University Abou-Bakr Belkaid Tlemcen

Faculty of Economics, Management Sciences, Commercial Sciences and Finance

Handout untitled : « Introduction to economics »

Intended to first-year economic students

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Contents

Preamble

Themes that examine and study economic phenomena, within the framework of economic science, have become so regular and attractive to readers and students, even those who have never been familiar with concepts relating to the field of economics , but who seem to be more interested in this discipline, in view of a large and growing number of students who choose economics subjects, the most popular being management, corporate finance, banking and insurance, marketing and others.

For this, a need to know the foundations of economic science, and particularly its basic and elementary contents, seems recommended and strongly desired in order to fully understand and assimilate themes such as the economic system, prices, incomes, consumption, production, investments and many other aspects, particularly for students looking for more consistent and comprehensive training which will allow them to pursue specialties that match their desires, ambitions, and future careers.

For this purpose, we propose this handout for first year students, from different backgrounds and fields, in order to fully understand these basic foundations of economic science, especially the first knowledge of the economic world, especially since certain points which will be examined are always essential for students to get to a level that will allow them to pursue other studies towards other specialties, in an economic situation that continues to change and transform, as is the case with new technologies and other question such as sustainable developpent, world corporate governance, new economic geography and othet subjects.

Certainly, economies change and transform according to certain economic contexts, particularly at the level of international economy, but this requires and necessitates that students first understand the first elements of understanding the economic lexicon, to be able to understand the reasons and the factors of any national or international economic event.

For this, certain requirements are also necessary and recommended to understand the meaning of certain definitions, such as knowledge in the field of micro-economics (theory of consumer, theory of producer and price theories in particular), economic thought (the different approaches on production, wealth, value, prices and others), economic facts (the industrial revolution, the various economic, financial, energy crises), starting from the fact that we are discussing an economy of a nation which includes a lot of concepts and elements of reflection in the economic field, added to this some necessities in terms of accounting, mathematics and statistics, due to the fact that certain analyzes require manipulation and understanding of certain concepts in this courses, based on the fact that the economic science is a science that attempts to encompass other sciences and exploit what is necessary and useful to fully understand it.

Hoping that such work will be useful and helpful for the students in their careers and give them a comprehensive and understading analysis of this topic.

First session: Some definitions

As stated verbatim, “Economics is the science which studies how scarce resources are used to satisfy the needs of men living in society; it is interested on the one hand in the essential operations which are the production, distribution and consumption of goods, on the other hand in institutions and activities", meaning, thus, that this science is closely interested in the relationship between the economic means available, notably raw materials (gas, oil, uranium, phosphate, coal, fertile land, different types of energy, and others) and the incessant needs of the world population both in terms of food, health, education, transportation, housing, communication and others, to satisfy their needs and maximize their utilities and objectives.

It is important to know that the proven reserves of some raw materials, notably fossils, such as oil, gas, potassium, coal, are well determined by time, because it is a production linked for a certain duration. and that we cannot exceed this, while at the same time, the world population increases from one year to another, where we are currently close to 8 billion inhabitants, particularly in the Asian continent, which already constitutes a major obstacle for economists to find appropriate and ideal solutions for this relationship.

The most well-known and widespread definition of economic science (or general economics) comes from the Greek term Oikou Nomos (which means the law of the house), referring, thus, to the way of managing domestic and internal affairs through those concerned themselves, namely the occupants of a house, and this is the same case for States and nations and their decision-makers, in a desire to find mechanisms and strategies to, at the same time, satisfy the needs incessant and ascendant of local inhabitants, and take into consideration the production actually available and potential at the time of these needs, in order not to create situations of shortage and dysfunction at the level of consumer markets, which can even lead to dramatic social situations .

We will also know that “Economics is a science that studies the way in which individuals make choices and decisions with limited resources. The primary objective of economic activity and commerce is to provide goods and services that meet the wants and needs of everyone, interpreting this through the question of choices and decisions according to what is actually available, both in terms of incomes, products and merchandises, markets, leaving, consequently, "economic agents" to make their choices in a more liberal and autonomous manner, due to the fact that the satisfaction of each remains, largely, to nature decisions taken.

The economy (or economic science) finds itself, thus, in the need to arrange the interests and objectives of the actors of the economic scene (notably national), without losing awareness that the factors of production (labour, capital, land , technology, raw materials, organization and others) are not always available and accessible to all States at specific and determining moments, which requires well-studied and examined policies and mechanisms, because it is a question of losses and of profits that economic decision-makers must take into account, sometimes in fairly complicated and complex circumstances and contexts.

We also add that economic science is interested in the transformations and mutations of the world economy and tries to understand the mechanisms which led to this, while proposing solutions and remedies in the face of the consequences, particularly unfortunate and unfavorable, on national economies as was the case with the global economic crisis of 1929 or the more recent one of 2008, besides other unfortunate cases facing some nations, especially those living in some continents such as Africa and the south of Asia.

It is necessary to understand that the main objective of general economics is to understand the very essence of economic growth, to achieve the essential goal of economic development that each nation aspires to achieve and obtain, through appropriate economic policies and strategies.

It is important to distinguish several concepts related to this science, among others;

1) Microeconomics which studies and examines the behavior of economic agents (essentially producers and consumers), to understand their behavior and objectives, through the system of markets, income and prices. This involves the study of the theory of production, that of consumption and finally the theory of partial equilibrium.
2) Macroeconomics which examines the behavior of economic agents at the level of the national economy, with a view to understand the mechanisms linked to the markets and sectors which make up the structures of a given economy. This involves the study of three fundamental markets, namely the market for goods and services, that of employment and finally of money and credit, to arrive at general equilibrium and therefore the ISLM[1] equation.
3) Economic development which is a process of evolution and progress recorded during a given period through the main indicator which is the GDP (Gross Domestic Product) which determines all the added values created by the companies which active at local and domestic level (public or private ones).
4) Economic growth which represents a quantitative evolution of certain macroeconomic parameters over a certain period, based on economic equations, which themselves are linked to the production factors of a production function, and this is considered as the main component of economic research and science.
5) Economic crises evoke situations of deterioration of certain macroeconomic indicators over a certain period, for example an economic slowdown, a fairly high unemployment rate, galloping inflation, a fairly significant level of debt (external and public), an accumulation of economic setbacks, and above all a deterioration in the socio-economic living conditions of the local population.
6) The economic cycle which indicates a periodicity of economic activities over a fairly long period, in order to note the slowness or economic revivals and try to explain the reasons behind it.

Thus, economic science explains national and international economic facts, seeks to find adequate solutions and propose the most reliable and consistent strategies to economic decision-makers, particularly at the level of production, consumption, with a view to long-term economic growth. , taking into account economic developments and the availability of production factors.

[1] ISLM=Investment+Saving+Loan+Money

Second session : The economic system

The discussion on the economic system is also fundamental and crucial for students to understand the mechanisms and process of it, sometimes in a quite complicated and delicate environment, which requires good and adequate decisions at precise and timely times. .

Thus, an economic system could be seen as a model, operation, process which determine how a national economy is organized, either in terms of production (companies, firms, modes, etc.), or consumption (prices, income, markets, etc.), where distribution (channels, routes, markets, etc.), with a view to determining the best ways to meet the expectations of the population and citizens, who are becoming more and more demanding in terms of quality, quantity, availability , socio-economic well-being, and obviously leisure.

To return briefly to economic history, we should know that the economic world has known several economic systems which can be summarized as follows:

1) Mercantilist economic system which is based on the idea that the wealth of a State comes from its reserves of gold, silver, accumulated through maritime expeditions to regions which are full of these precious metals, where the demand is highly high and important at that time. This system is therefore distinguished by the weight of foreign trade and especially the situations of trade surpluses which are transformed into financial surpluses and thus allow the financing of the economy and the achievement of economic growth rates.
2) Feudal system which is distinguished by the idea that it is the agricultural sector which creates wealth, in addition to foreign trade, and it is indeed the fertile lands exploited and used by farmers, peasants, farmers who create economic growth and allow the redistribution of this wealth to the local population and therefore enable consumption. In this approach, the Frenchman F.Quesnay (in his famous economic table) explains that agriculture generates income which is then distributed to the population, through what he calls the net income created by the farmers, with other income distributed to other actors who contributed to agricultural production (among others, owners, handlers, agricultural workers, collectors and others).
3) Classic economic system which is based on the idea that it is indeed the work of humans (and therefore labor) which achieves the wealth of nations, without omitting and ignoring the ideas of mercantilists or feudalists, insisting, in particular, on the place of the company (enterprise) as the place of this creation through the use of this human resource in tasks and functions which produce goods, merchandise and products, and these will, later, be transported towards the markets for consumption purposes, thereby creating a very close relationship between production and consumption, which results in appreciable added value for a State and thus economic growth which will be transformed, in turn, into economic development. This system is better known as an economic system of the classics, with pioneers such as A.Smith, D.Ricardo, J.B.Say, R.Malthus and many others and it Is considered as the main economic system through many periods.

4) Planned or socialist economic system which is based on the idea that it is the economic sector of the State which will take care of economic activities in a country, therefore the ownership of the factors of production returns entirely to the State as well that the main economic decisions, such as prices, income, investments, savings, management of companies, banks, economic administrations, with strict and rigorous control over the activities of the private sector, particularly in the operations of the foreign trade, exchange rate, foreign direct investment, financial markets and others. We must clearly distinguish between this approach and that of K.Marx who was more interested in correcting and calling into question some of the ideas of the classics, particularly on questions linked to value, work, prices, modes of production, and markets, that is the classical mode of production.
5) Liberal economic system, which does not differ too much from the classic one, is based on the idea of completely distancing the State from economic activities and leaving the market alone which decides everything, namely on income and salaries, prices in markets, decisions of economic agents, foreign trade and others. Thus, this current indicates and specifies that each economic actor, each economic sector, each economic market are free and autonomous to make the decisions that suit them to achieve their objectives, like the consumer in maximizing utility, producer that of profit, of the investor that of yield and others, while the State becomes an agent like the others, preserving only sovereign functions such as security, borders, legislation, and public control.

We add the fact that the classical approach has been divided to some other approaches such as :

a) The neoclassical approach.
b) The Keynesian approach.
c) The new Keynesian approach.
d) The nex liberal approach.

We must take into account the fact that the economic systems cited have been developed according to historical process of the world economy, due to the fact that the availability of production factors, the evolution of societies, the role and place of the State in decision-making, as well as the development of the environment (both internal and external) have impacted the orientations of economic decision-makers to discuss this or that economic subject, for example the transition from the mercantilist to the feudal through the notion of the earth and the birth of an ideology based on this natural factor, as well as the transition from feudalism to the classics through the industrial revolution which created the company which became the place of creation of wealth and value , as well as the mutation of the classics towards the socialists thanks to another ideology which places the employee in the interests of economic decision-makers, and contemporary the liberal system with some social inclusion is dominating the economic world

a clearer way, the economic system represents a regulated and legally framework, which allows the economic agents cited as well as any other component of the national economy to choose the most appropriate decisions and in accordance with their expectations, taking into account the freedoms available and the varied choices, with a state of mind more adapted to their expectations and above all to fully understand the characteristics and specificities of the environment in which they live.

We add that the economic system perfectly represents the framework which allows the realization of the objectives set out by each member of society, as well as the consequences which will result, creating, therefore, a comparison between the expectations developed by each person and the means and instruments available at the level of this society, particularly in economic questions which interest everyone, for example socio-economic well-being, the improvement of real living conditions, the realization of the aspirations of a large part of the population, and more precisely manage to reduce some negative aspects, such as poverty, famine, social exclusion, precariousness and other negative scourges.

Another point that must be discussed in the question of the economic system lies in the fact that it is the result of a long historical process, basing itself mainly on the decisions taken at the level of the authorities which reign over the institutions of the State, like the Roman, Greek, Ottoman, Western, Middle Eastern, Communist and other eras, because the economic system reflected the ideologies and command principles of these authorities, with the aim of controlling the political situation and then a takeover of the population to expand their domination and powers.

So, an economic system is considered as a relay of political and social decisions, which makes it possible to further strengthen the prerogatives of economic actors and decision-makers, in order to create synergies and coordination and above all convergence on the advantages gained and the interests obtained, particularly within the framework of a common vision on economic facts.

One of many economists who work on the subject indicates, in this sense, that the problem of distributing the wealth created, like that of obtaining it, has not obtained the same solution everywhere in the world. The principles on which the answers to these major problems are based constitute an economic system. An economic system is a pattern of societal organization of the production, distribution and consumption of goods and services, which means that each system has its own characteristics and origins, and that it does not identify itself as a model which can be applied to each economic or country, as long as international societies differ and are not the same, as is the case with historical civilizations, demonstrating, therefore, that economic systems vary and change in function of geographical regions and the eras experienced by States in their history.

To summarize, an economic system is defined depending on the place of the state in some decisions, but also the way other actors participate in these decisions and the nature of the economic activity and structure.

<u>Third session : Economic activities</u>

An economic activity designates the stages of creation of the wealth of a State and its distribution among the populations and citizens, in order to guarantee a minimum of equality and justice between them and the establishment of a society of economic well-being and comfort felt by economic actors.

It is not enough to create a production in order to evoke an economic activity, or to consume,or to save,or to invest and others, but to chain all these operations into a whole which results in added values for the good of this nation , because it is well known in an economy that each approach is followed by another, because producing without consuming cannot create wealth, just as investing without saving, and so on, which implies that an economic activity brings together all these operations and economic decisions in a chain which begins with production to achieve general and overall satisfaction for the country.

INSEE[2] offers a definition which states “that an economic activity is a process, which, from inputs, leads to the manufacture of a good or the provision of a service”, meaning, thus, that there is a beginning and an end in this process, and each operation obeys, inevitably and straightforwardly, towards the achievement of a precise objective, whether for the manufacturer and the producer, or the user of these goods and services.

In another lecture, it is mentioned that "Firstly, economic activity includes not only activities oriented towards the market, that is to say, whose product is capable of exchange, whether it is market or non-market, but also production activities intended for an individual's own consumption (non-market production)", showing, thereby, that an economic activity is a sequence of various operations and approaches to arrive at economic purposes, which can satisfy the expectations and objectives of all the parties who took part in this process, particularly at the financial level, from the moment when each stakeholder is supposed to find their interest in this operation, whether it is the manufacturers , consumers, distributors, markets, investors and others, thus confirming that an economic activity is certainly an economic process but very remunerative and financially advantageous for those involved in this process, each according to the degree of it. .

For addition, a economic activity is strogly linked with the main economic sectors that are dominating the state, since that any production (industrial, agricultural, services or other) can lead to create a way to obtain the wealth, but it also means that we must create a coordination and synergy between all the sectors, in a way to find the best strategies and politcs to attain and reach what we are looking for.

Also, any economic actovity is dealing with the way the national domestic product is divided and distributed among the population, in order to find the best methods to reach any kind and categories of the citizens, for equity and social justice matters, taking into account that economic activity Is working towards this goal, mainly in sone complicated and difficult moments.

[2] INSEE= National Institute of Statistics and Economic Studies (France)

Any national economy differs and stands out from another in the field of economic activities, as long as it depends on the availability of production factors, potential instruments, the state of the environment and economic fields and also the objectives set by the initiators of economic projects linked to the nature and type of economic activities to be developed.

An economic activity can be schematized accordingto the following steps :

a) Resource scarcity
b) Classification and definition of consumer needs
c) Market for goods and services
d) Production of corresponding goods and services.
e) Evaluation of this relationship to determine possible anomalies and dysfunctions.
f) Determination of the next policy to be adopted.

Also, it is generally known that an economic activity is broken down into three important economic sectors:

1) The primary sector which essentially designates the economic activities which revolve around the agricultural sector (agricultural production, animal production, livestock farming, farm activities, peasantry, rural economic activities and others).

