

You and The Economy

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Introduction

Dear reader, you are invited to be with me on the journey of this book (you and the economy), you are the main purpose of this journey. You and I will move from one idea to another, from an important topic to a more important and deeper topic. And with every idea or topic that is visited, you will discover the effects that you did not expect. Are you ready to discover these effects? Come and travel with me to:

- ١- The city of hidden ghost viruses. This city has a virus that can destroy the purchasing power of your income and can make you unable to find your daily sustenance.
- ٢- The cities of the economic system (whether it is a microeconomics city, a macroeconomics city, or a global economy city) to identify the negative effects that make you abandon your homeland or swallow the misery of living poor if these cities are managed unknowingly.
- ٣- The city of hope, where we learn about the roads that lead us to a better world than we are living in.
- ٤- We will visit your city, reader, to find out how much you were affected by the economic decisions that fell on you. Let's find out if you are one of the creators of the event, one of the

participants of the event, or one of the viewers of the event. Are you affected by the event without affecting it? Who are you, dear reader?

The author

Introduction to first chapter (The Hidden Ghost)

Did the hidden ghost visit you and affect your life?

You ask me, ' who is the hidden ghost?'

I will tell you that the hidden ghost is something that enters your house without asking your permission, and you have no power to prevent it from doing so. It looks at your income (whether it is salary, pension, or profits you get from running your business or even from the returns of your deposit in the bank) and detracts from the value of this income without detracting from the number of banknotes that represent this income.

A hidden ghost is a thief of the value of your income and you cannot bring him to trial, despite the existence of clear evidences that it stole your income.

The hidden ghost can detract from the value of your income by half, or even more than that. If your salary, for example, was enough for you for thirty days (a month), then this salary becomes not enough for ten days at most, if you spent it at the same levels as your previous needs.

The hidden ghost may lead you to give up many of your needs, leaving you with only the necessities that keep you alive (no good clothing, no good education, no good housing, not even good food).

The hidden ghost may give a person a bitter taste resulting from the poverty caused by the hidden ghost.

The hidden ghost can cause some companies to close due to high costs and their exit from the competitive market.

The hidden ghost may lead to the demolition of families. Or it may lead to moral imbalance. Starting with corruption and bribery. Until he reaches the stages of crimes that are punishable by law.

The hidden ghost does not only harm individuals or companies. Rather, the state itself in terms of imbalance in the balance of payments. Investors and borrowers flee from it. Rather, the hidden ghost damage reaches the entire productive apparatus of the state.

Will you ask me what are the weapons of this hidden ghost that it uses to detract from the value of income?

I will answer you and tell you that the hidden ghost weapons are deadly viruses that are colored according to the name and type of the virus, which achieves its previously mentioned negative effects. We mention some of these viruses for you as follows:

- ١- Inflation.
- ٢- Floating exchange rate.
- ٣- Internal public debt, external debt and its interests.
- ٤- Poor distribution of income.

Hidden ghost virus (inflation)

I know you're going to ask me, ' what does inflation mean?'

I tell you that economists define inflation as "every increase in the amount of money in circulation leads to an increase in prices."

What does this previous saying mean? What is the relationship the amount of cash in circulation and between the prices of the offered products of goods and services? Why there is a direct relationship between the increase in the amount of cash that leads to an increase in the prices of the products offered?

I tell you first, come with me and get to know what money means. At the beginning of creation, there was no such thing as money. And when life developed there was a specialization in economic life. There is a person, for example, who has specialized in agriculture, there is another person who has specialized in sewing clothes, and there is a person who makes tools that are used whether at home, in agriculture, or in industry, and so on. From here, the so-called barter operations emerged. What does barter mean? Bartering, for example, you want to buy a kilo of rice in exchange for giving the owner of the rice

ten chicken eggs, and so on. At the beginning of the use of the barter system as a system for exchanging goods and services. There were intense negotiations in order to determine the values of the exchanged goods, until the custom settled, for example, that “one kilo of rice is equal to ten chicken eggs,” and so on.

I ask you, dear reader, is there such a thing as inflation in the barter system?

I know that you will say that there is no inflation in the barter system, because there is no rise in the prices of the exchanged commodities, due to the established custom to determine the values of these commodities (because a kilo of rice is still equal to the number of ten chicken eggs). It did not happen, for example, that a kilo of rice became equal to the number of fifteen chicken eggs.

Despite the advantage of using the barter system, which prevented what is called inflation (high prices). However, it has become a system that impedes the speed and movement of commercial exchange due to the emergence of new goods and services, which require the existing custom to stabilize their values against all other goods and services. Here the so-called money appeared, and in order to know the value of the monetary unit in circulation, the

monetary category consisted of one denomination (one dinar - one dirham... etc.). The barter system was used to determine the value of the monetary unit. You will ask me how? I will tell you, for example, if the number of ten chicken eggs equals the number of two-dirham denominations (for example). This means that a kilo of rice has become equal to two dirhams, and so on. money replaced barter for all traded goods and services.

Despite the existence of an advantage in the monetary system, which gave a value to each traded commodity or service, thus is accelerating to the buying and selling operations without violent negotiations. A great catastrophe appeared, which is summarized in the fact that the monetary value of the dirham does not end with the completion of the exchange process (buying and selling). As was the case in the barter system. What does this mean? In the barter system, the values of goods and services ended when the exchange process ended. For example, the value of sold eggs ends in their trading value when these eggs are used, and so for a kilo of rice, its trading value ends when it is used. (Meaning that the values of goods end with the end of the use of these goods. Hence, inflation cannot appear in the barter system because the values of goods end with the end of their

use. Hence, it is not possible to apply the economists' saying about inflation that (every increase in the quantity of money in circulation leads to an increase in prices). This is due to the absence of the monetary unit in the barter system. When the monetary unit appeared, its value did not end with the end of the exchange process (buying and selling) of goods and services. Rather, the monetary unit became a store of value to be used whenever its owner wanted.

Why I called the emergence of the monetary unit at the great catastrophe? Do you want us to return to the complex barter system that cannot be used in our modern era, in which there are thousands and even millions of goods and services exchanged? Even if a barter system is used, it will be used within very narrow limits. The barter system will slow down the desired economic growth, so what do you say?

You are right, and I agree with you. We cannot use the barter system in our modern era. However, this does not prevent us from knowing the catastrophe caused by the monetary system.

One of the first of this catastrophe was that the monetary unit became a store of value. Imagine with me this example that you repaired your car at a cost

of one thousand pounds, then this thousand is used to buy spare parts, then it used the same thousand to buy foodstuffs, then it used this same thousand to buy clothes, and so on. This means that the value of this thousand when its annual cycle is completed, it is likely that ten thousand pounds worth of goods and services will be purchased. Through the result of the following inflation equation, we know the degree of this inflation in force in the country.

Inflation = (The value of available liquidity) x (The number of liquidity turnover per year) / (The value of the national product per year)

What does this mean? If the value of the monetary unit that is available for exchange per year is one thousand pounds. The value of these thousand pounds is used ten times during this year to purchase goods and services. What this means is that it can be said that the available money for dealing is not one thousand pounds, but rather it is one thousand pounds multiplied by the number of cycles per year. This means that because of the use of stock of the value for one thousand pounds.

So, the available money for dealing per year =
 1,000 pounds x 10 times = 10,000 pounds.

Then the value of the goods and services produced and sold during this year must be 10,000 pounds, and thus what is called inflation does not occur.

From the above, it can be said that the available cash flow per year must amount to one tenth ($1/10$) of the value of goods and services produced and sold in the year so that inflation does not occur.

Imagine with me, dear reader, if the available liquidity in dealing was not (one tenth) of the value of available goods and services in the year, as we indicated. If the available liquidity multiplied by the number of cycles per year is not equal to the value of goods and services produced and sold in the year. What happens if the available liquidity is many times the value of the goods and services produced and sold in the year? For example, if the available liquidity in the country (whether in the form of cash, local or foreign debt, or bank credit) amounts to one trillion pounds. The value of national production or national output amounts to one trillion pounds. This means that the value of available money for dealing in a year (using the value stock of money) is ten times the value of goods and services due to the number of cycles that take place for an amount of one trillion pounds per year and by applying the previous equation.

Inflation = (The value of available liquidity) x (The number of liquidity turnover per year) / (The value of the national product per year)

By substituting into the above equation, we have:

Inflation = 1 trillion value of available liquidity x 10 number of liquidity cycle per year / 1 trillion national product per year = 10 degrees of Inflation

This means that the value of the available liquidity (one trillion pounds) is, in fact, ten times the value of the national product per year. This is due to the number of available liquidity cycles per year. Or it can be said that one trillion pounds is able to buy ten trillion pounds worth of goods and services per year, not one trillion pounds of goods and services. This explains the decrease in the purchasing power of money because the supply of available currency for transaction is greater than the value of the supply of goods and services. As a result of supply and demand between the available liquidity and the value of the national produced, there is a rise in the prices of those goods and services, and this is what is called "inflation".

If your salary was 1,000 pounds per month before this inflation occurred. So that the value of your

salary does not decrease when there is one trillion available liquidities in the country and the value of goods produced and sold per year amounts to one trillion pounds. You need your salary to reach:

The value of the salary after inflation = 1000 EGP
(The value of the salary before inflation) x 10 degree
(Result of inflation) = 10,000 EGP

This is in order to preserve the purchasing power that you enjoyed before the onset of inflation. If this is not done, you will know the extent of the theft that took place in the value of your income (salary), which was eroded by the rise in prices as a result of the excess available liquidity for circulation. Or what is called inflation.

In another way, the above can be described as the value of 1000 pounds before inflation became 100 pounds after inflation. In other words, 1000 pounds after inflation has become to buy from goods and services what the 100 pounds used to buy before inflation, and in order to calculate the real value of your salary, apply this equation.

The real value of money after inflation = The available liquidity to you before inflation (it to be your salary) / Inflation degree

The real value of money after inflation = 1000 / 10
= 100 pounds

One of the second catastrophes that emerged as a result of the emergence of the monetary unit as a store of value is that it is possible to manipulate the value of this store of monetary value. When a country imports raw material, let it be a commodity such as oil. This country increases the value of the currency with which it imports that commodity, so the importing country obtains this resource (oil) at cheap prices. Here it can be said that the resource was stolen at a cheap price and without its real value as a result of manipulation of the value of the currency stock.

It is also possible to manipulate the value of the currency stock so that its value can be raised when the state exports its products to achieve unreal profits, or for the purpose of making it impossible for some countries or companies to obtain these resources as a result of their high cost, or these countries or companies bear the high and exaggerated cost and get out of the competition market .

We return to the important question that we mentioned at the beginning of the discussion about inflation, which is what is the relationship of the amount of money in circulation to the prices of the offered products of goods and services? Is there a direct relationship when the amount of available liquidity increases, so the price of goods and services will increase?

We learned in the course of our conversation that if the volume and value of liquidity were one-tenth of the volume and value of available goods and services, there would not be a problem called the inflation problem.

You may ask: Why should the value of liquidity available for trading be one-tenth of the value of available goods and services for purchase and sale?

Dear reader, if you looked at the categories of society in any country, you would find that the largest categories present in it is the category of employees who earn monthly salaries. As well as pensioners. But those with variable incomes (such as merchants and businessmen) do not represent more than ten percent of these employees. (Look at your company or organization, how many are the owners of the company, and how many are the employees who

work in it). Assuming that these employees will spend their entire monthly salary over the course of ten months, which is the number of available cash turnover in their hands. And that there are two months in which they will save their salaries, so they will not spend them in anticipation of future events. Therefore, the amount of liquidity turnover was calculated (ten times). Back to our talk about inflation. We say that inflation occurs as a result of an increase in the volume and value of liquidity over the volume and value of traded goods and services. That is, the volume and value of liquidity becomes greater than one tenth of the volume and value of available goods and services.

The question now is: why is the quantity increasing of money?

The quantity of money (liquidity) increases when there is:

- ١- Printing money to meet the deficit in the state's general budget, as well as to meet the state's public expenditures and military expenditures.
- ٢- The amount of money increases in light of the credit and installment methods that are available in the country. Which contributes to increased spending.

- ƴ- The quantity of money increases in the presence of borrowing. (Especially external borrowing, which comes in the form of cash and not in the form of products such as machinery, equipment, etc.).
- ξ- The amount of money increases when remittances from workers abroad increase (cash transfers).

Please stop, I disagree with you. How do you say that remittances from workers abroad increase the amount of money, and thus increase the amount of inflation in the country? Aren't these transfers what supports the state, especially in foreign currencies, which the state needs?

Dear questioner, these workers abroad worked and provided their services to the countries in which they worked. In other words, these workers contributed to the increase in goods and services in the countries in which they worked in exchange for the money they earned. Then that money was transferred to the home country only without transferring any goods and services to the home country. Don't you know that they have the right to buy goods and services in the mother's country with the money transferred from abroad, which is similar to printing money. It also affects inflation, such as printing money. The only advantage of transferring the money of workers

abroad over printing money is that the state can bring with that money goods and services from abroad, which increases the national product, and this improves inflation rates. However, if this money (funds from remittances from workers abroad) was not used to import goods and services from abroad and remained in the home country, it would have a negative impact and thus the inflation rate would increase.

The question is, is increasing the amount of money the only factor that causes high inflation rates?

The answer is of course no. Dear reader, if you looked at the elements of the inflation equation, you would find the following:

- ١- The first element is available liquidity from money, and we have already talked about that. Why does the amount of money increase?
- ٢- The second element is related to the turnover rate of this liquidity during the year. The higher the liquidity turnover rate during the year, the greater its impact on increasing inflation.
- ٣- The third element is the national product component of goods and services. The lower the investment, the lower the production, and thus the

lower the supply of goods and services. Whenever this leads to an increase in the prices of those goods and services, it appears as inflation and vice versa.

How does a rise in prices occur as a result of an increase in the supply of money over the supply of goods and services, or what you call inflation?

Dear reader, there is a law called the law of supply and demand. When the supply of cash increases (for example), with a limited supply of goods and services. This will lead to an increase in prices. Or in other words, if (1 • s) of a currency is able to buy one unit of goods. In the presence of inflation, we find that (2 • s) of the same currency is able to buy the same single unit of goods. This is called high prices, which is caused by inflation as a result of the increase in liquidity over the volume and value of goods and services. Or it can be said in another way that the value of the currency (the purchasing power of the currency) has decreased as a result of inflation.

After we knew what inflation is, which is “every increase in the quantity of money in circulation leads to an increase in prices.”

We knew that the barter system does not present the problem of inflation.

We also knew that the ideal system for the quantity of money in circulation, which does not cause inflation, is for the quantity of money in circulation to be one tenth of the volume and value of the goods and services in circulation. Or in other words, the result of the inflation equation should be equal to one.

We also knew that money has the advantage as a store of value, which is not consumed and ends with its use, as is the case in the barter system. Where the value of the traded commodity for which the barter is made ends with the completion of its use.

Money using its feature as a store of value can be used more than once during the year and whenever the owners want. Which doubles the value of available liquidity when it is rotated.

The value of money (as a store of value) can be manipulated to obtain cheap resources in case importing or vice versa. To achieve large profits when exporting or to incapacitate others in order to get them out of competition.

We also knew that the reasons for increasing the amount of money (printing money - increasing public

and military spending - cash borrowing - increasing credit and installments that are cash and not commodity -remittances from workers abroad)

As we knew the result of the law of supply and demand which explained that the effect of increasing the amount of money over the size and value of the national product of goods and services leads to an increase in the prices of those available goods and services produced and for sale. This is what is known as inflation or, in other words, the decrease in the purchasing power of money.

We also know that there are factors other than the increase in the amount of money that negatively affect the purchasing power of money. Like the money turnover per year. The higher the money turnover rate per year, the negative impact on the purchasing power of money. This appears when there is an incentive to spend. The size and value of the national output also has a negative impact on the purchasing power of money, especially when investment decreases, and thus the size and value of the national product of goods and services decreases with it.

Here comes this important question. How do we treat inflation and thus treat its negative effects of rising prices and declining purchasing power of money?

Dear reader, this is an important question. After we get to know everything related to inflation, it remains for us to learn about the treatment of this inflation. Let us begin the treatment journey in the following lines

Hidden ghost virus treatment (inflation)

Dear reader, where and how do we start treating inflation in your opinion? What are the foundations that we rely on to treat this virus (inflation)?

Yes, exactly as you said. You must refer to the equation that determines the value of inflation. Through this equation, we learn about the elements that negatively or positively affect the value of inflation, which are as follows:

Inflation = (The value of available liquidity) x (The number of liquidity turnover per year) / (The value of the national product per year)

From the previous equation, we find that inflation consists of three elements as follows:

The first element: The value of available liquidity (cash available for circulation + cash loans + Credit and installments + cash transfers from workers abroad).

The second element: The number of liquidity turnover per year.

The third element: The value of the national product of goods and services per year.

Looking at the result of the inflation equation, we find that it has three possibilities as follows:

The first possibility: The result of the inflation equation is equal to one. This means that there is no such thing as inflation. That is, the amount of money in circulation, multiplied by its turnover rate, is exactly equal to the value of the goods and services in circulation and produced by the state. (Example)

Inflation = $\frac{\text{trillion value of available liquidity} \times \text{number of liquidity turnover per year}}{\text{trillion national product per year}}$ = 1 degree

The second possibility: The result of the inflation equation is less than one correct. In this case, the value of the national product of traded goods and services is greater than the value of available liquidity multiplied by the number of liquidity turnover per year.

This means that there is a liquidity shortage. Although in this case there is no such thing as inflation. However, the liquidity deficit will lead to a slowdown in the country's economic growth (read the theory of the economist "Keynes")

Inflation = $\frac{1 \text{ trillion value of available liquidity} \times 1.67}{\text{number of liquidity turnover per year} / 10 \text{ trillion national product per year}} = 0.67 \text{ degree}$

We note in this possibility that the result of the inflation equation is less than the correct one, as it is (0.67), meaning that there is a deficit in liquidity. To treat this, the size and value of liquidity and the required increase can be known through the following equations.

The degree of the liquidity deficit to be increased = The ideal degree of inflation (the correct one) - The deficit degree (resulting from the inflation equation) = $1 - 0.67 = 0.33$

The value of the liquidity to be increased = The value of the national product x the degree of the liquidity deficit / (Number of liquidity turnover per year)

The value of liquidity to be increased = $10 \text{ trillion} \times 0.33 / 1.67 = 0.2 \text{ trillion pounds approximately}$

The total liquidity required to be available for trading = The value of liquidity before the deficit + the value of liquidity required to increase = $1 \text{ trillion} + 0.2 \text{ trillion} = 1.2 \text{ trillion}$

Based on the above, we can re-apply the inflation equation to ensure that we have treated the cash deficit in circulation, and this has been done correctly.

Inflation = $\frac{\text{\$ trillion value of available liquidity} \times \text{number of liquidity turnover per year}}{\text{\$ trillion national product per year}}$ = degree

Since the result of the inflation equation became equal to one, the liquidity deficit in the second possibility was treated correctly. This is the most appropriate thing for managing the national economy as there is no liquidity deficit. There is also no inflation in the economic system.

The third possibility: The result of the inflation equation is greater than one correct. This means that there is something called inflation. That is, the amount of money in circulation multiplied by its cycles per year is greater than the value of the goods and services in circulation and produced by the state (example)

Inflation = $\frac{\text{\$ trillion value of available liquidity} \times \text{number of liquidity turnover per year}}{\text{\$ trillion national product per year}}$ = degree

We note here that the result of the inflation equation is greater than the correct one, which is (1.0). This means that there is inflation, and to treat this, the value of the liquidity required to be withdrawn from circulation can be known, which is as follows:

The liquidity degree to be withdrawn = The current inflation degree - The ideal inflation degree = 1.0 - 1 = 0.0

The value of the liquidity to be withdrawn = The value of the national product x The degree of liquidity to be withdrawn / Number of times liquidity turns over per year.

The value of liquidity to be withdrawn = 10 trillion x 0.0 / 10 = 0.0 trillion

The value of liquidity required for trading = The value of available liquidity currently - The value of liquidity required to be withdrawn = 1.0 - 0.0 = 1 trillion

By applying the inflation equation after treating the increase in liquidity (after withdrawing it from circulation), we find it as follows:

Inflation = $\frac{\text{trillion value of available liquidity} \times \text{number of liquidity turnover per year}}{\text{trillion national product per year}}$ = degree

This is how we made sure that we succeeded in dealing with inflation. It no longer has a negative impact, and this is because we have achieved that the result of the inflation equation is always one correct.

Do you notice that you relied on the element (available liquidity for circulation) only in treating inflation without addressing the remaining two elements (which are the element of the liquidity turnover rate in the year and the element of the value of the national product of goods and services). This is on the one hand and on the other hand, as we know how to print money in the event of a liquidity shortage. This is easy. But you did not mention how to withdraw excess liquidity from trading?

Dear reader, you always embarrass me because of your focus in asking your questions.

I first want to explain to you the economists' opinions on dealing with inflation, which are as follows:

- 1- Who are these economists who adopted the idea of treating with the consequences and effects

produced by inflation. In that they treat purchasing power and the rise in prices of goods and services. Therefore, they did not treat the root of the problem, which is the presence of inflation itself, which causes these effects.

- ϣ- Some of them treat inflation itself by reducing the available liquidity for circulation, by imposing various taxes, which affects the livelihood of individuals as well as companies, as they suffer from the rise in prices caused by inflation. At the same time, they suffer from paying taxes with a decrease in the purchasing power of their incomes, which increases the suffering of citizens beyond their suffering.
- ϛ- Some of them deal with inflation by withdrawing the available liquidity for trading by borrowing through the issuance of treasury bills. This treatment may stop inflation for a specific period, but after that inflation will increase and even double its amount due to the return of liquidity once again to circulation after the end of the treasury bills period, not only at the value of the previous one, but in addition to the debt service, which is represented in the interests of treasury bills.
- Ϙ- Some economists may see this as a distraction to those with available liquidity and shifting their

point of view to speculation in the stock market. As this money becomes outside the scope of rapid spending and is locked in the scope of speculation, it does not have a negative impact on economic life, and thus a portion of this inflation has been treated.

- The real treatment for inflation will be through the three components of the inflation equation in terms of:

A- Regarding the first element, which is the available liquidity. Previously, we learned how to determine the amount and value of liquidity to be withdrawn from trading. Liquidity is withdrawn by following the following steps:

Reducing credit directed to consumption and increasing the reserves of the central bank.

Reducing the installment system to reduce consumer spending.

Direct employment of liquidity in establishing new projects without this liquidity to pass through financial institutions (such as banks), and we will explain this later.

B- As for the second element, reduce the number of turnovers of this liquidity during the year. This is

done by applying the steps mentioned in the first element, in addition to:

Reducing public spending and directing this spending in the purchase of investment assets.

C- As for the third element, which is the value of the national product, it is considered the basic element in our case, what is meant by treating inflation is increasing the national product of goods and services traded. (Note: What is meant here is the value of the national product in our case It only concerns goods and services and does not include the value of infrastructure for the state, people who have liquidity spend on goods and services not the infrastructure of the state).

How is the liquidity that must be withdrawn from circulation in order to employ directly in establishing new projects without the passage of this liquidity through financial institutions (such as banks), as you mentioned previously - where these funds contribute to increasing the national product of goods and services, and thus inflation is treated?

Dear reader, in order to implement the idea of increasing national product or the national output of goods and services by directly employing to excess

liquidity in establishing new projects in order to treat inflation, we must follow the following steps:

- ١- Calculating the amount of liquidity to be withdrawn from trading, as we mentioned previously.
- ٢- That the government establishes the projects that the state needs, where these projects are in the form of joint-stock companies, and the shares of these companies are offered on the stock exchange, where owners of this liquidity subscribe to them, each according to their ability. These companies should have the following advantages in order to encourage people to subscribe to them.
 - A- These companies can be given advantages such as reducing taxes and customs fees, as well as the fees imposed on the provision of various services.
 - B- Those companies should be operating in profitable sectors such as chemical, telecommunications or agricultural companies.
 - C- It is preferable that the activities of these companies be in the agricultural field. Because this field is capable of absorbing large capital, as well as labor. Also, the goods resulting from this activity have the fastest cycles (especially

in vegetable crops). There are three to four agricultural buttonholes per year. Which brings a quick revenue to capital owners. At the same time, the agricultural commodities produced are numerous, which contributes to increasing the national product.

Advantages of excess liquidity directing to direct investment

- ١- Withdrawing excess liquidity from trading and directing it to direct investment, which reduces this liquidity, Thus the inflation will treat. Thus, the rise in the prices of goods and services is treated as a result of the treatment of this inflation.
- ٢- Direct investment reduces unemployment.
- ٣- There is an increase in goods and services as a result of the increase in direct investment, which increases the value of the national product (which is one of the elements of the inflation equation). Which improves the negative impact resulting from inflation.
- ٤- Increasing the national product reduces the suffering of the people.
- ٥- Increasing the national product increases the state's sovereign revenues without placing the burden of these revenues on the citizen, especially those with low incomes.

Thus, inflation was treated with the aim of alleviating the suffering of the citizen by treating the three elements that make up the inflation equation as follows:

- ١- The first element concerns the value of available liquidity for trading. We learned whether there is a liquidity shortage and how to treat that. Or there is an increase in liquidity and how do we treat that.
- ٢- The second element concerns the number of liquidity turnovers per year, and we knew how to deal with this, especially in directing consumer spending to investment spending, along with some other items that were previously mentioned in this regard.
- ٣- The third element is the value of the national product and increasing it through direct investment, to produce more goods and services and thus increase the value of the national product

Hidden ghost virus (Floatation and exchange rate)

I know that you will ask me your usual question, which is: What is the exchange rate?

I will answer you and tell you that economists defined the exchange rate as " The rate is basis the exchange of foreign currency against national currency. It is a tool for linking the prices of commodities in the local economy and their prices in the global market."

We note from the previous definition that it talked about the following elements:

- ١- Foreign currency.
- ٢- National currency.
- ٣- Exchange between foreign currency and national currency.

The definition also talked about:

- ١- Commodity prices in the local economy.
- ٢- Commodity prices in the global market.
- ٣- Linking the prices of local commodities with the prices of commodities in the global market.

