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Volodymyr Panchenko

D.Sc. in Economics, Associate Professor of the Department of Economics and International Economic Relations, Mariupol State University, Kyiv, Ukraine;
 ORCID: [0000-0002-5578-6210](https://orcid.org/0000-0002-5578-6210)

Olha Yatsenko

D.Sc. in Economics, Professor of the Department of International Trade and Marketing, Kyiv National Economic University named after Vadym Hetman, Kyiv, Ukraine;
 e-mail: yacenkoolgakneu@gmail.com
 ORCID: [0000-0003-4399-2217](https://orcid.org/0000-0003-4399-2217)
 (Corresponding author)

Tetiana Musiets

Candidate of Economy Sciences, Professor of the Department of International Finance, Kyiv National Economic University named after Vadym Hetman, Kyiv, Ukraine;
 ORCID: [0000-0001-8277-0946](https://orcid.org/0000-0001-8277-0946)

Fedir Zinchenko

Candidate of Economy Sciences, Associate Professor of the Department of International Finance, Kyiv National Economic University named after Vadym Hetman, Kyiv, Ukraine;
 ORCID: [0009-0008-8537-607X](https://orcid.org/0009-0008-8537-607X)

Mariia Aleksandrova

Student of the Department of International Finance, Kyiv National Economic University named after Vadym Hetman, Kyiv, Ukraine;
 ORCID: [0009-0003-9701-0386](https://orcid.org/0009-0003-9701-0386)

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GLOBAL FINANCIAL CRISES AND THEIR MACROECONOMIC CONSEQUENCES FOR NATIONAL ECONOMIES: THE CASE OF UKRAINE

ABSTRACT

The article provides a comprehensive and in-depth analysis of the nature, types and causes of financial crises, which can threaten both individual national economies and global economic stability. The study analyses the origin and development of financial crises, which, in turn, are given special attention as they are becoming increasingly common amid deepening globalization and the growing integration of world markets. Particular emphasis is placed on theoretical aspects, in particular, on different approaches to the classification of financial crises, as well as on their key characteristics and determining factors that contribute to their emergence and development. The author examines the impact of global financial crises on macroeconomic indicators, including recession, instability of national currencies, rising unemployment and a general decline in economic activity, which have long-term consequences for the global economy. Particular attention is paid to the analysis of the impact of the financial crisis on the Ukrainian economy, taking into account its specific socio-economic conditions and structural problems that impede the overcoming of the crisis. The main challenges facing Ukraine in the context of the financial crisis are identified, including low productivity, instability of the banking system and weak competitiveness in global markets. The study also examines strategies for preventing and overcoming financial crises, including improving the regulatory framework, developing effective macroeconomic policies and strengthening the role of the state in managing economic processes. In addition, the international experience of overcoming financial crises and the possibility of adapting it to Ukrainian realities to ensure sustainable economic growth and financial stability were considered. The final part contains recommendations aimed at restoring Ukraine's economic sectors in order to reduce their vulnerability to future financial crises and increase their overall economic potential.

Keywords: global financial crises, macroeconomic consequences, national economies, financial stability, anti-crisis regulation, international experience

JEL Classification: A11, A44, E60

INTRODUCTION

The globalization processes that are sweeping the modern world have a complex and multifaceted impact on economic systems, both at the national and international levels. They contribute not only to accelerating economic development but also to spreading instability arising in local markets to regional and global scales. The consequences of such processes are uncertain, as they can cause both positive developments and serious financial crises that can lead to significant economic shocks.

The modern economy is characterized by a high degree of integration and interdependence, which increases the risks of crisis transmission from one country to another. The accelerated development of international financial markets has contributed to an increase in the frequency of crises, their scale, the speed of transmission of negative effects, and the difficulty in overcoming their consequences. The conditions of globalization have turned financial crises into large-scale phenomena that affect the economies of many countries simultaneously, causing serious imbalances and destabilization of the global economy (Yatsenko et al., 2019).

