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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

“Assessing the impact of global financial crisis on international economic integration processes”

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GENERAL CHARACTERISTICS OF THE WORK

Relevance of the topic and level of study

In the last decade, the development pace of international economic integration has weakened, and even in many cases the tendencies of disintegration have been on the rise. Countries actively prefer to use trade restrictive policies, even giant economies such as the United States and China have involved in "trade wars" and "technology wars." At the same time, as a result of increasing barriers, we can also note the weakening of capital movement between countries and the attempts of countries to make their companies that operate abroad return home. During this period, a number of countries began to tighten their immigration policies. In general, economic integration has slowed down in the last decade in the world economy, and according to many, the process of international economic disintegration has appeared.

Of course, the weakening of international economic integration, the inclination of countries to economic protectionism are revealing serious restrictions on world economic development and nations' well-being. For this, it is important to determine the factors that led to the emergence of this process. Evaluating the impact of the factors at the root of the weakening of international economic integration is necessary in terms of forming a scientific base for accelerating the process of economic integration in the future. In this regard, it is scientifically important to determine the level and directions of the impact of the 2008-2009 global financial crisis, which is the most serious economic event that has occurred in recent years, on the weakening of international economic integration processes.

The development characteristics of international economic integration processes have been the subject of research in a number of previous studies. Theoretical characteristics, opportunities and difficulties of international economic integration processes were investigated by the authors as J. Tinbergen, F. Machlup, F. Kahnert, V. Molle, G. Myrdal, B. Balassa, J. Holzmann, A. M. El-Agraa, M.

Feldstein, R.C. Hine.[1] In recent years, a number of other authors have also investigated the characteristics of international economic integration processes in the post-crisis period. P. Lane and others investigated the changes in global financial integration after the financial crisis.[2] D. Rodrik has presented the features of populism and nationalism that have risen against international economic economic integration in recent years.[3] In his article K. H. O'Rourke showed the characteristics and results of anti-globalist trends that appeared in different periods.[4] L. Pastor and P. Veronesi conducted a study of factors affecting the rise of populist economic nationalism against international economic integration.[5] S. J. Evenett has conducted studies on the extent of rising protectionism against global economic integration in the period after the financial crisis.[6]

The hypothesis of this dissertation study is that financial crisis and the political-economic changes it caused negatively influenced on the development of international economic integration processes. This effect of financial crisis was not only limited to the short term, it also weakened the pace of development of international economic integration processes in the long term.

The object of the study has been chosen as international economic integration processes.

The subject of the research is the study of the extent and directions of the impact of the global financial crisis, as well as the

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[1] Jovanovic, M.N., (1998), "International Economic Integration Limits and Prospects", London: Routledge.

[2] Lane, P.R., Milesi-Ferretti, G.M, (2017), International Financial Integration in the Aftermath of the Global Financial Crisis, IMF Working Paper, WP/17/115

[3] Rodrik, D., (2018), "Populism and the economics of globalization," Journal of International Business Policy, vol 1(1-2), p.12-33

[4] O'Rourke, K.H., (2019), "Economic History and Contemporary Challenges to Globalization," The Journal of Economic History, Cambridge University Press, vol. 79(2), p.356-382.

[5] Pastor, L., Veronesi, P., (2018) "Inequality Aversion, Populism, and the Backlash Against Globalization," NBER Working Papers 24900, National Bureau of Economic Research, Inc.

[6] Evenett, S.J., Fritz, J., (2015), The Tide Turns? Trade, Protectionism, and Slowing Global Growth, The 18th Global Trade Alert Report, CEPR Press

protectionist policies implemented in response to the crisis, on the processes of international economic integration.

Research goals and objectives;

The purpose of this study is to assess the impact of the 2008-2009 global financial crisis on international economic integration processes. The analysis here is based on the multilateral trade, financial integration and migration processes on a global level. The study also presents an empirical evaluation of the impact of the protectionist policies implemented in response to the crisis on economic integration processes.

Based on the goals of the research, the following tasks have been set before the dissertation study:

- Investigating the possible relationship between the economic nationalism that has risen in recent years against international economic integration and the 2008-2009 global financial crisis.
- Analyzing the changes in international economic integration processes - trade, financial and migration relations - in the post-crisis period.
- To determine the level of the rise of global protectionism after the crisis by conducting a systematic analysis of the protectionist policies implemented in response to the financial crisis;
- Investigation of the impact of protectionist policies implemented after the crisis on international economic integration processes;

Research methods;

Scientific abstraction, logical reasoning, econometric and mathematical modeling, and empirical analysis methods have been used to fulfill the research tasks proposed during the study.

