

An Overview of The Macro 21st Century Crises That Affected Economies Globally

Arton Hajdari¹, Nexhat Shkodra² and Artan Hajdini³

Abstract

This review article explains the causes, implications and policy responses globally and in the Republic of Kosovo of the five crises of the 21st century. Three out of five crises included in this paper (financial crisis, debt crisis and inflation) had happened before the 21st century as well, so they are repeated, but the other two (energy crisis and COVID-19 crisis) are specific, especially the COVID-19 crisis because of the lockdown measures that have been undertaken globally. Indeed, throughout the history of human beings, it is impossible to find another crisis (apart from COVID-19) that forced the whole world to go into lockdown. This global lockdown, respectively, this global crisis known as COVID-19 has been a tremendous challenge to countries all over the world, because it caused many macroeconomic, social and financial consequences globally, which consequences and implications are interconnected with other crises such as inflation and maybe energy crisis, too. Data of this paper are secondary, i.e. they are collected from academic articles, books, websites and other relevant open sources.

Keywords: Financial Crisis, Debt Crisis, Covid-19 Crisis, Energy Crisis, Inflation

INTRODUCTION

This paper aims to make a scientific review, describe and analyze in the context of causes, implications and policy response (globally and in the Republic of Kosovo) of such relevant issues as the Global Financial Crisis 2007-2009, Debt Crisis 2009-2011, Covid-19 2020 Crisis, Energy Crisis and Inflation 2022. By the way, when we say globally, of course, it does not mean that each and every country of the globe is analyzed, but in general, as an illustrative example, some of them are included in the respective analysis. Moreover, the review aims through a qualitative scientific approach to give a contribution and spread awareness to the readers about the seriousness of the respective crises. The research questions of this review article are three, such as: What are the causes of the crises? What are the implications of the crises? What are the policy responses globally and in the Republic of Kosovo to the crises? Of course, these research questions are the same for the five crises that the paper is discussing.

The methodology of this paper includes only the qualitative scientific approach, i.e. no quantitative methods have been used. To be more concrete, there have been analyses of the respective literature of well-known and influential authors in Economics, analysis of documents issued by international institutions, interpretivism and descriptive qualitative approach analyses. In other words, data of this paper are secondary, i.e. they are from academic articles, books, websites of the institutions and other relevant open sources. There is the hypothesis raised in this paper (even though such hypothesis is not tested through quantitative methods, e.g. regression analysis etc.) that policy responses were not the most coordinated ones globally, and the implications and causes of the crises were not prevented properly. One might argue that more or less, in itself as a whole this paper is a literature review or a review article. Therefore, the literature review is not presented separately as a chapter in this review article, but it is presented throughout this scientific paper.

As far as the chronology is concerned, after this Introduction, which is point one (or Chapter one), there are five more chapters. So, the article continues with Chapter two that deals with the Global Financial Crisis of 2007-2009, which, as the title suggests, was spread to all over the world. This challenge of the world, just like

¹ Faculty of Business and Economics, South, East European University, Tetovo, North Macedonia, ORCID: 0009-0009-3263-8547; E-mail: ah30474@seeu.edu.mk

² Faculty of Economics, Public University Kadri Zeka, Gjilan, Republic of Kosovo; E-mail: nexhat.shkodra@uni-gjilan.net

³ Faculty of Economics, University of Prishtina "Hasan Prishtina", Kosovo, ORCID: 0000-0002-5204-1117; E-mail: artan.hajdini@student.uni-pr.edu

the other four crises, is presented by describing its causes, implications, and policy responses globally and in the Republic of Kosovo. Chapter three covers another crisis that followed just after the global financial crisis of 2007-2009, and that is the Debt Crisis of 2009-2011. Chapter Four discusses the most specific challenge that hit the world, Covid-19 2020 Crisis. This catastrophe has been specific not only because of the macroeconomic, social and financial consequences caused – but especially of the lockdown which was imposed on the whole world. Chapter Five covers the two most recent crises that the globe is facing, Energy Crisis and Inflation 2022. Just like in other crises, the descriptions are done through causes, implications and policy responses. Indeed, while causes and implications are not so difficult to be discussed, policy responses are, because there are still to be seen proper policy responses with the global impacts towards fighting and preventing such crises. Chapter 6, in the end, shows a short Conclusion (makes some comparison of the crises) of the paper.

Global Financial Crisis 2007-2009: Causes, Implications and Policy Response (Globally and in Republic of Kosovo)

The global financial crisis of 2007-2009 was an enormous challenge to the economies around the world, having different consequences in specific countries. Indeed, the more countries were integrated into the globalized financial markets, the faster the financial crisis spread. Meanwhile, the policy responses were mainly coordinated and conducted as well globally to overcome the crisis with fewer consequences, while the causes are seen generally to come from the unsupervised properly of the financial markets. Thus, to describe the chronology of the global financial crisis of 2007-2009, Adam Tooze (2018) argues that real estate prices were high in 2006 in the United States, and then later went well down – families began to face difficulties in paying all kinds of debts – while consumer demand dwindled. These were signs of recession and the crisis itself, which were also transferred quickly to other states, such as the United Kingdom, Spain, and Ireland etc. Securitization of mortgages should have helped in this situation by spreading the risk, so it was more easily afforded, which in fact went on to be a false expectation since these mortgage securities were later resold and concentrated in the so-called “shadow banking system” – such a system was so vulnerable and reckless.

