cars reached 4301,000 cars, and after three years in 1929 the production increased by more than a million cars, which is a very good number as shown in Table No. (1). The fact is that even the most cursed testimonies of those times acknowledged that they were good times, but they all shared in accusing Coolidge of failing to realize it was too good to last (Galbraith, 1955, 24).

Table.1: Indicators of US Industrial Production before the Great Depression *

The years		1921	1925	1926	1928	1929
Pointers	Number of industrial establishments		1830900			2060700
	The value of the outputs of industrial establishments		6008			6800
	Average Federal Reserve Index of Industrial Production	67			110	126
	Car production			4301000		1000000+

* The schedule is from the researcher's work.

1.5.2. The Emergence of the Great Depression, 1929

The Great Depression is the biggest crisis that the global economy has faced over the years. The Great Depression began in 1929 and continued throughout the decade of the thirties of the twentieth century. Its impact was devastating on rich and poor countries, and it became a reference for economists with each new economic crisis (الباشا, 2019).

Economists, historians and politicians have raised many question marks about the global recession, which struck the center of capitalism in the world (the United States of America), and transmitted infection in a disturbing and interesting phenomenon to various countries of the world, leaving serious negative effects that threatened the political and economic stability of those countries (مريم, 2017: ص9). To the events of the financial speculation market in the New York Stock Exchange when stock prices fell in a panic manner, in addition to the great leap in the US economy during the First World War, and to the full openness of world markets to it, especially European markets, which soon closed due to the return of European factories and institutions to production, which led To a decrease in the percentage of US exports abroad while maintaining the pace of rising production without securing alternative markets for them (الربيعي, 2002: ص106).

The first signs of the crisis appeared in the middle of 1929 and were confirmed in the fall of the same year when the statistics showed a decline in wholesale prices of iron, steel, and copper, as well as the profits of the industrial sectors (the mechanical and automobile sector). Industrial production decreased by 7% from May to October 1929, and this led to a general decline. In the prices in the United States and a number of European countries (عويضة, 2008: ص86) as shown in Table 2.

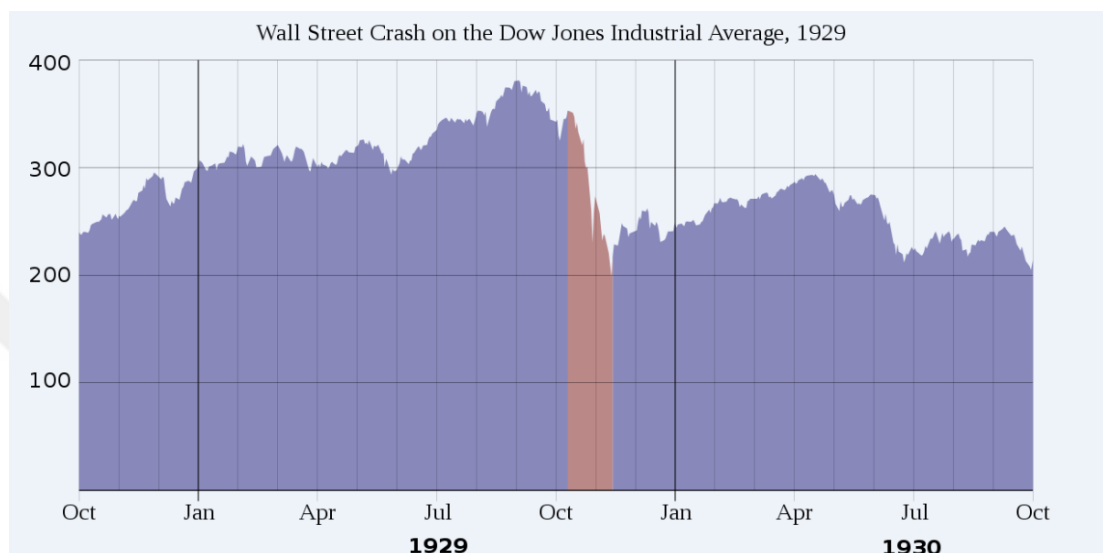
Table.2: A General Decline in Prices During the Crisis of the 1930s (consumer prices, 1914 = 100)

Countries The years	United State	Britain	France	Germany	Italy
1929	165	167	621	154	503
1930	161	157	618	148	476
1931	147	148	609	136	421
1932	131	143	546	121	394
1933	124	143	520	118	363

Source: Talbi Salah al. Din, P. 86.

Which shows the decline in consumer goods prices in the developed world, and the doubling of the number of sales orders since October 21, 1929 led to a decrease in the price of securities, as on October 24, 13 million securities were sold, as the well-known Dow Jones index fell from 350 to 200 between October 24 to November 15, As shown in brown in figure 1.

Figure.1: Wall Street Crash of 1929



Source: wikipedia.org Wall Street Crash of 1929. Wikipediae.

1.5.3. Causes of the Great Depression 1929

Opinions and interpretations differed about the causes of the crisis, as some consider it a surplus production crisis as a result of the development of production techniques during and after the First World War, which increased the volume of American factories' productivity, which created overstock production (العويضة, 2008: ص76), and there are those who consider it a financial crisis in the first place, which is refuted by some economists and here we will present The most important direct and indirect causes of the major global crisis.

1.5.3.1. Indirect Causes

The external indebtedness of European countries and the inability of those countries to pay their debts to the United States of America raised many expectations among the American citizens. In the wake of the end of the First World War, the American economy became dominant and most of the European powers were dependent on American loans that were not used in the completion of productive projects. Rather, it was spent on sabotage and armaments during the war and getting rid of that

indebtedness by increasing taxes and at the end of the First World War, the value of the European debt to the United States of America was 12 billion dollars as war loans in addition to the compensation imposed on Germany in the Treaty of Versailles for that as the largest cause of the war. The first countries in which the crisis began to appear is Germany, followed by other European countries and the United States of America as well as the rest of the world, as shown in the table below. American and foreign investors have lost confidence in the US Treasury, and this is reflected in the Wall Street Stock Exchange, as the shareholders of major companies offered their shares heavily and led to a sharp drop in stock prices (Romer, 2003, 5). Table 3 shows the dates of the start of the crisis and the recovery of the economy in different countries.

Table.3: Dates of the Great Depression in Various Countries

Country	Depression Began	Recovery Began
United States	1929:3	1933:2
Great Britain	1930:1	1932:4
Germany	1928:1	1932:3
France	1930:2	1932:3
Canada	1929:2	1933:2
Switzerland	1929:4	1933:1
Czechoslovakia	1929:4	1933:2
Italy	1929:3	1933:1
Belgium	1929:3	1932:4
Netherlands	1929:4	1933:2
Sweden	1930:2	1932:3
Denmark	1930:4	1933:2
Poland	1929:1	1933:2
Argentina	1929:2	1932:1
Brazil	1928:3	1931:4
Japan	1930:1	1932:3
India	1929:4	1931:4
South Africa	1930:1	1933:1

Source: Christina D. Romer, Encyclopedia Britannica, Department of Economics, University of California, December 20, 2003, 9.

The imbalance of economic sectors: instead of the fact that the prices of raw materials decreased a lot during the first and second world wars, as was the record of the agricultural sector, and consequently the agricultural recession, increasing unemployment, the magnitude of industrial production and the increase in speculation rates led to an essentially unsound national economy, as well as an increase in industrial production due to the progress The development of production mechanisms and means led to increased monopoly, which in turn contributed to the general increase in prices, and consequently the weak demand for supply and the imbalance of the market balance, and this in turn affected a decrease in industrial production in the developed world countries (رونفن, 1985: ص 229.231).

Excessive optimism: These are statements issued by businessmen and politicians to exclude the occurrence of the crisis, and even the statement of US President Coolidge, as we mentioned earlier, carried a lot of optimism. This led to overlooking the initial and preliminary indications of the emergence of the crisis (ميمونة, 2014: ص70)

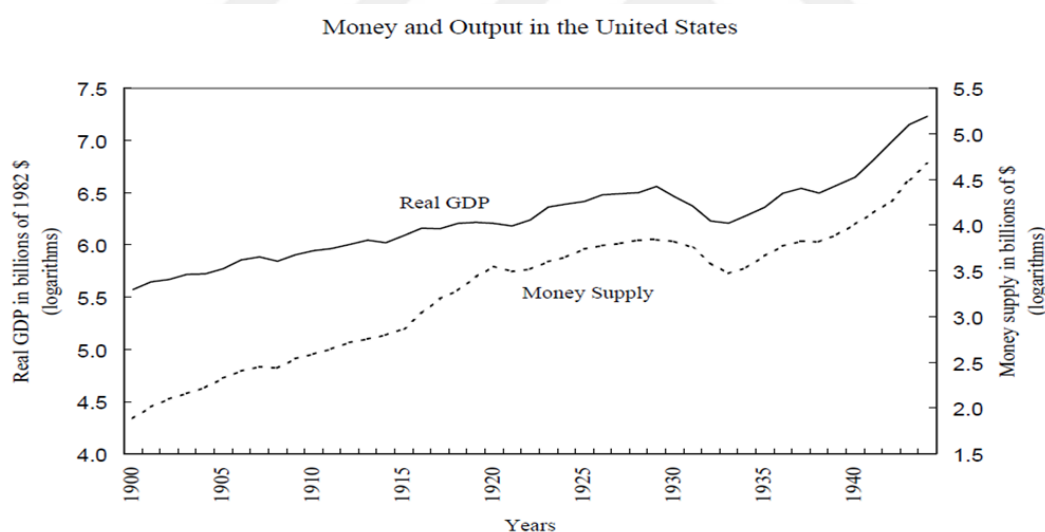
The correlation of money with the gold standard: Britain chose to return to the gold standard after the First World War with a pre-war par, until the value of the pound was exaggerated, and this overestimation led to a trade deficit and large flows of gold after 1925 and to stop the flow of gold, the Bank of England raised interest rates significantly, high interest rates led to a decrease in British spending and led to high unemployment rates in Great Britain. In America, as soon as the US economy began to contract strongly, the tendency for gold to flow from other countries towards the United States intensified. This happened because the deflation in the United States made US goods are particularly desirable to foreigners, while low income reduced US demand for foreign products to counter the resulting trend toward US trade surpluses and foreign gold flows abroad. Central banks around the world have raised interest rates. Maintaining the international gold standard, in essence, requires a massive monetary contraction around the world, to match that which is happening in the United States and the result was a decrease in production and prices in countries around the world, which is roughly equivalent to deflation in the United States and the financial crises and banking scare occurred in a number of Countries besides the United States (Romer, 2003, 4).

1.5.3.2. The Direct Causes of The Crisis

The collapse of the Wall Street Stock Exchange: The most important cause of the 1929. 1933 crisis is the collapse of the Wall Street Stock Exchange on October 24, 1929, in the United States, as stock prices fell to unreasonable levels until, according to some, they became mere scraps of paper in the hands of their owner, whose only source of livelihood was related. With the rise in the prices of those shares, and suddenly they found themselves destitute and do not have anything, and this decrease led to the acceleration of the sale of shares, but without the presence of anyone buying what made the supply greater than the demand and the debts accumulated on investors and the banks bore huge unpaid loans, which led to the closure of more than 500 American banks. The value of banknotes in circulation fell from 89 billion dollars to 15 billion dollars only, as the loss of all shares reached 74 billion dollars (مسعود, 2010: ص9).

Banking panic and monetary deflation: The banking panic caused a significant increase in the number of currencies that people wanted to hold in relation to their bank deposits. This increase in the currency-to-deposit ratio was a major reason behind the decline in the money supply in the United States by 31% between 1929 and 1933 in addition to allowing panic to reduce the money supply in the United States, as the Federal Reserve also intentionally contracted with the money supply and raised interest rates in September 1931. Scientists believe that such a decrease in the money supply resulting from the decisions of the Federal Reserve had a severe deflationary effect on production. Perhaps a simple picture provides the clearest evidence of the main role that the monetary collapse played in the Great Depression in the United States Figure 2 illustrates the money supply and real production during the period 1900 to 1940 In normal times such as the 1920s, both money supply and production tend to grow steadily, but in the early 1930s both collapsed (Romer, 2003, 11).

Figure.2: Money supply and real GDP during the period from 1900 to 1940 in the United States



Source: Christina D. Romer.

1.5.4. The Causes of The Crisis According to The Opinion of The Economist John Maynard Keynes

Keynes attributed the cause of the Great Depression in 1929 to four main factors, which are as follows (مریم, 2017: ص17):

- . Decreased propensity to consume.
- . Low marginal sufficiency of capital.

- . Excessive preference for liquidity.
- . Freezing the reserve funds.

1.5.5. The Effects and Consequences of The Great Depression on The International Economy

As a result of the interconnectedness of the global economy with one another, most countries of the world have been affected by the global economic crisis, and the degree of vulnerability has varied from one country to another, and because the size of the impact varied between countries, according to the strength and weakness of the state and the connection of each country with the global economy. As for the countries whose economies are linked to the global economy in a limited way, they were affected by the crisis in a limited way. To know the effects and the consequences of the crisis, we will mention them through two aspects, the political side and the economic side.

1.5.5.1. The Effects and Consequences of The Crisis on The Political Side

- . The crisis contributed to the arrival of dictatorial regimes to power in some countries, such as the Nazis in Germany and the fascist regime in Italy.

- . The crisis caused political transformations inside and outside the United States of America. The state interfered in economic life in the United States after Roosevelt came to power. In addition, many capitalist countries have become, after the economic crisis, interfering in economic life, so capitalism has moved from absolute liberalism to directed liberalism.

- . The involvement of many countries in dealing with their economic crises made them ignore the seriousness of what is happening at the global level in violation of the decisions of the international organization and the return to the principle of armaments and the violation of international treaties. Thus, the major economic crisis was one of the causes of the Second World War (دارغوث, 2020).

1.5.5.2. The effects and Consequences of The Crisis on The Economic Side

- . The gross domestic product in the United States decreased in the year 1933 by about one-third from what it was in 1929, and the physical volume of production did not regain the levels of 1929 until 1937, then quickly declined again and until 1941 the value of production remained in dollar terms less than in 1929. As shown in Table 4.

Table.4: GDP in the United States of America

Years	GDP / billion US dollars
1928	4,97
1929	6,103
1930	2,91
1931	5,76
1932	7,58
1933	4,56
1934	6,6
1935	3,73
1936	8,83
1937	9,91
1938	1,86
1939	2,92
1940	4,101
1941	7,126

Source: Haitham Yousef Muhammad Aweidah, Previous source, 9.

. In 1933 there were about 13 million unemployed, or about one in four of the workforces, in the United States. In Germany, the number of registered unemployed persons increased from less than two million in 1929 to a record number exceeding 6 million in 1932, and Table No. (5) shows unemployment rates in the United States and some European countries in the years 1929-1933.

Table.5: Unemployment as Percent of Labor Force.

Country Years	United State	United Kingdom	Austria	Germany	Canada
1929	3.1	7.2	5.5	5.9	2.9
1930	8.7	11.1	7.0	9.5	9.1
1931	15.2	14.8	9.7	13.9	11.6
1932	22.3	15.3	13.7	17.2	17.6
1933	20.5	13.9	16.3	14.8	19.3

Source: Ola Honningdal Grytten, why was the Great Depression not so Great in the Nordic Countries? Economic Policy and Unemployment, the Journal of European Economic History; Rome Vol. 37, Iss. 2/3, (Fall/Winter 2008), p.14.

. The collapse of the global banking system: The first banking crisis occurred in October 1930, when many American banks in Missouri and Indiana went bankrupt. The second banking crisis was in March 1931, when many small banks went bankrupt with the largest bank in Austria, Kredit Anstalt bank, followed by the third banking crisis in September 1931 in England. And in July 1931, one of the big German banks, La Danat Bank, collapsed leading to a barrage of Bankruptcies (Romer, 2003, 3).

1.5.6. Methods for handling the Great Depression 1929

As a result of the Great Depression, countries took a set of measures and measures to overcome the crisis, including:

America followed the plan of the new program ((NEW DEAL), which was developed by Roosevelt, which was based on the following principles (Harold L. Cole and Lee E. Ohanian, 2004, 779.816).

- . Fighting unemployment in the first place by restoring production to levels capable of employing a number of the unemployed.
- . Restoring activity to banks and financial institutions.
- . Abandonment of Adam Smith's principles that called for non-state intervention in economic life.

England followed devaluation of the currency to encourage exports and work hours were reduced with freezing prices, raising taxes, implementing a policy of self-sufficiency and encouraging consumption of national products (العلواني, 2004: ص 55).

Germany relied on a voluntary recovery policy based on domestic demand instead of import, so it adopted a preliminary plan for recovery in 1933 by injecting money into the economy in the form of financial aid for building housing and public works, especially roads, and the subsidies increased from 2.5 billion marks in 1933 to 10.3 billion marks. In 1938, this policy allowed a reduction in unemployment rates to 3 million in 1935 (دريفس و اخرون, 2012: ص 458).

The French government has adopted a program to revive the economy based on three main points (علي, 2010: ص 190):

- . reviving production through income and undertaking mega projects.
- . Significant reduction in working hours (without reducing wages).
- . Refusal to devalue the currency.

1.6. INTERNATIONAL ECONOMIC AND POLITICAL DEVELOPMENTS AND THEIR IMPACT ON THE NATURE OF ECONOMIC CRISES IN TERMS OF THEIR ACCELERATION, COMPREHENSIVENESS, DEPTH AND EFFECTS

The world has gone through hundreds of experiences and political, economic and social transformations, and the degree and quality of transformation differs from time to time, but rather from one community to another if the causes that lead to the existence of a turning point in the usual course of the economy across the world are completely different at each stage of transformation, with the beginning of codification. The Gregorian economy was very primitive, and the religious establishment, whether

represented by the church or the temples, was the dominant and ruler of the political and economic system, and the economy was agricultural par excellence, upon entering the Middle Ages the world witnessed some scattered economic intellectual impulses, but the situation remained as it was and did not come out of the mantle of the institution Religious rule of life, other than some development in the Islamic side.

At the end of the Middle Ages and the events and circumstances that culminated in it, and the signing of many treaties for peace, economic thinking and theorizing began to take a different course, especially with the geographical discoveries that were characteristic of this stage. But the real development and historical juncture that took the global economy a very long distance was the industrial revolution at the beginning of the eighteenth century, and as some called it the civilization of the second wave, that is, after the primitive (agricultural) wave (محمد و العبودي, 2020: ص 123), as this stage was characterized by the emergence of industries and the decline of interest in agriculture, and as a result it happened. A change in societal awareness when manpower moves from the countryside to the city in which factories are concentrated, and also at this stage, two opposing trends emerged from economic thinking, namely, the capitalist doctrine and the socialist doctrine, as well as the Islamic doctrine, which is characterized by isolation. In economic crises.

1.6.1. Political and Economic Developments and Their Impact on Economic Crises

The developments taking place in the world politics of the twentieth century are endless, so we will review the most important ones that affected and affected the economic aspect and the most prominent of these developments:

1.6.2. World War I

This war ushered in the beginning of a new pattern in the organization of international relations, which is the pattern of international organization in which some principles of idealism have been applied and which embodies the emergence of an international organization, the League of Nations, and an international charter, the League of Nations Charter, in which the US President (Woodrow Wilson) played with its fourteen principles, the most prominent of which are:

- . International relations are based on general peace charters.
- . International treaties are public and not secret, to prevent international conspiracies.

- . Reducing armaments to the extent that guarantees internal security.
- . Self.determination of peoples and nationalities.

In fact, it failed, and its failure showed its inability to prevent World War II. (politics – dz .com) عبدالوهاب بوزحزح).

The victors and losers of the First World War were striving to restore global liberalism at any cost, so the golden equivalent was returned, the colonial system was forcibly preserved and liberalism was restored to managing the economy. The crisis worsened as inflation increased, the economy entered the maze of high mass unemployment, and liberalism did not withstand the crisis, after which the monetary system based on gold was abandoned and the imperialist powers reorganized themselves within the framework of colonial empires and protected areas of influence.

The world has divided in dealing with this disaster into two parts:

The first section: he took a fascist approach by choosing war as a means of redistributing regions and wealth on the global level (such as Germany, Japan, Italy).

The second section: (The United States, France, and Sweden have taken another option, which is to control the markets from the active intervention of the state supported by the working classes. (امين, 2002: ص 20.22).

During that period, competition intensified between London and New York as two centers for international financing, as this competition between them leads to their quest to control the top of the global system, and that center is led by those who are in the forefront of external borrowing, payment of payments, and directing of foreign reserves. The international history of a center moved from the Mediterranean region to the North Atlantic. In the sixteenth century, Amsterdam replaced Florence in this center, and it followed that London replaced Amsterdam. In a similar step, New York began during the twenties of the twentieth century to displace London from this site. However, the United States did not have the capacity and the will at that time to manage the international financial system and secure its stability. When economic leadership collapsed during the 1930s, international finance became characterized by increasing government interference in financial markets. (Robert Gilpin, 1987, ص. 383.384).

1.6.3. World War II

The most prominent actors in this war are two great powers, the United States and the Soviet Union. These two powers could ally themselves against the common

enemy, which is Nazi Germany, despite their ideological differences, but in the end this difference led to the end of the alliance between them and to the so-called Cold War and the conclusion of military alliances, and it began because Events that led to crises that almost sparked a new war and its beginning was that the Soviet Union rejected the idea of unifying Germany and its work to help the communist parties to take power in its areas of influence (Bulgaria, Romania, Albania, Poland, Hungary, and Czechoslovakia). In front of the communist tide, the United States intervened to implement a policy of besieging communism. By providing financial aid to Europe without exception represented in the 1947 Marshall Plan, which was rejected by the socialist countries, and the Soviet Union took the same measure by establishing the (Cominform) in the same year. It is the Communist Information Office to preserve the solidarity of the communist parties, and thus the estrangement between the two allies began, and the Cold War began (1947.1953) represented in an armed confrontation in a number of regions and the emergence of problems and crises such as the Berlin problem where the Allies failed to unify Germany and the capitalist countries declared the establishment of the Federal Republic of Germany (West Germany) in 1948 in its areas of influence, and the Soviet Union objected to that by blockading West Berlin to the borders in 1949, but it failed to push the Allied forces out there, and declared the establishment of the German Democratic Republic (East Germany) in September 1949 and took East Berlin as its capital. These and other events led to the emergence of two military allies, NATO and the Warsaw Pact, a manifestation of the struggle for power and the achievement of a balance of power. The Cold War ended with the collapse of the Soviet Union in 1992 and the collapse of the socialist system in the world (politics – dz .com) عبد الوهاب بوزحزح (مصدر السابق).

1.7. CREATING THE BRETTON WOODS INSTITUTIONS

The global economy after World War II witnessed violent shocks and disturbances in its monetary system and low rates of global trade movement, which prompted a group of countries, led by the United States of America in 1943 CE, to think about creating a new monetary system that would be the basis for international monetary relations for the post-war world. Ensuring the integrity and stability of the international financial system. Thus, the "Bretton Woods" conference was held in July 1944 in the state of New Hampshire in the United States of America, which included 45 countries. At that time, the "Bretton Woods" agreement, which later became the basis for the modern monetary system, was signed.

This agreement gave rise to the idea of establishing two global financial institutions, the International Monetary Fund and the World Bank, each of which played an active and pioneering role in consolidating the phenomenon of globalization, which is one of the most prominent transnational flows known to the current global system, which means the increasing trend towards the internationalization of goods and ideas. And capital around the world, for which national sovereignty is the first victim. The traditional concept of sovereignty, in which the state used to exercise its sovereignty over its territory and its citizens almost completely, is no longer possible in light of globalization and its mechanisms represented by the International Monetary Fund and the World Bank (محمد محمود, 2018).

1.7.1. How do the two Institutions Work (WB and IMF)

In carrying out their independent mandates, both institutions operate on the Platform for Cooperation. In other words, they cooperate and work side by side by complementing each other. The International Monetary Fund and the World Bank collaborate regularly and, on several levels, to assist member countries and work together on many initiatives. In 1989, for example, the terms of their cooperation were defined in an agreement to ensure effective cooperation in areas of shared responsibility such as:

High level coordination: During the annual meetings of the Boards of Governors of the International Monetary Fund and the World Bank in 1987, the governors consult and present their countries' views on current issues in international economics and finance. Boards of governors decide how to address international economic and financial issues and set priorities for organizations. A group of IMF and World Bank governors are also meeting as part of the Development Committee, whose meetings coincide with the Spring and Annual Meetings of the International Monetary Fund and the World Bank. This committee was established in 1974 to advise the two institutions on critical development issues and the financial resources needed to promote economic development in low-income countries.

Management Consulting: The Managing Director of the International Monetary Fund and the President of the World Bank meet regularly to consult on key issues. They also produce joint statements, sometimes write joint statements Articles and have visited many regions and countries together.

Employee cooperation: The staff of the International Monetary Fund and the Bank collaborate closely on country assistance and policy issues relevant to the two institutions. The two institutions also often run country missions in parallel, and staff participate in each other's missions. IMF assessments of a country's general economic situation and policies provide input into bank assessments of potential development projects or reforms. Likewise, the IMF takes the Bank's advice on structural and sector reforms into account in its policy advice. The employees of the two institutions also cooperate on the conditions involved in their respective lending programs. The 2007 External Review of Bank Fund Cooperation resulted in a Joint Management Action Plan on Cooperation between the World Bank and the International Monetary Fund (JMAP) to further strengthen the way the two institutions work together. Under the plan, the IMF and Qatar Bank teams discuss work programs at the country level, which define critical sector issues, division of labor, and the work required of each institution in the next year. A recent review of the JMAP implementation program in 2010 emphasized the importance of the CCT consultations in enhancing cooperation.

Debt Relief: The International Monetary Fund and the World Bank also work together to reduce the external debt burden of HIPC's under the Heavily Indebted Poor Countries Initiative (HIPC) and the Multilateral Debt Relief Initiative (MDRI). The goal is to help low-income countries achieve their development goals without creating debt problems in the future. International Monetary Fund and World Bank staff jointly prepare country debt sustainability analyzes under the Debt Sustainability Framework (DSF) developed by the two institutions.

Reducing poverty: In 1999, the International Monetary Fund and the World Bank began the Poverty Reduction Strategy Paper (PRSP) approach a state-led plan to link national policies, donor support and development outcomes needed to reduce poverty in low-income countries. Poverty Reduction Strategy Papers support the HIPC initiative and more permissive lending by the International Monetary Fund (in particular, the Extended Credit Facility (ECF)) and the World Bank.

Monitoring progress in the Millennium Development Goals: Since 2004, the Fund and the Bank have worked together on the Global Monitoring Report (GMR), which assesses the progress required to achieve the United Nations Millennium Development Goals (MDGs). The report also examines the contribution of developing countries, developed countries and international financial institutions to the strategic and development partnership to achieve the Millennium Development Goals.

Financial stability assessment: The International Monetary Fund and the World Bank also work together to make the financial sectors in member countries flexible and well regulated. The Financial Sector Assessment Program (FSAP) was introduced in 1999 to identify strengths and weaknesses in a country's financial system and recommend appropriate policy responses (Garba Umaru Kwagyang and others, Vol.35, 2015, 51.52).

1.7.2. The Achievements and Influence of The Bretton Woods Institutions on The Development of International Economic Law

It would not be inappropriate to argue that the IMF, World Bank and GATT the complete complement of the Bretton Woods institutions fulfilled all the aspirations of the original architects. In sum, the achievements of these institutions include the following:

- . The global economy has experienced a remarkable period of rapid growth, expanded international exchange, and relatively full employment in the past 70 years after World War II; The Bretton Woods institutions deserve some praise.

- . Global trade, for example, grew in the quarter century from 1950 to 1975, nearly twice the rate at which world production grew. The liberalization of exchange controls gave birth to truly international money and capital markets, with massive cross-border flows now taking place around the clock.

- . The rules of the exchange rate in the International Monetary Fund added a degree of order to international monetary affairs, even if by reminding members of the international community of the agreed standards.

- . The International Monetary Fund also provided short term credit, albeit in limited amounts, to countries experiencing temporary balance of payments difficulties to reduce the likelihood that they would resort to "destructive measures to national or international prosperity."

- . The World Bank directed long term credit, which private markets would not otherwise provide, first to war ravaged areas for reconstruction and then to developing countries for growth and development in general.

- . GATT produced a series of rounds of tariff bargaining that led to deep cuts in tariffs on products manufactured in the industrialized world. Its core principles are of nondiscrimination, and the diversity of closely interconnected national markets.

Transnational corporations, now based in an increasing number of developing and developed countries, are increasingly integrating their operations around the world and developing their own internal planning systems.

. In a variety of other fields, space, oceans, environment and data flow, just to name a few. Solutions to the major new policy problems have become impossible within traditional national borders but are now possible.

. Multilateralism and transparency are prevalent today. Moreover, changes in the global economy have been so rapid and great that they have stripped the adaptive capabilities of even the most flexible international mechanisms (Ibid, p52).

1.8. THE EMERGENCE OF GLOBALIZATION

Globalization is a historical phenomenon that practically crystallized with the end of the twentieth century, as it is an objective outcome of the development that occurred on the productive forces, especially the scientific technical development that occurred in the last decades of this century through the development that took place in the field of communications, Internet networks, and in the field of computers and electronics (Hans- Peter Martin and Harald Schumann (1997,20), From the objective point of view, we can say that globalization is nothing but a stage of the capitalist system that has been shaped according to its requirements and needs and within the framework of its laws. Capitalism has sought from the beginning to the globalization of the market, so the contradiction between the global economy and the territoriality of politics struck, since politics is necessarily territorial, defined by the territorial state's borders and the limits of national and national sovereignty. The emergence of multinational companies and the transition to an international stage of production. That is why it can be said that capitalism has transformed from national capitalism, where it exercises its activity within the framework of the nation state, to a capitalism that exercises its activities outside its borders and transcends all national borders, thanks to these companies and technological development that have a major role in the phenomenon of globalization, which is confirmed by the 1992 World Investment Report which In it, he emphasized that multinational companies have become today the regulator and guide of economic activities in a global economy, as the total sales of these companies in 1991 amounted to the equivalent of (5.2) trillion dollars and the total trading in foreign currencies in 1990 amounted to (1.2) trillion dollars per day.

This is double what it was trading in 1989, and here lies the danger of the global economic situation if we know that among (30.50) banks and between (10.50) media companies control the world and manufacture or destroy governments and countries and can create crises and control the fate of all peoples the world and determine the pattern of development in the countries of the world and their future trends. According to researchers, this stage is one of the most dangerous stages that humanity has ever gone through. In a matter of seconds, computers and the Internet, to withdraw billions of global speculators' money, leaving any country in the world devastated and living in a suffocating financial crisis after its reserves are depleted and its national currency toppled, to become incapable of carrying out its economic tasks, and this country and others remain captive to the artificial economic or financial crisis (إيمان و عبدالطيف, 2011: ص 73).

1.8.1. Definition of Globalization

Globalization means the free movement of goods, services and ideas and their exchange without barriers or boundaries between countries. It is a comprehensive freedom, the freedom to transfer, settle and invest all factors of production, including labor, capital, management, technology, land or land resources that are capable of investment and exploitation (عويضة, 2013: ص 5).

The development of the media means of communication and the transfer of information is one of the most important reasons that led to the emergence of globalization, as these means have worked to shorten distances between countries, making the world a small village without borders, in addition to that the development of means of transporting resources and goods between countries, which led to many behaviors. To produce goods and market them in other countries.

- . The emergence of clusters resulted in the existence of common markets for these regional blocs, resulting in the existence of common markets for these blocs in which trade flows.

- . The expansion of the economic liberalization movement at the global level and the work to dissolve the political borders between countries.

- . Technological development, especially in means of communication, transportation and the Internet.

1.8.2. Economic Globalization

By it we mean the process of the sovereignty of a single economic system under which the various countries of the world are involved in an interlocking system of economic relations, based on the exchange of services, goods, products, markets and capital, and as a result of the emergence of multinational companies, economic relations have developed between the countries of the world and these companies have inflated due to their benefit from price differences and the proportion of Taxes, the wage level, and ending with the concentration of cheaper production. The makers of globalization put the economy as a tool for globalization and the geography of the world as a material for it, and from clarifying the features of the image of economic globalization, we present the following:

- . The fall of strategic considerations and the dominance of commercial ambitions.