2) The secondary sector composed of activities linked to the industrial sector, among others, industrial production, mechanics, electronics, textiles, agri-food and others.

3) The tertiary sector focused on activities linked to the service sector, for example insurance, banking, transport, communications, tourism, craft activities, health, housing, education and others.

It is just necessary to point out the reason for the classification of agricultural sector in first position compared to industry, namely that it is indeed the first sector which appeared to human beings to develop their needs and produce their agricultural needs and which was behind the industrial revolution which shook up the economic world and transformed economic life which became more focused on industrial activities.

On this subject, we can also read by an economist that an economic activity is “anything that contributes to an economy. It can be as simple as selling seeds to grow potatoes, growing potatoes to sell to other countries, producing and selling a bag of chips, which proves that an activity economic can easily arise through a combination between the different factors of production to result in products and services which are used by individuals or businesses, all injected into economic markets distributed mainly between those of production, consumption, where that of currency and finance.

It should also be noted that "analyses of economic activity must include examination of the needs of many different groups within a country and the resources needed to increase or decrease the production of different economic activities", meaning, thus, that all economic activity must be carefully and deeply examined and studied at all levels and aspects before embarking on production or consumption which will have very unfortunate and disastrous consequences for the national economy and generate economic expenses and financial costs.

Furthermore, it is essential to understand that economic activity emanates from a particular hiring of all the stakeholders and that it is really a sequence of all the operations and decisions which come from these, from the moment that each party will try to find its interest in an economic activity which is supposed to achieve benefits for each economic actor.

To fully understand the purpose of a study on economic activities, it is useful to fully understand the stages of the process of an economic activity, namely:

A) Production or manufacturing consists of transforming raw materials, coupled with other production factors, into products and goods to be injected into consumer markets.

B) Marketing or distribution consists of transporting these products and goods from places of production to places of consumption, so we move from a production market to that of consumption.

C) Consumption consists of using products, goods and goods manufactured for individual and personal purposes, with a view to seeking interests.

Thus, we see that an economic activity cannot be content and focus on an operation or approach without there being continuity and a continuation of these operations, even if the actors involved differ and are not the same, It is important that these sequences between the moments of production, distribution and consumption are well coordinated and synchronized to avoid possible dysfunctions and disruptions in economic markets.

Through reading several references, we can list the main tasks of an economic activity as follows:

(a) Support for national economic reform processes;

(b) Sustainable development and good governance;

(c) Promotion of economic security;

(d) Improvement of the investment climate;

e) The creation of synergy between national economic enterprises.

f) Better coverage of economic markets.

g) More effective and efficient macroeconomic management.

h) A more stable, lasting and above all sustainable macroeconomic balance.

i) Harmonization of economic policies developed and established by economic decision-makers.

j) Studying the prospects and perspectives.

This clearly shows that an economic activity is not just about distributing tasks between the different economic partners, namely manufacturers, distributors and consumers, but also about creating the conditions for good understanding between them to the great good of these agents in the first place, and also of the State in achieving the much sought-after macroeconomic balance, for the good of the local population in the face of the frequent disturbances observed at the level of international economic markets.

Fourth session: Production

Production can be defined as the process of using, exploiting and transforming production factors (labor, capital, technology, land, organization, management and others) to produce goods, merchandise and products that will be at their in turn used and exploited by consumers (either for final or intermediate consumption).

It is therefore a sequence of phases and stages between several operations carried out at the level of companies and economic entities, each phase specializes in a precise and defined task in order to arrive at a finished product, while respecting the standards required in the quality and protection of human and environmental health, but also taking into account the costs of yhe operation.

Production is mainly perceived at the level of industrial companies which manufacture products using workshops, each specializes in specific tasks according to a diagram and a production plan, previously designed by decision-makers at the company level, depending on the type of product, the quantities to be produced, the quality required and the criteria defined for the needs of consumer markets, nationally and internationally.

According to some references, all production is subject to a certain classification as follows:

1) According to the quantities produced and manufactured which are divided into:

a) Unit production where we carry out manufacturing by units as is the case of an airplane, boat, train, railway line, and others, since such production takes a lot of time compared to a ordinary production and consumes a large number of production factors, thus leading to high expenses and costs for businesses.
b) Production in small series where we begin a manufacturing operation of a fairly limited quantity of products and goods such as cars, heavy equipment, machines, housing, factories and others, due to the fact that this type of production takes a certain amount of time but is not too long, with a fairly significant use of production factors, but with fairly significant charges and costs which are well managed by the producers in their search of profits.
c) Large series production where production is much larger and more extensive, with a large number of products and goods manufactured, for example household appliances (televisions, radios, refrigerators, washing and dishwashing machines, etc.) , tables, chairs, furniture, textiles, toys, and others, meaning, therefore, that the use of production factors is much more moderate, the costs are less significant than in other types of production, and markets fairly broad and diversified consumption, since that

this kind of poducts are directed mianly to a large number of consumers and eventual users.

2) Depending on the production process, which means :

a) Continuous production which means the start of a manufacturing process from a starting point to the end of the product, according to a well-studied program and with the designation of tasks and roles in a sequenced and seamless manner without interruption, in order to follow the established program and save more time in production, as is the case with chemical products.

b) Discontinuous production which means that the production of a good can be interrupted and stopped for the specific needs of the product, in order to respond favorably to the types of demand and order of the markets, like manufacturing, meaning thus such operation Is stronlgly linked with innovation and technological novelties.

3) According to production management which is divided according to:

a) Production to stock, which means that manufacturing is carried out according to the means available in terms of production factors (notably raw materials) and therefore according to the company's directives and objectives.

b) Production to order where production is carried out according to what customers and consumers desire in terms of products and goods, and thus the company only responds to an external need which emanates from a category in the market of consumption, generally made up of wealthy consumers.

The discussion on production is strongly present and felt in the debate on the creation of national wealth through gross domestic and national product, as long as GDP represents the sum of added values created and produced by companies, particularly industrial companies. , which are behind this national product, itself necessary for calculating the rate of economic growth and the whole economic développent.

We cite here the example of economies which have succeeded in their growth rates, driven mainly by industrial productive companies, like the American, European, Asian, emerging and other economies, which have largely benefited from the evolution of productive enterprises to rise among the most advanced and developed economies, the latter based on strong productivity and performance.

According to some sources, the characteristics of a production system are as follows:

1) Efficiency – The system should be designed to produce products or services quickly and efficiently.
2) Flexibility – It must be able to adapt to changes in demand and produce different products or services as needed.

This means that all production involves decisions which must be carefully examined and studied according to the means available to the company and the objectives set by it, taking into account a few parameters, namely:

a) The state and nature of the economic environment in which this company lives and operates.

b) The degree of national and international competition.

c) Technological development, particularly at the level of innovation.

d) The availability of production factors and especially their accessibility through domestic markets or international ones.

e) The degree of competence, qualification, effectiveness and efficiency of the production factors available to the companies, more precisely the human resources.

f) The nature and type of consumer markets.

At the strictly economic level, production is considered the essential and fundamental element in the economic growth of a State (as mentioned previously), and for this purpose, it is useful to distinguish two important types:

1) Production in terms of manufacturing of products, goods and merchandises, both in terms of quantity and quality, during a given period generally not exceeding one year, and corresponding to the nature of the demand side.
2) 2) Productivity which represents a quantity produced during a certain given time, in order to detect the quantity produced by each production factor and know the costs generated in this operation.
   Example : we calculate the quantity produced by a worker during an hour of work and the same for capital during the same period, and also for a machine and so on, the aim being to compare the usage charges of each factor in relation to what he actually produced, for the purpose to determine the real wage to give to any worker in the enterprise.

On this subject, it is mentioned that productivity gains are one of the major components of growth since they reflect the capacity to produce more with the same quantity of production factors – capital and labor. An efficiency which generates additional income in wages and profits", showing, consequently, this relationship between the exploitation of a factor of production and the income and costs which are linked to this operation, all for the good of the business and then for the economy in general, knowing that any profit obtained is useful and important for the national economy.

At the level of economic development, production plays a crucial and fundamental role, since that the achievement of a reassuring and exceptional GDP will generate a fairly substantial and remarkable rate of economic growth, thereby creating economic wealth for the country, which itself will result in an increase and improvement in the living conditions of the population, through an efficient and balanced distribution, thereby leading to more sustainable and sustainable economic development.

It is important to know that practically since the birth of the industrial revolution in the 17th century, production has been deeply embedded and intervened in all subjects linked to questions of economic growth and the development that follows, as long as productive companies (particularly industrial) have exploited this revolution to increase their productive potential and thus their profits, but the great advantage behind this is the positive impacts and effects, not only for the company but for the entire national economy, and this explained the extraordinary growth of some national economies such as the American, the French, the British ones.

Production in a company thus allows an economic reconfiguration of an entire economy, as long as it can generate the following achievements:

a) The absorption of a State's workforce and therefore reducing the unemployment rate.

b) Placing products and goods at the level of consumer markets, and therefore avoiding shortages and recourse to outside sources.

c) The creation of the revenues necessary to finance a country's socio-economic projects.

d) The creation of an industrial economic model important for the national economy, particularly in the long term.

e) Effective and real participation in improving the economic image of a State at the international level.

f) Building a strong industrial structure and an industrial base.

It is also necessary to know that the production function is:

$Q=f(K,L,T, M,O,L,\ldots)$

Where :

K=Kapital

L=Labour

T=Technology

M=Management

O=Organization

L=Land

The combination of all these factors leads us towards a production which must satisfy, at the same time, the producers and their profits and the consumers and their utilities.

Fifth session: Consumption

Consumption can be defined as the act of using and exploiting merchandise, goods, products and services, put on the market by productive companies or service providers, for individual and personal purposes, with a view to satisfying their needs. utilities and desires in this operation.

It is therefore an exchange between the products and goods produced and a demand which emanates from another market called the consumer market, therefore a relationship between supply (represented by production and demand by that of consumers which can be either final or semi-final consumers (or intermediates), depending on the nture of using the goods, products or even services.

Thus, consumption, in the economic sense of the term, is the action of immediately or progressively using or destroying goods and services (a bar of chocolate, a computer, toy, car and others), in the goal of satisfying a need, which amounts to saying that any act of consumption implies an intention to satisfy very specific demands of individuals who differ in their modes and behaviors of consumption of the goods and services available.

Generally speaking, thie consumption can be divided into two forms:

1) Individual consumption which indicates that a single individual, company, administration, economic entity or other is able to use the goods served at the market level, without taking into account others and their decisions, even if it deals with the same products and goods, taking into account that consumption Is something very personal and individual, regarding many other settings such as incomes, tatstes, utilities, behaviour and so on.
2) 2) Collective or global consumption concerns an act of use of goods and merchandises as well as services by a group of individuals, businesses or others, according to the degree of satisfaction sought by them, for example tables , chairs, and others. It is especially non-market goods (such as services) which are the most cited in this type, like public services which are requested by a group of people such as the case of local authorities who are held to provide some public services for the population such as water supply, electricity, paths and roads, housing ans son on.

We can also distinguish between :

a) Final consumption which is reserved for consumers who use the goods, merchandise and products purchased for final use without exchange with others, as is the case of agri-food products which are generally consumed on place and not reused by other individuals.
b) Intermediate consumption which indicates a process of use of products by other parties, and therefore it is the work of companies (we speak of intermediate consumption of companies), concerning raw materials or semi-finished products which are destroyed , transformed or incorporated, during the production process, to produce the final product (the energy and flour used to make a baguette).

Also, when discussing consumption, it is essential to also distinguish goods and products which are material (that is to say goods which are visible, accessible, palpable at the market level for consumers), therefore from goods which we can find and search at the level of sales areas for later use, and intangible goods which mainly represent services which are requested by individuals, for example shows, tickets for visits, sports sessions and others.

It is important to emphasize that consumption is driven and dictated in particular by two fundamental parameters:

A) Income and wages.

B) Prices applied at the market level.

Concerning the first factor, a consumer cannot access his expectations and needs in the absence of an income or salary or any other form, for example an income from an annuity, a dividend, an activity economically, the important thing is that this consumer is forced to have it in order to be able to meet these different needs, having in mind that all products, goods and services arnot free.

For the second factor, it is obvious that all consumption is closely linked to the evolution of prices at the market level concerning products, goods, services and others, because even if the consumer has a stable and sufficient income, this is not enough not if we judge the price level within the markets., meaning that prices and incomes or wages are evolving in the same place which is the market.

This can be explained through the purchasing power approach which is the relationship between the level of income and that of prices as follows:

1) If income increases or even remains stable but prices increase more, purchasing power will decline.

2) If income increases or remains stable but market prices fall more, purchasing power is increasing and improving.

3) In case of a stability of both incomes and prices, then the purchasing power will also be stable.

Thus, for the good of the consumer and his desire to maximize his utility, prices must not increase more than his income, because this will impact his consumption pattern and affect his living conditions, which makes his socio-economic situation more painful and complicated and difficult to resolve.

In contrary, the producer needs a better prices to sell his products in the market, unlesse he will, also, faces some financial problems and make some losses, which can harm the production and some difficulties in the supply side.

According an economist, all consumption (especially individual and personal) is subject to a few factors which are divided as follows:

A) Economic factors:Incomes, prices, credits, advertisings, economic intervention of the State (in terms of tax policy, income policy, credit policy, …).

B) Social factors: The composition and size of the family, age and sex, State intervention in social matters (family policy, social protection, retirement, etc.).

C) Sociological factors: Membership in a social group: the social group is made up of individuals who have identical economic conditions (income level, assets), lifestyles (cultural practices, politics) and values. Agents behave according to the social position they occupy and lifestyles characterized by several elements: The type of habitat and living environment, the sharing of time between work and leisure, the type of activity and working conditions, degree of social integration,… .

D) Environmental factors : Ecology, pollution, sustainaible développent, since that actually the consumer (and producers) are aware of some bad consequences of the ecology and prefer to consume only goods and products that are taking care of nature and the respect of environmental standards.

It remains that all consumers are free and sovereign over the products, goods and services they use to satisfy their needs and maximize their utilities according to the two criteria mentioned above, namely income and prices, insisting on the fact that consumption Is always evolving over tiime and looking for the best choice to be taken.

From a purely introductory angle to the economy, consumption depends, in a broader way, on the behavior of individuals and companies in their approaches and choices at the market level, because all consumption is also linked to production, and therefore according to some theoretical approaches, it is cited that: Greater consumption by households and businesses means an availability of productive businesses and services providers to also respond to this demand and increase production, resulting, consequently, in a call for investments and possibly other calls for labor, resulting in an improvement in the gross domestic product of the State and thus the creation of new wealth, meaning the starting point of this is the consumption and the consumer's behaviour.

This approach is more inspired by the theory of J.M. Keynes that students can learn in macroeconomics courses, where economic thought or even economic facts, but he main idea of this economist is that effective demand from the consumers (the real use of the income in buying goods and products in the market) can impact and affect the producers in order to respond to such demand and then thinking of increasing production within its enterprises, leading, probably for more appeal to workers and labour, and also more investments, contributing, then, to an increase to economic parameters, mainly the national gross product and possibly more opportunities at the international level.

Also, all consumption is forced to examine the meaning of a consumption structure which is defined as “the distribution of expenditure according to a certain number of items, also called functions: food, clothing, housing, housing equipment, health, hygiene, transport. . .

This structure and its evolution can be analyzed using budgetary coefficients. A budget coefficient represents the share (in %) of an item in the total consumption, with the aim of accurately monitoring the orientations of consumers regarding the choice of products and services and their inclinations towards the types of goods, which can -be important and essential for firms in their marketing policies to determine the nature of the products that are most in demand in the markets.