Growing globalization has stimulated the need to study new models of crisis phenomena, which allows us to better understand the mechanisms of their occurrence and spread. Accordingly, monitoring, evaluation, systematic research and analysis of pre-crisis factors have reached a new level of complexity and accuracy. This requires the continuous development of effective preventive measures aimed at minimizing the negative threats and consequences of financial crises, as well as preventing or limiting their spread on a global scale.

This complexity necessitates an active search for new approaches to crisis management, as well as the improvement of existing economic models and strategies, which will increase the resilience of national economies to global financial shocks.

LITERATURE REVIEW

The theory of global financial crises is a rather multidimensional issue that has engaged many domestic and foreign researchers. A. Schwartz (1987) and K. Kindleberger (2005) significantly contributed to the development of this theory by examining the essence of financial meltdowns, their structural aspects, and their implications for the world economy. Their research laid down the cornerstone of what later developed into an understanding of cyclic economic crises. The analysis by Schwartz regarding past financial crises, notably the Great Depression, underlined the role of monetary policy in crisis management; on the other hand, Kindleberger's book became a classic text emphasizing psychological and irrational forces driving financial bubbles toward an inevitable burst: "Manias, Panics, and Crashes".

D. Sachs (1998) and G. Minsky (1970) are authors who elaborated on their views on the causes of financial crises, stressing the psychological factors and market expectations that revolve around them. The research by Sachs provided very important insights into the channels of global transmission of crises, indicating that instability in one part of the world can lead to a chain of negative effects on other economies through trade and financial linkages. It was G. Minsky who introduced the idea of a "Minsky moment", which depicts the sudden collapse of financial markets after an extended period typified by overborrowing. This has gained significant relevance in explaining present-day financial crises, whereby speculative manias are typically followed by violent breaks in financial markets.

Not only limited to these basic theories, the comprehension of financial crises has been recently enriched by several empirical works that have introduced the roles of financial innovation and globalization. Although traditionally perceived as a catalyst for economic development, financial innovation has also posed a systemic risk, as observed from the inadequately informed use of new financial instruments. In turn, the involvement of cross-border capital flows — that is to say, globalized financial markets — has intensified crisis dynamics since they become synchronized on a global scale during depressions.

Ukrainian scholars have also made a significant contribution to the study of this issue. M. Tugan-Baranovsky (1923) and O. Baranovsky (2009) have scrutinized the impacts of global financial crises on national economies in order-developed economy-specific models. The content underlines the vulnerabilities of emerging markets, like Ukraine, where financial markets are underdeveloped and shock-absorbing effects on them are more pronounced. While Tugan-Baranovsky's earlier work focused on economic cycles that provided a background for understanding the impact of external financial crises on domestic economies, more recently O. Baranovsky has analyzed in terms of problems that are specific to Ukraine during periods of global financial instability.

A. Chuhno (2010) analyzed the development of financial crises within the process of globalization and underlined the relationship between globalization and the increasing fragility of financial systems. In his paper, Chuhno emphasizes one of the globalization paradoxes: although it has favoured growth and economic integration, it has also contributed to a surge in contagion risk, due to which financial instability in one country can spread rapidly to others. This made the task of any single nation to protect itself from shocks of a global nature more complicated, which required more intense cooperation and coordination in regulation on an international level.

I. Ped (2012) and A. Laznya (2012)) directed their attention to the implications of the global financial crises and their impact on the global economy by elaborating models for economic processes adaption and stabilization. The research by them proved quite instrumental in developing a conceptual framework to enable policymakers, both at the international and national levels, to understand how best they can prepare for and respond to financial crises. Ped's models stress early warning systems and proactive policy measures; on the other hand, Laznya's work supports an integrated approach toward crisis management involving coordination between monetary, fiscal, and structural policies.

I. Doroshenko (2008) and Y. Zhalilo (2009) researched the impact of financial crises on the Ukrainian economy. The focus was on the specifics of the national financial market concerning an approach that would reveal shock vulnerability from

without. Both provide an elaborate analysis of how global financial turbulence could further compound structural weaknesses already existing in Ukraine's economy. External financing, as well as a fragile banking sector, is heavily reliant. The work by Doroshenko also draws attention to the capacity of government policies to redact the effects related to financial crises; on his part, Zhalilo stresses that reforms are much needed to restore resilience within Ukraine's financial system.