Among others, the global financial crisis of 2007-2009 will be remembered for the biggest bankruptcy that has ever happened: the bankruptcy of the investment bank named Lehman Brothers. So with \$600 billion in assets, it was the largest US corporation to go bankrupt in the history of the whole industry – since it passed the record of WorldCom, which went bankrupt in 2002 and was the record holder till the Lehman Brothers bankruptcy (Ball, 2018). Moreover, it is worth mentioning that this bank was founded in 1850, i.e. it even survived the Great Depression of the 1930s. Interestingly, the fourth largest investment bank at the time went bankrupt even though in 2007 it was ranked number one in Fortune magazine's list as being the “Most Admired Securities Firms” (Ball, 2018). By explaining that millions of people around the world lost their jobs (and also millions of people lost their homes in America), Stiglitz (2019) sees the financial market liberalization as the main cause of the financial crisis of 2007-2009. So, by being very critical of financial market liberalization, Stiglitz (2019) mentioned the implications of financial institutions to the crisis, e.g. banks, and presents them as very influential, since even though they were the ones who caused the financial crisis 2007-2009, they were helped and supported by the state during the respective crisis. In short, financial market liberalization, in a way, enabled banks (as the main ones implicated in the financial crisis) to exploit people and extort their money. Moreover, easy-money policies are mentioned in the article by Thakor (2015) among other causes and implications of the crisis. Concerning extreme liberal policies towards the market economy, Hajdari & Hadzimustafa (2023) see the financial crises as one of the proofs that, as they underline, *laissez-faire* approach towards the market economy should be abandoned (the other proof being environmental damage).

All in all, to contextualize more concretely what is mentioned above as the cause and implication of the global financial crisis of 2007-2009, it should be stated that at least in the decade prior the financial crisis, there were many financial innovations (by banks and other institutions known as shadow banking system) such as derivative instruments (credit default swaps), subprime mortgages, securitisation of mortgages etc., which were seen by the supervisory authorities with the logic of *laissez-faire* doctrine. Such an approach to the economy, i.e. a *laissez-faire* that might lead to enormous financial crises, is dismissed by Hajdari and Hadzimustafa (2023). Related to this, an example to illustrate such a severe situation (of unsupervised financial instruments) is Blythe

Masters of JP Morgan (the woman known for those derivative instruments-innovations) was later called the woman who built financial "weapons of mass destruction" (theguardian.com, 2008).

As far as policy responses are concerned, there were many of them globally and regionally. These policy responses were mainly coordinated because the Great Depression of the 1930s served as a lesson to the countries that to overcome such crises there should be coordinated initiatives. For instance, the G20 (which includes: Argentina, Brazil, Canada, China, Australia, France, Germany, India, Indonesia, Italy, Turkey, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, the United Kingdom, the United States, and the European Union; i.e. 85% of the world's economy and 66% of the world's population) initiatives intended to be coordinated, so there were more capacities available to the international institutions such as IMF, OECD, World Bank etc., so they could help countries to overcome the crisis (Civici, 2018). Moreover, in South America, countries such as Bolivia, Brazil, Paraguay, Uruguay, Argentina, and Ecuador, created a bank named "South Bank" with the potential financial capital of billions USD, thus they could borrow money from that bank for the investment spending projects. China conducted an investment program of hundred billions also in the investment spending to expand the economy, while lots of other countries all over the world were involved in the savings programmes with the international organizations mentioned above (Civici, 2018). Generally, the above-mentioned summit of G20, i.e. "Leaders' Summit on Financial Stability and the World Economy" was considered a successful one by the G20 Research Group (Kirton and Guebert, 2009).

The financial crisis of 2007-2009 implicated lots of financial institutions and financial markets around the world and caused many economic and financial consequences. In the first half of the year 2008, in the recession were countries such as Estonia, Lithuania, Ireland, New Zealand, and Australia etc. While, in another part of the same year (2008), in the economic recession were countries such as Japan, Sweden, Hong-Kong, Singapur, Italy, Island, Turkey, Portugal, Greece, France, Netherlands, Germany, United States, United Kingdom, Spain, Switzerland, Argentina etc. According to The Economist and Daily Telegraph, in 2009 there was a huge decrease in industrial production, for example, 31% decrease in Japan, 26% in South Korea, 16% in Russia, 14% in Italy and Germany etc. According to the Global Employment Organization, unemployment increased during the crisis by 50 million people. Of course, other implications were caused by the financial crisis all over the world, such as the increase in public debt, the increase in inflation, deficit in the budgets, increase in health damages due to the depression etc. (Civici, 2018).

The implications of the global financial crisis 2007-2009 in the Republic of Kosovo were not considered significant (especially in the financial sector), therefore it may be said that the specific responses by the respective state authorities were missing (bbc.co.uk/Albanian, 2008). Similarly, Ramosaj (2010), and Ahmeti et al. (2014) do not provide any significant implication of the global financial crisis to Kosovo's financial system. However, by analyzing the implications of the financial crisis in the macroeconomic indicators, Badivuku-Pantina and Borza (2012) provide some evidence that due to the unemployment increase around the world, the diasporas remittances were decreased in the Republic of Kosovo, while the unemployment reached the peak at around 50% - still they do not mention on their paper any proper policy response towards it. Indeed, the Republic of Kosovo was facing not only an increase in unemployment and a decrease in the diasporas' remittances, but also a decrease in exports and foreign direct investments. Still, the global financial crisis of 2007-2009 had a moderate impact on Kosovo's economy – this was so due to the not so much implication of foreign landings in the financial sector of Kosovo. As was also mentioned above, Kosovo's authorities did not make any specific policy response to the global financial crisis, but because 2008 was the year of the independence of Kosovo, they began a more expansionary fiscal policy by increasing the government spending in the social and infrastructural parts. Concerning that, the IMF-supported program towards Kosovo was conducted in 2010, in the amount above €100 million (elibrary.imf.org, 2011).