From the foregoing, we can talk about the elements of this definition as follows:

- ١- What is foreign currency: In the inflation lesson in the first chapter, we learned about the stages of development of the monetary system, starting from the barter system to the monetary system. At the beginning of the use of money, it was of one denomination. Money was minted from metals, the most important of which were gold and silver. Which was well received in the circulation of that money. Where it was dealt with within any country. Accordingly, money minted in gold and silver was considered a global currency capable of being used in different countries of the world. On the one hand, on the other hand, coins of gold and silver were considered a means of payment for goods and services in any country in the world. Then payment tools developed, including money, and all countries abandoned minting gold and silver, and replaced that money with paper money bearing the identity of the country that issued it. The money issued by other countries is considered "foreign currency" for my country.
- ٢- What is the national currency, after knowing what the foreign currency, which is issued by every foreign country, as that currency bears the identity

of the country that issued that currency. Likewise, the national currency is the currency issued by my country to which I belong and bearing the identity of my country.

३- Exchange between foreign currency and national currency

Here, foreign exchange is considered a commodity that is bought and sold in exchange for the national currency.

The important question is whether all foreign currencies enter the market (currencies exchange) and are bought and sold through this market?

The answer is of course not, as we find that the number of currencies sold as commodities in the market (currency exchange) is very few.

You will ask me, why not all currencies are sold in this market?

The answer is because each currency has a weight in the value of stock that is different from the rest of the other currencies. The stock of value of a currency depends on many elements that must be present in this currency, such as (the value of the national output

- the extent of the availability of natural resources - the extent of the availability of technological output - the state's share and contribution to global markets and trade - the extent of its military power - the extent of the international community's satisfaction with the validity of trading this currency, whether as a commodity or in the exchange of goods and services, etc.). Therefore, it is considered the US dollar to be the global currency (because most of the previous elements are available in the US dollar). The currency is used not only as a commodity that is bought and sold on the currency exchange. Rather, it is used as a medium for exchanging goods and services.

How do we determine the initial value of any currency?

Your question came at the right time. To explain this in another way, I will give this example. How many denominations of cash must be paid for a commodity (let it be a kilo of rice). I know you will say according to the law of supply and demand. If the supply of money is few, and the supply of rice is abundant, this leads to us paying a few numbers of denominations of cash. The opposite is true if the supply of money is greater than the supply of rice. This leads to us paying more denominations of cash.

You can notice that there are two elements from elements of the inflation equation, namely the available liquidity for circulation and the national output of goods and services. Because of the accuracy of the inflation equation, it takes into account the rate of liquidity turnover per year. Here it can be said that the real value of the value stock of any currency can be known through the inflation equation. In other word the value of stock must be freed from inflation in order to find out the reality of the value of currency stock.

The inflation equation was as follows:

Inflation = The value of available liquidity x The number of liquidity turnover per year / The value of the national product per year.

There are three cases of the inflation equation, and they are as follows:

- ١- The result of the inflation equation must be equal to one (in this case, there is no such thing as inflation or a liquidity deficit, and the value of the value stock of the currency appears in its true form)
- ٢- That the result of the inflation equation is greater than one correct (in this case there is what is called

inflation. The higher the result of the equation, led to the higher the inflation rate, and thus the value of the currency decreases. Or in other words, the purchasing power of the currency decreases)

- ٣- That the result of the inflation equation is less than one correct (in this case there is no such thing as inflation. Rather, there is a deficit in liquidity and thus the value of the currency increases. Or in other words, the purchasing power of the currency increases)

Based on the results of the inflation equation, the price of currency (a) can be determined, let it be Egyptian pounds, in currency (b), let it be the US dollar, and accordingly there are the following possibilities:

The first possibility

The result of the inflation equation in Egypt = ١

The result of the inflation equation in America = ١

So it can be said that one American dollar = one Egyptian pound

The second possibility

The result of the inflation equation in Egypt = ١.٣

The result of the inflation equation in America = ١

So it can be said that one US dollar = ١.٣ (one Egyptian pound and thirty piasters)

The third possibility

The result of the inflation equation in Egypt = ٠.٧٥

The result of the inflation equation in America = ١

So it can be said that one US dollar = ٠.٧٥ (only, seventy-five piasters)

The fourth possibility

The result of the inflation equation in Egypt = ٣

The result of the inflation equation in America = ٣

So it can be said that one US dollar = ١.٥ (one Egyptian pound and fifty piasters)

Honestly, the previous equations are not clear to me. In short, I want to know the value of the Egyptian pound, for example, against the value of the US dollar, why.

I will prepare this example for you to clarify (by saying an example for clarification). We assume that Egypt grows potatoes, and that America grows

potatoes of the same type and with the same technology throughout the year and the same amount of potato production in both countries and the same costs in both countries and there is no inflation in the two countries and by applying the inflation equation as follows:

Inflation = the available cash to buy potatoes in a year x the number of turnovers of that cash in a year / Quantity of potato production.

$$\text{Inflation} = \frac{\text{1 billion (available cash to buy potatoes)} \times \text{1 (the number of turnovers of that cash per year)}}{\text{1 billion (kilo of potato production)}} = 1$$

From the previous equation, we find that the result of the equation is equal to one (this is to exclude inflation from the equation as we mentioned in the data. This equation also excluded the cost of a kilo of potatoes as well as the net profits that achieved by a kilo of potatoes. Because this equation only displays the law of supply and demand between the available cash that multiplied in the number of turnovers of that cash per year and the quantity of potato commodity produced. In order to determine that each unit (kilo) of potato product is equal to how many monetary units), this equation indicates the following:

- ١- The value of one unit of the US dollar (which is represented in the available cash and its the number of turnover) is equal to one unit (let it be a kilo of potatoes), or in other words, it can be said that a kilo of potatoes in America is equal to one US dollar.
- ٢- If we implement the same equation in Egypt, we will find that the result of the inflation equation is also equal to one. This means that the value of one unit of the Egyptian pound (which is represented by the available cash and its the number of its turnover) is equal to one unit (let it be a kilo of potatoes). In other words, it can be said that a kilo of potatoes in Egypt is also equal to one Egyptian pound.
- ٣- Comparing the result of the inflation equation for both America and Egypt, it can be said in this case that every US dollar equals every Egyptian pound. It is closer to the method adopted by the barter system that the pricing is based on the value of the commodities with each other (that is, a kilo of potatoes in America is equivalent to the same kilo in Egypt, and therefore the price of potatoes in America per monetary unit (US dollar) is the same as the price of potatoes in Egypt per monetary unit (The Egyptian pound (Based on the above, the US dollar is equal to the Egyptian pound).

In the previous example, we learned how the value of a country's currency is determined against the currency of another country. But in fact, we find that the values in which some currencies are traded are not as determined in the inflation equation, so what is the reason for that?

Dear reader, your note is in place. Yes, we knew how to determine the value of the currency of a country. This is on the one hand, and on the other hand, we knew how to evaluate the currency of one country against the currency of another country. As for the existence of trading for some currencies in values other than the values that were determined by the inflation equation. This is due to the following reasons:

- ١- The interest rate on the currency. The higher the interest, the greater the demand for it, and thus its value increases based on the law of supply and demand.
- ٢- The extent to which there is a surplus or deficit in the country's balance of payments, where:

If there is a surplus in the country's balance of payments, this leads to a decrease, or at least a stability, in the value of foreign currency against the local currency.

But if there is a deficit in the balance of payments, this will lead to an increase in the demand for foreign currencies. This leads to an increase in its value against the local currency. This is due to the country's need to import from abroad in foreign currency.

- ϣ- Speculation on foreign currency changes its value due to increased demand for it. The value of the foreign currency rises, especially if the value of the local currency falls against the foreign currency. The speculator considers the foreign currency as a store of value to maintain his purchasing power instead of the decline in the purchasing power of the local currency.
- ξ- There are also non-economic factors (whether social, political, or wars), which have a positive or negative impact on the value of the currency, whether it is a local or foreign currency. (We will not go into explaining these factors in order to preserve the book's methodology, which is to write about economy only, as we mentioned before.)

You mentioned in the definition of the exchange rate that it is “a tool for linking the prices of goods in the local economy to the prices of goods in the global market.” What does this mean?

Firstly, you know that your question will lead us into the conflict of international trade!!

Why is it so dangerous?

Yes. You have become fully aware, dear reader, that any country, whether it is an industrially developed country or a developing country, cannot do without two important things: (import and export). There are countries that are in dire need of importing raw materials as inputs to their micro-economy. There are other countries that are also in dire need of importing finished products (whether consumer products or investment products). What do you think is the economic element that countries will depend on in the import and export process? Yes, as you said, it is the exchange rate. Countries use the exchange rate in international trade as follows:

If the country is importing raw materials, it is in its interest to raise the value of its currency in which it pays to obtain the largest quantity of those materials.

In other words, it get these materials at cheap prices. And applying the law of supply and demand in this case. We find that the state obtained the largest quantity of raw materials (supply) by paying the least amount of money (demand), and when payment money is few, this is an indication of an increase in its value.

We have seen how the exchange rate is used (increase or decrease in the value of the exchange rate) in import and export operations. This is on the one hand, and on the other hand, the exchange rate can be used in the struggle of international trade. When a country wants to increase exports, it lowers the value of the exchange rate to take over the export market and exclude the rest of the countries from competition (especially if this country enjoys the quality of its products and enjoys the lowest rates for inflation)

Have You heard about floating the exchange rate? What does this mean?

I will answer this question because it is in the context of our topic that we are talking about.

What does it mean to float the exchange rate? It is very brief (that the value of the exchange rate is determined under the law of supply and demand).

The aim of floating the exchange rate is (returning the exchange rate to its market value in circulation (there is no parallel rate for foreign currencies or the so-called black market) all this in order for goods and services to be priced at their real value.

Did you know when it is required to float the exchange rate? when there are large levels of inflation. Because we knew from the previous pages when the result of the inflation equation is equal to one correct, this is an indication of the absence of inflation (there is not decreasing in the currency value, as well as there is not increasing in the prices of goods and services, and that the prices of goods and services are real prices) and therefore there is no reason for the exchange rate to float.

A very important note: In the event that there is an economic or political decision to reduce the currency exchange rate. This is for very limited periods, otherwise this decline will harm the economic growth of the state (refer to the inflation equation when the result of the equation is less than one).

Is there a difference between lowering the exchange rate and floating the exchange rate?

Of course, yes. Even though they share the result, which is a decline in the value of the currency. However, floating the exchange rate has a close relationship with inflation, and it is usually at its high levels, as we mentioned earlier. Lowering the exchange rate is usually due to an economic or political factor and is for a limited period and has nothing to do with the inflation equation.

You pointed out that floating the exchange rate has a close relationship with the inflation equation, especially at its high levels. Doesn't this indicate that there are negative effects of floating the exchange rate, so what are these negatives?

Dear reader, your expectation is correct. We can summarize these negatives as follows:

- 1)- When the state admits to floating the exchange rate, this is an implicit admission that inflation has reached its highest levels. It became necessary for this inflation to appear in the rise in the prices of goods and services under the pretext that those goods and services should be priced at their real prices. And all members of society (whether

individuals, companies, or even state institutions) must recognize this. The rise in prices of goods and services has become a reality. It is not something expected. There is a difference that the rise in prices of goods and services is realistic, as this will lead to a rise in all goods and services, even goods that have nothing to do with the exchange rate. As for the expected rise in the prices of goods and services, there is a possibility that the prices of goods and services, which have nothing to do with the exchange rate, will not rise.

- ۲- When there is a flotation, this means that the local currency will decline in front of the foreign currency, which of the value \forall will rise. Because there is a deficit in the balance of payments and companies in the country are forced to request foreign currency in order to import, it increases the demand for foreign currency, which increases its value, which causes an increase in the cost of materials imported from abroad, and thus the price level of goods and services traded in the country increases.
- ۳- When importing in a foreign currency, if there is inflation in the country that exports its goods, this inflation is transferred to the importing country. External inflation is added to internal inflation, and thus the prices of goods and services increase

again, which makes the citizen suffer more than his suffering.

- ξ- A country may increase the prices of the products it which exports to know the severity of the need of the country that imports these products in order to achieve more profits, which increases the cost for the companies of the importing country, which causes these companies to exit the competitive market.
- ο- If the exchange rate floats repeatedly in a country. This is considered a bad indicator for investment, which causes investors to flee abroad, especially to foreign companies that need to transfer their profits abroad in foreign currencies. This is due to the difficulty of obtaining foreign currency.
- ϖ- In the case of high prices resulting from inflation, which is caused by the floating of the exchange rate, it divides the classes of the people into the category of the poor (especially those with fixed salaries and pensions) and the class of merchants and free professions (and those who have become rich) because of charging inflation rates to consumers.

**The important and urgent question now is:
how do we treat the exchange rate (floating)?**

In the following lines, we will learn about the treatment of the exchange rate (flotation)

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Treatment of the hidden ghost virus (exchange rate and floating)

To answer the question of how to treat the exchange rate (float), we must take into account the following:

- ١- Treating the root of the problem, which is summarized in the reasons for the emergence of flotation, which is the presence of inflation that caused the local currency to decline against foreign currencies. We spoke about this topic when we treated the hidden ghost virus (inflation) and we mentioned that the treatment is summed up in:
 - A- Withdrawal of excess liquidity that caused inflation.
 - B- Increasing national production of goods and services.
- ٢- Treating the reasons that led to our need to use foreign currencies. Like
 - A- Manufacturing of goods and services locally instead of importing them from abroad.
 - B- Stop borrowing in foreign currencies.
- ٣- Treating the lack of sources that bring us foreign currencies by:
 - A- Increasing exports from the sale of natural resources (here it is feared that these resources

will be wasted under the burden of the need for foreign currencies and are sold at cheap prices).

- B- Increasing exports from the sale of technological output.
- C- Increasing the services that have a return in foreign currencies (such as increasing the number of tourists).
- D- Increasing remittances from workers abroad (note that the value of these remittances must be used either to repay foreign loans or purchase investment assets).

do you notice something very important? There is a common factor in treating the exchange rate (floating), whether this is (treating the root of the problem, treating the reasons that led to our need to use foreign currencies, or treating the lack of sources that bring us foreign currencies).

I knew what the common factor is in treating the exchange rate (floating), which is increasing the national product, whether for goods and services that are used locally or is it being exported. Is my prediction correct?

Yes, dear reader, your prediction is one hundred percent correct. But what is the best field in which to start increasing the national product?

There are many fields to increase the national product, but I do not know which field to start with.

I will tell you the field of agriculture and fishing.

Why this field in particular?

Because this field is characterized by the following, for example, but not limited to:

- ١- Agricultural technology is easy to obtain. In the absence of this agricultural technology, the field of agriculture can continue even with primitive methods.
- ٢- There are many ways to rationalize the use of irrigation water to allow the cultivation of as much area as possible.
- ٣- The ease of the possibility of providing technical and specialized labor in the agricultural field and training.
- ٤- The number of agricultural crops reaches three to four crops per year (especially in vegetable crops), which means that there are recurring revenues throughout the year.
- ٥- Providing food at reduced prices works to stabilize security because it meets the most important human needs of all.

- ٦- The prices of selling agricultural crops are able to cover their cost, which achieve with it very large profits.
- ٧- Ease of exporting agricultural crops and ease of negotiating them with importing countries
- ٨- Revenues from exporting agricultural crops come throughout the year, which provides foreign currency at the time of need.
- ٩- The state can carry out this activity itself to reduce the costs of agriculture and save its resources on the one hand, and on the other hand it obtains revenues in foreign currency that help it adjust the exchange rate.

This is an example for clarification only (I say an example for clarification only). The data in this example were closer to reality at the time this book was being written. The numbers may change for reasons that may not be conducive to achieving the same results.

Assuming that there are five million acres that are cultivated three times a year with a crop such as potatoes.

Assuming that the cost of cultivating one acre until selling the crop is sixty thousand pounds per acre, and based on the above, it will be:

The cost of cultivating one time of potatoes per year = ٦٠,٠٠٠ EGP (cost per acre) x ٥,٠٠٠,٠٠٠ (acres) = ٣٠٠ billion pounds

To know the cost of the crop one time of potatoes per year in US dollars, in order to compare the cost with the revenues from selling this crop in US dollars, we will conduct this equation.

The cost of the crop of potatoes one time per year in US dollars = ٣٠٠ billion pounds / ٤٠ (the exchange rate of each dollar against the Egyptian pound) = ٧.٥ billion dollars

If you know that an acre produces approximately (١٥ tons of potatoes) in four months. And sometimes that the crop of one acre of potatoes may reach (٣٠ tons of potatoes)

Quantity of crop in one cultivating = ١٥,٠٠٠ (kilo) x ٥,٠٠٠,٠٠٠ (acre) = ٧٥ billion kilograms

Cost of a kilo of potatoes = ٣٠٠ billion pounds (the cost of crop in one cultivating) / ٧٥ billion kilos = ٤ pounds

That is, the cost of a kilo in dollars = $\frac{\text{£ pounds}}{\text{£}} \cdot \text{£}$
 (the exchange rate of each dollar against the Egyptian pound) = 0.1 (yes, the cost per kilo is ten US cents)

If the state negotiates with other countries to export the potato crop at a price of only twenty cents per kilo, then the state's revenues from selling the potato crop in four months will be:

Export revenues = 10 (billion kilos) \times $\$0.2$ (selling price per kilo) = 2 billion dollars

To find out the net profits of potatoes crop in four months (in one cultivating) = Potato export revenues (in US dollars) – Cost of potatoes (in US dollars)

Net profit in four months = $\$10,000,000,000 - \$8,000,000,000 = \$2,000,000,000$

If this cultivating is repeated three times over the course of one year, the returns from potatoes cultivation per year in US dollars become as follows:

Profits of three cultivating of potatoes per year = net profits of one lug \times 3 (cultivating)

Annual profits from exporting potatoes = $\$2,000,000,000 \times 3 = \$6,000,000,000$

Frankly, I do not believe that the state will achieve these revenues as simply as you explained.

Dear reader, I assumed arbitrarily three assumptions as follows in order for you to believe in the possibility of the state achieving these revenues.

- ١- I assumed that the cost of one acre is sixty thousand pounds, with the possibility that the state is able to reduce this cost, especially if the state undertakes this matter. I also assumed that the price of the dollar against the Egyptian pound is forty pounds, not thirty-one pounds.
- ٢- I assumed also that the productivity of one acre is only fifteen thousand kilograms. Rather, there is a possibility that the productivity of one acre may be more than that, perhaps reaching twenty thousand kilograms per acre.
- ٣- I assumed that the selling price of a kilo of potatoes is only twenty cents, and there is a possibility that a kilo of potatoes will be sold higher than this price (it may reach one US dollar). In the event that a kilo is equal to one dollar, the annual profits may reach as follows:

Revenue per one cultivating = ٧٠ (billion kilos) x \$
١ (selling price per kilo) = ٧٠ billion dollars

To find out the net profit per one cultivating of potatoes = Potatoes export revenue (in US dollars) - The cost of potatoes (in US dollars)

$$= 70,000,000,000 \$ - 7,000,000,000 \$$$

$$= 63,000,000,000 \$ \text{ (Net profit of potatoes in US dollars to one cultivating)}$$

Profits of three cultivating of potatoes per year =

net profits of one cultivating x 3 (cultivating)

So annual profits from exporting potatoes =

$$\$63,000,000,000 \times 3 = \$189,000,000,000$$

With all the arbitrary assumptions I made, assumed that the net annual profits from selling of potatoes crop are (\$189,000,000,000) and not (\$189,000,000,000)

Okay, I believe you, but where does the state get the 300 billion pounds in order to cost the cultivate the five million acres?

Dear reader, you are trying to fail me because you still do not believe me. There are solutions that can realistically exist. I tell you that the state can issue treasury bills with a profitable return to obtain that

money. The advantage of this is that it withdraws the available liquidity for trading, which caused inflation. Withdrawing this liquidity will calm prices, and at the same time this liquidity as a result of agriculture will achieve lucrative returns, whether for the state or for the owners of that money who subscribed to treasury bills.

You assume that all the crops will be exported. Don't you know that exporting a commodity such as potatoes has export conditions that make a part of this crop unfit for export? What do you say?

Dear reader, are you testing my agricultural knowledge or what? Dear Sir, I assumed that the productivity of an acre is only fifteen tons. I pointed out the possibility that the productivity of an acre could be more than that, perhaps reaching twenty tons or more. The increase in crops is considered a crop that is not suitable for export, while fifteen tons is a crop suitable for export.

Don't you know that cultivating five million acres requires a lot of irrigation water?

Dear reader, if it was necessary to establish a water desalination in order to cultivate these acres, the state

would have done so. This is because the project's return is able to cover all current and investment costs and achieves very remunerative profits.

Do you not notice that the productivity of five million acres in one lug reaches 10 billion kilograms, so what about multiplying this number by 3 (cultivating)? So how does the state market and sell this terrible number?

Dear reader, you are right. But I can give you an indication that the agricultural field is one of the fields that enables the state to achieve large profits. For example, if the cost of a kilo is equal to ten cents and the sale of a kilo is equal to twenty cents, as I mentioned previously. This means that the state earns ten cents per kilo as a minimum (the state's net profit can increase to ninety cents instead of ten cents per kilo when it sells a kilo for one dollar). The state looks at its target profit and the extent of its ability to market and sell the quantity of the crop. It determines the productivity targeted for cultivation. This is on the one hand, and on the other hand, if it is possible for the state to cultivate five million acres, it is not necessary for all its crops to be potatoes only. There are different crops that can be grown with the possibility of exporting them to achieve net profits greater than what a single crop achieves (such as

potatoes). The lesson of the example is to prove that there are very large profits produced from the field of agriculture as well as the field of fishing. Especially if there are obstacles to achieving profits in the technological, industrial, tourism, or mineral and energy extraction fields.

Who is managing this huge project with all its capabilities (five million acres) and who is receiving these revenues?

In my personal belief, the state should undertake this project for many reasons, including the following:

- ١- The state is able to obtain the cost funds through treasury bills (٣٠٠ billion pounds).
- ٢- The state is capable of resolving any obstacles facing the project with its great capabilities.
- ٣- The state is able to reduce costs better than any other party.
- ٤- The state is able to conclude international agreements to export its agricultural crops.
- ٥- The state can direct the revenues from these crops to pay off the debts it owes, whether local or foreign debt.

In the end, are you convinced, dear reader, that increasing the national output of goods and services,

such as the agriculture project, which has become one of the important sources that contribute to the provision of foreign currency in order to increase the supply of those currencies so that the state is not forced to float its local currency against the foreign currency (the exchange rate)).

Indeed, increasing the national product contributes to treating inflation and its negative effects, such as floating the exchange rate.

The second source of providing foreign currency (establishing free zones)

The state can establish free zones under a special law in which to attract foreign capital for multinational companies, where the following is achieved:

- ١- The state rents the land and provides services such as water, electricity, and energy in foreign currency to these companies.
- ٢- That a portion of the local workers be employed with salaries and wages in foreign currency in these companies.
- ٣- That the needs of these companies be supplied in terms of raw materials or necessary equipment that are used in the activities of those companies in exchange for foreign currencies.

From the above, the state ensured the existence of a source for bringing in foreign currency through its supply of raw materials, services and labor to multinational companies.

The third source of providing foreign currency (establishing projects and offering their shares on the stock exchange)

The state can establish projects that the national economy needs, provided that these projects are in the form of joint-stock companies. The capital of these companies is issued in the form of shares, part of which is in the local currency, and the other part is in foreign currency. These shares are then offered on the stock exchange, where local or foreign subscribers subscribe. Thus, this source works to:

- ١- Providing foreign currency to the state.
- ٢- Employing the available liquidity in the country towards these projects, which reduces inflation. Consequently, prices decrease as a result of the production of goods and services emerging from these projects. Unemployment also decreases and the purchasing power of workers in these projects increases.

The hidden ghost virus (Internal and external public debt)

What does internal debt mean and what does external debt mean?

You didn't come one day and borrowed money from your colleague. This is how the state borrows from its people. Or we can say the above in elegant terms, which is that the internal debt is (The state, represented by the government, borrowing from the people in the local currency).

How does the state go to people and tell them to lend me?

I will tell you how it does that, there are several ways in which borrowing can be done. But here I will explain the most famous of these methods. When the state wants to borrow, it speaks to the central bank and announces its desire to obtain the loan. The Governor of the Central Bank tells the state: What is the value of the loan you want? The state says the amount. Accordingly, the following steps are done:

First: The Central Bank issues what are called treasury bills, where treasury bills are characterized by the following:

- ١- The treasury bills have a specific value.
- ٢- The total and comprehensive value of all the values of the treasury bills on offer represents the value of the loan that the state wishes to obtain.
- ٣- Treasury bills have a specific period.
- ٤- The Central Bank gives interest on treasury bills to the banks that subscribed to these treasury bills (let it be ٢٠%, for example).
- ٥- Specifies the period in which the subscription takes place.

These treasury bills are offered to banks that operate in the country for subscription.

Second: Banks that wish to buy treasury bills subscribe to them, whether according to the bank's ability to subscribe or according to the share allocated by the Central Bank to each bank.

Third: The banks that subscribed to the treasury bills will collect their value at the end of the agreed-upon period, in addition to the interest on these bills (let it be ٢٠% as we mentioned previously).

The banks operating in the country from where they get to the money that they will subscribe to in treasury bills?

Banks operating in the country issue investment certificates. Investment certificates are characterized by the following:

- ၁- Investment certificates have a minimum value for subscription.
- ၂- Investment certificates have a specific period.
- ၃- Operating banks give interest in investment certificates to their customers who subscribe to investment certificates (let it be ၂၀%, for example).
- ၄- Specifies the period in which the subscription takes place.

These investment certificates are offered to those with savings in order to subscribe to them, and thus banks provide funds that they use to subscribe to treasury bills.

I understand from the above that the state obtained the local loan when holders of savings subscribed to investment certificates with banks operating in the state in order to obtain a return (५.०%). Then the banks operating in the state used the money from the investment certificates to subscribe to treasury bills issued by the Central Bank in order to obtain interest. It is (५.०%), meaning that the banks operating in the country benefited by (०%) as a result of (५.०% the interest rate calculated on treasury bills that the banks received from the Central Bank, minus ५.०% the interest rate that the banks operating in the country give to their customers who subscribed. In investment certificates) Is my speech true or not?

Your speech is one hundred percent true.

What does the state do with this loan?

Dear reader, be patient a little. To answer the rest of your previous question, which is what external debt is. The World Bank and the International Monetary Fund define external debt as (debt whose original or specified maturity period is more than one year. It is owed to non-resident individuals or organizations and is repaid in foreign currencies or goods and services).