Finally, the issues of researching ways to overcome the consequences of the global financial crises are reflected in the works of A. Oleshko (2012), O. Makovoz (2014), V. Savchenko (2016), and M. Lisun (2011). The authors put forward different approaches to stabilizing the economy and developing anti-crisis strategies: both macro- and microeconomic. The results of their research confirm that effective crisis management is based on short-term stabilization policies combined with long-term structural reforms. For example, Oleshko and Makovoz stress monetary policy and financial regulation in market stabilization; Savchenko and Lisun call for general economic reforms to make the national economy shock-resistant. These studies stress a great deal on taking an integrated approach—from the immediate effects of financial instability as well as its underlying causes—to manage a crisis well.

AIMS AND OBJECTIVES

The purpose of this article is to study the main causes, mechanisms of emergence, and consequences of the global financial crises in the context of globalization, and to develop recommendations for minimizing their negative impact on the economies of developing countries.

The main objectives of the article are:

1. Analysis of theoretical approaches to the study of global financial crises.
2. Identification of the key factors that cause financial crises.
3. Assessment of the impact of financial crises on the Ukrainian economy.
4. Development of proposals to reduce the vulnerability of economies to global financial shocks.

METHODS

The following methods were used in the study: dialectical and historical - to analyze the genesis and evolution of financial crises; systematic approach - to assess the impact of financial crises on the Ukrainian economy; comparative method - to identify specific aspects of the impact of crises in different countries; analysis and synthesis - to summarize theoretical and practical materials on the topic of the study.

RESULTS

The global financial system is a key mechanism for national and global economies, but it can also be a source of serious shocks. Financial crises reflect the evolution of the global economy, integration, and globalization, causing their effects to spread. Global crises not only complicate the economic situation but also reveal critical issues for future resolution. After a crisis, the economy usually recovers slowly, but during this period, the most effective decisions are made and significant improvements are made in various areas of the country's activities. In general, it can be said that "crisis" is a multifaceted economic term, the understanding of which is constantly evolving and progressing (Galchynskiy, 2009).

A financial crisis can be viewed from the perspective of its origin, type and stage of development. Among the many Western economists who have made a significant contribution to the development of the theory of financial crises, it is worth mentioning A. D. Schwartz, K. P. Kindleberger, G. F. Minsky, D. D. Sachs, and among Ukrainian economists - M. I. Tugan-Baranovsky, O. I. Baranovsky, A. A. Chuhno, and others. Since the 1930s, financial crises have become more frequent and destructive. Modern theoretical concepts that explain financial crises are mainly based on events in the United States (1930-1933), the Middle East (1997-1999), Latin America (1988), Scandinavian countries (1988), and the global crisis of 2008 (Tyvonchuk, 2011).

Despite the extensive research in this area, economists' views on key aspects of financial crises remain different. Global financial crises are a complex phenomenon interconnected with other crises, especially economic ones. Different schools of thought have their own approaches to defining and explaining the causes of financial crises (Table 1).

Table 1. Approaches to identifying and explaining the causes of financial crises. (Source: Schwartz, 1987; Kindleberger, 2005; Sachs et al., 1998; Minsky, 1970; Tugan-Baranovsky, 1923; Baranovsky, 2009; Chuhno, 2010)

Author	Definition
A. Schwartz	They arise from disruptions in the banking system caused by bank panic and loss of confidence in banks. Recommendation: Central banks should support banks' solvency by providing liquidity to stabilize asset prices.
K. Kindleberger	They are related to business cycles and economic shocks due to external factors such as wars, new technologies, and changes in government policies. A currency crisis is the initial stage of a financial crisis.
G. Minsky	Financial crises and currency crises are synonymous, with a currency crisis being the initial stage of a financial crisis, leading to a drop-in asset prices and bankruptcies in the financial and non-financial sectors.
M. I. Tugan-Baranovsky	Correlates financial crises with economic cycles, considering them an integral part of the cyclical fluctuations that occur in the global economy.
A. A. Chukhno	The cause of financial crises is the mismatch between the new conditions of economic development and the existing mechanisms for regulating the monetary and financial system.
O. I. Baranovsky	A financial crisis is a precondition for significant qualitative and structural changes in the economic system that can lead to the destruction or disruption of national financial systems and global markets.
D. D. Sachs	Massive capital outflows cause panic in the financial markets, leading to rising interest rates, depreciation of national currencies, and bank failures.