- . Establishing the belief that economic prosperity leads inevitably to similarity and stability of the same pattern.

- . The growing feeling that the universe is finally inhabited by rational people.

1.8.2.1. Institutions of Economic Globalization

The world is witnessing today in light of tremendous and massive developments, in order to make the global economy more open. The United Nations and its affiliated organizations have played a major role in affirming the importance of globalization, and the institutions of economic globalization are reflected in.

1.8.2.1.1. The World Trade Organization (WTO)

The World Trade Organization was established in 1995. It is one of the youngest global organizations in age as the World Trade Organization is the successor to the General Agreement on Tariffs and Trade (GATT), which was established in the aftermath of World War II. Thus, although the World Trade Organization is still modern, the multilateral trading system that was originally set up under the GATT has reached its age of fifty years. The past twenty years have witnessed exceptional growth in world trade. Merchandise exports increased by an average of 6% annually. They helped GATT and the World Trade Organization establish a strong and prosperous trading system, which contributed to unprecedented growth. The system developed through a series of negotiations or trade rounds that were held under the banner of GATT, as the first rounds mainly dealt with reducing tariffs. The following negotiations included other issues such as antidumping and measures that do not concern tariffs. The

last round from 1986 to 1994 led to the creation of the World Trade Organization. Members of the World Trade Organization also agreed at the ministerial meeting in May 1998 to study issues of trade arising from global e-commerce. In 2000, new negotiations began on agriculture and services. The World Trade Organization is the only global organization specialized in international laws concerning trade between nations. The primary mission of the organization is to ensure the flow of trade with the greatest possible smoothness, ease and freedom. The desired result of this is a guarantee. The consumer and producer both know that they can enjoy ensuring a continuous supply of goods while ensuring a wider choice of finished products, their components and raw materials, as well as their production services. In doing so, both producers and exporters ensure that foreign markets will always be open to them. The result of all this is to establish an economic world in which prosperity and peace prevail. The other result is confidence. Consumers and producers know that they can enjoy a secure supply and a wider choice of end products, components, raw materials and services that they use (مقدم و عبدالمجيد, 2002: ص 40).

Its specializations:

The primary objective of the World Trade Organization is to assist in the smooth, predictable and free flow of trade, and the organization does so through.

- . Trade agreements management.
- . Presence as a forum for trade-related negotiations.
- . Settling disputes related to trade.
- . A review of national policies related to trade.
- . Helping developing countries on issues related to trade policies through technological assistance and training programs.
- . Cooperation with other international organizations.

Organizational structure of the World Trade Organization

Membership of the World Trade Organization includes more than 140 members who represent more than 90% of world trade, and another 30 negotiate membership. Decisions are made by all members and are unanimous. The WTO agreements have been ratified by the parliaments of all member states. The supreme body for decision making in the World Trade Organization is the Ministerial Conference, which is held once every two years at least.

Table.6: Some Countries in The World and The Date of Their Accession to The WTO

	Country	Date of accession
0	United state	January 1, 1995
1	United Kingdom	January 1, 1995
2	Turkey	March 26, 1995
3	Argentina	January 1, 1995
4	China	December 11, 2001
5	Cuba	April 20, 1995
6	Djibouti	May 31, 1995
7	Egypt	June 30, 1995
8	Jordan	April 11, 2000
9	Malaysia	January 1 1995
10	Qatar	January 13 1996
11	Russia	August 22, 2012
12	Tunisia	March 29, 1995
13	Zimbabwe	March 5, 1995
14		

Source: Wikipedia the free encyclopedia, Member States of the World Trade Organization

1.8.2.1.2. Multinational Companies (MNCS):

Multinational companies are companies that have so far been legally national in character, multinational in relation to their social capital and transnational in terms of their business and services. This global phenomenon, which has differed in its name, but the majority agreement is the term multinational companies, which were expected in the past that they would control the economy Fully global before the end of the last century and that is what really happened. The number of multinational companies is

steadily increasing and they are stationed in the most powerful countries in the world, namely: The United States of America, Japan, France, Germany, Britain, and they collectively own more than 172 thousand companies that control global technology and the economy, and have a major role in influencing major economic decisions. And decisive influence on all elements of economic development is the task of monopoly and globalization of industrialization.

Table.7: The First Ten Multinational Companies in The World in 2020

Name of the company	its headquarters	year of incorporation	number of employees	revenue in the year 2019	it's spread in the world
1 – Walmart 	Arkansas, United States	1962	2.3 million employees in the world	524 billion dollars	27 countries
2. State Grid Corporation of China 	Xicheng Beijing China	2002	1.9 million people	372.9 billion dollars	7 countries
3. China National Petroleum Corporation 	Beijing China	– 1988	1.7 million people	299 billion dollars	30 countries
4. The three giant Chinese energy companies, Sinopec Group 	Beijing, China	1998	810,000 employees	432.5 billion dollars	25 countries
5. Royal Dutch Shell 	The Hague, the Netherlands	1907	90,000 employees	272 billion dollars	70 countries
6. Exxon Mobil 	Irving Texas, United States	1999	77,000 employees	246 billion dollars	58 countries
7. Volkswagen 	Wolfsburg, Germany	1837	600,000 workers	290.2 billion dollars	31 countries

8.	Toyota	Motor	Aichi, Japan	1937	348,000 people	273 billion dollars	26 countries
							
9.	Apple	Inc	California, USA	1976	110,000 employees	260 billion dollars	
							
10.	BP plc		London, UK	2001	70 100 people	278.4 billion US \$	70 countries
							

Source: Top 10 World's Largest Companies In 2020, On the website: www.VannDigit.com

Humanity was not of this quality despite the periodic economic crises afflicting the world. Much of this success has been attributed to the increasing efficiency of the world's financial institutions, as finance has proven to be one of the most important causal factors in economic performance. In a series of original articles, notable financial historians and economists examine how financial innovations are out of the world. From the seventeenth century to the present, it has continually challenged entrenched institutional arrangements that have forced governments, financial intermediaries, and financial markets to change and adapt. Where this worked, wealth creation and growth followed. When they failed, growth slowed, and economic decline sometimes followed. (Jeremy Atack & Larry Neal, 2009).

The emergence and development of financial markets: The emergence and development of the stock market was a reflection of the conditions and needs of economic development in the countries in which they existed. The gradual and realistic in establishing these markets confirm that they did not historically arise out of a vacuum or by governmental decision, but rather was a result of the requirements and requirements of economic growth. Since the beginning of the fifteenth century the stock market arose, and the word stock exchange traces its origins to the name of one of the major traders (van den Bourse) who was residing in the Belgian city of Bruges, as he used to meet with many European traders for the purpose of exchange. And conducting financial transactions, so the word stock exchange was launched to express the place where traders and investors meet to conclude contracts and present and future deals. In the past, financial markets were dominated by a commodity character, as they

were initially limited to buying and selling real commodities (such as grains and livestock) in primitive methods such as exchanging commodity for a commodity through the barter system (الطعمة, 2014: ص 6.7).

As for the establishment of the stock exchange in the current form, it came late, as the first stock exchange was established in the city of Invers in Belgium in (1576) and then in Amsterdam in the Netherlands in (1608), then in London in (1666) and then in Paris in the year (1808) was followed by the establishment of the New York Stock Exchange in (1893) and with the beginning of the nineteenth century, trading in securities increased by buying and selling, which necessitated the establishment of a market to secure the ongoing operations in the stock exchange, which is an organized financial market in which various securities (stocks and bonds) are traded. The prices are determined according to the forces of supply and demand, and trading is done in two forms:

- . Urgent operations: the process is settled directly, and the seller receives the price and delivers the securities to the buyer.
- . Forward operations: they are held directly unless their liquidation is postponed to a later date.

1.8.3.Financial Markets and Globalization:

The long march of financial globalization was not going continuously, it was disrupted sometimes due to global economic and monetary crises, as well as because of wars, and the speed of money transfer between markets, the volume of its flows and its financial instruments, and the degree of freedom of its movement differed at the present time from what it was previously (النجار, 2005: ص 7). Among the manifestations of financial globalization are the following (رشيد, 2002: ص 102,103).

Interconnection between stock exchanges: Stock exchanges try to expand the scope of trading and diversify securities in order to mitigate risks by interconnecting them in various ways, including, for example, computerized interconnection of stock exchanges using a network of electronic computers in various markets through the Internet and the telephone network; Connecting with financial intermediaries, through the presence of a number of representatives of global stock exchanges in various markets; Linking financial policies by unifying them between different markets. In addition, we find the regulatory linkage that is made using similar organizational structures.

The globalization of stocks and bonds: The globalization of bond markets began at the end of the seventies with the issuance of bonds by borrowers and with the help of banks at the time, with the aim of searching for the best financing at the lowest cost, and what helped institutions to issue their bonds at the international level is: the different accounting evaluation criteria, the diversity of service sectors for each country, the variation in interest rates, terms and conditions of issuance.

The increasing role of information technology in the globalization of stock markets: Scientific progress in the world of communication and information contributed to collecting and classifying information very quickly, and this was a factor in the progress of globalization of markets, especially financial ones, and among the most important mechanisms of information technology in this area:

- . the electronic system of money transfers between banks.
- . automatic clearing system.
- . the global communication system across banks and exchanges and the telex system.

The impact of economic and political developments on the depth of crises: The depth of crises is measured based on one indicator, which is the Industrial Production Index. This is because the depth of crises, by following a set of indicators, creates a methodological difficulty.

Industrial Production Index: It is an indicator that measures the relative change and reflects the development that occurs in the quantities of production of materials and commodities due to the difference in time. The time for which we measure the change is called the base year and the time in which we measure the extent of the change in the comparison year.

The methodology used in composing the Industrial Production Index is: data is extracted and collected from the results of the industrial production survey at the level of the study sample, where data are collected from industrial establishments on the quantities of production of materials, goods and services that are extracted or produced (ربع الثالث, الهيئة العامة للإحصاء. المملكة السعودية, 2018).

- . Comprehensiveness of the survey: The industrial production survey must include all industrial economic activities according to the industrial standard classification as follows:

Mining and quarrying.

Manufacturing industry.

Electricity, gas and water supplies.

Mining and quarrying: mean the raw materials that are extracted from the earth. These industries depend on natural resources that cannot be renewed or replaced, such as oil and minerals.

Transformational industries: These are industries whose activities involve the transformation of raw materials into final products or intermediate products.

Electricity, gas and water supply: It includes the delivery of electricity, gas, water, sanitation activities, and waste management and treatment.

The importance of indicators and their effectiveness changes with the passage of time, for example the gold index, which played a role as a measure of economic conditions before World War II but became unreliable and consequently lost its value after World War II. Therefore, the Industrial Production Index will remain the most important indicator as well as its comparability over a long period of time. If, for example, the United States of America, in which the crisis situations where most acutely manifested in the post-war period, the maximum decline in industrial production during the periods reached ((1948.1949), (1953.1954) 9.7% and 2.8%, respectively. If we compare the data regarding the fluctuations in the volume of industrial production for the years 1949 and 1954, we notice that they formed respectively 7.6 and 2.5, respectively. The crises are less profound compared to what they were before the Second World War (ميمونة, 2014: ص 14).

The length of the period during which the decline continues after the Second World War was estimated in most cases to be three to four seasons, except for exceptional cases, but in previous periods (before World War II) it lasted for longer periods as the period of crisis was usually more than a year and in some Sometimes they reach from 2 to 3 years, and consequently, the crises were less lengthy compared to what they were before the Second World War, and this indicates that economic and political developments have positively affected the duration and length of the economic and financial crises.

One of the manifestations of some economic crises is that they rapidly affect all life facilities and economic sectors. The crisis first appears to be focused on one of the variables of the financial system, and then quickly spreads through multiple channels.

1.8.4. Channels of the Spread of Financial Crises

Figure 3 shows the various potential channels for creating financial crises between different markets, for example the loan market, the financial market, the deposit market, the exchange market, and the following is an explanation of these channels (نسمة, 2008: ص 61.62).

. **Channel (1):** It represents the transfer of the debt crisis from the loan and bond market towards the banking system, as discontinuation from paying private debt service by some countries may negatively affect banks and increase the likelihood of their bankruptcy, which was what happened in the debt crisis in 1982.

. **Channel (2):** shows the opposite case of Channel 1, as the emergence of bankruptcy cases in banks will lead to a decrease in the provision of loans to debtors and thus the possibility of their bankruptcy as well. The witness for this is what happened in the banking crisis in the United States of America in 1929.

. **Channel (3):** a crisis in the exchange rate that would lead to disturbances in bond prices because of investors abandoning them and converting to bonds in another currency.

. **Channel (4):** Bankruptcy of debtors would cause panic among investors (foreigners in particular), and they would give up those bonds and there would be a disturbance in the exchange rate of its currency as a result of the large sales offered.

. **Channel (5):** The devaluation of the currency, or just expectations of that, may lead to the emergence of a wave of withdrawing deposits with banks in order to convert them into foreign currencies to avoid exchange losses, which causes a banking crisis in banks.

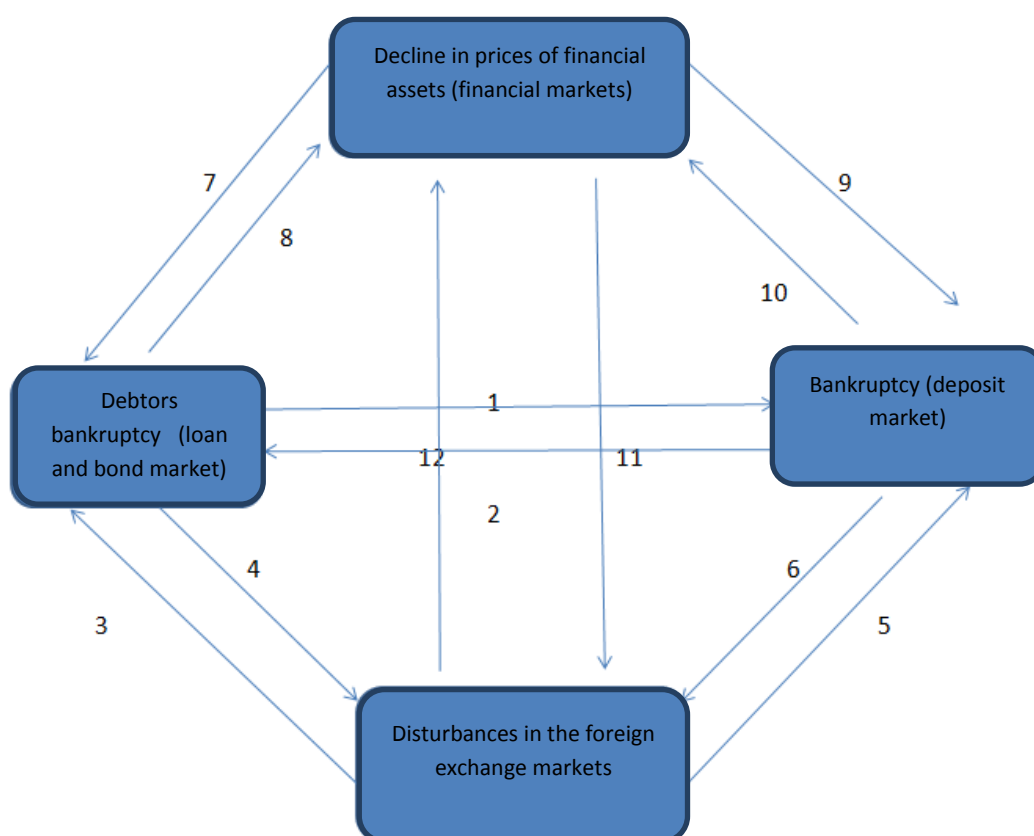
. **Channel (6):** If many banks with obligations with the outside, in particular, go bankrupt, this will lead to the recording of exchange losses on the part of the agents who carry out operations with the outside.

. **Channels (7 and 8):** They represent the transition from a crisis in the stock market to a crisis in the bond market, which is more likely to occur given that investing in bonds is an alternative to investing in stocks.

. **Channels (9 and 10):** It expresses the transmission of the crisis from the deposit markets to the money markets and vice versa, as many banks are considered dealers in the financial market, whether as financial intermediaries or securities dealers, and banks, especially in developed countries, own a large share. From financial market capitalization.

. **Channels (11 and 12):** They describe how a crisis in the exchange markets can turn into a crisis in the financial markets, and vice versa, for example, when the currency is devalued, there is panic among foreign investors and they accept to give up their financial asset's resident in that currency.

Figure.3: Channels of The Spread of Financial Crises



Source:(أوكيل نسيمه، 2008: ص 63)

CHAPTER II: THE NATURE OF THE CHANGES THAT HAVE OCCURRED SINCE THE BEGINNING OF THE THIRD MILLENNIUM

The end of the Soviet Union brought real and enormous suffering to millions who lost their savings, jobs, and sense of identity. In Russia, for example, corruption seemed limitless: privatization programs under Yeltsin favored a handful of Kremlin cheers who bought valuable state assets cheaply in exchange for the political support needed for the regime. Unsurprisingly, many felt that the reason behind their plight was not the deep flaws of the old order or the corruption of power, but "democracy" and human rights movements, and saw it as the basis of the chaos. Putin used this anger and growing nostalgia for the Soviet system to his advantage. His team deliberately equated chaos with democracy to justify reforms in 2004 that made it difficult for opposition parties to win seats in the Duma, and reforms that led to the selection of provincial governors by appointment rather than by election. After the "color revolutions," the Kremlin accused civil society organizations of being fronts for foreign governments seeking to interfere in Russian internal affairs and began a campaign of governmental and bureaucratic harassment against these organizations. The net result was the severe weakening of the checks and balances necessary for an accountable political system. In many countries that split from the former Soviet Union, political and economic crises began, such as people in Georgia, Ukraine and Kyrgyzstan took to the streets to demand fair elections and the end of corruption and accountability for power. But the experience of the so-called color revolutions in 2003.2005 strongly reminds us that these popular uprisings do not necessarily or automatically lead to good results in the field of human rights, among these crises. (2012, راشيل)

The Tulip Revolution in Kyrgyzstan in 2005 The Orange Revolution in Ukraine in 2004 The Rose Revolution in Georgia in 2003. In the wake of political turmoil, many people have felt miserable in dealing with economic, political, and social instability. Many of them blamed "democracy" for their suffering. Supporters of human rights and democracy should take a stand on this misplaced blame. Difficult times will pass for the post-revolution Middle East. (2012, راشيل)

2.1. POLITICAL AND ECONOMIC CHANGES IN THE INTERNATIONAL ARENA

The current international political system was not a coincidence, but rather it came because of historical accumulations on all political, economic and scientific levels. This contributed to the destabilization of the previous international system, which was based on bipolarity, but after Gorbachev came to power in the Soviet Union and the application of perestroika logic, this led to the collapse of the socialist camp and the end of the Warsaw Pact, and thus the end of the Cold War between the eastern and western camps. And, as well as emerging into a new international order that carries new characteristics and features, so that the United States will be subjugated to the throne of the international system with what is called a unipolar system (فاطمة, 2016).

2.1.1. Global Political Changes on The International Scene

We have limited the major political transformations in the post-Cold War world to three basic transformations: the shift in the structure and structure of the international system, the shift in the pattern of arrangement and distribution of the elements of power, as well as the shift in the roles assigned to the United Nations in dealing with international issues (وسام, 2014: ص 60).

2.1.1.1. *The Transformation at The Level of The Structure of The International System*

The change and transformation is the prominent feature of the international system since the post Westphalian period and during the Cold War period, the system moved to bipolarity led by the United States of America and the Soviet Union to the post Cold War system, and with the increase in the state of chaos and the exacerbation of crises International and the outbreak of wars and national, ethnic, religious and tribal conflicts in the world and the accompanying disintegration in the structure of the former entities of many countries of the world, such as the former Soviet Union and the Balkan countries. And the South, in addition to the absence of unified moral and humanitarian foundations and standards.

The US President (George Bush Sr.) declared the establishment of the new international order, describing it as the (New International Order) instead of the term “World Order New”.

Its foundation is peace, justice, tranquility, democracy, respect for human rights and the fight against terrorism. The fall of the Soviet Union and the second Gulf War

and the changes that resulted from it were a prominent stage in the development of the international system, which subsequently produced many transformations that touched different dimensions in it and changed the network of interactions, the forces of influence and the balance of power at its level, which made it go through a transitional phase as it has not yet been stabilized. The features of this system are what makes international the second Gulf War raised many problems about the nature of the new international order. Some believe that the current international system is a unipolar system due to the tremendous military power possessed by the United States, and others believe that the current system is a multipolar system, and others believe that the current international system is characterized by a transitional phase whose features are not defined. But this difference of opinion is due to two main reasons:

- The lack of clarity of the concept of the system, as it is interpreted as a pattern for the distribution of power between states, and at other times it is interpreted as a pattern for the relationships existing between the main states in the system.
- The lack of clarity of the foundations by which power is measured and distributed among states, as it sometimes focuses on the military concept of force, and at other times it focuses on the economic base to determine the state's power.

Therefore, based on the military dimension of force, the current system is described as a unipolar system led by the United States, but based on the economic dimension, the current system is a multipolar system. (محمد, 200) Here I found three trends about the nature of the international system prevailing in the next phase of the Cold War:

2.1.1.2. The first trend: the unilateral international system

This trend stems from the hypothesis that the United States of America, after emerging victorious from its sharp confrontation with the Soviet Union for four decades, sat at the top of the structure of the international system unchallenged, and those who assert that the international order after the Cold War is a unipolar system, the American researcher and journalist for the Washington Post Magazine (Charles Krauthammer) by saying: "The post-Cold War world is not a multipolar world but a unipolar world. The center of global power is the superpower that does not face any challenge, and it is the United States that is supported by its Western allies." The role of Western powers, including economic powers such as Japan and Germany, does not go beyond implementing the American directions. Joseph Nye * is one of the most prominent defenders of the idea of unipolarity led by the United States of America, but

not only by possessing military power but by possessing other resources. Soft power is “soft power” and Joseph Nye believes that the 1991 Gulf War decisively demonstrated the uniqueness of the United States of America in possessing all these resources (hard and soft). And its success in recruiting an international coalition against Iraq (وسام, ص 61.62)

2.1.1.3. The Second Trend: Supporters of The Participation System

There is a team that recognizes that the post-Cold War world is not a world of American hegemony or any other country, as the post-Cold War world witnesses’ weak international alliances and lacks a strong leadership position despite the international influence that the US administration wants to impose through its advanced military strength. The United States of America has become suffering great financial burdens as a result of its interference in the management of the international system, as its intervention in various regions of the world and the deployment of a large number of its soldiers have resulted in material, social and economic burdens that have negatively affected them internally and on external performance.

These are called the supporters of the international participation system who acknowledge the (Hierarchical System) and start from the basic premise that there is a group of basic forces that all participate in the management and direction of the international order after the Cold War, with the presence of a party that plays the role of a counterweight to this interactive process (وسام, ص ص 62.63)

2.1.1.4. The Third Trend: The Shift from The Dual System to The System of Multiple Forces

Supporters of this trend, in contrast to its predecessor, believe that the changes that occurred in the structure of the international system because of the disintegration of the Soviet Union and the end of the Cold War did not lead to the establishment of a new international order, but rather represented a transition to a state of "multiple forces", and not to a "unipolar system." And that this pluralism differs from the multi-power system that prevailed in the nineteenth century, the logic of this vision derives its strength from the shortcomings in the direction of unipolarity (Adam Robert, 1991: p 519). On the one hand, the United States, even if it enjoyed the supremacy of its military power, would make it the first power in the world, except Relying on that force is not sufficient in itself, and due to the limits faced by the military force in directing international interactions, to enable the United States to fulfill the responsibilities of leading the international system. There are also the restrictions that the use of military force faces

because of the continuous increase in the phenomenon of interdependence in international relations, which is what in itself, it represents a restriction on the possibilities and the scope of the opportunities for employing the American military force in the leadership of the international system. The main strength of the international system demonstrates the lack of each of them individually to enjoy superiority in all elements of power, which prompted some to diagnose the state of this international system as "a system in which the category of great powers is absent" (William, 1991: 34.48) and the size of the economic problems that the United States faces, compared to other Western powers. Which leads, in its entirety, to reducing the impact of the economic component on American power. Considering this, the Sayers end towards a "multiplicity of powers."

Until the end of the Cold War and the collapse of the Soviet Union, they transformed the international system into a state of multi-power rather than unipolarism, supporting their vision with realistic and logical considerations. Contemporary historical experience illustrates the difficulty of practically imposing a single power to impose its will and dictate its vision, unilaterally and absolutely, on the global level without the support and endorsement of other international powers (منير, 2011).

Shift in the pattern of arranging and distributing the elements of power: As for the shifts at the level of rearrangement and distribution of power elements in the post-Cold War international system, which is based mainly on economic and technological forces, instead of using military force to manage international relations, as there has been a retreat in the role of the latter in exchange for an increase in economic power and an increase in technological power. We find in practice that whoever possesses any type of these powers is described as strong and advanced. As for the one who misses it, he is described as weak and underdeveloped (عبدالناصر, ص 122).

In light of the global changes of the post-Cold War period, the need for attention to dealing with international relations has grown in study and analysis in light of the rearrangement and distribution of the elements of power because of their impact on the behavior of actors in the international system, and international relations after the Cold War are no longer evaluated on the basis of the criterion of military force. Which was dominant at the time but became evaluated according to the criteria of the economic and technological forces after the transformation of the international conflict from a military-ideological conflict to an economic-civilizational conflict, which indicates the

redistribution of the powers' roles according to the degrees of their effects on the new international reality. With the increasing role of the technological agent.

Given the nature of the active forces in the new international order, most of these actors are economic and technological forces, as is the case for the United States of America, Japan and the European Union. As for the military forces, they are only the preserve of the United States of America, the Russian Federation, and to a lesser extent, the People's China, which means that no element is excluded. Of the elements of force, although not all of them in one effective force, and considering the increase in the phenomenon of interdependence, the possibility of using military force has become very limited and in a narrow range of issues. Therefore, power in the post-Cold War world is no longer primarily a military one but rather a diverse force made up of elements Economic, technological, and military together, especially with technological developments that require all elements of power to overlap and intertwine at times and accompany them at other times (Trevor, 1978: 38).

The transformation of the role of the United Nations: On June 26, 1945, fifty countries signed the United Nations Charter in San Francisco, which entered into force on October 24, 1945. Successor to the League of Nations and with the support of the US government, the Charter stipulated in Article (1) the foundations of the global collective security system. The United Nations aims to maintain international peace and security and develop friendly relations between nations on the basis of respecting the principle of equal rights and self-determination for peoples and achieving international cooperation in solving international problems of an economic, social, cultural and humanitarian nature, and for the Charter to be a reference for coordinating the actions of nations and directing them towards the realization of these common goals (Andreu, Tom, 2011: 9).

With the end of the Cold War, many problems appeared in the international community, as happened in Somalia, and the disintegration of several countries, as in the Soviet Union and Yugoslavia, and serious conflicts within states emerged, as happened in Rwanda, and these changes highlighted the critical constraints of UN peace keeping operations. And led to the development of the role of peace keeping missions as in the United Nations Transitional Mission in Cambodia, East Timor and Liberia, which contained elements such as peace enforcement, nation building, and strengthening parliamentary democracy (Edward).

When reviewing the beginning of the end of the Cold War, it can be noted that the United Nations operations were characterized by the following important developments (ادريس, 1990.2019: ص 193):

. There has been a significant increase in the number, size and type of missions granted to peace-keeping operations.

. The United Nations has become more involved in attempts to contain and address the effects of conflicts within states. This in turn means, as a general trend, that the physical environment in which peacekeepers are deployed has become more volatile, complex and dangerous.

. These changes also led to the United Nations' call to abandon previous traditional peace keeping practices altogether in favor of a doctrine that would allow the use of more force.

. During the years between 1992 and 1995, a real trend emerged on the part of the Security Council to weaken the approval requirement as a basis for the intervention of the United Nations and to place an increasing number of missions and decisions on the basis of Chapter Seven, while the Security Council issued two resolutions in accordance with Chapter Seven in the 1980s, we find it issued {48} A resolution between (1993 and 1994) alone, most of which are related to internal conflicts, which are seen as a threat to international peace and security.

. These changes have led to developments, whether at the level of the qualitative level of international peace and security forces, reports, declarations and decisions, or at the level of the structure of the bodies responsible for carrying out tasks in the post-Cold War.

2.1.2. Global Economic Changes in The International Arena

In the first decade of the post war era, he witnessed economic changes towards a shift towards establishing major regional economic blocs (such as the European Union) towards what is known as economic globalization, which had an impact on changing international policy. We will present the most important changes that occurred that affected international relations.

2.1.2.1. The Establishment of Major Economic Regional Blocs and The Collapse of Some Old Ones

With the end of the eighties, international politics witnessed important transformations that led to the end of the Cold War in Europe, then the end of the

socialist bloc and the end of the Soviet Union in the period (1982.1964). The Soviet Union witnessed a comprehensive recession period. Gorbachev came with a new vision based on political reforms in the Soviet system in the system. What he called perestroika (frankness) and glasnost (reconstruction).

The idea of regionalism emerged to highlight the role of regional organization in maintaining stability and preventing wars by focusing on geographical convergence and interdependence as basic criteria for regionalism. Forming institutional structures and then upgrading to the level of building common behavior for members based on geographical, cultural, legal and political foundations (Michelle, 2007: 4).

On this theoretical basis, the post-Cold War phase was characterized by the wide spread (عبدالناصر: ص 123) of economic blocs at the regional level, which is not a new phenomenon. Rather, what is new lies in the general trend towards imparting a comprehensive complementary character, as it has become geographically instead of the geopolitical character that prevailed during the Cold War. As the process of international integration has known a very advanced stage due to the consecration of the policy of (interdependence) among the members of the bloc: (Nafta), (Asean) and (European Union UE), and African countries are now trying to structure themselves within the framework of the African Union which The Partnership for Africa's Development (Nepad) has worked to convert a large part of the continent's debt into investments in its meetings with the group of major industrialized countries.

2.1.2.2. The Development of International Financial Markets

Stock exchanges have witnessed tremendous and successive developments since the eighties, so many modern innovations have emerged and have witnessed great development in their systems and laws regulating trading operations. In modern times, some have called it the "global financial village" and other terms indicating its universality. Many factors and variables have contributed to the globalization of these stock exchanges. Which we can summarize as follows:

The spread of national and international financial liberalization: The movement of capital across borders was greatly affected by the financial liberalization processes that provided it with the legal framework through which to move, in addition to the competition of most countries of the world in providing concessions and facilities to foreign investors in order to motivate them to prefer their markets over the markets of their countries of origin (احمد, 2005: ص 13).