You mentioned the World Bank and the International Monetary Fund in your speech. What is their role?

The World Bank and the International Monetary Fund are considered two organizations concerned with international lending, as these two organizations lend to countries according to certain conditions.

Are the World Bank and the International Monetary Fund the only ones concerned with lending to countries?

of course not. There are many places where international lending takes place.

like what?

I tell you, like a loan between two governments or two countries, or between the government of a borrowing country and several international organizations that participate in granting this loan. Or the loan is made through foreign banks. Or there are what is called exporter loans, which is providing facilities to importing countries.

You said that loans are granted according to certain conditions. What are those conditions?

The conditions for granting loans are summarized in three elements:

- ၁- Loan period.
- ၂- Interest rate.
- ၃- Allowed period.

If the loan is characterized by a long credit period and a low interest rate charged on the loan with a allowed period, then this loan is called a soft loan.

But if the loan is characterized by a short credit period with a high interest rate calculated on the loan and there is no grace period, then this loan is called a difficult loan.

I remember that I asked you a question and you told me to be a little patient. Are you evading the answer or what?

No, I remember your question, what was the state doing with these loans? I will summarize for you the state's uses for such loans. In several elements as follows:

- ١- Consumption purposes (increase spending).
- ٢- The purposes of the state's infrastructure.
- ٣- Economic purposes to finance the targeted economic development plan.
- ٤- Military purposes.

But I was waiting for another question before I answered your question: What is the state doing with these loans? Why does the state resort to borrowing?

Oh, right, why does the state resort to borrowing?

The state may resort to borrowing, whether internal or external borrowing, when there is a deficit in sovereign revenues (such as revenues that come from taxes, customs duties, and fees for providing services - revenues that the state obtains from sources of natural available resources in the state, such as oil and mineral extraction - resources that come from exporting technological output, etc.) whether in local or foreign currency.

Dear reader, before we talk about the effects of using loans for the four purposes, I want to talk about the silent thief.

What do you mean by the silent thief and what is its relationship to this topic of ours?

Before I tell you about the silent thief. Do you remember the barter issue that we talked about in the topic (inflation). We said that before the emergence of money, the barter process was concerned with the exchange of goods and services. We gave this example (ten chicken eggs were exchanged for one kilo of rice). The exchange value of eggs and kilograms of rice ends with their use. When the monetary unit appeared, it became the monetary value (represented in the value stock of the monetary unit), which does not end in the exchange process, as is the case in the barter process. In other words, if you buy a kilo of rice with a number of monetary units, let it be ten pounds (10 pounds), then the value of the rice expires through its use, but the money (10 pounds) does not expire due to (the value of the stock in the monetary unit). We note that the (10 pounds) was used to buy a kilo of rice, then the owner of the rice used the (10 pounds) to buy milk, then the owner of the milk bought loaves of bread, and so on. In other words, the same number of units of (10 pounds) no longer only bought a kilo of rice, but its effect extended to the theft of other commodities such as

milk and loaves of bread when the (100 pounds) was transferred to other individuals.

Do you know that what you say is incorrect and exaggerated? because every individual who owned the (100 pounds) expended effort (in the form of wages or salary) or sold materials in exchange for obtaining (100 pounds), and both of them contributed to the increase in goods and services, so where is the theft and the silent thief?

Your explanation is great, correct, and accurate, and this is what I wanted you to say so that you would recognize that in exchange for obtaining cash (100 pounds) there was a return in the increase of goods and services, in the form of wages or the sale of goods and services that go into the production of other goods and services.

The question now is: Does this logic apply to loans or even remittances from workers abroad?

The answer is of course no. For example, if there is a certain value for remittances from workers abroad, let it be within the limits of (thirty billion dollars). How was the value of (thirty billion dollars) generated? The value of (thirty billion dollars) resulted from the efforts of these workers abroad (which is represented

in the form of salaries and wages) in contributing to the increase in goods and services in the countries in which they work only. The counterpart to their efforts is the cash value (thirty billion dollars) that was transferred to the national state for these workers. That is, the (thirty billion dollars) has become the silent thief who can buy goods and services in the national state amounting to this amount (thirty billion dollars) without contributing to the increase of goods and services in the national state. This means the presence of liquidity without contributing to the increase of goods and services in the national state, which will lead to increased inflation and higher prices. This applies to loans, especially cash loans, not commodity loans.

What do you want to achieve from your previous analysis? I don't know what you are thinking about.

In all honesty, the workers' remittances, as well as cash loans, must be exploited to contribute to increasing the productivity of goods and services, as a source of savings that finances production operations, in order to avoid increasing inflation, considering workers' remittances and cash loans as excess liquidity supplied to the national state.

I don't know what you mean by using loans as a savings source that finances production operations?

Did I not say that if we use the (\$२· billion) for the workers 'remittances to consume national goods, the (\$२· billion) is considered the silent thief who stole these national goods and services without compensation for contributing to their production. As well as cash loans. Based on the above, the workers 'remittances as well as cash loans must be used in the production process through the following two means:

The first method: The loan (in foreign currency) is used to import what the national production system needs, provide the raw materials necessary for manufacturing, and import investment assets to increase national production.

The second method: The loan (local currency) is used for direct employment in investment operations (through establishing projects) to increase the volume of goods and services.

Therefore, we prevent money (in our case, it is cash loans, whether local loans or foreign loans) to be become available liquidity for consumption, causing inflation and increasing prices.

I want to ask you a question, without embarrassment, why are you contradicting yourself?

Why do you ask this question?

Because you said in the previous lines that cash loans (whether local or foreign loans) must be used in the productive apparatus of the national state, even though you said in previous lines that loans are used for four purposes as follows:

Consumption purposes (increased spending).

The purposes of the state's infrastructure.

Economic purposes to finance the targeted economic development plan.

Military purposes.

I noticed that you did not speech about objectives No. 1, 2, and 3. But you said that cash loans (whether local or foreign) must be directed to the productive system, which is consistent with purpose No. 2 only (economic purposes to finance the targeted economic development plan). You do not see that there are other purposes for which loans can be used, such as purposes No. 1, 2, and 3?

Frankly, I am glad that you are focused on what is being said. And you are right in what you said. But the answer is that some countries on the ground are those that use the four purposes, whether this use leads to positive effects or negative effects as a result of using cash loans for the four purposes. But what I mentioned that loans must be used in the state's production system in order to achieve positive effects only, while using loans for purposes No. 1, 2, and 3 will lead to negative effects.

You want us not to spend on consumption purposes, as the great economist Keynes used to treat the recession. Nor do you want to improve the dilapidated infrastructure in the country, and you do not even want to spend on our military capabilities in order to maintain the security of the state and citizens. Honestly, let me tell you that you are a short-sighted person who only looks at your feet?

Dear reader, you are free to ask questions, and I must explain to you what you are missing. Why did I say that cash loans should be used in the production system and not for consumption, infrastructure, or military purposes, because the returns for consumption, infrastructure, or military purposes from an economic standpoint are not great? Yes, there

are other benefits from these purposes other than economic ones. If you say that there are economic benefits from these other purposes, I will tell you that the benefits from the other purposes are small and may be indirect economically.

Based on what you said, where are the revenues that we are supposed to use to spend on consumption, infrastructure, and military purposes?

Yes, revenues must come from the country's productive system. Do you remember the example of potatoes, which was mentioned in (the exchange rate). You saw how many profits can be achieved. There are also other revenues that come from the state's productive system as a result of using loans to increase goods and services. There are large revenues resulting from taxes, which result from achieving a large surplus in the country's national product. In addition to the traditional revenues from the sale of natural resources, technological output, and I tell you important something, you will be surprised at how the state achieves revenues estimated at trillions from the state's production system. Where these revenues are able to repay those loans (whether local or foreign).

There will be a large surplus, but not tell you now, but elsewhere in this book.

Why did you consider cash loans (whether local or foreign) to be among the ranks of hidden ghost viruses?

We considered the cash loans (whether local or foreign) were among the ranks of hidden ghost viruses because these loans have profound negative effects, especially if they are used outside the production system, as we explained, and in the following lines we mention some of those negative effects.

Negative effects of loans:

- ١- Loans, especially internal debt, may lead to an increase in class in the country. how! When banks issue investment certificates with high interest rates in order to use the money from those certificates to lend to the state, as we mentioned previously, the rich in society resort to making these certificates with banks to benefit from the high interest rates. Consequently, their money increases with interest, which exceeds ٢٠٪ of the value of deposits or investment certificates. This leads to the rich becoming richer, and the poor

becoming poorer, as a result of the rise in prices of goods and services due to the increase in liquidity in society among these rich people who own these deposits.

- Υ- The state may use loans in one sector of the state and not in other sectors. Workers in this sector benefit from what is spent on these loans and have greater purchasing power than workers in other sectors, which increases class disparity.
- Υ'- It is noted in the stratification caused by the use of loans due to the high prices of goods and services that falls on the segment of those with fixed incomes (such as salaries and pensioners). As for the segment of the rich or those working in the sector in which the loans were spent, they do not suffer from the rise in the prices of goods and services, which creates grief for the poor when they see the ability of these rich people, as a result of these loans, to purchase goods and services whose prices are high without difficulty, just as the poor themselves suffer from the rise in the prices of those goods and services.
- Ξ- Using loans for consumer goods or outside the state's production system. Then these loans are considered excess liquidity, as we explained previously, causing what is called inflation, and

thus this inflation leads to an increase in the prices of goods and services.

There are other negative effects of loans that arise when the loan is repaid:

- ١- When the state wants to pay the foreign loan installments and its interest, it may resort to using the foreign currencies reserve at the central bank. Which causes a depletion of foreign currencies reserves.
- ٢- Instead of these loans treating the deficit in the balance of payments by increasing the country's exports, the cash reserve is used to repay these loans, which creates a deficit in the value of the reserve. The demand for foreign currencies increases in order to meet the factories' needs for imported raw materials. The exchange rate for foreign currencies rises in exchange for a decline in the local currency, which leads to higher costs and the prices of goods and services rise with it. The deficit in managing foreign currency, which has been depleted, may lead to disruption of the working wheel of the state's productive apparatus.
- ٣- Often, the state is forced to sell its natural resources at low prices in order to pay loan installments and interest.

- ξ- The state's credit position, especially in the event of default, may lead to investors fleeing outside the country and foreign trade conditions deteriorating with it.
- ο- The state may be forced to impose more taxes to pay the local debt, which increases the citizen's economic burden

Treatment of the hidden ghost virus (internal and external public debt)

Cash loans must be used in the production process through the following two methods:

The first method: The loan (in foreign currency) must be used to import what it needs the national production system as provides the raw materials needed for manufacturing and importing investment assets to increase national production.

The second method: The loan (local currency) is used for direct employment in investment projects to increase the volume of goods and services.

Thus, we prevent this money (in our case, which is cash loans, whether local loans or foreign loans) from becoming excess liquidity used to consume goods and services produced locally. Thus, we prevent the emergence of inflation and price increases

The hidden ghost virus (maldistribution of income resulting from injustice)

What do you mean by maldistribution of income resulting from injustice? I see everyone gets his share of income according to the effort he makes, but how do you see this subject?

In fact, if injustice were eliminated in any area of life, humanity would live without wars, live in prosperity, and live in peace. Rather, there are many forms of injustice, not only between individuals but each other. Nor between countries with each other, nor between the state and individuals. There are many forms of injustice, and in order to maintain the book's methodology, as I mentioned previously, I write from the economic point of view only. Here are some forms of injustice that resulted in poor distribution of income, as follows:

The first picture (The feudal lord and the slaves)

Capitalism recognized the first element of production, which is "land," as land was considered a source of wealth. Accordingly, the feudal lord emerged who owned the largest possible area of land, using slaves to cultivate it to achieve wealth for this feudal lord. He had to bring free men from Africa at gunpoint,

take away their freedom, and make them slaves in order to cultivate the land or work in the mines. These slaves were subjected to all kinds and colors of torture in order to increase the wealth of these feudal lords.

Imagine this picture of injustice. Ask yourself this logical question about this time: how is income distributed? The answer is known to you, dear reader.

The second picture (Colonialism and slaves)

Capitalism recognized the wealth resulting from the land (such as a resource for agriculture and mineral extraction) and the output of labor (which is the use of slaves without any wages), which led to some European countries using the idea of colonialism (which is the occupation of countries with natural resources) at gunpoint to increase the wealth of those European 'stats.

Imagine and consider this real incident that took place in one of the countries that were colonized. A feudal lord passed by riding his horse on his farm and found a farmer working for him as a forced laborer eating a chicken egg during his rest time. This feudal lord killed this farmer with his rifle because he dared to

eat his master's food and did not eat the grass of the land.

Imagine this picture of injustice. Ask yourself this logical question about this time: how is income distributed? The answer is known to you, dear reader.

The third picture (Concentration of wealth and distribution of income)

Capitalism also recognized the importance of capital and management, especially after discovering the importance of the machine in the stage of the so-called Industrial Revolution. Accordingly, the elements of production (land - labor - capital - management) were completed in increasing the wealth of capital owners due to their ownership of the four elements of production.

The question is: We learned in the previous pictures how to exploit (land) and exploit slaves (labor), so how did they exploit people's money (capital)?

The idea of banks appeared. Yes, banks have many functions, but the most important function of the bank is to collect the small savings from the people, and then one of those who call themselves businessmen comes and takes the collection of those savings and works by this money in his project in order to become

a great capitalist who has wealth, and some of these savers may work (these savers were the reason for the existence of the money that was borrowed by the so-called businessman) with low wages, exploiting of their living conditions.

Imagine this picture of injustice. Ask yourself this logical question. How is income distributed?

Please, why do you oppress banks and businessmen? I want to tell you that those with small savings deposited their savings in the bank hoping to receive interest on their savings. While the businessman came and borrowed that money and charged a higher interest than the interest of the bank's savers. Doesn't this indicate the large amount of risk that this businessman took, and therefore he has the right to obtain the wealth represented by the profits that resulted from operating his project?

This issue is not as simple as you mentioned from an economic standpoint. I ask you, what is the biggest risk that a businessman bears, which is that he stumbles and does not repay this loan with its interest? You might say that in this case the bank will have to take the guarantees for this loan. If I told you that in the event that the guarantees are not sufficient

to repay the loan (as a result of manipulation of their value or unfavorable economic conditions such as a recession that reduces the value of those guarantees), then what is the situation? Why did you remain silent dear reader?

I will answer you. The bank will be forced to file a case against the businessman who borrowed this money, and he will be imprisoned. Thus, the money of these savers was lost because the businessman dared to use the money of these savers in his project, which failed and for which the guarantees were not sufficient to return these savers their savings.

Based on the above, we find that when borrowing is made from banks, we find that there are two possibilities:

The first possibility: This businessman succeeds in managing his project and thus becomes wealthy at the expense of these savers. if not, there are savers, he would not have found the money to open his project, and he would have become like them, unable to find anything with which to open his project. Rather, he took advantage of the circumstances of savers and those who might work for him, giving them low wages to take advantage of their living conditions.

The second possibility: This businessman may fail in managing his project and the savings of small depositors will be lost. What do they Benefit them that this businessman was imprisoned or fled abroad?

Isn't the above a type of injustice that has emerged in capitalism, which is the exploitation of the circumstances of small depositors for the benefit of those who dare to seize this money from those who call themselves businessmen?

I want to ask you frankly: Are you a man of socialist doctrine?

of course not. I have previously mentioned to you the defects of both capitalism and socialism.

I just wanted to show the mistakes that caused the unfair distribution of income.

I want to ask you: This is the banking system, this is the system used in capitalism, and capitalism cannot do without the work of banks, so what is the solution?

The solution is very simple, for the state to establish its projects in the form of joint-stock companies. The shares of these companies are offered on the stock

exchange, and those with small savings subscribe in them, each according to their capabilities. Management is for the person who owns the largest number of shares. The state does not propose such projects until it has confirmed through studies that such projects achieve profits many times the interest given by the banks. (Such as agricultural projects and related fertilizer projects - projects with chemical activities, and so on...etc.) Among the advantages of the state offering project shares on the stock exchange for subscription are the following:

- ١- Financial recruitment should be done directly without going through credit companies (such as banks).
- ٢- In this method, it prevents the presence of liquidity used for consumer goods and services, which prevents the presence of inflation and thus limits the rise in the prices of goods and services.
- ٣- These projects contribute to increasing national production of goods and services.
- ٤- These projects contribute to reducing unemployment in the country.
- ٥- These projects contribute to increasing the purchasing power of workers and employees who work in these projects.

- ٦- Increasing the supply of goods and services, which leads to reducing their prices.
- ٧- This method limits the concentration of wealth among a few segments of society while depriving many segments of it.
- ٨- The workers in these projects feel that they are the owners of the capital in these projects, and therefore the profits resulting from these projects are distributed to all subscribers to the company's shares, each according to the number of shares he subscribed to, which generates satisfaction in the distribution of profits.
- ٩- These projects are established in accordance with the state plan, which specifies the type and size of the project required to be established to fill the production gap that is required to be fulfilled.
- ١٠- The state's offering of such projects on the stock market prevents the control of some businessmen because they impose impossible conditions for entering into projects requested by the state, because there are many subscribers to the stock exchange whose savings can cover these capitals projects.
- ١١- The state can use monetary and financial policy to succeed such projects by reducing taxes, fees, and exchange rates.

- ١٢- There must be oversight from many parties in order not to tamper with managing such projects.

Note: In the loans chapter, we talked about how loans cause the existence of classes in society, hence, poor distribution of income.

The fourth picture (Excessive prices of goods)

We learned in the previous pictures that most developed countries have acquired the elements of production, which are (land - labor - capital - management). With the tremendous development that accompanied the industrial revolution, there were goods and services that contained very advanced technology. As a result, these developed countries took advantage of this technological difference, as follows:

- ١- Developed countries exploit the available natural resources in scientifically poor countries by purchasing those resources at low prices.
- ٢- Selling the products of developed countries to those scientifically poor countries as an open market to them, exploiting the scientific difference by selling their technological products to scientifically poor countries at high prices to achieve imaginary profits and not logical profits.

Imagine, dear reader, that this picture is unfair and ask yourself this logical question: How is income distributed?

Perhaps you might tell me that this is a normal thing, that the prices of technological goods are higher than the prices of natural resources, which have not undergone any conversions or industries. Where is this injustice?

Yes, you are right in what you said, dear reader. I do not deny that there are research costs and conversion costs for natural resources that make the prices of technological goods higher than the prices of natural resources in non-scientific countries. But I mean something else, which is that technological goods are sold at prices many times their cost (i.e., exaggerated prices) to achieve imaginary profits just to exploit other countries that were unable to manufacture such products.

The fifth picture (labor recruitment companies and their relationship to income distribution)

Some industrial companies may evade hiring their workers in order to evade insurance for them, whether pension or health insurance, and any other

responsibilities towards these workers. These companies collude with other companies called (labor recruitment companies), whereby the labor recruitment company ships these workers onto a semi-truck like slaves and drives them around to industrial companies, so those industrial companies choose from these workers what they want or reject of some workers, like goods (or say slaves). Where the industrial company gives the wage of the worker it has chosen, let it be (one hundred and fifty pounds) to the labor recruitment company, then the labor recruitment company gives the worker a wage (one hundred pounds only). Who worked in the industrial company. The wage may be given to the worker either monthly or weekly. So, if this worker is absent for one day due to his illness, for example, the labor company deducts three days from his withheld wages.

That is, the labor recruitment company eats the sweat and effort of these workers in collusion with industrial companies.

Imagine this picture of injustice and ask yourself this logical question: How is income distributed?

The sixth picture (The suffering of those with fixed incomes)

In the case of inflation and the continuous rise in the prices of goods and services, we find that there is a division among the groups of people. The first category is not affected by the continuous rise in the prices of goods and services due to the concentration of wealth among them for reasons that may be political, economic, or social. They are always able to deal with the continuous rise in prices of goods and services. As for the second category, they are merchants and self-employed people, as they bear the high prices of goods and services on the consumers of their goods and services and are thus able to deal with the continuous rise in prices. The third category includes those with fixed wages and salaries, as well as those with pensions who are not able to increase their wages, salaries, or pension in a proportion that rewards the continuous rise in the prices of goods and services. They become poorer and suffer more in their lives as a result of their inability to pay for themselves the damage that has befallen them as a result of inflation and rising prices.

Imagine this picture of injustice and ask yourself this logical question: How is income distributed?

The seventh picture (Monopoly and income distribution)

In light of the continuous increase in inflation, which is always followed by an increase in the prices of goods and services (the increase in prices is like a snowball, the more it rolls, the more its size increases) like this. We find those who exploit this situation and increase the flames of price increases in goods and services by monopolizing goods and services in order to further increase prices with the aim of achieving quick profits for themselves without any deterrent from the state.

Imagine this picture of injustice and ask yourself this logical question: How is income distributed?

The eighth picture (Mediation and income distribution)

In the event of an economic depression, members of society struggle to obtain jobs in order to obtain income from which they can sustain their lives. In light of this conflict, mediation appears at work, especially for prestigious jobs in the state. Then competence and knowledge are thrown into the trash because there is no mediation for them to get the job they deserve. We find those who do not deserve to be in the highest positions due to either the use of power or the use of bribery and moral degradation in the access of those with weak competencies to those

prestigious positions (and let the saying, “Put the appropriate man in the appropriate place” go to hell).

Imagine this picture of injustice and ask yourself this logical question: How is income distributed?

Ninth picture (Those with fixed incomes and no support)

In light of the presence of class among the groups of the people, as we explained in the previous picture, which made clear the division of the groups of the people, and in light of the absence of support for those with fixed wages and salaries, as well as those with pensions and those who are unable to face further rise in the prices of goods and services, whenever one of the stages of rising prices moves to the higher the stage, the more they give up many of their needs, whether that be education, housing, clothing, health, or even the type of nutrition that sustains their lives. Consequently, this group revolves in a cycle of poverty and more poverty. Consequently, they lack job opportunities that improve their incomes, as there is no education that enables them to obtain the jobs that require this in light of the presence of the rich who send their children abroad for education and obtain the highest jobs when they return to the country. Also, those with

fixed incomes do not have the money to establish their own project, and they also have no choice but to perform professions that are low in dignity.

Imagine this picture of injustice and ask yourself this logical question: How is income distributed?

The tenth picture (Non-distribution of income according to competencies)

Some wages vary for some professions under the name of being an artist (such as actors, singers, dancers, or a football player) under the name of being talented and they may receive their wages in the millions, while the holder of a doctorate in the most precise sciences (let it be nuclear sciences) receives only scraps of salary that sustains his life. Hardly, if you ask about this disparity, you will find many fans of these talented people telling you to stop hating these rare talents while they entertain us. I am not asking for a reduction in the wages of these rare talents, as you are free to pay them. But my most likely belief was that millions would also be paid to those in delicate professions that raise the status of the state.

Imagine this picture of injustice and ask yourself this logical question: How is income distributed?

hidden ghost virus treatment
(Maldistribution of income resulting from
injustice)

I do not find a better treatment than what the Prophet Muhammad (may God bless him and grant him peace) said to treat the hidden ghost virus (misdistribution of income resulting from injustice).

The first hadith (Give the worker his rights before his sweat dries).

The second hadith (Love for your brother what you love for yourself).

If humanity implements these two hadiths, it will live in peace.

How state to treat with rising prices

We found in the previous four articles that they are the hidden ghost viruses (whether it is inflation, the exchange rate, public debt, or poor distribution of income resulting from injustice), and all of these viruses, which gnawed at the bones of the capitalist system, led to an increase in inflation and thus to an increase in the prices of goods and services, and it was necessary to there is a treatment for these viruses by:

- ١- Treatment of previous viruses (inflation - exchange rate - internal and external public debt - misdistribution of income resulting from injustice) is not through the treatment methods mentioned in every article, but rather there must be a treatment in how the capitalist economic system works from its foundations in order to avoid the emergence of such viruses are what we will explain in the following sections.
- ٢- We end the first chapter (Hidden Ghost Viruses) with a general treatment for the rise in inflation caused by these viruses and thus the rise in prices of goods and services. This treatment explains how to control the rise in prices and is as follows:

In this model, it is determined how the state controls the prices of goods and services by taking the following steps to curb the rise in prices in the capitalist system as follows:

- ١- Any person who practices a work earns from it. He must extract a tax card. (Here the state will know all those who practice in work that earn from it in all sectors of the state. The person who does not extract the tax card will pay a huge penalty with the threat of imprisonment. These traders must be under the eyes of the government.
- ٢- Opening a bank account for each person who practices a work that earns from it (for deducting the tax automatically from his bank account and supplying it to the tax authority without procrastination).
- ٣- Making codes for goods and services
- ٤- Setting indicative prices for all goods and services in the country
- ٥- An invoice is issued from a machine of the seller. This invoice shows the price sold, where this machine is connected via the net to the trader account in the bank.
- ٦- Work on a program that matches the indicative prices at the actual prices that have been made.

- √- If the prices are within the limits of the indicative prices, the tax is exempted. If otherwise, the tax is calculated on the overpriced prices and deducted from the trader's account in the bank automatically and shall be submitted to the tax Authority. This method works not to exaggerate the prices because the trader knows that the state is controlling him, as the high prices it may be affected on him as a result of the State's calculation of progressive taxes that take automatically then the trader will work to reduce prices.

This method characterized with the following:

- ١- Electronic censorship which prevents bribery
- ٢- Any person who practices a work on the territory of the State shall become an observer of the State.
- ٣- The State controls the excess price whenever it wishes.
- ٤- The State shall maintain the purchasing power of a large segment of society and protect it from greed.

Introduction to Chapter Two

What do you know about the economic systems in your country?

In the first chapter, we learned about the extent of the negative impact (the hidden ghost viruses) had on both members of society and companies operating in the country, as well as on the country itself.

The question that arises now is: What are the reasons that led to the emergence of hidden ghost viruses in capitalism?

The clear answer to this question can be summarized in three reasons as follows:

The first reason: There is no precise definition for both microeconomics and macroeconomics and the global economy. How do we deal with something we don't know the definition of? Or in other words what do you know about the economic system in your country?

The second reason: The absence of the foundations that must be adopted in order to manage the economic system. or in other words, how do you manage your country's economic system so as to avoid the emergence of hidden ghost viruses.

The third reason: the absence of detection devices that determine the defect if it occurs in the economic system, and how detection devices treat this defect without human intervention which is right and wrong. Or in other words, what are the tools that make government control both the local economy and the global economy.