After all, economic and financial crises have happened many times throughout history, e.g. to mention is the Great Depression of the 1930s being the biggest one, while the policy responses in preventing and overcoming them have been discussed especially by the two well-known economists, John Maynard Keynes Friedrich von Hayek. Their views in response to the crisis were fundamentally different since, generally speaking, Keynes gave a crucial role to the government interventions in preventing and overcoming the crisis, while Hayek saw economic and financial crises as something natural that occur time after time, and since they are natural and

unavoidable, they are surpassed by the market economy forces itself, with no government artificial interventions who make crises even worse – so Hayek is a huge believer of *laissez-faire* doctrine (Skousen, 2015, 2016). Their theoretical views were shown after the Great Depression of the 1930s, but again they became re-discussed very much in the financial crisis of 2007-2009 by economists of the recent era, too. However, one can say that the responses to the financial crisis of 2007-2009 were very much of Keynes's ideas, rather than Hayek's ideas.

Debt Crisis 2009-2011: Causes, Implications and Policy Response (Globally and in Republic of Kosovo)

Even though the debt crisis of 2009-2011 was somehow related to the global financial crisis of 2007-2009, one cannot consider the financial crisis as the only cause of the respective debt crisis. European Union countries have been having a united monetary policy for nearly a decade before the debt crisis occurred, while their fiscal policies were fully decentralized and non-united since every country has been conducting their government spending depending on their national needs and programmes. These disjointed policies (centralized monetary policy and decentralized fiscal policy) of Europe are generally considered threats and potential to the crises, just like the one known as debt crises. Such explanations are provided by Stiglitz (2016), an American Nobel Prize winner in Economics, who is very critical of the Euro (Eurozone currency), seeing it as a threat to the future of the respective countries. Moreover, according to Stiglitz (2016), sharing the same currency was not a good idea for Europe because countries are not sharing the same policies and even do not have the same cultures. The Euro was thought to be functioning well at the beginning, such as in 2003, 2004, and 2005, but the real test of the currency came when global financial crises occurred, which was a massive challenge and test to the Euro. Countries such as Greece were in a deep debt crisis and nearly bankrupt, while countries such as Germany were imposing austerity and non-deficit policy on them if they wanted to be supported.

Policy responses were leading to the austerity of more careful government spending, but there were many challenges and difficulties, even though countries were not coordinated and united in the implementation of the austerity and non deficit policies, e.g. Greece vs. Germany. As was paraphrased above Stiglitz's thesis on the debt crisis 2009-2011 that implicates and relates the currency of EURO (or the mismatch of fiscal policy and monetary policy), it can be said that Kosovo was in this game, too, since it uses the EURO; however, neither implications nor policy responses to the debt crisis were influential on Kosovo – since the austerity and non-deficit policies were applied for years. On the other hand, Ullah and Ahmed (2014), when talked about the the causes, consequences and potential implications of the European debt crisis, went on mentioning that factors such as international trade imbalances, the effects from the global crisis 2007-2009 and the failure in bailout approaches to cure Europe of the global financial distress, were among factors and implications to the debt crisis 2009-2011.

Indeed, according to the OECD, the debt crisis of 2009-2011 was a massive threat to the countries globally (or more precisely in Europe), which started in Greece 2009, Portugal, Italy, Ireland, Spain etc., while the European Union, or powerful states in it such as Germany and France, did not manage to support such countries properly, nor the international financial institutions such as European Central Bank (ECB) and the International Monetary Fund. By analyzing more concretely the causes of debt crisis, we might summarize them into two main ones, as follows: first, debt-to-GDP ratios criteria were not being respected; and second, the increase in investment capital, because of the low-interest rates in the Eurozone (thebalance.com, 2022). While policy responses to the crises were not viewed the same by EU powers. i.e. Germany and France (France against austerity, Germany for), still measures proposed by Germany, respectively German Chancellor Angela Merkel with 7 point plan were enforced; the measures were such as: Launching of quick-start programs; Relaxing protections against wrongful dismissal; Introducing of "mini-jobs" with lower taxes; Combining of apprenticeships with vocational education targeted toward youth unemployment; Creation of special funds and tax benefits to privatize state-owned businesses; Establishing of special economic zones like those in China; Investment in renewable energy. This was somehow a treaty that imposed budget restrictions and guaranteed the lenders that the EU would stand behind the debts of the EU countries under certain rules (thebalance.com, 2022). Concerning the above explanation, one can say that the agencies such as Standard & Poor's and Moody's (agencies specialized for rating, in this case, debt rating) wanted the European Central Bank to guarantee all debt of Eurozone countries, but Germany wanted more assurance, therefore austerity measures were imposed;

measures that were not without disadvantages in the short run, but still they were beneficial and sustainable in the long run. Disadvantages or consequences were such as cutting government spending, which led to slow economic growth, and then the unpopularity of such measures had implications on elections (votes) etc. (thebalance.com, 2022).

Still, those measures were needed, otherwise, if the debt crisis went on evolving it could have been worse than the financial crisis of 2008, banks would have had massive losses because of the sovereign debts, some could have gone bankrupt, and through panic, they (banks) would have hesitated to lend money to each other just like in the financial crisis, interest rates could have gone too high, the ECB would have jeopardized its future as well, since it was the massive holder of sovereign debt, too, just like other banks. In other words, the debt crisis of 2009-2011 could have had more consequences than the 1998 sovereign debt crisis. When Russia defaulted, that led the other emerging market countries to default as well, except the developed markets. During this time (the debt crisis 2009-2011) the developed markets were in massive danger of default, including Germany, France etc. (thebalance.com, 2022).