Growth of large proportional capital surpluses: Capital surpluses have witnessed great growth as a result of the tremendous and diversified development in the financial services industry, and these surpluses have become of a purely rentier nature, as they have mainly sought to employ these funds and not invest them, and they have achieved profits and returns from these investments that exceed any form of real investment and as a result they have become The movement of capital in global financial markets is not related to the movement of global trade, but has become driven by symbols and indicators of global stock exchanges such as the Dow Jones, Nikkei and DAX, Nasdaq (احمد, 2005: ص 10) as the continuous and permanent movement of capital looking for opportunities to maximize its profits at the international level reflects the presence of large volumes of savings surpluses. The non-invested and sometimes expresses the inability of their national markets to absorb them, which prompted them to search for investment opportunities abroad, and the exit of these funds became an indicator indicating the decline in profit rates in the countries that export them (عثمان, 2007: ص 1)

Scientific and technological development: The technological development, especially in the field of communication and information, has contributed greatly to the globalization of stock exchanges and financial markets in general, as stock exchanges were able, depending on this technology, to overcome the temporal and spatial barriers between the various exchanges in the world. This led to a decrease in the costs of communication and information for dealers, which helped increase the movement of capital across borders (بن دحان, 2012.2013: ص 36)

Expanding the scope of implementation of the General Agreement for the Liberalization of the Exchange of Financial Services (GATS): The post Uruguay Round negotiations devoted more liberalization to the insurance and banking sectors in addition to strengthening pledges to open the way for the commercial presence of foreign service suppliers (branches of insurance companies, representative offices and agencies). These negotiations, in their endeavor to ease restrictions on services, focused on supporting the expansion of operations. Existing trade in financial services and amending the legal legislation restricting foreign ownership in local financial institutions. (احمد, ص 22)

Industrial development in some developing countries and their integration into the financial market: The great growth achieved by some developing countries contributed to pushing the globalization process, by increasing the size of their

contribution to the global GDP. Between (1965.1988), East Asian countries were able to raise their contribution to the world's GDP from 2 percent to 5 percent of the global industrial output from 10 percent to 23 percent, and the share of the industrial sector in the gross domestic product of low income developing countries increased from 27 percent in 1965 to 34 percent in 1988, and the merit of the integration of developing countries into the global economy is due to reform programs. The economic policies undertaken by these countries and the trends they contain to boost exports.(2002, صالح)

Evolution of risk prevention methods: (2002, صالح) The years of the seventies and eighties knew the emergence of many new financial instruments called innovations or financial derivatives, which are investment tools that give their users the right to buy and sell stocks and foreign currencies at an agreed price, or the right to make cash settlements when there are changes in interest rates, stocks, or currency exchange rates. Main types of financial derivatives are used to protect against these risks, the most important of which are:

A. Options: The option to buy or sell gives the seller the right to buy or sell shares in certain securities at a specified price within a specified time in exchange for a margin in which the implementation of the contract will be voluntary by the buyer, that is, the investor is granted the right to sell or buy several shares, bonds and currencies to another party at a specified price in advance. It may provide for the implementation of the agreement during a certain period.

B. Futures forward contracts: They are legally binding contracts that stipulate that the future exchange of financial assets (stocks and bonds) between the seller and the buyer shall be between the seller and the buyer, and they stipulate that the seller delivers the asset at a specific time in exchange for a specified amount from the buyer agreed upon during the contract. During agreements to be executed later.

C. Swaps: It is an agreement between two or more parties to exchange cash flows on a specific date, which are exchanges in which the two parties exchange interest payments for each of them calculated based on fixed or variable interest rates, or the exchange is for debt service payments in each of them and denominated in different currencies, and this technique enables debtors to change the currency the denominator of the debt or the method of calculating the interest rate on it.

Development of international bond markets: International bond markets began to occupy a prominent position in the field of international financial investments

in the early sixties of the twentieth century, but now they represent one of the most important long-term investment. Its importance is due to its being a long-term investment tool for its contribution to the redistribution of available savings globally to various borrowers from all over the world, and international bond markets involve dealing in two main types of bond markets, namely: (عمر, 1987: ص45)

2.2. ECONOMIC CYCLES

Economic life is accompanied by continuous changes, as economic development passes through stages of prosperity and contraction called economic cycles. It is a phenomenon inherent in economic activity since ancient times, as it was mentioned in the ancient history of Egypt that its period was seven years of economic ease, followed by seven years of economic hardship. during the verse ((And [subsequently] the king said, "Indeed, I have seen [in a dream] seven fat cows being eaten by seven [that were] lean, and seven green spikes [of grain] and others [that were] dry. O eminent ones, explain to me my vision, if you should interpret visions.)) verse 43. The interpretation of this vision by Yusuf peace be upon him in prison ((Joseph] said, "You will plant for seven years consecutively; and what you harvest leave in its spikes, except a little from which you will eat. Then will come after that seven difficult [years] which will consume what you saved for them, except a little from which you will store. Then will come after that a year in which the people will be given rain and in which they will press [olives and grapes].".)) Verses 49,48,47. As it is clear from the above that the Egyptian economy was suffering from the effects of the economic cycle in its various stages. But the manifestations of economic cycles have become more complex since the emergence of the Industrial Revolution in Europe and it has become a phenomenon associated with the market system in general (عدنان, 2011).

2.2.1. The Concept of Economic Cycles

The capitalist economy still takes the cyclical form in its movement over time and the economic cycle moves in all its joints as it moves from recovery to recession and then rebounds from recession to recovery. The economic cycle has acquired new features since the end of the Second World War, as a result of the state's intervention in economic activity, as severe production declines were excluded and the crisis eased. Frederick Engels described the process that governs the development of the capitalist economy according to the stages of the economic cycle, and it is the process that leads that economy from crisis to crisis. He explained that the stalemate could loom over the economy for many years. The productive forces are disrupted, and large quantities of

products are wasted due to recession, low prices and the inability to dispose of them. Then the movement of production and exchange of goods becomes active little by little, and gradually accelerates to the point of running and wildness, then it turns into leaps that include industry, trade, credit, and speculation, and then begins to slow down and descend into an abyss that has no decision (رجاء, 2013)

There are several definitions of economic cycles, the most important of which are:

First definition: Definition of the economic cycle: that it is regular periodic fluctuations in the level of economic activity, or fluctuations in the overall economic activity, such as levels of production, employment and prices (البعل, 2016.2017: ص6)

Second definition: It was defined by economists Burns and Mitchell: as a model of volatility that exists in the overall activity of the state in which the work is mainly carried out in private enterprises (رجاء, 2013)

Third definition: And others defined it: as a fluctuation in the total national product, income and employment, which usually lasts for a period ranging between two to ten years and which is characterized by the expansion or contraction of most sectors of the economy (عدنان, 2011)

Fourth definition: These are the different stages that combine business fluctuations between two crises and proceed from crisis to recession to recovery to crisis again, considering that the nature of the cyclical development of the capitalist economy. (فؤاد, ص 414)

Fifth definition: The researcher's definition of the economic cycle: Economic cycles in economic activity are like the stages of a person's life. They begin to grow to perfection, then pass through weakness and end in disability, and each stage has a specific period.

2.2.2. Characteristics of Economic Cycles

Economic cycles have many characteristics that occur in all types, the most important of which can be summarized in the following points (Alexander, 2018: 45).

It's out of sync. This means that it does not cause changes in an industry or sector but is prevalent in nature. Depression occurs in all industries and sectors of the economy simultaneously. So is the popularity.

It has four basic stages, although there is a difference.

There is a variation in its capacity, duration and types.

Comprehensiveness and universality, meaning that it affects all sectors of the economy.

Difference and multiplicity of causes.

It is renewable, meaning that it is repeated periodically.

2.2.3. Economic Cycle Indicators

There are several economic indicators used to know the type and stage of the cycle, and we summarize the most important of these indicators in the following points:

(حمان, 2017: ص 6)

The change in the gross domestic product, meaning the rates of economic growth.

The change in unemployment and employment rates.

The change in the general price level.

Change in the level of total investment spending.

The change in the level of total consumption expenditure.

Major changes in the balance of payments and the balance of trade.

Turmoil in financial market indicators.

2.2.4. Stages of Economic Cycles

There is agreement between economists, including Burns and Mitchell, that every economic cycle has four phases, with differences in their names, namely (Finm, Edward, 1990, 5).

Recovery phase: It is a period of high real GDP, income and employment. At some point, the economy is again close to full employment. If spending then expands more quickly than production capacity, then the prices of almost all goods and services will rise. In other words, inflation will happen. One of the features of this stage is "a marked expansion in bank credit with an expansion in settlements and deposits" (Campbell, 2009, 521).

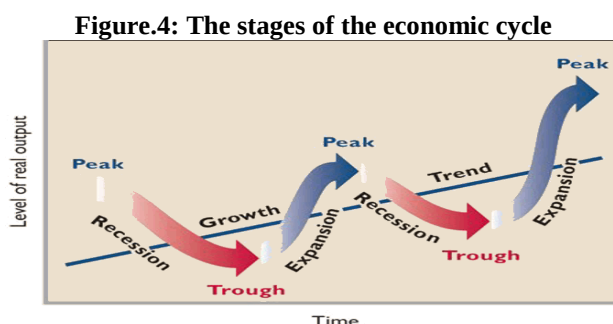
Popularity Boom: It is called "Peak" and it is characterized by a steady rise in prices, a rapid increase in the volume of aggregate production, and an increase in the volume of income and the level of employment. At this stage the energy becomes fully exploited, and a shortage of workers and some basic raw materials begins to appear. The economy here reaches full employment levels, labor and capital shares increase, so

prices rise and production costs rise at moderate rates, which leads to an increase in the profitability of companies, and here the expectations of consumers and companies alike will be in the best cases of optimism and confidence, and here the movement of production reaches its most intense until the emergence of shortcomings between the quantity of production and the demand for it to form a new cycle (عبدالسلام, 1986: ص 396)

Recession: It is the stage in which prices begin to decline, commercial panic spreads, interest rates rise, unemployment increases, the volume of production and income decreases in addition to the decrease in banking facilities, the high legal reserve ratio, weak bank settlements and bank deposits, and consumer purchases often decline sharply while the stock of business sectors increases in productive goods and investment falls. The decrease in the demand for labor, followed by temporary layoffs, high unemployment, as well as the decline in the demand for raw materials and the collapse of their prices, with the decline in profits of the business sectors sharply accompanied by a decline in Equity prices, and as the demand for loans decreases in such situations, interest rates, in general, will also decline (بول, 2001: ص 585).

Depression phase: It is the most difficult stage of the business cycle in which it is the bottom of the cycle, and it is characterized by high unemployment rates to its maximum extent, and a much lower consumption demand than the productive capacity of projects, and thus this stage is the stage of the large surplus for projects above their production capacity, as for the profits of the projects they are very low. Or a loss in many cases, and the prices of many commodities go down, and at this stage, consumer confidence in the economy reaches its lowest level (Campbell: 521).

These four phases come in the form of two periods, the first is called expansion and it includes two phases, recovery and boom, while the other is called contraction, and it includes two phases: stagnation and depression. The top of the cycle is called the peak, while the bottom of the cycle is called Trough, as in Figure 4



Source: Campbell R. McConnell and others, ibid, p 52

2.2.5. Types of Economic Cycles

Kitchen Cycles (short duration, 2-3 years): The English economist Joseph Kitchen proposed his hypothesis in the 1920s, according to which the average duration of a single economic cycle is 2.3 years. The market depends strongly on situations induced by natural demand and supply: When demand rises, production runs at full capacity. At some point the goods become more and more manufactured and begin to be stocked. Then comes the understanding that it is necessary to slow down the pace of production. After that, the stocks in warehouses gradually start. As demand rises, the cycle repeats. Since these processes do not take place immediately, they only take 2-3 years (Joseph, 1923, 10).

The Juglar cycle called fixed investment cycles: The French economist Clement Juglar presented his vision of the economic cycle that lasts from 7 to 11 years on average, during the Juglar cycle one can observe the fluctuations of investments in capital. Fixed and not just changes in the staffing level of fixed capital (and related changes in inventory), as noted with respect to Kitchen cycles. A 2010 research using spectroscopy confirmed the existence of Juglar cycles in global GDP dynamics. According to Juglar, the cycle consists of four stages (جواد, 2005: ص 16)

Expansion: This stage results from the increase in the volume of production, inflation and the growth in the volume of loans.

Crisis: It represents the most extreme of the cycle that lasts for a few weeks, which is reflected in the stock market crisis and several bankruptcies.

Recession: characterized by stagnation and declining production.

The return of expansion: It expresses the return of the session.

Kondratieff Cycle: Russian economist Nikolai Kondratiev, writing in the early 1920s, introduced the idea of the possible existence of long-wave cycles in capitalist economies that last roughly between 48 and 60 years. Within it, there is a period of accumulation of material wealth as the productive forces move to a newer and higher level of development. However, at a certain stage, there begins to be a decline in economic activity, and growth never began again later, and this mechanism has been called in the economic literature as the Kondratieff cycles (Lucas, 2014, 122).

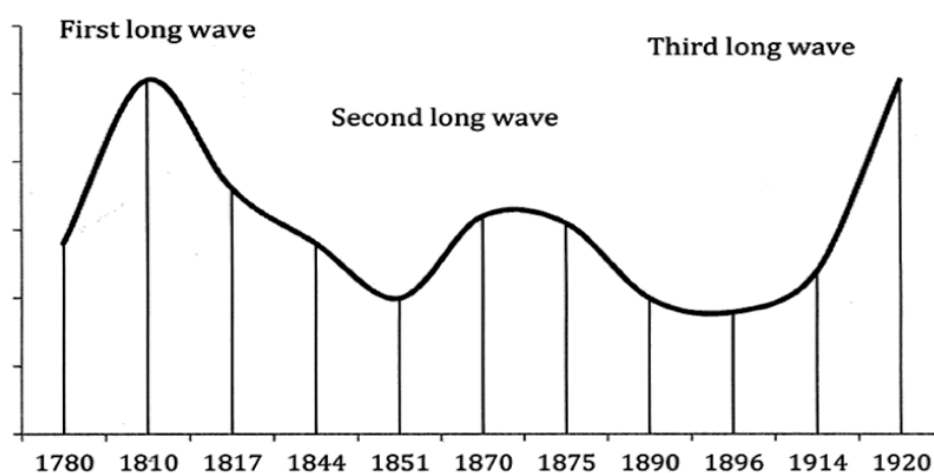
Although Kondratiev's ideas were not well accepted by the official Soviet economists, he insisted on his main argument and in a short time followed it with stricter versions. The crux of Kondratieff's argument came from his empirical analysis

of the macroeconomic performance of the United States of America, England, France, and Germany between 1790 and 1920. The economist looked at wholesale price levels, interest rate, production and consumption of coal and iron ore, lead production per economy and price movements (Kondratieff 1935). Using a curious statistical method first canceling the trend of the data and then using a nine year average method to eliminate the trend as well as shorter kitchen type waves (Kitchen 1923). Kondratieff suggested regular ups and downs in the data on a long scale. Within it there were intermediate waves along with long waves. As a result, Kondratieff stated that the economic process is a process of continuous development. Among the possible explanations for long wave cycles, Kondratiev mentions (Ibid, 122.123).

- A) Changes in technology.
- B) Wars and revolutions.
- C) the emergence of new countries on the world map.
- D) Fluctuations in gold production.

Figure 5 shows a rough estimate of Kondratieff's original timeline of long wave cycles. Kondratieff's original estimate was based on the commodity price index of the United States, England and France in his 1935 work Thereafter, as Kondratieff's views generalized, extensions of the original analysis began to appear, after a reign of about 40-60 years.

Figure.5: Shows A Rough Estimate of Kondratieff's Original Timeline of Long Wave Cycles.

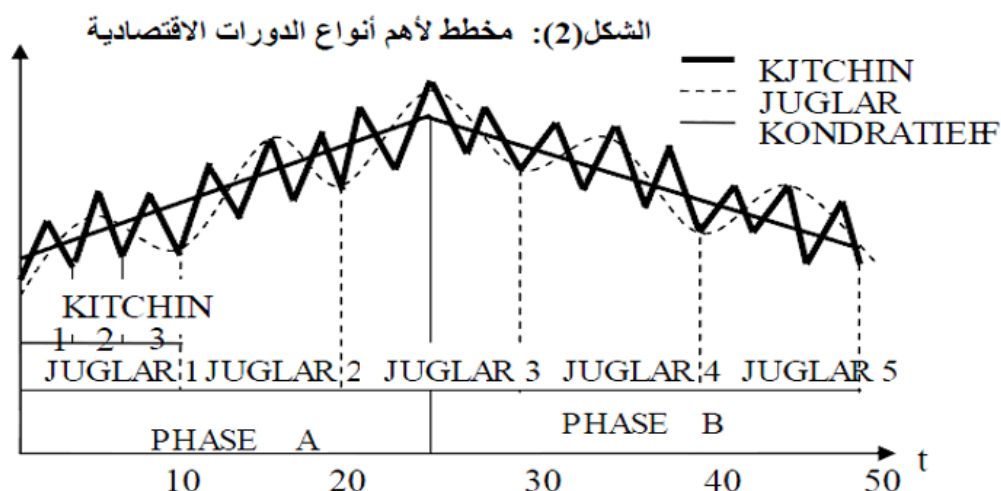


Source: Lucas Bernard and others, Long-Wave Economic Cycles, p.123.

Figure 6 shows the three types of cycles previously mentioned in one graph, where the dark black curve with convergent undulations represent the Kitchen cycles,

and the soft dotted curve with divergent undulating, they represent Jogler cycles, and the straight lines that resemble a triangle represent Kondratieff cycles as shown below:

Figure.6: Long Wave Cycles Illustration



Source: Dahmane Bawali Samir and Bashir Abdel Karim, Theories of Modern Economic Cycles and the Conflict of Economic Policies, 1 Journal of North African Economics, No. 16, 2017, Algeria, p.7.

2.2.6. Causes of Economic Cycles

According to different economics schools, the cause of business cycles can be searched for in different places. According to the classical school, there can be no business cycle because imbalances are quickly overcome through changes in prices and wages. "Classical economists claim that prices and wages adjust quickly to changes in supply or demand." "This view indicates that shocks in aggregate demand have only a short effect on actual variables such as real GDP." Early theories of the business cycle assume that over a long period in time, aggregate output may deviate from the level which corresponds to full employment in the economy. These early theories focus on the causes of volatility and crisis, not the cyclical development of the economy as a whole. S. Jevons William and Henry Moore postulate that changes in solar activity are the cause of cycles, and according to John Mills that the main cause of crises lies in the human factor, that is, the human psyche, the mood of investors and entrepreneurs is the main driving force of cyclical fluctuations. The Swiss economist Jean Charles Sismondi believes that the cause of crises is endogenous and is in production that is still unrealized, that is, the so-called overproduction, which is a loss for investors because these are costs for which no income is generated, Thomas Malthus refers to the two-way dependence between the periodic Demographics and production cycles as a reason for the business cycle. As the population increases, so does poverty and deficiency,

according to the Austrian economist Josef Schumpeter. The cyclical fluctuations in the economy can be activated by a number of external and internal factors of the economy. Schumpeter considers only the endogenous factors for the emergence of economic cycles due to the fact that external factors are not of an economic nature. It organizes internal factors into three groups: (Alexander, 47,48).

Changes in preferences the utility functions of consumers change.

Changes in the quantity of factors of production this group includes the increase in the workforce and investments.

Changes in product presentation methods. This group includes introducing new technologies, opening new markets, etc.

John Maynard Keynes identifies the marginal efficiency of capital, a particular type of rate interest he has provided, as the main factor that generates cyclical fluctuations. As a result of a sudden loss of confidence that cannot be precisely defined, there is a crisis that leads to a collapse in the values of that factor. The other two psychological factors liquidity preference and marginal propensity to consume are simply additional circumstances that complicate the situation as a result of an increase in the interest rate and a decrease in consumption. Here is a simple presentation of the aforementioned ideas (Alexander, 47,48).

2.2.7. Theories of Explaining the Economic Cycles and the Changes That Have Occurred on Them

The economic cycles have dire consequences for capitalist economies, this is what has called many economists to present several theories and theses explaining the real causes of the crisis, as some believe that the cause of the economic cycle is the expansion and contraction of the money supply, or factors related to development, renewal, and recent innovations that the world is witnessing or because of Optimism or pessimism of investors and excessive investment, and based on this, the theories explaining the economic cycle are classified into classic economic and modern theories.

2.2.7.1. Climate Theories

The first explanations for economic cycles were attributed to climate change, and there were several attempts before them, but most of them, if not all, provide an explanation of the crisis rather than the cyclical fluctuations, and therefore climate theories can be considered the first of these bold attempts to explain economic cycles, and the most important of these theories we find a theory Sunspots provided by

(بدیع, 2009: ص 1875) economist William Stanley Jevons and Henry Moore Henry L. in 1875 (36)

(As they indicated that when black spots appear in the disc of the sun, this brings problems on the ground through the influence of the sun's heat, wind and rain, which in turn is reflected in economic activity, especially the agricultural sector, which was prevalent in the pre-industrial era) (Stephen, 2002: 248).

We also find in 1928 the theory of seasonal cycles presented by Johan Kerman, which he attributed to the causes of climate such as rain, storms, and droughts, and that the movement of economic activity corresponds to the climatic cycles. The business cycle is the movement of the Earth and the rest of the planets. He called his theory of the climate cycle.

In their entirety, these theories tried to link the phenomenon of economic fluctuations with climatic fluctuations that arise due to astronomical phenomena or climatic fluctuations themselves, focusing on agricultural activity, and perhaps this focus is due to the great role that agriculture played compared to other sectors in the economy. However, the importance that agriculture played was lost, and with it these theories lost their supporters, to the point of saying the naivety of these theories, 12 in addition to the inconsistency of the adopted astronomical phenomena with the dates of economic fluctuations and crises at the time (دحمان, ص 8).

2.2.7.2. Consumption Theories

Other explanations have been presented for the economic cycle in which the economic cycle is attributed to the shortage of consumption, and historically it was earlier than the climatic cycles, which are more logical explanations, and in this direction several explanations were presented that, in its entirety, are given that the lack of consumption is the main cause of the crisis. The shortage of consumption was the difference, and in this regard, we mention the most important contributions. We find Robert Maltese, Symond de Sismondi, John Hobson, Karl Marx and others. Supporters of this theory see that the explanation of the economic crisis starts from the contradiction between the tendency to expand in Production and between the shortage of consumption for the majority of the population, the crisis begins as a reflection of the surplus value, the latter which the capitalist takes and uses in creating new capital accumulations, and then the overproduction of consumer goods, which leads to overproduction, while the lack of purchasing power of the working class . which

represents the majority of the people prevents this class from purchasing this product (دحمان, ص 9)

It is noticeable that the pioneers of these theories do not necessarily belong to the same school, they agreed with each other in the interpretation of economic fluctuations based on the hypothesis of lack of consumption, but each of them builds his ideas within the framework of the school belonging to it. Economic is due to insufficient consumption, as with the development of large-scale automatic production, unemployment increases and wages decrease. As a result, the consumption of the working class absorbs a diminishing portion of the total output. Simondi relied on some of Adam Smith's basic ideas and concluded that production must coincide with consumption, and that production is determined by income. He saw that the crisis is the result of the imbalance in this proportionality, that is, the result of overproduction that precedes consumption, and that the basis of the crisis lies outside production (رجاء, مصدر سابق).

Marx explains the cause of economic cycles by the main contradictions that occur in a capitalist economy. Emphasizing that the main reason for the occurrence of the crisis is the existence of a contradiction in capitalist production resulting from the contradiction between the social character of production and the capitalist ownership of the means of production. Economist based his criticism on three facts of capitalism (John, 2017: 28).

Overproduction is possible because it is oriented towards selling in the market and not meeting the needs of the collective unit

Money is a store of value that allows for hoarding of purchasing power.

Production occurs only when the capitalist believes it can make a profit, thus permitting overproduction.

2.2.7.3. Classical Monetary Theory

This theory stems from the interpretation of economic cycles from purely monetary factors as it believes that the cause of economic cycles is the result of the expansion and contraction in the money and credit supply. When inflation threatens, the monetary authorities slow down or stop the growth of the money supply. This causes stagnation. When they are convinced that inflation is no longer a problem. or if the recession they caused becomes more of a concern than inflation. monetary authorities allow the money supply to grow at a faster rate, leading to the economy (Recover, Stephen, 219).

Monetary Theory was among the most important theories that explained economic crises by referring them to the expansion and contraction in money and credit, but almost everyone agrees that the monetary aspect is the main cause of all economic crises, with the recognition that the behavior of changes in the amount of money is affected by it. The other is based on the movements of nonmonetary variables such as production, income, use, price level, interest, and the distribution of income and wealth, as it is observed beginning with the classical quantitative monetary theory during the fourteenth centuries until the third decade of the twentieth century, and its thinkers starting from Jean Bodin (1530-1596) and David Hume. And Ricardo, Irving Fisher, and after them the modern neo-classic, despite their separation between the monetary aspect and the real (which reality proved to be incorrect later), but they acknowledged that changes in the quantities of money and the speed of money circulation will have an impact on the monetary side (the general level of prices). Which are the average prices of goods and products (the real side) of the economy, and accordingly it is assumed (from Ricardo's point of view) that the cash issue is subject to a metal cover equivalent to 100% of the value of the issue to limit the increase in the supply of cash that does not fit the required product. The quantitative theory of money in the exchange equation is based on the following assumptions (هايل, 2019: ص 9.8)

The volume of transactions is fixed.

The speed of the circulation of money is constant.

The correlation of the change in the general price level with the change in the quantity of money.

2.2.7.4. Keynes' Theory in Explaining the Economic Cycle

The crisis came in 1929, and with it the Keynesian theory, with its new ideas, analyzes and policies, Keynes was able to pave a second path in the capitalist system, a completely different path from the one that Adam Smith put forward, and it is certain that this difference was in many points and it is certain that the biggest and most important difference between them is It was in the phenomenon of economic stability and its policies, and this great difference may be due to this particular point, because Keynes's ideas were the product of ideas of the crisis, that is, the unstable environment that Western economies lived at the time. The Keynesian reason for the occurrence of economic fluctuations is the stagnation of prices for goods and services and the prices of the elements of production, including wages, which may result in the inability of the economy to achieve full employment, because unemployment is a function of aggregate

demand, and from it the factors that determine the volume of demand are the same factors that determine Fluctuations in the level of employment and production and hence economic cycles (محمد , 2013: ص 8)

According to Keynes, aggregate demand consists of two components:

The first component: aggregate demand for goods and services.

Component Two: Demand for Money for the Three Objectives *

And because the money supply is controlled by the monetary authorities (an external variable), it makes the demand for money for the three purposes tends to be equal, and hence the balance in the money market. The rapid circulation of money may result from this situation that the increase in the quantity of money did not lead to an increase in prices, but on the contrary, the latter decreased. Accordingly, Keynes says that the general price level is related to the factors of aggregate supply and aggregate demand. And that the state of underemployment is prevalent in the economy, and the quantity of money is not the basic determinant of aggregate demand. Rather, aggregate demand is determined by the level of income that achieves the ability of individuals to spend (محمد, 2013: ص 8).

In the end, he concludes that fluctuations in the price level are due to fluctuations in the level of income and spending rates, and since total spending equals total income and equals aggregate output, the rise in prices is not necessarily an increase in the amount of money, rather it affects the volume of production, especially that the economy is operating in a state of operation. (ناظم, 1999: ص 314) And since effective aggregate demand is the basis of the Keynesian macro theory, as it is possible for aggregate demand to decrease, which leads to a decrease in production and employment, and the economy is below the level of full employment and at the same time aggregate demand increases, which leads to an increase in output and employment together. Aggregate demand increases significantly, leading to employment (peak), when prices rise and aggregate demand declines, production decreases and the economic contraction begins (عبدالمعز, 1970: ص 212).

And at the beginning of the eighties, modern models appeared, based on the hypothesis of optimal rationality for institutions and families, and the existence of fluctuations linked to the structure of the economy itself, interest in the economic cycle has returned on the part of the neoclassical school through the theories of general

equilibrium cycles, the theories of the real cycle and the approach of the neo-Ketrian (اشواق, 2018: ص 68-80)

2.2.7.5. General Balance Cycles

Neoclassical economic thought developed, starting in the 1970s, under the leadership of Robert E. Lucas, Neil Wallace and Robert Barro who tried to find new foundations for explaining economic cycles, through general equilibrium models. Lucas explains how the various parties in the economy make their expectations, where the degree of rationality of the expectations of individuals depends on the degree of availability and availability of information to them. The more information there is ample and available to all economic agents, the more that helps them to make correct decisions. (محمد, مصدر سابق: ص 12)

The approach to equilibrium by means of rational expectations, it is simply a neoclassical labor market with one change is that some individuals do not know the total price level, but they know the absolute wage and the price at which they buy and sell, for example in a certain period the worker can know the prevailing wage rate but he does not know all the prices applicable to the macroeconomic level, and from him he does not know the real wage. If money occupies a central position in the economic cycle, it is because the economic agents have incomplete information about it and about the general level of prices, and in a state of shock on the money supply, only part of the resulting general price level change is perceived by the agents as a change in relative prices. Thus, the only unexpected combination of changing money exerts an effect on economic activity, because the expected component cannot cause information interference. The bottom line is that random monetary shocks only make the economy work in turmoil. This approach has been criticized on the grounds that it is unable to take into account the duration or the continuation of the cycle, as there is an apparent contradiction between the rational expectation's hypothesis of the staff and the hypothesis of the repetition of the cycle, on the one hand and on the other hand that monetary shocks cannot have an effect. The important thing that neoclassicists think. Which paved the way for the emergence of the theory of real cycles (اشواق, مصدر سابق).

2.2.7.6. Real Cycle Theory

It is called Real Business Cycles, or RBC, and it is one of the most important modern theories. Presented by Finn E. Kydland and Edward C. Prescott in 1982, real business cycle theory looks at fluctuations as a result of external shocks. The unique feature of the model is the idea that short-term fluctuations are simply a logical response

to long-term adjustments, which are usually described as changes in productivity. As one supporter wrote:

For example, permanent (final) change of one percent in employment long-run productivity leads to a permanent increase of one percent in the level of capital stock, consumption, production and investment once the temporary dynamics dissipate. These transient dynamics are important to understanding fluctuations. It is initiated by the requirement that the economy move to a permanently higher capital stock. Getting there requires large increases in investment in the near term that gradually diminish to a new, higher steady level for the country as the economy converges with the higher capital stock. There will also be gradual increases in consumption and production towards higher steady state levels for both (John, 35).

The work voltage will also be temporarily high along the transition path. While wealth has increased, which discourages current work efforts, productivity is also higher which encourages labor effort. Productivity is higher because required or fixed capital is higher. Consequently, real interest rates rise in the near term, which leads to temporal substitution of current efforts at work in the future. The responses, and thus the fluctuations present in the model, are the result of the same factors that generate economic growth. Therefore, the real business cycle model provides an integrated approach to growth and volatility theory, and the bottom line is that employment rises when there is a jump in productivity (because this will boost wages, which makes it logical to work now) and falls when there is a decline (because this will lead to lower wages, which makes the leisure time more attractive). These external shocks lead to adjustments that we see as expansions and depressions.

After presenting the classical and modern theories along with the Keynesian theory in its interpretation of economic cycles, the following question comes to our minds:

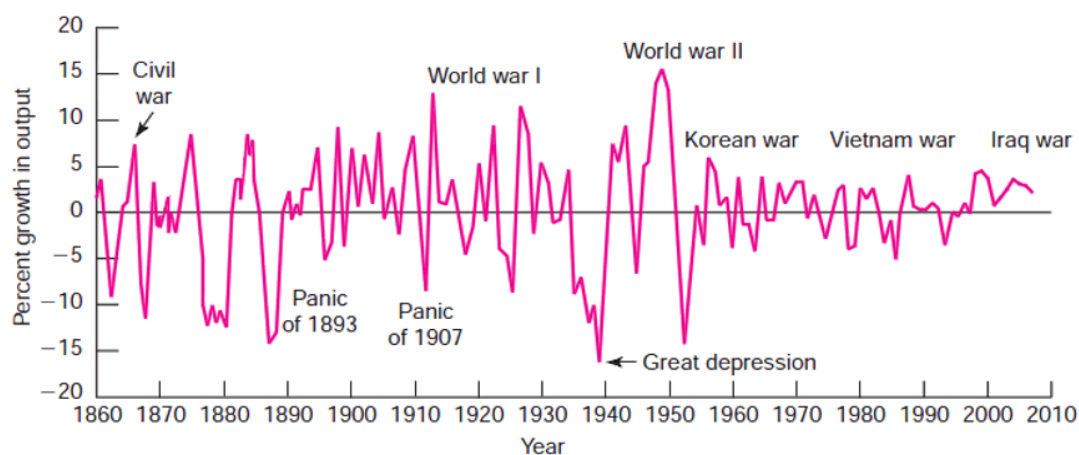
Have economic fluctuations become less severe? Are recessions becoming more moderate and expansions less abundant? Just a glance at Figure 7 will give the answer.

The answer is yes. After a very short period of transition from wartime to peacetime production immediately after World War II, our economy experienced six decades of relative stability. Compared to the eight decades before the war, recessions were lighter, shorter, and less frequent. While the booms have also been less

pronounced, it would be fair to say that our economy has been in relatively equilibrium since the late 1940s (Stephen, 218.219).