Before we learn about the nature of the economic system in any country, we must look at the previous systems as follows:

Historical perspective on economic systems

Economic systems have passed through several stages; we briefly mention these systems as follows:

Individual economy system:

We used the system verbal to express that a person takes its administrative decision to meet their basic needs through the environment, which he inhabited, and this was at the beginning of human existence on earth.

The primitive economic system:

In this system, the tribe or clan takes its decision based on what agreed upon them to meet different

needs. The products or output wealth will be distributed evenly to the members of the tribe or clan.

An economic system based on the idea of feudalism:

In this system appeared the importance of the first element of the production elements, namely earth, where the ground is considered a source of wealth and the feudal takes its administrative decision in order to increase his fortune by an agriculture maximum space.

An economic system based on the idea of industrial crafts:

In this system appeared the importance of the second element of the production elements, namely labor, where life has evolved, and slaves began to escape from agriculture at feudal and learned a new craft. This craft has a chairman (representative of the corporation in modern times) who has administrative decision, which regulates the work of artisans.

Capitalist economic system:

This system passed through several stages which had an influence on the thinking of the founders of this system. Among them geographical discoveries stage

and discovering many places that have different fortunes, which led to increase the knowledge about the geography of the world and its inhabitants. Thus, it increased the wealth of the discoverers, which transferred to the second phase. The second phase is trading with the new world's population, taking advantage of the scientific and economic backwardness which increased the wealth of these traders. Then capitalist thought moved to the third stage. The stage of the Industrial Revolution where the third element, namely capital appeared. The capitalists make use of the production elements (land, labor, capital, and management) to increase their wealth, even if they used the fourth phase, a phase of colonialism where the owner of the money took the administrative decision. Taking advantage of both the workers, the land, and the machine (which appeared in the Industrial Revolution) for the production of low- cost goods and services and sold by the most expensive prices in the colonies to maximize the wealth of the owners of capital.

From the above the capitalist economic system characterizes that individual possessed the production elements (land – labor - capital - Management) and thus they possess the returns under the slogan (let he works - let he passes) and that the markets are

organized under the principle of (supply and demand),

This system falls in the following errors:

- १- Achieving special interests for the category of capitalist, regardless to achieve the social justice for the rest of society categories.
- २- The concentration of wealth in a few hands in the community with depriving a wide range from this wealth.
- ३- There is a large segment of society is suffering from the weakness of purchasing power that meets his needs.
- ४- Self-sufficiency is not achieved, but in the rare case when there are savings of natural resources as well as the technological wealth output in the country.
- ५- In the capitalist economic system invests in profitable sectors rather than other sectors even if the other sectors are strategic sectors in the state, which leads to an imbalance in the implementation of the economic plan.
- ६- Result of the misguided policies that practiced in capitalist systems, which leads to congestion of the laboring classes against category of the capitalist. This leads to a lack of security and stability in the country and this is what rich

countries avoided by granting subsidies for the laboring classes.

Socialist economic system:

The socialist economic system appeared as the result of the exploitation of the capitalist economic system to a class of workers, it named (the exploitation of man to his brother) and for the treatment of this exploitation, the ownership of the production elements (land - labor - capital - administration) transported from individuals to the State where State manages those elements. The administrative decision is central and in the hands of the state only as it plans, produces, monitors, and distributes the output according to the efforts of the community members of work and effort in order to achieve social justice.

This system also falls in the following errors:

- ١- Mismanagement, this is due to that Socialist economic system has not any definitive evaluation tool to put the right man in the right place. As well as the lack of tool define us our mistakes, which occurred in the economic system (both at the micro-economic or macro-economic)
- ٢- Wasting of natural resources, as well as weakness of the output of technological innovations because

of the weakness of the incentive to produce such innovations.

- ϣ- Increase the volume of expenses than the volume of the revenues, which led to the state borrowing.
- ξ- The existence of unproductive disguised unemployment.
- ο- This economy worked against the instinct of humanity in terms of his love to own, which led to the moral imbalance in terms of bribery and the use of the power badly

.

What do you know about microeconomics and how it is managed?

What do you know about microeconomics and the five elements that make up this economy?

What is microeconomics?

You know that in any country there are companies and institutions operating in various sectors, such as the sector (agricultural - industrial - commercial - service - tourism - military... etc.). The total of these companies and institutions that operate in the various previous sectors is called the microeconomy. Microeconomics is considered the basis on which macroeconomics and the global economy are built. Or in other words, microeconomics is the basis of the economic system, whether the economic system is local or global. Countries are described as developed when they have a strong micro-economy that has the following characteristics:

- ١- Microeconomy must be able to produce goods and services that satisfy the desires of the people (achieve self-sufficiency).
- ٢- The microeconomy must be able to export surplus production in order to achieve a surplus of foreign currencies on the one hand, and on the other hand,

- the microeconomy must contribute to increasing the country's share in international trade.
- ϣ- Microeconomics must be able to keep pace with developments, whether scientific or social, in order to continue producing what it needs to produce.
 - ξ- Microeconomics must contribute to building the state's character (this is through state institutions represented by the Ministry of Defense, the Ministry of Interior, or the Judiciary).
 - ο- The microeconomy must be able to provide revenues for the state. The state uses these revenues in the following (the establishing of infrastructure - social justice).
 - ϛ- The microeconomy must be immune to the emergence of hidden ghost viruses.

How does microeconomic work?

You know that any company, in order to establish and operate. It passes through three stages.

The first stage: There must be inputs for the company, which are as follows:

- ϛ- Physical capital, which may consist of (cash - investment assets - current costs).

۲- Human capital: They are those responsible for managing the company or institution, which includes project owners, employees, and workers.

The second stage: The operation stage, which is the amount of effort expended by the human element in using physical capital to produce a product (whether a good or a service) that is suitable for use and sale.

The third stage: The presence of a product that satisfies the desires of consumers in order to motivate them to pay the price to buy those products, and this return helps the company to continue in its work.

You did not notice anything in the previous three stages, that the human element is the main focus that the company needed as one of the company's inputs, and that it is also the main focus in the operating stage as a manufacturer of products, and it is also the main focus as a consumer of the products that have been produced.

The above can be summarized through the definition of microeconomics as follows:

Genetic economy defines microeconomics “ as all economic units (companies and institutions, regardless of their legal form) in which both human capital (they are all workers in these economic units,

starting from senior management and executive departments) and physical capital (capital - machinery - land- Innovations...etc.) as human capital and physical capital express economic inputs - in order to provide a product (whether this product is a good or a service) that has added value - as this product expresses economic outputs - which brings the revenue. The economic units depend on this revenue in order to continue in its works through the desire of others to pay for this product in order to satisfy their human desires “.

From the previous definition, we find that any company or institution consists of the following five elements, and therefore it can be said that the microeconomics as a whole consists of these same elements:

- ١- The first element: Human capital.
- ٢- The second element: Physical capital.
- ٣- The third element: A product that has added value.
- ٤- The fourth element: A product that satisfies the consumer's desires.
- ٥- The fifth element: purchasing power is capable of purchasing the goods and services.

Below we will talk in detail about the previous five elements at the microeconomic level as a whole and

not at the level of an individual company. In other words, how is microeconomics managed?

The first element: human capital and the four characteristics

Since the human element is the basis of the microeconomic system, as we mentioned previously. The human element must have the following qualities:

First: If the human element is one of the microeconomic inputs

The first characteristic: The human element must possess the knowledge and techniques required by microeconomics.

The second characteristic: That his genes are compatible with the work he does (put the right man in the right job).

The third characteristic: The human element must contribute to the company in which he works becoming one of the leading companies in order to achieve net profits equivalent to the company's capital and in order for the company to grow, preserve its resources and protect it from liquidation.

Second: If the human element is one of the microeconomic outputs

Fourth characteristic: That he possesses purchasing power (represented in his wage or salary), which enables him to purchase goods and services in order to satisfy all his human desires. Meaning that his income is rewarded with the effort he makes, on the one hand, and on the other hand, this income satisfies his human needs.

Below we talk about these qualities in detail.

The first characteristic: The human element must possess the knowledge and techniques required by microeconomics.

How do we ensure the first characteristic, which is that the human element possesses the knowledge and techniques required by microeconomics?

Before answering, I advise you, dear reader, to prepare yourself a cup of coffee. Go into your room and lock it. You may be shocked by the results of the test that we are conducting to find out the availability of science and techniques that the human element must possess in your country.

In order to learn about the quality of education in a country, and the extent of the contribution of this

science to its economy. Imagine that this country has been completely isolated from all other countries (There is no such thing as import and export). And ask the following questions:

The first question: Does the country manufacture all the inputs used in agriculture, (such as tractors of agricultural - pumps - modern agricultural, harvesting and irrigation tools...etc.), in addition to possessing all types of fertilizers and seeds, which make the state is agriculturally sufficient in application of the saying, “who owns his foods owns his decision.”

The second question: Does the country manufacture medicines itself, without resorting to abroad to obtain them on permits for the manufacture of these medicines. Or import machinery and equipment to manufacture these medicines. In addition to its ability to dispense with importing the raw materials for these medicines.

The third question: Does the country manufacture machinery, equipment and electronic devices for construction its various factories, providing raw materials and industrial inputs from power human and material.

The fourth question: Does the country have the ability to manufacture its own means of transportation (such as airplanes - ships - trains - cars... etc.).

The fifth question: Does the country manufacture all weapons itself, which must be up to the latest, other countries have weapons to defend themselves when necessary.

You may be surprised, dear reader, that even your personal uses are not manufactured by your country. The simplest is the hour, but it may even come down to the paper and pen you use. If you imagined that everything that was asked in the previous questions was prevented from you and the state was unable to import it, nor was it able to manufacture it, you would be certain that science in this country did not contribute an effective role in developing its economy. (Rather, say that education in this country is deceptive and false and only expresses class disparity.)

Your test is unfair. Don't you know that the most developed countries depend in their economy on importing what they need from abroad? Does this mean that science in these countries does not contribute to their economy? What do you say?

You are right. Yes, even developed countries need to import what they lack from abroad, but there is a very important criterion, which is a differentiating indicator on the contribution of science to the management of the micro-economy or not, and it is as follows:

- ١- The amount of deficit caused by non-import in micro-economic management in general, and the amount of deficit it causes in a single sector.
- ٢- In which sector does this deficit occur? Is it in the sector (agriculture, medicine, industry, transportation, weapons, etc.) or in most of these sectors?

Here is the following example to clarify the matter.

If a country attacks your country. Does your country have enough weapons to deter other countries? (If it possesses deterrent weapons, then we say that science has contributed to the arms industry sector, which has enriched the country for having to seek help from

friendly countries to supply it with weapons that are not available to it.) Thus, we can apply the above to the field of agriculture, industry, etc.

Note, dear reader, when we talked about knowing the extent of the impact of science when imports are prohibited, I did not use the criterion of surplus or deficit in the trade balance. Because it does not necessarily reflect the adequacy of the state's production of goods and services in all sectors of the state. There may be a surplus in the trade balance resulting from the export of a certain commodity (such as oil), while there is a deficit in the production of many goods and services in many sectors of the country.

Well, I want to know what problems arise when there is no contribution of science and technical capabilities to microeconomic management?

Yes. There are several problems arising from the absence of science's contribution to the field of microeconomics, which are as follows:

- 1- The state is forced to rely on imports to compensate for what it was unable to produce due

to the absence of scientific and technological methods.

- ۲- Due to the increase in demand for imports, especially for countries that do not have foreign currency revenues from sovereign resources such as (oil), which leads to an increase in demand for foreign currencies and thus may lead the country to external debt.
- ۳- When the state borrows in foreign currencies, which leads to a decrease in the local currency against foreign currencies and the emergence of the parallel market (the black market).
- ۴- When the local currency is declining, it leads to price inflation, especially for imported products.
- ۵- The shortage in foreign currencies may lead to the failure of some factories to meet their investment needs, represented in machinery and equipment. As well as its current needs, represented in raw materials, disrupt work in these factories.
- ۶- The disruption of factories may lead to the layoff of some workers.
- ۷- When there is unemployment, this will lead to weak purchasing power among consumers.
- ۸- Weak purchasing power leads to a slowdown in the state's microeconomic wheel.
- ۹- There are many problems resulting from the absence of the contribution of science and

technical capabilities to the economic system, not only in the economic field, but also in many other fields, such as the political, social, and even class fields.

The second characteristic: that the human element's genes are compatible with the work they do (Put the right man in the right place)

You talked about the first characteristic that must be present in the human element, in that they must have knowledge and technical capabilities that contribute to meeting the needs of the microeconomic system. What do you say about the second characteristic that the human element's genes must be compatible with the work they do (Put the right man in the right place)?

Dear reader, you are in a strong position with me. You still remember the qualities that must be present in the human element.

Yes, I would like to know what the compatibility of workers' genes means with the work they do.

)- will answer this question through the following elements:

- ٢- People's talents differ from each other in the field of business.
- ٣- The degrees of efficiency of economic products also differ from each other. Accordingly, the type and risk of activity is determined, which varies from one activity to another.
- ٤- How to discover people's talents in business.
- ٥- How to discover the degrees of efficiency of economic products.
- ٦- How to match the specifications that should be available in the company's employees according to the degree of efficiency of the company's economic products. (How to put the right man in the right place)

First: The talents are different among people in the business field.

The talents of people differ from each other in the business field that they do in terms of:

- ١- The ability of people to speed up decision-making (such as it is required that the dealer in the stock exchange is characterized by the speed of wise decision-making, while the manager of the real estate company is required to be careful in making his decision).

- ϣ- The ability of people to withstand working pressures (in our example, we find that the dealer in the stock exchange endures great pressures imposed on him by the nature of work in the stock exchange as a result of the frequent change in securities prices in a very short time, while this pressure is not present in the field of real estate companies).
- Ϙ- The ability of people to negotiate (in our example, we find that the dealer in the stock exchange does not have the ability to negotiate because he buys or sells according to the prices that are displayed on the screen or he postpones his decision. As for real estate companies, there is a large area of negotiation with dealers with the company).
- ϙ- The ability of person to communicate with the employees of the company (in our example, the dealer that deals with the screen of stock exchange must be characterized by strictness in terms of the obligation of his employees to prove the operations that he completes on the screen with the speed of their completion. While the matter is completely different with the manager of the real estate company, who must be flexible with his employees and takes their advice according to their specialists)

Second: The difference in the economic efficiencies' degrees of the products from each other and based on them the type of activity of the company is determined.

As the talents of the people differed. Also, the economic specifications of the products differ from each other and based on these economic specifications the type of activity of the company is determined. As each type of activity requires the availability of the specific talents of the people who carry out this activity in order to achieve the required success (this is what we explained in our previous example in terms of work requirements in securities companies that deal with the stock exchange and the requirements of work in real estate companies).

Here the following questions appear:

- ١- What are the products?
- ٢- What is the basis that made the specifications of the products differ from each other and thus the type of activity differs from one company to another?

The following is the answer to the previous questions:

- ١- Answer to the first question, what are the products?

The product is goods or services, whether this product is made by the company or bought from others, so this product represents the main activity for which the company was established with the aim of selling it to achieve profits for the company.

۲- Answer the second question, what is the basis that made the specifications of the products differ from each other and thus the type of activity differs from one company to another?

The basis on which the economic specifications of the products differ from each other and thus the type of activity differs from one company to another.

This basis is summarized in the efficiency degree of the product, which is the capacity of one product unit and the extent of its contribution to cover administrative and debit expenses to achieve net profits equivalent to the company's capital, so this efficiency depends on three elements as follows:

- A- The cost of the product per one unit.
- B- The selling price per one unit.
- C- The quantity that is produced and sold from this product.

The degrees of the efficiencies of the products are divided into two groups, namely:

The first group: It includes the efficiency degrees of products (excellent - very good - good).

The second group: It includes the efficiency degrees of products (acceptable - weak - very weak - losses).

Where the efficiency degrees of the products for the first group (excellent - very good - good) are characterized by the following:

- ١- These products are very profitable if properly marketed.
- ٢- These products can absorb the increase in the cost.
- ٣- These products can grant discounts on the selling price and deal with customer facilities.
- ٤- These products can deal with bank credit.
- ٥- These products can give bonuses to motivate the workers.

Where the efficiency degrees of the products for the second group (acceptable - weak - very weak - losses) are characterized by the following:

- ١- These products achieve profits when the working capital turnover rate is large (The quantity of units produced is large and there are markets that absorb this quantity).
- ٢- These products are not able to absorb the increase in the cost (so caution is required).

- ϣ- These products do not allow giving discounts on the selling price, and they do not allow dealing with customer facilities.
- ξ- These products do not allow dealing with bank credit.
- ο- These products allow giving rewards after achieving the estimated budget and not before achieving the estimated budget to motivate workers.

Third: How do we discover the talents of people in the field of business?

Every human resource manager should prepare a questionnaire form according to the characteristics of each of the two groups regarding the economic efficiency degrees of products. He can be creative in developing questions from questionnaire form.

The following is an example of such questions:

Regarding production management:

- ϵ- Do you prefer to make a product with high-quality specifications?

(This is compatible with the efficiency degrees of the products for the first group (excellent - very good - good) or produce a very large number of the product

(This is compatible with the efficiency degrees of the products for second group: (acceptable - weak - very weak - losses).?)

- ϣ- What is the number of years of experience in relation to the company's activity? (If it was more than five years. Then it is compatible with second group)
- ϣ- Do you prefer to deal with the production staff team in the spirit of cooperation (This is compatible with the efficiency degrees of the products for the first group or the spirit of the leader? (This is compatible with the efficiency degrees of the products for the second group
- ϣ- Do you care about the details of the product cost (This is compatible with the efficiency degrees of the products for the second group, or the quality specifications? (This is compatible with the efficiency degrees of the products for the first group
- ⊖- Do you prefer to work under pressure (This is compatible with the efficiency degrees of the products for the second group), or not? (This is compatible with the efficiency degrees of the products for the first group).
- ϣ- Do you prefer to carefully take your decision? (This is compatible with the efficiency degrees of

- the products for the second group), or not? (This is compatible with the efficiency degrees of the products for the first group).
- ∪- Do you prefer to have time for creativity? (This is compatible with the efficiency degrees of the products for the first group), or not? (This is compatible with the efficiency degrees of the products for the second group).
 - ∧- Does the time determine you to produce what is needed (mention the number of hours and minutes)? (If the answer was yes, this is compatible with the efficiency degrees of the products for the second group), or not? (This is compatible with the efficiency degrees of the products for the first group).

Regarding marketing management:

- ∩- Do you prefer to use the method of negotiation and persuasion in the marketing process? (This is compatible with the efficiency degrees of the products for the first group), or to spread and open new markets? (This is compatible with the efficiency degrees of the products for the second group).
- ∩- Do you care about showing the quality and specifications of the product (This is compatible with the efficiency degrees of the products for the

- first group) or prefer to sell the largest quantity of the product? (This is compatible with the efficiency degrees of the products for the second group).
- ۳- Do you prefer to deal with the marketing staff team in the spirit of cooperation (This is compatible with the efficiency degrees of the products for the first group) or the spirit of the leader? (This is compatible with the efficiency degrees of the products for the second group)
 - ۴- How do you deal with the purchasing power that is available to you in the markets? (If he can deal with the purchasing power then he is compatible with the efficiency degrees of the products for the first group)
 - ۵- Do you prefer to use the price flexibility for products in the marketing process (This is compatible with the efficiency degrees of the products for the first group), or prefer to adhere to the specified price for products? (This is compatible with the efficiency degrees of the products for the second group)
 - ۶- Do you prefer to use the facilities and discounts method to promote products (This is compatible with the efficiency degrees of the products for the first group), or prefer to adhere to the company's policies in granting the facilities and discounts?

(This is compatible with the efficiency degrees of the products for the second group)

Regarding financial management:

The financial manager and his staff must be distinguished by the following:

- ١- They have a logical thought in order to link the cause and the result.
- ٢- They must be distinguished by patience, which enables them to continuously supervise and follow up.
- ٣- They must be creative in making models that give the required results.
- ٤- They must take responsibility in order to face the obstacles that occur to the company.
- ٥- They must be able to communicate with all departments of the company.

Regarding the general manager:

- ١- Do the many pressures of work affect your emotional stability (If the answer was yes, this is compatible with the efficiency degrees of the products for the second group), or not? (If the answer was no, this is compatible with the efficiency degrees of the products for the first group).

- ٢- Do you prefer to take your decision slowly? (If the answer was yes, this is compatible with the efficiency degrees of the products for the first group),
- ٣- If you made your decision quickly, would it confuse you? (If the answer was yes, this is compatible with the efficiency degrees of the products for the first group),
- ٤- How many years of experience, you spent in the same company's activity? (If it was more than five years. Then it is compatible with second group)
- ٥- Do you prefer to use financial rewards to encourage workers? (If the answer was yes, this is compatible with the efficiency degrees of the products for the first group),
- ٦- Do you pay attention to the precise details of financial spending (whether in the cost of the product or the general expenses)? (If the answer was yes, this is compatible with the efficiency degrees of the products for the second group),
- ٧- Do you prefer to deal with banks, (If the answer was yes, this is compatible with the efficiency degrees of the products for the first group), or do you rely on what is available to you from the company's funds? (this is compatible with the efficiency degrees of the products for the first group).

Fourth: How do we discover the economic efficiencies degrees of the products?

In order to determine the economic efficiency degree of the products, we will use one of the mathematical equations of the geometric genetic economy theory, which is as following:

Measuring the economic efficiency degree of the company's product = (Sales value - (Sales cost value + General expenses) * 1.0) / Net profit

Where the economic efficiency degrees of the products are divided into:

First group: excellent - very good – good.

Second group: acceptable - weak - very weak – losses.

The degrees of economic efficiency to the company's product are determined according to the following table:

Cases of company results Degrees of the economic efficiency (economic evaluation standard)

The case of the profit: In this case, the degrees of economic evaluation standards are integer and positive numbers or integer and positive numbers

including fractions. The degrees of economic evaluation standard are divided into:

From 1 to 2 degrees, it expresses an excellent degree of profit.

From 2.1 to 3 degrees, it expresses a very good degree of profit.

From 3.1 to 4 degrees, it expresses a good degree of profit.

From 4.1 to 5 degrees, it expresses an acceptable degree of profit.

From 5.1 up to 6 degrees, it expresses a weak degree of profit.

From 6.1 up to infinity degree, it expresses a very weak degree of profit

The case of equality: In this case, the degree of evaluation standard is equal to undefined value (infinity)

The case of losses: (when revenue is greater than the average cost and less than the total cost) In this case, the degrees of economic evaluation standard are integer and negative numbers or integer and negative numbers including fractions.

The case of losses: (when revenues are equal to the average total cost) In this case, the degree of economic evaluation standard is equal to zero

The case of losses: (when revenue is less than the average cost): In this case, the degree of economic evaluation standard is only positive fraction numbers

Fifth: How to match the specifications that should be available in the company's employees according to the degree of efficiency of the company's economic products. (How to put the right man in the right place). The requirements for each economic efficiency degree of the product (the type of the activity) with the talents of the people required to practice this activity (whether in the production manager's job - the marketing manager's job - the financial manager's job - the general manager's job) according to the following tables:

Firstly: The characteristics that must be available in the production manager, according to the economic efficiency degrees of the products that has achieved by the company

In the case that the economic efficiency degree of product is (Excellent - Very good - Good)

- ١- The production manager must be creative in producing products of high quality.
- ٢- The required experience for production is not as important as what is required to improve the quality of the product.
- ٣- He deals with the production staff team in a spirit of cooperation.
- ٤- He can show the specifications and quality required for marketing.
- ٥- He does not need to work under pressure.
- ٦- He takes his decision carefully for creativity.
- ٧- He has more time for creativity.

In the case that the economic efficiency degree of product is (Acceptable - Weak - Very weak)

- ١- The production manager must be able to produce a very large number of the product.
- ٢- The required experience for production is very important.
- ٣- He deals with the production staff team as a Leader.
- ٤- He must be very careful about product costs.
- ٥- He can work under a lot of pressure.
- ٦- He takes his decision quickly to complete what is required from him.
- ٧- He has not a time to achieve the produced quantity

Secondly: The characteristics that must be met by the marketing manager, according to the economic efficiency degrees of the products that has achieved by the company

In the case that the economic efficiency degree of product is (Excellent - Very good - Good).

- ١- The marketing manager must be able to use negotiating style and persuasion in the marketing process.
- ٢- He must be able to show the quality and specifications of the product.
- ٣- He must be able to deal with the marketing staff team with a spirit of cooperation.
- ٤- He must be creative in dealing with available purchasing power in the market.
- ٥- He must be able to use the product prices with high flexibility in the marketing process.
- ٦- He must be able to use the facilities and discounts to promote products of the company.

In the case that the economic efficiency degree of product is (Acceptable - Weak - Very weak)

- ١- The marketing manager must be able to spread and open new markets.

- ϣ- He must be able to sell a greater number of products.
- ϛ- He must be able to deal with the marketing staff team with the spirit of the leader.
- ξ- He must be able to collect cash.
- ο- He must be able to adhere to specific pricing of the products that he sells.
- Ϛ- He must be able to adhere to company policies in terms of facilities and discounts.

Thirdly: The characteristics that must be met by the financial manager

The financial manager and his staff must be distinguished by the following:

- ϑ- They have a logical thought in order to link the cause and the result.
- ϣ- They must be distinguished by patience, which enables them to continuously supervise and follow up.
- ϛ- They must be creative in making models that give the required results.
- ξ- They must take responsibility in order to face the obstacles that occur to the company.
- ο- They must be able to communicate with all departments of the company.

Fourthly: The characteristics that must be met by the general manager, according to the economic efficiency degrees of the products that has achieved by the company

In the case that the economic efficiency degree of product is (Excellent - Very good - Good).

- ١- The general manager does not work under a lot of pressure at work.
- ٢- He must take the decisions slowly.
- ٣- This activity does not require great experience.
- ٤- He can use financial rewards in order to encourage the workers.

In the case that the economic efficiency degree of product is (Acceptable - Weak - Very weak).

- ١- The general manager must work under a lot of pressure at work.
- ٢- He must make the decisions quickly.
- ٣- He must have the considerable experience that is required for the activity.
- ٤- He must be careful in spending.

Practical example.

In the previous steps, we explained how to put the right man in the appropriate job in order to achieve

success for the company after knowing the requirements of the economic efficiency degree of the product and its relationship to the characteristics required in everyone who occupies a position in the production department, in the marketing management, the financial management, and the position of the general manager.