The main findings that are presented for defence;

- The assessment carried out during the research confirmed that the crisis has had a negative impact on the processes of international economic integration. Research has concluded that the 2008-2009 financial crisis has had a negative impact on international trade integration and international financial integration both in the short run and in the long run.
- The economic, social and public sector conditions caused by the global financial crisis of 2008-2009 have increased the use of

protectionist policies globally, especially in the large economies of the world, and weakened the tendencies of economic liberalization.

- The protectionist policies applied by the "G20" economies in the post-crisis period have had a negative impact on the economic growth rates of these countries. Liberalizing policies implemented during this period have had a positive effect on economic growth rates.

- However, the main factor behind the weakening of global trade after the crisis has not been directly the increase in the number of protectionist policies, but have been the weakening of economic growth rates and liberalization trends.

- Although the protectionist policies implemented in response to the crisis have not been the main factor influencing the weakening of trade, they caused changes in import directions. Rising protectionism during this period reduced the share of imports of the G20 economies from high-income countries. Also, the protectionist policies implemented by G20 member economies during this period have had a negative impact on the share of imports from low and middle income countries of Europe and Central Asia, North Africa and the Middle East, South Asia.

- However, the protectionist policies applied in the post-crisis period have had a positive impact on the share of import of G20 countries from low- and middle-income countries of East Asia and the Pacific Ocean region.

Scientific novelty of research;

The scientific novelty of the research consists of the followings:

- The protectionist policies applied after the emergence of the crisis have had a negative impact on the economic growth rates in the case of "G20" economies. Liberalizing policies implemented during this period had a positive effect on economic growth rates.

- The effect of the protectionist policies applied in the post-crisis period on the annual growth rate of imports has been estimated in the case of "G20" economies and it has been determined that this effect is not statistically significant;

- However, protectionist policies applied between the period of 2009-2020 have been effective on trade lines. These policies have had a negative impact on the share of imports made by G20 countries from high-income countries, Europe and Central Asia, North Africa and the Middle East, and low- and middle-income countries in South Asia.

- The protectionist policies applied during the mentioned period have had a positive effect on the share of imports made by the G20 economies from the low and middle income countries of East Asia and the Pacific Ocean region.

Approbation and application;

The main findings of the work have been presented and discussed at international scientific-practical conferences. Articles about the topic were published in 1 foreign, 4 domestic scientific journals.

The main results of the research are presented in the following published scientific works of the author:

1. Abbasov, A., Pooled Mean Group Approach to Test the Determinants of Financial Integration: Evidence From OECD and G20 Countries, Research in World Economy, Vol 10, No 3, 2019, pp. 366-370

2. Abbasov, A., Global financial integration after the Great Recession, Tax Journal of Azerbaijan, No. 1, 2019, p. 97-108

3. Abbasov, A., Why did global trade weaken after the 2008-2009 global financial crisis?, Tax Journal of Azerbaijan, No. 2, 2018, p. 99-110

4. Abbasov, A., Economic globalization after the global financial crisis of 2008-2009, Tax Journal of Azerbaijan, No. 1, 2020, p. 91-100

5. Abbasov, A., The impact of the 2008-2009 financial crisis on the rise of economic nationalism, UNEC Scientific News, Year 8, Volume 8, April-June, 2020, p. 112-122

6. Abbasov, A., Testing the Impact of Global Financial Crisis on Global Trade Integration, Book of Proceedings of 51st International Scientific Conference on Economic and Social Development – Rabat, 26-27 March 2020, pp. 624-631

7. Abbasov, A., Empirical Analysis of the Impact of 2008-2009 Economic Crisis on Immigration Tendencies: Case Of OECD Countries, Book of Proceedings of 37th International Scientific Conference on Economic and Social Development – "Socio Economic

Problems of Sustainable Development", Baku, 14-15 February 2019, pp. 764-772

8. Abbasov, A., Analysis of global trade integration in the post-crisis period, XXII scientific conference of doctoral students and young researchers of Republic, 2018

The name of the organization where the dissertation work has been conducted;

The dissertation is conducted at the chair of International Economics of the Azerbaijan State University of Economics.

The total volume of the dissertation with characters with the volume of the structural sections of the dissertation separately.