Hence, the economic cycle currently differs fundamentally from the traditional business cycle, as the cycle phases are converging, and its duration is getting shorter and shorter. The crisis becomes more frequent, so the transition is made from crisis to recovery without going through a recession, while the recovery quickly leads to a crisis that lasts at least six months and shortens the period of recession until it disappears. And the recovery period is shortened until he is barely felt. The curve that forms the cycle tends to be flattened to be horizontal, until the crisis is no longer achieved in the form of an explosion, but rather falls gradually through a relatively long stage, and then the crisis develops slower than before, and becomes more frequent than it was in the past, but it is getting deeper (فؤاد, مصدر سابق: ص 422).

Figure.7: Fluctuations in real GDP from 1860 to 2007



Source: Stephen L. Slavin, Previous source, p.219.

2.2.8. Forecasting Economic Cycles

Economists have developed tools that help them predict the changes that will occur to the economy, and just as car lights illuminate the road ahead, a good forecast illuminates the economy square in front of us, and helps decision-makers to adapt their actions according to economic conditions (بول, مصدر سابق: ص 591).

2.2.8.1. Forecasting Methods

Econometrics model: it is a mathematical and statistical method for forecasting economic data such as inflation, interest rate and the purpose of policy. The useful principles of econometric forecasting are using a simple model, using all available data, and using theory to select causal variables. But the theory is less useful with dynamic structures and lagging data. It is because of this those econometric methods of inductive methods fail. With Vector Autoregression (VAR), this issue and long-term prediction issue were resolved. To predict simple models without causal variables, we can use simple techniques such as regular least squares. Standard economic models appear to be better than inductive and judgmental methods, but they are slower (Kryztof, Davood, 2012: 20).

Input-Output Model: The reciprocal relationship between the various economic sectors during the production process is depicted in the tables of inputs and outputs in a certain period of time (usually a year), by clarifying the inputs of each sector of its production requirements for all other sectors and using input and output models in the planning and forecasting process (راجع).

Projections of The General Tren: Projections of general trend are considered one of the most common methods in long-term forecasts of economic variables. The general trend of a time series is defined as the general pattern of change in the values of the variable in question while ignoring other variables, whether seasonal, periodic or random, and the fluctuations of the time series are the result of its following components (راجع)

The general trend, the general movement in the long run.

Seasonal fluctuations, regular fluctuations that repeat themselves over a period.

Cyclical fluctuations, according to the economic cycle.

Random fluctuations due to natural factors and others.

Time Series: Time series are ordered lists of the values of a single parameter or variable, and they are presented in equal time intervals. Forecasting is the continuation of a pattern over time such as growth in selling, stock market analysis, or gross national product. Common time series methods are (Kryztof, 18).

A. ARMA (Automatic Regression Moving Average) models' applications of this method are sales forecast, stock market analysis, economic forecast, return projection, process and quality control, workload projection, inventory studies etc.

B. ARIMA (Automatic Regression Moving Average) was introduced by George Box and Guillem Merrion Jenkins in the early 1970s based on time series modeling in three stages: identification, testing, estimation, and application. There are also three types of ARIMA which are called Univariate ARIMA, Dynamic / Transfer Function, and VARIMA. There is also a known extension of ARIMA by incorporating a seasonal agent called SARIMA. This method is used to analyze univariate fixed time series.

2.2.8.2. The International Monetary Fund's Approach to Forecasting Financial Crises "Early Warning System":

The April 2019 issue of the Global Financial Stability Report examines at length the methodology of the International Monetary Fund in measuring the size of weaknesses in the financial system, so that policymakers can monitor them and take preventive steps if needed to mitigate their risks. The framework includes six sectors: the corporate sector, the household sector, governments, banks, insurance companies and other financial institutions such as "shadow banks" (صندوق النقد الدولي).

Early warning is the system that triggers warning signals in advance of the possibility of a crisis approaching and occurring, using a set of financial indicators known as leading financial indicators. The signals approach is based on identifying a set of economic indicators or variables and comparing their behavior during normal periods of calm, and their A wide range of leading financial indicators used in forecasting crises. These indicators differ according to the type of crisis and its symptoms, for example we find an overestimation of the exchange rate, rapid growth of domestic credit, expansion in granting credit to the public sector, an increase in the rate of domestic inflation, a decline in foreign investment flows an increase in the interest rate in industrialized countries could serve as a warning of the possibility of a currency crisis. And this system has succeeded in predicting some financial crises that have actually occurred and it also gave indications of crises that did not occur, and in the case of developing countries, we find that this system predicted the crisis that occurred in Turkey in 2001 during the year 2000, and it also succeeded in predicting a crisis Argentina that occurred at the beginning of the year 2002 by giving it crisis signals starting from March 2001, and in general, this system, despite its success in giving signals about some financial crises, is in need of further development and can give more accurate results in sufficient periods to correct the defect (البعل, ص 32).

Can economic cycles be avoided: Recession has enormous economic and human costs, as it led economists and politicians to a proposal to make the elimination of economic cycles a primary goal. However, this saying is rife with optimism, and there is a more rational and balanced view. Aircraft, unlike hurricanes, but we have not been able to get rid of plane accidents and it is not clear whether we can eliminate recession. The danger has not disappeared yet, and the forces that generate periodic recessions are still waiting for their turn. During the two decades after Okun wrote these words, the United States faced many cycles of deflation and expansion, while at the same time avoiding economic depression, such as the prolonged economic crises of the 1970s, 1980s and 1930s. What has changed in the past fifty years? Some believe that capitalism is now more stable "than it was before, and more importantly, a better understanding of the overall economy has enabled governments today to take monetary and fiscal steps to avoid the recession's inflation and turning into a depression (بول, ص 592).

Treatment of economic cycles: Economists focus on two main groups of strategies to counter economic cycles and promote economic stability (خلدون, 2016)

Active strategy: It is based on serious shifts in monetary and financial policies. In periods of recession, the central bank directs its traditional tools (open market, discount rate and legal reserves) to increase the money supply and at the same time, the financial authorities increase government spending on the one hand and reduce taxes on the other hand. And the opposite in periods of inflationary prosperity, and these policies are coordinated with automatic stabilization tools, according to which the levels of government spending and tax rates change in order to stabilize total demand close to the level of output at full employment.

The inactive strategy: This strategy recognizes that the self-adjustment mechanism (through automatic stabilization tools) of the economy will be able to avoid cyclical fluctuations. The strategy of inactive response is based on Friedman's (steady) monetary growth rule, which states that increasing the money supply is less than the rate of output growth. Real means a contraction of the money supply relative to the real output. Consequently, monetary policy will work to activate the determinant effect during the period of inflationary prosperity, and in return, increasing the money supply more than the growth rate of real output will adjust the upward trend of inflation rates. Thus, the inactive strategy is based on the method of stop and then move, instead of the

decision makers curbing the money supply forcefully after several times of expansion and then increasing the generated inflation, which pushes the economy into recession.

2.3. CRISES IN THE THIRD MILLENNIUM

The beginning of the twenty first century was full of economic and political crises that affected the world as a whole, and the political crises occurred especially in the Middle East region in particular, the Arab world and the countries in which the political crises occurred, including Iraq at the beginning of the third millennium, and then followed by other Arab countries, but in different years for each country first It started with Tunisia, then Egypt, then Libya and finally Syria, not to mention the Gulf crisis that occurred between the Gulf countries and the siege of Qatar by the Gulf Cooperation Council countries, and in this study we will focus on the most important economic crises that occurred in the third millennium with the causes and treatments.

2.3.1. Internet Companies and Industrial Stocks Bubble Crisis

One of the crises of this century is the 2000 crisis, known as the Dot.com bubble crisis. The information technology and Internet sector in the United States experienced a great development before the year 2000, which led to the introduction of the shares of many companies in this sector in the stock market in the United States of America, and the prices of Internet shares rose significantly, but with the fears and panic that struck the world of the possibilities The stoppage of the automated media and the occurrence of imbalances in the electronic systems with the beginning of the year 2000, which led to a sharp decline in the Nasdaq index, and the events of September 11, 2001 were also the feeder for this crisis and the cause of its continuation (ساعدي, 2008: ص9) This is shown in the figure (8). We notice that the internet stock index rose against the S & P500 and the NASDAQ in the late 1990s and then fell sharply because of the internet bubble.

Many investors foolishly ignore the basic rules of investing in the stock market, such as analyzing price-return ratios, studying market trends, and reviewing business plans. Instead, investors and entrepreneurs have become preoccupied with new ideas that have yet to prove that they have market potential. Moreover, they have ignored the stark signals that the bubble is about to burst, noted Larry Elliott, economics editor at The Guardian.

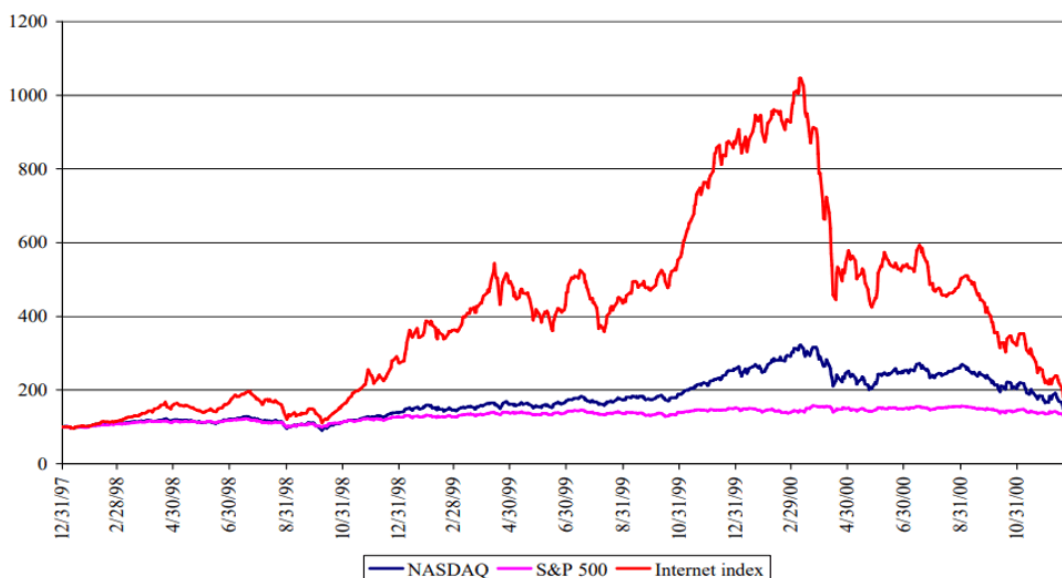
2.3.1.1. The Factors That Led to The Bursting of The Dotcom Bubble

There were two main factors that led to the bursting of the Internet bubble: (Kalen)

A. Use metrics that ignore cash flow: Many analysts have focused on aspects of an individual business that have nothing to do with how it generates revenue or cash flow. For example, one theory holds that the Internet bubble burst due to a preoccupation with "network theory", which states that the value of the network increases exponentially as the chain of nodes (computers hosting the network) increases. Although this concept made sense, it neglected one of the most important aspects of assessing the network: a company's ability to use the network to generate liquidity and generate profits for investors.

B. Shares valued above their real value: In addition to focusing on unnecessary metrics, analysts used very high multiples in their models and formulas to rate Internet companies, which led to unrealistic and overly optimistic values. Although more conservative analysts disagreed, their recommendations were mired in the hype in the financial community over internet stocks. The Internet companies' bubble crisis has resulted in the following results:

Figure.8: Returns on: Equally Weighted Internet Index, S&P 500, NASDAQ



Source: Eli Ofek & Matthew Richardson, The Rise and Fall of Internet Stock Prices, National Bureau of Economic Research, Cambridge, MA, December 2001, p.49.

2.3.2. Results of the Crisis

Reducing the prices of these shares quickly and significantly.

This decline coincided with the occurrence of the attacks of September 11, 2001, which led to the closure of the US financial markets

Low GDP growth rate, which did not exceed 8.0% in 2001

The US Federal Reserve reduced the interest rate from 25.6% to 1% within a short period, to stimulate economic growth and fearing the specter of economic recession (ساعد, مصدر سابق: نفس صفحة)

2.3.3. Avoid Another Internet Bubble

Given that the last internet bubble cost investors trillions, being caught in another bubble is among the last things an investor might want to do. In order to make better investment decisions (and avoid duplicating history), there are important considerations to keep in mind including:

A. Popularity is not equal to profit: Sites like Facebook and Twitter have received a lot of attention, but that doesn't mean they are worth the investment. Instead of focusing on the companies with the most hype, it is better to check if the company is following strong business fundamentals. Although hot internet stocks will often do well in the short term, they may not be as reliable as investments. Long term. In the long run, stocks usually need a solid source of income to perform as well as investments.

B. Existence of large speculative forces on stocks: Firms are evaluated by measuring their future profitability. However, speculative investments can be risky, as valuations are sometimes overly optimistic. This may be the case for Facebook. Given that Facebook could be earning less than \$ 1 billion annually, it's hard to justify valuing the company at \$ 100 billion. Never invest in a company that relies solely on hopes for what might happen unless backed by real numbers. Instead, make sure you have solid data to support this analysis or at least some reasonable expectations for improvement.

C. The necessity of having sound business models: Unlike Facebook, Twitter does not have a profitable business model, or any real way to make money. Not many investors were realistic about revenue growth during the first internet bubble, and this is a mistake that should not be repeated. Never invest in a company that lacks a sound business model, let alone a company that hasn't even thought about how to generate income.

D. Business fundamentals cannot be ignored: When deciding whether to invest in a particular company, there are several strong financial variables that need to

be examined, such as the company's total debt, profit margin, dividends, and sales forecast. In other words, it takes more than just a good idea for the company to succeed. For example, MySpace was a very popular social networking site that ended up losing over a billion dollars between 2004 and 2010.

E. Correlation with the stock market is the key: To assess the relationship between the company and the stock market, evaluate the company's beta coefficient. The beta value is a historical correlation coefficient that shows the degree to which a stock changes with the economy. For example, a beta value of 0.5 indicates that as the market increases, the stock increases by half.

However, internet companies and other tech stocks tend to have beta transactions well above average (much greater than 1.0), and as a result, they tend to face large losses during a recession. Therefore, you should consider potential volatility and economic trends before investing in Internet stocks.

2.3.4. The Gulf Stock Exchange Crisis 2006

With the invasion of Iraq after the fall of Afghanistan, the wealthy Arabs felt that the United States was hostile to Islam, Arabs and Muslims. So, these investors in global markets sold their shares, turned them into liquidity, and invested in local companies. The wealthy of Saudi Arabia itself took similar steps, as the kingdom itself felt that the United States was planning to occupy the entire region. They channeled more money to their local stock exchange and also invested it in other Gulf stock exchanges, so that the Arab Gulf could live a truly prosperous period. During 2005, Saudi Arabia ranked 38 out of 155 countries in terms of ease of doing business, thanks to the low tax rates, the presence of a strong labor market, and the facilitation of banks to obtain loans to be used in investment. By February 1, 2006, the Tassi reached at least 19900 points, which is the largest in history and has not been repeated again since then. The next day, February 2, a violent collapse in the stock exchange occurred, a strong shock to the millions of Saudis participating in trading, and many of them lost their homes and properties that they sold in Soon, to see more gains (2006, امنائي)

The Arab Gulf states were the countries most affected by this crisis, and the crisis that swept through the Gulf stock markets showed the fragility of these economies, as well as the extent to which they were affected by the global economy and their connection to it in the following respects: He mentioned ص ص (نزهان, مصدر سابق: ص ص) (59,60)

That these countries are dominated by the capitalist system, and therefore they are afflicted with economic diseases that afflict the capitalist system, especially its crises and the exaggeration of speculation.

Its association with international markets in the issue of oil, as the Gulf countries are the largest source of oil to international markets, and their economy relies heavily on oil production and export abroad. Hence, the Arab Gulf markets have become affected by what is happening in the international markets, positively and negatively.

. This crisis also revealed the regulatory imbalance in these stock exchanges, as they are emerging exchanges that lack many of the necessary ingredients for the functioning of stock exchanges.

2.3.5. The Global Financial Crisis of 2008

The global financial crisis of 2008 has historical roots, as it was not born in 2008 or 2007, but dates back to the beginning of the new millennium, as there was a crisis in the United States of America called the (dot com) crisis related to Internet companies, which was previously mentioned at the time, the US Federal Reserve reduced the interest rate from 6.5 % To 3.5% within a few months to increase liquidity in the market and encourage spending, and then came the September 11 attacks, which caused other economic problems, which necessitated a reduction in the interest rate to 1% in July 2003 and this continued for a year. Thus, this very low rate of interest led to the provision of huge liquidity in the market, which helped to raise real estate prices and attract groups of consumers to borrow, prompting commercial banks to lend and exploit the opportunity of high real estate prices and to provide easy loans with simple terms and were ready to lend to people who do not own Any official papers, assets, or any other guarantees, and in order to get rid of the risks of these loans, they issued financial bonds based on their reserves of government and US bonds, which generate future income and provide liquidity for them and sell it to investment funds at a low price, and in turn these funds sold these bonds and so forth. (لبلعل, مصدر سابق: ص 23)

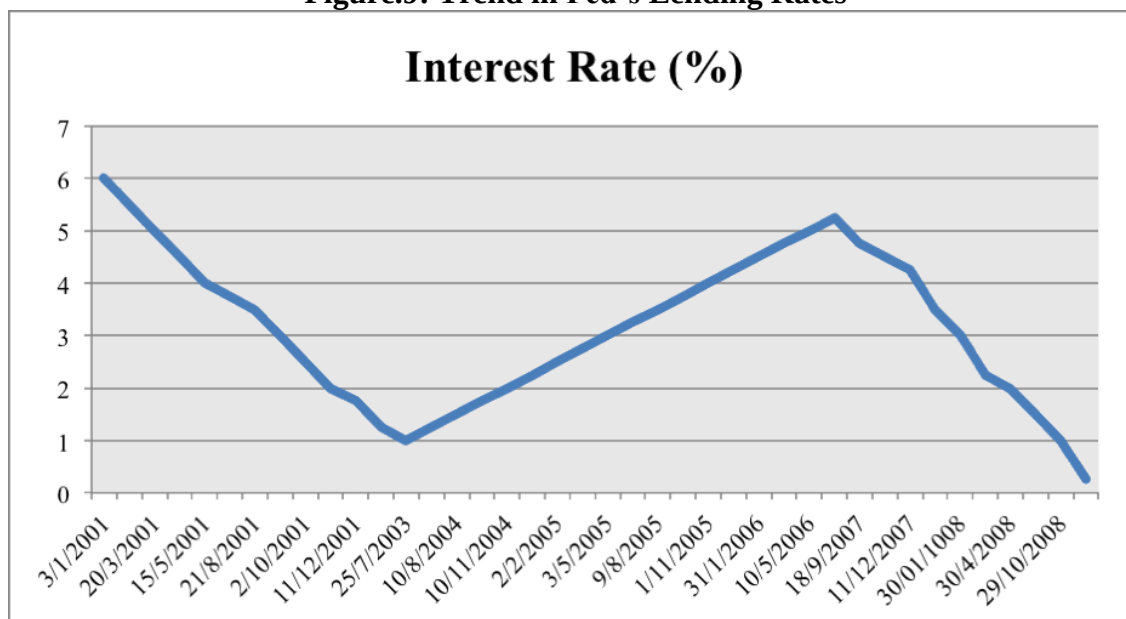
Indicators that preceded the crisis: The huge liquidity generated by the increase in oil prices and the difficulty in absorbing them. The high economic growth rates in some countries of the world, such as China and others. The relentless pursuit of economic liberalization and market liberalization. Demanding the necessity of separating the monetary authority from the government and using the market mechanism for control (مصطفى, مصدر سابق: ص 70)

2.3.5.1. Causes of The Crisis

Given that the crisis originated in the United States, the home of capitalism, many opinions dealt with capitalism as a faltering economic system as a major cause of the global financial crisis, and the mortgage crisis, and in this study, we will try to address the indirect and direct causes of the crisis.

The direct causes of the crisis: Below is what can be considered the direct causes of the financial crisis in five main areas:

A. Expansion of credit: Fed interest rate cut. After the fall of the Nasdaq Stock Exchange, the economy was threatened to deviate from the growth path it was on. Recession risk is starting to emerge. Hence, drastic measures were needed to stimulate the economy. Amid a climate of panic for risk reduction, the Fed acted immediately. From May 2000, the Federal Reserve implemented a policy of gradually lowering interest rates in order to boost the economy. In 2001, the Federal Reserve lowered the interest rate from 6.5% that was in May 2000 to 1.75% in December 2001. This move facilitated borrowing by banks and a natural consequence of consumers' ability to borrow easily. In that period, the US government implemented a program to help middle- and low-income people obtain their own homes on certain conditions (income, deposits, etc.). Benchmarks are starting to disappear during the appraisal lending process. Consumers were able to borrow at low interest rates, and the mortgage loan market, which previously held a small share of the US economy, has experienced a massive boom. Mortgages of the \$ 468,000,000,000 that were in the year 2000 peaked concentrated at \$ 2.8 trillion in 2003 (Report of the Investigation of the Financial Crisis of 2011). People with lower incomes can now acquire mortgages at very low rates. This means increasing real estate prices and creating a housing bubble. Figure 9 shows the downward trend in the Fed's lending rates. From 07/25/2003, the lending rate was 1%, began to gradually rise. The increase continued throughout the housing bubble. On 5/10/2006 the rate was 5.25%. Then, the Fed began cutting interest rates as the first signs of the crisis emerged. During the crisis, the Fed continues to cut interest rates, sometimes regardless of strategic planning by making unexpected moves due to the emergency of that period. On 10/29/2008, interest rates reached a record low of 0.25%. Former Fed Chairman Alan Greenspan admitted that the policy of cutting interest rates created a housing bubble (Maria, Angelos, 2014: 2,3).

Figure.9: Trend in Fed's Lending Rates

Source: Maria Karamitrou & Angelos Markou, THE CAUSES OF THE 2008 ECONOMIC CRISIS, International Journal of Economics, Commerce and Management, United Kingdom, Vol. II, Issue 3, 2014, p.3.

B. Relaxing lending standards: The period from 2005 to 2008 in the United States witnessed the expansion of mortgage finance companies abnormally in granting mortgages and mortgages of homes that Americans buy with loans amounting in some cases to 100% of the value of the property and without studying to ensure the buyer's ability to repay. Guidelines for mortgage loan approval were starting to relax, and criteria such as declaration of income and verification of assets were removed (taxed income, assets verified). Prospective borrowers only had to declare their income without being subject to any additional control by the lenders and proving that They have deposits (no income, verified assets), moreover, it was not necessary for the loan applicant to present documents proving that it works. The only prerequisite for lending was proof of deposits. (Maria, Angelos, 8).

In order to see the extent of the magnitude of mortgage lending in the United States, it is sufficient to mention that in 1974 these loans were about 680 billion dollars, which rose in 2008 to more than 14 trillion dollars, and in 2007 a large number of buyers defaulted in repayment due to the US central bank raising interest rates to reduce From inflation, which led to an increase in burdens on previous buyers of housing in installments, as well as a rapid decline in the real estate market, so real estate finance companies took back homes and offered them for sale, increasing supply and lowering prices, which led to the emergence of a liquidity crisis in real estate financing companies. (سامي, 2007: ص 16)

C. Liberalization of the financial sector (weak supervision of financial institutions): Financial institutions mean banks, insurance companies, real estate financing companies, the capital market, securitization companies, and factoring companies. There is no doubt that these financial institutions play an important and dangerous role in any country's economy.

Perhaps one of the main causes of the crisis was the so-called deregulation of the financial sector based on the principle of *laissez faire*. The following philosophy defines nonintervention in the economy and especially in the financial system, which can modify itself in a way that is beneficial to the economy. The governments of the United States have faithfully followed this doctrine. During the 1990s, two laws were passed giving greater flexibility to the banking system. These laws allowed commercial banks to be able to engage in new activities, such as investment and insurance products. Also, regulatory authorities should survey financial regulations each contract and identify the ones that are out of date. At this point, it is noteworthy that the derivatives market (investment products) has been operating throughout the housing bubble period without being subject to regulations. The regulators' failure to engage with "pressure groups" working to keep the financial sector self-regulating has made it impossible for the country to prepare for the next crisis (Maria, Angelos: 4).

D. Securitization: It means the representation of financial assets in negotiable securities or commercial securities, and it may be translated by verification of the instrument or by securitization of the bond, which is a type of financial derivative and is summarized in the transfer of debts or loans made as, in the case of a mortgage crisis from the original debtor (which may be banks or financial institutions) to securities that can be traded in the financial markets (احمد, 2009: ص 262)

Derivatives are a collective name for stock exchange contracts, the most important of which are futures contracts, futures contracts, and swap contracts. It may be expressed as financial assets and it is called as such because its value is derived or derived from the original assets such as bonds, commodities, currencies, and there are types of financial derivatives which are (options, futures contracts, futures contracts, settlements) and the securitization process is considered one of the financial derivatives that played a role Significant rise in the occurrence of the crisis and the steps of the securitization process are summarized as follows (دردر, 2009)

Asset sale: At this stage, the bank sells its assets that are required to be guaranteed, such as real estate in the current crisis, to a specialized securitization

institution, which is called in the United States of America as the special purpose vehicle (svp). Associated issued by the Securitization Corporation.

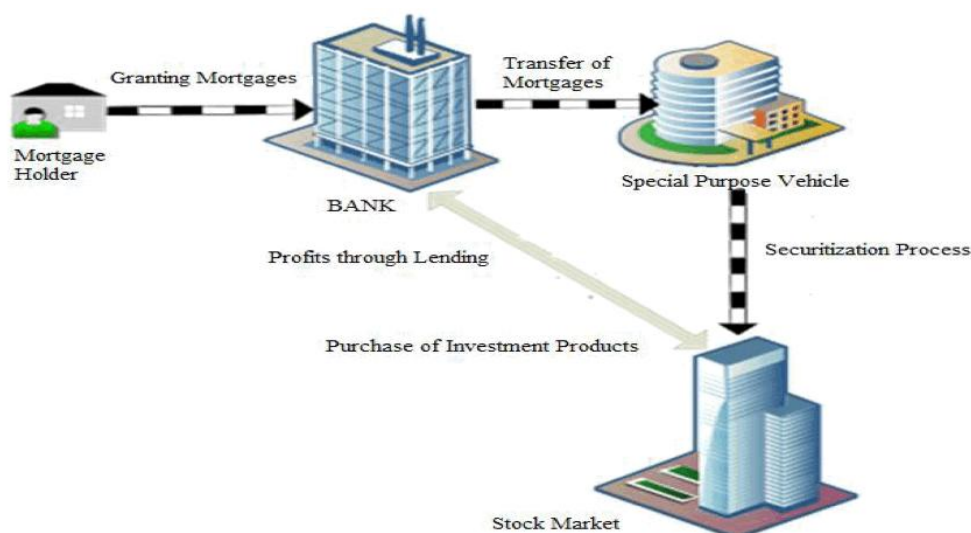
Asset transfer: At this stage, assets with their collateral are converted into bonds, then issued at a value equivalent to the value of the debts subject to securitization by the securitization institution, in exchange for a fee or commission determined by the agreement between the two parties to obtain liquidity by selling it to investors, and with the intention of obtaining a good credit rating Often resort to insurance.

Payment of assets value to the bank: After selling the bonds resulting from securitization operations, the securitization institution uses the collected liquidity to repay the value of the assets assigned to the bank.

Paying interest to investors: An intermediary financial institution undertakes to pay the rights of bondholders after their collection, as the interest of these bonds is compatible with the interest of the original debt.

To explain the securitization process, we give the following example:

Let's say a bank named "X" has assets in a number of mortgages. The bank transfers these mortgages to a company with Special Purpose Vehicle (SPV) characteristics, for example an offshore company. The special purpose company in turn issues debt securities based on loans (mortgage-backed securities, MBS), mixed with theoretically safe investment products, thus creating an investment package. The debt guarantee, which consists of the components of the investment package, is evaluated by the rating agencies (credit rating agencies, CRA). From there, the investment package (which has the highest valuations) "breaks up" into parts to be sold to potential investors, generating profits for banks and investors on the condition that borrowers are consistent with their commitments. This method is called securitization. As shown in Figure 10.

Figure.10: Process of Securitization

Source: Maria Karamitrou & Angelos Markou, Previous source, p.5.

E. The deterioration of the American economy in the years 2000-2008: In the years 2000-2008, the American economy witnessed a severe deterioration, which made it unable to withstand the beginnings of the financial crisis, which made it rampant and increase day by day. Here are some numbers that show the extent of the deterioration of the US economy (international monetary fund. 2008: 49.51).

The state's general budget surplus declined from about \$ 255 billion in 2000 to about \$ 92 billion in 2001, then turned into a deficit of \$ 230 billion in 2002, and this deficit began to increase year after year until it reached about \$ 455 billion in 2007/2008. It is assumed that the main reason for this is the abnormal increase in military spending.)

The rise in the inflation rate, until it reached about 5% in the last year, after it was between 2% and 3% annually.

The rise in the unemployment rate during the last eight years to about 5.5%, after it had fallen in the late twentieth century to about 4%.

The trade balance deficit increased year after year, until in 2007/2008 it reached about \$ 850 billion.

External indebtedness increased, with the United States becoming the largest indebted country in the world.

2.3.5.2. Indirect Causes of The Crisis

It is known that a crisis of this size and breadth should have taken a long time to form, during which it passed through several stages, the most important of which are:

A. Technology Bubble Crisis 2001: It is the stage that began in 2001, which was represented in the direction of financial surpluses to the real estate and consumption sectors, as the cash surpluses that arose from the second oil boom in both the Gulf and Russia and the cash surpluses resulting from Chinese exports to Western countries, which continued to flow into the American economy. Which was directed after the explosion of the dot com sector to the American and European real estate sector, and a high percentage of it was directed to satisfy the appetite of the American consumer, who was and still is spending more than his economic capacity, which encouraged many banks to expand lending in both real estate and consumer parts (طالبی، مصدر سابق: ص 149)

B. The widening gap between the real and financial sectors: The first is related to in-kind assets, and it deals with all real resources that satisfy needs by direct (consumer goods) or indirect (investment goods), and the second includes tools and means that facilitate dealing in in-kind wealth. Thus, the concept of financial assets emerged as a right to in-kind wealth, and from here the crisis spread due to the large expansion of financial assets independently to a degree that exceeds what is happening in the real economy, and this expansion has led to an increase in the number of debtors and an increase in the size of risks (حازم، 2008)

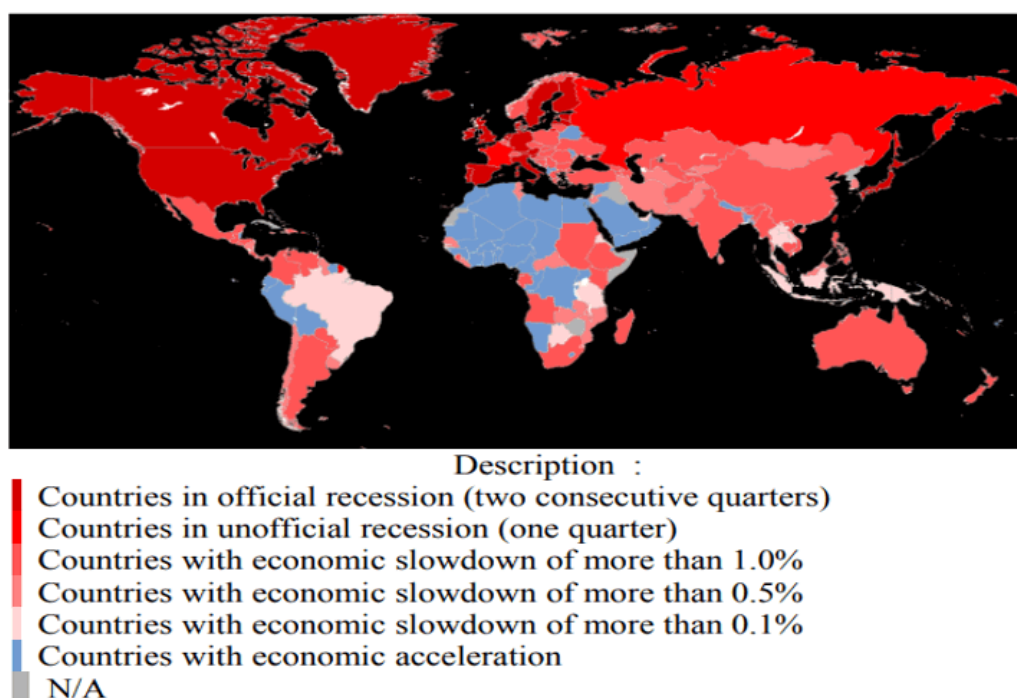
C. The Collapse of the Bruton Woods System: It is possible to go back to the early seventies to determine the beginning of the crisis and to find the first seed for it, which did not come out in its final form until nearly 35 years (a third of a century). The beginning of the crisis was represented in the announcement by US President Nixon that the United States of America would stop paying the value of the dollar in gold, which means that the purchasing power of the dollar does not derive its strength from the reserves of the United States of America of gold, but rather derives its strength from the solvency of the US Treasury, which depends mainly on the strength The US economy, which has gradually eroded from that time to the present day (طالبی، مصدر سابق: ص 145)

D. American wars at the beginning of the third millennium: US military spending to finance his wars in Iraq and Afghanistan, which was estimated at (800) billion dollars. As this spending capacity does not grow in the direction of improving the production capacity of the economy, which led to a decline in the competitive strength of the American industry in foreign markets and the accumulation of deficit in the trade balance, which weakened confidence in the US economy.