We will give this practical example in order to explain this subject, which is as following:

If you are a member of the Human Resources Committee in order to appoint a production manager and you have the following data:

The cost of the product unit is ٦٠٠ EGP and the share of this product from the general expenses is ٢٠٠ EGP and the selling price of the product unit is ١٠٠٠ EGP and the characteristics of two persons applying for this job were as following:

The first person

- ١- He cares about the specifications and quality of the product.
- ٢- He spends on developing the product.
- ٣- He prefers to deal with the production staff team in a spirit of cooperation.

ξ- He prefers to take his decision carefully and not work under pressure to reach a good product.

The second person

Ϸ- He is interested with the volume of required production.

ϸ- He is very careful about the cost of the product.

Ϲ- He prefers to deal with the production staff team as a leader.

ξ- He prefers to take his decision firmly and quickly and works under pressure to accomplish what is required

The question: Which of the two persons would you choose to fill this job in this company and why?

To answer this question, you must know the economic efficiency degree of this product and thus the specifications that characterize this product, as we compare these specifications with the personal characteristics of applicants for this job and thus, we choose the right person for the job

We will use one of the mathematical equations of the geometric genetic economy theory as follows:

First: Determination of the economic efficiency degree of product

Determination of the net profit = The value of sales
 - (The value of sales cost + The value of general expenses)

$$= 1000 - (700 + 200) = 100$$

Measuring the economic efficiency degree of the company's product = (The value of sales - (The value of sales cost + The value of general expenses) * 1.0) / Net profit

$$= (1000 - (700 + 200) * 1.0) / 100 = 3$$

Looking at the table of economic efficiency degrees, we find that degree of 3 is equal to (very good)

Second: By referring to the economic efficiency degree of the products that is equal to very good, we find this product is characterized by the following:

- 1- This product is very profitable if properly marketed.
- 2- This product can absorb the increase in cost.
- 3- This product can grant discounts on the selling price and deal with customer facilities.
- 4- This product can deal with bank credit.
- 5- This product can give rewards to motivate the workers.

Third: By referring to the table of characteristics required in the production manager, according to the degree of the economic efficiency of the product, we find that the first person who is characterized by the following:

- ١- He cares about the specifications and quality of the product.
- ٢- He spends on developing the product.
- ٣- He prefers to deal with the production staff team in a spirit of cooperation.
- ٤- He prefers to take his decision carefully and not work under pressure to reach a good product.

The first person is the right person for this job.

Now we learned how we put the right man in the right place

Note:

- ١- You can find out the compatibility of the production manager's genes with your company's genes electronically through this link.
<http://www.geneec.com/hr١E.php>
- ٢- You can find out the extent to which the marketing manager's genes are compatible with your company's genes electronically through this link.
<http://www.geneec.com/hr٢E.php>

ƴ- You can find out the extent to which the general manager's genes are compatible with your company's genes electronically through this link.
<http://www.geneec.com/hrƴE.php>

Warnings:

- ƶ- The employee should not be appointed simply because he has mediation.
- ƴ- There must be no discrimination in treatment, whether financial or social.
- ƴ- The employee must be given his rights for every effort he makes and rewarded first and foremost.
- ξ- Employees must not be exploited or oppressed. This is the beginning of the end of the company or institution, and thus the benefit of this book ends.

Why did you stipulate that the second characteristic be: (that the genes of the human element match the genes of the work they do) Isn't there a department called human resources that determines the conditions for appointment? Or what is the wisdom of applying this characteristic?

The wisdom behind applying the compatibility of human genes with work genes is summarized as follows:

Regarding the company: The company learns which group its activities belong to, whether it belongs to the first group (where the degree of efficiency of its products is excellent - very good - good) and thus it learns the administrative constitution specific to this group, which is as follows:

- १- These products are very profitable if they are marketed well.
- २- These products are able to absorb the increased cost.
- ३- These products allow for giving discounts on the selling price and dealing with customer facilities.
- ॴ- These products allow dealing with bank credit.
- ॵ- These products allow rewards to be given to motivate workers.

In the case of a company that belongs to the second group (where the degree of efficiency of its products is acceptable - weak - very weak - losses), therefore the company also learns about the administrative constitution as follows:

- १- These products achieve profits when the turnover rate of working capital is large (i.e. the number of units produced is large and there is a market that can accommodate this number).

- ϣ- These products are unable to absorb the increased cost (so caution is required).
- ϣ- These products do not allow discounts on the selling price. It also does not allow dealing with customer facilities.
- ξ- These products do not allow dealing with bank credit.
- ο- These products allow bonuses to be given after achieving the estimated budget and not before achieving the estimated budget to motivate workers

Regarding the relationship of employees with the company: When the human element works and its formative nature is compatible with the requirements of the job that it performs (i.e. with the company's administrative constitution), it will be more productive and the obstacles to work will decrease with it (as this characteristic aims to establish functional psychology, which must be added to management tasks HR)

The third characteristic: That the human element contributes to the company becoming one of the leading companies.

What do you say about the third characteristic that must be present in the human element, which is that they must contribute to become their companies from leading companies?

Dear reader, you know that companies have several available resources, for example (cash capital, investment capital, as well as current resources). It also has external resources such as supplier facilities or credit resources as a result of borrowing from financial companies such as banks. Here, the efficiency of the human element must be measured not only by the quality of knowledge and technical capabilities or the extent to which their genes are compatible with the work they do. Rather, the result of all of this is through measuring their efficiency so that their companies become among the leading companies. Leading companies are known as companies that achieve efficiency (excellent - or very good - or good). In other words, leading companies are those that achieve profits equivalent to the available resources to the company.

During your speech, you said that the efficiency of the human element should be measured to know the extent of their contribution so that their companies become leading companies. How is this measurement done?

Yes, there is a website that does this task, and it is at this link.

<http://www.geneec.com/evaluatesE\'.php>

Here's an example.

In the following form, we will enter the company data for which we want to measure the efficiency of its employees. Did they contribute to making their company one of the leading companies or not?

This is to protect the company's resources from wastage and also to protect them from liquidation.

Required data for evaluating your company.

- ١- The Sales for full year
- ٢- The Purchases for full year
- ٣- Gross profit = the sales - the purchases
- ٤- General and administrative expenses including depreciation for full year
- ٥- Debit interest for full year or entity zero

- ٦- Other revenues for full year or entity zero
- ٧- Net profit
- ٨- Total fixed and current assets

After entering the required data in the previous form. We will be shown an evaluation report for the company. Through this report, we learn whether employees contributed to their company becoming a leading company or not? (As the leading companies are the ones that achieve efficiency (excellent - very good - good)). This report is as follows:

Evaluation report.

First cell measurement (product efficiency)

Definition of product efficiency

- ١- The product means the good or service, whether this product is manufactured by the company or purchased from others, so that this product represents the basic activity for which the company was established with the aim of selling it to achieve profits for the company.
- ٢- Product efficiency means the ability of a single product unit and the extent of its contribution to covering administrative and credit expenses to achieve net profits equivalent to the company's

capital. Therefore, this efficiency depends on the following three elements:

First element: The cost of the product per unit.

Second element: Selling price per unit.

Third element: The quantity produced and sold of this product.

४- The efficiency of the products is divided into excellent - very good - good - acceptable - weak - very weak - losses.

The efficiency evaluating of company's products.

The products of this company have achieved efficiency to an excellent degree.

Advantages and caveats of the efficiency of products which are achieved by company

१- This product is very profitable if it is marketed well.

२- This product is able to absorb the cost increase.

३- This product allows giving discounts on the selling price and deal with customer facilities.

ॣ- This product allows us to deal with bank credit.

।- This product allows giving bonuses to motivate workers.

Measurement of the second cell (general and administrative expenses)

Definition of general and administrative expenses

- ١- General and administrative expenses mean the expenses required to complete the company's activity and related to the working capital turnover, other than production costs, which must be deducted in order to reach the net profits that the owners of capital deserve.
- ٢- Here, the company's administrators know practically whether there has been an extravagance in the items of general and administrative expenses, including depreciation, or not. In other words, did the company maintain the profits that its products achieved or not?
- ٣- Therefore, the degrees of the company's activity related to general and administrative expenses are divided into excellent - very good - good - acceptable - weak - very weak - losses.

Efficiency evaluating of management.the company's general expenses

The company achieved an activity level related to general and administrative expenses that is excellent,

meaning there is no extravagance in general and administrative expenses.

Advantages and caveats of efficient of general expense management

Continuing to implement the financial regulations in terms of who has the right to disburse and review before and after disbursement.

Measurement of the third cell (debit interest)

Definition of debit interest

- ١- Debit interest is a cost incurred by the company's activity, which is deducted from the income statement and negatively affects its net profits. Debit interest arises when the company resorts to borrowing from others, such as banks, and what is called debit interest is calculated on this borrowing.
- ٢- Here the company's administrators learn practically the extent to which the debit interest affects the product costs. Is the company's management able to cover the value of the debit interest or not?
- ٣- Therefore, the company's activity degrees for debit interest are divided into excellent - very good - good - acceptable - weak - very weak - losses.

Evaluating the efficiency of debit interest management for this company

This company achieved very good degree of activity related to the debit interest, so there is a negative impact of the debit interest on the cost of the product, as: The degree of activity decreased from excellent to very good.

Advantages and caveats of efficient of debit interest management

Although there is a negative impact from using debit interest. We do not recommend replacing this loan with an increase in the company's capital except when the company is unable to achieve both the estimated budget, and credit budget, which may appear in this report.

Measurement of the fourth cell (other revenues)

Definition of other revenues

- 1- It is the revenue that the company obtains other than the revenue generated from the basic activity of the company. Where external revenues positively affect the business result when they are included in the company's income statement.

- ٢- Here, the company's administrators learn about the impact of external revenues on improving the result of the income statement.
- ٣- Therefore, the degrees of the company's activity related to other revenues are divided into excellent - very good - good - acceptable - weak - very weak - losses.

Evaluating the efficiency of other revenues management for this company

This company achieved excellent degree of activity regarding other revenue so there is a positive impact of other revenue on the income statement result, as: The degree of activity improved from very good to excellent.

Advantages and caveats of efficient of other revenue management for this company

The company's administrators must demonstrate the extent of their efficiency in achieving other revenues, especially in periods of recession when the company's profits decline. This is in order to improve the company's results and work on its continuation without eroding the company's capital.

Measuring the fifth cell (The efficiency of the company's basic activity managing)

Defining the efficiency of the company's basic activity managing

- ١- It is meant by managing of the company's basic activity is managing the company's working capital turnover (in terms of preparing the product - whether by producing it or purchasing it - then selling it and collecting its value) with the aim of achieving a gross profit that is able to cover all administrative and debit expenses and results a net profit equivalent to capital of the company.
- ٢- It is meant by the efficiency of the company's basic activity is the ability managing of the company's administrators to repeat the number of working capital turnover in one financial year with the aim of maximizing the company's net profits.
- ٣- Here the company's administrators recognize their competence in managing the company's basic activity.
- ٤- Therefore, the efficiency of the company's basic activity management is divided into excellent - very good - good - acceptable - weak – losses.

Evaluating the efficiency of basic activity management

This company achieved excellent efficiency for basic activity management.

Advantages and caveats of efficient of the company's basic activity management

The efficiency of the basic activity managing of this company was excellent, and the administrators of this company must continue to implement the following:

- ١- The systems and regulations followed in the company monitor the work of the human element.
- ٢- Preserving material resources in order to continue working properly.
- ٣- Maintaining product quality.
- ٤- Maintaining the segment of consumers for the company's products and working to increase them.

Measurement of the sixth cell (The efficiency of the company's basic activity managing, including the value of debit facilities)

Defining the efficiency of the company's basic activity managing, including the value of debit facilities

- ١- It is meant by managing the company's basic activity, as well as what is meant by efficiently of the basic activity managing, was defined in the fifth cell.
- ٢- What is meant by including credit facilities is the ability of the company's administrators to manage

the value of these facilities in order to benefit from them to achieve more profits for the company.

- Ƴ- Here the company's administrators recognize their competence in managing the basic activity, including the value of the debit facilities which is obtained by the company.
- ξ- Therefore, the efficiency of the basic activity management, including debit facilities, is divided into excellent - very good - good - acceptable - weak - losses.

Evaluating the efficiency of basic activity managing, including the value of this company's debit facilities

The company achieved a very good degree, so there is a negative impact of the value of the debit facilities on the management of these facilities, as:

Efficiency decreased from excellent to very good.

Advantages and caveats of efficient of the company's basic activity managing, including the value of debit facilities.

Despite the negative impact of debit facilities on the management of these facilities, we do not recommend replacing this loan with an increase in the company's capital except when the company is unable to achieve the estimated budget that may appear in this report, as

well as the debit budget, which will appear in this report.

Treating the efficiency of the company's basic activity managing, including the value of debit facilities

Efficient debit facility management will achieve by applying this debit budget.

The debit t budget, which determines the value of excess sales that must be sold to cover the debit interest.

Excess sales value =	199.99
Minus the value of purchases =	99.99
Gross Profit =	100.00
Less debit interest =	100.00
net profit =	0.00

Note: This budget must be used in addition to the estimated budget, if any.

Measurement of the seventh cell (Efficiency of all available resources managing in the company)

Defining the efficiency of all available resources managing in the company

- ١- All available resources in the company are meant by the resources obtained by the company, whether through self-financing, such as the company's capital, as well as the value of credit facilities, which results in the cost of debit interest, as well as facilities that the company obtains from others at no cost, such as supplier facilities.
- ٢- Exploiting all available resources in the company means achieving the maximum benefit from those resources in the form of profits equivalent to the value of those available resources.
- ٣- Here the company's administrators recognize their efficiency in exploiting all the available resources to them.
- ٤- Therefore, the efficiency of all available resources managing in the company is divided into excellent - very good - good - acceptable - weak - losses.

Efficiency evaluating of all available resources managing in the company

The efficiency of all available resources managing was achieved to an excellent degree Therefore, there is a positive impact of exploiting all available resources on the management of those resources.

The efficiency degree of all available resources to this company improved from very good to excellent.

Advantages and caveats of efficient of all available resources managing in the company.

Constantly reviewing all the company's resources and knowing how to exploit them for the benefit of the company in order to improve its results during regular periods, preferably monthly.

By measuring the seventh cell, which is concerned with measuring the efficiency of the human element managing in managing all the available resources in the company. We find that the efficiency achieved is excellent. Or in other words, the employees contributed to their company to become one of the leading companies.

What is the importance of the human element contributing to their companies in which they work to become leading companies?

The presence of leading companies in the microeconomic system leads to:

- 1- Increasing the added value to the available resources to these companies and preserving them from wasting those resources.

- ϒ- Increasing the state's sovereign revenues by paying taxes, customs duties, and service fees.
- ϓ- Leading companies work to attract investors, especially in the sectors in which they operate.
- ϔ- Leading companies enable the state to achieve very huge revenues, the burden of which is not borne by the citizens or the companies. These revenues can pay off external and internal debt (as we will explain later).
- ο- There are many advantages to having leading companies in the microeconomy. We suffice with what was mentioned above.

Fourth characteristic: In the event that the human element is one of the microeconomic outcomes. They are to have purchasing power that enables them to purchase goods and services in order to satisfy all their human desires.

What do you mean by purchasing power as one of the microeconomic outcomes? Do you mean the profits achieved by company owners or the salaries and wages earned by employees and workers who work in microeconomics?

Your question is very wonderful, dear reader. There are two types of purchasing power. The first type of

purchasing power is when it is obtained by the human element. The second type of purchasing power is when the human element uses purchasing power to spend. In our case, purchasing power is meant when it is obtained by the human element.

Why did you use the word - purchasing power - instead of the word income, which expresses (both the profits achieved by company owners as well as the salaries and wages earned by employees and workers) in microeconomics? In my opinion, the word income is more expressive than the word purchasing power. Why the twisting and turning?

Dear reader, there is an economic purpose for this. If we use the word income, the thought turns to the value of this income. It has nothing to do with the standard of living of the person with this income. However, if we use the word purchasing power of income, the thought turns to the extent of the ability of this income to meet the needs of the owner of this income, which is what is meant by using the word purchasing power.

You talked about purchasing power (the extent to which income is able to meet the needs of the owner of this income), so what are these needs?

There are many levels of humanitarian needs as follows:

- ١- **Level of basic needs** (food, clothing, health, housing, education, public transportation).
- ٢- **The level of luxury needs** (which is obtaining the same level of basic needs, but at a higher level of quality).
- ٣- **The level of needs of the wealthy** (which is access to goods and services that neither those with basic needs nor those with luxury needs are able to obtain, such as the wealthy with private needs owning private planes, private islands, etc.).

What do you want to say about the fourth characteristic if the human element is one of the outcomes of microeconomics? He is to have purchasing power that enables it to purchase goods and services in order to satisfy all his human desires.

You know that talking about the fourth characteristic is one of the most dangerous topics that has baffled politicians, economists, and the citizen himself.

What is the reason?

You know that income occurs in the microeconomy in two forms:

- ١- Net profits earned by company owners.
- ٢- Salaries and wages received by employees and workers.

When you compare the number of company owners to the number of employees and workers in the country. We find that company owners do not exceed ١٠٪ of the number of employees and workers. On the one hand, on the other hand, we find that most of these employees and workers belong to the basic needs' levels, as we mentioned previously. Few of them fall below the level of luxury needs. Accordingly, all eyes (whether politicians or economists) turn to these employees and workers who belong to those with basic needs.

Why are politicians and economists turning their attention to those employees and workers who belong to those with basic needs, as well as those with low incomes and pensioners?

Because this group is the group whose lives are most affected by many decisions. There are factors that

negatively affect the purchasing power of a group of employees, workers, and those affiliated with those with basic needs. As well as those with low incomes and pensioners. We mention some of these factors as follows:

- ١- All the hidden ghost viruses (inflation - floating of the exchange rate - local and external debt - and poor distribution of income resulting from injustice) that negatively affect the purchasing power of this group.
- ٢- There is greed and injustice from company owners towards this group, giving them only the lowest salaries and wages, taking advantage of their need for work.
- ٣- There is a continuous rise in the prices of goods and services without taking into account the condition of this category.

All of the above leads to a lack of purchasing power among this group, which may lead them to turn a blind eye to most of their basic needs until they reach the point that they do not have enough to feed themselves and their children. Then these disadvantages appear as follows:

- ١- You find one of them working in more than one job in order to meet the needs of his family, so he does not know the meaning of comfort in his life.
- ٢- Many of them work after retirement age and suffer from old age, forced to meet their needs.
- ٣- There is dissatisfaction among this group with the life they live and they have no loyalty to the company in which they work.
- ٤- Some of this group may deviate into committing violations punishable by law, and the saying (they made me a criminal) applies to them.
- ٥- The mother may swallow the poison and be torn apart when she hears that her dearest soul has drowned in the sea as a migrant. Her son became a meal for sea fish due to his inability to find income to support his day.
- ٦- The eyes of the father and mother may shed tears, or even blood so, when their son or daughter fails in the tests of singing, acting, dancing, or playing ball. They missed a great opportunity to get rich.
- ٧- The family may disintegrate due to the low income of those with basic needs. I remember this incident when a woman went to the governor of the country and said to him these verses as an expression of the level of poverty, she was living in. She said to the governor.

You know that poverty has a bitter taste.

My husband and I were on the verge of divorce.

Do you have any charity that will benefit you on the day we meet?

What you have will run out, and what God has will remain

So, what do you want politicians and economists to do with this group of people with basic needs?

There are many decisions that politicians and economists can take regarding this category, such as:

- ١- The state should work to prevent greed and injustice from the owners of companies towards this category (this is known through added value, as we will explain later).
- ٢- To enact laws that determine the minimum wages and salaries.
- ٣- The state provides support for this category (through revenues, as we will explain later).
- ٤- The state prevents the prices of goods and services from rising (electronically, as we explained before).

- The state should take into account in its economic decisions what negatively affects this group (such as preventing the emergence of hidden ghost viruses).

The second element: Physical capital

What do you mean by physical capital?

We knew that microeconomics consists of five elements (human capital - physical capital - a product that has added value - a product that satisfies the desires of the consumer - purchasing power capable of purchasing the goods and services produced).

We talked about the human element in terms of (its compliance with science and technical techniques - the compatibility of the workers' genes with the work they do - that these workers contribute to making their companies among the leading companies - that these workers obtain appropriate purchasing power).

In these lines, we will talk about the second element, which is physical capital, which consists of the following:

- ١- Monetary capital that the economic unit needs.
- ٢- Surplus capital.
- ٣- Capital is represented in natural resources and technological innovations.

In the following lines we will talk in detail about:

First: Monetary capital that the economic unit needs.

Cash money capital is the basic element in accommodation any project with the aim of developing it and increasing it , the project not maybe work and succeeds unless in existence enough money in order to achieve all its needs. Whether providing investment assets or current assets and expenses for the company. And these funds sources are the following:

A- Sources of personal: It is money that is collected from the people (Either founder or shareholders in their personal or legal capacity) to establish the projects. Therefore, it is advised that the legal form to economic unit that must be in the form of joint-stock companies to be completed some of the money from many who wish to purchase those shares of companies (direct investment). Therefore, this source will become to collect the capital from sources of cheap and safe at the same time.

Here problem of financial recruitment will appear, and when the speculation in the stock exchange appeared. So, the savings had gone to stock exchange

for speculative in order to achieve quick profits which led to: -

- १- The scarcity of funds for establishment new projects. These projects can produce products has added value.
- २- The values of speculative money are more than the capital values of companies that to fall under stock exchange. So, this money became idle. The person does not win unless another person has lost (there is not winner unless there is loser).
- ३- The speculative funds led to unemployment result not to use the money in establishment of new projects and thus the purchasing power will decrease. This is due to unemployment which would lead to slower of economic projects growth.
- ४- Increasing of prices are resulted to decline the number of units of the products that are produced by post companies without entering new projects in production process. In order to remedy this problem is not simple because there are some speculators has influence, therefore it is difficult to solve this problem which must be used with one of the tools of financial policy, as imposition of taxes with high rates to reduce the deals of speculation and directing the money to establishment new projects and here the role of state comes to attract

the money of speculators towards leading projects that achieve profits are more than profits of banks and compensate them the profits that was achieved from the speculation risk.

- B- Other sources of funding: The most important of these sources are banks as intermediary between the savings of individuals, institutions and between employment of such savings in the various aspects of employment. Therefore, the role of banks is establishment of the projects, this step is fraught with risks for the following reasons: -
- ١- All projects do not fit to borrow from banks, and this was due to some activity of products that warn to deal in the credit. (See our research “discoverer of companies’ genes”).
 - ٢- The value and period the working capital turnover of the bank (which is relatively short) differ from the value and period the working capital turnover of borrowers, even if some activities allowed to borrow.
 - ٣- The banks do not use the scientific approach in the granting of credit, which requires the following: -
 - A- The period and value of credit of the bank must be less than the period and value working capital turnover of borrowers. If the market did not allow this request to be: -

B- The output of this equation is less or equal to the available liquidity of the bank, but must be reviewed the period of credit that is granted others: -

available liquidity to the bank for loan \geq the value of working capital of the bank \times (period of credit that is granted in the full duration \div working capital of the bank)

C- The value of dubious credit must be within the 0. % of the profits from this process, if it increased than 0. %, the bank must stop the granting credit.

D- Credit guarantees \geq available cash for credit + credit earning.

Whereas the banks don't apply the above elements, which led to failure of the companies and shaking in confidence of the banks as happened in the financial crisis, on other hand, we note some other banks have warned about granting of credit which led to idle liquidity in these banks, therefore, we find that the banks (whether the banks that failure or the banks that declined to grant the credit) reform only in short loan that is commensurate with the value and working

capital turnover of the bank, therefore it is necessary to employ the savings in direct employment (especially if the required employment was a long-term) and this comes only through the establishment of new projects and raises their capital by public subscription in order to draw the large amounts, which were available in speculation in the stock exchange and the banks. And in order to generate revenues on these capitals and generate different products to satisfy the desire of consumers, which would lead to the recruitment of unemployment and thus also possession of these workers the liquidity that works as purchasing power to be able to recycle the wheel of production and work, and here the role of the state comes to determine the extent of the ability of the project that will be established to generate profit on the capital with diagnosis and treatment of these projects during its life.

Second: The cash of surplus from needs of economic units: -

There are some surplus funds or idle funds in some economic units, particularly economic units that its market does not allow to invest this money in its activity, which would lead to lack of improvement in the result of economic unit. Therefore, it requires

from these economic units to invest this money in short-term employment in the outside activity.

Third: Capital comes from the natural resources and technological innovations.

WE find that most of goods of economic units from one or both of the following two components, namely the output of the use of natural resources and the output of the use of technological innovations. We note any country (or economic unit) has output from the natural resources. It has the great advantage, and this is due to the inability to find easily the alternatives and their impact on the changing desires of consumers is simple but owning the output of technological innovation is achieved through scientific research, education and training. And its impact on the changing desires of consumers is severe. On the other hand, the economic units which are its product from the output of technological innovation should have research centers to develop its products until it did not lead to the rapid saturation to consumer from these products which lead to a rapid of end the life of economic units therefore, we mention the characteristics of each of the output of natural resources and output of technological innovation as follows:

The characteristics of possession of the natural resources as follows: -

- १- The difficulty of finding the alternatives to the use of natural resources.
- २- The advantage of availability the natural resources give advantage in the age of economic unity.
- ३- The impact of natural resources on the changing pattern of consumers is very simple.

The disadvantages of ownership of natural resources as follows: -

- १- Natural resources revenues are usually lower than the output of technological innovations, especially if it is not run any substantially amended on it.
- २- The natural resources affect the life of economic unit, especially in the case of near depletion.

The characteristics of possession of the technological innovations as follows: -

- १- The technological innovations are usually achieving very high revenues.
- २- Using the output of technological innovations compensate the scarcity of natural resources.

The disadvantages of possession of the technological innovations as follows: -

- १- Development of research of technological innovations is expensive.
- २- The technological innovations impact on the age of economic unit, especially in the case of saturation of the market from them, which requires developing the research.
- ३- The impact of technological innovations on the changing pattern of consumers is very sever

Therefore, the economic unit must study the characteristics and disadvantages of using the output of natural resources and output of technological innovations in order to make the balance between them, even if through the development of the activity itself in order to achieve the following objectives:

- १- To achieve the goal of profitability.
- २- The continuing of the work to the economic unit for the largest period.
- ३- To achieving satisfaction of desires of consumers to the largest period of available. The economic unit that does not make this balance it may reach to the failure in achieving of the previous goals.