Dissertation consists of three chapters, conclusion and proposals, list of references and appendix. Introduction – 7 pages, 13061 characters, Chapter I – 32 pages, 58612 characters, Chapter II – 58 pages, 98673 characters, Chapter III – 31 pages, 43023 characters, conclusion and proposals – 3 pages, 4533 characters, list of references – 8 pages, 15371 characters, appendix 28 pages, 32575 characters. The total volume of the dissertation is 172 pages, 265897 characters.

STRUCTURE OF THE DISSERTATION

CONTENTS

THE MAIN CONTENT OF THE DISSERTATION

The relevance of the topic and level of study, the object and subject of the research, goals and objectives, methods, the main findings that are presented for defence, scientific novelty, approbation and application have been indicated in the introduction part of the dissertation.

In the first chapter of the dissertation which is named as "**Theoretical aspects of international economic integration processes and characteristics of the modern development stage"**, the theoretical-conceptual framework of international economic integration processes, the analysis of international economic integration processes by historical periods and regions, the analysis of rising economic nationalism against international economic integration in the post-crisis period have been presented.

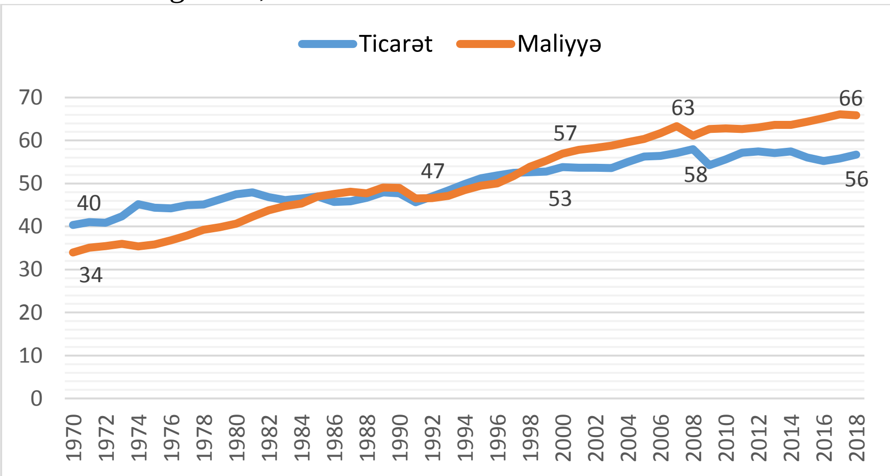
In the previous studies about economic integration, various authors have used this concept to express a similar process with some differences. By integration some authors have meant only the convergence of the countries' product and services markets, while others also take into account the smooth movement of production factors. Some authors also mention the coordination of economic policies and the unification of institutional conditions as part of the economic integration process. The concept of economic integration in this dissertation takes into account the expansion of the flow of products and services, capital and labor between countries. Currently, the process of economic integration has been developing at two levels - global and regional. Therefore, several studies in this field have analyzed the process on a regional scale, and others on a global scale. In this regard, it is necessary to differentiate the concepts of regional economic integration and global economic integration. The concepts of global economic integration or international economic integration have been used by well-known economists such as Dani Rodrik (2000), Martin Feldstein (2000), Michael Mussa (2000), Milan Brahmbhatt (1998) in the same sense as the concepts of globalization or economic globalization. In his article, Michael Mussa presented human migration, trade in goods and services, capital movement and integration of financial markets as the main directions of economic integration and also analyzed the factors affecting them. Rodrik presented international economic integration as the integration of markets for products and services and factors of production throughout the world.[7]

The industrial revolution led to a new stage in the development of the global economic integration process. Overall, the second half of the 19th century was a period of rising global economic integration. This development stage of economic globalization stopped with the outbreak of the First World War. After the 2nd World War, the economic relations between the countries began to gradually recover. After the war, the advancements in transportation and communication technologies improved the economic relations between the countries. In this period, along with the technological innovations, the relative peace between world nations created a suitable environement for the gradual revival of the international economic integration. However, despite the fact that there were few cases of active war during that period, there was a period of polarization and inter-polar "Cold War" between the capitalist-socialist countries of the world. Although advancements in transportation and communication and the absence of destructive wars stimulated the global integration, the Cold War was a serious constraint on the acceleration of economic globalization. Therefore, the end of the Cold War allowed the process of international economic integration to enter a much faster development stage. With the end of the Cold War and the collapse of the USSR at the beginning of the 1990s the transition process of the former member countries of the communist bloc to the market economy model started. The opening of the markets of the post-communist countries that started transition to the market economy model to the products produced in capitalist countries and foreign capital led to the expansion of the scale of international economic integration. However, since 2008 the rapid rise of international economic integration processes has ended. As a whole, international integration processes in the 21st century can be divided into 3 symbolic stages: 1) the period of rapid growth between 2001 and 2007; 2) A period of