2.3.5.3. *The Effects of The Crisis on The International Economy*

Many international financial institutions, foremost of which are the International Monetary Fund and the World Bank, have affirmed that the US economic crisis will not escape from any country in the world, and that it will prolong the economy of all countries, but to varying degrees. The effects of this crisis on the international economy appeared clearly during 2008 and early 2009 in a way that confirms that countries will be affected by this crisis as shown in Figure 11 and the most important effects of this crisis on the international economy were as follows:

Figure.11: Effects of Economic Crisis



Source: Roberta Stanef, Effects of Global Financial Crisis, Article in Metalurgia International January 2010

A. Effects of the crisis on growth rates: The global financial crisis is considered the most violent crisis since the Great Depression in 1929, and perhaps the biggest risk that resulted from it is a global economic slowdown, as the International Monetary Fund and, after that, many governments announced that the economies of developed countries will move from the stage of slow growth to the stage of stagnation, decline, then deflation, and perhaps collapse. That is, its growth rate will be negative during the year 2009, which is what happened, as the world's economies underwent a sharp decline in economic activity that moved to affect the real economy by the end of 2008. It is estimated that the global GDP contracted at an alarming rate of 2.5% in the fourth quarter of 2008 and 0.9% in 2009, a major shift from the 4% growth rate

achieved in the previous year 2007. It is the first global recession since World War II and all economies have been seriously affected, although the severity of the impact was different (IMF, 2008: 138).

Table 8 shows the average values of real GDP growth in all economies during periods of deflation and financial incentives for several variables that the theory indicates that could have important effects: public debt, current account balances, trade openness, and the exchange rate regime (Ibid: 174).

Although the US economy may be the most affected by the intense financial tensions and the continuing decline in the housing sector, the countries of Western Europe and some countries in Asia have been hit hard by the collapse of global trade, and emerging economies have also suffered severe suffering. Dependence on exports of the manufacturing industry sharply declined, albeit less in India and China, due to the decrease in the shares of the export sectors of the domestic production of each of them and the fact that the domestic demand in their economies is more resilient. Parallel to the rapid decline in global economic activity, there has been a rapid decline in inflationary pressures, as commodity prices have witnessed a sharp decline from their high levels, which resulted in a severe loss in the income of the exporting economies of these goods, such as the economies of the Middle East and some Latin American and African countries.

Table.8: Real GDP Growth and Fiscal Impulse Under Various Initial Conditions: All Economies

Conditioning Variables ³	Number of Observations in Downturn	Three-Year Average before Downturn	One Year before Downturn	Year of Downturn Real GDP Growth	One Year after Downturn	Four-Year Average after Downturn
Public debt						
High	13	2.1	1.5	-0.1	2.7	2.0
Low	30	3.1	2.4	-0.3	3.6	3.2
Current account balance ⁴						
High	22	2.7	2.4	0.3	2.6	2.4
Low	27	3.2	2.0	-0.7	3.9	3.4
Openness to trade						
High	24	3.0	2.6	-0.1	2.7	3.1
Low	25	3.4	1.6	-0.3	3.9	3.4
Exchange rate						
Fixed	20	2.8	2.0	-0.3	3.1	3.0
Floating	26	3.1	1.9	0.2	3.7	3.3

Source: IMF, World Economic Outlook October 2008, p178

B. Effects of the crisis on the labor market: The deterioration of the financial situation of the companies, which forced them to abandon many their employees, so we find, for example, that Countrywide Financial has prepared a plan to lay off 12,000 employees due to the repercussions of the crisis, and the number of job seekers has reached more than 7% of the workforce in the states. The United Nations, a high rate

that has not been achieved since 1974. Economists' estimates vary about the depth and extent of the crisis, as well as unemployment rates in different countries. For example, the unemployment rate in the United States increased from 5.8% in 2008 to 9.7% in 2010, and the unemployment rate in European countries moved from 6.1% in 2008 to about 10% in 2010, and the financial sector and the automobile sector are among the sectors. Most vulnerable to layoffs. Because sales have fallen sharply in response to declining consumer confidence and stringent consumer credit requirements. Employment in the US auto sector in October decreased nearly 14% year on year, compared to a just under 1% decline in total employment.

Table 9 shows that unemployment growth in the Organization for Economic Cooperation and Development was unevenly distributed, with Ireland, Spain and the United States of America topping the highest increases in the unemployment rate. In many OECD countries, unemployment has not increased as much as in previous recessions due to the decrease in average working hours (IZA,2011: 17).

Table.9: Unemployment Rates in the Great Recession

	Increase in UR % points	% Increase in UR, 2007 Q4-2010 Q2
AUS UR	0.8	18.2
AUT UR	0.5	12.2
BEL UR	1.3	18.1
CAN UR	2.1	35.6
CZE UR	2.4	49.0
DEU UR	-1.1	-13.8
DNK UR	3.9	114.7
ESP UR	11.4	132.6
FIN UR	1.9	28.8
FRA UR	2	25.3
GBR UR	2.7	52.9
GRC UR	4.2	52.5
HUN UR	3.4	43.0
IRL UR	8.7	181.3
ITA UR	2.1	33.3
JPN UR	1.3	33.3
MEX UR	1.8	48.6
NLD UR	1.2	36.4
NOR UR	1.1	44.0
NZL UR	3.4	97.1
POL UR	1	11.6
PRT UR	3.1	39.2
SVK UR	3.7	34.6
SVN UR	2.6	55.3
SWE UR	2.6	43.3
TUR UR	1.5	16.5
USA UR	4.9	102.1

Source: OECD Harmonised Unemployment Rates.

C- Effects of the crisis on the global banking sector: This crisis is one of the most dangerous crises that the banking sector has been exposed to, as it has led to huge losses and bankruptcies in many banks around the world, especially in Asia and Europe, which led to the spread of fears among banks about lending, and the rates of providing credit have decreased in many countries of the world. Which prompted central banks to pump more money into the money markets to reduce the severity of this crisis. We find, for example, that Citigroup, the largest US bank in terms of assets, had a net profit of 60% in the third quarter of 2007 due to the mortgage turmoil. Also, the French bank BNP Paribas announced a freeze on investments worth 1.6 billion euros, equivalent to 2.2 billion dollars, when the bank found that the mortgage credit risk in the United States is very high. For his part, Swiss bank UBS announced on October 1 that its losses ranged between 600 and 800 million euros due to the mortgage crisis due to the mortgage crisis in the United States. The British HSBC Bank announced in March 2009 that its profits before taxes amounted to 6.5 billion pounds (9.3 billion dollars) in 2008, a decrease of 62% compared to the profits in 2007, and the bank is the largest bank in Europe in a very good financial position so far compared to with other financial institutions (حسن, 2010: ص 16)

D. The effects of the crisis on the financial markets: The crisis has moved from the deposit and credit markets to the money markets because banks and financial institutions deal as financial intermediaries or securities dealers who can affect the value of financial securities. Also, some banks in advanced economies possess a share of the capital in the financial market, and upon bankruptcy these banks are forced to sell Its shares in the financial market are reflected through the regression of some financial indicators. The Dow Jones Industrial Average lost nearly 50% since its highest level at 14,433 points on October 8, 2007, and this index declined during the period from September 3, 2008 to October 22, 2008 for the 30 excellent stocks, 26.1% of its value, and the US S&P Index. With 29.7%, the Nasdaq technology companies' index is 30.8% (هيثم, 2010: ص 19)

2.3.5.4. Suggested Solutions to Address the Crisis

The collapse of Lehman Brothers almost caused the collapse of the global financial system. It took huge taxpayer-funded bailouts to restore the industry. It was crystal clear that the ensuing credit crunch had turned what was already a shocking slowdown into the worst recession of the past 80 years. Huge monetary and fiscal

stimulus prevented a total collapse, but the recovery remains weak compared to the previous post-war recovery (The Economist) (Razvan, 2007,2008).

A. The American bailout plan: Through the banking sector rescue plan project, the US administration sought for the state to purchase assets worth 700 billion dollars linked to mortgages in order to secure better protection of savings and real estate properties belonging to taxpayers, protect property, encourage economic growth and increase investment returns to the maximum extent possible. But three months after the program was put in place, it became clear that the injection of \$ 700 billion was not enough to push the banks out of the closet they reached. This required the allocation of additional funds in the range of \$ 2000 billion to stop the collapse of the banking system, and ultimately led to the intervention of bank capital in amounts that reached 400 billion dollars between September 2008 and March 2009, as it became evident that the affected assets affected banks' budgets significantly, which perpetuated the crisis of confidence. In the banking system, this is what prompted governments to continue to engage in nationalization processes, despite some rejecting this trend for ideological considerations (ناديا, 2012.2013: ص 200,201)

B. European Countries Plan: The crisis extended to Europe due to the globalization of the economy, and the stock exchanges fell in it due to the financial crisis, so the European countries jointly moved with each other to confront the crisis, as the Paris summit was held on 10/12/2008 and included 15 countries: Spain, Germany, Belgium, Finland, France, Greece and the Republic of Ireland. Italy, Luxembourg, the Netherlands, Austria, Portugal, Slovenia, Malta and Cyprus called for each country to work to guarantee deposits and to pump money into the affected banks to avoid any bankruptcy, and to contribute countries to the banks' capital (دبار, 2012.2013: ص 46).

The following will review the plans that some European countries have undertaken to confront the crisis (ضياء, 2010: ص 98).

The British plan: A plan to pump billions of pounds to rescue British banks, which includes pumping up to 250 billion pounds of government funds into the country's largest banks, as allocations of 200 billion pounds and 50 billion dollars to support troubled banks.

The French plan: The French parliament adopted a plan proposed by the government to rescue banks by 360 billion euros.

The German plan: The German government approved a plan to rescue banks, including the establishment of a fund to restore stability to the markets, and it has allocated 400 billion euros.

The Spanish plan: On December 23, 2008, the European Commission approved the Spanish government's plan to bail out the financial and banking sectors at a cost of 200 billion euros, of which 100 billion euros are guarantees for interbank loans.

The Italian plan: The European Commission approved the Italian government's plan to rescue troubled banks, at a cost of 20 billion euros.

The Irish plan: In the last week of September 2008, the Irish government decided to provide a 100% guarantee in its banks.

The Dutch plan: The Dutch government decided to provide an amount of 20 billion euros to Dutch financial institutions, including banks and insurance companies, to avoid further instability in the financial sector.

2.3.5.5. Solutions Proposed by Global Organizations

A. The International Monetary Fund plan: Since the emergence of the signs of the crisis, the Fund has been seeking to bring about a set of administrative reforms by reforming its structures, working mechanisms and financing tools to adapt them to the requirements of global liquidity and its support for the financial rescue plan adopted by many countries.

Where the Executive Committee of the Fund met on June 21, 2009 to study a mechanism for strengthening the administrative reform of this global financial body to activate its role in managing the global financial system (لطرش, 2009: ص 9).

Equitable quota system.

The global level of participation.

Effective decision-making.

Representation in the executive body.

In addition to the fund management and modernization process.

The situation also requires the rapid identification of a plan to provide additional resources for the fund's lending operations and its facilities and a request for a review of the terms and provisions associated with them to meet the financial needs of the member states, especially emergency ones in the short and medium terms. Manifested by:

Reform and increase the size of the lending system.

Special drawing rights reallocation.

Reform of the quota system and votes in the fund.

Reconsidering the systemic risk management mechanism.

B. The World Bank's Reconstruction and Development Plan: Before the crisis, when IBRD countries borrowed from the World Bank at a low level, around 53 percent of total lending, compared to about 63 percent in 2001. Before the crisis, some large borrowers, such as Mexico, had prepaid loans, and the bank was exploring ways to communicate better with IBRD clients and middle-income countries. Proposals for change were consistent with the bank's strong capital position and outreach and partly reflect IBRD loan rates somewhat higher than those of other MDBs. As a result, A set of measures aimed at lowering the cost of borrowing for middle income country clients and sustaining net income transfers to IDA was approved shortly before the crisis. The new IBRD loan terms approved in 2007 recommended simplification and standardization of previous products, where maturity and allowance periods differed according to the income levels of the producer and the borrower, to the average/final maturity of 18/30 years for all borrowers to the extent what is longer than the other MDBs at the time (usually with a loan life of 12 to 25 years), though not significantly. On average, this was a significant extension of maturity for the IBRD product. As a result, IBRD loans were attractively priced at the start of the crisis, particularly in relation to global credit constraints and the sharp escalation in sovereign borrowing costs for most IBRD client countries. In November 2008, increases in risk premiums and financing costs were recognized, and IBRD margins increased for fixed spread loans (world bank group, 2012: 40,41).

Between fiscal years 2009 and 2010, the bank extended 106 financial sector loans to 57 countries, with total commitments exceeding \$ 28 billion. Of these loans, in 46 countries, 77 were the primary focus of the crisis.

Table 10 shows the response of international financial institutions to the crisis:

All international financial institutions and multilateral development banks increased their lending during the crisis. The bank's average increase of 96 percent annually in 2008.2010 compared to 2005.2007 exceeded the response of the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank (IDB) and the Asian Development Bank (ADB) (58 percent, 79 percent, and 58 percent) Respectively) and was comparable to the African Development Bank (AfDB) (100 percent). Their total combined portfolio (loans, equity investments, and guarantees) increased by \$ 100.9 billion in 2009 (Ibid: 15).

Table.10: IFI Operations During the Crisis, 2008–10

	<i>Current lending (US\$ billions)</i>					<i>Gross outstanding loans, equity investments, and guarantees (US\$ billions)</i>		
	<i>2005–07</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>Average annual change, 2005–07 versus 2008–10 (%)</i>	<i>2009</i>	<i>2008</i>	<i>Increase (US\$ billions)</i>
World Bank	23.3	35.2	55.0	46.8	96	121.8	107.4	14.4
IFC ^a	5.9	10.4	8.6	11.1	71	29.2	24.8	4.4
EIB	60.6	82.7	110.0	95.2	58	472.3	410.6	61.7
EBRD	6.4	7.5	11.0	12.0	58	26.2	21.7	4.5
ADB	7.9	10.6	14.1	12.4	58	44.3	38.2	6.1
IDB	7.5	11.2	15.5	13.4	79	59.0	52.2	6.8
AfDB ^b	1.5	2.2	5.0	2.0	100	12.3	9.4	2.9
Total	113.0	159.8	219.1	192.9	69	765.1	664.2	100.9
IMF	5.1	49.5	123.3	166.0	2,131			
Memo items								
US TARP		700						
US Stimulus		825						

Source: The Independent Evaluation Group, The World Bank Group, The World Bank Group's Response to the Global Economic Crisis PHASE II, 2012, p15

2.3.5.6. The Islamic Vision in Facing the Crisis

Finally, a question that comes to the minds of those with economic theories and international systems, is the Islamic economic system capable of solving the problems of financial and economic crises? The question can be answered with the following points:

For governments to intervene through monetary institutions and central banks to effectively control the actions of financial institutions such as banks, mortgage companies, stock exchanges and the like to prevent all forms of speculation, gambling, and trade in debts and fictitious financial derivatives.

Reconsidering the mechanism of the interest system on loans and credit and replacing it with the systems and forms of Islamic investment and financing based on participation, sale and actual transactions (داودي ميمونة, مصدر سابق: ص 161, 162).

Liberating monetary transactions from the dominance of one currency (the dollar) and finding an alternative to it so that the collapse in a particular currency does not lead to damage to all currencies.

Preventing short term speculative methods and short selling.

The West has reached a conviction that applying the foundations of the Islamic system and not its ideology can solve many economic and financial problems, as ((Maurice Allie)) the French Nobel Prize winning economist touched on getting out of the crises in the global economy and restoring balance there are two conditions: The first: adjusting the interest rate to zero. The second: revising the tax rate to

approximately 2%, which is similar to what is found in the Islamic system, where there is no interest and the rate of zakat is 2.5% (فؤاد, 2003: ص 65).



CHAPTER III: THE NATURE OF THE RECENT ECONOMIC CRISIS (2020)

The global economy is in a deep recession amid a pandemic that remains unrestrained. Now is the time to devise a plan for global recovery, one that can credibly return even the most vulnerable countries to a stronger position than they were before. And the previous situation is a goal not worthy of the name. The task is urgent, as we are witnessing at the present time that history is repeating itself, this time with a disturbing mix of tragedies and farces. Ten years ago, the world's major economies pledged that the renaissance would achieve the worst financial crisis the world had seen since the Great Depression, and they used a tone suggesting their readiness to reshape the international system in a way that draws inspiration from those who led the march out of war and devastation after 1945. In April 2009, The G20 leaders met in London to agree on a set of collective measures in response to the global financial crisis that has afflicted world leaders from Tokyo to Washington and Beijing to Buenos Aires الاونكتاد (2020)

The plan agreed upon in London was bold: to restore confidence, generate growth, and create jobs; Reform the financial system to return to lending, strengthen financial regulation to rebuild confidence, and finance and reform international financial institutions to help overcome this crisis and prevent its recurrence in the future Promote global trade and investment, address protectionism, and achieve comprehensive and environmentally sustainable recovery.

But that did not happen. Or rather, what progress has been made has been towards circumventing these pledges more than toward fulfilling them: trillions of dollars have been spent on reforming the financial system, but without the bankers expressing themselves clearly and explicitly about their previous mistakes or being held accountable, whether in the form of prosecutions or through serious reform, and new free trade agreements were formed, but without acknowledging that previous agreements had contributed to creating a world in which inequalities and fragility increased. Europe and the United States have moved to a stage of structural reforms and austerity based on the false assumption that excessive restrictions are Inflation of the public sector will constrain growth in the future the result is a standalone cycle in which weak aggregate demand, tepid growth, and widening inequality are combined.

And now there is another crisis, in the form of a microscopic pathogen that has made its way around the world from a food market in central China, in the process of exposing the reality of the shortcomings of the global economy and the way it is managed. In March of this year (2020), as the Covid.19 infection turned into a global pandemic and the number of deaths rose, governments around the world chose to pursue policies that put the economy in a coma as they stopped all human interactions that define a large part of Commercial life to prevent new infections and reduce the burden on health systems. This Great Shutdown, as the International Monetary Fund calls it, pushed the global economy into recession in 2020 on a scale unprecedented since the 1930s. Huge packages of measures were adopted to revive the economy, especially in developed countries, and the medical community joined forces in search of a vaccine. However, uncertainty is increasing, and anxiety continues day after day. Additional waves of infection and death cannot be ruled out.

3.1. THE REASONS THAT LED TO THE OUTBREAK OF THE CRISIS.

Global markets are awaiting an imminent economic collapse, amid concern about financial market losses, especially after the decline in demand for American bonds, the decline in German companies' confidence, and the decline in industrial production in China and America. The risk management of the American bank "GB Morgan" predicted the outbreak of a new global financial crisis. The year 2020, and expectations come based on analyzes of the movement and performance of the market during the 10 years since the outbreak of the previous crisis in 2008, and a report by The Times stated that the current period prevails in the whole world for fear of an imminent economic recession, but it is in Britain more than others, as it is about to leave The European Union and the challenges that this brings to the economy. The report indicated that manufacturing output in China fell this year to its lowest rate in 17 years, and the German economy contracted by 0.2% in the second quarter of this year, and the same is the case in Britain. (سعيدو2020)

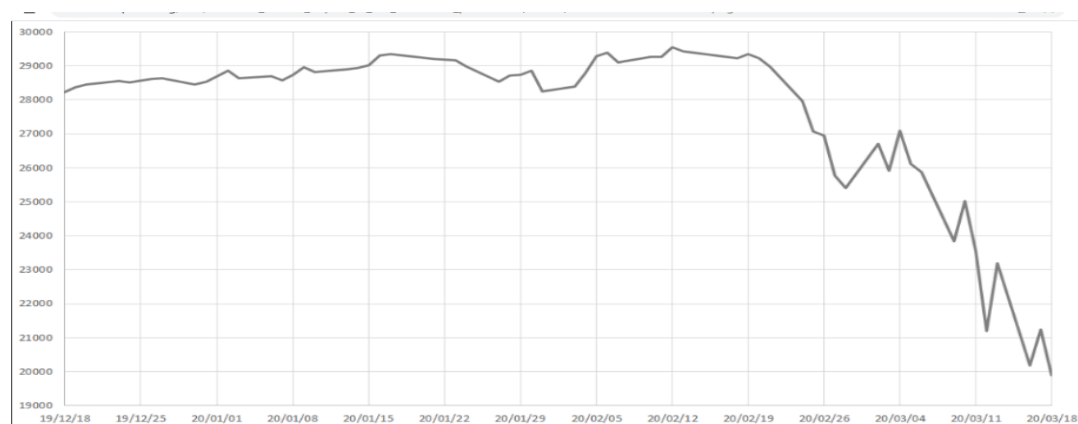
3.1.1. The Shock of The Global Financial Markets

The interconnectedness of financial markets, the growing movement of international capital and the entry of new financial instruments and active forces in the international financial markets contributed to the development of financial markets. Financial markets have contributed to the transmission of financial crises from market

to market across continents, in addition to the transmission of crises through economic integration between countries, as well. The financial liberalization that industrialized and developing countries have undertaken to liberalize their financial sectors by adopting financial openness policies pushed the globalization of financial markets and strengthened their interconnectedness with each other and linking them with the outside world. The following are the indicators of some financial markets during the crisis period: (حمزة, عيسى, 2020: ص ص 1-15)

A. Dow Jones: On Monday, February 24, 2020, the Dow Jones Industrial Average fell more than 3% as the spread of the Coronavirus worsens dramatically outside of China during this coming on the heels of record indices falling sharply on the European continent after sharp declines across Asia. There was a significant drop in the price of oil and a significant increase in the price of gold, to the highest level in 7 years, due to the growing concerns about the outbreak of the Corona virus, various US stock market indices including the NASDAQ 100, the S&P 500 index, and the Dow Jones Industrial Average were larger. Its decline since 2008, as the Dow Jones Index decreased by 1,191 points. The biggest one day drop since the 2008 financial crisis. On February 28, 2020, stock markets around the world recorded their biggest one week decline since the 2008 financial crisis. (Smith) Figure 12 shows the movement of the Dow Jones Stock Exchange index, as it shows its highest level on the launch on February 12, followed by the crash in February and March during the COVID.19 pandemic.

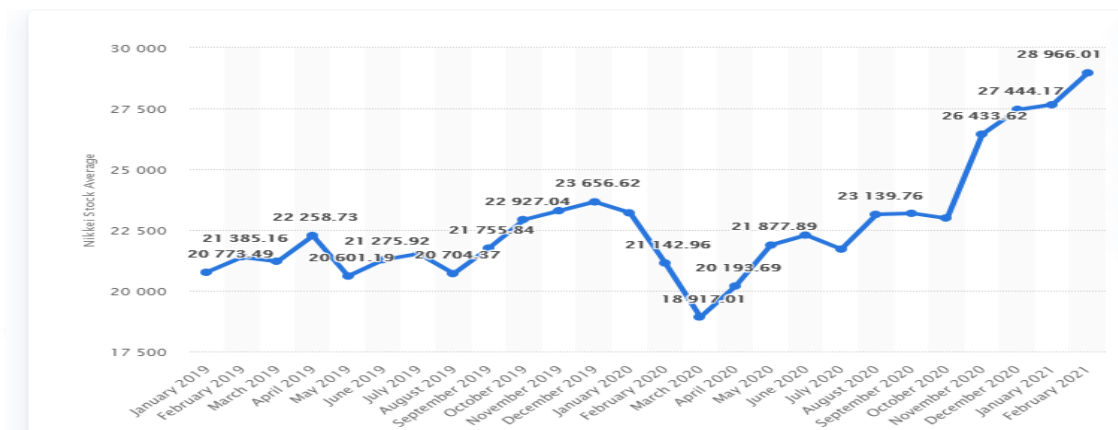
Figure.12: The Movement of the Dow Jones Industrial Average between December 2019 and March 2020



Source: Wikipedia the free encyclopedia, at the link https://en.wikipedia.org/wiki/Financial_market_impact_of_the_COVID.19_pandemic

B. Nikkei 225: Figure 13 shows the movement of the Nikkei Stock Exchange in the period January 2019 to February 2021, the index reached 18,917 points for the first time since 1991. Due to the global Coronavirus (COVID.19) pandemic, this is its lowest level in March 2020.

Figure.13: Nikkei 225 Monthly Development in Japan



Source: Published by Statista Research Department, Mar 1, 2021.

C. CAC 40 Index: The French CAC.40 Index is down 28% (with a drop of .38% in mid-March), and this stock market crash could revive fears of a new financial crisis, just a few years after the subprime crisis. The decline in the CAC. 40 in the first few weeks was in fact more severe than observed in the months following the collapse of Lehman Brothers in September 2008 and Figure 14 shows the decline in the value of the CAC stock exchange due to the Corona epidemic (Blot, Hubert, 2020).

Figure.14: The Impact of the Coronavirus (COVID.19) Outbreak on the CAC 40 Index in



Source :2021 ,Published by Statista Research Department, Mar 1

3.1.2. US-Chinese Trade Tensions

Trade between the United States of America and China has grown at a rapid pace over the past three decades. According to Chinese statistics, bilateral trade has grown by about 233 times what it has been since the start of diplomatic relations between the two countries in 1979, and 7 times what it was in 2001 when China joined the WTO.

Globalism. At present, the USA is the largest market for Chinese products and the sixth largest supplier to China. China also enjoys an important position as a major exporter of rare earths, which is used in the production of a variety of products from military equipment to high-tech consumer electronics, especially to the United States of America and some countries of the world (حسني , عبدالمنعم, 2020: ص ص 35,36).

It is no secret that the reasons for the US trade deficit with China are primarily attributed to China's ability to produce a wide variety of products at a much lower cost compared to similar products manufactured in America and many countries of the world. It is reported that major American companies have moved their operations to China, including shipping raw materials from their home country to China, due to the low costs of the assembly process (Assembling). The reason for this low cost is two factors: 1. The low level of Chinese wages, 2. The low exchange rate of the Chinese yuan against the US dollar which makes Chinese products cheap from the point of view of the importer who is bearer of the dollar.

This situation continued until the development of the largest deficit in the United States with China to more than 42.1% of the trade deficit of the United States in goods, and a deficit of 346 billion dollars with China was achieved, represented by 452 billion dollars in 2018 imports. In imports of electrical appliances, machinery, furniture and furnishings. It was the second largest US trade deficit with Mexico, at \$ 102 billion. Exports are \$ 256 billion, mostly auto parts and petroleum products. Imports reach \$ 358 billion, with cars, trucks and auto parts being the largest components. The United States has a deficit with its NAFTA partners, Canada, the United States and Mexico are partners in the world's largest trade agreement, the North American Free Trade Agreement. The trade deficit with Canada reached \$ 27 billion in 2019. The United States exported \$ 293 billion to Canada. More than any other. And it imported 320 billion dollars. The biggest exports so far were cars and spare parts. Other large categories include petroleum products, machinery and industrial equipment. The largest imports are crude oil and gas from Canada's abundant shale oil fields (Amadwo, 2020).

Figure 15 shows that the bilateral deficit in goods and services has grown from \$ 81 billion in 2001 to \$ 336 billion in 2017, increasing from just over 20 percent of the US trade deficit in 2011 to more than 60 Percent today.

Figure.15: U.S. Trade Deficit with China Absolute and Percent of Total U.S. Trade Deficit



Source: Joshua P. Meltzer & Neena Shenai, The US, China economic relationship A comprehensive approach, Global economy and development at brooking February 2019, p.9.

This reality has made successive US governments view their trade with China with suspicion and apprehension that the bilateral trade relations will further harm the US economy. Therefore, those governments used to criticize the mix of trade, industrial and monetary policies practiced by Beijing, which enhanced the competitiveness of its products in the American and global markets at the expense of the American economy. In this context, and in 1994 Washington decided to classify Beijing as manipulative in the local currency (yuan), while the People's Bank (the Chinese Central Bank) announced that it did not object to liberalizing its local currency, but gradually to the extent that it did not negatively affect the competitive position of Chinese exports to the world and its repercussions on Employment and economic growth, and therefore it will continue to tighten control and support the currency whenever it approaches certain levels.

The United States of America and the European Union have also accused China since 2006 of using a combination of protectionist trade policies, such as subsidies and financial support provided by the Chinese government to its domestic exporters through providing low interest loans or unannounced government support, which makes it difficult to compete with their American counterparts, in addition to tax incentives. For domestic producers.

Moreover, China is accused of practicing discriminatory policies against foreign companies operating in it through the application of restrictive measures related to their

purchases, as the Chinese government invites these companies to forcibly share their trade secrets with Chinese companies in order to implement them into Chinese markets. a policy that is classified by the United States of America. B “Coercive Transfer” (Mourtiritz,2019: 174-179).

For these reasons, successive US administrations have resorted to setting obstacles to Chinese exports in order to reduce the deficit in their trade balance, and to work to enhance their exports and maintain the vitality of their industries and to achieve acceptable employment rates. On March 1, 2018, US President Donald Trump decided to impose tariffs on all imports of steel, aluminum, and some metals from China. On the 22nd of the same month, Trump announced his plan to impose a 25 percent tariff on the \$ 50 billion worth of steel and 10 percent of the aluminum imported from China. As a result, China announced its response by imposing corresponding tariffs on its imports from America. In April of the same year, the US Department of Commerce announced a list of Chinese goods on which customs duties would be imposed. In return, the Chinese government announced a list of 100 US goods that would be subject to tariff increases. This is how the US administration announced the increase in tariffs, which were confronted each time with corresponding announcements by the Chinese side. (حسني , عبدالمنعم, مصدر سابق: ص 37) China is the largest exporter in the world and the United States is the largest consumer in the world. The two countries together account for 40% of the global economy. The impact of the trade war on the global economy cannot be underestimated. It has the potential to drag the global economy into recession, a concern expressed by many countries at the Spring 2018 meetings of the International Monetary Fund (Jiming, Yanjmei: 30).

3.1.3. The Emergence of The Corona Virus (Covid 19)

Since the emergence of the Corona virus at the end of 2019 and the beginning of 2020 in the Chinese region of Wuhan, it has led to the emergence of a global economic crisis, from which no country, whether developed or developing countries, has been spared, and by virtue of the global interconnectedness between the economies of countries, it has led to the global economy entering a state of severe recession, it has caused disturbances. And a great shock to the global economy, affecting various sectors, which led to the collapse of global stock exchanges, and billions of dollars in losses in various parts of the world, with the expectation that the effects would be influential for decades to come. As a result of this crisis, the Organization for Economic Cooperation and Development cut its forecast for 2020 growth in half from

2.9% to 1.5%, and the International Monetary Fund expected an increase in growth from 2.9% in 2019 to 3.3% in 2020, and there were many reasons for optimism, including the trade agreement between China and the United States, Until the outbreak of the virus came and caused a major shock to the global economy, countries should not put in place fundamental policies aimed at helping economies overcome the period of the spread of this epidemic, while preserving the integrity of the network of economic and financial relations between workers, businesses and others -10 ص ص طيب: (بن خيرة ,
(20

As shown in Table (11), the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD) and the World Bank have revised their expectations for a reduction between late 2019 and mid.2020, reflecting the rapid deterioration of the global economy. In most forecasts, advanced economies are expected to experience the largest decline in economic growth during the second quarter of 2020. Specifically (Jackson, 2020).