In this subject, it is wise to know two points :

A) The average consumption which means the number of goods, products and services used and consumed in a given period by dividing the whole number of producst on this periodn that Is to say 10 products /month, or week or any other time.
B) The marginal consumption which means the consumption of one product or goods each time, ans it Is calculated by studying the variation of the goods consumed over a given time.

It is therefore a question of an act which determines the quantities purchased and used by individuals or economic entities at the market level, which has the impact not only of satisfying the needs and expectations of those concerned (namely consumers) but also other economic agents, like businesses and firms for their production and therefore their profits, for the State in the creation of wealth and the improvement of living conditions, without forgetting perception tax revenue, for banks and financial markets through the granting of credits, for foreign trade for import and export operations and others.

Sixth session: Distribution

Distribution means the delivery of products, goods, and services manufactured or served as a service to consumers, whether final or semi-final consumers, at the level of consumer markets, with a view to responding to their needs, either in terms of quality, quantities or time management, throygh some manners of trasnport choosen by the distributors or other which are representing them.

It is in fact a link between production and consumption, therefore between producers looking for means and methods to transport their goods to consumers who seek them for their uses and profits, due to the fact that too much often productive companies do not own means of transport and rely on others to do so.

According to a certain definition, distribution can be defined as a set of operations occurring between the moment when the product is manufactured and when it is in the possession of the final consumer, under suitable conditions of location, time, quantity and quality. », which means that this operation concerns four fundamental parameters, namely: location, time, quantity and quality.

It is also known that distribution contributes to the consolidation of relationships and links between manufacturers and users of products and goods, due to the fact that distribution is not just perceived much more on the side of producers for the transport of their goods , but also consumers who prefer safer, faster and less expensive means of transport, and it is in this sense that productive companies or service providers can intervene in favor of consumers by acting on transport prices, since that a lower transport prices can affect the prices of goods and products distributed.

Among the traditional tasks and functions of distribution, we can cite:

1) Transport which means the movement of goods and manufactured goods to places of consumption (markets) which are often not found in the same regions as businesses, whether at the local and domestic level or outside national territories , thereby involving types of land, air, sea or naval, rail, and other types of transport. Thus, trucks, ships, commercial planes, trains, underground canals, cargo ships and others are often used.
2) Handling which is reserved for the means to load the products and goods at the level of the available means of transport, therefore it is often a qualified workforce which is responsible for placing the goods in these means, whether this could be. trucks, planes and cargo ships or others.
3) The choice of products to be transported by companies, in particular grouping which is defined as the gathering and assembly of a certain quantity of products manufactured by the same company but intended for several markets at the same time, as is the case of drinks, coffee brands, sugar, oils, vehicles and others.
4) We can also cite the case of fractionation which means the division of a particular batch of products and goods into several and different batches resulting from the same manufacture but which responds according to the needs of the markets, as is the case with clothing, shoes, textiles and others.
5) We cannot also forget another distribution activity, namely storage, which consists of the holding and placement of products and goods in secure locations at the company level, for their subsequent use at the company level. of sale and we generally distinguish two types of storage: A cyclical or frequent stock which means fairly rapid and continuous availability for market needs, and a safety stock which explains a situation of holding products and goods to meet needs expressed during a slowness in delivery or a sudden demand in consumer markets.
6) We can also mention the activity of flexibility in transport and delivery at the market level, taking into account sudden and unpredictable changes in the availability of means of transport such as cases of strike, unfavorable climatic conditions, geopolitical instabilities and others.
7) Also, distribution is dealing mainly to secure goods, products or even services and to respect timing and the nature of those merchandises, in the aim to create a synergy and good relationship between the entreprise and the customers, even if the transporters and carriers do not belong to this firm.

It is also important to know that distribution is concerned by two main types of channels:

1) The direct channel which means delivery of products and goods directly from the company to consumers without going through intermediaries, in order to save more time, additional costs and above all direct contact between the economic entity and the consumers.
2) The indirect channel which means that the company uses other intermediaries for the sale of its products and goods, taking into account the costs of such an operation and especially compliance with delivery times.

In choosing these distribution channels, the following factors are taken into account:

a) The characteristics and specificities of the company's products and goods.

b) The objectives of this economic entity (enterprise).

c) The costs and expenses to be borne.

d) Delivery times and flow of products.

e) Available means of transportation.

f) Locations of consumer markets.

g) The degree of competition on existing means of transport.

It is essential for students to understand that a distribution policy is part of the tasks of the commercial function (better known as marketing) and that any decision relating to this operation obeys a few conditions, such as:

A) A judicious study between the costs incurred in distribution and the expected income from this approach.

B) A real and careful study of consumer markets and particularly consumers.

C) A more global and broader approach to distribution channels, particularly with the involvement of new concepts such as e-commerce.

D) The availability of the most basic means at the company level, such as storage means, truck parking areas, human, financial, technical, logistical and other capacities.

E) The procedure for types of distribution (selective, intensive or exclusive).

F) The respect of international standards regarding environment and ecoligy.

G) The respect of national requirements (legal and regulatory).

H) The place of distribution in the marketing function regarding other commercial tasks, in order to establish the real costs of the distribution function.

It is also important to know that companies, in their distribution policies, use and resort to certain practices which go in the direction of capturing the greatest number of consumers, such as:

a) Promotional sales.

b) Sales.

c) Price reductions sometimes in an exceptional manner.

d) Couponing which consists of benefiting from a price reduction at checkout each time the customer presents reduction coupons.

e) Free after-sales services.

f) Free transport without travel.

g) The offering of gifts, trips, stays, and others.

Any policy of distribution of products, goods, merchandises, and even services is required to meet the expectations of consumers, as long as it is the latter who decide on the use of these, and sometimes a good , effective and efficient distribution can earn the company exceptional gains and profits, with good logistics organization, good study of the markets and good knowledge of the workings and contours of the marketing and distribution policy.

Thus, and to make it easier for students to better understand this policy, we can explain that it, for the sake of profitability, is conditioned by a deep and resounding examination of the following elements:

1) Factors specific to markets.

2) Factors specific to products, goods and services.

3) Company-specific factors.

4) Factors specific to intermediaries.

5) Factors specific to the economic environment.

6) Factors specific to internal and external competition.

This clearly indicates that the distribution policy should not just be perceived as a simple contact operation between the company and consumers, through the products and goods served, but rather a brand image and notoriety of this economic entity. , thereby highlighting the degree of maturity and professionalism thereof.

<u>Seventh session: Savings and investment</u>

A) <u>Savings</u>

Saving can be defined as an act of reserving a part of an individual's income or salary for the purposes of profit and benefits through the deposit of this part at the level of financial institutions (generally banks), seeking to consolidate assets in the future in the event of unfortunate and unfavorable situations.

We can read in this sense that “Savings consists of the part of the disposable income of households which is not devoted to immediate consumption, which is not consumed. Economists consider it as consumption deferred over time, indicating, therefore, that individuals prefer to devote part of their income to investment operations in banks, a way of protecting themselves from harmful hazards and allowing another more reassuring and comfortable consumption, in addition of some rate of winnings without investing to much work or capital investment.

We understand, therefore, that saving is explained by the fact that consumers act according to legitimate concerns regarding situations in the future, for example the appearance of economic crises, inflation, reduced income , unexpected and unpredictable expenses and others, thus pushing these individuals to think about all of this in their consumption and savings decisions, especially during a hard time as it happened recently with the Covid 19 and its devastating consequences on economic side.

These definitions therefore lead to a voluntarist attitude in saving, which is part of a renunciation of the economic actor (whether a household, a company or a public administration) to immediate consumption, with a view to a finality, the latter constitutes an essential and fundamental decision in this prose of decision, which concerns, it must be clarified, a renunciation of a part of the income (a sort of sacrifice) for achieve a specific objective, even if sometimes the individual is caring more about immeiate winnings and profits.

Economically, savings are calculated as follows:

Savings=Income-Consumption.

So, if the income is high, we can expect that the part of savings will be the same, but he situation wil be diferent in case of low income.

Another clarification to grasp, namely that “A sum of money resulting after consumption only constitutes savings to the extent that it is clearly and voluntarily allocated to a goal to be achieved in the future. An undirected amount of money is not savings, it is a simple residue of consumption", indicating, thereby, that savings are closely linked to an operation of precaution and security for the future. and that the individual is required to set aside a certain amount of money from his income to be ready and available to respond to exceptional demand, without the risk of finding himself financially incapacitated, having in mind that putting an amount of money in other directions rather than banks is called hoarding and useful only for immediate spending without going through financial institutions.

It must also be clarified that any act of saving remains voluntary, autonomous, independent and above all responding to precise objectives set by individuals, taking into account the level of their income, their financial aspirations, and the economic conditions which prevail at the level. of the national economy and in particular the household and business sector, considered to be the major providers and dynamic and active players in investment operations in financial institutions, the latter which transform these investments into investment operations (subject to discuss later).

It is important to know that the importance of savings in an economy lies in its role and contribution in financing socio-economic projects, as long as governments and States work to use and exploit the financial resources available at the level of financial institutions, and these come, in large part, from the shares of income and salaries which have been paid by individuals and consumers, thus allowing the State to carry out this financing without having to resort to foreign capital .

From a more convergent point of view, the main players in a savings approach are:

1) Households who give up consuming part of their income and place it (part) in the banks for later use and for individual and personal purposes.

2) Companies and enterprises which undertake practically the same steps and initiatives as households, with a view to investing in the future and the possibility of extending the objectives previously outlined, having in mind the possibility to obtain some financial winnings and benefits.

3) Banks and financial intermediaries which act as a link and relationship between the two sectors (households and entreprises) in order to attract savers to deposit part of their income in these institutions and encourage and push investors to use this savings in the form of credits to be repaid later. I; You should know that banks benefit from both operations through the interest rates they apply to savers and investors.

4) The State which benefits from these savings for investment projects and also the creation of employment positions and improving the living conditions of the population, through incentive measures whether for savers or investors, as well as banks and financial institutions.

5) Economic institutions that can act to encourage and promote savings operations, such as tax, legal, commercial, municipal and other administrations, since that any act of saving must go through some institutionnal canals, as example the fiscal administration, the insurances, legal and others.

Thus, any savings transaction allows the realization of some advantages, for example:

a) Availability of liquidity at any time.

b) A precautionary measure for savers.

c) A source of financing for companies, entrepreneurs and the State.

d) Avoidance of recourse to foreign capital and especially foreign debts.

e) An improvement in the brand image of the national economy in order to attract more foreign operators and investors.

f) Banking dynamics.

g) A path towards financial balance between the household and entreprise sectors.

h) The creation of a certain financial ease for the economy.

i) A feeling of autonomy and independence for the three sectors involved, namely: The household sector, entreprise and banks.

It remains that any initiative concerning savings emanates from the intentions of savers and their search for expected and potential advantages, sometimes in economic moments which plead in favor of such an approach, especially after consumption which remains the locomotive of this savings, because without this we cannot envisage such an operation, knowing that sometimes individuals and consumers faced some hard and complicated time and moment and find themselves relieved by finding some amount of money to be used.

It is sometimes cited that "Household savings are also useful for the economy: they make it possible to prepare for the future by contributing to the financing of investment by businesses and public administrations", showing, therefore, that saving is not just an advantageous and lucrative affair for the household and entreprise sector, but for an entire economy, and this can have a positive impact on the entire macroeconomic structure of the country.

Thus and according to several economists, savings are motivated in particular by:

a) Precautionary motive which consists of preserving part of the income to better protect against unfavorable events.

b) Calculation motive which is determined by the fact that individuals act according to the gains and benefits to be derived.

c) Motive of independence which means that economic agents undertake such an approach to feel autonomous and free in the decisions to be made, without depending on the actions of other actors and agents.

d) Ambition motive which shows that individuals seek, through savings, the realization of a personal ambition, which consists either in the realization of a personal project, an investment, or involvement in operations financial and other, mainy if finacial environment is adequate and appropriate

e) Economic motive which consists of these investments in financial and banking institutions to seek a certain economic base more comforting and reassuring, knowing the unpredictable and unforeseen economic upheavals on a national and international scale.

Finally, we should know that any savings decision is determined by the following parameters:

1) Savers’ expectations.

2) Interest rates charged by banks.

3) The economic level of the country.

4) The advantages granted in this decision.

5) The level of consumption at the market level.

6) The level of the economic environment.

7) The role and involvement of banks in attracting savings.

8) The expected benefits of saving.

We must emphasize that the bank still the main actor in this operation of saving since that it play the intermediate role between those who are seeking to put aside a part of their income and those who are looking to finding someone to finance their projects, and in this case the bank can succeed by attracting both savers and investors.

We just end with a simple but very valuable and essential reminder for first year students, namely that there are three types of savings:

1) Private savings (or that of households) for considerations specific to them.

2) Private savings (or that of companies and entreprises) also for considerations which are specific to them.

3) Public savings (or that of the State) which is the difference between public revenue and expenditure and is exclusively intended for public investment.

B) Investment

We can define an investment as a use of capital in the creation of projects of an economic, social or other nature, with the objective of obtaining maximum profits and benefits, generally known as returns following the realization of these, taking into account several factors and parameters that we look on it after.

We should know that this investment is the completion and continuity of other decisions taken by other agents and economic actors, like producers, consumers and savers, as long as it is production that triggers consumption and the latter in turn triggers savings and it is the latter which impacts and affects the decision to invest, showing, the, a strong link and relation between al economic decisions.

We offers some definitions on this subject:

1)An investment designates an expenditure intended to increase the wealth of the person who undertakes it and it is therefore an immediate expenditure intended to obtain a quantifiable positive effect in the long term, meaning, therefore, that any investment decision is dictated by a placement and exploitation of a given capital (generally financial) in an immediate project, but the returns are only hoped and expected after the end of these projects, preferably in a fairly long time short and reduced, hoping a stability in other economic factors such as the rate of inflation.

2)An investment is a commitment made by an individual, company, administration, or any other economic agent in a voluntary, autonomous and independent investment of a certain amount of their financial assets placed in financial institutions, in economic projects which earn them returns and profits over a period of time.

3) An investment is an operation decided by agents, based on economic and financial arguments of profitability, in very specific and defined economic moments, in order to respond to various requests, generally coming from State institutions, but the decision remain to individuals and entreprises regarding their own interest.

Thus, for a company, or entreprise an investment is developed and decided for the following reasons:

a) To increase productivity (invest in additional machine tools, etc.).

b) To save time (invest in task automation software, etc.)

c) To ultimately reduce costs, i.e. increase profits, depending on how the factors of production are used.

d) To maintain turnover.

e) To modernize the equipment necessary for the productive activities of the company, having in mind that equipment Is a factor which can be deterioted quicly.

f) To grow financial assets in finacial markets.

g) To ensure reassuring and comfortable yields.

h) To guarantee a financial and economic future for the company in a economic world characterized by sudden changes and mutations.

i) To establish better relationships between the economic entity and other economic partners, notably the State.

J) To ensure foreign partners about the establishment of economic relationship through some investments.

k) To enable responsables and decision's makers in the enterprise to choose the right strategy in the field of financial side.

For a private entrepreneur, the investment decision is established according to:

a) Expected returns.

b) The economic and financial benefits of the projects.

c) The expected benefits.

d) Strengthening relations with state institutions.

e) Economic and financial well-being.

f) The acquisition of a place and preponderant role in economic scene.

g) A response to the expectations of society and the State.

h) A renewal of economic activities initiated and developed.

Discussing the subject of investment, we must know that the main determinants of an investment are as follow :

1) The costs and fees of the investment projects to be carried out.

2) Interest rates operated by financial institutions, particularly banks.

3) The duration of the investment projects to be carried out.

4) The availability of essential factors in the creation and implementation of projects.