[7] Rodrik, D., (2000), “How Far Will International Economic Integration Go?” , Journal of Economic Perspectives, Volume 14, Number 1, pp.177–186

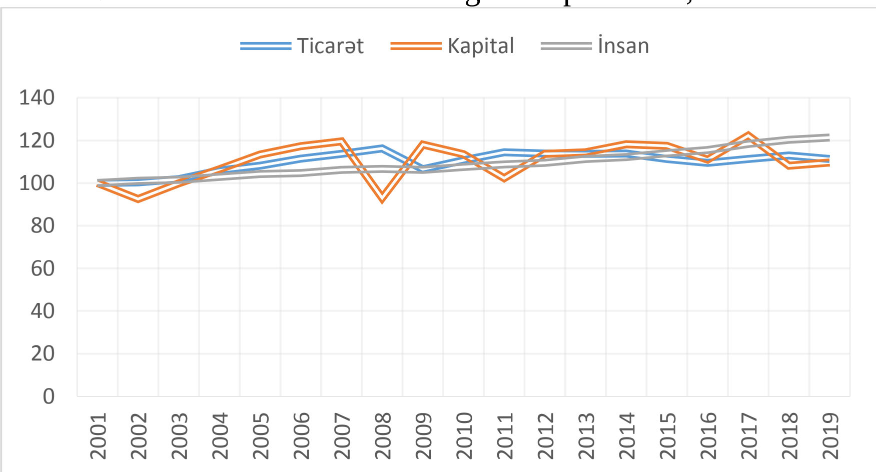
sharp decline in 2007-2009 3) A period of variable and unstable development after 2009.

Chart 1. Indices presenting the level of international trade and financial integration, 1970-2018



Source: KOF Globalization index- 2020

Chart 2. International economic integration processes, 2001-2019



Source: "DHL Connectedness Index"-2020

The economic upheavals caused by the Great Recession and the mismanagement of the crisis have led to the rise of public-political support of the political groups against international economic integration in many countries, but especially in the developed western countries. Increasing unemployment, decreasing wage level, rising income inequality, reduction of social protection expenditures, rising level of taxes, deterioration of public finances have strengthened the opposition against free trade and immigration processes in the public opinion of those societies. The expansion of the political influence of the forces against global economic integration has led to the rise of trade restrictions (especially non-tariff restrictions), "trade wars" and geopolitic events that weaken the global economic cooperation such as Brexit. The global economic uncertainties and conflicts caused by the mentioned events had a negative impact on the processes of international economic integration. Also, the newly applied national and international criterias in the banking after the crisis weakened the international capital flows. Not only the new and relatively stricter regulatory criterias to which the banks have been exposed, but also the reduced desire of financial institutions to operate abroad after the crisis has contributed to this process. During the financial crisis, a number of large banks faced with serious losses and the threat of bankruptcy had to reduce their foreign operations in order to limit the risks in the new period. Although the financial crisis had a direct and permanent effect on the slowdown of international economic integration processes, other long-term factors also played a role here.

In order to prevent the slowdown in the development of international economic integration that started after the financial crisis of 2008-2009 and to ensure the strengthening of global economic integration the transition to inclusive economic globalization is necessary. Inclusive economic globalization refers to the fair distribution of the positive effects caused by global economic integration among different social groups within the country and between countries. The fact that the concept of inclusive economic globalization takes into account the social well-being of all classes and prevents the increase of the well-being of another group due to the decline in the well-being of one group makes it a more sustainable integration process. As mentioned earlier, both international trade relations and financial globalization promise many economic benefits, but these processes have serious impact on income distribution. That is, although international trade and capital movements increase the welfare of some groups, they can also have a negative effect on the welfare of other groups. The benefits generated by international trade are often concentrated among groups associated with the export sector. So, those involved in import sectors become losers. In export sectors opportunities arise to increase production and revenue of companies. Also, the demand for workers in such sectors increases, new job opportunities emerge, and as a result, wages increase too. However, in the import sectors the opposite happens. Profitability of these companies shrink, jobs for workers are decreasing, wages are falling. In this regard, considering these negative effects that economic integration can have on various groups, it is necessary to compensate them with a different policies.

In the second chapter of the dissertation, which is named as **"Analysis of international economic integration processes after the 2008-2009 global financial crisis",** the 2008-2009 global financial crisis and its causes, the effects of the crisis on international financial integration, global trade integration, international human movement have been analyzed.