_ The International Monetary Fund cut its forecast for global economic growth between October 2019 and June 2020 from + 3.4% to .4.9%.

_ The Organization for Economic Co-operation and Development lowered its forecast from + 2.9% in November 2019 to a range from .6.0% to .7.6% in June 2020, depending on the trajectory of COVID.19.

_ The World Bank cut its global growth forecast between January 2020 and June 2020 from + 2.9% to .5.2%.

Table.11: Major Economic Forecasts, Differing Assessments

Percentage changes at annual rates

	World		Advanced economies		Developing economies		United States	
	2020	2021	2020	2021	2020	2021	2020	2021
International Monetary Fund								
October 2019	3.4%	3.6%	1.7%	1.6%	4.6%	4.8%	2.1%	1.7%
April 2020	-3.0	5.8	-6.1	4.5	-1.0	6.6	-5.9	4.7
June 2020	-4.9	5.4	-8.0	4.8	-3.0	5.9	-8.0	4.5
Organization for Economic Cooperation and Development								
Nov 2019	2.9	3.0	1.6	1.7	4.0	4.0	2.0	2.0
March 2020	2.4	3.3	0.8	1.2	NA	NA	1.9	2.1
June 2020 single-wave	-6.0	5.2	-7.5	4.8	-4.6	5.6	-7.3	4.1
June 2020 double-wave	-7.6	2.8	-9.3	2.2	-6.1	3.2	-8.5	1.9
World Bank								
January 2020	2.5	2.6	1.4	1.5	4.1	4.3	1.8	1.7
June 2020	-5.2	4.2	-7.0	3.9	-2.5	4.6	-6.1	4.0

Source: James K. Jackson, Global Economic Growth Forecasts: Impact of COVID.19, Congressional Research Service, this document was prepared by the Congressional Research Service (CRS), 1 September, 2020.

3.2. THE EFFECTS OF THE 2020 CRISIS ON THE GLOBAL ECONOMY

The measures and measures to confront the Corona pandemic during the first quarter of the year 2020 led to a slowdown in the growth of the global economy. Through a sharp decline in aggregate demand, consumption and public spending, supply chains, the global manufacturing and services sector, international trade, tourism revenues, and inflows of foreign investment, global financial market indicators and oil prices decline. It was economically prepared between countries to form, through the influence of their economies at their local levels, a global economic crisis through channels of mutual influence, and in this context, there are several channels through which the Corona virus affects the global economy, namely (الخطر, 2021)

Trade exchange: by disrupting supply and disrupting supply chains, the pandemic affects hindering production and weakening both global demand and supply, which in turn leads to a reduction in energy demand.

Financial interconnectedness: Its material and moral impact has affected global financial markets, which have witnessed collapses and the worst performance since the outbreak of the high financial crisis in 2008, and thus financial markets give a negative indication of investors 'feeling of the trends of the virus's impact on the global economy.

Tourism and transportation: as the pandemic affect both global demand and supply by reducing travel rates due to the closure of the borders of many countries and the closure of many airports around the world. As for the local economy of countries, the virus affects it through three channels (نفس المصدر)

Impeding economic activity: by hindering production, services, transportation, transportation, tourism and shopping and weakening supply and demand, as many cities were placed under curfew and turned into ghost towns as we have seen in China and Italy, and the number is increasing around the world.

The costs of response and containment: from rescue, support, and precautionary measures to the health sector and the economic and social sectors, at heavy and rising costs.

Confidence and certainty: Confusion and uncertainty weaken confidence, and this leads to reluctance to invest, spend and tourism.

The following are the most important effects of the Corona pandemic on the global economy.

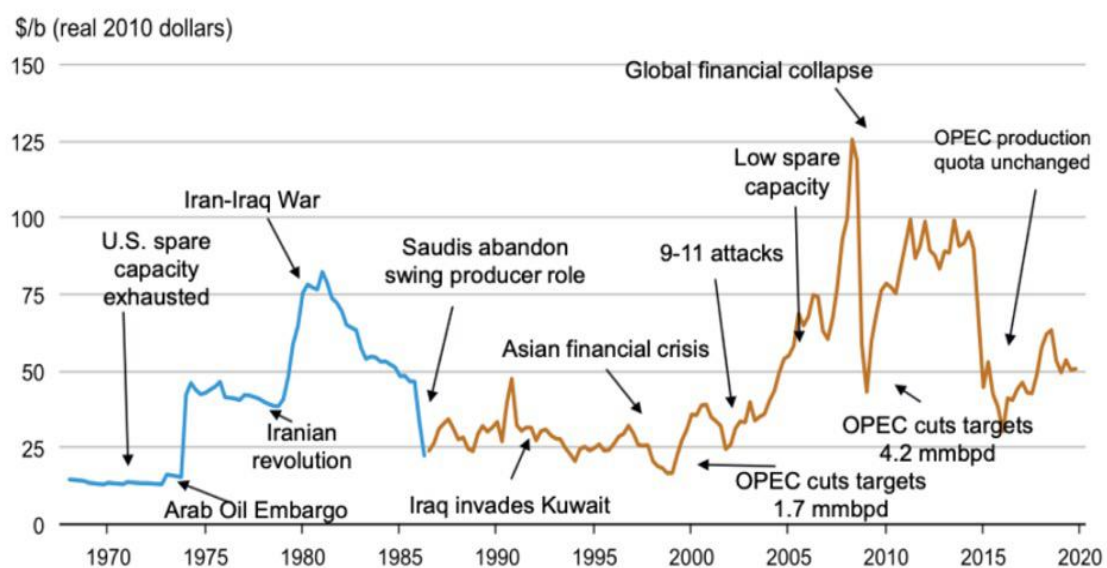
3.2.1. Collapse of Oil Prices

The primary driver of the price of oil is market supply and demand. Therefore, oil supplies are controlled by a cartel of oil producing countries called OPEC and oil demand is driven by production and transit port activity such as electricity, gasoline and kerosene. A great deal of literature has emerged on the economic determinants of oil price fluctuations. Initially, oil price fluctuations were explained by global oil production disruptions linked to political events such as wars and revolutions in OPEC countries, subsequent research has shown that oil price fluctuations since 1973 are explained by shifts in demand for crude oil. The oil price shock of 1973.1974 was explained by the shortage of supply that led to the increase in its price. Hamilton (2003) attributes the cuts in Arab oil production to the Arab oil embargo imposed on selected Western countries, which lasted from October 1973 to March 1974. This crisis was followed by a second oil crisis in 1979.80, when the price of West Texas Intermediate rose. From less than \$ 15 in September 1978 to nearly \$ 40 in April 1980. Hamilton (2003) explained this rise in oil prices through the decline in Iranian oil production after the Iranian revolution, and the higher prices were also explained by the increase in demand for stocks in anticipation. Future oil shortages and higher future oil demand from the booming global economy (Aloui, Guesmi, Hchiichi, 2020: 4).

From 1980 to 1990, Hamilton (2003) attributed the increase in the West Texas Intermediate oil price from \$ 36 in September to \$ 38 in January 1981 to the disruption of oil supplies following the outbreak of the Iran-Iraq War, which caused the destruction of Iran's oil facilities. However, the rise in US interest rates and the emerging global recession reduced the demand for oil and thus its prices. Hence, these economic conditions caused the sale of accumulated oil stocks in 1979. The largest increase in oil prices since 1979 occurred between mid.2003 and mid.2008, and the price of West Texas Intermediate rose from \$ 28 to \$ 134. The reason for the price increase was the increased demand for crude oil. Hamilton (2009) showed that this massive increase in demand was explained by the unexpected expansion in the global economy driven by the strong rise in oil demand from emerging Asian countries. This increase in oil prices in the actual market can be interpreted as a result of the behavior

of speculators in the future market. The recent 2008 financial crisis illustrates the strong impacts of the sharp drop in demand for commodities around the world which was reduced sharply in the second half of 2008 as crude oil fell, causing the price of oil to drop from \$ 134 in June 2008 to \$ 39. America February 2009 currently, as a result of the COVID.19 epidemic, global industrial production has decreased resulting in lower oil consumption which reduces the price per barrel. As announced by the International Energy Agency (IEA (2020) on February 15, 2020, global demand could drop by 425,000 barrels per day after the significant drop in Chinese consumption. Low global oil demand compared to 2019 China, which consumes about 14% of global oil production. And the air carriers, which consume 8% of the global demand, have reduced their activities significantly (Ibid: 5). Figure 16 shows the historical development of world oil prices from the period 1950 to the Covid 19 2020 crisis.

Figure.16: Historical Oil Price (US\$/barrel)



Source: Institute for Essential Services Reform (IESR), Covid.19 Pandemic: Impact on the Oil and Gas Industry, 8 Mei 2020.

3.2.2. The Shrinking of the Industrial Sector

Global manufacturing growth, which had already slowed in 2019 as a result of trade tensions between the dominant economies due to the economic disruptions caused by the Corona pandemic, is expected to decline. Throughout the year of 2019, global industrialization was already witnessing a steady decline in production growth, as industrialized countries in particular recorded a contraction. Noticeable in production, and China still shows high quarterly growth rates that exceeded 5% at the end of the year, and in the first two months of 2020, China showed a sharp decrease in production

with the start of the closure of Wuhan and other areas to contain the virus at the same time. (احمد , الطاهر, 2020: ص ص 129-145).

During the past two decades, the Chinese economy has become a pivotal role in the trends of the global economy, as the increasing importance of China in the global economy is not related to its status as a manufacturer and exporter of consumer products, but it has also become the main and important supplier in the world of intermediate inputs to manufacturing companies abroad, as the statistics indicate 20% of world trade comes in the form of intermediate products manufactured in China, and Chinese manufacturing is a necessity for many value chains. Especially those related to precision tools, machinery, automotive equipment and communications, and any major disruption to China's supply in these sectors will greatly affect producers in the rest of the world. Among the countries affected by the disruption of Chinese exports. Among the countries most affected are Australia, Belarus, Brazil, Canada, the European Union, Hong Kong, India, Indonesia, Israel, Japan, the Republic of Korea, Malaysia and Mexico.

Some European car manufacturers may face a shortage of basic components for their manufacture, and companies in Japan may find it difficult to obtain spare parts for assembling digital cameras. In general, this affects the production capacities and total exports of many companies.

The spread of the Corona virus has disrupted manufacturing processes around the world, as China closed its factories and many workers returned to their countries, which negatively affected global supply chains, and international companies such as Hyundai have stopped manufacturing due to their inability to obtain Chinese spare parts.

Global supply chains were affected by the delay in delivery from industrialized countries to producers, which affected the stock of inputs, as well as the stock of finished goods, and the purchasing activity decreased significantly due to the decline in Chinese purchases and the decrease in production and demand in other countries.

The Corona pandemic affected some technological industries such as smartphones, wearable devices, and video games, in addition to affecting the auto parts industry and the semiconductor industry. Total global industrial production also shows a sharp decline mainly caused by a large share of China in global manufacturing. It is

likely that the global manufacturing sector, due to the Corona pandemic, will be affected in three aspect (احمد, الطاهر, مصدر سابق)

The disruption of direct supplies will hamper production, as the virus focuses on the heart of manufacturing in the world (East Asia) and is rapidly spreading to other industrial giants in the United States and Germany.

The contagion in the supply chain amplifies direct supply shocks, as manufacturing sectors in less-affected countries will find it more difficult and more expensive to obtain industrial inputs imported from hard-hit countries, and then from each other. There are disruptions in demand due to recessions and macroeconomic decline, and because of the state of anticipation and delay in purchasing that dominate consumers and investors.

3.2.3. Disruption of the Tourism and Transport Sector

One of the most prominent effects of the spread of Covid 19 around the world is the disruption of tourism and transportation of all kinds (land, sea, and air).

A. Tourism and hotel sector: The tourism and hotel sector has not been spared from the effects of Corona, because with the global quarantine policy, the global tourism movement has stopped, which made the tourism sector incur an amount of \$ 2.1 trillion. According to the data of the World Tourism Organization, the Corona pandemic crisis has led to a decrease in the number of international tourists worldwide by about 79% in 2020, which leads to losses estimated at 591 billion dollars., Equivalent to 10.3% of the total global employment. About 210 million direct jobs in the tourism sector have been affected by risk worldwide during 2020. The restriction of international travel around the world resulted in the cancellation of between 70 and 80% of hotel reservations worldwide (العونية, 2020: ص ص 178-198).

The statistics of the World Tourism Organization on the impact of the Corona virus on the global tourism sector indicate that there is a decrease in the number of international tourists by a rate ranging between 1% and 3% during the year 2020 in the world, compared to estimates of growth ranging between 3 and 4% at the beginning of 2020. This decrease will result in an estimated loss of between 30 and 50 billion dollars in spending by international visitors in tourist destinations (international tourism receipts). The Asia-Pacific region is the region most affected by the decrease in the number of tourists by a rate ranging between 9 to 12% in 2020 compared to an expected growth between 5 and 6 in early 2020, and the largest impact will be on small and

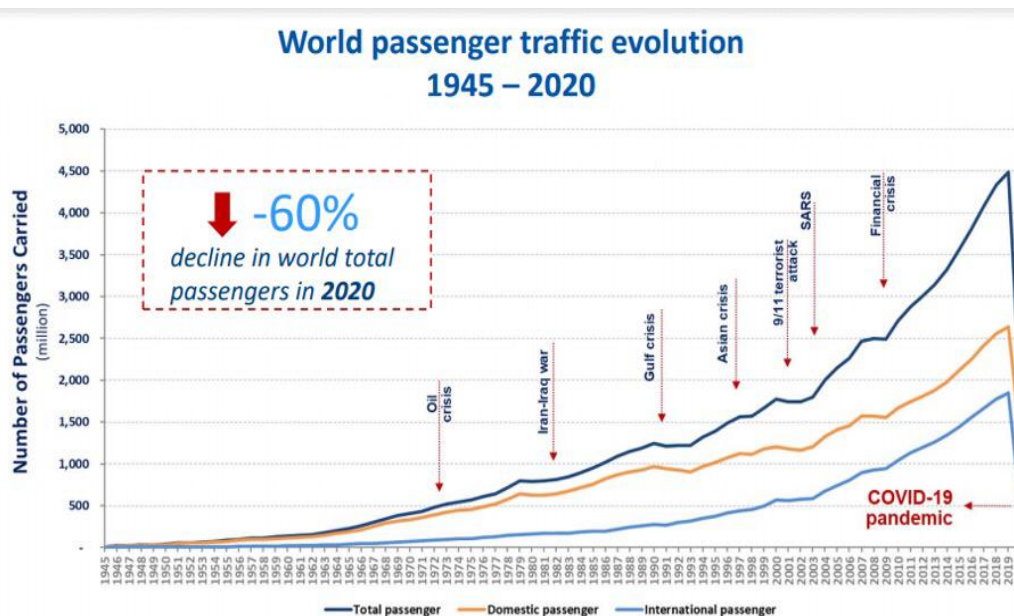
medium-sized companies that may be exposed to bankruptcy and this calls for taking Measures. Support and revitalization of tourism in the most affected countries. (سلام, مصدر سابق)

B. The transport sector (land, sea and air): As for the transport sector, it has also witnessed a direct impact due to the measures of closure, isolation and quarantine of entire regions and the great slowdown in the movement of people across the world in itself, which has been confirmed by many studies on the movement and movement of people in the time of the pandemic. It had negative effects on the various transport institutions (land, sea and air).

Land transport sector: The Covid.19 pandemic imposed unprecedented challenges for all companies worldwide, and companies operating in the transport sector were among the most affected by the repercussions of this crisis. The travel bans measures in place to limit the spread of the virus have resulted in the inability of companies to transport travelers freely between cities, countries and continents. As a result, there has been a sharp decline in transport revenues, which has resulted in a wide range of challenges in the short and long term, starting with reducing salaries and laying off employees, and not ending with a number of well-established companies having to close as a result of their inability to maintain the necessary financial liquidity during the prolonged interruption of operation. Land transportation of passengers has been severely affected by the pandemic. Due to reduced demand and restrictions imposed on private and public transport, cities around the world have witnessed a significant decrease in traffic. This negatively affected service providers and passengers (الامم المتحدة, 2020: ص 4)

Air transport sector: It is expected that airlines around the world will lose 113 billion dollars in revenues in 2020, at the height of the outbreak, 70% of scheduled flights in China were canceled, and international travel stopped as of mid-March 2020, as the World Tourism and Travel Council estimated (WTTC) Global travel to decrease by at least 25% in 2020 (Maliszewski, Mattoo, Mensbrugghe, 2020: 4).

Figure.17: World Passenger Traffic Evolution 1945 – 2020



Source: International Civil Aviation Organization (ICAO), Effects of Novel Coronavirus (Covid.19) on Civil Aviation: Economic Impact Analysis (Montreal, Canada, Air Transport Bureau, 10 March 2021), p.5.

The maritime transport sectors: As for maritime transport, it played a fundamental role in confronting the Covid.19 pandemic by ensuring the continuity of supply chains, knowing that 80 percent of global trade in terms of volume and 70 percent of it by value is transported by sea. Some faltering as a result of lower consumption demand and slowing economic growth in general, and containers lost 4 percent of their volume in the first quarter of 2020 compared to last year. The health and safety of seafarers became a concern, as restrictions imposed on passenger movement across borders prevented the periodic turnover of crews, forcing large numbers of seafarers to work at sea for periods beyond their original work contracts. This may lead to a humanitarian problem that requires treatment (الم المتحدة, مصدر سابق: ص4)

3.2.4. The Decrease in The Volume of International Trade

Analyzes by a team of economists specializing in the trade sector of the European Commission estimated a 9.7% decrease in world trade in 2020, the expected economic downturn associated with COVID19 would lead to a 9.2% decrease in exports of goods and services outside the European Union, and an 8.8% decrease in global trade. Imports outside the European Union countries in 2020. In absolute terms, compared to the latest available statistics, this represents a decrease in exports of about 285 billion euros and 240 billion euros in imports from outside the European Union (goods and services combined). The team's estimates concluded that exports of primary sectors (other than energy) and services trade were less affected than manufacturing

sector activities, most of which saw exports contract by more than 10%, and that transport equipment and electrical machinery are severely affected. The WTO Secretariat also recently simulated the potential economic impacts of the COVID19 pandemic on international trade, using a different methodological approach. They predict that global merchandise trade could decline by between 13% and 32% in 2020, depending on assumptions about the length and severity of the COVID19 crisis (The European commission, 2020: 2).

According to the estimates of the United Nations Conference on Trade and Development (UNCTAD), the value of world trade in commodities, although it recorded a decline of only 3% during the first quarter of 2020, will witness a significant deterioration during the second quarter, by up to 26.9%, coinciding with the increasing spread of the pandemic and its consequences of measures. On the other hand, commodity prices decreased at an accelerating rate, as the UNCTAD commodity price index lost 1.2% of its value in January 2020, 8.5% in February and 20.4% in March (a decline the world has not seen since the Second World War). Oil is the main reason behind this development, as it recorded a decrease in prices by 33.2% during the month of March, while minerals, ores, foodstuffs and agricultural materials witnessed a decrease in prices by no more than 4% (Me, Fu, 2020: 22).

The World Trade Organization (WTO) secretariat recently simulated the potential economic effects of the Corona pandemic on international trade, expecting that global merchandise trade will decrease by between 13% and 32% in 2020, and compared to the European Commission's estimates, it expects European exports to decrease by between 12% to 33%. And its imports by 10% to 25%, depending on assumptions about the length and severity of the pandemic crisis and according to global GDP scenarios, as the organization's forecasts depend largely on GDP estimates, which are usually derived from the International Monetary Fund, the World Bank and the Organization for Economic Cooperation and Development. In different regions as inputs into the trade forecast model (European commission, 2020: 2,3).

It should be noted that most of the countries in which the virus has spread have witnessed the phenomenon of consumption and an irrational demand for commodities, food products, cleaning and disinfection products during the first months in order to save them in anticipation of the continuation of the crisis, and on the other hand, many other types of products (clothes, cars, electronic and household products) accumulated. "While the demand for medical and pharmaceutical products masks, and some types of medicines such as analgesics, pain relievers and heat reduction ..." has witnessed a

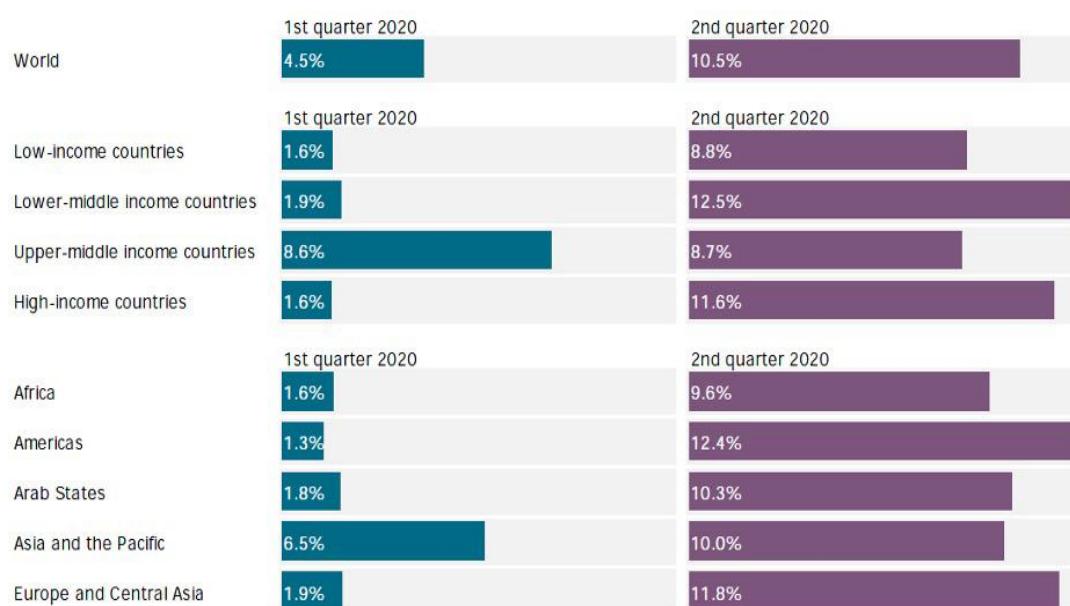
significant increase at the local levels of countries to revive their trade at the global level, so the countries demand for them has increased, especially for resuscitation equipment, artificial respirators. And test cuttings and detection of disease or virus infection.

3.2.5. An Unprecedented Shock to The Labor Markets

Stopping activity due to the COVID.19 pandemic had an immediate and sweeping impact on employment. Global working hours could decrease by 10.5% in the first quarter of 2020, equivalent to 305 million full-time workers with 48 hours worked per week.

In response to the accelerating rise in COVID.19 cases, many countries across regions are implementing closures, travel restrictions, social distancing policies, and workplace and school closures. These necessary measures aim to slow the spread of the virus, reduce lives lost, and avoid disastrous consequences for national health systems, but they also have a sudden and dire impact on workers and companies. By the start of April 2020, 81% of the global workforce was living in countries with mandatory or recommended workplace closures. By April 22, their share had fallen to 68%, mainly driven by an increase in workplace closures in China. However, the situation has worsened elsewhere. In order to estimate the global employment decline that will ensue, the ILO has designed a new model now in place, which, based on economic data and real-time labor market data, predicts lower working hours. Its results are far from reassuring: the total number of hours worked by workers around the world could have decreased in the first quarter of 2020 by 10.5%. As shown in Figure 18 below, this equates to 305 million full-time workers with 48 hours of work per week. It is the worst global crisis since World War II. Indeed, the decrease in the number of working hours actually exceeds what happened in the 2008.2009 financial crisis. Worryingly, the novel coronavirus is now also affecting the developing world, where capacities and resources are severely restricted. The effects of coronavirus on employment are profound, far-reaching and unprecedented. Usually there is some delay in the decline in economic activity translating into a decrease in employment, but in the current crisis the impact on employment was immediate and comprehensive, as a result of closures and other measures. Reduced employment indicates that many workers around the world are facing or will face a loss of income, and in many cases leading them and their families into (deeper) poverty (Me, Fu, 2020: 20).

Figure.18: Estimated Drop in Aggregate Working Hours, Globally, By Region And by Income Group.



Source: ILO now casting model, 29 April 2020.

3.3. THE TREATMENTS THAT WERE PROPOSED IN THE ECONOMIC CRISIS, LOCALLY AND INTERNATIONALLY.

Because of the violent blow that the global economy received as a result of the Corona pandemic, it will not be able to withstand a similar blow, and any measures or attempts to save the global economy and extricate it from a state of recession and downturn will lose their effectiveness in the event of another pandemic, and for this reason, it is necessary to take advantage of the Corona crisis and develop strategies and plans to confront future crises. The following are the procedures that must be followed to treat or reduce the crisis:

3.3.1. Stopping The Economic Decline and Limiting the Effects of the Corona Pandemic.

The scientific logic in managing crises and solving problems, especially in the early stages, requires focusing on dealing with the sources and roots of the problem and not with the effects, and for this reason, stopping the economic deterioration and limiting the effects of the Corona pandemic is the first and basic procedure which is the most important for several reasons (الاعوش, 2021: ص ص 42-43)

- The continuation of the pandemic: In addition, some expectations indicate the continuation of the pandemic until mid.2021, according to the statement of British Prime Minister Boris Johnson, while the worst expectations indicate the possibility of

the virus remaining continuously in one form or another, according to the statement of Professor Mark Walport a member of the Scientific Advisory Group.

- The size of the losses and costs resulting from the outbreak of the pandemic, according to a statement by Dr. Robert Redfield, Director of the American Center for Disease Control and Prevention (It is possible that our country will incur about 7 trillion dollars because of this small virus).

- The negative impact of the continuation of the pandemic on the current and future state of the economy, as is the case in the United States, where analysts expected growth in the US economy to shrink by 30 percent or more from April to June 2020.

Therefore, the first step in facing the contraction and possible economic recession caused by the pandemic is to stop the main source of the crisis by:

A. Direct measures to contain and stop the pandemic: What is meant by this is the degree of government response to sudden emergency situations of operations and activities and the speed of response in order to stop and contain these crises. The Chinese, which outperformed both the Canadian and Italian experience, led China to contain the crisis in a shorter time and lower human losses much less than its other counterparts.

B. Immediate treatment and economic rescue measures: Despite the importance of applying direct measures and containing the crisis, this may have many economic effects, such as the effects of quarantine on movement and economic activity. Economic quarantine periods and the periods that follow to prevent damage to them, especially the private sector and all its levels, due to the importance that this sector poses for small and even giant enterprises in view of the economy, and the stagnation periods resulting from the quarantine may cause bankruptcy of a large number of these companies, which will result in many one of the most influential consequences, such as high unemployment rates and declining GDP, and looking at the Chinese experience, we find that this process has already been implemented by the government, as 156 billion dollars were pumped to support the Chinese economy in February of 2020.

3.3.2. Activating The Role of the Banking Sector (Monetary Policies)

One of the most important aspects that are concerned with those responsible for implementing monetary policy in any country in the world is to ensure the effectiveness of the tools used by central banks in reaching the economic and social goals planned by

the concerned governments to ensure the achievement of a certain degree of growth and economic stability within the country (فهمي, 2006: ص 7)

The COVID.19 crisis has claimed many lives and resulted in job losses and the overthrow of businesses. Governments have taken strong measures to mitigate this blow, with a staggering value totaling \$ 12 trillion worldwide. These measures were a lifeline that saved lives and livelihoods. But they are very costly measures, and as a result, with the sharp drop in tax revenues due to the recession, they pushed the global public debt to a historic high, close to 100% of GDP. Since the start of the COVID.19 crisis, governments have focused on doing whatever is necessary to limit its consequences. The massive fiscal support provided by the public finances since the beginning of the crisis has protected people and preserved jobs (غازبار, ميداس, رالية, 2020). The following are the measures taken by countries to confront the crisis (النصراوي, 2020)

- In the United States of America, the Federal Reserve lowered benchmark interest rates by 150 basis points, ranging from 0.25.0%, and decided to enhance its holdings of bonds by \$ 700 billion, and provided facilities to support the flow of credit and finance commercial papers to facilitate the issuance of commercial papers and credit facilities to provide financing to traders. The main ones are guaranteed by a wide range of investment grade securities and credit facilities for companies in the primary market to buy new bonds and loans from companies.

- At the level of the European Union, the European Central Bank decided to support monetary policy in the countries of the Union through additional asset purchases of 120 billion euros until the end of 2020 and the provision of temporary additional auctions of temporary liquidity allocations with a fixed rate at the rate of deposit facilities and more favorable terms for refinancing operations. Current long-term targets, additional measures included an additional program to purchase assets worth € 750 billion in public and private sector securities and an additional relaxation of criteria for European System refinancing operations (MROs, LTROs, TLTROs)* and recommended banks to avoid pro-cyclical assumptions.

- While the United Kingdom announced measures to reduce the bank's rate by 65 basis points to 0.1%, expand the central bank's ownership of British government bonds and non-financial corporate bonds by 200 billion pounds and introduce a new temporary financing scheme to promote the transmission of lower interest rates, with additional incentives to lend to the economy. Real, especially small and medium companies

provided 330 billion pounds of loans and guarantees available to companies, which represents (15% of GDP).

- The People's Bank of China pumped 3.27 trillion yuan of liquidity into the banking system through open market operations, expanding its re-lending and re-deduction facilities by 1.8 trillion yuan to support medical supplies manufacturers and lowering interest rates for 7 days and 14 days by 30 and 10 basis points. Respectively, medium-term lending facilities for a period of one year increased by 30 basis points and reductions of 50.100 basis points for large and medium banks that meet comprehensive financing criteria that benefit small companies. At the level of the exchange rate and the balance of payments the exchange rate was allowed to be flexible, and the ceiling was raised. Cross-border financing as part of the Macro-Prudential Assessment of 25% for banks, non-banks and institutions.

- It is noteworthy that the Turkish Central Bank raised interest rates from 10.25% to 15%, so that the Turkish lira recorded a remarkable improvement after the decision, which was contrary to Turkish President Recep Tayyip Erdogan's hinting of his opposition to the high interest rates. Turkish President Recep Tayyip Erdogan considered today, Friday, that the central bank raised the interest rate by 475 basis points yesterday as a bold remedy aimed at reducing inflation, which remains at about 12% for most of the year. The new Turkish Minister of Treasury and Finance, Lotfi Alwan, also said that the general framework for his roadmap is "macroeconomic stability, financial stability and price stability". Following this decision, the President of the Turkish Central Bank, Naci Ağbal, confirmed his intention to continue using all monetary policy tools in line with the main objective of price stability.
<https://www.aljazeera.net/ebusiness/2020/11/24>

- At the level of Arab countries, packages of measures and measures included reducing interest rates, pumping liquidity, reducing reserve ratios, and postponing payments to individuals and small and medium sized enterprises. In Saudi Arabia, the Saudi Arabian Monetary Agency (SAMA) lowered its policy rates twice in March, and lowered interest and interest rates. Reverse to 0.5 and 1%, respectively, and the Saudi Arabian Monetary Agency announced a package worth 50 billion Saudi riyals (\$ 13.3 billion, equivalent to 2% of GDP) to support the private sector, especially small and medium sized companies, by providing financing to banks to allow them to postpone Existing loan payments and increased corporate lending. The UAE Central Bank announced a two-fold cut of the policy interest rate, by 125 basis points, on March

14th. The Central Bank of Kuwait unveiled a package worth 100 billion Emirati dirhams (US \$ 27 billion or 6.7% of GDP) that includes guaranteed interest-free loans to banks and permitting the use of surplus capital reserves for banks, and the Qatar Central Bank QCB lowered its policy rates twice in line with the US Federal Reserve (To maintain the currency peg) and the interest rate has been reduced by 100 basis points to 1.5%. The Qatar Central Bank will also provide additional liquidity to banks operating in the country through a special buy-back window at a zero-interest rate to postpone loan installments or grant new loans. Whereas the Central Bank of Jordan reduced most of the policy rates by 100 basis points on March 16 and announced a set of measures aimed at containing the impact of the Coronavirus on the economy, including allowing banks to postpone the installments of credit facilities granted to customers of the sectors affected by the virus, and injecting additional liquidity to banks in the amount of 550 million Dinars by reducing the compulsory reserve ratio. In Morocco, the central bank lowered the interest rate by 25 basis points to 2% to support companies, loan payments to small and medium companies were suspended, and Bank Al-Maghrib decided to provide liquidity to the banking sector and credit guarantees to include public and private debt instruments (including real estate loans) and to increase and prolong refinancing operations. The central bank to support bank credit for small and medium enterprises.