Thus, the term "financial crisis" describes a situation of sudden loss of a significant part of the market value of financial assets, which leads to an imbalance in the economic system. This crisis causes significant changes that can suspend development, change the shape or even destroy the financial systems of individual countries or global markets.

The financial crisis manifests itself in the financial sector and markets through:

- a sharp rise in interest rates;
- increase in the number of troubled banks and financial institutions;
- growth of bad debts;
- reduced lending;
- cases of bankruptcies.

Financial crises can have various causes and manifestations, such as rising public debt, stock market panics, currency depreciation, and hyperinflation. They can be caused by problems in the banking system, external interventions, new technologies, changes in economic policies, and globalization. Regardless of the causes, financial crises always lead to lower stock and real estate prices, reduced exports, credit and GDP. They affect financial markets, monetary circulation, and international finance, which manifests in rising interest rates, debt, reduced credit, and lower securities prices (Tyvonchuk, 2011).

There is no single classification of financial crises in the economic literature, but some studies identify three main types: banking, currency and debt crises (Table 2). Sometimes crises can occur simultaneously. Initially, the term "double crisis" described the simultaneous occurrence of currency and banking crises, but nowadays we can observe "triple crises" that include all three types.

Table 2. Types of global financial crises. (Source: Vavilov, 2014)

Type of crisis	Characteristics
Banking crisis	It occurs when the banking system fails to perform its basic functions: mobilizing funds, providing loans, and making payments. Requires government intervention to prevent destabilization.
Currency crisis	It is accompanied by a significant depreciation of the national currency, sharp exchange rate fluctuations, active speculation, a decrease in foreign exchange reserves, and higher credit costs. Typically, the currency depreciates by 10% or more.
The debt crisis	It occurs when a country cannot service its public debt or the debts of individuals and legal entities. It can be internal or external. The inability to service the debt leads to serious economic problems, such as currency depreciation, banking instability, and significant costs to overcome the consequences of the crisis.

Financial crises stimulate the identification of key macroeconomic indicators to develop a system for monitoring and early detection of crises in the financial sector. Based on a retrospective study, the main indicators that can signal a financial crisis have been identified (Shabelnyk et al., 2020):

1. Balance of payments.
2. Exchange rate fluctuations.
3. Rising inflation.
4. Decline in real GDP.
5. External debt to GDP ratio.
6. Ratio of international reserves growth to imports.

In times of economic instability, the unemployment rate should also be taken into account, as it reduces tax revenues and increases social security costs. Additional indicators may be included depending on the specific situation. Monitoring of these indicators allows timely detection of the probability of a financial crisis and the development of effective management strategies to prevent it at the global level.

World history is marked by numerous economic crises, each of which left a deep mark on the global economy. The Great Depression of 1929 in the United States resulted from over-excessive monopoly benefits, credit speculations, and limited European market access that caused mass unemployment and stock devaluation. In 1973, an oil crisis ensued out of the conflict between Israel and OPEC member states, leading to higher prices for gasoline and diesel and striking global markets. The mortgage crisis in 2008 resulted from loan non-repayment that caused massive job cuts, as well as a fall in economic growth. The deep recession resulting from quarantine restrictions due to the COVID-19 pandemic led to a cessation of economic activity in 2020. The current full-scale invasion of Ukraine by Russia has created a crisis with economic and geopolitical consequences: reduced production, higher unemployment, worse institutional financial conditions and loss of commodity price stability.