Regarding the impact of the crisis on global financial integration, we can note that the global financial crisis has significantly changed the current and future conditions of global banking. Before the crisis, the activities of banks in foreign countries had been developing rapidly. But after the crisis the size of international activities of banks decreased and they began to pay more attention to domestic markets. In the post-crisis period, banks from countries such as Canada, China and Japan expanded their activities in foreign countries, but it was not enough to compensate the decline of international banking at the global level. We can mention the changes in the regulation of global banking activities at the international and national levels after the emergence of the financial crisis, the increased uncertainties and risks of the post-crisis period as the main factors that have influenced this process,. After the financial crisis, there have been changes in FDI flows too.

One of the important aspects related to international capital flows in the post-crisis period has been the rise in portfolio debt markets due to the decline in international banking activities in recent years. In this regard, the supply of portfolio debt instruments and the activities of non-residents in the securities market have also increased in newly industrialized countries. In addition, the increased demand for safe assets such as US treasury bonds and German bonds by international investors and the increased stock of this type of debt instruments by the central banks of a number of developed countries within the framework of unconventional monetary policies, also led to the development of portfolio markets. In general, during 2007-2015, the volume of portfolio debt instruments in foreign countries increased by 6 trillion dollars. The ratio of portfolio debt obligations to GDP for newly industrializing and developing countries increased by 2 percent during this period.[8]

The weakening of the level of capital flows after the crisis has also been associated with weak macroeconomic and financial conditions. The weak growth of GDP and the increase of financial risks had a negative impact on capital demand and supply. In addition, the weak growth of global trade has been one of the important factors of the reduced demand for foreign capital. Internationally operating banks have also lowered the level of credit offers in order to improve their capital positions. Cross-border lending has been one of the forms of lending that banks have cut the most. Up to 49 percent of the $8.1 trillion decline in international capital flows came from a decline in international borrowing and other types of investment. This was mainly due to the reduction of international operations by large European and US banks. However, as mentioned earlier, a decrease in all forms of international capital movement was observed in the post-crisis period.

[8] Lane, P.R., Milesi-Ferretti, G.M., (2008), The Drivers of Financial Globalization, Philip R. Lane, Gian Maria Milesi-Ferretti, IIIS Discussion Paper No. 238

Table 1. Change in forms of capital movement

	2000	2007	2016
Cross-country capital movement	3.8 trillion dollars	12.4 trillion dollars	4.3 trillion dollars
FDI	1.4 trillion dollars	3.1 trillion dollars	1.6 trillion dollars
Stocks	0.6 trillion dollars	0.8 trillion dollars	0.3 trillion dollars
Debt instruments	0.7 trillion dollars	2.8 trillion dollars	0.7 trillion dollars
Lending and other types of investment	1.1 trillion dollars	5.7 trillion dollars	1.7 trillion dollars

Course: Lund,S., Windhagen, E., Manyika, J., Härle, P., Woetzel, J., Goldshtein, D., (2017), The New Dynamics of Financial Globalization, McKinsey Global İnstitute

Regarding the impact of the global financial crisis on trade integration, we can say that the growth rate of global commodity trade has sharply weakened in the period after the crisis. During this period, increasing uncertainties, decreasing import demand, weak production growth, increasing trade restrictive policies, and even the intensifying trade conflicts in recent years have caused the weak growth of global trade. While the annual growth rate of global trade averaged 7 percent for several decades before 2007, after the financial crisis it was 3 percent in 2008-2014 and even lower in 2015-2016. Even after 2016, the high level of growth of global trade in the pre-crisis period has not been observed. We can classify the factors that can affect the weakening of the growth of global trade in the post-crisis period as cyclical and structural factors. Cyclical factors are those factors that have appeared as a result of the financial crisis and can affect the level of world trade only in a short period of time. Among the reasons for the weakening of the global trade level, structural changes, that can be effective in the long term, should also be mentioned. According to this approach, from the mid-1990s to the mid-2000s, global trade experienced its period of high-pace growth as a result of the deepening of the integration of developing countries into the global economy, the liberalization of trade policies, technological advances, and the rapid expansion of global value chains. However, due to the significant completion of these processes, world trade cannot reach the high level of growth of the previous period. In this regard, the weak growth of global trade will continue unless there are any significant changes in global trade policies and technological level.