Note: Technological innovations are not only used to produce goods and services. Rather, it should be used in manufacturing investment assets. Such as

manufacturing machines, and equipment used by
factories

The third element: a product that has added value

Why did microeconomics stipulate that there must be an added value to the product? What does add value mean?

Dear reader, you are asking very specialized questions that only those who specialize in commercial and economic sciences know. Are you one of these specialists?

No. I am not a specialist in commercial and economic sciences, but I am focused on what you are saying.

This is good. It is known that a product, whether a good or a service, has a cost. (This cost contains part of the investment costs and current costs and may contain part of the technological cost (No how). This product has a price at which it is sold. Here, the microeconomic definition stipulates that the selling price be able to cover all costs of the product. In addition to making a profit from selling this product (this profit is called added value). Which resulted from the operations conducted on the primary sources of the product until the product became fit for use or consumption. The reason why microeconomics

requires that there be added value to the product. (which is net profit) as this condition aims to continue the work of the company producing such products and thus maintaining:

- ١- The company continues to operate because it achieves profits, as we mentioned earlier.
- ٢- Achieving profits indicates the extent to which the company's resources are increased and not wasted.
- ٣- The company's continuation of its work preserves its workers and employees and contributes to reducing unemployment.
- ٤- The company contributes to self-sufficiency as a result of continuing to put its products on the market.
- ٥- Continuing the company's work contributes to maintaining the purchasing power of its employees and maintaining the price level as a result of the increased supply of products.

What is the importance of knowing the added value of companies' activities?

There is very great importance in knowing the added value (net profit) of any company. Through the state's knowledge of companies' net profits, it learns about the negative and positive aspects of these companies as follows:

Negative aspects:

- ١- Is there exploitation of the human element because of their need to work, giving them weak salaries and wages, or not? (For example, if a company achieves a net profit of twice the cost. That is, the selling price is one hundred pounds, the total cost is fifty pounds, and the annual total net profits are fifty million pounds, and it gives salaries in the range of one thousand and five hundred pounds to the employee. Doesn't this indicate the existence of exploitation? for the human element who works in this company).
- ٢- Extent of greed in pricing the products sold.

Positive aspects:

- ١- If these companies are among the leading companies. These companies enable the state to invest through them, even at a rate of less than ١٠٪ of its capital. In order to benefit from these profits. (Choose that the percentage be less than ١٠٪ so that it is not said that the state has nationalized the companies. And so that the state does not have a member of the board of directors in these companies. As the applicable laws stipulate that.) The profits obtained by the state are considered a new source of revenues, the burden

of which is not borne by the citizens or companies. Because it is a distribution of profit. If this source of revenue were used with all the leading companies in the country (the number of joint-stock companies in which the state can subscribe by 10% in their capital by purchasing the shares of these companies from the stock exchange is about fifty thousand joint-stock companies), then see the volume of the revenues that the state can be achieved (the amount will be in the trillions of pounds).

Fourth element: A product that satisfies the consumer's desires

What is the importance of the fourth element, which is that the product must satisfy the consumer's desires in the microeconomic cycle?

You know that all companies and institutions operating in the country constitute the microeconomy. The goal of the microeconomics cycle is to work on the success and continuation of these companies and institutions in their work. Imagine with me that the product of a company does not satisfy the desires of consumers, so what happens? It is certain that the production of this company will stop because it is not sold, and this is what made microeconomics take into account the importance of this element, which is that the product satisfies the desires of the consumer.

Ok, what are the reasons why the product does not satisfy the consumer's desires?

You know that when establishing any project, its study determines the shape and specifications of the product and the extent to which this product can satisfy the desires of the consumer. But the problem of this product not satisfying the consumer's desires

may arise during the life of the project. This is due to the emergence of a new technological factor or an innovative method in producing this product. Therefore, the economic unit that discovers that its product does not satisfy the desires of consumers must accelerate the development of its product or develop its activity if necessary.

Is the emergence of a new technological factor or an innovative method of producing the product the reason for not satisfying consumers' desires, or are there other reasons?

Yes, there are other reasons.

like what?

Such as poor quality that the consumer cannot accept, despite his need for this product. The number of consumers purchasing the product is limited due to the failure of the marketing study to know the marketing gap well. The marketing study had to know the number of consumers expected to buy the company's product and to know the number of years this product has been produced. Thus, knowing how many years the company continues to produce this product.

What is the solution for the product to satisfy the desires of consumers?

The solution is for the product to satisfy consumers' desires. If it depends on the technological factor or an innovative method, the company seeks to provide this technological factor or innovative method to produce a product that has the required qualities. However, if the quality level was not at the level required for the product, the company had to own a research center (scientific and marketing) to improve the quality of the company's products. If the marketing gap is small (i.e., the number of buyers for the product is small). The company is looking to open new markets, whether internally or externally, to market its products. But if the company is unable to develop its products or improve the quality of these products and it is unable to open new markets for its products, so this company must seek to change its activity in order to preserve its resources from being lost.

The fifth element: purchasing power is capable of purchasing the produced goods and services.

Why did microeconomics require that there is appropriate purchasing power among consumers of goods and services?

Human capital (where the human element has the qualities of knowledge and technical capabilities and is compatible with the work it does and contributes to its company becoming one of the leading companies) may combine with physical capital (whether cash capital, whether from personal sources or from financing sources, as well as the availability of natural resources and technological innovations) to produce a product that has added value. This product satisfies the desires of consumers. However, purchasing power stands in the way of completing the microeconomic cycle. This is due to the lack of sufficient liquidity among groups that influence the buying and selling movement, such as the presence of poor groups or unemployed groups. The concentration of wealth among a few groups in society may lead to slow economic growth and affect all groups of people.

What is the solution that makes purchasing power suitable for consumers?

This question is very difficult, and its answer has puzzled many economists and even politicians responsible for managing the country's national economy.

Why did you find this question so difficult?

Because the answer to this question is very complex and there are very many elements that affect the purchasing power of consumers, including the following for example, but not limited to them. The following elements directly affect purchasing power and are as follows:

- 1- The extent to which there is inflation in the economic system, whether this inflation results as a result of hidden ghost viruses, as we explained previously, such as (an increase in money in circulation over the volume and value of national production, or as a result of a decline in the local currency against foreign currencies (the exchange rate). Or because of external and internal debt, or because of poor distribution of income resulting from injustice.

- ϣ- The presence of unemployment, where its owners do not receive an income and therefore lose the purchasing power that must be used to continue their lives.
- ϣ- The presence of a large poor class with low incomes who are unable to purchase the goods and services they need.
- ξ- Inability to grant the support that should be given to increase purchasing power.
- ο- There are no laws specifying minimum wages and salaries.
- ϕ- The absence of a policy to set prices to limit their increase, making it difficult for people with simple incomes to meet their needs.
- ϣ- The absence of a government spending policy directed at all categories of the poor.

Does this mean that there is no solution in how to make purchasing power suitable for consumers?

No, of course there are several solutions, and they depend on the decisions taken by those responsible for the economic file.

So, what are these solutions? I want to know them because this issue affects all groups of people.

Dear reader, there are some of these solutions, including the following:

The first solution is to increase the value of consumers' income sources of by:

- ١- Increasing the number of projects that absorb the existing unemployment numbers, as these unemployed people become has income as a result of their work in those projects. This income creates purchasing power for them to help them buy the goods and services they need.
- ٢- The state should help struggling companies and institutions in order not to liquidate them and lay off their workers, so that they become unemployed and lose the purchasing power that used to help them buy what they need.
- ٣- That the state undertakes projects (even if these projects are for a limited period). The goal is to spend to create purchasing power for a target group of society, which is the destitute group, to provide them with purchasing power that helps them buy the goods and services they need (it is preferable that these projects have an output of

- goods and services that return revenues to compensate for what was spent so that the state does not stumble and borrow).
- ξ- That the state grants support to increase purchasing power (whether this support is monetary, support results from reducing the costs of goods and services, or support results from reducing the prices of goods and services themselves).
 - ο- The state must have laws that specify minimum wages and salaries.

The second solution is for the state to control the causes of high prices.

- ϵ- The state must prevent the emergence of hidden ghost viruses (inflation - floating the exchange rate - internal and external public debt - misdistribution of income resulting from injustice). Thus, the state preserves the purchasing power of consumers.
- ϶- The state should follow a policy of limiting the rise in prices of goods and services in order to preserve the purchasing power of consumers.

I want to tell you that when you economists propose solutions to economic problems, they are theoretical solutions that are difficult to implement, and that in the end, we as citizens do not benefit from the solutions you propose.

Why do you say that the previous solutions did not like you or what?

Yes, I don't like it.

Why?

Do you not notice that you through these solutions on the shoulders of the state, which may be unable to implement these solutions and remain the problem to exist without solutions?

Dear Sir, if we look closely at the previous solutions, you will find them as follows:

Some solutions do not cost the state anything except working laws, for example.

Enacting a law that specifies the minimum wages and salaries in the business sector (whether it is a state-affiliated sector or a private sector), where those who

pay the cost of these wages and salaries are companies and institutions, not the state.

Such as the existence of a system that limits the rise in prices of goods and services. All the state needs is to enact laws to do so and it does not cost anything.

Why don't you know that the era of the socialist economy, which determined the prices of goods and services, ended a long time ago? We now live in a capitalist economy where prices vary as a result of supply and demand. I am not telling you that your solutions are all theoretical and do not help in anything.

Dear reader, I remember the saying of the late Egyptian President Anwar Sadat when he spoke about democracy and freedom, which caused some chaos. He said (just as democracy gives freedom, democracy has fangs and claws).

What do you want to say or are you threatening us as the Egyptian president said?

No, I want to say that capitalism is based on determining the prices of goods and services on supply and demand. It has methods that limit

unjustified price increases, which exploit consumers to the point of eliminating their purchasing power. I believe that enacting these laws to determine wages and salaries. Likewise, laws that prevent unjustified increases in the prices of goods and services are in the interest of the citizens. These laws increase the purchasing power of the eligible group.

But you didn't say how to reduce the unjustified rise in prices of goods and services in capitalism?

I tell you; you remember at the end of the first chapter (Hidden Ghost Viruses), we mentioned how to limit the rise in the prices of goods and services. You can refer to page 10 and you will find the method that limited the rise in the prices of goods and services.

You mentioned solutions that do not cost the state anything to strengthen the purchasing power of consumers, such as (setting minimum wages and salaries - using progressive taxes in order to limit the rise in prices). There are solutions that you mentioned that will cost the state in order to increase the purchasing power of consumers, such as (support - government spending - establishing new projects - standing by stumbling companies to eliminate unemployment). Where does the state get revenues from to cover the costs that will be spent on all the above?

Dear reader, you are right. The state must have revenues to spend on the sections mentioned. It is known that the sources of state revenues come from the following:

- ١- Taxes, customs, and duties
- ٢- Natural resources (such as minerals, petroleum, etc.)
- ٣- The output of technological goods (such as the sale of goods or investment assets, etc.)
- ٤- The share of the state's contribution to the microeconomy

Well, I know what taxes, customs, and fees mean and I know what natural resources and the output of technological goods mean. What do you mean by the share of the state's contribution to the microeconomy?

Dear reader, do you remember when we talked about the third element (a product with added value) and we pointed out how the state contributes a 10% share in the capital of leading companies? We mentioned that the revenues that the state will obtain do not represent a burden on companies or citizens, and that they are huge revenues that enable the state to spend these revenues depending on the expenditures that the state wants. See page 120.

I want to ask you a very important question: If the purchasing power of consumers in the local market is insufficient to absorb the goods and services produced, does the microeconomic cycle stop or what do we do?

In this case, companies that produce such goods and services seek to open new markets outside the country. Especially in countries characterized by high purchasing power, the state can help in this matter through agreements concluded by the state with other countries

What do you know about macroeconomics? and how this economy is managed.

The person responsible for managing the macroeconomic file is considered like a father who takes into account all the needs of his children and works to raise their status. For this, the person in responsible of managing the macroeconomic file must be aware of the following:

First: The economic official must be aware of the tasks to be performed.

These tasks are summarized as follows:

- ١- Supervising the microeconomy through financial, -monetary, and legislative policy tools in order to achieve the following:
 - A- Collecting taxes, customs duties, and fees in exchange for providing services
 - B- Achieving self-sufficiency in goods and services
 - C- Increasing the value of the state's foreign currency reserves as a result of exports).
- ٢- Supervising the educational plan and scientific research that the state aims to achieve. In order to keep pace with the rapid developments taking place in the world.

- ƒ- Supervising the plan for developing the health system that the state aims to achieve.
- €- Supervising the plan for developing the industry to keep pace with its counterparts in the developed world.
- ∘- Supervising the plan to increase the agricultural area for self-sufficiency in food.
- ⋈- Supervising the development of infrastructure (electricity, water, gas, sewage, roads and bridges, means of transportation).
- ∨- Supervising the development and strengthening of the state's personality, which is represented by (the army - the police - the judiciary).
- ∧- Supervising on the achievement of social justice, such as (support directed to a specific group of people to increase their purchasing power).

Second: The economic official must be aware of how the state obtains its revenues.

These revenues are summarized as follows:

- ∩- Revenues generated from natural resources.
- ∪- Revenues generated from technological industries.
- ƒ- Sovereign revenues resulting from sources (taxes, customs duties, and fees for providing services).

- ξ- Revenues from the source of state participation with a 10% share in the capital of leading joint stock companies.
- ο- Revenues from the source of direct financial employment (the state establishing projects and offering their shares on the stock exchange).
- ϖ- Revenues from the source of projects owned by the state.

Third: The economic official must be aware of the basic principles which must be taken into account when developing the implementation plan.

- ϗ- The existence of a database about the people whose economic file is to be managed.
- Ϙ- The plan should take into account:
 - A- The task to be implemented.
 - B- The value of revenue that is used to spend on the task.
 - C- The period for implementing the plan.

The above definition of macroeconomics can be summarized as follows:

Genetic economy defined macroeconomic as “the state’s ability to manage the microeconomic system in all its sectors (industrial, agricultural, commercial, and service). Through financial, monetary, and

legislative policy tools to achieve self-sufficiency in products, and to provide what is lacking through imports after these sectors provide the necessary currencies.” Through the export of surpluses of some local products (The trade and services balance from the balance of payments). The goal of the state’s management of the microeconomic system is to obtain the best revenues (taxes - customs - fees... etc.) in order to be added to the state’s other sovereign revenues. These revenues are used to achieve the general goals that the state wants to implement, such as (The character of the state - infrastructure - achieving social justice, such as education, health services, subsidies, etc.).

I want to ask a question. What is the necessity of the existence of a macroeconomy as long as there is a microeconomy that produces goods and services that the human element needs?

We have come to know that the microeconomy consists of companies and institutions. The owners of these companies and institutions are the ones who manage their companies. Accordingly, it can be said that those who manage the microeconomy are the owners of these companies and institutions. But from what angle and with what goal do they run their

companies? We all know that the main goal of company owners is to grow their capital by increasing their profits as a result of selling as many of their products as possible. Come with me and ask these questions:

- १- Are the owners of companies and institutions thinking about how the state can achieve self-sufficient?
- २- Do the owners of companies and institutions think about the extent to which the state needs foreign currencies to provide goods that their companies do not need?
- ३- Do the owners of companies and institutions think about the citizens' standard of living?
- ॴ- Do the owners of companies and institutions think about having the infrastructure (electricity, water, sewage, roads, and bridges) that the citizen needs?
- ॵ- Do the owners of companies and institutions think about improving the level of education and scientific research that the state wants to achieve?
- ॶ- Are the owners of companies and institutions thinking about maximizing the role of state institutions (the army - the police - the judiciary).

We find all of the above to be the responsibility of those responsible for managing the macroeconomic

file, not the owners of companies and institutions in microeconomics.

You said that one of the tasks of the person responsible for managing the macroeconomic file is to supervise the microeconomics through financial, monetary, and legislative policy tools. What are those tools?

I will answer you: What are the financial, monetary, and legislative policy tools as follows:

Financial policy is:

Financial policy has tools that state officials use, as I said, to organize and manage the economic system. On top of these tools are (taxes - customs duties - fees imposed on providing services that provide to the citizen, such as obtaining a birth certificate). As for the relationship of these tools to the organization and management of the economic system, here are some examples to clarify this.

If the state wants to revive investment and increase purchasing power, the following is done:

- ١- When the state abolishes a type of tax or reduces the percentage of taxes imposed. This means that the state is telling capital owners to come and

invest in our country because there is no tax burden imposed on you.

- Υ- The state also uses taxes to encourage a specific activity that it wants to continue, so it reduces the tax rates on it, and if the state wants to end a specific activity, it increases the tax burdens on it. As well as the fees related to this activity.
- Υ- This is in terms of taxes, but in terms of increasing purchasing power, the state uses customs duties as a means of granting support or not granting it. How, when the state wants to support a certain commodity that the citizen needs, it reduces customs duties on this commodity and thus increases the purchasing power of the consumer of this commodity, and so on. This topic will be explained at length with several examples, but all of them will revolve around what we explained with the examples.

Monetary policy is:

Monetary policy is also one of the tools used by state officials in organizing and managing the economic system. On top of these tools are (credit interest - currency exchange rate). As for the relationship of these tools to the organization and management of the economic system, here are some examples to clarify this.

- ١- If the state wants to seize the existing liquidity that causes inflation or wants to obtain citizens' savings with the aim of investing those savings. The state raises the interest rate on deposits.
- ٢- If the state wants to increase borrowing in order to finance projects. It reduces the interest charged on borrowing used to finance projects.
- ٣- As for the exchange rate. Whenever the exchange rate decreases, this leads to an increase in demand for imports, and this leads to a decrease in the costs of imported goods in order to support the productivity inputs of factories and vice versa.

The legislative policy is:

Legislative policy. It is also one of the tools used by state officials in organizing and managing the economic system, and on top of these tools is issuing laws related to establishing projects. (Whether joint stock companies - joint liability companies - sole proprietorships). Or issuing laws related to the practice of the same activity, such as banks setting currency rates for exchange companies. Or issuing laws related to employment, social insurance, and health care for employees. Or issuing laws for civil protection. There are many laws issued to organize and manage the economic system.

You summarized the tasks of state officials into eight tasks. So where do state officials begin to carry out these tasks?

Dear reader, it is not that easy. I would like to inform you that the eight tasks that I mentioned are considered large headings under which thousands of other headings fall. Dear reader, do not be surprised. These examples show you that.

- 1- Look at the task of supervising the plan to develop the industry to keep pace with its counterparts in the developed world. If state officials want to carry out this mission, where do they start? You know that the industrial sector includes thousands of different industries such as (heavy industries - electronic devices industry - furniture industry...etc.) Rather, you find an industry such as the electronic devices industry that includes very many industries (are they electronic devices for personal use, such as mobile phones? Or does it pertain to home use, such as televisions, or does it pertain to machines and equipment used in factories) and even if it is required to manufacture television sets, for example. Will the electronic board be manufactured? Or manufacturing the structures of these devices. What are the entities involved in manufacturing electronic boards? Is it

required that there be research laboratories available for the company that will manufacture this board and so on?

- ۲- Look at the task of supervising the development of infrastructure (electricity, water, gas, sewage, roads and bridges, means of transportation). I showed you how the task of supervising the development of infrastructure has expanded into many other tasks.

Therefore, there are several factors that govern where state officials begin to carry out these tasks, which are as follows:

- ۱- **The first factor:** the urgent need to treat the problem facing state officials (a schedule must be made that sets priorities for treating the problems facing the state).
- ۲- **The second factor:** The extent of the state's revenues that it uses to treat the problem (the more these revenues increase, the greater the opportunity to treat many problems at the same time).
- ۳- **The third factor:** The time required to complete treatment of the problem. (How long does it take to treat the problem? Is it within a few months or within several years?) This is useful in knowing if treating the problem will take several years, as this

does not represent pressure on the state's general budget. Because the money required to treat the problem will be divided by the number of years of treatment.

- ξ- **Fourth factor:** If the revenues collected by the state are insufficient to solve many tasks, it is preferable to start treating problems that have an economic return first, such as the agricultural sector.

You said that the person responsible for the economic file must be aware of how the state obtains revenues, and you mentioned in addition to the revenues resulting from the source of natural resources (such as minerals, oil, etc.) and the revenues resulting from the source of technological industries (such as selling advanced weapons, investment machinery and equipment, etc.). As well as sovereign revenues resulting from a source (such as taxes, customs duties, and fees for providing services), other revenues were mentioned, such as:

- ϑ- Revenues from the state's establishment of projects and offering the shares of these projects on the stock exchange.
- ϒ- Revenues from projects owned by the state.

३- Revenues from the source of state participation with a १०% share in the capital of leading joint stock companies.

What is the wisdom for the state to participate in the microeconomy (Is not the microeconomy managed by the owners of companies and institutions in capitalism)? You mentioned that participation should be in the form of the state owning १०% of the capital of leading companies. And it creates companies and offers their shares on the stock exchange. And it owns some projects as a source of revenue?

My ask now: Don't you know that in capitalism, the state does not have to participate with the private sector (microeconomy) in its work? Are you inventing a new economy?

Dear reader, there is no new economic invention. Also, the principles of any economic system (whether it is a capitalist economy system, a socialist economy system, or a genetic economy system) are not principles in a holy book that cannot be changed. Rather, the principles of economics develop according to the public interest (as economic principles must meet two conditions.

The first condition: That the economic principle achieves the goals of economic development.

The second condition: That the economic principle does not have any negative effects, whether economically, politically, or socially).

This is on the one hand, and on the other hand, which you asked about, what is the wisdom of adding the three previous items to the management of the state, so we mention the wisdom of that in some detail as follows:

The wisdom behind having revenues from a source such as the state establishing projects and offering the shares of those projects on the stock exchange (direct financial employment)

First: The reasons that force the state to establish projects and offer its shares in the stock exchange as following:

- ١- Businessmen (investors) may refrain from investing in a country due to political, ideological, or economic differences.
- ٢- The presence of unacceptable conditions imposed by businessmen on the state.
- ٣- The state needs such projects according to the development plan implemented by the state and

does not find help from the private sector in this regard.

Second: The advantages of projects establishing by the state and offering the shares of those projects on the stock exchange

- ١- Offering shares on the stock exchange makes it easy for anyone who wants to buy those shares according to their ability to buy. Thus, the state avoids the impossible conditions imposed by businessmen on the state. The state also ensures that its project was established in accordance with its plan.
- ٢- When the state establishes such these projects, the state gives many advantages to these projects. (such as reducing tax rates, fees, or financing).
- ٣- These projects must be characterized by high profitability that encourages subscription.
- ٤- The management of these companies (which are joint stock companies) is based on whoever has the largest share in the capital.
- ٥- There must be strict oversight by the concerned authorities over these projects to prevent any violations.

Third: Profits (revenues) that the state will achieve from establishing of projects and offering its shares on the stock exchange

- ١- If the costs of a project established by the state, for example, were in the range of one billion pounds. (Note that the state's intervention in establishing various projects gives many advantages in reducing the cost due to its ownership of the land, as well as the state's ability to reduce all fees and procedures required to establish the project.) The state can offer the entire capital of this project on the stock exchange at a value of two billion pounds. (That is, the state achieved profits (revenues) amounting to one billion pounds, which is the difference between two billion pounds, the value of the shares sold on the stock exchange, and one billion pounds, the cost of the project.)
- ٢- The state can offer shares of these projects in local currency and the part in foreign currency.
- ٣- These projects have become a source of revenue for the state, whether in local or foreign currency.
- ٤- These revenues will be used to solve many of the economic problems facing the state.

The wisdom behind having revenues from a source that comes from projects owned by the state.

It is known to all of us that a resource such as oil is left to the state (whether that is represented by the state's agreement with others to conduct research and exploration operations or the state's share in the oil extracted).

In this way, the state must own some projects. The wisdom behind this is the following:

- ١- The state guarantees a new source of revenue for it, as this source is added to other sources of revenue in order to help the state solve many of the economic problems that are facing the state.
- ٢- These revenues help the state reduce the tax burden, whether on companies or individuals.
- ٣- Projects owned by the state must have a significant economic return. Economic return means:
 - A- That the project should be able to produce goods and services that people need.
 - B- The project should be able to absorb the largest possible number of workers in order to provide them with purchasing power.
 - C- The project must achieve large profits in order to use those profits to solve many problems - It is preferable that its profits be made over short periods of the year in order to provide revenues

that can be used quickly. This applies to projects such as agriculture and fishing.

The wisdom behind having revenues from a source that comes from the state's participation in a 10% share in the capital of leading joint-stock companies.

We previously knew what the leading joint stock companies are (see page ١٢٠), where the efficiency of these companies is (excellent - very good - good).

Here, the state can buy part of the capital of these companies (at a rate of less than 10%) so that it is not said that the state is nationalizing the companies. And so that the state does not have a board member in the company. The state buys this share at nominal value, and thus the state achieves huge revenues represented in the following:

- ١- Companies whose efficiency is (excellent - very good - good) achieve annual profits greater than bank interest, which may reach more than ٥٠% of the nominal value.
- ٢- The state can achieve profits other than the annual profits which are achieved by these companies by selling its share in the stock market at market value. (An illustrative example: The state may buy a share at a nominal value of ١٠ EGP, and the

book value of this share may be ٢٠ EGP, and the market value on the stock exchange for the same share is ٥٠ EGP. This means that the state achieves revenues on this share of ٤٠ EGP (The difference between market value and nominal value) . With the recovery of the value of its share with which it purchased the nominal value.

Advantages of the state's participation with a ١٠٪ share in the capital of leading joint stock companies.

- ١- These revenues and profits do not represent a burden on the company or the citizen because they are not taxes.
- ٢- The state provides liquidity to these companies when the state buys its share (١٠٪) at nominal value. These companies may need this liquidity.
- ٣- The state gives many advantages to the company in exchange for buying its share at nominal value.
- ٤- The state achieves very huge revenues as a result of its ١٠٪ investment. Thirty-one companies in Egypt were studied in which the state could have achieved ٣.٥ billion pounds in revenues if it invested ١٠٪ in those thirty-one companies. The question is: What is the amount of revenue that the state will achieve if it invests in more than seventy thousand joint-stock companies?

Dear reader, you agree with me that the previous three sources meet the following two conditions.