Covid-19 Crisis 2020: Causes, Implications and Policy Response (Globally and in Republic of Kosovo)

Throughout the history of human beings, it is impossible to find another crisis (apart from the Covid-19) that forced the whole world to go to the lockdown. This global lockdown, respectively, this global crisis known as Covid-19 has been a tremendous challenge to countries all over the world, because it caused many macroeconomic, social and financial consequences globally; of course, health damages caused by Covid-19 were massive too worldwide. So Covid-19 fully deserves the characterization as a global crisis. According to the Data Bank – World Development Indicators (data.worldbank.org), Covid-19 2020 crisis caused implications and consequences for every country in the world, thus almost all of them (except a few) had a negative GDP growth annual rate for the respective year (2020) because of the drop on economic activity, drop on aggregate demand etc. More concretely, the GDP growth rate for 2020 globally was -3.29, while specifically (e.g.) in some of the countries was as follows: in the United States -3.40, in Canada -5.23 in the United Kingdom -9.40, Russian Federation -2.95, in Germany -4.57, in Italy -8.94, in Brasil -4.06, in Argentina -9.90, in Japan -4.59, in South Africa -6.43, and so on and so forth (data.worldbank.org, 2020).

Moreover, the unemployment rose globally in 2020 by 1.2 % compared to 2019, for instance, specifically in some countries unemployment increased as follows: in the United States from 3.7% in 2019 to 8.1% in 2020, in Canada from 5.7% in 2019 to 9.5% in 2020, in the United Kingdom from 3.7% of 2019 to 4.5% in 2020, in Russian Federation from 4.5% of 2019 to 5.6% in 2020, in Germany from 3.1 in 2019 to 3.8% in 2020, in Brazil from 11.9% in 2019 to 13.7% in 2020, in Argentina from 9.80% in 2019 to 11.5% in 2020, in Japan from 2.4% in 2019 to 2.8%, in South Africa 28.5% in 2019 to 29.2% in 2020, and so on (data.worldbank.org, 2020). Of course, not only the above-mentioned implications and consequences globally were caused by Covid-19 2020 crisis, but there are many more others, too. Therefore, all of them (implications and consequences caused by Covid-19) pushed countries around the world to prepare packages of intervention in the economy, as a policy response to the respective crisis. Three of the policy responses (US, UK and China) presented by the International Monetary Fund (IMF) on their official website (imf.org) are shown in the following of this article as an example illustration of policy responses.

United States of America – even though the Covid-19 2020 crisis was challenging the US, too, there were still elections held. Thus, the pre-election campaign was very much implicated by the Covid-19 topics, especially those concerning lockdown and the interventions on the economy with proper packages. However, some of the policy responses, e.g. as a fiscal policy, were such as the signing of the \$ 868bn towards the consolidation of the economy by government funding of the bills, i.e. that was in the amount of 4.1 % of the GDP. While later the newly elected president initiated the package of \$1,844bn, in other words, the rescue package amount was about 8.8 % of 2020 GDP. In the US, there were monetary and macro-financial responses as well. The rate of the federal fund was lowered by the Federal Reserve, while the flows of credit were facilitated, treasury and securities were purchased as much as needed, and the financial institutions were encouraged to lend and work continuously with those affected by Covid-19 crisis (imf.org).

The United Kingdom – with fiscal policy initially supported businesses with £29 billion, which included the compensation for sick leaves for employees, tax pauses, grants etc. £8 billion was allocated in support to the vulnerable people of the society as a scheme of universal credit. The government also provided loan schemes guaranteeing up to 80% in accordance to the banks operating in the respective country etc. Moreover, fiscal policy packages were added and adapted as the Covid-19 was currying on and more lockdowns were imposed, e.g. some of the measures include also such as the reduction of VAT for hospitality, the deferred VAT payments and income tax payments for self-employed people as so on. Just like in the US, in the UK, too, there were monetary and macro-financial responses, that included the reduction of the basic interest rate, expanding the central bank's holding of UK government bonds and non-financial corporate bonds, and lots of other measures as the pandemic was going on, thus the consequences of it (especially the consequences of lockdowns) were surpassed more easily (imf.org).

China – was the first country to be challenged by the Covid-19 pandemic crisis. Starting in the city of Wuhan, the pandemic spread fast and furious to the whole country and the rest of the world. Analyzing the fiscal measures undertaken by China, it is estimated that RMB 4.2 trillion were implemented in 2020, which included the increase in government spending and public investment, support to the unemployed people etc. While the monetary and macro-financial responses to Covid-19 2020 crisis included such as liquidity injection to banks through open market operations, extending of landing policies, delays on loan repayments and lots of other measures concerning people and businesses that were affected by the crisis.

All in all, the above-mentioned measures that included economic and social policy responses were implemented all over the world because the implications of the Covid-19 pandemic lockdowns were massive. More concretely, those measures, according to the evaluation made by the OECD, are grouped into three categories: tax measures, balance-sheet measures and spending measures. More or less, in every country, such measures were undertaken by governments.

The implication of the Covid-19 2020 crisis caused many challenges to Kosovo institutions, businesses and the citizens. According to the World Bank, the negative economic development rate for 2020 was -5.34% (data.worldbank.org, 2020). The fiscal indicators were not pleasing as well, since according to the Tax Administration of Kosovo, there was a decrease in the taxation gathered by the respective tax authority for the year 2020 at around 8% compared to the previous year (atk-ks.org, annual report 2020). The Central Bank of Kosovo's annual report 2020 shows a decrease in the net profits of commercial banks by 7.8% (bqk-kos.org, 2020). However, according to the OECD Covid-19 crisis in Kosovo report, there has been an increase in the diaspora remittances for 2020 by 18%, compared to the previous year, which had a significant impact on the aggregate demand (oecd.org, 2021). In response to the Covid-19 2020 crisis, the Republic of Kosovo has conducted a Fiscal Emergency Package, which was very comprehensive with 15 specific measures. The idea of this policy response was to reach every business organization, household and citizen who was affected by the lockdown measures which have been taken by the government, respectively by the Ministry of Health with the purpose of preventing and combating the spread of the Covid-19 pandemic. The implementation of 15 measures of the Fiscal Emergency Package was very much implemented by the Tax Administration of Republic of Kosovo, of course, in the continuous coordination with the Ministry of Finance and Transfers (kdi-kosovo.org, 2020).