After the emergence of the financial crisis and the significant decline in global trade, many countries began to actively use various trade instruments. In response to the crisis, countries have taken advantage of various trade liberalization, trade support and trade restriction instruments. During the crisis, stimulus policies and non-tariff instruments aimed at different industries were used more intensively. The extensive development of global supply chains has limited countries' use of traditional protectionist policies during this period. However, in general, all sources reporting about the global trade policies illustrate that the level of protectionism has increased since the crisis. In the report presented by the "Global Trade Alert" (GTA) organization in 2015, the development of protectionism in the post-crisis period is divided into three stages [23, p.20]. The first phase covered the period from the first quarter of 2009 to the third quarter of 2010, when 263 trade restrictive measures were implemented around the world. At this stage, the number of new protectionist measures was at the highest level in the first quarter of 2009 in the post-crisis period and a gradual decrease was observed in the following quarters. During the second phase, from the third quarter of 2010 to the fourth quarter of 2011, on average 150-170 new trade restrictive measures were introduced per quarter. In the report, the period after the fourth quarter of 2011 is indicated as the third stage of protectionism. At the end of 2015, the total number of trade measures applied in the post-crisis period was more than 7,000.[9] In 2016 and 2017, an increase in the level of protectionist measures was also observed. In the report presented by the GTA in June 2017, it was indicated that since

[9] Evenett, S.J., Fritz, J., (2015), The Tide Turns? Trade, Protectionism, and Slowing Global Growth, The 18th Global Trade Alert Report, CEPR Press

November 2008, 11,294 measures that could affect cross-country economic activity had been implemented. Overall, there has been a rise in global protectionism since the emergence of the financial crisis. In 2016, Donald Trump, who openly defended the protectionist foreign trade policy in the United States, won the presidential election. He initiated trade conflicts with the main trading partners. During the reign of his administration global protectionism entered to a new stage. Of course, it is possible that this rise of protectionism in the post-crisis period contributed to the slowdown of global trade. However, some sources argue that the impact of post-crisis protectionism on global trade is weak. A study by the Bank of Canada shows that between 2008 and 2014, the level of restrictive measures introduced by G20 countries reached 1,000 and they have negatively affected just 5 percent of total G20 trade.[10]

Changes in the components of GDP after the crisis also had a significant impact on the weak growth of trade. Investment has always been considered the most import-intensive component of GDP. In this period, the weak development of investment is shown as the main factor in the decline of the growth rate of world trade.[11] Other studies have also confirmed that investment has a greater import content than other GDP components. A 2015 study of 43 countries and the period of 2000-2014 showed that the import content at the investment level (35 percent) was much higher than private consumption and government spending.[12] The global financial crisis has caused a collapse in investment, especially in housing construction. In the post-crisis years, growth in investment spending around the world has been weak compared to the pre-crisis period. This weak growth in investment spending in the post-crisis period has in turn had an impact on world trade. After the crisis, the share of total domestic investment in GDP in most of the developed countries was significantly lower

[10] Francis, M., Mor, L., (2015), “The slowdown in Global trade”, Bank of Canada Review

[11] Bussière, M., Callegari, G., Ghironi, F., Sestieri, G., Yamano, N., (2013), “Estimating Trade Elasticities: Demand Composition and the Trade Collapse of 2008-2009”, American Economic Journal: Macroeconomics, Vol.5, No.3, p.118-51

[12] Wozniak, P., Galar, M., (2018), “Understanding the Weakness in Global Trade” , European Economy ECONOMIC BRIEF 033

compared to the pre-crisis period. Inward investment has been particularly weak in the European Union, which accounts for about a third of world trade. It should be noted that the rising volume of investments in some developing countries compensated for the weakening in developed countries. However, since the shares of those countries in the global import volume are lower compared to developed countries, they could not prevent the weakening of global trade. The weak global demand factor should also be mentioned among the various factors that influence the weak investment. Uncertainty in countries' economic growth levels and economic policy choices has led companies to postpone investment spending.

The global financial crisis has also had an impact on international migration. Even before the global crisis of 2008-2009, the impact of economic and financial crises on international migration processes and policies was observed. However, it should be noted that despite the weakening of migration flows during the global recession, the stock of international immigrants has continuously increased since 2000, reaching 220 million in 2010, 248 million in 2015, and 258 million in 2017. Between 2000 and 2005, the growth in the international immigrant stock averaged 2 percent per year, in 2005-2010 it averaged 2.9 percent per year, in 2010-2015 it averaged 2.4 percent, and in 2015-2017 it averaged 2 was at the percentage level. As it can be seen, in the post-crisis period, the increase in the stock of immigrants globally continues, but it is still weak compared to the previous periods. In 2017, nearly two-thirds (64 percent) of migrants globally settled in high-income countries. In that year, 36 percent of total migrants lived in middle and low-income countries.

