

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

Bachelor

Date

18 / 02 / 2021

Course Code

MGM112

Introduction to economics

Instructions:

تحدث عن اهم الازمات الاقتصادية التي هزت العالم من حيث الأسباب التي أدت إلى حدوثها، ونتائجها.

*بما لا يزيد عن صفحة من خلال فهمك لأحداثها.

*يرفع الاختبار ب صيغة pdf

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للاستفسار من خلال البريد الإلكتروني

Instructor's Name: Dr. Ibrahim read

1. Great Depression 1929-1939

This crisis is the worst of the 20th century and is believed to have begun when the U.S. stock market collapsed in 1929, and later worsened by the poor economic policies of the then U.S. administration.

The recession lasted almost 10 years and resulted in massive income losses, record unemployment rates and a lack of production, particularly in industrialized countries.

In the United States, the unemployment rate was around 25 percent at the height of the crisis in 1933.

2. Asian Crisis 1997

The crisis began in Thailand in 1997 and soon spread to the rest of East Asia and its trading partners.

Speculative capital flows from developed countries to East Asian economies or the group of countries known as "Asian Tigers" such as Thailand, Indonesia, Malaysia, Singapore, Hong Kong, and South Korea have generated optimism, leading to over-credit and debt accumulation in their economies.

In July 1997, the Thai government was forced to abandon its fixed exchange rate against the U.S. dollar, which it had maintained for a long time, due to a lack of foreign exchange sources.

This led to a wave of panic among Asian financial markets, which quickly reflected on foreign investment sought by billions of dollars.

As market panic swells and investors increasingly worry about possible bankruptcies of East Asian governments, fears of financial collapse around the world have begun to spread, and it has taken years to recover.

3. Economic crisis 2007 - 2008

The economic crisis of 2007 led to a major recession, the most severe since the 1929 recession, and the 2007 recession devastated financial markets around the world.

The crisis was triggered by the collapse of the so-called "real estate bubble" in the United States, which led to the collapse of Lehman Brothers investment bank in September 2008, and many of the world's financial institutions were on the verge of collapse.

Ending the crisis required unprecedented government bailouts, and it took nearly 10 years to recover, after the world lost millions of jobs and billions of dollars.

4. Corona Economic Crisis

The Coronavirus (COVID-19) pandemic has dealt a severe blow to a global economy through.

1. Large-scale closures: By early April, nearly 150 countries had closed all schools, imposed the cancellation of rallies and events, and more than 80 countries closed all workplaces to contain the outbreak. Travel restrictions have been imposed on a large scale. Mandatory closures, coupled with spontaneous social divergence by consumers and producers, have had a significant impact on global activity and trade, accompanied by fluctuations in financial markets and sharp declines in oil and industrial metals prices.

2. Multiple weaknesses: In the short term, emerging market economies and developing countries, which are likely to be the most economically affected, are those that are weak in their health systems, heavily dependent on trade, tourism, or remittances from expatriates from abroad, dependent on commodity exports, or financially vulnerable. On average, emerging market economies and developing countries are experiencing higher debt levels than before the global financial crisis, making them more vulnerable to financial pressures.

3. Long-term damage: Severe recessions have lasting consequences for potential outcomes through reduced investment and innovation rates, erosion of the human capital of the unemployed, withdrawal from the world trade cycle, and disruption of supply chains. The long-term damage to the Corona pandemic will be particularly severe in economies in financial crisis and in energy-exporting countries due to the collapse in oil prices. On average, in the category of emerging market economies and developing countries, over a period of five years, a recession accompanied by a financial crisis may lead to a decline in potential output of about 8%, while in energy-exporting countries in this category, on average, a recession accompanied by the collapse of oil prices may lead to a 11% reduction in potential output.

4. Productivity damage: The pandemic is also expected to stifle the low productivity growth rate of the past 10 years. Previous epidemics have been accompanied by a 6% decline in labor productivity and an 11% drop-in investment rates after five years in affected countries.