The policy response of the Republic of Kosovo towards the Covid-19 pandemic 2020 crisis (with 15 measures of the Fiscal Emergency Package) concretely involves as follows (mf.rks-gov.net, 2020 and kdi-kosovo.org, 2020). Measure 1 – the amount of €7.6 million was allocated additionally compared to what is disbursed usually to families that are in social schemes; so the amount for every such family that was in this scheme was doubled for March, April and May 2020. Measure 2 – the amount of €13.0 million was allocated for pension schemes, which meant that every pensioner who had a pension of less than 100€ was given 30€ additionally for April, May and June. Measure 3 – the amount of €61.0 million was allocated in support of business organizations to overcome the consequences of the Covid-19 pandemic crisis. Specifically, this measure involved: a) 170€ salary for every employer for months April and May; b) 50% financing of the rent expenses of small and medium business organizations for months April and May; c) Pension contributions related to point "a" (salaries 170€)

were paid by the state, too, for months April and May. Measure 4 – the amount of €20.0 million was allocated as loans without interest for public companies which were in financial difficulties due to the Covid-19 pandemic crisis, so they overcame the difficulties and became liquid and solvent. Measure 5 – the amount of €10.0 million was allocated as a support to the municipalities of Kosovo which were facing difficulties due to the Covid-19 pandemic crisis. Measure 6 – the amount of €15.0 million was allocated to employers of the public sector who were forced to work and were very much exposed to the Covid-19 pandemic danger for April and May; in other words 300€ was given additionally to every employer for the respective months. Measure 7 – the amount of €3.0 million was allocated to employers of the private sector who were working in the sectors such as bakeries, pharmacies and shops (markets) and were very much exposed to the Covid-19 pandemic danger; in other words, 100€ was given additionally to every employer for April and May. Measure 8 – the amount of €4.0 million was allocated to employers who lost their jobs due to the Covid-10 pandemic crisis 2020; more concretely, 130€ was disbursed for April, May and June to every employer who lost their job because of the pandemic. Measure 9 – the amount of €2.0 million was allocated to initiatives and projects that intend to support minorities who were affected by the Covid-10 pandemic crisis 2020. Measure 10 – the amount of €15.0 million was allocated to micro-businesses and self-employed for liquidity purposes through the credit guarantee fund, which enabled every such entity to take a loan in the amount of 10,000€. Measure 11 – the amount of €5.0 million was allocated for grants and subventions through the Ministry of Agriculture, Forestry and Rural Development, with the aim of agriculture production increase. Measure 12 – the amount of €5.0 million was allocated for grants and subventions through the Ministry of Culture, Youth and Sport, to support cultural and sportive activities that were affected by the Covid-19 pandemic crisis. Measure 13 – the amount of €10.0 million was allocated to those who were involved in exporting the final products from the Republic of Kosovo. Measure 14 – the amount of €6.0 million was allocated to those business organizations which register their employees, respectively provide them with an employment contract of 1-year duration; more concretely, 130€ was subsidized by the state for two months after the respective contracts are offered to employers. Measure 15 – the amount of €3.0 million was allocated to those families that were not part of the social schemes, and do not have any employed member in the family; more concretely, 130€ was paid to such families for April, May and June.

Moreover, it should be mentioned that the response of the Kosovo authorities to the Covid-19 pandemic crisis was also supported by the International Monetary Fund (which praised them for reacting quickly) and approved US\$56.5 to Kosovo, thus the consequences of the crisis are surpassed properly. Moreover, the IMF mentioned not only the government measures in response to the Covid-19 crisis, but also the Central Bank of Kosovo's decision to suspend loans of repayment for those that were massively affected by the respective pandemic crisis (mf.org, 2020, PRESS RELEASE NO. 20/149, IMF Country Report No. 21/41, 2021).

Finally, it is worth mentioning that at the end of 2020, in response to the Covid-19 crisis, the Assembly of Republic of Kosovo voted on the Law on Economic Recovery - Covid-19, which was reviewed the following year by the new government (gzt.rks-gov.net). The respective law provided many measures, but the main one was the disbursement of €60 million (then went up to €87 million) to businesses (business owners), under the number of employees they employed the previous year; which policy response was criticized a lot since the money was disbursed to businesses (business owners), not to the employees. The other policy response, also criticized a lot, was the withdrawal of 10% from the Kosovo Pension Saving Fund, which indeed was an unconventional measure, but still provided to Kosovo's economy (Kosovo's citizens) about €200 million.

Energy Crisis and Inflation 2022: Causes, Implications and Policy Response (Globally and in Republic of Kosovo)

Energy Crisis is a contemporary crisis that countries are facing worldwide, including the Republic of Kosovo which is a producer of some energy, but still needs to import it, especially in the winter season when the consumption of energy is increased. On the other hand, inflation, as a continuous increase of the general price level, has hit just like other products, the energy sector as well. The implications of the green agendas and sustainable economic development (sustainability) policies around the world might have caused some impacts on the energy crisis because of the restrictions and new criteria on the way of production and the requirements of alternative productions of energy, but still, the inflation has been spread to almost every sector globally: food, construction, transport, oil, agriculture and so and an so forth. The Covid-19 2020 and 2021 expansive measures

worldwide (stimulated fiscal and monetary policies) could have had implications and caused the prices to go up (could have imposed the inflation), but the theoretical explanations for the inflations, as a well-known phenomenon in the fiat money systems, are not only on the supply side but on the demand side as well.