Empirical estimation of the hypothesis and its results are presented in the third chapter of the dissertation named as **"Empirical estimation of the impact of the 2008-2009 global financial crisis on international economic integration processes".**

In this part of the study, the following two panel data models are determined for the empirical estimation of the impact of the global financial crisis on international financial and trade integration:

$FI_{it}=\alpha_{oi}+\alpha_{1i}FG_{it}+\alpha_{2i}TI_{it}+\alpha_{3i}EG_{it}+\alpha_{4i}Crisis_{it}+u_{it}$, $i=1,\dots,N;\ t=1,\dots,T$

$TI_{it}=\alpha_{oi}+\alpha_{1i}MI_{it}+\alpha_{2i}IA_{it}+\alpha_{3i}Crisis_{it}+u_{it}$, $i=1,\dots,N;\ t=1,\dots,T$

Here, "FI" is the level of financial integration, "FT" is the country's capital flow regulation policies, "TI" is the level of trade integration of countries, "EG" is the level of GDP growth, "Crisis" is the global financial crisis of 2008-2009, and u_t is the error term of estimation. The evaluations were carried out by covering the data of 2000-2016 for 41 countries.

In general, the estimation results show that although the impact of the crisis on financial integration occurred immediately, it had a lagged effect on trade integration. And the crisis had a higher negative impact on the level of trade integration than on financial integration in the short term. At the same time, the impact of the crisis on both international economic integration processes has not been limited to a short term, but continued in a long term as well. In the long term, the negative impact of the crisis on global financial integration has been higher than its impact on global trade integration.

As mentioned in the previous chapter, after the onset of the financial crisis of 2008-2009, the level of the use of protectionist policies around the world has been increasing dramatically. Most of these protectionist policies have been implemented by the "G20" (the world's 20 largest economies). These countries are the largest economies in the world and also have an important share in world trade. Together, these countries account for 85 percent of world production and 75 percent of world trade. One of the questions that have emerged regarding the trade restrictive policies implemented after the financial crisis is how these policies affect the economic growth rates of countries. In the 3rd chapter of the dissertation, the data of 19 "G20" member countries has been estimated to search the effects of protectionist policies applied after the financial crisis.

The evaluations aimed to answer 3 main questions:

1. What effect did the imposed protectionist policies have on economic growth rates?
2. Did the imposed protectionist policies have an impact on the level of import growth?
3. How did the imposed protectionist policies affect the import directions of the "G20" countries?

Summarizing the results of the estimations of the effects of the protectionist policies imposed by the “G20” countries after the global financial crisis, we can note the following:

- The protectionist trade policies implemented by the "G20" countries in response to the crisis have had a negative impact on the level of economic growth rates of those countries. However, the liberalizing policies applied during this period have had a positive effect on the level of economic growth rates.
- The protectionist trade policies implemented by the G20 countries in response to the crisis have not had a statistically significant effect on their annual import growth rates. However, the positive effect of liberalizing policies on the growth rate of imports is statistically significant.
- Although the protectionist policies implemented by the G20 countries have not affected the growth of imports, they have had an impact on import directions. The applied protectionist policies have had a negative impact on the share of imports from high-income countries. Also, these policies have had a negative impact on the share of imports from low- and middle-income countries of Europe and Central Asia, as well as, North Africa and the Middle East. Although the implemented discriminatory policies have had a negative effect on the share of imports from the South Asian region, the estimation results suggest that this effect is statistically insignificant.
- Implemented protectionist policies have been found to have a positive impact on the share of imports from low- and middle-income countries of East Asia and the Pacific region.

The **"Conclusion and proposals"** section of the dissertation contains the results of the research, as well as, proposals and recommendations that have scientific and practical importance arising from results:

The economic turmoil caused by the Great Recession and the mismanagement of the crisis led to the rise of public and political support for the forces against international economic integration in many countries, but especially in developed countries. After the crisis, increasing unemployment, decreasing real wage level, income inequality, reduction of social protection expenditures, rising taxes, deterioration of public finances strengthened the opposition to free trade and immigration processes in the public opinion of those societies. The expansion of the influence of forces against global economic integration has led to the rise of trade protectionism, fewer free trade agreements and liberalizing policies, as well as, trade wars. The global economic uncertainties and conflicts caused by the mentioned events had a negative impact on the processes of international economic integration.