5) Expected returns and profits, depending on the relation between the rate of interest of the banks and the amount of the costs incurred

6) The national and international economic context.

7) The level and degree of domestic and foreign competition.

8) The nature of the involvement of economic institutions, mainly the fiscal, legal, administrative ones.

9) Socio-economic consequences mostly on employment, improvement of living conditions, availability of goods, products and services.

10) Economic impacts at the level of companies, individuals, and economic sectors involved and targeted.

According to certain sources and references, investments can be classified into two types:

A) Classification according to the object where we can identify
   A1 Replacement investment which consists of an investment made in the need to replace tools, equipment, materials and others which are outdated by time and have become obsolete with others that are more modernized and innovative.
   A2 Investment in modernization and productivity and this exclusively concerns investments which target productive and especially industrial entreprises which are supposed to carry out regular and ongoing maintenance on productive devices.

A3 Investment in innovation which concerns policies initiated by entreprises in order to include more efficient and innovative technologies for them, and This kind of investment Is considered as highly expensive and costly.

A4 Expansion investment which targets and focuses on the intentions of entreprises to broaden and extend their economic activities, for example internationalization, outsourcing, diversification, partnership, differentiation and others.

A5 Strategic investment which consists of an integration policy, whether horizontal or vertical, the first by including many joint investments in the entreprise and the second one by operating investments with other entreprises, in the nationa level or international one.

B: Classifications according to the chronology of entries and exits:

B1 Investment according to expected revenues during the duration of the projects to be carried out.

B2 Investment according to the costs, expenses and financial charges to be borne during the duration of the projects.

At the macroeconomic and economic development level, any investment decision will provide benefits to the national economy in the form of:

1) A contribution to the creation of wealth through a more substantial and consistent national product.

2) The creation of jobs and therefore a possibility of reducing the unemployment problem.

3) The creation of other economic entities essential to the national economy.

4) A revitalization of living environments in fairly isolated and remote regions.

5) A breath of fresh air for companies suffering from some economic and financial difficulties.

6) Harmonization and synergy felt in economic activity, particularly between the function of production, consumption, savings and finally investment.

7) Positive and advantageous impacts on the economic scene, as a source of income and salaries, additional resources for the State in terms of fiscal resources, activation of other sectors such as insurance, customs, commercial and other services.

It is also interesting to distinguish two major types of investment:

A) A national investment (public or private) which means an operation carried out by economic agents (entreprises, individuals, administrations, institutions and others) at the level of a well-defined territory and a recognized space.

B) A foreign investment (public or private) which is carried out by foreign economic agents within a State, and This form is examinated carefully by the decision’s makers since that we are talking about foreigners investing at home with some consequences that could be complicated and complex.

Thus, an investment represents a distinct relationship between the will of one party (represented by the economic actors cited) and the expectations of another, with a view to combining the interests and expectations of both, as long as this generates profits, profits, returns and others for each party involved, especially at the economic level, because an investment is always advantageous and beneficial for an economy, because it causes an unparalleled enthusiasm for other economic decisions so necessary and advantageous.

As a result, and to summarize the Keynesian approach to the issue, we can weave an economic relationship as follows: Production will trigger a (consumption) market, therefore a first relationship between the household and business sector, then this market will induce another, namely savings, therefore a second relationship between the household and business sector and that of banks and financial institutions, and the latter will cause investment in a specific area, and therefore a third relationship between banks and parties involved in investment projects, so the mains actors in the investment field are : Producers, consumers, banks and financual institutions, savers and finally investors.

This explains our first concern about the necessity to create a symbiosis between all these actors in the same time, meaning that market forces must intervene to reach a common interests for all, otherwise this will complicate and make it difficult for the government and the State to achieve the planned and the objectives set.

Eighth session: Economic markets

We can define an economic market as a space, a place where there is a meeting place between two fundamental laws in economic sciences, namely supply and demand, and therefore a meeting between producers, consumers, buyers, sellers, of all types of merchandise, products, goods, services and others, according to the quantities delivered with a determined quantity) and the prices prevailing in these markets.

It is important to emphasize that an economic market represents a set of opportunities and interests, whether on the supply or demand side, as long as sellers (entreprises) seek to maximize their profits and winnings. , consumers to maximize their utilities, actors in financial circuits to make their financial activities profitable (purchase and sale of shares), thereby showing that these markets are considered the only places to achieve objectives and expectations, taking into account obviously of the legislation in force in a State and also of the possible upheavals which may occur at the level of the international economic sphere and which remain independent of the wishes of the States and governments.

We propose some definitions as follows:

A market is the meeting of supply and demand which results in the setting of a transfer price. That is to say that the applicant is ready to pay to acquire the product and that the offerer is ready to agree to give up his product", thus confirming that it is indeed the market which sets the interests of the offerers, and applicants, on a price determined by the two parties without there being any intervention from another party, and only a tacit agreement without pressure between these two actors (on the quantities, qualities and prices) remains the only decisive parameter, having in mind that each actor is independant and autonomous in its decisions and thought.

The market is defined as the meeting place of sellers and buyers of goods and services where, from the confrontation between supply and demand, the exchange price will be born", thus emphasizing that it is the confrontation between supply and demand that prices will be set whether for the applicants or the suppliers, in a place which corresponds to the expectations and needs of both.

The market represents an interaction between two main functions, namely the function of demand and that of supply, with the aim of determining a price which should, normally, suit the affairs and interests of both parties, but without considering it as the only responsible for the failure of demand or supply, because this remains the domain of either consumers or producers and other service providers", meaning, therefore, that the market must not be made responsible if consumers do not achieve the maximization of their utilities, and the same for producers who fail to achieve their profit maximization objectives, all depend on the decisions taken by both in ordre to reach their aims.

Consequently, and from a purely economic angle, the market represents a meeting between agents and actors who have no link or relationship but who seek to achieve objectives which are often divergent and opposed, as long as the producers and suppliers of goods, services and others hope for a higher price level, while consumers and applicants for these products and services seek a lower price level, which brings about an equilibrium price for both parties, a price that is difficult to achieve and reach in reality, thus pushing other parameters to intervene such as the State, the conditions of the markets in terms of competition, the economic conditions of the country, external factors and others, leaving us to undetstand that three components must be gathered : The producees in the side of supply, the consumers in the side of demand and the price level.

At the macroeconomic level, markets are divided into three main types:

1) The market for goods and services which concerns two fundamental actors, namely the producers and providers of services and the consumers, therefore the household and entreprise sector, who try to bring together the appropriate conditions for the achievement of their respective objectives. We thus find two fundamental functions: The consumption function C and the production function Y.

2) The job market which represents the supply and demand for jobs to be filled between, on the one hand, job seekers (generally unemployed individuals) and job offerers represented by companies, entreprises and administrations.

There are three essential functions: The consumption function C, the production function Y and the savings function S.

3) The money market and finance which concerns supply and demand for money, between on the one hand the suppliers (generally the central bank) and the applicants (individuals and other users). We find at the level of this market the three functions mentioned: C, Y and S, in addition to the monetary and financial function represented by i (the interest rate).

From there, the balances at the level of these three markets are achieved as follows:

a) For the market for goods and services, equilibrium is reached when I=S where I represents the investment function and S savings.

b) For the labor market, the equilibrium is: S=D where S=the supply of employment and D=the demand according to a determined level of wages and income.

c) For the money market, equilibrium is reached when: S=D where O represents the supply of money by the Central Bank and D that of the demand by economic agents and other individuals for for various acts.

The main objective of the analysis of these three balances in the three markets is to achieve the general balance (better known as the macro-economic balance of an economy) which is Y=i, meaning, thereby, thatthe economic balance of a State is determined when overall production is achieved through a banking interest rate set by the banks and which brings together the three markets mentioned above, since that the interest rate is considered as the the trigger of all economic decisions made by the principal agents in the economy, through the role and contribution of the monetary and banking system.

We see, therefore, that the notion of the market becomes more global, general and inclusive as soon as we bring together all the functions known in economics, namely the production function, the consumption function, the investment function, the saving function and finally the monetary and employment function.

Also, we should know that markets are distinguished by a few types, for example:

a) The competitive market which is best known and examined in this debate, and is distinguished by some characteristics, among others: A multitude of sellers and buyers, a multitude of products, goods, services which are all homogeneous, a free entry and exit from markets, transparency in communication and information, legalization of acts of sale and purchase, administrative supervision of all operations between producers and consumers, autonomous deciions by both suppliers and customers.

b) The monopoly market where two firms and entreprises dominate in the circuits and are masters at the level of production and therefore of supply, and they can act freely at the level of prices, quantities, qualities, and others services linked to the products served, sine that there is no real competition or opponents in this kind of market protected by rules and laws.
c) The oligople market where we found a limited number of entreprises and companies which dominate the markets through their producs, merchandises and services, leaving them the possibility to to acta t the level of prices, quantities and others. Generally, these companies, to succeed in their objectives, group together at the level of consortia and cartels.
d) The monopolistic market which differentiates itself from others by the fact that we find in different markets entreprise which dominate large and consistent market shares, allowing them to achieve fairly substantial profits and profits, since that there only one entreprise, companie or adminstration which Is the leader in production of a specific goods, and so a total freedom to decide the prices, quantities, qualities and the nature of markets.

This distribution of markets according to the level of competition is fundamental to understanding production levels and consumption, as long as economic actors will act according to the type of competition, particularly for productive entreprises which look for places to better hope for maximization profits as profitable as possible, for the fact that they are leading the markets and the supply side.

We think that to fully understand this notion of the economic market and its place in the economic decisions of macroeconomic actors, we return to the typology of these markets as follows:

A) For the raw materials market, the suppliers are the extraction entreprises while the demanders are the industries, with examples of the products traded, we find coal, oil, gas, uranium and others, which represent the main products traded in international markets with high prices.
B) For the market of goods and services: the suppliers are the productive rather industrial companies, the applicants are the customers and consumers, with the example of clothing, household appliances, insurance, financial services and others, a market characterized by fairly huge demand from the demand side.
C) For the financial market: the suppliers are the investors in the field of finance and the applicants are the borrowers and those who seek the means of financing, for example, securities, shares, bonds and others. We must emphasis in this markets that it reprsents a major part of world trading regarding the huge and considerable amount of interests and winnings gathred by agents and actors.
D) For the labor market and employment: Suppliers can be either workers who offer their labor force or entreprises which offer hiring positions to workers, while applicants can also be individuals and persons looking for jobs or entreprises looking for specific types of employment and work.

Ninth session: Money

Economic exchanges, economic operations and all commercial, financial and economic transactions need an intermediary and an instrument to facilitate them, in order to avoid divergences and misunderstandings between the actors concerned, in an economic world which tries to meet everyone's expectations, knowing that all economic activities (production, consumption, savings, investment and others) cannot materialize in the absence of a regulator, a balancing mechanism and a reliable instrument such as that of currency money.

We could define money as a tool and instrument that facilitates exchanges between economic operators and all transactions established between two (or several) in a defined economic space, as long as it is accepted and used in a legal manner, accepted and regulatory, and above all protected by the country's economic and financial institutions, notably the central bank which Is considered as the only institution recognized and protected.

Another definition states that “money is a good or an asset whose forms vary depending on economic and social structures and which is accepted, over a certain space, for the evaluation and settlement of exchanges and for the constitution of reserves / The creation of money, carried out by institutions, mainly within the framework of credit operations, is interdependent with the evolution of production and prices.

Monetary regulation, in its internal (monetary policy) and external (exchange rate policy) components, is at the heart of monetary policy. This broader and more extensive definition raises several facets of money, among others: a good, accepted, the regulation of exchanges, the constitution of reserves, interdependence, internal and external components, which we will have time to analyze later on.

It (the money) can also be defined as “the designation of all the means of payment available to economic agents. It is an economic good, because it has a utility and it must be produced (it is not found in nature) by a specific economic agent. It is also an asset which allows its holder to acquire a good or a service, meaning, therefore, that money is used much more by economic agents for its acceptance as a means of payment recognized by all and thus inspires confidence in these agents in their financial and commercial transactions.

These few definitions reflect the importance of money in a given economy, due to the fact that this will accelerate the process of economic development through a revitalization of basic economic activities for economic growth (in particular the activities of sale and purchase, production and consumption, supply and demand and others), without forgeting the highly role and contribution of financial and monetary markets, especially during our current time characterized by innovation and new technics and technology, such as block chain, financial inclusion, cryptocurrency and other, conséquence of regular demand and requests from entreprises, individuals, adminsitrations, companies and son on.

We should know that before the creation of this currency, commercial exchanges were carried out in a random and spontaneous manner by economic agents, choosing a good or an asset as a means to carry out these exchanges, and this was better known as barter.

“Barter” or “exchange” is one of the oldest forms of human economic activity by which, in execution of a written or verbal agreement, a person agrees to transfer ownership or enjoyment of one or more goods, material goods against one or more goods belonging to another", showing, therefore, that barter is just an understanding and an agreement based on mutual trust between a seller and a buyer on goods and products to be exchanged.

We notice in this definition that money is completely absent and non-existent in the exchange operations between the two actors, and that the choice remains mutual and reciprocal between the parties concerned, each one Is responsible about this choice and its consequences, negative or positive.

It must also be made clear that barter represents exchanges of goods for another, hence the perceived absence of the concept of the value of these goods at the market level, in the absence of any other standard on which we must base ourselves to properly value the goods and products exchanged.

In this sense, we read, thus, that “One of the greatest challenges of barter is the difficulty of establishing the value of goods and services. Without standardized currency, it can be difficult to determine the fair market value of goods and services, which can give rise to disputes and disagreements, justifying, therefore, the use of currency to resolve these complicated and delicate situations, despite the good understanding of both parties, baring in mind that the goods and products exchanged are surely different in terms of value and the latter Is only based on the importance of the good in those time.

It thus becomes clear that money appeared to resolve this thorny question of the value of goods, to give each commodity its true market value and consequently its real price at the market level, according to the classic diagram:

A value creates a price and this involves the currency to become this standard of exchange recognized and defended by financial institutions and more precisely the Central Bank, to provide it with this economic character of reliability, credibility and above all universal recognition, in order to avoid any dispute or conflicts between partners nd trade operators in the market regarding the real value of products and goods.

Among the main economic functions of money, we can cite:

A)Money as a unit of account, which means that it is used in all sales or purchase transactions between agents, according to the value of the goods and merchandise exchanged at the market level, and therefore the prices set according to the laws of supply and demand. Example ; If a good has a certain market value which allows it to set its price at 10, the user must have an amount of 10 monetary units or more to be able to obtain this good, but not less since that it cannot afford to pay this good.

B) Money as a value of exchanges and transactions, meaning, thus, that it is indeed this currency which determines the quantity required to be able to use goods according to their value, through a price system which serves relay between suppliers and applicants. It must be emphasized that, of course, the value of goods determines their prices at the market level, but it is, ultimately, the currency which intervenes to carry out this transaction and really determines the value of goods and products.

C) Money as a store of value for the future, thereby indicating that instead of immediately spending the money that we have and own, we can decide to use it later. It has a function as a store of value because it allows purchasing power to be transferred over time and as such constitutes part of the assets of economic agents; they keep money for many reasons including precaution, transaction or to avoid capital losses on goods whose value may fall. The idea of reserve comes into play as soon as we observe that exchange operations are disjointed in time, and no one can expect the future and its upheavals and transformations.

We should know that money plays a fundamental role in the economy:

a) A catalyst for economic activities.

b) A contribution to economic recovery.

c) A creator of economic development mechanisms.

d) An intermediary in relations between economic agents.

e) A signal for economic markets.

f) A signal for economic operators.

g) A signal for the external sector.

h) A stabilizer of economic decisions.

i) A tool for economic decisions.

j) A guide for economic behaviour concerning economic agents and actors.

k) A link between the main macroeconomic markets (market of goods, employment and monetary).