While talking about the energy crisis, one cannot ignore the possible impact of the green agendas on it. Certainly, it should be mentioned that in 2019 the European Commission made the Communication, as it is prescribed, from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions about The European Green Deal of the European Union and its citizens. The goal of the European Commission Communication (2019) about The European Green Deal, is to challenge the environmental issues by transforming the EU economy with recourse-efficiency, clean energy supply, and of course, with no net emission of greenhouse gases by the year 2050.

The idea of the above-mentioned explanations is not to discuss the sustainable economic development (sustainability), biodiversity, or the environmental economic issues in detail, but to rise a thesis that those measures and restrictions towards sustainability might have had an impact on the energy crisis since the alternative productions of energy are required already, while countries (except a small number of them, like Germany), are not yet ready for it. These implications have caused not only the lack of energy globally but also have had consequences on the price to go up (the inflation of energy products) since the supply for the respective product (energy) has shrunk a lot.

Summarizing the causes of the energy crisis, one can number lots of the factors or implications that lead to the respective crisis globally. Some of the causes are mentioned in the following (conserve-energy-future.com, 2022):

Overconsumption (certainly there is a strain on fossil fuels such as oil, gas, and coal due to overconsumption);

Overpopulation (as the population increased, so did the demand for fuel and products); Poor Infrastructure (the infrastructure has aged and needs lots of improvements);

Unexplored Renewable Energy Options (most of the countries are well behind the renewable energy options);

Delay in Commissioning of Power Plants (there is a significant delay in the commissioning of new power plants that could have filled the gap between demand and supply of energy);

Wastage of Energy (this is explained the best through behavioural economics, since people do not recognise and do not care about the energy saving yet);

Poor Distribution System (another frequent issues very frequent in lots of countries);

Major Accidents and Natural Calamities (this is another cause to the energy crisis, since accidents like pipeline burst and natural calamities like the eruption of volcanoes, floods, earthquakes can cause and have caused some times the interruptions to energy supplies - that is a potential risk to the future, too);

Wars and Attacks (which have repeated many times in the history of mankind, the one most frequent is in Ukraine);

Miscellaneous Factors (the likes of strikes, military coup, political events, severe hot summers or cold winters have caused and can cause in the future a sudden increase in demand for energy and can choke supply).

Of course, the above-mentioned are not the only causes of the energy crisis, but certainly the most pivotal ones (conserve-energy-future.com, 2022).

On the other hand, the implications or the effects of the energy crisis globally are also a lot and are multidimensional. However, three implications are certainly to be mentioned (conserve-energy-future.com, 2022).

Firstly, the increase in prices of the fuel resources, since as the demand for fuel increases, so will increase the price for it, knowing that the amount of such resources is limited.

Secondly, the political disturbances are another implication of the energy crisis, since with the failure of the energy markets; we are seeing crashes not only in the global economy but also in the energy available to countries. All these are enough elements of implications for various socio-political disturbances, i.e. they are interconnected.

Thirdly, the implication on the tourism industry, since the increase in fuel prices, causes an increase in the costs of tourism as well. As a consequence of it, many cannot afford the increase in the cost; therefore, it is the tourism industry that suffers ultimately (conserve-energy-future.com, 2022).

With the worldwide pandemic crisis (Covid-19) that has not been fully passed yet, and with the inflation globally that countries are facing (maybe due to the pandemic too expansive measures with fiscal and monetary policies), the policy responses to the energy crisis 2022 are not yet so effective, but one can say that these responses globally should go and are going in some countries into new alternatives of producing the energy. Clean baseload power is the best solution for sure. Of course, this will take time to be functionalized and will be challenging for countries all over the world, but in the long run, it is an unavioded solution to the crisis that potentially will be repeated time after time (in a way, this is related to the sustainable development policies - sustainability). Indeed, all non-conventional ways of producing the energy, such as renewable ways, nuclear is a low-emission as a baseload energy source, and geothermal electricity as another source of reliable baseload energy, are necessary so the energy crisis is treated properly in the long run (atlanticcouncil.org, 2022).

Bill Clinton in his book *Back to Work: Why We Need Smart Government for a Strong Economy*, already in 2011 has been very critical of his country, the US, as he was arguing that Germany is a good example of the state's role in the economy since they have had a good police responses in the alternative ways to producing the energy, such as solar cells, even though they (Germany) have less sun shines then the US. Clinton was arguing that the state should play its pivotal role in such capital decisions that decide the future in the long run. He preached that in his book and argued that maybe he will be accused as a social democrat because of his arguments, but still, such decisions are important, therefore the state should take its a role - something that has not been done in the US, always according to him (Clinton, 2011). So, the former president of the US, Bill Clinton, had a point in his book (2011) a decade ago, because not only the US, but lots of other developed countries, including the ones in the EU (except a few them), and the UK, are far from being on time with alternative ways of producing the energy, for which delay governments (policymakers) have their fault.

The Republic of Kosovo has been challenged by the energy crisis as well. There is a lack of energy in this country, since the production of it does not fulfil the needs of the households, institutions and businesses as customers. Especially in the winter, there is an increase in consumption, therefore the import of energy increases. The price of energy in Kosovo was low (very cheap), but recently it has been increased by the energy regulatory office, by categorizing the price of energy consumption into two blocks for households, the first block till the 800 kW the price stayed the same price (with the government subvention a little bit), and above 800 kW the price has been increased at around 40% (with the subvention by the government). The government has responded to the increase in energy price (in energy crisis 2022) with the allocation of €75 million for subvention, so the price increase is afforded more easily by citizens (ero-ks.org, 2022). These new tariffs of energy have been justified by the government of the Republic of Kosovo, while the opposition has criticized it a lot; moreover, they have initiated the commission in the parliament intending to investigate the increase in price and subvention by the government. Moreover, massive protesting has occurred against these tariffs (new prices of energy regulated by the energy regulatory office), too.