Table 3. Characteristics of the largest global financial crises of the twentieth and twenty-first centuries. (Source: Ped, 2012; Laznya, 2012)

Year	The country where the crisis originated	The main reasons	Macroeconomic implications
1929	USA	<ul style="list-style-type: none"> ▪ Increase in production volumes; ▪ Excessive privileges for monopolies that led to price instability; ▪ Speculation in loans due to their low cost; ▪ Restrictions on the access of American goods to European markets. 	<ul style="list-style-type: none"> ▪ Over 25% increase in unemployment, with many in poverty; ▪ Price increases due to rising inflation; ▪ Closure of 5,000 banks and USD 40 billion in stock impairment; ▪ 50% reduction in production.
1973	The United States, OPEC member states, as well as Egypt and Syria	<ul style="list-style-type: none"> ▪ Political conflict; ▪ Cessation of oil supplies to countries that supported Israel; ▪ Reducing oil production to influence global prices. 	<ul style="list-style-type: none"> ▪ Weakening of the competitiveness of the US automotive market; ▪ Severance of diplomatic relations with Israel in most countries; ▪ Increase in gasoline and diesel prices; ▪ Massive savings in the United States.
2008	USA	<ul style="list-style-type: none"> ▪ The mortgage crisis in the United States; ▪ Access to loan programs for borrowers has been simplified; ▪ The problem of low-quality loans; ▪ Falling stock prices. 	<ul style="list-style-type: none"> ▪ Bankruptcy of several European banks; ▪ Widespread business downsizing; ▪ Rising unemployment; ▪ Reduction of government revenues.
2020	China	<ul style="list-style-type: none"> ▪ The COVID-19 pandemic and quarantine restrictions; ▪ Decline in production and consumer demand; ▪ Fluctuations in financial markets and falling raw material prices. 	<ul style="list-style-type: none"> ▪ Deep recession and rising unemployment; ▪ Falling consumer demand and investment, increasing debt burden on governments; ▪ Declining exports and imports, rising budget deficits; ▪ Increase in the number of company bankruptcies.
2022	Ukraine	<ul style="list-style-type: none"> ▪ Military actions and aggressive activities of the Russian Federation in Ukraine. 	<ul style="list-style-type: none"> ▪ Rising commodity and energy prices; ▪ Population migration; ▪ Decreased national and food security; ▪ The emergence of food insecurity;

These historical examples stress the need for a holistic methodology in evaluating the macroeconomic environment. This enables not only the detection of potential threats but also the design of proper strategies to avoid future financial crises. The Ukrainian case is one that can be taken and looked at in more detail in light of the global financial crises. An analysis of the implications these crises had will answer how turmoil in the world economy impacts the economic stability and development process of individual countries.

At the beginning of the new millennium, Ukraine was challenged by several problems, later joined by the global financial crisis. The continuous dynamics within the international sphere had an impact on the economy of the country— thus influencing its financial condition and social development (Bazaluk et al., 2022). In this paper, an attempt was made to consider the influence left of three global financial crises on Ukraine's economy: the crisis of 2008 in 2020 caused by a pandemic, and finally — one more provoked recently due to Russia's military aggression against Ukraine.

The 2008 global financial crisis hit the economies of many countries hard. The interrelatedness of financial institutions helped in transmitting the crisis from the US financial system to a worldwide level. The losses of financial institutions were USD 1.2 trillion, which led to falling global stock markets and raised oil and gold prices on world markets, in turn, provoking global inflation and decreasing economic growth (Baranovsky, 2009).

Ukraine, too, experienced losses due: to the drop-in business activity, decrease in production, and worsening of key economic variables (Doroshenko, 2008). Problems among large commercial banks began to emerge in the autumn of 2008, with a negative impact on export-oriented industries such as metallurgy and machine building.

From 2000 until the third quarter of 2008, as indicated in Figure 1, Ukraine's economy expanded at an average annual rate of 7.5%. However, this growth cycle was cut by the liquidity crisis that started in the fall of 2008. Ukraine underwent one of the most severe recessions and a significant devaluation of the national currency.



Figure 1. Change in Ukraine's real GDP to the previous year, 2000-2010, %. (Source: created by the authors based on the Independent Association of Banks of Ukraine, 2023)

The decline in demand for export goods, such as metallurgy and chemicals, led to a decline in production and an increase in unemployment in Ukraine. By mid-2009, this also led to an increase in doubtful loans. Deteriorating access to global finance and dwindling domestic resources halted lending to households and corporations. Domestic factors, such as rising external debt and outflows of speculative capital, exacerbated the crisis. Most of the loans in foreign currency increased the debt burden and debt service costs (Oleshko, 2012).