Also, money takes the following forms:

1) Metallic or divisional money which includes monetary coins used by individuals and which are generally used in daily operations in small purchases.

2) Fiat money which includes checks which are used by individuals and are only accepted at banks and also bank notes.

3) Scriptural money which includes deposits in banking establishments such as shares, securities and bonds which are only exchangeable thanks to the contribution of banks.

It will also be necessary to count on electronic money like Bitcoins or other new digital form of money, taking into account the upheavals and transformations observed at the level of new financial and banking technologies and the need for banks and other financial institutions to adapt to this., in order to reorganize this market and to facilitate the trade transactions between agents, according to new products included in the electronic trade between countries and nations, but also idividuals and entreprises.

It is essential to know that currency becomes determining and decisive in certain economic decisions as long as it is accepted by all banking authorities in the country for all economic and commercial transactions, taking into account the definition that "It (currency) is a general equivalent which allows the purchase of any good or service and which must therefore be accepted by all economic agents for exchanges to take place", meaning, thus, that it is more used in decisive moments which can be postponed and deferred to another time, due to the fact that this currency remains exchangeable as long as the central bank grants it the regulatory and legal time possible.

The discussion on money leads us to examine another aspect concerning the money supply and its importance on the national economy and economic activities, as long as it determines the manner of circulation of money at the level of actors and economic agents.

In this subject it Is specified that, the money supply designates the quantity of money in circulation in an economy to enable it to satisfy its current monetary needs, meaning, thereby, that a money supply is essential and fundamental in economic decisions concerning more particularly the diffusion and use of this currency in financial and economic circuits, having in mind that any economic decisions needs the availability of enough money in order to fulfil the necessary requirements.

It is also important to know that this monetary mass generally consists of a few parameters as follows:

1) M1 corresponds to notes, coins and demand deposits. This aggregate is expressed using an index, seasonally adjusted and it is therefore the fiat currency and the content of demand deposits.

2) M2 corresponds to M1+book deposits such as savings books and short-term loans.

3) M3 corresponds to M1 and M2 as well as long-term deposits and pensions.

4) M4 corresponds to M1, M2 and M3 and all money market securities (stocks, bonds, securities and others).

As we can see, a monetary mass designates all operations directly linked to money by all agents and especially the markets, like the market for goods and services, the employment market and especially the financial market and monetary, since the manipulation of currency and its various forms involves important and crucial consequences for the future of the national economy, taking into account that all the three markets need a monetary tool and instrument in order to realize their decisions.

To fully understand this importance of the money supply or mass monetary, it is important to underline the role and place played by the central bank of a State, since it intervenes to control and monitor this evolution for the following reasons:

a) The money supply (or mass monetary) is a tool for regulating the financial market and the economy used by central banks to promote growth while maintaining control over inflation (quantitative theory of money).

b) It also has an impact on interest rates. Here again, excessive growth can raise rates and have consequences on purchasing power.

c) In times of economic crisis, monetary policy (including the money supply) can help mitigate the effects.

d) The central bank can use its means and instruments to achieve the objectives assigned to monetary policy, in particular interest rates and exchange rates, with a view to stabilizing the circulation of this monetary mass and avoiding excessive exploitation and inappropriate, particularly in a rather specific and unfavorable economic context.

It is always advisable to highlight the relationship between a currency and economic growth and also economic development, as long as this currency can affect and impact the growth rate in the following ways:

1) A depreciation (the fall of value of the currency) can have quite crucial consequences, particularly in terms of foreign trade and commercial transactions with foreign countries and markets.

2) An appreciation (the increase of value of this currency) can have the same consequences and impacts but in the opposite sense to the first point but practically in the same areas mentioned.

3) A monetary offer and supply can be beneficial for the users concerned but at very specific and appropriate times.

4) A monetary demand is always striking if the central bank deems it expedient and advantageous for the national economy, depending on the way users and economic actors want to use this amount of money.

5) The effects of interest and exchange rates may well affect certain financial and monetary decisions of economic operators (national or foreign), particularly in terms of investment decisions and foreign trade.

6) Through a good and effective monetary policy, the Central Bank can act on commercial banks to become more involved in the revival of investments (national and foreign) and above all control monetary circulation and get involved in the monetary stability of 'a state.

Tenth session: The banking system

We cannot discuss a study or economic analysis without referring to the roles played by banks (whether primary banks or the central bank), since all operations connected to the economy (commerce or finance) cannot materialize without the intervention and involvement of banks, whether for consumption, savings, production, investment, project financing, financial investments and others.

In this sense, a banking system is a set of banks and other financial establishments and a Central Bank which maintain financial relations of claims and commitments towards each other as well as towards non-financial agents, thus showing the need for links and relationships between, on the one hand, the primary banks with the Central Bank, then between the banks themselves and on the other hand, the primary banks with non-financial agents such as consumers, producers, savers and others.

We have to go back a long way to know that the creation of the bank came at a time when commercial and economic transactions needed a space and an actor who could count on to settle and manage financial payments between the parties concerned, particularly between buyers and sellers, hence the need to use a bank either to deposit very specific receipts or to withdraw at other opportune times, which has meant that the bank has become a guarantee of trust for the operators concerned, knowing that such system vas become more necesseraly to facilitate transactions.

We can also add that a bank is an essential financial institution which collects savings, grants loans and provides customers with means of payment. Well supervised, it is a powerful lever for economic development, poorly supervised, banking activity is a source of instabilities and crises., emphasizing, thereby, that every bank prides itself on having three essential functions:

a) Collecting savings as discussed previously.

b) The granting of credits and loans to all users who wish them.

c) Making means of payment available to other actors and agents such as credits for investors

Thus, a banking system brings together two important actors which are:

A) The Central Bank.

B) Primary and commercial banks.

Regarding the Central Bank, it should be noted that “it is an essential institution in the economic system of a country. It is responsible for supervising banking activities, regulating the money supply, maintaining price stability and promoting economic growth, indicating, therefore, that this institution is fundamental in management, regulation and the organization of everything related to the financial and banking field and its main functions are concentrated around:

a) The definition of the monetary policy of an economy, which means that this bank is required to regulate and monitor monetary circulation in a State in order to stabilize prices and thus avoid inflationary situations which can pose a problem for consumption and therefore to the purchasing power of households.

b) Banking regulation which consists of some regulation of primary banks and setting rules for lending and investments, monitoring banking practices, or controlling the reserves that commercial banks must hold.

c) Financial supervision which means that this institution can also verify and control other banking and financial operations of other financial institutions such as insurance and pension funds.

We thus see that the Central Bank is well placed to create a banking system that is as appropriate and adequate as possible to the expectations and objectives of the national economy, as long as it is this bank which directs the other banks, and financial institutions and that any financial decision cannot be made without the approval of this institution, having in mind that such bank Is called central for its mains interventions and involvements in the dircetion of any financial or monetary field.

Therefore, we can see that the central bank is an intermediary between:

1) Primary banks.

2) Other financial and banking establishments.

3) Economic operators.

4) The public treasury.

5) Foreign operators.

6) The whole financial system.

In addition, the central bank is characterized by the following points:

a) It is the only institution to create money (what is generally called printing money).

b) It is considered the last lender for primary banks.

c) It sets interest rates (called key rate).

d) It requires primary banks to deposit part of their reserves so that they can be used in times of need or lack of liquidity.

e) It is the only one to implement a monetary policy for the national economy.

f) It sets the exchange rates of the national currency, particularly in the case of devaluations to boost exports or the revival of the national economy, or even revaluation when some the economic situation of the country is needed for this, in order to realize economic and efficient projects.

g) It manages the organization and management of primary banks.

h) It is the intermediary between the banks and the public treasury.

i) It closely follows the evolution of the money supply or mass money.

Thus, the banking system intervenes to better regulate economic, financial and commercial relations between the different economic agents, in a spirit of better achieving the assigned objectives and in particular to listen to the expectations and concerns of economic partners (national where international), given that the economy has become a more open and global field.

We must understand the fact that the success (or failure) of a banking system depends on the role and effective contribution of primary banks as well as the central bank in the circulation of money and above all facilitating access to available financial resources, to the users concerned, and to this end, it is necessary to understand a few essential points:

1) The main resource of banks is made up of deposits from individuals (households), businesses, entreprises, companies or the State and this deposit therefore constitutes a debt of the bank and a financial claim for the depositor.

2) The main job of banks is the distribution of credit to the economy or the State and this credit is a claim of the bank, and therefore a debt of the borrower.

3) The Central Bank grants banks, within certain limits, credits which allow them to compensate for a lack of resources in relation to the desired uses.

4) The bank therefore plays an intermediary between depositors and borrowers and must know exactly the nature of this relationship.

5) The Bank can fully play its role if it can succeed in two operations:

5.1: Search for and capture a large number of depositors, particularly in situations of excess currency supply.

5.2: Search for and capture a large number of borrowers, particularly in situations of deficit in demand for money.

That said, the banking system is well placed to allow more consistent and considerable banking fluidity, through the choice of the most efficient and competitive banking instruments, in order to avoid possible losses of financial sources at the level of the economy of a state.

Also, it is important to understand that the efficiency of a banking system is valued in crucial and complicated moments of an economy, particularly in moments of crisis where dysfunctions in the circulation of the money mass, as was the case with the financial and banking crisis of 2008 where certain banks were able to be saved from a financial collapse thanks to their strategies and policies for exiting this crisis and the way of maintaining the stability of their operation, added to international connections between central banks, mainly european, asian, north american ones.

Concerning the relationship between economic development (or growth) and the banking system, the main objective of any policy and strategy of a State and an economy in sometimes quite complicated and unpredictable economic contexts, we can summarize this as follows:

a) The banking system is the only one to finance the socio-economic projects of a country.

b) The banking system regulates the financial behavior of the main actors involved, notably savers and investors.

c) The banking system can contribute to financing the sectors that most create economic wealth in a State.

d) The banking system, through the reallocation of collected financial resources, is a major asset in the choice of the most vital and crucial areas and sectors for any national economy.

e) The banking system can prevent a State from resorting to foreign loans through a strategy of capturing domestic financial resources, by choosing the most advantageous instruments, mainly interest rates.

f) The banking system remains a highly recommended instrument for resolving some issues linked to economic development, such as loans granted to young entrepreneurs and combating unemployment, or other financial assistance to encourage other economic actors carrying projects.

On this subject, it is cited that the main contribution of the financial sector to economic growth comes from its capacity to generate liquidity and the establishment of an efficient, reliable and scalable payment system and an efficient and developed financial system constitutes today "an essential element for long-term economic growth", meaning, thus, that this relationship is based on the role that all the components of this system must play, in particular the central bank and the primary banks (national or foreign) in the mobilization and collection of financial resources required for the issue of development and economic growth, especially when we know that many developed countries have counted and used the financial contribution of the banking system.

We cannot approach the subject of the banking system without discussing the need to create synergy and coordination between primary banks, not only through the ordinary operations carried out between them, like the clearing house, but above all through mutual and reciprocal cooperation for the good and interest of all banks and banking institutions involved, taking into account the fact that such relationship and link create a perfect harmony and synergy more useful for any economic and financial decisions.

Eleventh session: The financial system

According to the IMF[3], “A country's financial system is made up of bank and non-bank lenders, insurers, securities markets and investment funds. It also includes clearing houses, payment service providers, a central bank, a regulatory body and a supervisory body. These institutions constitute a framework for carrying out economic operations, conducting monetary policy and directing savings towards investment, thus promoting economic growth", indicating, therefore, that the financial system is an implication and effective contribution of several parties such as banking institutions (central bank and primary banks), as well as other known institutions such as stock exchanges, capital markets, foreign exchange markets and others.

It should be noted that all these operations between these institutions are regulated, controlled and monitored by bodies designated for this purpose, in order to manage and supervise the related policies, for example monetary, financial, foreign exchange and rpolicies.of rate ofinterest and others, trying by This to avoid any kind of confusion or overlap between these institutions.

We should know that the main and essential function of a financial system is summed up in the allocation of capital through an effective and efficient initiative for transferring available savings towards the financing needs anticipated and desired by borrowers, particularly in the case of insufficient capital to finance economic projects.

We observe here the difference between the banking and financial system which is located, not in the primary functions of the two systems (as long as both seek to facilitate the financing of projects through savings), but in the sources of each system, as it Is explained below :

1) A banking system is based more on the assistance of existing banking institutions (central bank and primary banks).

2) A financial system is based, in addition to the banking institutions mentioned, on other financial institutions such as stock exchanges and capital markets.

For greater and more facilitation for students, a financial system is a system that allows funds to be transferred from agents who have excess funds (agents with financing capacity) to agents who lack them (agents in need of financing), and the main agents with financing capacity are represented by the household sector, while the main agents in need of financing are represented by the business and companies sectors, public and private administrations, the State and foreign economic operators, showing, therefore, this relationship between a situation of excess and another of deficit in a domestic and national economy as well as an international and global one, all in order to attain the balance between the economic markets,and especially to avoid and move away from any situation of financial or monetary lack in order to finance economic projets and programs, according to many arguments proposed and defended by many economits.

[3] IMF=Iternational Monetary fund

In each financial system, there is direct finance and indirect finance;

A) Direct finance: Borrowers obtain funds from lenders by issuing and selling securities in a financial market.

B) Indirect finance: borrowers obtain funds by contacting financial intermediaries (notably banks) who grant them loans.

The importance of a financial system can be seen through the following points:

a) Carrying out transactions between parties and partners that may prove more advantageous and favorable in a mutual and reciprocal manner.

b) It allows and promotes postponements of expenses and income to other times deemed more appropriate, without fear that this will have a negative impact on these decisions, as long as banking and financial institutions are always present and well protected.

c) It acts on the allocation of available financial resources, whether through banking or financial institutions.

d) It supplements the financial inadequacies observed and noted at the level of the banking circuits, in order to monitor financing without any interruption.

e) It plays the role of catalyst and regulator of economic activities, ensuring adequate and appropriate financing and security for both lenders and borrowers.

f) It attempts to stabilize financial transactions affected by sometimes unexpected and unforeseen financial events, such as cases of financial and economic crisis triggered.

g) It play as accepted guarantie institution by other foreign partners as long as the international institution like the IMF is involved and contributiong to secure any financial transactions.

It remains that the financial system wants to be broader and more extensive in its functions and tasks compared to the banking system, since its main mission lies in this quest to mobilize financial resources between cases of excess and deficit, certainly in a spirit of effective contribution to the financing of the economy, in particular through credits granted to the public and private sectors.

Discussing the financial system also leads us to examine financial intermediaries which are classified according to three categories:

1) Depository institutions (banks).

2) Savings institutions (other than banks such as life insurance companies).

3) Investment companies (financial companies, monetary investment funds).

4) Any other financial institution approuved by international institutions.

It is important to observe that whether for the banking or financial system, any financing operation begins, imperatively, with a deposit operation, then an allocation, and then arrives at another investment operation, showing, therefore, the importance of the two targeted systems, namely the banking and financial system.

Evoking the financial market also means evoking the two institutions known as the stock exchanges and the financial markets.

Concerning the stock market, it is cited that a stock exchange, in the economic and financial sense, is an institution, private or public, which makes it possible to discover and display the price of standardized assets and to facilitate exchanges under conditions of satisfactory security for the buyer and the seller, in a financial context more appropriate for both", explaining, thus, that stock exchange represents a space for sellers (and suppliers) as well as buyers (requesters) in order to enter into transactions, whether in the purchases of financial instruments such as shares, securities, bonds, or in the sales of these.

For the financial market, it is cited that a financial market is a market in which individuals, private companies and public institutions can trade financial securities, commodities and other assets, at prices that reflect supply and demand", indicating, therefore, that the financial market also includes other operators such as private companies and other establishments which wish to carry out transactions (sale or purchase) of financial instruments, searchnig, of course, more profits and winnings.