The conducted estimation shows that after the 2008-2009 global financial crisis, the development of international economic integration processes has weakened significantly. Since the global financial crisis, the use of protectionist policies that restrict trade around the world has increased dramatically. In every year since the crisis, the number of protectionist policies has exceeded the number of liberalizing policies. The research shows that after the financial crisis, there has been a decline in all forms of international capital flows. This indicates that the pace of development of the global financial integration process has significantly weakened compared to the pre-crisis period. Nevertheless, global financial integration remains high. Although the absolute number of immigrants around the world continued to grow in the post-crisis period, this growth rate has been weakening in comparison with previous periods.

Regression estimations carried out during the study has confirmed that the crisis has a permanent negative effect on the processes of international economic integration. It is shown that the 2008-2009 financial crisis has had a negative impact on international trade integration both in the short term and in the long term. It has also been shown that the financial crisis has had a negative impact on international financial integration both in the short term and in the long term. The negative impact of the crisis on both financial integration and trade integration has been more acute in the long term than in the short term.

The study found that the increased protectionist policies implemented in the post-crisis period have had a negative impact on the economic growth rates. On the other hand, applied liberalizing trade policies have had a positive effect on economic growth. In this regard, it should be noted that in the post-crisis period, the countries' leaning towards protectionist policies actually worsened the economic difficulties caused by the crisis. The estimation, carried out on the example of G20 economies, suggests that protectionism should be restricted and liberalizing policies should be increased in order to accelerate the rate of economic growth after the crisis.

The study found that weak economic growth rates and a lack of liberalizing policies have been the main reasons for weak global trade after the crisis. Rising protectionism has been found to have no significant impact on weakening global trade. However, the protectionist policies applied in the post-crisis period have affected trade lines. The estimation results show that the protectionist policies implemented by the "G20" economies between 2009 and 2020 have had the effect of reducing the share of imports from high-income countries. Protectionist policies also have had a negative impact on the share of imports from low- and middle-income countries of Europe and Central Asia, North Africa and the Middle East, and South Asia. However, post-crisis protectionist policies have had a positive impact on the share of imports from low- and middle-income countries of the East Asia and Pacific region.

According to the results of the study, the following suggestions have been made:

- Transition to inclusive economic globalization is necessary to ensure the sustainable development of international economic integration and prevent protectionist rise. As the concept of inclusive economic globalization takes into account the social welfare of all segments and prevents the increase of welfare of one group at the expense of welfare decline of other groups makes it a more sustainable integration process.

- Since the implementation of high number of trade-restrictive policies after the crisis has had a negative effect on the rates of economic growth , it is necessary to avoid the high-scale implementation of such policies for a rapid recovery of economic growth after the crises.

The main results of the research are presented in the following published scientific works of the author:

1. Abbasov, A., Pooled Mean Group Approach to Test the Determinants of Financial Integration: Evidence From OECD and G20 Countries, Research in World Economy, Vol 10, No 3, 2019, pp. 366-370
2. Abbasov, Ə., Böyük Ressesiyadan sonra qlobal maliyyə inteqrasiyası, Azərbaycanın Vergi Jurnalı, № 1, 2019, səh. 97-108
3. Abbasov, Ə., 2008-2009 qlobal maliyyə böhranından sonra qlobal ticarət niyə zəifləmişdir?, Azərbaycanın Vergi Jurnalı, № 2, 2018, səh. 99-110
4. Abbasov, Ə., 2008-2009 qlobal maliyyə böhranından sonra iqtisadi qloballaşma, Azərbaycanın Vergi Jurnalı, № 1, 2020, səh. 91-100
5. Abbasov, Ə., 2008-2009-cu il maliyyə böhranının iqtisadi millətçiliyin yüksəlməsinə təsiri, UNEC Elmi Xəbərləri, İl 8, Cild 8, aprel-iyun, 2020, səh. 112 – 122
6. Abbasov, A., Testing the Impact of Global Financial Crisis on Global Trade Integration, Book of Proceedings of 51st International Scientific Conference on Economic and Social Development – Rabat, 26-27 March 2020, pp. 624-631
7. Abbasov, A., Empirical Analysis of the Impact of 2008-2009 Economic Crisis on Immigration Tendencies: Case Of OECD Countries, Book of Proceedings of 37th International Scientific Conference on Economic and Social Development – "Socio Economic Problems of Sustainable Development", Baku, 14-15 February 2019, pp.764-772
8. Abbasov, Ə., Post-böhran dövründə qlobal ticarət inteqrasiyasının təhlili, Doktorantların və gənc tədqiqatçıların XXII Respublika elmi konfransı, 2018

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