At the beginning of the fourth quarter of 2010, Ukraine's total external debt amounted to USD 116.2 billion (*Electronic journal "Effective Economy", 2011*). Under such conditions, it was difficult to pursue a targeted currency strategy. Even small changes, such as rising external interest rates or financial crises among trading partners, threatened the stability of the hryvnia exchange rate and led to an increase in debt. The dynamics of debt indicators and their repayment options are shown in Table 4.

Table 4. Ukraine's external debt to exports and GDP and the dynamics of the UAH exchange rate against the USD. (Source: created by the authors based on the electronic journal "Effective Economy", 2011)

Years	External debt/exports, %	External debt/GDP, %	UAH per USD 100. USD at the end of the period
2003	82.2	47.5	533.17
2004	74.2	47.2	530.91
2005	89.3	45.9	502.2
2006	108.5	50.6	502.53
2007	132.1	56	505.05
2008	118.4	55.9	776.82
2009	191.6	88.7	797.65

The close connection between financial organizations led to the fact that the crisis that began in the United States quickly spread throughout the world. The global economic crisis has become a serious challenge for national economies and the system of global economic strategy. In Ukraine, the effects of the crisis were manifested in a decline in investment, a reduction in foreign trade and an increase in unemployment. This stimulated the need to introduce economic reforms to maintain stability and restore the country's development.

The COVID-19 pandemic of 2020 had a devastating effect on the Ukrainian economy, aggravating pre-existing issues brought on by the conflict in the east, the loss of Crimea, and portions of the Donetsk and Luhansk provinces. The recession had a disastrous socioeconomic impact, contributing to new issues in the healthcare system, a marked rise in mortality, political unrest, inflation, and debt in addition to military conflicts and other concerns. Economic development was impossible in such a challenging environment because of these issues. By examining the GDP trends concerning other years, one may examine the pandemic's effects on Ukraine's economy (Figure 2).


Figure 2. The impact of the COVID-19 pandemic on the change in Ukraine's real GDP compared to previous years (2011-2021), %. (Source: created by the authors based on the Independent Association of Banks of Ukraine, 2023)

Since 2016, Ukraine has recorded a GDP growth of 16.1% compared to 2015, thanks to the recovery from the events of 2014, improved performance of the agricultural sector, and increased investment. However, in 2020, the COVID-19 pandemic caused a new decline in GDP, which has not been improving for a long time. Foreign economic activity, especially exports and imports, also had a significant impact on the country's economy (Figure 3).