Viewing the inflation by the school of thought, the Austrian School of Economics (e.g. economists like Friedrich von Hayek and Ludwig von Mises) is very critical of inflationary policies (expansive measures on the economy through monetary or fiscal policy), while schools like Chicago School of Economics, or monetarists like Milton Friedman, and Keynesian Economics (initiated by John Maynard Keynes), are in favour of expensive measures on the economy in the recession time. Expansive measures on the economy were especially imposed by John Maynard Keynes during the Great Depression of the 1930s, though he is largely considered as the inventor of them, as he explained them as the measure to increase the Aggregate Demand (AD), one of the most crucial macroeconomic aggregates (Skousen, 2015, 2016). Talking about the global responses to the

inflation crisis 2022, it is impossible to state that there are proper coordinated policies against inflation that have been spread all over the world. Still, some countries separately are intervening in the economy through monetary policy instruments, which is not the case for example Turkey, which has been hugely shaken by inflation 2022, but they do not use the monetary policy to prevent and combat inflation. It looks like their religious views do not allow them to use the instrument of basic interest rate to combat inflation, knowing that their president is religious. All in all, strategic and coordinated global policy responses to the inflation crisis 2022 are still to be seen, while speculators tend to profit from them as much as they can.

Since the Covid-19 2020 global pandemic crisis, prices have been increasing in Kosovo, just like in other countries. This inflation is supposed to be imported; however, citizens of Kosovo and businesses themselves are troubled massively by this phenomenon, whose end is not being seen so far. The Agency on Statistics of the Republic of Kosovo is providing some data on inflation which shows that the rate in 2022 compared to 2021 increased by 10% (ask.rks-gov.net, 2022). These data on the inflation rate are not seen as reliable, since the general impression of the citizens of Kosovo on the inflation rate is much higher than 10%. Actually, in some products (the number of them is not low) the price has doubled in 2022, especially compared to 2019, i.e. compared to the pre-pandemic crisis of Covid-19. Therefore, it might be said that the inflation rate probably is much higher than the rate provided by the agency on statistics, since in some articles the increase is 100% or even more. Recently, the invasion of Russia in Ukraine has worsened the inflation in Kosovo. Of course, that has happened in other countries as well, but there is a perception that businesses in the Republic of Kosovo have manipulated the increase in prices in some articles such as fuel, edible oil, and some other necessary products, therefore the investigating institutions, and the Kosovo Competition Authority have conducted some operations and have issued some punishments to businesses which acted against, as it was said, the market economy principles by colluding to price and making earnings through speculation on difficult times (ak.rks-gov.net, 2022).

In response to the inflation crisis of 2022, the government of the Republic of Kosovo has decided to allocate €100 million to 800,000 citizens in the country. This police response of the government, or as it was claimed by them "the support to Kosovo citizens", has been criticized a lot by the opposition as they were arguing that there is no strategic or capital policy under it; according to them, it would be better to use that amount of money in another policies, such as opening the new vacancies, supporting the innovative ideas etc. However, the citizens of the Republic of Kosovo have welcomed this support by the state, because practically the support reached every family in the country (gzk.rks-gov.net, 2022). The government itself justified the policy of allocation of €100 million to Kosovo citizens since as it was explained by them this is not a development policy, nor a capital investment spending, but social police to help Kosovo citizens in the time of inflation crisis (even though one can argue that such expansive police might worsen the inflation rate). Concretely this policy response by the allocation of €100 million includes as follows: doubling of the amount of the social schemes for April 2022 (i.e. for one month), the disbursement of €100 for every pensioner for April 2022, the disbursement of €100 to every employee in the public sector that has the gross salary less the €1,000 for April 2022, the disbursement of €100 to every employee in the private sector that has the gross salary less the €1,000 (for May or June 2022), the disbursement of €100 to every student who is not employed for May or June 2022 (gzk.rks-gov.net, 2022).

CONCLUSION

As was mentioned in the introduction part, this paper aimed to analyze five crises of the 21st century, Global Financial Crisis 2007-2009, Debt Crisis 2009-2011, Covid-19 2020 Crisis, Energy Crisis and Inflation 2022. The analyses were done from the perspective of causes, implications and policy responses globally and in the Republic of Kosovo. Being more concrete, the article tried to reply to the research questions raised such as in the following: What are the causes of the crises? What are the implications of the crises? What are the policy responses globally and in the Republic of Kosovo to the crises? Even though all these five crises occurred in the 21st century, they are almost incomparable because of the specifics each crisis has got. However, some of the elements, in the perspective of causes, implications and policy responses, are in common, such as the decrease in the GDP growth (in some countries negative GDP growth), the increase in unemployment, the

shrank in Aggregate Demand (AD), the implications of business organizations and consequences to them, the expansive policy responses in trying to prevent and combat implications, causes and consequences of the crises and so on. Undoubtedly, as mentioned above, each of the crises has its specific components, elements and implications, but the most unique one might be considered the Covid-19 2020 crisis. Indeed, some of its causes were similar to other crises, such as a decrease in economic development, and an increase in unemployment (and policy responses such as expansive measures, i.e. increase in government spending), but Covid-19 is exceptional because of the lockdown that has been imposed on the countries globally; throughout the history of human beings, it is impossible to find another crisis (apart from the Covid-19) that imposed the whole world to go to the lockdown.

In conclusion, by comparing the five crises (Global Financial Crisis 2007-2009, Debt Crisis 2009-2011, Covid-19 2020 Crisis, Energy Crisis and Inflation 2022), it may be said that the Financial Crisis of 2007-2009 is the worst one, with most consequences globally – because of the bankruptcy that causes to some large corporations such as Lehman Brothers, while Covid-19 2020 crisis is the most unique one – because of the lockdown that imposed to the countries all over the world. On the other hand, Debt Crisis 2009-2011 is specific in the measures perspective (i.e. policy responses perspective), such as the austerity plan (mainly imposed by Germany), while Energy Crisis and Inflation 2022 are the most recent crises, whose exact consequences and the most proper policy responses are yet to be seen.

