

Comparative Analysis of Factors Affecting on Countries' Recovery from the Economic Crisis with a Focus on Iran's Economy

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Abstract

One of the phenomena that is very likely to occur in capitalist systems is economic crises. The variables that explain post-crisis recovery can be divided into two categories; He divided structural and policy variables. Therefore, the question arises as to whether governments can accelerate the exit of countries from economic crises by adopting policies. In order to answer this question, the present study uses data related to 42 crises in 26 countries, including Iran, and analyzes the data using the combined data method. The research findings indicate that, firstly, expansionary fiscal policy has a negative and significant effect on overcoming the crisis. Second, the effect of monetary policy on overcoming the crisis is not linear, but in cases where the crisis is caused by a systematic banking crisis, monetary policy has a negative and significant effect, and in other crises, this variable has a positive and significant effect on the speed of exit from the crisis. Meanwhile, foreign exchange policy has a positive and insignificant effect on the speed of exit from the crisis. In addition, supply-side policies through the variables of legal minimum wage and income tax have a significant negative effect on overcoming economic crises. In this way, policymakers can act by combining supply and demand policies to accelerate the economy's exit from the crisis.

Keywords: Economic Crisis; Recovery of Crisis; Demand Policy; Supply Policy.

Classification JEL: E5, G4, F3.

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