- As for the Iraqi monetary policy measures in the context of the crisis, the monetary policy faced great pressures and the exchange rates were subjected to fluctuations that exceeded the estimated standard ratios of 2% due to the decline in oil prices and the macroeconomic expectations and its closure under the influence of the spread of the epidemic, this shock led to a deficit in the current account as a percentage of GDP and a deficit in general budget revenues. In this context, and as part of efforts to ward off the imminent danger, monetary policy tried to confront the shock and mitigate its severity by supporting the efforts of the Ministry of Health to combat the COVID.19 pandemic, as the Central Bank of Iraq established a fund to collect donations from financial institutions with initial donations of \$ 20 million from The Central Bank of Iraq itself and \$ 5 million from the Iraqi Commercial Bank (TBI). The Central Bank also announced the freezing of interest and major payments from small and medium-sized companies through the directed lending initiative (the Trillion Iraqi Dinars Initiative) and encouraged banks to extend the maturities of all loans as they deem appropriate. The central bank also encouraged the use of electronic payments to contain

the transmission of the virus, and mandated sellers to cancel commissions on these payments. The repercussions associated with the Coronavirus and the drop in oil prices will affect the performance of monetary policy in Iraq, as foreign reserves may witness declines during the next stage as a result of lower oil prices, and this time the decline will be more severe than before, given that foreign reserves have not yet reached levels before the double crisis (2014-2018), and the exchange rates may face fluctuations that affect price stability, and the central bank has indirectly funded the budget deficit, which represents a new challenge to the efforts of the Central Bank to achieve economic stability in the country.

3.3.3. Activating the Role of The State (Financial Policies).

British economics professor Mervyn King believes that using traditional economic language to describe the current economic downturn will lead to confusion and ambiguity about choosing the appropriate policies to deal with the crisis, according to German news agency (جريدة شرق الاوسط, 2020). The macroeconomic measures taken in the face of the pandemic's systemic shock are likely to be costly, requiring careful management with attention to debt. Countries with constraints on fiscal space may increase their debt to provide financial support to businesses and the household sector. Countries' sovereign debt is likely to rise significantly in the medium term, and this will require robust management (بنك الدولي, 2020: ص 14)

Ensuring macroeconomic stability and avoiding financial sector collapse will become an urgent issue in light of debtors' inability to service their liabilities and accumulating losses. It will be essential to have confidence and transparency in the government's actions. Governments will have to intervene to ensure that financial support is secured, transparent and fair, in order to maintain macroeconomic and social stability. However, there is no easy prescription for the optimal design for government intervention. In the short term, the government should facilitate mitigation of shocks and partly absorb credit risk. And governments will be tempted to resort to less optimal solutions, such as allowing companies to miss payments on utility fees, or families to withdraw from retirement savings. Such measures threaten infrastructure and pension funds with bankruptcy. In the most extreme cases, governments will have to intervene as an insurance last resort, to administer the required transfers and guarantees, and possibly obtain ownership stakes in the financial sector institutions and strategic industries, to prevent the collapse of the financial sector (نفس المصدر). Among the tools of fiscal policy that countries must follow are the following (عبدالمنعم, 2020)

- Tax reform.
- Imposing wealth and property taxes.
- Rationalizing public spending and raising its efficiency levels.
- Spending on infrastructure.
- Financing by issuing international bonds.
- External borrowing from regional and international financing institutions.

3.3.4. Activating The Role of International Institutions on Saving the Affected Economies

There is a set of policies and actions taken by various international organizations to confront the repercussions of the pandemic Corona, which is:

A. The role of the International Monetary Fund (IMF): The fund has already received funding requests and inquiries from more than twenty countries. More requests are expected, and the Fund stands ready to use the full range of tools at its disposal (صندوق النقد الدولي, 2020)

-As a first line of defense, the IMF can use its flexible set of emergency response tools. It has a "Rapid Financing Tool" (RFI) and a "Rapid Credit Facility" (RCF). to help countries facing urgent needs in their balance of payments. The Rapid Financing Tool is available to all member countries, while the Rapid Credit Facility provides soft loans in the form of a zero-interest rate to countries eligible to benefit from the PRGT resources, without the need to enter a full program. With the fund in either case. Through these two facilities, support in the range of \$ 50 billion could be provided to emerging market and developing countries.

-The "Disaster Containment and Debt Relief Trust" (CCRT) can provide grants to the poorest and hardest-hit countries to pay off their debt service to the fund, freeing up necessary resources to contain and mitigate the pandemic. After the United Kingdom recently pledged up to \$ 195 million, the resources available in the Trust Fund for Disaster Containment and Debt Relief have reached nearly \$ 400 million for debt relief. And we are working closely with other donors to boost existing resources to \$ 1 billion.

-The Fund will continue to play its role at the forefront of the "global financial safety net", to facilitate and coordinate support from other international financial institutions, regional financing agreements, and work with bilateral donors, as well as

coordination between member countries that already have bilateral currency exchange lines.

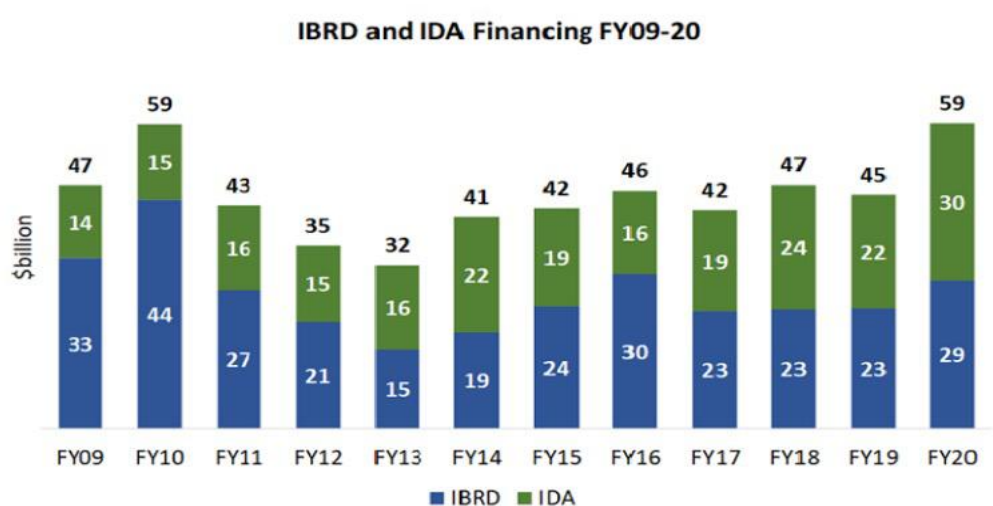
B. The role of the World Bank: Between April and September 2020 only, the World Bank committed \$ 43 billion, or 41% of its lending capacity, which is \$ 104 billion, and was indicated in March, during the fifteen months from April 2020 to June 2021. Most recently, on October 13, 2020, the Board of Executive Directors approved a \$ 12 billion budget to fund developing countries 'purchase and distribution of coronavirus vaccines, when they are found to be safe and effective. We have a strong set of processes in the pipeline, and we are on the right track to distribute the World Bank's resources to support the countries concerned with the resources they need. The World Bank response will be in the following areas (بنك الدولي)

The World Bank's financial response supports government policies and actions aimed at addressing the health crisis, supporting the household and corporate sector, financing the response, and building foundations for early and sustainable recovery.

The World Bank's response to the pandemic is focused on increasing financial flows and technical support to low- and middle-income countries, including those affected by FCV and small states, which have limited capacities to withstand the shock of the pandemic. The World Bank Group's response to the Coronavirus pandemic has been prioritizing the needs of the world's poorest countries.

The Bank's response to crises increases net inflows, particularly to IDA countries. Figure 19 shows the volume of financing from the World Bank and the International Development Association from 2009 to 2020.

Figure.19: Amount of Funding from the World Bank and The International Development Association



Source: The World Bank, OCTOBER 14, 2020

3.3.5. Ending Political and Military Tensions in The World

Economy in peacetime, other than economics in times of crises or wars, and from here countries turn in wartime to the so-called concept of general mobilization, which includes, within it, economic mobilization. It means directing all forces and resources towards the war effort, and scholars spoke negatively and positively about the economic impact of war, as some saw that there is a waste of resources in wartime and money is spent misplaced if there is no balance between resources and spending, especially since war in the modern sense may not involve Short-term monetary gain (زهراني, 2016)

Wars are a threat to the interests of industrialized countries and the developing world, and they constitute a humanitarian catastrophe that the advanced industrial countries and international organizations bear a moral responsibility to address, and this gives all members of the international community an interest in preventing wars before they expand, and the use of force is not a practical way to stop wars and conflicts. The economy can play the role of an effective tool in maintaining peace, and countries can use economic policies to avoid fighting wars. And economic tools may be resorted to against other countries that behave dangerously and threaten to destabilize a region without having to use military tactics as a first step and the immediate dispatch of forces, and these tools are represented in imposing economic sanctions such as trade embargoes, trade barriers, tariffs or higher fees. The biggest example of this is the grinding trade war without fire between the United States of America and China, and the imposition of restrictions on financial transactions. There is also an asset freeze and aid cutoff. For example, international financial institutions such as the International Monetary Fund and the World Bank may cut economic and financial aid to countries until they meet certain standards and conditions. The historical record also contains more than 125 uses of economic sanctions by states and international organizations since 1914, as the country that is subject to economic sanctions is witnessing a decline in its trade, which will negatively affect its growth and development, and accordingly that country may decide to reverse its behavior. Aggressive force in order to lift the sanctions against it, and all of this will be done without risking the loss of human lives or engaging in military operations (معط الله, 2019)

Given the direct losses of wars and crippling economic resources, we find that stopping tensions and wars will enable the cessation of economic and human

hemorrhage and activate the economy's resources properly, thus giving the economy greater strength in the face of any potential crises (الأعوش، مصدر سابق: ص 58)



CHAPTER IV: THE IMPACT OF COVID 19 ON THE WORLD ECONOMY

4.1. IMPACT ON COUNTRY GROUPS

The world lives today in an unfamiliar situation, most of the inhabitants of the globe have not witnessed events similar to what happens today as a result of the epidemic known as Corona or Covid 19, as this situation is exceptional in various aspects and will inevitably constitute a major turning point in the history of humanity as a whole, not only because of its seriousness but also because of its dire effects on The economic, social and political level as well, as it is known that the dangers of epidemics and diseases throughout the ages have raised many questions and problems, and it is the same discussion that the Corona pandemic raises now as a global epidemic, which directly affected international human, commercial and political transactions, as The outbreak of the epidemic forced people to take a set of precautionary measures and measures, isolation, quarantine, social distancing and travel bans, which negatively affected the economy as it became in a state of severe recession and sudden contraction, and thus the emergence of an unexpected global economic crisis. In Table 12 we will explain the impact of the crisis on both the global economy as a whole and the economy of individual regions (clusters and geographic regions linked to each other), through indicators of GDP at current prices, inflation index, foreign trade and unemployment rate.

4.1.1. Impact on Worldwide

After the virus turned into a global epidemic, most of the world's economies lost a percentage of their GDP, as we will mention it later. As for global, the loss of global GDP amounts to 2,807.61 trillion US dollars, where the global GDP is estimated at about 87,345.30 trillion dollars in 2019, however, it decreased to 84,537.69 trillion dollars.

In 2019, we notice that the inflation rate is 3.475%, but in 2020, due to the general closure, which led to a decrease in overall demand, this percentage decreased to 3.195%, while in 2021 it increased to 3,496, i.e., it returned to its previous level in 2019 due to Rafah. The procedures of closing and restoring activity to the economic sectors relatively, as well as due to the expansionary policies of the governments and the increase in the money supply and the injection of liquidity into the market.

The volume of global trade declined to what is worse than the 2008 crisis, where the decline began in 2019 by 0.873%, but the serious decline was in 2020, where it recorded a rate of .8.504%, but at the beginning of 2021 it recovered and increased strongly until it reached 8.417%, which is even higher than the rate in 2018, which was 3.886%.

4.1.2. Impact on Advanced Economies

Despite the benefits of the large general closure in terms of social distancing and to limit the spread of the virus, it left significant economic impacts and losses on advanced economies, as the size and speed of the economic collapse was unprecedented, as the gross domestic product decreased from 51,974.62 trillion dollars in 2019 to 50,595.13 trillion Dollars in 2020, down 1,379.49 trillion dollars within one year.

As for inflation levels, it decreased from 1.397% in 2019 to about 0.684% in 2020, due to the decline in demand from consumers and companies. Among them are the advanced economies.

For the same reason for the general closure, unemployment rates increased from 4.817% in 2019 to 6.621% in 2020, and these rates mask frightening facts about the damage to the global labor market. And at the level of the most affected countries and job losses due to Corona, according to the report of the International Labor Organization, in Spain, social insurance data showed that nearly 900 thousand workers lost their jobs due to the economic damage of the Corona virus, and in Germany, the Federal Labor Office said that the unemployment rate in Germany has increased Slightly, as the number of unemployed increased by a thousand people to 2.267 million, and the number of Americans applying for unemployment benefits reached a record high of 6.6 million applications, which exceeds the number of applications submitted at the height of the economic recession in 2009, and in France, it has been confirmed that 3.6 million employees are underemployed due to the spread of the Corona virus, which led to the disruption of businesses and companies.

[\(http://www.amadeusonline.org/publications/analyses.covid.19/\)](http://www.amadeusonline.org/publications/analyses.covid.19/)

4.1.3. Impact on Major Advanced Economies (G7)

It is a group that includes 7 industrialized countries in the world, including the group (America, Britain, Germany, Canada, Japan, France, and Italy), as these countries constitute 40% of the global GDP and are inhabited by 10% of the world's population.

The Group of Seven witnessed a strong decline in the gross domestic product, as the GDP of these countries decreased to about 1,118.10 billion dollars due to the crisis, in 2019 the GDP of this group was estimated at about 39,740.77 billion dollars, but in 2020 it decreased to 38,622.67 billion dollars, this is the group's worst downturn since the 2008 crisis.

In light of the sharp decline in demand, economies have suffered as consumers cut spending after the spread of the Corona virus across countries, consumers slowed due to their concern about contracting the virus and avoided “unnecessary” spending due to worsening labor market concerns. Household or consumer spending fell sharply, which led to a decrease in inflation rates from 1.481% in 2019 to 0.799% in 2020, but the inflation rate quickly rose to 1.736% in 2021, after governments responded to the crisis with a series of financial measures to address the health and economic aspects of the epidemic, it is not just governments that have acted, and monetary authorities have used their arsenal aggressively to stem the current economic downturn. While the financial response has taken center stage, particularly to mitigate the short-term economic impact of the epidemic, the role of monetary authorities has largely been a stabilizing factor in the market. Central banks have focused on easing financial pressures by acting as a mediator between financial authorities and financial markets while facilitating the smooth flow of credit to the private sector.

The total number of unemployed in the Group of Seven industrialized countries varies widely, from 30 million in the United States to 1.76 million in Japan. However, in general, unemployment rates increased in proportion to the total workforce in 2019 from 4.29% to 6.527% in 2020. Many G7 countries alleviated the high unemployment rates through generous wage subsidies, and they decreased to 5.795% in 2021, but no levels returned.

4.1.4. Impact on European Union Level

The Coronavirus crisis is a challenge to the European economy and the livelihoods of citizens. As the gross domestic product decreased to about \$ 468.46 billion compared to the year 2019, its estimate was \$ 15,636.27 billion, while it decreased to \$ 15,167.82 billion in 2020.

Through the inflation and unemployment index, it appears that there is an inverse relationship between them, meaning that the greater the unemployment rate, the lower the inflation rates, which is as evident in Table 12 that the inflation rate decreased

from 1.434% in 2019 to 0.678% in 2020, this indicates that Weak demand leads to downward pressure on inflation.

4.1.5. Impact on Emerging Markets and Developing Economies

Most emerging market economies and developing countries have so far succeeded in overcoming the Coronavirus crisis better than expected, but nevertheless they face daunting economic challenges in the long term, and the economic impact on developing and emerging economies will far exceed the impact of the financial crisis. In 2008, these economies were hit by a drop in their GDP from 35,370.68 billion dollars in 2019 to 33,942.56 billion dollars in 2020. By a decrease of 1,428.13 billion dollars within one year, as for the countries, the decline in real GDP was steep. Peru lost more than 30% of its production between Q4 2019 and Q2 2020. India lost more than 25%, while the Philippines, Colombia, Malaysia, Mexico and Morocco each lost more than 15%(trading Economic,2020). As for inflation rates, they remained almost constant at 5.096% in 2020 compared to 2019, it was 5.083%, but in 2021 it decreased slightly to 4.902%.

4.1.6. Impact on ASEAN (Philippines, Indonesia, Malaysia, Thailand, Singapore)

When comparing the gross domestic product of the ASEAN.5 group for the year 2019, which is \$ 2,735.21 billion in 2020, which is 2,602.87%, we notice that it did not record a significant decrease compared to the previous groups of countries, and therefore it returns to the average financial response to the Coronavirus in Southeast Asia 3% of GDP in 2020, compared to 13.5% of GDP at the global level and much higher in the major Western economies. The other reason is some countries within the group, such as Vietnam, as it is one of the few economies in the world to achieve positive economic growth in 2020 on the back of a rapid and very successful response in the field of public health. This allowed Vietnam to quickly reopen its economy and start a strong recovery. Nevertheless, fiscal policy in Southeast Asia remains very expansionary. especially when compared to previous crises, and this has played an important role in mitigating the economic and social fallout of the epidemic. (<https://www.brookings.edu/blog/order.from.chaos/2021/03/15>)

As for inflation, it decreased from 2.13% in 2019 to 1.388% in 2020 due to the dissipation of demand for luxuries and electronics in particular but after the strong and continuous recovery in global demand in 2021 for goods in ASEAN countries,

especially the demand from the United States, is very important. Especially, especially after the recent approval of \$ 1.9 trillion in additional budgetary measures to raise the total size of the planned US fiscal stimulus in 2021 to 13% of GDP.

4.1.7. Impact on Latin America and the Caribbean

Latin America has become the most affected region in the world by the Corona pandemic. The region has fallen into an economic crisis after many years of disappointing growth and limited progress in social indicators, as well as a period of social unrest in some countries at the end of 2019, and while most countries in the region have taken measures to curb infection, the Coronavirus is still It spreads at a rapid pace. The impact of the pandemic has been wide-ranging, from reduced external demand to growing uncertainty and business closures. Tourism also collapsed as movements were restricted in an attempt to contain the spread of the disease, and due to the multiple internal and external shocks resulting from this pandemic, the contraction of economic activity in the region led to a decrease in the gross domestic product from 5,192.12 billion dollars in 2019 to 4,315.98 in 2020, which puts it in a much deeper recession than It was during the global financial crisis of 2008.2009 and the Latin American debt crisis of the 1980s.

The massive stimulus programs introduced by several governments in the Latin America and the Caribbean region mitigated the effects of the crisis, and the inflation rate decreased from 7.653% in 2019 to 6.383% in 2020.

4.1.8. Impact on Middle East and Central Asia

Given the unprecedented nature of the current challenges and the high level of weaknesses in public finances and the balance of external payments since before the crisis, the countries of the Middle East and Central Asia region face a terrible prospect that the impact of this crisis will last for a longer period even compared to the financial crisis. The gross domestic product decreased from 3,977.17 billion dollars in 2019 to 3,682.82 billion dollars in 2020, because many countries of this group depend on tourism to a large extent, such as Turkey, Georgia, Jordan and Lebanon.

The Middle East and Central Asia region is witnessing at the same time several double crises in addition to the Corona crisis, including the drop in oil prices, and this has affected oil exporters. On the other hand, OPEC and its allies signed the largest production cut in history, which led to the withdrawal of 9.7 million barrels per day. from the market. The double deficit in both the balance of payments and the general

budgets facing the Middle East and Central Asia, which reflected in some of its negative aspects, the depreciation of the national currencies against the dollar due to the scarcity of the dollar. Some local currencies such as Lebanon lost 50% of their value, and all this led to an increase in inflation rates. In contrast to the previous group of countries in which inflation rates decreased, they increased from 7.353% in 2019 to 10.178% in 2020.

4.1.9. Impact on sub-Saharan Africa

The growth rate in Sub-Saharan Africa was greatly affected by the continuing outbreak of the Corona pandemic (Covid.19), as the GDP decreased from 1,715.33 billion dollars in 2019 to 1,622.44 billion dollars in 2020, which is the first recession in the region for 25 Years old. Among the economies worst affected are three in the region Nigeria, Angola and South Africa due to the persistence of weak growth and investment rates.

With many central banks in the region taking important steps, such as reducing interest rates and providing aid in the form of exceptional liquidity, this did not prevent inflation rates from rising from 8.519% in 2019 to 10.777% in 2020.

Table.12: Indicators of The Impact of The Economic Crisis at The Global Level

	Country Group Name	Subject Descriptor	Units	Scale	2018	2019	2020	2021
1	World	Gross domestic product, current prices	U.S. dollars	Billions	85,893.40	87,345.30	84,537.69	93,863.85
		Inflation, average consumer prices	Percent change		3.585	3.475	3.195	3.496
		Trade volume of goods and services	Percent change		3.886	0.873	.8.504	8.417
		Unemployment rate	Percent of total labor force					
2	Advanced economies	Gross domestic product, current prices	U.S. dollars	Billions	51,518.10	51,974.62	50,595.13	55,989.94
		Inflation, average consumer prices	Percent change		1.956	1.397	0.684	1.606
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force		5.117	4.817	6.621	6.242
3	Major advanced economies (G7)	Gross domestic product, current prices	U.S. dollars	Billions	39,081.39	39,740.77	38,622.67	42,425.39
		Inflation, average consumer prices	Percent change		2.084	1.481	0.799	1.736
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force		4.554	4.29	6.527	5.795
4	European Union	Gross domestic product, current prices	U.S. dollars	Billions	15,972.09	15,636.27	15,167.82	17,127.54

		Inflation, average consumer prices	Percent change		1.847	1.434	0.678	1.62
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force				1,428.13	
5	Emerging market and developing economies	Gross domestic product, current prices	U.S. dollars	Billions	34,375.29	35,370.68	33,942.56	37,873.91
		Inflation, average consumer prices	Percent change		4.866	5.083	5.096	4.902
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force					
6	ASEAN.5	Gross domestic product, current prices	U.S. dollars	Billions	2,558.69	2,735.21	2,602.87	2,842.12
		Inflation, average consumer prices	Percent change		2.875	2.13	1.388	2.346
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force					
7	Latin America and the Caribbean	Gross domestic product, current prices	U.S. dollars	Billions	5,307.90	5,192.12	4,315.98	4,657.88
		Inflation, average consumer prices	Percent change		6.576	7.653	6.383	7.227
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force					
8	Middle East and Central Asia	Gross domestic product, current prices	U.S. dollars	Billions	3,832.31	3,977.17	3,682.82	4,077.24
		Inflation, average consumer prices	Percent change		9.526	7.353	10.178	11.191
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force					
9	Sub-Saharan Africa	Gross domestic product, current prices	U.S. dollars	Billions	1,695.06	1,715.33	1,622.44	1,813.60
		Inflation, average consumer prices	Percent change		8.394	8.519	10.777	9.772
		Trade volume of goods and services	Percent change					
		Unemployment rate	Percent of total labor force					

Source: International Monetary Fund, World Economic Outlook Database, April 2021. Interest rate indicator from the source: <https://tradingeconomics.com/united.states/interest.rate>. Source money supply indicator: <https://www.federalreserve.gov/default.htm>. New York Stock Exchange Index from the source: <https://sa.investing.com/indices/nyse.composite> source: International Monetary Fund, World Economic Outlook Database, April 2021.

4.2. ANALYSIS OF THE COVID 19 ON THE ECONOMIES OF SELECTED COUNTRIES

In this topic, we will deal with the impact of the crisis on three bilateral groups from the countries of the world, the first group, the first group of two advanced states

(the United States and France), the first group between the second group of the state (Turkey and Brazil) and the third group of oil states (Iraq and Saudi Arabia) and through the group and variables Truth and criticism, we will show the impact of the crisis on every country.

4.2.1. United States

The researcher has divided the economic variables into three groups (real and monetary), and we will show the impact of the crisis on each group of these variables separately:

4.2.1.1. Real Variables

Currently, it has become the strongest and biggest crisis in China, as it has become the most powerful economy in China, and the face of the Corona virus in Japan. Planning for this witnessed in the second quarter of 2020 the largest economy after the Second World War, through the impact on the following variables:

The gross domestic product (GDP) was registered in 2019 (3.98)%, then in 2020 it reached (.233)%, then in 2021 it reached (8.32)% due to the expansionary government. As shown in Table 13.

As for **the contraction factor in the gross domestic product** of the United States, where it was 1.79% in 2019 and then decreased to 1.21% in 2020 because the impact of the crisis did not appear on the government strongly until now, but after the effects of the crisis appeared strongly, the deflation factor increased to 1.82% in 2021.

Regarding **the per capita gross domestic product**, it lost from 65,253.52 dollars in 2019 to 63,415.99 dollars in 2020, but quickly recovered in 2021 to 68,308.97 dollars, due to the expansion that the government has pursued while confirming it in the field public spending in 2020 and 2021.

The US **unemployment rate** in relation to the total workforce increased from 3.683% in 2019 to 8.108% in 2020 with 20.5 million jobs lost in April / 2020, its lowest level in 50 years. The reason for the high unemployment rate now appears to be out of date in the 1930s.

Total investment / GDP from 21.014% in 2019 to 20.988% in 2020 and then increased to 21.638% in 2021, due to government support from tax considerations and the increase in money supply and its price. As for the **total national saving / gross domestic product**, it is the output from 18.608% to 17.802% in the years 2019 and 2020, respectively.

By looking at **exports and imports** in the United States suffering from a large trade deficit, the two (exports and imports) have declined since 2019, but in 2020, a negative decline until they reached 9.285% of imports and 12.97% of the government. Current, Government Pavilion, 2021.

4.2.1.2. Monetary Variables

Of the sectors affected by this global crisis, the monetary sector, and within this sector we chose a number of indicators that show the extent to which this sector has been affected by the Covid 19 crisis. We come first "to:

Inflation: US Treasury Secretary (Janet Yellen) emphasized downplaying the concerns about high inflation that appeared in the markets. This is actually confirmed by the percentages figures, as we note that the percentage decreased to 1.248% in the year of the crisis 2020 compared to 2019, when it was 1.812%, meaning that inflation is controlled, and (Yellin) said that pumping liquidity in large quantities has no automatic effect on inflation. "It is the money in the hands of the people that drives inflation, not the money in the records of the central bank," he says. She added, "Historically, when central banks play the role of lending of last resort when panic reigns in the markets, they are able to provide the additional financing needed to calm that panic. Once the panic subsides, they gradually withdraw cash and excess deposits from the banking system. And before inflation arises". The other reason for the low inflation rates is the decrease in the demand for goods and services and the consumer resorting to saving rather than to consumption.

As for the **money supply** in the United States, it is characterized by slow and steady growth, but it grew at a tremendous speed in the year 2020, reaching (17,978.20) billion dollars from (4,042.40) billion dollars in 2019, and when we look at the year 2021, we notice that in continuous increase, and this is the result of the expansionary monetary policy during the crisis period. As for the **interest rate**, the Federal Reserve reduced interest rates to nearly zero, falling to 0.25% in 2020, from 1.75% in 2019.

The value of **the New York Stock** Exchange declined significantly in the first quarter of 2020, as the NYSE index declined in March 2020 to 10,301.87 points, a decrease of 2,395.01 points compared to the previous year 2019, where it was 12,696.88, but recovered in 2021 and scored 15,206.00 points. As shown in Table 13.

4.2.1.3. Financial Variables

Data from the US Bureau of Statistics (BEA) confirms the rise in the US trade deficit to its highest level since 2008.

As for the state of the financial budget, the deficit ratio in the **budget reached** .11.738% relative to the potential GDP, after the deficit rate was .6.142% in 2019, and this percentage continued to increase in 2021 until it reached 12.86.%.

Revenue increased in 2020 until it reached 30.337% compared to 2019, when it was 29.995%, meaning that it remained stable with a slight change.

While **spending** jumped to 46.179% in 2020, when it was 35.681% in 2019. In other words, the fiscal policy was conservative before the crisis and turned into an expansionary policy during and after the crisis.

When looking at the two indicators, **net general government debt and total general government debt**, they increased from 83.006% and 108.19% in 2019 to 103.171% and 127.113% in 2020, then we notice that they are constantly increasing in the year 2021 and this is what confirms it. The general government net borrowing and lending index, as it is increasing negatively, until it reached 15.842% in 2020. As shown in Table 13.

Table.13: The Main Economic Indicators Before and After the Crisis of The United States of America for the Period (2018.2021)

	Subject Descriptor	Units	Scale	2018	2019	2020	2021	Estimates Start After
Real economic variables								
1	Gross domestic product, current prices	U.S. dollars	Billions	20,611.88	21,433.23	20,932.75	22,675.27	2020
2	Gross domestic product, current prices	Percent change			3.98	.2.33	8.32	
3	Gross domestic product, deflator	Index		110.296	112.265	113.626	115.696	2020
4	Gross domestic product, deflator	Percent change			1.79	1.21	1.82	
5	Gross domestic product per capita, current prices	U.S. dollars	Units	63,055.98	65,253.52	63,415.99	68,308.97	2019
6	Unemployment rate	Percent of total labor force		3.892	3.683	8.108	5.791	2020
7	Total investment	Percent of GDP		21.04	21.014	20.988	21.638	2020
8	Gross national savings	Percent of GDP		19.052	18.608	17.802	17.523	2020
9	Volume of imports of goods and services	Percent change		4.096	1.08	.9.285	18.868	2020
10	Volume of exports of goods and services	Percent change		2.99	.0.118	.12.97	10.486	2020
Monetary variables								
11	Inflation, average	Index		251.102	255.653	258.844	264.705	2020

	consumer prices							
12	Inflation, average consumer prices	Percent change		2.434	1.812	1.248	2.264	2020
13	Money Supply Index M1	Billions of dollars			4,042.40	17,978.20	18,299.20	
14	New York Stock Exchange(NYSE) Index			12,452.06	12,696.88	10,301.87	15,206.00	
15	Implied PPP conversion rate	National currency per current international dollar		1	1	1	1	2020
16	Interest rate	Percent change		2.50%	1.75%	0.25%	0.25%	
Financial variables								
17	General government revenue	Percent of GDP		30.013	29.995	30.337	30.01	2019
18	General government total expenditure	Percent of GDP		35.423	35.681	46.179	45.042	2019
19	General government net lending/borrowing	Percent of GDP		.5.41	.5.685	.15.842	.15.032	2019
20	General government structural balance	Percent of potential GDP		.5.352	.6.142	.11.738	.12.86	2019
21	General government net debt	Percent of GDP		81.714	83.006	103.171	109.015	2019
22	General government gross debt	Percent of GDP		106.6	108.19	127.113	132.839	2019

Source: International Monetary Fund, World Economic Outlook Database, April 2021. Interest rate indicator from the source: <https://tradingeconomics.com/united.states/interest.rate>. Source money supply indicator: <https://www.federalreserve.gov/default.htm>. New York Stock Exchange Index from the source: <https://sa.investing.com/indices/nyse.composite>

4.2.2. France

4.2.2.1. Real Variables

Gross Domestic Product: The French economy recorded a recession in 2020, with the GDP retreating to 4.35%, represented by the absolute number of 2,598.91 billion dollars, a decrease of 1.7% compared to the year 2019.