We also add that "The financial market, like any market, is a place of exchange between buyers and sellers. Additionally, as in any market, sale and purchase prices are determined by the level of supply and demand. This exchange concerns financial products or instruments. » and that sellers or agents in need of liquidity, called agents in need of financing, are generally companies or the State looking for liquidity to finance their development projects, while buyers or agents with a surplus liquidity agents, known as agents with financing capacity, are generally savers or investors who wish to invest in company or State projects by lending money or becoming partners.

It therefore becomes clear and precise that the banking and financial systems can contribute well to questions of growth and economic development, and that certain States have taken advantage of their two systems to position themselves at the level of international financial markets, as this is the case of the American, European, and now Chinese, Asian and other emerging financial markets.

Some stock exchange are playing a great role and contribution to boost economic growth and développent of their own economies such as New-York stock exchange, London stock exchange, Paris stock exchange, and so on, the reason lies behind the importance of such economies in the world whixh give powers to these stock exchange, and in return, the latters helped and supported the efforts of développent of these national economies.

To fully understand the importance of the two systems in an economy, we cite the following points:

a) Every economy needs financing and this can be achieved either by banks and the banking system, or by stock exchanges and financial markets and therefore the financial system.

b) The presence of both systems can encourage the emergence of new savers and investors.

c) Both systems can also create synergies and very close relationships between several economic and financial partners, who need transactions and negotiations in this area.

d) The two systems also act in the search for places of financial deficits and financial excesses, for the good of the national economy, of the operators of the two places and above all to overcome unfavorable situations for both, sometimes in complicated and complex national and international contexts and circumstances.

Twelfth session: Foreign trade

Foreign trade represents operations which concern either the purchases of products, goods, merchandise and even services or the sales of these by a country with foreign countries, known more as imports and exports with the outside world, this which means that foreign trade is an approach exclusively intended with foreign partners and foreign markets through some mutual interests and understanding.

Also, it is defined as the exchange of goods or services between several countries. Foreign trade allows different countries to exploit their comparative advantages. It increases global wealth, creates jobs and contributes to the development of disadvantaged countries", indicating, thus, that foreign trade is not only for a country in its foreign trade, but also for other trading partners, as long as these exchanges concern products which are manufactured locally and which are intended to satisfy external demand, knowing that recent and contemporary world is living through many trade agreements between several countries and international entreprises.

It is essential to understand that the main objective of foreign trade lies in the following points:

1) Increase the income and external receipts of a national economy.

2) Increase the country's shares in international trade.

3) Allow national and domestic companies to find outlets for their products and goods.

4) Find business partners around the world.

5) Satisfy local demand (domestic consumption market) in the event of an absence of certain products and goods in the national economy.

6) Satisfy local demand for local and domestic businesses and entreprises for goods and equipments necessary for the productive system.

7) Create economic and financial links through trade.

8) Enable the insertion of national economy among the global economic elite.

9) Enable the integration and membership of national economy at the level of international institutions and organizations, following the example of the World Trade Organization.

10) Benefit from the advantages of international trade, particularly through the international division of labor.

11) Promote the qualities of local products at the level of international consumer markets.

12) Extend and expand foreign commercial and economic cooperation with other partners, notwithstanding classic and traditional partners.

13) Create opportunities for national companies (public or private) that aspire to internalize their products and goods, particularly those that are medium-sized and have only recently started.

14) Develop regional trade.

15) Acquisition of more modern and sophisticated knowledge and on international trade and foreign exchanges.

Understanding and explainingthis question of foreign trade pushes us to discuss the main elements that make it up, namely:

A) Exports which represent the sales of products, merchandise and goods manufactured locally by local companies to international markets, using several methods and means of land, air, sea and other transport), with the aim of take profit and advantages of some benefits of these markets, particularly in terms of prices and others.

B) Imports which represent purchases of products, merchandise and goods manufactured by foreign companies for the needs of local markets (local consumption) and transported in the same way as exports, also with the aim of taking advantage of opportunities and advantages in matter of prices.

C) The coverage rate which represents the share of exports in the guarantee of imports, that is to say knowing how much exports abroad (through the income earned and obtained) will support imports from abroad, to determine the safety margins and especially the capacity of the State to support and guarantee imports for the needs of national economy.

D) The terms of trade which represent the value of exports in relation to that of imports, according to the prices practiced on international markets, a way of comparing the prices of exports with those of imports and knowing the value of local products compared to foreign products.

E) The trade balance which represents the difference between exports and imports according to the following three cases:

E1: A positive trade balance is obtained when exports exceed imports.

E2: A negative trade balance is obtained in the opposite way, that is to say when exports are lower than imports.

E3: A balanced trade balance is obtained when exports are equal to imports.

It must be understood that these parameters are indicators of the evolution of a country's foreign trade, but do not reflect the reality of the state of a given economy and that it will be necessary to examine other parameters to determine whether an economy is prosperous or declining, such as the rate of economic growth and others, since that the international trade Is just a part and component of economic indicators.

Also, we should know that the trade balance is part of the balance of payments which itself is made up of the following parameters:

A) The trade balance.

B) The current balance.

C) The balance of international reserves.

Thus, foreign trade is decisive for valuing the main variables exchanged at the level of international markets, between exports and imports, not just as an accounting formality, but to compare the degree of economic competitiveness of local and domestic companies in relation to to international companies, with a view to competition and global commercial positioning, through the quality of the goods, products and services proposed for international trade and exchange.

On this subject, it is cited that "International (or foreign) trade represents a real opportunity for businesses. It promotes economic growth by exploiting the comparative advantages of each country and allows companies to access larger markets, which expands their business opportunities, meaning, thus, that local companies can well exploit all occasions and opportunities potential on international markets, thanks to international trade opening, and thus put local products and goods at the service of foreign consumers, giving a chance to the country not only to obtain better place in the world but also national entreprises and companies to be well known in international markets.

We can also add that "Each country has an advantage in terms of productivity, and therefore cost, in the production of one of the two goods. International trade therefore allows each country to specialize in production where it is most efficient and to obtain through exchange the good that it has given up producing", thus arguing that a commercial exchange between two economies can be very advantageous to both countries, as long as one meets the needs of the other, taking into account logical and normal differences in terms of production costs, the quality and competence of the workforce, the means of transport used, the geographical position, and obviously the quality of the products and goods exchanged.

Discussing foreign and international trade also requires us to discuss and list the principles and parameters to take into consideration such as:

•Tariffs.

• Standards and safety

• Anti-dumping measures, subsidies, safeguards.

• Non-tariff barriers.

• Plurilateral agreements.

• Review of trade policies.

Some of these points will be covered later as it is part of the international economics course.

It should be noted that foreign trade is considered as a factor and an economic agent which acts on the issue of development and economic growth, in the same way as other known agents such as households, businesses, banks, administrations. , the State and others, as long as the general macroeconomic balance is achieved by adding parameters such as consumption, investment, public expenditure, exports and imports, and thus achieve the growth rate expected and desired economic development and hence the most sustainable economic development possible.

We can thus summarize the main contributions of foreign trade on the issues of growth and economic development as follows/

 Exports of local products and goods will lead company managers to make greater use of additional human resources and, as a result, reduce the unemployment rate.

 The international commercial opening of a country will affect and impact national companies to invest in more commercial places in international markets and thus diversify destinations and create more opportunities for wealth.

 Trade between States will encourage more economic cooperation and therefore open more opportunities for issues of partnership and economic alliances.

 Sales of local products to international markets will help attract more income and receipts, necessary for economic decision-makers to finance socio-economic projects and resolve certain social issues such as poverty, famine, precariousness and others.

 Imports of goods and goods, even if they are considered more expensive and wasteful, will compensate for the shortages and insufficiencies of some of these products for the economic sectors most vital to the national economy.

 Foreign trade will also allow the country to have a place within international trade institutions, like the World Trade Organization, and benefit, in addition, from the possible advantages and benefits of international trade.

Also, foreign trade reinforce international competitiveness of national economy and economic consideration from the world.

Also, it is cited that “The World Bank helps developing countries improve their access to global markets and strengthen their participation in the global trading system. Foreign trade is an engine of growth: it creates better quality jobs, reduces poverty and opens economic prospects", thus confirming the previous remarks and reinforces the idea that foreign trade no longer focuses just on exports and imports, which have become mechanical and routine, but how to use and exploit such a sector and economic agent to create more wealth, create more jobs, more investment and above all participate more in the national product and create a path among the most prosperous countries.

Among the factors that can influence the question of foreign trade, we can cite:

- The country's commercial policy.
- The availability of a favorable environment for foreign trade.
- Economic and commercial globalization.
- The economic competitiveness of national companies.
- The advantages granted in commercial exchanges.
- The contribution of the World Trade Organization.
- The nature of the products and goods exchanged.
- The nature of international competition.
- Facilities granted for companies involved in export and import operations.

Thirteenth session: Macroeconomic indicators

We can define an economic indicator as a measurement of a macro-economic parameter in order to know the transformations and developments of it and thus determine the reasons and the impacts on the economic activities of a given economy, and to consider, possibly, the strategies and policies that must be put in place for the years to come, with a view to making necessary modifications and readjustments depending on the cases and situations obtained.

Thus, an economic indicator is a statistic constructed to measure certain dimensions of economic activity, as objectively as possible. Their evolutions as well as their correlations with other quantities are frequently analyzed using econometric methods, meaning, therefore, that an economic indicator is an element of analysis and study for economic decision-makers in order to know exactly the process of evolution of the parameter and the targeted variable, not just in a statistical or accounting way, but much more in the context of implementing an economic program for a country, having in mind that such indicator Is also useful for the balance of national economy.

We can thus identify the main reasons for studying an indicator as follows:

I. Monitor the evolution of the most influential and determining economic parameters for a given economy.

II. Know the level of development and economic growth.

III. Measure the place and weight of a national economy in relation to other economies.

IV. Comply with international guidelines and standards dictated by international economic institutions, such as the the World Bank and the IMF.

V. Trace a trajectory of the national economy according to economic developments in the global economic sphere.

VI. Make a comparison with other economic indicators and parameters of other nations and economic regions.

VII. Know the reasons and explanatory factors for the evolution of certain economic indicators.

We can also add that an indicator is a quantity (can be quantitative or semi-quantitative) measurable directly or calculable indirectly from field data, and whose interpretation makes it possible to establish a diagnosis on an effect studied", showing, therefore, that the calculation of an indicator is closely linked to surveys and field studies that can be observed at the level of an economy, through institutes and centers dedicated in this sense, in order to have reliable, precise and real data, and thus how a sector, field where activity has developed during a given period, notably in some moment of doubt and fear of world economic and financial crisis that can have some effects on nationak economy.

According to a certain classification, the different types of indicator are as follows:

1) Performance indicators.

2) Means indicators.

3) Efficiency indicators.

4) Threshold indicators.

5) Indirect revealing indicators.

6) Leadership indicators.

This classification makes it possible to carefully examine the place and role of each indicator, with a view to determining the effectiveness of each and its contribution to improving the economy, through understanding its role and especially the way of review the mechanisms that define it, taking into acount that such clasification is helmpful for domestic decisions's makers.

Among the main macroeconomic indicators, we start by :

I. The Gross Domestic Product (GDP) which is defined as an economic indicator which makes it possible to quantify the total value of the annual “production of wealth” carried out by economic agents residing within a territory, or more precisely the quantities of goods, merchandise, products and services which have been manufactured by economic enterprises (public, private and even foreign), carrying out economic activities within the territory of a State. It therefore indicates the volume and value of wealth created by companies during a given period, generally a year. It is also known that the Gross Domestic Product is defined according to a few approaches which more determine the functioning of an economy, such as:

a) Production approach (the one most used and recommended by economists) and allows us to better understand the origin of the wealth created, in particular the contributions by sector of activity (construction, industry, agriculture,etc.) or by type of economic actors (private, public, associations). According to this method, GDP is calculated by adding the added values of public and private economic agents.

b) Income approach which makes it possible to highlight the distribution of the wealth created between employees, the State and companies. GDP then corresponds to the remuneration of employees, the taxes collected by the State on production and imports and the operating surpluses generated by companies.

c) Demand approach which highlights the way in which the wealth produced was used: in consumption, in investment, in the constitution of stocks or by its monetization abroad (balance of foreign trade). This approach often makes it possible to model and manage short-term economic policies (recovery through household demand, support for investment, devaluation or revaluation of the national currency, etc.).

It is clear that each economy is free to choose the way to calculate its GDP, provided that this is accurate and reliable for decision-makers and international economic institutions (notably the World Bank and the Monetary Fund), knowing, and it must be clearly stated , that this gross domestic product is mainly used to calculate and determine the economic growth rate of a country and to know the level of economic development of a State in relation to international standards and other international economies.

II. The economic growth rate which represents the growth of gross domestic product but in terms of percentage and rate, in order to follow the evolution of the national economy according to the nature of national and international circumstances, and also according to established forecasts, whether by national or international institutions. Also, it is known that “economic growth measures the increase in wealth produced during a given period.

The wealth produced is measured by GDP. The growth rate corresponds to the rate of variation between the gross domestic product (GDP) at the beginning of the period and the GDP at the end of the period considered", indicating, therefore, that this rate of economic growth may be positive as it can be negative.

Technically speaking, it is calculated as follows: GDP (year N)—GDP (year N-1)/GDP (year N-1) x100, and we can arrive at the following cases:

If the GDP increased from one year to another, let say from 100 monetary units to 120, then we have achieved a positive growth rate, but if the GDP decreased from 100 to 80, the rate will be negative, thus pushing, economic decision-makers to react to find out the factors behind positive and negative rates.

There is also the average annual growth rate which designates the evolution of the rate over a given period, through an examination and splitting of data relating to GDP during this period, a way of detecting and detecting possible events which may occur during this period.

We must understand the importance of such an indicator since “economic growth is manifested by a significant and lasting increase in the production of goods and services. This positive variation is measured thanks to the annual evolution of the gross domestic product (GDP) indicator, evaluated in constant currency in order to take inflation into account", which makes it essential to calculate this rate according to the rate of inflation that prevails in the national economy. Thus, we can briefly cite some advantages of the calculation and the interest given to this rate:

a) Know the reality of national economy.

b) Know the exact and real place of national economy in relation to the international economic scene.

c) Detect possible dysfunctions affecting certain sectors or economic areas.

d) Implementation of more adapted and appropriate economic policies according to the economic context experienced.

e) Develop sustainable economic prospects.

f) Seek other economic activities that create more wealth and, above all, are more contributory and participatory in building a strong and competent national economy.

g) Determine, at the level of the economic sectors themselves, those which have progressed more than others and know the reasons which have led to this situation, in order to find the most consistent remedies and solutions deemed capable of infusing more strength into the progression of the economic sector concerned, and then that of the national economy.

h) Reach the level of développent appropraite and according to world standars in order to be classified as a developing country.

i) Draw up an appropriate economic policy for the future, taking onto account eventual développent of some othet parameters and settings, and mainly the eventuality of some economic development in the world.

<u>III. The inflation rate</u> which represents the evolution of consumer price indices over a specific period, generally a year and allows us to know whether prices have remained stable during this period or have undergone either an increase or a decrease for different reasons, but overall an inflation rate reflects an increase in the prices of products, goods and services

during a year which can be divided according to the months in order to detect the changes undergone from one month to another and really determine the causes of these increases. It is calculated by taking previous prices as a reference and seeing the changes that take place between a basket of goods and services.