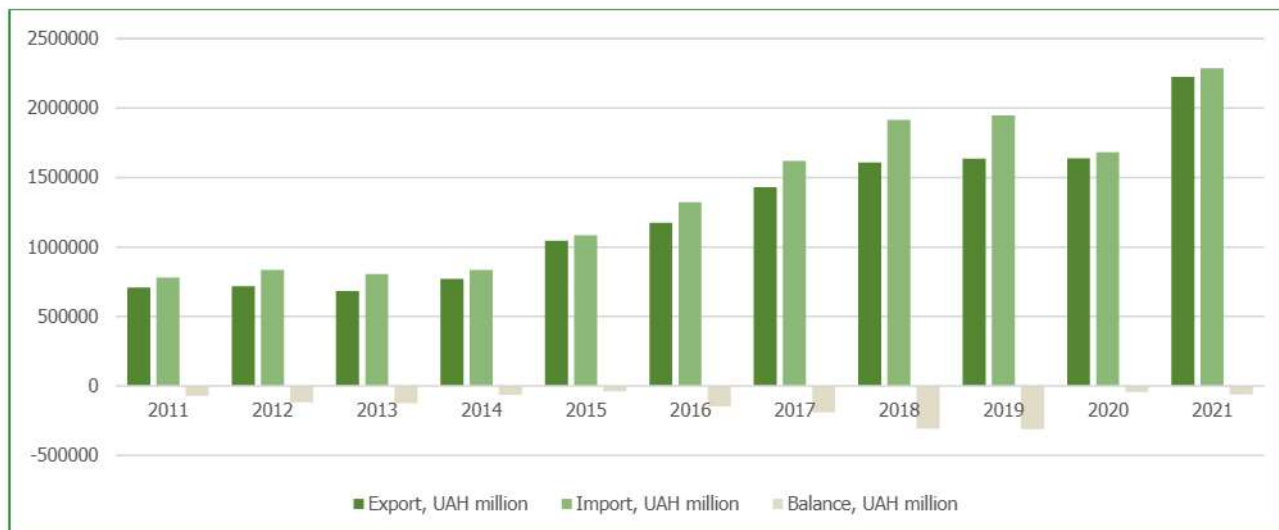


Figure 3. Dynamics of Ukraine's exports and imports in 2011-2021, UAH million. (Source: created by the authors based on the Ministry of Finance of Ukraine data, 2023)

As the chart shows, exports and imports of goods had been growing steadily before the pandemic hit in 2020. This slowdown in merchandise trade was driven by border closures, reduced trade and air travel, and the desire to protect domestic producers. The importance of exports declined in particular, leading to a reduction in the balance of payments in 2020, which was still negative. The following year, exports and imports increased due to stronger international ties, improved competitiveness of domestic producers, and integration into the European market.

A study of the generalized budget of Ukraine, which covers all budgets included in the structure of the budget system of Ukraine (Figure 4), shows that its revenue side is constantly growing (by 15% annually). However, spending on measures to combat the coronavirus epidemic led to an increase in the budget deficit to UAH 217.096 million in 2020. Similar trends are expected to continue in 2021.

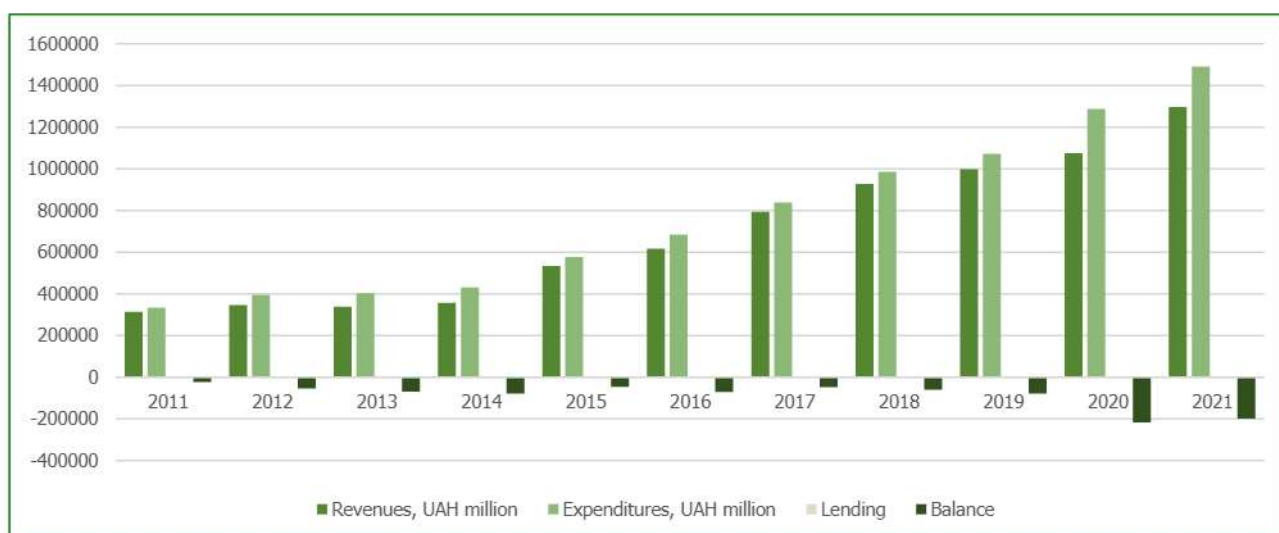


Figure 4. Execution of the state budget of Ukraine in 2011-2021, UAH million. (Source: created by the authors based on the Ministry of Finance of Ukraine data, 2021)

Thus, as of December 31, 2021, most of the state budget expenditures were directed to social protection and social security, general government functions, and health care (Figure 5). The increase in these areas of expenditure is primarily due to the peculiarities of the economy's functioning in the context of the pandemic. The least amount of spending was allocated to housing, communal services and environmental protection.