Looking at the rate of **deflation** in 2020, it reached 2.24%, and a year ago it was 1.22%, meaning an increase of 1.02%, then decreased in 2021 to 0.081% after a package of government reforms. With a decrease in the gross domestic product, **a decrease in the per capita GDP** followed in 2020, which reached 39,907.14 dollars, but in the year 2019 this number was 41,810.72 dollars.

As long as the sectors of the economy are like domino rings, one domino effect on the other, **unemployment** rates also increased compared to 2018, it was 9.025%, it decreased in 2020 to 8.175%. The two indicators, **total investment and total national saving** also recorded a decrease of 23.727% and 17.802% for each, respectively, in 2020.

One of the sectors most affected by the Covid.19 crisis is the trade sector. In 2020, both **imports and exports** recorded negative rates of 11.474% and .16.349% for each, respectively, but in 2021 the commercial sector recovered due to the policies of the government is accepting, and lifting the general closure measures that were followed at the beginning of the crisis. As shown in Table 14.

4.2.2.2. Monetary Variables

In fact, the first signs of any economic crisis are monetary or financial and thus are reflected in the economy as a whole. As for the monetary variables, we come to:

Inflation It is striking that the inflation rates decreased in the year of the 2020 crisis to 0.525% compared to 2019 and the previous year were 1.297% and 2.097%. This is due to the decrease in demand and the protectionist policies that the state adopts for companies to maintain prices at normal levels.

As for when we come to the **money supply**, it increased in 2020 to 2098.74 billion euros, while it was in 2019 (1953.11) billion euros. And it continued to increase until April 2021, and this expansionary spending policy was followed by most countries to face the crisis.

With the onset of the crisis and lack of confidence among investors, the **CAC 40 Stock Exchange** index fell to 4,396.12 points in 2020, with a loss of 954.4 points compared to the year 2019. But the **currency exchange rate** is almost constant in the year of the crisis 2020 and the year before and after it.

As for the **interest rate**, the French Central Bank followed an expansionary monetary policy that made the interest rate close to almost zero in 2020 and continued it in 2021 until it reached .0.34%. As shown in Table No 14.

4.2.2.3. Financial Variables

The state has preserved the **general government revenues** to remain stable and stable even in the year of the crisis, meaning that the revenues have not undergone a major change,

The crisis has cost the French government an increase in **total general government spending** by 6.8%, as government spending increased in 2020 to 62.403%, compared to 55.534% in 2019. The increase in spending directly affects three other indicators, which are general government net lending / borrowing, general government net debt, as well as the total general government debt.

If we observe the index of net **lending / borrowing**, we notice that it increased from 2.997% in 2019 to .9.898% in 2020, but negatively.

As for the net and **total general government debt**, they increased in 2020 to 104.302% and 113.461%, where in 2019 the ratios for each were 89.35% and 98.07%, respectively, for each, meaning that the government pursued an expansionary fiscal and monetary policy. To maintain effective aggregate demand volume. As shown in Table 14.

Table.14: The Most Important Economic Indicators Before and After the Crisis for France for The Period (2018.2021)

Real economic variables								
1	Gross domestic product, current prices	U.S. dollars	Billions	2,791.16	2,717.20	2,598.91	2,938.27	2020
2	Gross domestic product, current prices	Percent change			.2.65	.4.35	13.06	
3	Gross domestic product, deflator	Index		103.172	104.437	106.782	106.869	2020
4	Gross domestic product, deflator	Percent change			1.22610786	2.24537281	0.081474406	
5	Gross domestic product per capita, current prices	U.S. dollars	Units	43,044.25	41,810.72	39,907.14	44,995.24	2019
6	Unemployment rate	Percent of total labor force		9.025	8.467	8.175	9.137	2020
7	Total investment	Percent of GDP		23.879	24.183	23.727	24.807	2020
8	Gross national savings	Percent of GDP		23.32	23.517	21.39	22.708	2020
9	Volume of imports of goods and services	Percent change		3.238	2.58	.11.474	7.442	2020
10	Volume of exports of goods and services	Percent change		4.677	1.76	.16.349	10.459	2020
Monetary variables								
11	Inflation, average consumer prices	Index		103.599	104.943	105.494	106.635	2020
12	Inflation, average consumer prices	Percent change		2.097	1.297	0.525	1.081	2020
13	Money Supply Index M1	billion Euro		1890.81	1953.11	2098.74	2453.61	
14	CAC 40 Index (FCHI)			5167.3	5350.52	4396.12	6067.23	
15	Implied PPP conversion rate	National currency per current international dollar		0.756	0.751	0.759	0.746	2020
16	Interest rate	Percent change		0.67	0.7	0.04	.0.34	
Financial variables								
17	General government revenue	Percent of GDP		53.357	52.538	52.505	52.523	2019
18	General government total expenditure	Percent of GDP		55.623	55.534	62.403	59.683	2019
19	General government net lending/borrowing	Percent of GDP		.2.265	.2.997	.9.898	.7.16	2019
20	General government structural balance	Percent of potential GDP		.1.751	.2.037	.3.613	.5.231	2019
21	General government net debt	Percent of GDP		89.269	89.35	104.302	106.051	2019
22	General government	Percent of		97.989	98.07	113.461	115.21	2019

	gross debt	GDP						
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Source: International Monetary Fund, World Economic Outlook Database, April 2021. Interest rate indicator from the source: https://ycharts.com/indicators/france_long_term_interest_rates. Source money supply indicator: https://www.theglobaleconomy.com/France/money_supply/. CAC 40 Index (FCHI) from the source: <https://sa.investing.com/indices/france.40>.

4.2.3. Brazil

4.2.3.1. Real Variables

Brazil is considered one of the emerging developing countries, and we will see through the changes whether the crisis affected it as it affected the developed countries (the United States and France), or vice versa, and whether it followed the same policies and remedial measures to address the crisis or did it follow a different policy, we come first "to:

Gross Domestic Product We notice that it decreased to 1,434.08 billion dollars in 2020, after it was 1,877.11 billion dollars in 2019, a decrease of 21.52%. In the same period, the Brazilian economy **recorded a contraction of the GDP** in 2020, reaching a rate of 4.80%, represented by the number 643,462 points.

And in every crisis, the most affected are individuals with limited income, and this is evident in the **per capita gross domestic product** in the year 2020, which reached 6,783.05 dollars, compared to 8,932.39 in 2019, a decrease of 2,149.34 dollars. As for **unemployment rates**, they fell in the years 2020 and 2021 to record levels of 13,242% and 14,489%, respectively, relative to the workforce.

But looking at the levels of **total investment**, we notice that it is stable and stable, and this is due to the policies that the government has followed to maintain investor confidence and not to escape capital from the country.

As long as the investment is fixed, saving must be stable and constant, and this is evident through the **total national saving**, we note that it increased from 12.702% in the year 2019 to 14,536% in the year 2020 because one of the tributaries of investment is national saving.

Concerning the foreign trade sector, the impact of Brazil was not different from other world economies, and the sectors most affected, as is evident in the volume of **imports of goods and services**, decreased to negative rates 7.68% in 2020, as well as exports, which started negatively early, i.e. Since 2019, exports have been affected, reaching 1.286% in 2020.

4.2.3.2. *Monetary Variables*

The pandemic has accelerated efforts to change monetary policy:

The Central Bank initially lowered the **interest rate** from 6.5% in 2019 to 4.25% in 2020, and then to 2% in 2021.

Another measure that the government has taken is to increase the **money supply**, as it increased from 2,782.89 billion reais in 2019 to 3209.5 billion riyals in 2020.

This expansion policy has not been reflected in the general level of prices because individual spending has fallen and to calculate the liquidity preference by individuals, and this is a natural thing during economic crises that lead to the closure of national economies to control epidemics and diseases that constitute a pandemic. Therefore, **inflation rates** began in the increase if we notice in 2020 that it is 3.212% compared to the year 2019 it was 3.733%, then to 4.639% in 2021. As for the **currency exchange rate**, as a result of government policies, it remained stable throughout the crisis period.

But when we come to the **Brazil Stock Exchange Index (Bovespa Stock Exchange)**, we notice a big change in it, as it decreased from 84,661,654 points in 2019 to 62,330.827 points in 2020, and this is a reflection of the fact that the crisis began financial and monetary, as well as due to the excessive sensitivity of financial markets to any direction. It leads to the closure of the national economy, and consequently the companies are negatively affected by that.

4.2.3.3. *Financial Variables*

Due to the increase in state expenditures and spending on supporting the health sector, **general government revenues** decreased from (31,425)% in 2019 to (29,362)% in 2020.

Total general government spending increased from (37.307)% in 2019 to (42.73%) 2020. This clearly affects the **general government budget**, as the deficit ratio increased from (-6.142)% 2019 to (-11.738)% 2020. The deficit in **general government net lending / borrowing** increased from (-5.881)% 2019 to (-13.368)% 2020.

As for **the net general government debt and the total general government debt**, each of them increased from (54,567 and 87,658)% 2019 to (62,703 and 98.943)% 2020 respectively, and this is evident due to a significant increase in total government spending and a decrease In the general revenues, which is a clear

expression of the expansionary fiscal policy applied by the government to the overall national economy. As shown in Table 15.

Table.15: Key Economic Indicators Before and After the Crisis for Brazil for the Period (2018.2021)

	Subject Descriptor	Units	Scale	2018	2019	2020	2021	Estimates Start After
Real economic variables								
1	Gross domestic product, current prices	U.S. dollars	Billions	1,916.93	1,877.11	1,434.08	1,491.77	2020
2	Gross domestic product, current prices	Percent change			.208	.23.60	4.02	
3	Gross domestic product, deflator	Index		588.757	613.959	643.462	670.918	2020
4	Gross domestic product, deflator	Percent change			4.28054359	4.80536974	4.266918637	
5	Gross domestic product per capita, current prices	U.S. dollars	Units	9,194.15	8,932.39	6,783.05	7,010.84	2019
6	Unemployment rate	Percent of total labor force		12.258	11.925	13.242	14.489	2020
7	Total investment	Percent of GDP		15.095	15.403	15.405	15.368	2020
8	Gross national savings	Percent of GDP		12.928	12.702	14.536	14.771	2020
9	Volume of imports of goods and services	Percent change		5.885	3.508	.7.68	13.7	2020
10	Volume of exports of goods and services	Percent change		3.525	.1.592	.1.286	2.779	2020
Monetary variables								
11	Inflation, average consumer prices	Index		##### ###	##### ##	##### ##	##### ###	2020
12	Inflation, average consumer prices	Percent change		3.665	3.733	3.212	4.639	2020
13	Money Supply Index M1	billion Brazilian Real		2610.24	2782.89	3209.5	3866.33	
14	Brazil Stock Market Index (BOVESPA)			86917.293	84661.654	62330.827	113984.96	
15	Implied PPP conversion rate	National currency per current international dollar		2.226	2.281	2.362	2.418	2020
16	Interest rate	Percent change		6.75	6.5	4.25	2	
Financial variables								
16	General government revenue	Percent of GDP		30.6	31.425	29.362	28.604	2020
17	General government total expenditure	Percent of GDP		37.704	37.307	42.73	36.908	2020
18	General government net lending/borrowing	Percent of GDP		-7.103	-5.881	-13.368	-8.303	2020
19	General government structural balance	Percent of potential GDP		-6.775	-6.126	-11.875	-7.699	2020
20	General government net debt	Percent of GDP		52.766	54.567	62.703	68.3	2020
21	General government gross debt	Percent of GDP		85.642	87.658	98.943	98.407	2020

Source: International Monetary Fund, World Economic Outlook Database, April 2021. Interest rate indicator from the source: <https://tradingeconomics.com/brazil/interest-rate>. Source money supply

indicator: https://www.theglobaleconomy.com/Brazil/money_supply/. Brazil Stock Market Index (BOVESPA) from the source: <https://tradingeconomics.com/brazil/stock.market>.

4.2.4. Turkey

4.2.4.1. Real Variables

The Turkish economy is experiencing a complex crisis due to several reasons, the most prominent of which is the decline in the currency exchange rate, high inflation, and the consequences of the Covid 19 pandemic. The Turkish government seeks to restore the economy to growth by taking multiple measures that are not without risk.

We note in the table below that the **estimates of GDP at current** prices decreased in 2020 by 3.05% compared to last year, achieving \$ 719.537 billion, but at the beginning of 2021 it recorded an increase of \$ 794.53 billion, thanks in part. To a combination of interest rate cuts, fiscal spending, and government-led credit.

This decline in the year 2020 is reflected by **the contraction factor in relation to GDP**, as it increased by 0.80% compared to 2019. Obviously, with a decrease in the gross domestic product, the **per capita** share of that product decreases, as it decreased until it reached 8,548.18 dollars in 2020, compared to 9,150.86 dollars in 2019, meaning a decrease of 602.68 dollars.

If we compare the **unemployment rate** with the year 2018, where it was 10.955%, we note that it has increased since 2019, reaching 13.709%, and in 2020 it reached 13.11%, and it remained on the increase until 2021. Due to the decision of the Turkish Central Bank to reduce the interest rate, it stimulated **investment** and increased in 2020 to 31.483% compared to 2019, it was 24.799%.

The **total national savings** also remained almost constant. As for the trade sector, the **volume of imports of goods and services** years before the crisis in 2018 and 2019 was negative, but in the year of the crisis 2020, it increased to 5.381%.

As for the **volume of exports of goods and services**, they recorded a significant negative decline in the year 2020 until it reached .17.99%, after it was 7.868% in the year 2019, but it quickly recovered in 2021 and achieved a rate of 20.206%.

As for imports, they increased in 2019 from 4.256% to 5.381% in 2020, and this percentage doubled in the year 2021 to 8.681%, and this is due to the closure of the local economy and dependence on foreign trade to meet the needs of local demand.

4.2.4.2. Monetary Variables

By following the spending policy and controlling the interest rate that the government followed, the government was able to control the levels of **inflation**, but make it decline to 12.279% in 2020 compared to 15.177% in 2019.

It also increased the **money supply** from 2,068.39 billion Turkish liras in 2019 to 2,666.78 billion Turkish liras in 2020, in order to maintain the level of effective aggregate demand. As for the **interest rate**, the Central Bank reduced it from 24% in 2019 to 9.75% in 2020.

However, the **Turkish lira's exchange rate** has been continuously declining since 2019, starting from 1.748 against the dollar in 2019, then it decreased to 1.981 in 2020 and 2.191 in 2021.

The crisis also affected the **Istanbul Stock Exchange XU100 index**, as it decreased to 851.1278 points in 2020 after it was 1033.8346 points in 2019, and this is a clear reflection of the crisis and the pessimistic atmosphere that surrounds both the internal and external environments of these companies, where the exchange rate of the lira affected Turkish government aims to raise the debt burden of these companies, which were originally in the US dollar currency.

4.2.4.3. Financial Variables

By looking at the variable of **government revenues and expenditures**, we see that they are almost constant and have not changed much like other indicators.

This affected the general government budget, as the deficit rate decreased to .3.32% in 2020, from 4.775% in 2019. The same applies to **general government net lending / borrowing**, the change in it is very slight. "

As for the **net and total public debt**, the change in them is very noticeable, as each matter increased from 25.732% and 32.598% in 2019, respectively, to 32.283% and 36.765% in 2020, and these numbers and indicators reflect the state of the government war on two opposing fronts. They are inflation, the effects of the pandemic and the economic crisis that it is experiencing as a result. As shown in Table 16.

Table.16: Main Economic Indicators Before and After the Crisis for Turkey for The Period (2018.2021)

	Subject Descriptor	Units	Scale	2018	2019	2020	2021	Estimates Start After
	Real economic variables							

1	Gross domestic product, current prices	U.S. dollars	Billions	779.599	760.94	719.537	794.53	2020
2	Gross domestic product, current prices	Percent change			.2.39340995	.5.4410335	10.42239662	
3	Gross domestic product, deflator	Index		214.01	243.771	279.609	314.974	2020
4	Gross domestic product, deflator	Percent change			13.9063595	14.7015026	12.6480192	
5	Gross domestic product per capita, current prices	U.S. dollars	Units	9,506.84	9,150.86	8,548.18	9,327.27	2020
6	Unemployment rate	Percent of total labor force		10.955	13.709	13.11	12.364	2020
7	Total investment	Percent of GDP		29.283	24.799	31.483	29.906	2020
8	Gross national savings	Percent of GDP		27.725	26.043	26.665	26.645	2020
9	Volume of imports of goods and services	Percent change		.8.382	.4.256	5.381	8.681	2020
10	Volume of exports of goods and services	Percent change		9.756	7.868	.17.99	20.206	2020
Monetary variables								
11	Inflation, average consumer prices	Index		363.125	418.236	469.591	533.469	2020
12	Inflation, average consumer prices	Percent change		16.332	15.177	12.279	13.603	2020
13	Money Supply Index M1	billion Turkish Lira		1678.92	2068.39	2666.78	3457.68	
14	Istanbul Stock Exchange National Index XU100			1184.9624	1033.8346	851.1278	1385.7143	
15	Implied PPP conversion rate	National currency per current international dollar		1.562	1.748	1.981	2.191	2020
16	Interest rate	Percent change		8	24	9.75	19	
Financial variables								
17	General government revenue	Percent of GDP		30.961	30.166	29.253	28.247	2020
18	General government total expenditure	Percent of GDP		34.615	35.771	34.634	33.958	2020
19	General government net lending/borrowing	Percent of GDP		.3.654	.5.605	.5.381	.5.711	2020
20	General government structural	Percent of potential GDP		.3.215	.4.775	.3.32	.3.413	2020

	balance							
21	General government net debt	Percent of GDP		23.898	25.732	32.283	33.529	2020
22	General government gross debt	Percent of GDP		30.173	32.598	36.765	37.106	2020

Source: International Monetary Fund, World Economic Outlook Database, April 2021. Interest rate indicator from the source: <https://countryeconomy.com/key.rates/turkey>. Source money supply indicator: https://www.theglobaleconomy.com/Turkey/money_supply/. Istanbul Stock Exchange National Index XU100 from the source: <https://tradingeconomics.com/turkey/stock.market>.

4.2.5. Iraq

4.2.5.1. Real Variables

The Iraqi economy is also suffering from a double crisis, the crisis of low oil prices and the crisis of the Corona pandemic, and we will come to each indicator and its impact on the crisis and its impact on the economy as a whole,

The gross domestic product at current prices decreased to the level of 172.119 billion dollars in 2020 from the year 2019 was 222.434 billion dollars, a decrease of 22.6%. As for the **deflation factor**, it began to rise in 2021 to 33.44%, and this is the worst contraction that the Iraqi economy has experienced since 2003. In the year 2020, the **per capita gross domestic product** decreased to 4,288.77 dollars, a decrease of 1,397.84 dollars compared to the year 2019, when it was 5,686.61 dollars.

The **unemployment rate** increased from 12.76% in 2019 to 13.74% in 2020, and the lion's share of this percentage is for the private sector. The same applies to **total investment** (foreign + Iraqi), which decreased to 22264380 dinars in 2020. **Savings** amounted to 1.899%, compared to 15.565% in 2019, the GDP ratio.

4.2.5.2. Monetary Variables

Although interest rates are fixed at 4%, this did not prevent inflation rates from rising in 2020 to 0.573% and in 2021 to 9.366%, after it was negative in 2019.

As for the **money supply**, it increased from 94252.95 billion dinars to 108170.53 billion dinars in 2020 compared to 2019. The **stock market** index was also affected by the crisis, and it decreased from 452.46 points to 444.9 points in 2020 compared to 2019.

4.2.5.3. Financial Variables

Since the Iraqi economy is a rentier economy and its dependence primarily on oil and with lower oil prices, **general government revenues** decreased to 29.971% in

2020 compared to 2019, the percentage was 37.757%, but with the rise in oil prices, revenues increased in 2021 to 43.255%.

Total public government expenditures are also affected by the crisis due to support for the health sector and the economic sectors in general. Expenditures increased in 2020 to 49.751% compared to 2019, the percentage was 36.869%.

Due to the government's resort to borrowing, the **total general government debt** increased from 47.705% to 81.153% in 2020 compared to 2019. This is evident from the **general government net lending / borrowing index**, as it became negative from 0.887% in 2019 to .19.78% in 2020. As shown in Table 17.

Table.17: Main Economic Indicators Before and After the Crisis for Iraq for The Period (2018.2021)

	Subject Descriptor	Units	Scale	2018	2019	2020	2021	Estimates Start After
Real economic variables								
1	Gross domestic product, current prices	U.S. dollars	Billions	216.946	222.434	172.119	190.733	2020
2	Gross domestic product, current prices	Percent change			2.52966176	.22.620193	10.81461082	
3	Gross domestic product, deflator	Index		126.435	124.097	108.559	144.868	2020
4	Gross domestic product, deflator	Percent change			.1.84917151	.12.520851	33.44632872	
5	Gross domestic product per capita, current prices	U.S. dollars	Units	5,690.51	5,686.61	4,288.77	4,632.15	2013
6	Unemployment rate	Percent of total labor force		12.87	12.76	13.74		
7	Total investment		Mill. of ID	19716782	25625653	22264380		
8	Gross national savings	Percent of GDP		17.317	15.565	1.899	17.597	2020
9	Volume of imports of goods and services	Percent change						
10	Volume of exports of goods and services	Percent change						
Monetary variables								
11	Inflation, average consumer prices	Index		122.924	122.679	123.382	134.938	2020
12	Inflation, average consumer prices	Percent change		0.367	.0.199	0.573	9.366	2020
13	Money Supply Index M1	billion Iraqi Dinar		91625.22	94252.95	108170.53		
14	ISX Iraq Stock Exchange			632.57	452.46	444.9		
15	Implied PPP conversion rate	National currency per current international dollar		612.583	590.714	510.56	669.131	2020

16	Interest rate	Percent change		4	4	4	4	
Financial variables								
17	General government revenue	Percent of GDP		41.181	37.757	29.971	43.255	2020
18	General government total expenditure	Percent of GDP		33.026	36.869	49.751	52.497	2020
19	General government net lending/borrowing	Percent of GDP		8.154	0.887	.19.78	.9.241	2020
20	General government structural balance	Percent of potential GDP						
21	General government net debt	Percent of GDP						
22	General government gross debt	Percent of GDP		50.018	47.705	81.153	69.684	2020

Source: International Monetary Fund, World Economic Outlook Database, April 2021. Iraq Stock Exchange Index and total investment are taken from the source: <https://cbiraq.org/SeriesChart.aspx?TseriesID=382>. Unemployment rate indicator from the source: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=IQ>. Money Supply Index M1 from the source: https://www.theglobaleconomy.com/Iraq/money_supply/. Interest rate index from source: <https://tradingeconomics.com/iraq/interest.rate>.

4.2.6. Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia, like other oil-producing countries, classifies its economy as rentier because its dependence on the oil sector to a large extent in financing the state budget, therefore the crisis affected these countries on two sides: first, the decline in global oil prices and secondly the impact of Corona on the rest of the economic sectors, the following is an explanation of the impact of the crisis on each sector With the graphical numbers as shown in Table 18.

4.2.6.1. Real Variables

One of the first variables that shows change is the gross domestic product, as it decreased by 12.36%. However, this was reflected in the deflation factor, increasing in 2021 to 11.48%, from 0.48% in 2019, i.e., a relative rate of more than 10%.

The **per capita GDP** also decreased from 23,266.49 dollars in 2019 to 20,178.23 dollars in 2020, that is, it decreased by 3,088.26 dollars within one year.

As for **total investment**, unlike other indicators, it remained stable due to the initiative launched by the government to overcome the impact of the crisis on investment, especially private sector investment. Investment rates are almost constant in 2020 compared to 2019.

This has an impact on the **unemployment** rates to remain nearly stable, compared to 2018, where it was 6%, while in 2020 it reached 5.86%. As for general **government saving**, it decreased to 25,535% in 2020 compared to 2019, where it was 32.629%.

As for the trade sector (**imports and exports**), both of them decreased at record rates in 2020, .23.318% for imports and .15.581% for exports compared to the year 2019, 2.999% and .3.873%, respectively. As in Table No 18.

4.2.6.2. Monetary Variables

By looking at the monetary variables, we note that **inflation** rates rose in 2020 to 3.438% compared to 2019, which was negative 2.091%. This is due to the increase in the **money supply** from 323203 million Saudi riyals in 2019 to 351,149 million riyals in 2020. In order to maintain economic growth, the Central Bank reduced the **interest rate** to 1% in 2020. The crisis also affected the **exchange rate**, "the national currency against the current international dollar," by dropping to 1.616 in 2020.

It also negatively affected the **Saudi stock market (TASI)**, and the Al.Borsa index fell to 5947.3684 points in 2020, after it was 7706.7669 points in 2019. He indicates that the government has maintained, through central bank policies, two important matters that will stimulate economic growth in 2021, which are very high liquidity with commercial banks and the central bank and low interest rates and encouraging the entry of local and foreign investors to invest in the oil sector for the first time by allocating Part of the capital of the state oil company, Aramco.

4.2.6.3. Financial Variables

Due to the crisis, revenues decreased and expenditures increased, the impact of the disruption of the aviation sector, and the adoption of part of the Kingdom's revenues on religious tourism, which led to a clear decline in revenues to 29.235% in 2020, and public government expenditures increased to 40.327% in 2020.

As for the **net government lending / borrowing**, it recorded a negative sharp decline until it reached .11.093% in 2020. This is evident in the **general government net and total debt index**, as the net increased from 4.992% in 2019 to 15.839%, and the total from 22.79% in 2019 to 32.435% in 2020. As in Table No 18.

Table.18: Main Economic Indicators Before and After the Crisis of Saudi Arabia of The Period (2018.2021)

Real economic variables								
1	Gross domestic product, current prices	U.S. dollars	Billions	786.522	792.967	701.467	804.921	2019
2	Gross domestic product, current prices	Percent change			0.81943035	.11.538942	14.74823477	
3	Gross domestic product, deflator	Index		112.1	112.645	103.959	115.895	2019
4	Gross domestic product, deflator	Percent change			0.48617306	.7.7109503	11.48144942	
5	Gross domestic product per capita, current prices	U.S. dollars	Units	23,538.93	23,266.49	20,178.23	22,700.14	2019
6	Unemployment rate	Percent of total labor force		6	5.625	5.86	n/a	2019
7	Total investment	Percent of GDP		24.23	27.808	27.667	27.754	2019
8	Gross national savings	Percent of GDP		33.381	32.629	25.535	30.593	2019
9	Volume of imports of goods and services	Percent change		2.2	2.999	.23.318	16.633	2019
10	Volume of exports of goods and services	Percent change		8.803	.3.873	.15.581	15.128	2019
Monetary variables								
11	Inflation, average consumer prices	Index		100.008	97.917	101.283	104.035	2020
12	Inflation, average consumer prices	Percent change		2.45	.2.091	3.438	2.717	2020
13	Money Supply Index M1	SAR Million		311458	323203	351149	353248	
14	Saudi Arabia Stock Market (TASI)			7406.015	7706.7669	5947.3684	9240.6019	
15	Implied PPP conversion rate	National currency per current international dollar		1.796	1.773	1.616	1.77	2019
16	Interest rate			3	2.25	1	1	
Financial variables								
17	General government revenue	Percent of GDP		30.704	31.161	29.235	28.96	2019
18	General government total expenditure	Percent of GDP		36.575	35.613	40.327	32.723	2019
19	General government net lending/borrowing	Percent of GDP		.5.871	.4.452	.11.093	.3.764	2019
20	General government structural balance	Percent of potential GDP						
21	General government net debt	Percent of GDP		.0.087	4.992	15.839	17.566	2019
22	General government gross debt	Percent of GDP		18.98	22.79	32.435	31.028	2019

Source: International Monetary Fund, World Economic Outlook Database, April 2021. Iraq Stock Exchange Index and total investment are taken from the source: <https://cbiraq.org/SeriesChart.aspx?TseriesID=382>. Unemployment rate indicator from the source: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=IQ>. Money Supply Index M1 from the source: https://www.theglobaleconomy.com/Iraq/money_supply/. Interest rate index from source: <https://tradingeconomics.com/iraq/interest.rate>.

CONCLUSIONS

The economic, financial and monetary crises are among the outputs of the free market mechanism within the constants and principles upon which global capitalism is based. The developments that took place on the political and economic arena, such as wars, technological development, the collapse of global systems, and the tremendous development in the mechanism of work of financial markets was accelerated by periods of periodic crises in the capitalist economy. Global capitalism, with every economic crisis that occurs, has sufficient resilience to overcome it, without deep political and social setbacks unlike the socialist camp.

The new Keynesianism has given a leading role for fiscal policy in dealing with the occurring crises, and that the evolution of the role of money into a dynamic nature that affects all economic variables among the monetarists has redistributed the weight towards the use of monetary policy tools in handling. Most of the economic and financial crises were caused by monetary reasons (ie a collapse in the financial and monetary markets), so the treatments were mostly monetary.

The economic crisis (Covid.19) was going to happen sooner or later, but with the coming of the pandemic it accelerated the pace and timing of its occurrence. The recent crisis possessed a peculiarity with a distinct weight in a new direction that differs from the economic and financial crises that occurred previously, represented by low inflation rates and high unemployment rates as a result of closing economies due to the pandemic and not because of the economic crisis itself.

Consumption rates decreased in the recent crisis and were accompanied by higher savings rates and investments headed in safer directions and havens such as government bonds and cryptocurrencies directly and equity companies equivalent with cryptocurrencies indirectly. The repercussions of the recent crisis forced governments to act on the following sides:

A. Adopting very wide cash aid packages to be distributed to individuals and companies.

B. Accompanied by decreases in interest rates to nearly zero, and thus the crisis proved the correctness of the monetarists' divorces about the error of the so-called liquidity trap adopted by Keynes.

C. Moving on the public health front and accelerating the production of preventive vaccines against the pandemic, and for this purpose, it adopted massive subsidies to companies and medical research centers in order to achieve this.

D. Targeting monetary policy with all its administrations to maintain overall consumption rates in advanced economies, with what it represents as an effective variable to maintain the dynamism of the capitalist economy.

The recent crisis worked to demolish some walls of globalization in the return of some economies to adopting broad governmental intervention policies and protectionism for their economies, in contrast to what it previously called for in terms of economic freedom and calls for non-intervention. On the other hand, the crisis deepened some of the other foundations of globalization, in contrast to what was mentioned above, especially in the global field of pandemic control.

By adopting massive expansionary monetary policies, developed countries were able to neutralize the repercussions of the economic crisis, unlike emerging countries, as they were affected by the crisis as a result of the global shutdowns of international economies, the decrease in the volume of international trade, and the deep correlation of their financial markets with the developed financial markets, represented by high inflation rates accompanied by widespread unemployment and low sharp in the size and rates of GDP.

Based on point (12) above, the economic crisis accompanied by the pandemic has had deeper effects on the economies of emerging countries, which requires them to combine all the tools of economic policy (monetary, financial and real).

As for the oil-producing countries, as a result of the economic closure, oil prices collapsed, which plunged them into deep structural crises that hit the foundations of their real economies, represented by a drop in gross domestic product and the occurrence of wide deficits in their balance of payments and financial balances, which led to significant declines in the exchange rates of their national currencies against the US dollar. Which required large cesarean treatments on the financial and monetary levels.

PROPOSALS

It is absolutely necessary, when such crises occur, that they be addressed in a (global) manner common to all countries, taking into account the situation of the newly developing and emerging countries.

The global economic institutions (the International Monetary Fund, the World Bank, the United Nations institutions, the World Trade Organization, etc., must play a greater and broader leadership role in leading the issue of finding solutions at the global level. "

It is necessary for all countries, especially (oil and developing countries) to adopt the issue of creating effective sovereign investment funds to reduce the impact of the recession in finding appropriate solutions to their economic crises.

Developing countries should give enough space to the issue of the independence of central banks to play their leading role in addressing the crisis.

The crisis gave justifications for developing countries to follow protectionist policies for their real economies (returning to the policy of self-reliance) during crises because all advanced economies retreated from the principles on which globalization was based when their economies were hit at the core.

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