The first condition: That the economic principle achieves the goals of economic development.

The second condition: The economic principle should not have any negative effects, whether economically, politically, or socially.

This is what makes us adopt the three sources as additional sources of revenue for the state and consider them basic principles that must be taken into account in economic thought.

You said the economic official should be aware of the basic principles which must be taken into account when developing an implementation plan and among these principles the existence of a database about the people whose economic file is to be managed. What do you mean by the presence of a database about the people?

Database about the people, I mean all the data pertaining to the country for which the economic plan is being prepared. The database must include the following:

- ၁- Data pertaining to the people that manage their economic file.
- ၂- Data related to microeconomic input data.
- ၃- Data related to the tasks that must be carried out by the person responsible for managing the economic file of the macroeconomic system.

First: Data related to the people whose economic file is managed

၁- In terms of population

What is the current population in the year of preparing the database?

What is the population in a year..... Let it be after ten years, which is the period of the economic plan?

၂- Regarding the age of the population

How many is the population, starting from the age of one day until the age of γ years, and what is the ratio of males to females (infancy stage).

How many populations, starting from γ years old up to \circ years old, and what is the ratio of males to females (school entry stage).

How many populations, starting from age 0 to age 23, and what is the ratio of males to females (stages of different education).

How many populations starting at 23 year up to the age of 60 years, and what is the ratio of males to females (stages of work).

How many populations starting at 60 year or more (retirement stage).

3- For educated and uneducated people

How many hold degrees (PhD - Master), what are their specializations, what is the ratio of males to females, and what is the percentage of unemployed among them compared to those who are employed? What is their average income?

How many people hold degrees (bachelor's degrees) and what are their specializations? What is the ratio of males to females, what is the percentage of unemployed among those who are employed, and what is their average income?

How many holders of certificates (intermediate qualifications)? What are their specialties? What is the ratio of males to females? What is the percentage

of unemployed among those who are employed?
What is their average income?

How many holders of certificates (technical)? What are their specialties? What is the ratio of males to females? What is the percentage of unemployed among those who are employed and what is their average income?

Second: Data related to microeconomic inputs.

ξ- Regarding cash capital.

What is the ratio of liquidity circulating in the country to the value of the national product (to know inflation)?

What is the value of available liquidity in banks (to know the value of savings)?

What is the value of available credit in the country?

ο- For physical (investment) capital.

What is the value of investment capital represented in machinery and equipment in the country?

Are these machines and equipment suitable for their work or are they no longer suitable?

What are the country's needs for investment capital?

٦- Regarding current capital

What is the value of the raw materials required for the functioning of the microeconomic system? And its types?

What are the natural resources and their values that the state possesses (oil, minerals, mines, etc.).

٧- Regarding the output of technological resources

What are the technological industries in the country?

How many manufacturing patents are under investigation?

٨- Needs of the microeconomic system

Knowing the extent of deficiencies in any element of microeconomics in order to fulfill them so that the wheel of work in microeconomics does not break down.

Third: Data regarding the tasks that must be carried out by the person responsible for managing the economic file

The data related to the eight tasks that we mentioned before must be limited, and we will suffice here by mentioning the needs of the human element.

٩- Regarding the needs of the human element

The needs of the human element include (food - housing - clothing - education - health - means of transportation - home furniture...etc.).

The person responsible for managing the economic file must know the productivity gap (which is the difference between what is actually produced and what the human element needs to meet its needs) must be known for each element of the human element's needs.

Note: Dear reader, you can add a lot of data to the economic database as we mentioned a sample just to clarify the matter.

You said that the plan must take into account (the task to be implemented - the value of revenue that is used to spend on the task - the time period for implementing the plan). So, what is the plan?

The plan must contain several elements, which we explain in the following example:

We assume that the state aims to manufacture electronic devices.

The first element: Description of the task.

The country desires to be one of the countries that manufacture computers and its components.

The second element: The time this task takes.

The duration of this task is five years.

The third element: The cost of the task.

The cost is one billion dollars, divided over five years, which is the period required to complete this project.

The fourth element: The project implementing agencies.

- ١- Determine the implementation team to work at the National Research Center under the supervision of the Minister of Higher Education and Scientific Research.
- ٢- Participation of a scientific team specialized in this field, including university professors.
- ٣- Sending some workers at the National Center, under the supervision of some university

professors, abroad in cooperation with one of the specialist universities.

- ξ- Assigning foreign specialists to supervise the implementation of the project and allocating attractive salaries and bonuses to these specialists.

The fifth element: Making a final report on what was done in this task and submitting it to the Prime Minister

- η- A report must be prepared at intervals periodic to know the extent of achievement, as well as to know the obstacles facing the project in order to overcome them.
- θ- Everything related to the task (which is manufacturing computers and their components) is explained in detail at the end of the project completion.

Thus, all plans must be made and undertaken by the state to carry out the tasks related to managing the economic file.

In the end we got to know what macroeconomics is. How is this economy managed through the following elements?

- ၁- What are the tasks and responsibilities of the person responsible for managing the economic file?
- ၂- What revenues must be available to the state in order to use those revenues to solve economic problems?
- ၃- How to develop an economic plan after collecting data in the database

What do you know about the global economy? and how it is managed?

What do you mean by global economy?

Genetic economy defines “The global economy as the extent to which global capital can move across the borders of different countries in order to develop this money, taking advantage of the comparative advantages provided by the country that desires that money (these advantages may be available by nature in the country in which the money is invested. Or these advantages arise through agreements International). At the same time, the goals that the country hosting to these funds must be achieved.

Do you mean by global economy the freedom of global trade of goods and services between countries?

of course, not

What do you mean by the global economy?

The global economy does not mean the freedom of global trade of goods and services between countries, as that exists in the balance of trade and services in the balance of payments and exists in the

macroeconomy. But what is meant by the global economy, as I indicated, is the freedom of movement of capital itself (money - machines - technological innovations... etc.), which leads to a change in the economic form of the country hosting for this money in terms of the quality of the products and the degree of growth in them.

Why do global capitals (whether the owners of these capitals are states or multinational companies) resort to investing in other countries than their home country?

I would like to clarify something very important: If a foreign investor comes and invests in our country, is this considered part of the global economy? Of course not. He is said to be a foreign investor only. Why? Because he usually comes with cash under the umbrella of the applicable laws regarding the work of companies operating in the country. The global economy has the following conditions:

- 1) - Multinational companies come with their capital (not just cash capital as is the case with a foreign investor). In addition to cash capital, there are technological machines and equipment, as the host country for multinational companies wants to

- localize this type of activity in the country (usually modern technological activities).
- ५- Multinational companies come to invest in a country in accordance with prior agreements between those multinational companies and the country in which these companies wish to work, and not under the applicable laws specific to local companies.
 - ६- The agreement between the state and multinational companies stipulates several items. The most important of these items is giving several advantages to multinational companies, such as (providing raw materials at cheap prices - cheap labor - supplying those companies with energy at cheaper prices than they could afford in the home country - exploiting the country's location as well as its ports in export operations to give it a competitive advantage over other companies operating in the same field, and so on. So that multinational companies ensure the growth of their capital as a result of obtaining advantages provided by the host country for those companies.
 - ७- The host country must derive benefits from the presence of multinational companies on its territory. The most important of these benefits of all is the localization of an activity that is in dire need of it, as some Asian countries (the Asian

Tigers) when those countries wanted to localize their computer and electronic industries in them, which led to a change in the economic pattern of those countries.

- There are also other advantages that the host country obtains from multinational companies. Such as training workers in the activities of those companies (usually a technological activity). On the one hand, this is the case, and on the other hand, the host country provides these workers with low wages and salaries to multinational companies and sells economic inputs to those companies (such as raw materials, energy, land rental, etc.) in foreign currencies.
- ٦- Usually, according to the agreement, the state creates an area called the free zone in which multinational companies operate. Special laws apply to it according to the agreement concluded between the state and multinational companies. Not the laws applicable to local companies operating in the country.

Is every country able to attract multinational companies, as happened with the Asian Tigers?

The answer is of course, no?

why?

There are two reasons why multinational companies refrain from moving to invest in a country.

The first reason: There is an ideological and political difference between the two countries (the home country of companies Multinational and host country). For example, do American multinational companies go to operate in North Korea at the present time! of course not. This may happen in the future because there are no constants in politics.

The second reason: There are conflict in the agreement between multinational companies and host country for example, that multinational companies do not find grows in its capital because there are obstacles in the agreement and the difficulty of recovering that capital of company to the home country on the one hand. On the other hand, you may find the hosting country the existence of multinational companies only came to exploit the various state resources are at cheap prices (wasting resources) and are not obtained the host country to receive the benefits it wishes to obtain from multinational companies. Such as localizing the activity of these companies in a host country.

Chapter Three: How do state officials control both the local economy and the global economy?!

Introduction to chapter three:

In the first chapter, we learned about some of the hidden ghost viruses. The negative impact that these viruses cause on the economic life of individuals, companies, or even the state itself. We tried to provide some solutions to avoid these negatives caused by hidden ghost viruses.

In the second chapter, we talked about the economic system applied in the country (whether microeconomics - macroeconomics - global economy) through these angles:

- ١- Definition of each system (Microeconomy - Macroeconomics - Global economics).
- ٢- Identify the elements that make up the system (whether Microeconomy - Macroeconomics - Global economics).
- ٣- How to manage each system (whether Microeconomy - Macroeconomics - Global economics) in a scientifically sound manner to avoid the emergence of hidden ghost viruses.

In this section (Chapter Three), we will talk about two very, very important elements:

The first element: How do we discover the economic imbalance if it occurs during implementation. How do we treat this defect (whether microeconomics - macroeconomics - global economy) without the human element interfering because it may be correct or missing.

The second element: After the state confirms that it has addressed any economic imbalance that occurred through evaluation tools, whether at the level of (microeconomics - macroeconomics - global economy). It was not left to the state, the only thing is how it can control the management of the local economy in order to prevent hidden ghost viruses from appearing again. Who is this on the one hand, and on the other hand, since the state is affected as a result of its dealings in the international markets, it must know how to control the global economy?

In the first element, you talked about something that I do not understand. How do you define or discover an economic imbalance if it occurs in the microeconomic system, the macroeconomic system, or the global economy without the intervention of the human element, which you described as being correct-and-wrong? How does this story happen? Isn't this a little strange?

Frankly, there is a famous saying that says, “If the reason is known, the wonder will cease.” Due to the absence of evaluation tools that detect economic imbalance, whether in the capitalist economic system or the socialist economy. When an economic problem arose, it was presented to specialist economists to give their opinion, each according to their knowledge and experience. Some of them were right and some of them were wrong. Unless genetic economy came and solved this dilemma. how! The researcher who founded the science of genetic economy spent thirty years for establishing this science, using the most difficult branch of the mathematical sciences (whether it be algebra, statistics, mechanics, calculus, etc.), which is geometry science, with the aim of reaching the highest degree of accuracy. In diagnosis or for treatment.

Why was geometry science described as the most difficult branch of mathematics?

Geometry science has been described as the most difficult mathematics science for two reasons:

The first reason: Geometry science distinguished by its conditions that are not available to any other branch of mathematical sciences.

The second reason is because of the conditions that characterize geometry science. No scientist, regardless of his specialty, has been able, up to the present time, to use geometric theory outside geometry science.

What are the conditions that characterize geometry theories?

geometry theories are characterized by three conditions, as follows:

The first condition: If you give the geometric theory the data, the geometric theory will give you the proof, and if you reflect and give the geometry theory the proof, geometry theory gives you previous data.

The second condition: No human being can make a mistake the geometry theory, so geometry theory

remains sound on its terms until the Day of Resurrection.

The third condition: The geometry theory must be valid for practical application.

Examples of geometric theorems (Pythagorean theorem)

How did geometry theory help you in discovering economic imbalance?

When geometry theory was used in its terms with different economic genes, highly efficient and accurate diagnostic tools were produced. It is used to identify economic imbalance, whether at the microeconomic level (i.e., at the level of companies and institutions). Or at the level of the state's sectors in the macroeconomy, as well as for the economic system as a whole. Or at the level of the global economy (at the level of multinational companies). This is without the intervention of the human element. Once you enter the case data, you want to know whether there is an economic defect or not for this case in the diagnostic tool. This tool will accurately inform you of the economic imbalance that occurred. Not only that, but this tool gives you immediate treatment for this defect. To bring the idea

closer to you. Imagine that there is a detector in a doctor's office. As soon as the patient enters this detection device, a report appears on the screen of the detection device about what this patient is suffering from (this device has examined every cell of the patient and every organ of his organs) and this device does not stop knowing what the patient is suffering from. Rather, the patient is given treatment that cures him of his diseases.

Where do we find these amazing tools which it has ability on a discover economic imbalance and treat this imbalance?

You will find This amazing tool on the next website:

<http://www.geneec.com>

We will talk about these tools in detail in the following lines.

First: How does the government controls the local economy?

Is there a purpose in using evaluation tools other than identifying the economic imbalance and treating this imbalance?

Yes. There is goal and wisdom from knowledge of economic imbalance and treat it, where these goals are summarized as follows:

Firstly, the goal is for the local economy is to achieve the following three tasks:

The first task: How can the state make sure that economic resources that are available to the owners of companies are not wasted? What is the role of the state in treating stumbling companies?

The second task: Achieving social justice in terms of (supporting of the poor- employing of the unemployed - supporting of health services - supporting of education and scientific research, etc.). Here, a very important question arises, from where State comes the revenues in order to achieve social justice without bearing the citizen or investor (owners of companies) burden these revenues?

The third task: How does the state prevent injustice or unfairness that occurs from some capitalists against the low-income group where they raise the prices, which impedes the achievement of social justice that the state wants to achieve?

We knew the goal of the state's control of the local economy. But how does the state control in local economy?

The previous website has provided several models which control the local economy. These models can answer the previous three tasks by applying the following steps:

First step: Create an economic database.

There must be an economic database available to the state in order to make the right decision based on factual and actual data.

What does an economic database mean? that we have done before?

No, before we created a database about the people and their needs. Do you remember when we talked about the ages of the citizens (whether the breastfeeding stage - the education stage - the

graduation stage and work - the retirement stage) and we talked about the needs of the citizens (food - clothing - housing - education - means of transportation... etc.) and that was in order for them to use those data in planning and determining the tasks to be performed. But the purpose of the economic database is to know the outcome of the work of the economic system. Was the system managed correctly or whether a defect occurred in the management of the economic system.

How do we create an economic database that contains realistic and actual data?

The state must establish a special department whose mission is to establish an economic database and manage its economic file. So this department gets its data in one of two ways:

The first method: When companies submit their balance sheets to the tax authority each year where the required information is available in those balance sheets.

The second method: In some countries, which companies do not submit their balance sheets to the tax authority, the state obliges their companies to provide to the administrative authority that are

established by the State with their balance sheets for each year -

What are the tasks of the administrative authority responsible for managing the economic database?

The tasks of the administrative authority responsible for managing the economic database are divided as follows:

The first task: Completing the data contained in the balance sheets of companies and institutions in the country.

The second task: Classifying the data and entering it into the forms prepared for this.

The third task: The administrative authority will obtain the reports produced by the models in order to correct the defect if it occurs. This is on the one hand, and on the other hand, in order to make the right decision as a result of this report, which gives the government more control over the management of the economic system.

Where are the tools or models that this administration will use to manage the economic file?

These models are as follows:

The first model: In this model, the administrative authority will enter the balance sheets data in the following form in order to create an economic database.

<http://www.geneec.com/responsesE\1.php>

Required data for evaluating the company.

- ١- Company name
- ٢- Company Telephone
- ٣- Legal form of your company
- ٤- Choose Sector that company works in it
- ٥- Choose Country where the company works
- ٦- Remember five products names to company
- ٧- The Sales
- ٨- The Purchases
- ٩- Gross profit = the sales - the purchases
- ١٠- General and administrative expenses & depreciation
- ١١- Debit interest or enter zero.
- ١٢- Other revenues or enter zero.
- ١٣- Net profit

١٤- Total fixed and current assets

The second model: In this model, which shows the economic database that was created and which has all the data of companies that have submitted their balance sheets. This model is on the following link <http://www.geneec.com/responsesE٧.php>

Economic Database for Companies Evaluation

Choose Country where the company works: such as Egypt

Choose Sector that company works in it

A database will appear to you containing all the data you entered for each company.

The second step: Evaluation of the companies in the economic database

The third model: Through the second model, which shows the economic database of all companies that are operating in the state. When we choose from the database a particular company to be evaluated we take the phone number (copy) and placed in the third model (paste) after selecting the evaluation year in order to do the third model that is available at this link <http://www.geneec.com/responsesE٧.php>

It will be as follows:

Companies evaluation database

Enter Telephone Number of the Company

Enter year

An evaluation report on the company will appear to you, as we mentioned before. See the previous example on page ١٠٠ of this book.

to evaluate the company where the result of the evaluation is one of the following possibilities:

The first possibility: The efficiency of the company is (acceptable or poor or losses) then administrative authority that manages the economic file to send the evaluation report to the company that owns this report. Where this report is treated in order to preserve the economic resources that are available to these companies.

Note: In this case the state determined the stumbling companies and worked to remedy this stumbling by sending the evaluation report to the company for the preservation of economic resources and this answer to the third task which was preservation of economic resources.

The second possibility: Efficiency of the company is (excellent or very good or good). Here the state can buy part of capital of this company (by less than 10%) so as not to say that the state nationalizes companies and even the State is not for it a member of the board in the company, where the State shall purchase such share in nominal value. Thus, the State generates huge revenues that represented by the following:

- 1- Companies that are efficient (excellent - very good - good) achieve annual profits greater than the credit interests of banks. It may reach more than 20% of the nominal value.
- 2- The State may make profits other than the annual profits that are achieved by these companies by selling their share in the stock market at market value (for example, the State may buy the share at nominal value of \$ 10 and the book value of this shares may be \$ 20. This means that the State earns \$ 10 (the difference between the market value and the nominal value) with the recovering of its share that bought in the nominal value.

Notes:

- 1- These revenues and profits do not represent a burden on the company or citizen because they are not taxes.

- ٢- The State provides liquidity to these companies when the state buys its share (١٠٪) in nominal value. The companies may need this liquidity.
- ٣- The State shall give the company several advantages in return for purchasing its share in nominal value.
- ٤- The state is achieving very huge revenues because of its investment in the share of ١٠٪, where it was studied on thirty-one companies in Egypt, where the State could achieve ٣.٥ billion pounds as revenues if it invested by ١٠٪ in those companies. See this study on this link.

<http://www.geneec.com/responsesE٩.php>

The question is, what is the amount of revenue that the state will achieve if it invests in joint stock companies of more than ٧٠,٠٠٠ companies?

- ٥- Using these huge revenues, the state can achieve social justice in terms of (supporting the poor - employment of the unemployed - supporting health services - supporting education services, scientific research, etc.). This is the answer to the question of the first task.

Are there other forms on this website for evaluating and treating the sectors of the state and economic system of state?

Yes, there are other models. There is a model for evaluating the state's sectors and a model to evaluate the entire economic system of the country. Below we explain these models.

The fourth Model: Evaluation of State Sectors

In this model, you must choose the sector that you want to evaluate and the year of evaluation that is available on this link.

<http://www.geneec.com/responsesEγ.php>

where you will know the following:

Evaluation of state sectors

Choose the country in which the company operates

Choose the sector in which the company operates

Choose year.

Evaluation reports of state sectors

Measurement of the first cell (Efficiency of product of this sector) and how to use financial

and monetary policy tools, legislation and state intervention about the issues that arise from this cell

Objectives of sector evaluation

A- Objectives of sector evaluation are providing the tools that lead to the success of the work of companies that operate in this sector, where these tools is out of the scope of work of the managements of these companies as is the case of the evaluation model of the companies , but the state owns these tools to correct the working pathway of these companies in order to achieve self-sufficiency of goods and services - elimination of Unemployment – increase the purchasing power for workers in this sector - increase state revenues

These tools are:

- ١- Financial policy (notably customs duties and support of production inputs)
- ٢- Monetary policy (notably the debit interest rate - and the exchange rate).
- ٣- Laws and conventions (notably, investment attraction laws - international conventions to

stimulate the market - ban of importation of similar goods)

- ξ- The genetic economy approved also state intervention to adjust the economic system movement not only through the use of financial and monetary policy tools, laws and conventions but also as economic actor as any economic unit operating in the country, provided that this intervention is through mechanisms of the free market during the required period in order to adjust the movement of economic system.

Issues that arise from this cell (Efficiency of the products of this sector)

- η- Does this sector achieve revenues for the state through its ability to bear all the productivity burdens (such as customs duties - other productivity fees - exchange rate) or no?
- θ- does this sector need to be supported, especially in the case it produces of the strategic products for the state.

Degrees of efficiency of product of this sector

The degrees of efficiency of the product of this sector are divided to excellent - very good - good - acceptable – poor – very poor – losses.

Evaluation of this cell (Efficiency of the products of this sector)

Products of this sector achieved excellent degree of efficiency.

Features and warnings that arise from efficiency that has been achieved

Companies in this sector can bear all the productivity burdens (such as customs duties and other productivity fees) companies of this sector achieve revenues to the state.

Measurement of the second cell (Efficiency of administrative and general expenses of this sector)

And how to use financial and monetary policy tools, legislation and state intervention about the issues that arise from this cell

Definition of efficiency of administrative and general expenses of this sector (non-productivity economic resources)

- 1- The general and administrative expenses are necessary expenses to complete the company's activity, especially for the working capital turnover cycle excluding the production costs in

order to reach net profit, which capital owners deserve.

- ५- Here the officials of the sector will know practically, if there is extravagance in general and administrative expenses items including depreciation or not, or in other words, do the companies keep on the rest of the non-productive economic resources or not.
- ५- Degrees of efficiency of administrative and general expenses of this sector divides to excellent - very good - good - acceptable - poor – very poor – losses

Issues that arise from this cell (Efficiency of administrative and general expenses of this sector)

Here the officials of the sector will know practically if there is extravagance in the non-productive economic resources or not.

Evaluation of this cell (Efficiency of administrative and general expenses of this sector)

This sector achieved an excellent degree of efficiency of the management of general and administrative expenses or economic resources, where there is no extravagance in these economic resources.

Features and warnings that arise from efficiency that has been achieved

Continuing control of these economic resources in order to preserve them from extravagance.

Measurement of the third cell (Efficiency of debit interest rates of this sector) And how to use financial and monetary policy tools, legislation and state intervention about the issues that arise from this cell

Definition of debit interest rates of this sector

- ١- The debit interest is a cost borne by the company's activities, which is deducted from income statement and affect negatively on net profit, which arise when the company resort to borrow from others such as banks, then the bank calculates on this loan so-called debit interest.
- ٢- Here the officials of the sector will know practically the effect of debit interest on the costs of operating companies in this sector.
- ٣- Degrees of efficiency of debit interest rates of this sector divide to excellent - very good - good - acceptable - poor – very poor – losses.

Issues that arise from this cell (Efficiency of debit interest rates of this sector)

- ١- Does this sector need to reduce the debit interest rate or not?
- ٢- Alternatively, the companies in this sector must increase its capital instead of borrowing because loans have affected negatively on the continued success of these companies.

Evaluation of the efficiency of debit interest rates management of this sector

This sector achieved a degree of efficiency of debit interest rates of this sector very good Therefore, there is negative impact from the debit interest on the cost of the product where degree of efficiency decreased from excellent to very good.

Features and warnings that arise from efficiency. That has been achieved.

There is a negative impact of the use of the debit interest.

How to use financial and monetary policy tools, legislation and state intervention about the issues that arise from this cell (debit interest rates)

Since there is negative impact of the use of debit interest therefore it must take one of the following two decisions:

- ١- It must reduce the debit interest rates by using monetary policy tools if the banking sector can do that.
- ٢- Or the companies in this sector must increase their capital instead of borrowing because loans have negatively affected the continued success of these companies.

Note: Do not take any action until after knowledge of cell evaluation of efficiency of main activity management that include the value of the credit facilities as follows:

- ١- If evaluation of efficiency of main activity management that include the value of the credit facilities to this sector (excellent - very good - good) that means and despite that there is a negative impact of the debit interest, but the companies in this sector can achieve profits in order to cover the debit interest value.
- ٢- If evaluation of efficiency of main activity management that include the value of the credit facilities to this sector (acceptable - poor - very poor - losses), then the decision is as follows:
 - A- It must reduce the debit interest rates by using monetary policy tools if the banking sector can do that.

B- Or the companies in this sector must increase its capital instead of borrowing because loans have affected negatively on the continued success of these companies.

Measurement of the fourth cell (Efficiency of main activity management that includes the value of the credit facilities to this sector) and how to use financial and monetary policy tools, legislation and state intervention about the issues that arise from this cell

Definition of main activity management that includes the value of the credit facilities to this sector.

- ١- Administration of the main activity of the companies means total of working capitals management of operating companies in this sector (in terms of product processing - either produced or bought - and then sell it and collect its value) to achieve gross profits to be able to cover all administrative and credit expenses to reach net profits equivalent the companies' working capitals.
- ٢- Definition of efficiency of the main activity administration of the companies that operate in this sector is the ability of the companies' administrators to repeat the number of working

capital turnover in the financial year to achieve aim of maximizing the company's net profit.

- ƣ- We mean by including credit facilities is the ability of the success of all administrators of operating companies in this sector to manage the value of these facilities to use them to achieve more profits for the company.
- ξ- Here officials of this sector will know their efficiency in the management of the main activity of the company that includes the value of the credit facilities.
- ο- Therefore, the efficiency of the main activity administration of the companies that includes the value of the credit facilities divides to excellent - very good - good - acceptable - poor – losses.

Evaluation of the efficiency of main activity management that includes the value of the credit facilities to this sector.

This sector achieved a degree of efficiency of main activity that includes the value of the credit facilities to this sector is poor.

Issues that arise from this cell (Efficiency of main activity management that includes the value of the credit facilities to this sector)

Since this sector had achieved degree of efficiency of main activity management that includes the value of the credit facilities to this sector poor this result will require the following:

)- This sector must activate the markets.

Features and warnings that arise from efficiency.

that has been achieved.

The sales of any sector stop on the four conditions as the following:

The first condition: - The quality extent of the product (whether a good or service) and extent of its development of technology to satisfy the consumer's needs.

The second condition: - The extent of purchasing power in the community that can buy such products.

The third condition: - Does the community approach from self-sufficiency of these products or not?