There are some forms of inflation such as:

a) Rampant inflation where the rate is below 10% but still remains quite worrying as long as it can exceed this threshold.

b) Galloping inflation where the rate is from 10%, which impacts and negatively affects consumers because it affects their purchasing power.

c) Hyperinflation where the rate exceeds 10% and considered very worrying for an economy, because it affects practically all economic actors, among others, consumers, producers, savers, investors and even the State.

Among the main reasons explaining this rate, there are some reasons:

1) Cost-driven inflation involves an increase in the costs of production factors which leads to an increase in the price level. The increase in certain production costs, for example energy and labor costs, affects all sectors and explains why the general price level increases.

2) Demand-side inflation which explains an increase in prices induced by excess global demand compared to global supply. Prices then increase to rebalance supply and demand. The increase in demand may be due to an increase in wages, credit, government spending or external demand.

3) Inflation by currency which explains a situation where the rise in prices is analyzed as the result of too much currency issuance, not correlated with the evolution of the volume of production. The currency then loses its value.

4) Imported inflation where domestic prices are impacted by increases in international prices which directly affect the country's imports and will directly affect the prices applied at the level of the national economy.

5) Cyclical and contextual inflation where prices increase according to unpredictable situations which have affected production and therefore offers as is the case of seasonal products (agriculture, fishing, fruits), or health situations as was the case of passage of Covid 19, or other situations of war and ecological and environmental degradation.

It is important to emphasize that inflation acts directly on the purchasing power of consumers in three cases:

i. If prices increase more than consumers' incomes, purchasing power decreases.

ii. If prices remained stable, this may not affect consumers' purchasing power.

iii. If incomes increase more than prices, purchasing power increases and will be improved.

Thus, price indices act directly on the decisions of economic agents concerning their consumption (whether final consumers or other users), consequently encouraging the State to intervene to find a solution to this situation, having in mind that nflation is not just a question regarding only consumersn but all economic actors and agents.

Some economists prefer to discuss the inflation rate which particularly affects the household sector, the fact that it is the sector which has a consistent weight in a national economy, and therefore, This measure of inflation takes into account all goods and services consumed by households, in particular:

- Everyday goods (such as food products, newspapers or gasoline).
- Durable goods (clothing, computers, washing machines, etc.).
- Services (hairdressing salons, insurance or rent).

IV. The employment rate represents the number of jobs created in an economy (whether through entreprises, companies, administrations, institutions, or the public, private and even foreign sectors) during a given period, with the aim of reducing unemployment and examine the creative capacities of economic entities in this hiring operation.

It is also defined as "the employment rate relates the number of people in employment to the total population. It can be calculated for a subcategory of the given population (for example an age group, inhabitants of a region, holders of a diploma, etc.)", understanding, thus, that this rate is more important to know the exact number of individuals and people who are looking for jobs, as well as the number of those who have been unemployed for a certain period of time.

This rate is calculated by dividing the number of active people (employed or temporarily unemployed) over the population of working age, all multiplied by 100, in order to determine the real occupation rate of the population, and especially those who do not. have found a job.

It is important to know that the employment rate represents the share of the active population (of working age according to the conditions of each State) which is actually hired and carrying out paid work, that is to say that which has a work, and the unemployment rate represents that part of the active population which is not working, but still available to seek paid employment.

It is also necessary to distinguish a few elements in this sense, namely:

- Inactive Population: People who are not in employment and are not looking for one.
- Active Population: People who are employed or looking for one (All people participating in the labor market).
- The activity rate is calculated by relating the number of active people (employed and unemployed) to the entire corresponding population.

• If the number of people entering the labor market is greater than the number of jobs created, unemployment increases.

• If the number of jobs created is greater than the number of people entering the labor market, unemployment decreases.

• If the number of people leaving the labor market is greater than the number of jobs destroyed, unemployment decreases.

• If the number of jobs destroyed is greater than the number of people leaving the labor market, unemployment increases.

• Underemployment includes employed persons who meet one of the following conditions:

  • Working part-time, and wishing to work more;

  • Working part-time or full-time, but working less than usual due to partial unemployment (technical unemployment).

• Fully employed people are employed people who work full-time or part-time but do not wish to work more.

Discussing the employment rate pushes us to discuss above all the thorny and emblematic question, namely unemployment and its consequences on the economic activities of a State. Thus, unemployment is defined as a state of imbalance in the labor market, characterized by an excess of labor supply (that of workers) compared to companies' demand for labor. The different forms of unemployment are:

 Structural unemployment (generally linked to structural imbalances in an economy such as demographic pressure, an economic decline or recession, a dysfunction in the labor market, a mismatch between training and the needs of businesses and others).

 Temporary unemployment (which generally results from a reduction in the economic activity of a country for factors linked either to an international economic crisis, a break in imports of productive equipment, an unstable socio-economic situation and others).

 Technological unemployment (is linked to technological changes and transformations that an economy observes and tries to adapt and conform to such as innovations, creativity and others) which will take some time to learn new technologies and innovations ans start the training of human resources/

 Technical unemployment (which is the result of a transfer of activities of an economic enterprise due to stock shortages, lack of financial resources, legal problems and others).

 Partial or temporary unemployment (result of a decision by the company to reduce its production and its economic activities due to a fairly unfavorable situation, or a temporary closure of the company, or the consequences of an extra- economic and others).

Among the main reasons which explain the interest that must be given to this question of the employment and unemployment rate, we can cite:

 Implementation of economic programs and determining the exact number of jobs to be created.

 The fight against the informal sector and illicit economic activities.

 The place of different categories concerned by employment, such as women, young people, graduates and others.

 The distribution of jobs by sectors of economic activity and by legal status (public, private, foreign).

 The effectiveness of programs undertaken by public authorities to alleviate unemployment.

 Compliance with international standards.

 The mechanisms to be put in place to regulate, simultaneously, the employment rate to be expected and the unemployment rate to be covered.

 The effects and consequences of the unemployment rate on the national economy, and especially in terms of public spending to support the inactive and unemployed population.

It is important to emphasize on the fact that the main disagreement and divergence between entreprises and companies on one hand and workers and laour on the second lies on the crucial regarding wages and incomes, since that producers are ready to employ labour but at the level of wages which match their interests especially to maximize profits, and this wil not be accepted by workers who wish to obtain an equivalent wage to live decently and cover their economic conditions, resulting to some crucial decisions taken by entreprises and mainly the reduction of labour or simply creating few number of employment and hiring positions.

<u>V. The public debt rate</u> which represents the volume of public debt contracted by the government at the level of a certain economy, in order to complete the financing of economic projects and programs according to established objectives. We should know that public debt corresponds to all financial commitments made in the form of loans by the State, public authorities and organizations that directly depend on them.

It means that this debt can take the form of a debt contracted by a state body (public enterprise) which plans to finance a fairly heavy economic project, of a debt contracted by a public administration (hospital) for the same objective, or another public body (local authorities) for the same purpose, understanding then that a government Is behaving as the same way like any other economic agent or actor in the need of capital to finance some projects and programs.

To measure public debt, it is compared to gross domestic product (GDP). Thus, we can compare public debt to the size of the economy and know the importance of the rate, generally which should not exceed 10 to 20% of GDP. We should also know that this debt represents a loan from the State which comes from economic agents such as households, businesses, banks, financial institutions (national or international) and it is carried out in the following way:

If the cost of an economic project that the government must carry out is estimated at 100 monetary units, but the public treasury only has 60 monetary units, then it remains 40 monetary units to complete this financing, obliging, of this fact, this government to resort to economic agents (preferably domestic) in this sense, through the placing of repayable securities on the money market and thus guarantee 100% financing of the designated project.

This kind of situation happen when the country is facing some financial shortcomings due to some economic events, mainly in international level, and must find the required amount of capital to carry on the funding of projects.

Among the reasons which explain the interest of this rate:

 To know the weight of public debt at the level of an economy.

 To understand and monitor public expenditure management.

To detect budgetary gaps at the level of public administrations, particularly local authorities.

 The establishment of appropriate mechanisms in the public finance of a State.

 To monitor the evolution of the rate and determine the factors behind an increase or a decrease for the needs of economic decision-makers.

It must be understood that such deb twill harm any national economy when the rate exceeds 50% of GDP, since that the government is obliged to repay the the credits granted by other economic actors (mainly households) in order to keep its reputation and solvency regarding nationa and international opinion.

<u>VI. The external debt rate</u> which represents the weight of a debt contracted by a State with financial institutions or even economic sectors of one or several foreign States, with the aim of achieving the financing of socio-economic projects and programs because of domestic financial insufficiencies generally manifested by the weakness of national savings.

On this subject, it is important to distinguish between gross external debt (what a country borrows from abroad) and net external debt (difference between what a country borrows from abroad (international financial markets) and what. it lends outside). What is most significant is the gross external debt, because this represents a threat and a risk for a State in the event of failure to repay this debt, which is the case of many underdeveloped countries as example of African countries since that their external debts represent a huge and consistent problem and a dilemma for economic’s deciders.

It is also important to examine some points in order to understand the fear and concern about such parameter :

 The volume of external debt which represents the exact amount of the debt by adding all the debts contracted by a State, whether commercial, financial, economic debts, or even private or public debts, and also short-term debts , medium and long term, thus giving an overview of the overall amount.

 Debt service which represents the part of the debt which must be repaid at a defined deadline, in addition to the interest rate applied by borrowers according to the conditions set.

 The debt service rate represents the debt service divided by the country's exports, in order to determine the thresholds for this rate. It must be made clear that the risk of external debt comes precisely from this rate, for the following reasons:

If the rate is less than 0.5, we can judge that the debt burden is controllable and manageable.

If this rate is at the level of 0.5, it indicates the taking of certain options to reduce it.

If this rate is above 0.5, this indicates some threat and concern for debt management, because it means that a large part of export revenues are reserved for debt repayment, leaving little to decision-makers for financing the national economy.

This is explained as follows: Too high a level of external debt is a significant country risk factor: in the event of fluctuations in the national currency, the amounts of interest and principal on the external debt, if it is denominated in foreign currency, can quickly, through reverse leverage, lead to an economic crisis or even failure to repay.

This means that external debt mus be carefukky discussed and studied by the government since that it represents a commitment to repay the debts to foreigners and not domestic actors or institutions, notwithstanding the situation of income shortfalls from the exports which may happen when the prices are low which cannot arrange government affairs to think about the repayment of such debt.

Therefore, we can summarize the main reasons for being interested in this rate as follows:

 To know the autonomy and financial sovereignty of a State.

To explain the use of external rather than domestic financing.

to know the weight of external debt in relation to GDP.

To know the consequences of external debt on macroeconomic indicators.

 To develop economic policies and strategies taking into account the weight of the debt and especially the debt service rate.

<u>VII. The budget deficit rate</u> which represents the case of a situation concerning public finances, in particular when public expenditure is greater than public revenue, as long as the budget of a State is made up of:

 Public revenue which consists of income obtained by the State in particular through local taxation and exports of merchandise, goods and services, as well as any other form of income which rightfully accrues to the public administration.

 Public expenditure which consists of the charges and fees that a State bears for the financing of socio-economic projects and ensuring the regular and permanent financing of expenditure such as salaries, income, and all forms of financial obligations that the State must ensure.

It is important to differentiate between a deficit and a debt, as long as the deficit is calculated over a certain period, generally one year, while the debt is an accumulation of deficits over several years. Also, there is the concept of the budgetary deficit which we have just explained and that of the public deficit which concerns the debts and deficits of local authorities, social security funds and all public administrations managed by the State

Thus, in public finance, we find ourselves faced with three situations:

 When public revenue exceeds public expenditure, a budget surplus is obtained.

 When public revenue is less than public expenditure, we obtain a budget deficit.

 When public revenues are equal to public expenditures (rare situation), a balanced budget is obtained.

As a result, economists are more interested in this question of the budget deficit for the following reasons:

- To know the weight of public debt.
- To detect the factors behind this deficit and try to resolve this problem.
- To consolidate public finances.
- Choice of the most appropriate and adequate economic policies in parallel with this deficit.
- The establishment of economic prospects according to the evolution of the rate.
- To find other sources of incomes and recipes to be injected in the public finance.
- To try to find the main reasons of public expenditures in order to search for better mechanisms to solve such situation.
- To reduce more expenditure on some public administrations which are absorbing much more fundings sometimes explained by overestimated expenses which do not correspond to real case.
- To find the right policy to be compliant and adequate with international standards concerning this rate.

VIII. The rate of international reserves which defines the amount of financial and monetary assets of an economy, accumulated over several years through commercial, economic and financial operations with foreign partners and therefore constitutes a pledge and guarantee for operators foreigners and international financial and economic institutions regarding the reliability and ability of the country to honor its financial commitments.

Generally, the rate of international reserves, calculated annually, takes into consideration the following parameters:

• The amount of foreign currencies, among others, the Euro, the Dollar, the Yen, the Pound Sterling and others.

• The monetary value of precious metals, such as gold, silver and others.

• The amount of SDRs (currency used only within the IMF) as part of the loans granted by the latter to member states and convertible into any international currency according to the wishes of the borrowing state.

It is important to emphasize that these international foreign exchange reserves allow a country to know the sustainability and regularity of the financing of its imports as well as the capacity to honor its financial commitments (as is the case with external debts.

Thus, the amount of its reserves can ensure imports for a certain period and depending on the importance of these, a State can calculate the number of months that it can guarantee, that is to say, that the international reserves are expressed in the number of months of imports that a State can finance, even if international prices are judged high and expensive.

We will repeat the usefulness of these reserves verbatim as follows: “If a country has a trade deficit (imports greater than exports), it must find a way to finance this deficit. This financing can be done by contracting debt from other countries, or by selling domestic assets (shares, real estate, etc.).

Another way to pay for imports is to draw on its reserves, in this case foreign exchange reserves", meaning, therefore, that this indicator, even if it does not contribute directly to economic growth (GDP), is nevertheless a pledge and guarantee for foreign operators in their commercial and financial transactions with this country (certainty of being reimbursed in the event of external debt contracted), but also a means of proving that this State can guarantee the continuity of imports from the foreigner without any difficulty.

Also, international foreign exchange reserves can also act on the exchange rate, through the actions of the Central Bank (which holds these reserves) at the level of the international currency market, in order to improve the value of the local and domestic currency against foreign currencies.

That said, these are the main macroeconomic indicators most used and having importance for national economies, but there are other economic indicators that can be exploited depending on the cases studied and examined by economists, for example the investment rate, the savings rate, the trade balance, the evolution of certain productions (industrial, agricultural and others), the rate of education, housing, health and others, the important thing is to know the interest of an indicator and especially how to exploit it for the good of the national economy, and follow its trajectory and trend.

Fourteenth session: Economic crisis

We designate and evoke an economic crisis during a moment of economic decline and recession of a given economy, sometimes in unexpected and unpredictable moments and for reasons which do not really depend on internal but rather external factors and which we do not can master or control.

Thus, an economic crisis is a more or less lasting deterioration of the economic situation, in which the growth of production is lower than the long-term trend of growth, indicating, therefore, that the economic crisis is observed when production indicators (industrial, agricultural, etc.) and parameters of economic activities begin to show signs of weakness and decline for a certain period which generally exceeds one year, despite the fact that such event is considered as normal and usual slump.

Among the factors behind the economic crisis, we can mention:

1. The poor economic performance of national economic enterprises (publics or privates).

2. The decline of the productive apparatus of the main economic sectors of the economy.

3. The inconsistencies observed at the level of economic policies.

4. The stealthy impacts of some international crises (financial crisis, energy crisis, raw materials crisis, transport crisis, and others).

5. The dysfunctions observed at the level of economic markets.

6. Imbalances observed in markets such as the goods and services market, the employment market or the financial and monetary market.

7. An accumulation of harmful and negative economic situations, such as the inflation rate, the unemployment rate, the external debt rate and others.

8) The considerable delay recorded in the stage of economic development of the country, mainly at the beginnig of the growth.