REFERENCES

- Stiglitz, J. E. (2019). *People, Power, and Profits: Progressive Capitalism for an Age of Discontent*. Norton & Company. Book, p. 22, p. 105, p. 140.
- Thakor, A. V. (2015). The financial crisis of 2007–2009: Why did it happen and what did we learn? *The Review of Corporate Finance Studies*, 4(2), 155-205.
- <https://www.theguardian.com/business/2008/sep/20/wallstreet.banking>.
- A Summit of Substantial Success: The Performance of the G20 in Washington in 2008, John Kirton and Jenilee Guebert, G20 Research Group G20@utoronto.ca March 7, 2009.
- Stiglitz, J., & Heymann, D. (Eds.). (2014). *Life after debt: The origins and resolutions of debt crisis*. Springer.
- Stiglitz, J. (2016). *The EURO – How a Common Currency Threatens the Future of Europe*. Norton and Company.
- Hajdari, A., & Hadzimustafa, S. (2023). Environmental issues and financial crises dismiss Laissez-Faire capitalism. *Journal of Liberty and International Affairs*, 9(2), 550-560.
- Hye, Q. M.A., & Boubaker, H. B. H. (2011). Exports, Imports and Economic Growth: An Empirical Analysis of Tunisia. *IUP Journal of Monetary Economics*, 9(1).
- Khan, R. E. A., & Hye, Q. M. A. (2013). Financial liberalization and demand for money: A case of Pakistan. *The Journal of Developing Areas*, 175-198.
- Hye, Q. M. A., & Dolgoplova, I. (2011). Economics, finance and development in China: Johansen-Juselius co-integration approach. *Chinese Management Studies*, 5(3), 311-324.
- Ullah, G. M. (2014). A review of European sovereign debt crisis: Causes and consequences. GM Wali Ullah, Samiul Parvez Ahmed. *A Review of European Sovereign Debt Crisis: Causes and Consequences*. *International Journal of Business and Economics Research*, 3(2), 66-71.
- European Union. "Statement by the Euro Area Heads of State or Government." Accessed Aug. 17, 2020. <https://www.thebalance.com>
- OECD. "Chapter 1, General Assessment of the Macroeconomic Situation," Pages 11-12, 39-53. Accessed Aug. 17, 2020.
- European Union. "Treaty on European Union," Pages 25-29, 183. Accessed Aug. 17, 2020.
- Congress.gov. "The Greek Debt Crisis: Overview and Implications for the United States," Pages 9-10. Accessed Aug. 17, 2020.
- Federation of American Scientists. "The Eurozone Crisis: Overview and Issues for Congress," Page 9. Accessed Aug. 17, 2020.
- Moody's. "Sovereign Default and Recovery Rates, 1983-2007," Page 7. Accessed Aug. 17, 2020. <https://www.conserve-energy-future.com>
- <https://www.ero-ks.org>
- <https://www.atlanticcouncil.org>
- Clinton, B. (2011). *Back to work: why we need smart government for a strong economy*. Knopf. <https://gzk.rks-gov.net>
- <https://ask.rks-gov.net>
- <https://ak.rks-gov.net>
- Tooze, A. (2018). *Crashed: How a Decade of financial crises Change the world*. Penguin. Book, p. 154.
- Ball, L. M. (2018). *The Fed and Lehman Brothers: Setting the record straight on a financial disaster*. Cambridge University Press. Book, p. the beginning and preface.
- Civici, A. (2018). *The Anatomy of a Financial Crisis*. Uetpress, Book, page 1-79.

An Overview of The Macro 21st Century Crises That Affected Economies Globally

<https://www.bbc.co.uk/albanian>.

Badivuku-Pantina, M., & Borza, M. (2012). Effects of the Global Financial Crisis in Banking System of Kosovo in Comparison to the Banking System of Romania. *Nierówności społeczne a wzrost gospodarczy*, 28, 105-117.

<https://www.elibrary.imf.org>.

Ramosaj, B. (2010). Global financial crisis and its impact on the financial system of Kosovo.

Ahmeti, S., Hoti, A., & Alshiqi, S. (2014). Analysis of Financial Performance in the Banking System in Kosovo-the Period 2006-2012. *Journal of Knowledge Management, Economics and Information Technology*, IV, 2(2).

Skousen, M. (2016). *The making of modern economics: the lives and ideas of the great thinkers*. Routledge. Book.

Skousen, M. (2015). *The Big Three in Economics: Adam Smith, Karl Marx, and John Maynard Keynes*. Routledge. Book.

<https://kdi-kosova.org>

<https://mf.rks-gov.net>

<https://www.imf.org/en/News/Articles/2020/04/10/pr20149-kosovo-imf-executive-board-approves-us-million-emergency-support-address-covid-19-pandemic>

Republic of Kosovo, 2020 Article IV Consultation—Press Release; Staff; and Statement by the Executive Director for Republic of Kosovo, IMF Country Report No. 21/41

<https://www.atk-ks.org/en/publications/yearly-reports/>

<https://www.oecd.org/south-east-europe/COVID-19-Crisis-in-Kosovo.pdf>

<https://bqk-kos.org/payment-systems/statistical-publications-and-other-informational-material-from-payment-systems/annual-reports>

<https://data.worldbank.org/indicator>

<https://databank.worldbank.org/reports>.

Callan, S. J., & Thomas, J. M. (2013). *Environmental economics and management: Theory, policy, and applications*. Cengage Learning. Book, p. 2 and p. 7.

<https://gzk.rks-gov.net/>