The fourth condition: - The presence of foreign products compete with local products (it must be stopped, provided quality and price)

how to use financial and monetary policy tools, legislation, and state intervention towards issue of activating the market in this sector

The state must activate market of this sector through:

- A- The state must stimulate the operating companies in this sector to develop their products to meet the needs of consumers of these products, even if the state provides support for these companies for the development of these products.
- B- The officials must treat the weakness of purchasing power for the consumers of these products through:
 - ١- It must be there a law determines the minimum salaries and wages which meet the needs of these consumers.
 - ٢- The state must eliminate the exploitation by adjusting market prices.
 - ٣- The state must set up new projects to lower products prices and increase income, and thus increase purchasing power.
 - ٤- The state must provide support to goods and services which are needed by these consumers, whether this support is directed to goods and services or to cash.
 - ٥- The state must help to open foreign markets to deal with foreign purchasing power instead of

local purchasing power to activate the marketing of products of this sector.

C- The State must open foreign markets to activate the marketing of products of this sector, especially in the case of sufficiency of local market from these products.

D- The state must take measures which restrict the importation of similar competitor products to local goods (without violating laws and international conventions in the light of economic globalization) to encourage the local product.

How state uses financial, monetary policy tools, and legislation towards the issue of market control and increasing purchasing power?

When companies in this sector provide strategic products (goods and services) that the masses of people need, and at the same time the citizen is unable to purchase these products because of exploitation or weak purchasing power, then officials must follow the following to eliminate exploitation:

1- Using the financial policy tool (this requires the presence of a tax card for everyone who profits from his activity, with legal punishment for those who violate) the state must choose one of the methods as follows:

- A- Imposing indicative pricing.
 - B- Imposing forced pricing.
 - C- Use progressive tax.
- Ƴ- The state intervenes as an economic actor to control the market and to prevent exploitation.

Sometimes it is not useful to use the financial policy tool, as stakeholders object to the existence of indicative pricing or coercive pricing under the slogan that we work in a free market. (Capitalist economy), On the one hand, this is not a planned market (socialist economy). On the other hand, stakeholders put pressure on the state when the state uses progressive taxation. Investors are intimidated under the pretext of high taxes on investment in this country. Which leads to investment flight. Therefore, the state must enter as an economic unit like any economic unit operating in the country with free market mechanisms. Only during the period during which market control is required. If the exploitation is from intermediaries, the state intervenes as a competing intermediary. But if the exploitation is by the producers, the state intervenes as a producer. Then the shares of that economic unit of the state are sold on the stock exchange after eliminating this exploitation.

How the state uses the tools of financial, monetary policy, and legislation in order to intervene towards the issue of investment in any sector

The state should encourage investment, especially if the sector has achieved (excellent - very good – good) efficiency, as it attracts investment. Investment can be encouraged through one of the following two methods:

- ١- Using financial and monetary policy tools and legal legislation
 - A- Using financial policy to reduce customs duties and production fees.
 - B- Using monetary policy to reduce interest rates and exchange rates.
 - C- Creating legal legislation in terms of land exploitation and facilitating imports and exports.
 - D- Full activation to the work of the stock exchange
- ٢- State intervention as an economic investor

Sometimes investors refrain, for many reasons, from setting up economic projects that the state needs to achieve self-sufficiency in goods and services and eliminate unemployment. Then the state enters as an economic unit like any economic unit operating in the

country with the mechanisms of the free market. During the period during which these projects are required to be established only. To achieve the required objectives of establishing these projects, and then sell the shares of that economic unit on the stock exchange.

You talked about how Use financial and monetary policy tools and legislation and intervention State towards issue adjust market and more power purchasing. and that is through forced price, or indicative price. This is known, so how does the state use the progressive tax?

in the above we knew how the state has been determined adjust prices in any sector and here the answer on the third task and which it was how prevent the state injustice and who it is happening from some Capitalists against category that has limitations income in appearance to rise continuous for prices that hinders investigation justice social which country in achieve it. So, it should on country that pursues next steps to curb to raise the prices in the capitalist system through the use of progressive tax, which is following:

- ١- Any person who practices a work earns from it. He must extract a tax card. (Here the state will know all those who practice in work that earn from it in all sectors of the state. The person who does not extract the tax card will pay a huge penalty with the threat of imprisonment. These traders must be under the eyes of the government.
- ٢- Opening a bank account for each person who practices a work that earns from it (for deducting the tax automatically from his bank account and supplying it to the tax authority without procrastination).
- ٣- Making codes for goods and services
- ٤- Setting indicative prices for all goods and services in the country
- ٥- An invoice is issued from a compare of the seller. This invoice shows the price sold, where this machine is connected via the net to the trader account in the bank.
- ٦- Work on a program that matches the indicative prices at the actual prices that have been made.
- ٧- If the prices are within the limits of the indicative prices, the tax is exempted. If otherwise, the tax is calculated on the overpriced prices and deducted from the trader's account in the bank automatically and shall be submitted to the tax Authority. This method works not to exaggerate the prices because

the trader knows that the state is controlling him, as the high prices it may be affected on him because of the State's calculation of progressive taxes that take automatically then the trader will work to reduce prices.

This method characterized with the following:

- ၁- Electronic censorship which prevents bribery
- ၂- Any person who practices a work on the territory of the State shall become an observer of the State.
- ၃- The State controls the excess price whenever it wishes.
- ၄- The State shall maintain the purchasing power of a large segment of society and protect it from greed.

You told us about microeconomic evaluation to identify stumble companies and treat them. Knowing the leading companies for the state to invest in them. and talk about evaluating the state's sectors to know how to use financial and monetary policy tools, legislation, and international agreements to encourage investment. And how to control rising prices of goods and services. But you did not talk to us about evaluating the economic system in the country as a whole. What do you say?

Yes, there is a model that evaluates the country's economic system. It is available at the following link:

<http://www.geneec.com/responsesEξ.php>

The fifth model: Evaluation of the country's economic system, which is as follows:

Evaluating the economic system in the country

- ١- Choose Country
- ٢- Select the evaluation year.
- ٣- Evaluation of country

Report of evaluating the economic system in the country

Measurement of the first cell (Evaluation of the economic system) and state intervention about the issues that arise from this cell)

Objectives of evaluation of the economic system

The objectives of evaluating the economic system of any state is measuring the extent of the economic system ability to achieve the following:

- ١- The economic system must help in building a strong state (build of strong institutions such as the army - the police - judiciary - infrastructure, etc.) and measurement of these things is up to the stakeholder that is outside our economic research.
- ٢- The economic system must achieve prosperity after achieving social justice for members of the community, and this field is our study.

How the state achieves social justice?

The state achieves social justice when there are:

First: Revenues that meet the basic needs of society individuals

The sources of state revenues are summarized as follows:

- ١- Natural resources (Such as oil - Metals - forest ... etc.) which give the advantage to the state if the state use these resources properly.
- ٢- Output of innovations: (Such as technological innovations - Industrial - Pharmaceutical - Agricultural ... etc.) which achieves massive revenues if the state has spent well on these innovations research.
- ٣- Sovereign revenues: (Such as taxes - customs - fees etc.) and this revenue is due to the state management to economic units that operate in the country, where sovereign revenues will increase when the state do the following:
 - A- maintaining existing investments in the country to preserve the human resources and material resources that are available in the country.
 - B- By increasing investment, the state must attract new investors or through the establishment of economic projects, then the state sells the shares of these projects on the stock exchange.

The new and existing investments are working to achieve the following:

- A- Self-sufficiency of goods and services and work to export the surplus to achieve a surplus in foreign currencies.

- B- When the goods and services are available, the prices become balanced, especially when the state prevents the exploitation of raising prices without justification.
- C- Elimination of unemployment and increase the purchasing power for workers in these economic units.
- ξ- The genetic economy revenues: The genetic economy depends on the structure of the joint-stock companies. Shares of these companies should be traded on the stock exchange. The state can underwrite by less than 10% of the shares of the company (in order not to have a state member of board in these companies and not to even say that the state nationalizes companies). This ratio is from the total shares of the leading joint-stock companies (the leading joint-stock companies achieve profits more than the profits of the banks and genetic economy can determine the leading companies through their balance sheets that submitted to the stock Exchange). the state can underwrite in these shares in nominal value in order to obtain profits that are distributed by these companies annually this will achieve huge revenue for the state without having to bear the citizen or these companies the burden of these revenues and the state can achieve other revenues from these

shares when it sell these shares on the stock exchange at market prices (the difference between the nominal value and market value).

Note: This revenue may be very huge in some countries.

Second: Social justice is achieved

- ١- In the case of suitable revenues are available to state: Where these revenues can meet the basic needs of all members of the community (including food – cloths - Health - Education - transportation ... etc.) all this through the support. Whether support that directs to the goods and services or cash support, especially when income of the person is unable to meet his previous requirements.
- ٢- In the case of non-availability of adequate revenue to the State. The state must do the following:
 - A- There is a law in this country determines the minimum wage and salaries:

This is done either in the public or private sector (here the economic units which operate in the country will bear the burden of achieving social justice), where this law works to balance between purchasing power and the goods and services prices in the state

in order not to appear the stratigraphic in the society and the owners of capital do not exploit the working class in the state.

B- The elimination of exploitation by adjusting market prices:

Sometimes, use of financial policy tool is futile because the stakeholders opposed the existence of imposing of guide pricing and imposition of necessitarian pricing under the slogan that we are working in a free market (capitalist economy) and not in scheme market (socialist economy). On other side, the stakeholders press at the state when State uses the progressive tax where they scare the investors under the pretext of the existence of high taxes on investment in this state, which lead to the escape of investment. Therefore, the state must intervene as an economic unit as any economic unit operating in the country at terms of the mechanisms of the free market and during the required period only in order to adjust the market. If there is exploitation from mediators here, the state intervenes as a competitor mediator. If there is exploitation from the producers here the state intervenes as producer, then the state sells their shares of economic unit in the stock market after the elimination of exploitation.

Conditions of evaluation of the economic system

Conditions of evaluation of the economic system are summarized as following:

The first condition: There is a law in this country that determines the minimum wage and salaries: This is done either in the public or private sector (very important). This law works to balance purchasing power and the goods and services prices in the state in order not to appear stratigraphic in the society and the owners of capital do not exploit the working class in the state.

The second condition: Management efficiency of the economic system for products that are sold in the local market (without using the purchasing power of other country through export) to determine the extent of the contribution of the local purchasing power of community members in recycling working capital that concerns the companies which operate in the country.

Therefore, the administration efficiency of the economic system that concerns the sold products in the local market divides to excellent - very good - good - acceptable - poor -- losses.

Evaluation of the efficiency of economy system management

Efficiency of economic system has achieved poor degree.

Indication of the degree of efficiency of the economic system management that has been achieved.

Indication of the degree of efficiency of the economic system management that has been achieved. This degree shows that working capital has been recycled for all working companies in state, which resulted in the volume of products (whether goods or services), these products have found a buyer (after excluding products that have been exported abroad and have been dealt with another purchasing power than the local one, this is very important). This state achieved the efficiency degree poor, and this shows that the purchasing power that traded on this economic system is low (the essential condition is presence of a law that sets minimum wage and salaries to meet the basic needs of employees and workers, so the economic evaluation of this state becomes meaningful). This State must do the following:

- ١- If this state is rich, it should support the goods and services - or it increases the purchasing power of

its citizens by increasing wages and salaries or gives cash grants to them.

- Υ- If this country is poor and there is a defect in the income of individuals, the state must impose progressive tax (or additional) on companies that raise their prices without justification. Alternatively, the state intervenes as a competitive economic unit to control prices to increase the purchasing power of the members of the community by finding a law that sets minimum wage and salaries that meet basic needs for employees and workers.

Through this model for evaluating the state, it is known whether the state has achieved social justice or not.

Notes:

- λ- The State can use the economic database to promote the products of companies operating in the country around the world.
- Υ- The State can use the economic database for job seekers to employ in companies and located in the economic database.

From the above, we learned how the government controls the local economy, as we found the following:

For microeconomics

- ١- Stumble companies have been identified. The evaluation report was sent to these companies to treat them as well as to preserve their economic resources.
- ٢- The leading companies were identified, as these companies enable the state to invest in them at a rate of ١٠% to achieve additional revenues for the state.

Regarding the macroeconomy at the sectoral level

- ١- It was learned how and when the government uses financial, monetary, legislative policy tools and international agreements.
 - ٢- It was learned how the state controls exaggerated prices.
 - ٣- It was learned how the sectors attract investment.
- with regards for the economy total on level the state's economic system
- ١- The prevailing purchasing power in the country was known.
 - ٢- The social justice exists or not was known.

Second: How does the government control the global economy?

You said in the title of this chapter: How does the state control the global economy? Why do you think that the state controls the economy of other countries? Do you have a colonial thought?

No, of course this does not apply at all to our thoughts or beliefs. Indeed, Dear reader, if you remember that I have denied this to the colonial countries, see our topic: the poor distribution of income resulting from injustice.

So, what do you mean by the state controlling the global economy, or in other words, what is the wisdom behind that?

When State Officials want to generate revenue from global economy (other than the local economy). This is wisdom, there are two ways to achieve like these revenues.

The first way: The State increases its share in the input of the world trade movement. This revenue will be achieved by increasing the volume of exported products to other countries. This will stop the quality

of these products, which arises because of the extent of the State spending on scientific research to improve and develop these products to become competitive in world markets and this path is only paved for technologically advanced countries. And a little for some petroleum countries.

The second way: That the state gets the output of the work of global economies. Here revenue will be achieved by investing in pioneer companies that are located around the world where pioneer companies give annual profits greater than the interest of banks. How is this done?

The answer is that the state invests in pioneer companies by buying shares in these companies through various stock exchanges.

The question is: how does the state discover the pioneer companies to invest in them and guarantee to receive huge revenues on its investments?

The genetic economy has provided several models to discover pioneer companies that will contribute to increasing the State revenues. They are all on the same site that we mentioned (www.geneec.com)

We remember these models as following:

First step: Create a database for all companies that are listed on international exchanges.

How?

We mentioned in the local economy that the state establishes a special department whose task is to create an economic database (Either an economic database for the local economy or database for companies that registered on global exchanges). This department must manage the economic files.

So, it can use the following models:

The first model: The administrative authority must enter the balance sheets data of companies that listed in the stock exchanges (Where the laws require each company listed to publish its balance sheets every quarter year to find out the financial position and know the developments that the company is going through) so the administrative authority must enter the balance sheets data in the following model.

<http://www.geneec.com/ccE.php>

The company's stock evaluation form for investment contains the following data

- ١- Enter the company code if you want
- ٢- Enter the company name if you want
- ٣- Enter the sector if you want
- ٤- Enter the currency if you want
- ٥- Nominal value
- ٦- Total equity = (capital + reserves + profits - losses, if any)
- ٧- Number of Shares
- ٨- Buying and selling commission
- ٩- The highest price
- ١٠- The lowest price
- ١١- Market value
- ١٢- Coupon value or enter zero
- ١٣- Net profit
- ١٤- The value of the total assets
- ١٥- The lowest standard unit for the value to be purchased with
- ١٦- Number of shares listed on the stock exchange
- ١٧- Number of shares traded

Through the previous model can be created an economic database and private on the stock exchanges Globalism.

Note: (The user can take a copy of the report (the table) and save it on one of his documents preferably an Excel page after performing the evaluation process)

So, after entering data into the previous form. The evaluation results will appear in the following table.

If you want to know the details, refer to our book (How do you determine the profitable shares by yourself?).

A practical example to learn how to make the right decision (table numbers for real companies)

Basic Data

Company code

Name of the company

The sector: Health care and medicine

Type of currency: Egyptian pound

Nominal value = ٠.٥

Book value = ٣.٨٧.٠٧

The purchase price = ٤.٤٩.٠

The purchase cost = ٤.٥١٧

Selling price = ٤.٦.٣

Earnings per share = ٠.٠٥٨

Ratio of earnings = 1.3 %

The lowest of standard unit value for buying = 10000

Number of shares = 2227

Profitability of the deal = 129.990

Technical analysis

The highest of market price = 6.12

Percentage = 36.303%

The lowest of market price = 4.00

Percentage = -10.913%

Market risks Market value = 4.7900

Number of payback years = 2.9688

Financial analysis

Percentage of increase or decrease in property rights
= 674.137%

Company's position from liquidation = Do not
liquidate

Efficiency of the company = Very good

Data on balance sheet = ٣٠/٩/٢٠١٩

Last coupon payments = ٠.٨٥

Percentage = ١٨.٨٢%

Date = ١٢/٦/٢٠١٩

Sub data

The shares number of listed = ١٠٦٠٦٠٦٠٦

The shares number of traded = ٣٠٧١٦

Percentage of traded shares = ٠.٢٩%

By referring to the previous instructions, specify the following:

The answer of the first question:

We will choose this company to buy its shares for the following reasons:

- ١- Position on liquidation: The company does not liquidate.
- ٢- Financial analysis: The company's efficiency degree is very good.
- ٣- The last coupon: The company distributed a coupon at a rate of ١٨.٨٢% (which is better than the returns of banks).

- ξ- Market risk: The number of payback years is in the range of ۲,۹۶۸۸ years. (The safe limits of the number of payback years are two years)
- ο- The highest market price per share: The percentage of the highest of the market price per share is (+) ۳۶.۳۰۳%, which is the percentage that gives the opportunity to make profits.
- ϕ- The lowest market price per share: The percentage of the lowest market price per share is (-) ۱۰.۹۱۳%, which is the percentage that is likely to achieve losses.
- ϕ- Active shares: The percentage of active shares of ۰.۰۲۹% are weak, but what is put up for trading can be exploited.

You and The Economy

After we learned in the first chapter (Hidden Ghost Viruses) how negative economic decisions have on you.

After we learned in the second chapter about the nature of the microeconomic system, the macroeconomic system, and the global economy. What are the elements that make up each system? How to manage these systems correctly, so that this does not result in the emergence of hidden ghost viruses that negatively affect your life.

After we learned in the third chapter about how the government controls the local economy by discovering the economic imbalances, how to treat them, making decisions that prevent the emergence of hidden ghost viruses, and how the government obtains the output of the global economy, which helps it to takes correct action for working the economic system as a whole. All of this is with the aim of avoiding any negatives that occur and affect you, in addition to generating revenues that will help the state in order not to make a decision that affects you negatively.

If the state treated the four hidden ghost viruses that you mentioned (inflation - floating exchange rate - internal and external public debt - and the poor distribution of income resulting from injustice) would we no longer suffer from economic diseases?

Of course not.

Why?

Because there are many hidden ghost viruses that negatively affect you other than the four that I mentioned as an example for clarification. I can mention many of these viruses to you as follows:

- ١- Inflation.
- ٢- Floating the exchange rate.
- ٣- Internal and external debt.
- ٤- Employees transfers and cash loans.
- ٥- Rapid circulation of liquidity, increased consumer spending, and decreased national output.
- ٦- Avoid investing and speculating in the stock market.
- ٧- External inflation, which comes with imports.
- ٨- Increase consumer credit.
- ٩- No direct financial employment.

- ١٠- The presence of large interest rates on deposits and credit.
- ١١- Concentration of wealth in a small number of groups of people.
- ١٢- Greed causes high prices.
- ١٣- Company owners exploit workers because of their need for work.
- ١٤- Monopoly.
- ١٥- Mediation.
- ١٦- Lack of support.
- ١٧- The absence of patents and the increase in ignorance and distraction.
- ١٨- Imbalance in the work of macroeconomic tasks.
- ١٩- The absence of a clear economic database for making the right decision.
- ٢٠- Excessive use of financial, monetary, and legislative policy tools.
- ٢١- Weak international agreements to attract investment.
- ٢٢- Lack of diversification of state revenues.
- ٢٣- The absence of models that enable the state to make rational decisions based on scientific and practical data.

Oh, white day, we will never get rid of these economic diseases. It is not enough for viruses to ravage our bodies. There are also viruses that eat away our fatigue and misery. What is the solution?

Dear reader, do not be discouraged. You should be the most confident person because you are my companion on this journey, and you know exactly how to treat all previous viruses. If you forget, repeat your journey with this book and read it again to become more confident.

It's my turn to ask you, dear reader. You learned how economic decisions affect your life. What do you think about how you can influence the economy? Or in other words, who are you, dear reader?

Frankly, you surprised me with your question, and I don't know how I affect the economy.

Come with me to recall some of the information we have gone through in this book to learn about:

How do you affect the economy?

We always notice that many countries in very many cases resort to importing. If your country is among these countries. You are lucky. Know what your

country imports and produce it yourself, even if it is the simplest things. It is not necessary to start your project on a huge scale. Start by producing the simplest goods that are imported (because there is an open market for you in your country, otherwise why would it be imported from abroad). Be patient and learn how your product is of the same quality as the imported one. Learn about the reasons for the quality of the product you want to manufacture. There is a great opportunity for you to communicate with your peers to cooperate with each other to showcase your project. Don't despair, be one of these:

- १- To be an event maker.
- २- Or to be a participant in the event.
- ३- Do not be a spectator of the event.

Be a thinker, even if your idea is intangible. Always think about how you affect the economy as the economy affects you.

I present to you, dear reader, this inspiring story about how an individual's positive thought affects the economic system.

A story of struggle and success

The young Japanese man Takeo Osahira and the beginning of the industrial revolution in Japan

A story of struggle and success, the story of a young man named Takeo Osahira who left Japan, traveling with a delegation heading to Germany (after World War II). His dream, which he hopes to achieve, is to succeed in manufacturing an engine that will be the first fully manufactured engine bearing the “Made in Japan” logo. He began studying hard. And more determination. The years passed quickly. His German teachers were telling him that your true success was through obtaining a doctorate in mechanical engineering. He was resisting that idea and knew that his true success was being able to build an engine. After he finished his studies, he found himself unable to figure out that mystery. He looks at the engine and still sees it as something amazing in its construction and mysterious in its structure that he cannot decipher.

The idea came again to fly through his imagination and to move through his imagination towards the determination that possessed him and the feeling that captivated him, that idea (I must now take a serious step through which I will discover how I can make the engine).

One day he attended an exhibition selling Italian engines. He bought one of the engines for the equivalent of a full salary from his salaries. He took

the engine to his room and began disassembling the engine pieces, piece by piece. He began drawing each piece he dismantled and gave it a number, and tried to understand why it was placed in this place and not in another. Others, after he finished dismantling the engine piece by piece, began assembling it again. The process took three days, three days of continuous work during which he did not sleep more than three hours a day and was satisfied with one meal. On the third day, he was able to reassemble the engine and He restarted it again. He was very happy. He took the engine and went jumping for joy towards his teacher, towards the mission official and its head: I was able to restart the engine, after I reassembled the pieces piece by piece. I succeeded, but his teacher pointed out to him that the real success is to take this. The engine, and he gave him another engine: This engine is not working. If you can repair this engine, then you have been able to understand the puzzle. A new experience. He took the new engine and began to disassemble it, and in the same way, piece by piece, he began working on reassembling that engine. He discovered the defect. Three parts of the engine were damaged and needed to be re-melted and reconstructed. He thought that if he wanted to learn to build engines, he must study as a simple worker. How can we carry out the process of melting, forming and

manufacturing small parts so that we can through them We make the big engine?

He was able to quickly assemble the rest of the parts after discovering the defect. He installed the engine again. After ten days of continuous work, his ears were happy to hear the sound of the engine working again. He quickly picked up the engine and went to the head of the mission. Now I have succeeded. Now I will wear the simple worker's uniform. And I am heading to learn in metal smelting factories, how we can make small pieces. This is the dream, and this is the determination. After he succeeded, that young man returned to Japan. He directly received a letter from the Emperor of Japan, and they looked at him with reverence and appreciation. A message from the Emperor. Japan! What does he want in it?

I want to meet you and meet you personally for your wonderful effort and to thank you for what you have done.

Reply to the message. I still do not deserve to receive all that appreciation and to have all that honor. Until now, I have not succeeded. After that letter, he started working again, working in Japan. He worked for another nine years in addition to the previous nine years he spent in Germany. How much is the total?

He spent nine more years of continuous work, after which he was able to carry ten engines manufactured in Japan. He carried them to the palace of the Japanese Emperor, and said: Now I have succeeded. When the Japanese Emperor heard it working, his face lit up with joy. This is the most beautiful piece I have ever heard in my life, the sound of Japanese engines. One hundred percent creation. Now Takeo Osahira has succeeded. Now he was able to create himself when he transformed the idea that floated in his imagination through his determination into a goal that he sees with his own eyes and steps toward day after day. When he reached that goal, he was able to succeed. On that day, he created himself. Self-industry started from that young man and was adopted by every Japanese worker who raises a slogan. If people worked eight hours a day, I would work nine hours. Eight hours for myself and my children and the ninth hour for Japan. That morale made us say the world is having fun and the Japanese are working. It made us proud of our clothes and our possessions because they were made in Japan.

When will the day come and we will work an hour for the homeland??

Dr. Mustafa Mahmoud, may God have mercy on him, says (The value of a person is what he adds to life,

and that is the period between his birth and his death).
What he means is what he adds to life not for fun or
injustice. Rather, it adds benefit to people.

Thanks, and appreciation.

Dear reader, I hope you enjoyed your journey with me from the city of hidden ghost viruses to the city of microeconomics, the city of macroeconomics, and the city of global economy, as well as to the city of hope, which is the discovery and treatment of disease, and the state became control in all economic systems in order to prevent these harmful viruses.

Dear reader, I was honored to have you with me on the book journey (You and The Economy).

Greetings from the author

Author's books



Genetic economy

The author founded a science under the title (genetic economy). As this science took thirty years of research. It was arbitrated by the Arab Organization for Administrative Development of the League of Arab States. This science was issued in a special edition. It is a book that identifies economic problems automatically without the intervention of the human element and gives a remedy to the problem.

The lost science of business administration.

The author founded functional psychology in how a person's genes correspond to the genes of the work he does (put the right man in the right job) and how this employee behaves at work at the time of economic crises.

How do you determine the profitable shares by yourself?

The author has put strict rules to control technical analysis and financial analysis in order to avoid the risks that occur in the processes of buying and selling shares, while identifying profitable shares. This is for people who have no previous experience.

You and The Economy.

This book visits many cities in economy world as following:

- ١- The city of hidden ghost viruses.
- ٢- The cities of the economic systems.
- ٣- The city of hope, where we learn about the roads that lead us to a better world than we are living in.
- ٤- City of reader for identifying who are you, dear reader.