Also, among the main characteristics and specificities of an economic crisis as it is exposed by economists, we note:

a) A fairly significant drop in gross domestic product (GDP).

b) A fairly significant and demonstrated decline in the rate of economic growth during a given period.

c) A fairly long duration of the unemployment rate.

d) A fairly significant drop in economic activities at all levels (commercial, financial, social, and others).

e) A deterioration in consumer purchasing power.

f) Repetitive shortages observed in consumer markets (mainly food products, medical products, raw material merchandises and so on).

g) A fairly slow and decreasing pace of economic activities.

h) A fairly rapid withdrawal of foreign economic operators (exports and imports).

i) Signals sent by international financial and economic institutions on the situation in the country.

j) A certain nervousness in the financial market, in particular the stock market and the capital markets.

k) A decline in foreign investment for fear of socio-economic instability.

l) The signal of lack and absence of foreign cooperation, especially regarding foreign direct investments.

It must be clarified that we only speak of an economic crisis when a fairly stable economic situation transforms into a state of deterioration of the main economic indicators, but over a fairly long period and which becomes difficult to manage or control during this period.

Like any crisis that manifests itself, an economic crisis develops according to the following stages:

1) Appearance of warning signs which indicate that economic activity is slowing down compared to previous years and that anomalies are observed in the domestic economic sphere.

2) The outbreak of the crisis through successive declines observed in the main economic indicators such as GDP, economic growth rate, trade and budget deficit and others.

3) A worsening of the situation through an escalation of poor economic performance of economic sectors, with a clear slowdown in the activities of economic enterprises and the accumulation of negative rates concerning inflation, employment and unemployment, public debts and exterior and others.

4) A certain calm caused by often draconian and brutal measures to stop this economic hemorrhage.

5) A critical situation in public finance, mainly in the side of public expenditures which start to rise in a disturbing way, creating, then, a critical rate of budget deficit and pushing deciders to proceed to rationnality and a precautionary policy.

6) The start of some disturbing and a nervousness at the macroeconomic level.

Discussing the economic crisis, it is important to indicate that economic crises are the result of certain failures and dysfunctions in the implementation of appropriate and adequate economic policies according to the characteristics of each economy, and also miscalculations regarding changes economic at the level of international economic markets, and also misinterpretations of the signals sent by the markets to economic operators, leading, consequently, to upheavals at the level of the national economy which have become complicated and delicate for economic decision-makers to eradicate them in a short period of time, given the means and tools available and especially the weaknesses noted and observed in the resilience policies adopted.

That said, a convergence has been established on the fact that the appearance of an internal economic crisis is the direct and automatic result of an international economic crisis, which has affected either an economic power, an economic market or an economic space quite powerful and strong, indicating, thus, that the main economic crises experienced in the world are:

1) The crisis of 1929 (which was considered the first crisis that the world experienced after the end of the First World War and which was the result of brutal shocks which affected the New York stock exchange and then is spread globally due to the power of the American economy and especially the place of this stock exchange in international financial markets, added to some economic problems of other countries and the lack of some fast ans automatic policies of resilience.

2) The Second World War. (which was the result of the disastrous and devastating consequences of this war which affected the most influential economies in the world such as America, France, Great Britain, Germany, Italy, Japan and others) and create difficulties and complication between the States and economic regions.

3) The oil shock of 1973 which was the consequence of the Arab-Israeli conflict in that year and the oil embargo of the main Arab oil-exporting countries towards Western countries for their support for Israel, thus leading to a significant rise and increase in barrel prices and major disruptions in the productive systems of Western economies due to the imbalance between supply and demand.

4) The crisis of the European Monetary System (EMS) in 1993 which was explained by the fact that when Denmark rejected the Maastricht Treaty in a referendum on June 2, 1992, casting doubt on the prospects of monetary union , capital left the other members of the European Union and showed the fragility of European currencies compared to other international currencies.

5) The subprime crisis in 2008 which was considered more of a purely financial crisis and was triggered following problems in repaying a portion of American households of loans granted by banks for the purchase of housing and real estate, resulting in an intervention by the American Treasury to resolve this liquidity problem and then spread to other international banks, notably European and Asian, and, due to the international banking connection, developed into an international economic crisis, causing a huge financial debts for american banks and occidental ones too.

6) The coronavirus or Covid-19 crisis which is the most recent and occurred from 2020 and lasted almost three years, appeared in China and then spread across the whole world, with

harmful consequences such as the lack of raw materials due to the lack of transport, a slowdown in employment due to repetitive and rigorous confinements, a drop in consumption and production, and above all a clear decline in trade, economic and financial between States, due to restrictions imposed by States to protect themselves from the effects and impacts of the virus which has ravaged a large part of the world population, resulting to bad financial results to many entreprises and companies and a cessation of economic, financial and commercial relations.

Thus, it is important to know that the economic crisis proves that contemporary economic systems are much more affected and impacted by international economic phenomena, since we are living in a period and an era of globalization and international economy where each dysfunction and imbalance observed in a country where a fairly prosperous economic region has direct effects on other national economies, knowing that the contemporary economic world experiences several connections which can be summarized as follows:

A. A financial connection.

B. A monetary connection.

C. A banking connection.

D. A technological connection.

E. An economic connection.

F. A business connection.

We will repeat, verbatim, comments recorded in a writing, namely that “we are slowly emerging from the “great recession”, but there is no doubt that the underlying structural problems which plunged us into this crisis are still there: a fragile financial system that is still largely under-regulated, wages that are too low, and the strengthening of income inequalities and trade imbalances between debtor countries and surplus countries", meaning, therefore, that the economic crisis is becoming a recurring and regular phenomenon which can affect any economy at any time, and thereby propagate and extend to other economies, even if the latter are not concerned by the origin of the crisis and seem to be located quite far from it.

For first-year students and initiators in economics, it will be interesting to study and examine economic crises for the following reasons:

- To understand the failures of economic systems.

- To evaluate the performance of national economies.

- to examine policies for the resilience of national economies.

- To understand the methods of propagation of economic crises at the level of global economic sphere.

To evaluate the degrees of impact and effects of the crisis on each country or economic region.

 To examine the positions and reactions of international economic and financial institutions.

 To begin a comparison between alternatives between countries affected by economic crises.

To draw lessons from the consequences of economic crises to develop perspectives in this direction.

 To study and compare between the different economic, financial, energy, food and other crises.

Fifteenth session: Economic globalization

We can define globalization as an economic phenomenon which developed at the beginning of the 90s and which is based on the principles of the market economy and the liberal economy, namely the principles of choices and freedoms in behavior economic agents, like consumers, producers, investors, savers and others, in markets which decide, according to the laws of supply and demand, the prices applied and macro-economic indicators, in order to reach a defined economic growth rate.

It must be emphasized that globalization emerged after the fall of centralized and socialist regimes which showed certain limits in the management of economic activities and restrictions in the choices of the main economic actors, thus giving rise to demonstrations and popular movements concerning living conditions and the preservation of purchasing power as it Is the case in western economies.

To make things easier for students, here are some explanatory elements of economic globalization:

1) A proliferation of international agreements on liberalization of trade and investments, noted since the fall of the planned regime.

2) A particular interest in the historical and extraordinary development of means of communication and transport was noted and which played a formidable role in this process of globalization.

3) This phenomenon is also explained by the tremendous growth in international trade, through an explosion of exports and imports, and a renewed interest in cross-border capital movements through foreign direct investments.

4) This can also be explained by strong mobility of capital, without distinction between countries, and particularly targeting niches of growth and development.

5) This globalization is also explained by the interdependence and interconnection of financial, banking and monetary markets on a global scale, thanks to the effects of financial and monetary liberalization and the relaxation of the functions of central banks and primary banks.

6) Another element can explain this phenomenon and which lies in the interplay of interest rates and exchange rates, which has allowed an acceleration of financial and monetary exchanges across the world.

7) Also, we must not omit the important and crucial role played and interpreted by large international firms (the famous Multinational Firms), in terms of international commercial and financial exchanges.

8) This globalization is explained by the consequent and very remarkable development of forms of strategic alliances, a consequence of reconsideration of the balance of power in global markets in search of better commercial positioning, to maximize the profit rate.

9) Another explanatory point of the rise of globalization as a subject of economic debate and which is increasingly gaining momentum, namely the contributions of the knowledge economy.

10) Finally, and not definitively, we can provide an explanation on this subject on globalization through the consensus on the need to harmonize and establish synergies and symbioses between all countries, and this for the good of each, according to the formula that union surely creates strength and the use of basic principle of winning-winning rather than loosing or the loss of a partner.

It cannot be denied that the theme of economic globalization is purely economic and that it must be treated as such, based on the most representative and qualified theoretical explanations for this, and we can only rely on economic classics theories, which place more emphasis on the principles of free trade, the fundamental pillar of economic globalization, and also free markets and economic decisions.

For another sake of understanding, we add that it is essential, to better understand this interest shown in globalization, to fully understand and assimilate the foundations of the doctrines of liberal economies, such as the mechanism of macroeconomic markets (market of goods and services, employment and the financial and monetary market), private property, price liberalization, trade, investment, incomes, interest rates, exchange rates , ..., because globalization is sometimes perceived as a simple extension of ideas inspired by the market economy, using market mechanisms and based on the laws of competition and valuation, with the aim of enabling each agent and economic actor to express oneself freely and without constraint on the choices made and adopted for one's own interests and advantages, taking into account the convergence of the principle of economic openness.

We have already been interested and examined the economic systems previously in order to allow students to fully understand the concept of globalization and correctly assimilate the main explanatory elements and not confuse between a capitalist and liberal or market economy for the simple fact that: An economy capitalist is an economy based exclusively on the accumulation of capital by individuals and entrepreneurs in order to achieve maximum profits and winnings, according to well-defined laws and regulations, while the liberal, market economy or market economy is based on the place and role of economic markets, whether the markets for goods and services, employment or monetary, or other economic markets such as that of products, goods, services, currencies, stock markets, and others to reach a level of sufficient growth and développent and hence a improvement of the living conditions of the population.

Also, a certain convergence has been achieved between economists, namely that “economic and commercial opening, as well as the removal of barriers and other customs obstacles, have contributed considerably to the emergence of questions of globalization and the idea of economic internalization, and the use of international exchanges on all levels, economic, financial, commercial, technological, etc., constitutes a fundamental axis in this discussion.

On this subject, it should be noted that the coefficient of commercial openness is represented by: Xit+Mit/GDP/t

Where: Xit=exports from country i at period t.

Mit= imports from country i in period t.

GDP=Gross Domestic produc tat period t.

That said, many points emerged during our discussion, which can be listed as follows:

1) The concept of globalization must be treated and thought of as a historical process and punctuated according to the phases of the world economy evolution.

2) This process of globalization induces and creates, of course, homogenization but also some inconsistencies and divergences on certain points.

3) Globalization provokes analyzes based more on explanations (theoretical and literary) emanating from the ideas of classical schools in several areas, such as the theory of employment, prices, interest, the exchange rate, and competition.

4) This (preliminary) study of globalization resulted in a convergence which emerged on the recognition of its specificities, but not on a global and universal definition, accepted by all.

5) The analysis of globalization, as developed in this debate, involves other sciences for better understanding and scientific validity among researchers and specialists.

6) The international context induces prudence and caution in the analysis of certain economic phenomena.

7) Globalization has become a global issue for all economic partners.

8) This globalization has aroused particular interest among the elite of economists, but also financiers, commercialists and businessmen.

9) On the other hand, this discussion on globalization should not make us forget the role, so important and precious, of international financial and economic institutions, namely the International Monetary Fund (the IMF), the World Bank (the B.I.R.D) and the World Trade

Organization (WTO), each organization according to its prerogatives and commitments, and which have contributed and participated in the emergence and expansion of international economic relations, based more on the principles of free trade and trade agreements, in addition to their contribution to economic and financial exchanges through mechanisms and strategies in these directions.

Following this logic, we must just remember, and in the opinion of several observers, that globalization, through the contributions and implications of these institutions, is not opposed to the economic policies recommended and developed by economic decision-makers, but rather adapt and reorganize them according to the precepts of liberal economies and introduce them to appropriate concepts such as economic competitiveness, productivity gains, comparative advantages, economic perseverance, commercial and financial efficiency, strategic alliances and others, trying not to forget some errors and mistakes observed in many countries which result to slowness and retreat in questions dealing with the rate of growth and développent.

We also add that several other themes find grounds for explanation and reflection, thanks to the theme of globalization, such as sustainable development, the governance of entreprises, compnies and administrations, governments, the gender economy, economies institutions, the economies of knowledge and innovations and creativities, economic intelligence, etc., but the essential thing that can be drawn from it, and which obviously remains relative, is that globalization is, ultimately, a matter of drawing the maximum possible and potential advantages and gains, with fewer risks and costs, taking into account the means and assets available, on a recognizable field and perfectly accessible to the stakeholders, and well supervised on all possible levels.

For some informed students, it is necessary to understand that globalization is just a continuity of classical and liberal theories for centuries and that it does not invent anything new in relation to these approaches, except that the liberal system has shown several advantages and superiorities compared to the socialist system, in particular leaving the choice to economic agents to decide their behavior in relation to the movements of economic markets and proposing many alternatives for economic actors and agents.

It is also essential, for students, not to understand globalization as an American, European or Asian phenomenon, because it does not emanate from a country, region or given economic space, but just an implosion of agreements and understandings between States and countries, based more on the principles of win-win and reciprocal and mutual benefits, far from previous dissensions and divisions, supervised by appropriate and compliant organizations, taking into account possible and probable upheavals and mutations that the economic world may confront, but also the fact that international economies try to find a mutual and common path for growth and developpent for all rather than for jus a part of the planet.

To provide more arguments for this concept and shed more light on this subject for students, it is cited that “the volume of world trade today is approximately 45 times greater than that recorded in the early days of GATT[4] (an increase of 4 500% between 1950 and 2022). The value of world trade has soared and is today nearly 400 times higher than in 1950, as well as foreign direct investments which have developed and expanded throughout the planet, between states which were, once, enemies but who have become, through this globalization, economic, financial and commercial partners, thanks to the positive effects and the advantages reaped during this period.

This expalin the idea for gathering effors and thought about the best and profitable paths for each country, notwithstanding some diffences in the number of population, the surfaces, geographical positions, the nature of politcal system or the national economy, religions, customs, habits and traditions and other, since that it seems that a general agreements has been established between the majority of countries and states.

Evoking the term globalization inevitably leads us to grasp the fact that "the globalization of the world economy, the process of economic liberalization, the measures aimed at attracting foreign direct investments, the structural adjustment policies and the strong reduction in transport and communication costs are the main factors which have favored the expansion of international economic exchanges, and consequently the debate on economic globalization, sometimes in quite complicated and delicate contexts, and certain political-economic tensions remains open and well discussed, despite the existence of some financial, commercial and economic disagreements.

It can be concluded that the concept of globalization represents a field of competitiveness and economic competition between countries, where each State tries to position and reposition itself to win and obtain the maximum of the gains, profits, benefits and advantages available and potential, taking into account that economic markets are more open and accessible than in the past and that organizations well protect commercial, economic and financial transactions established between countries.

It looks then that the concept of globalization represent a space and field for any national economy to find its place and position, depending on their ability and own assets, economic policies and strategies, and counting just on their level of international competitiveness of the nationa enterprises, companies, administrations, institutions and other, since that now there is no complain about differences in economic regimes or systems but just how to be bettre and mor efficient.

At the end, we hope that such a brief handout can help and support students to understand some ideas and concepts of economy, and give some clarification regarding the main economic terms used in this field, having in mind that some students have never studied and examined such area.

Good luck.

[4] GATT=General Agreement on Tariffs and Trade

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