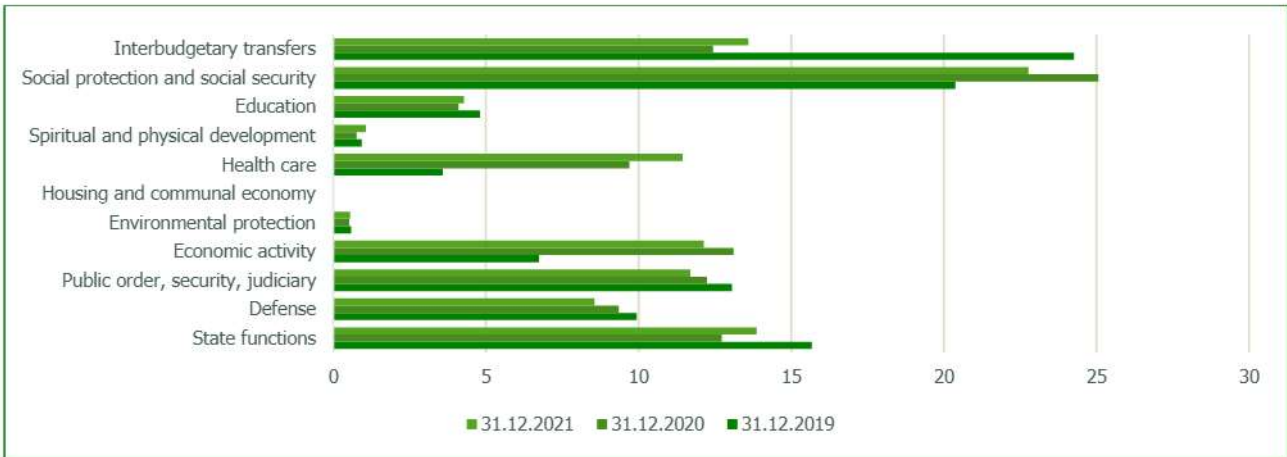


Figure 5. Structure of the state budget expenditures of Ukraine by the most important indicators in 2019-2021 (functional classification), %. (Source: created by the authors based on the Ministry of Finance of Ukraine data, 2021)

Thus, the COVID-19 epidemic has had a significant impact on Ukraine, affecting public health, economic development and public services. The fight against the epidemic has required significant resources from the government and medical institutions. International trade and economic relations have been affected, leading to higher prices for goods, restrictions on their production and transportation, more difficult international travel, and increased unemployment, particularly in Ukraine. At the same time, the crisis became a catalyst for positive long-term changes, especially in the field of digitalization, which contributed to Ukraine's resilience in the years to come (Tsygankova et al., 2023).

On July 1, 2023, the WHO lifted the quarantine imposed to prevent the spread of COVID-19 due to the start of a full-scale invasion of Ukraine (Cabinet of Ministers of Ukraine, 2023). This decision was made to mobilize resources for the military situation and ensure the safety of citizens. The authorities had to choose between public health and national security. The problems of the functioning of the Ukrainian economy in the context of the war with Russia became key both domestically and internationally.

Although Ukraine's economy was actively developing, focusing on industry, agriculture and services, the Russian invasion caused serious fluctuations in economic performance, weakening of the country's position on the international stage and the need to stabilize economic processes. Due to Russia's attack and its consequences, including mass migration, destruction, occupation of territories and disruption of industrial and transportation links, all economic indicators, including GDP, inflation and unemployment, have undergone sharp negative changes. The dynamics of GDP during the pandemic and before it was discussed above.

Figure 6 presents GDP dynamics in Ukraine since 2022. Notwithstanding the coronavirus, GDP in Ukraine started to recover in 2021. However, in the first quarter of 2022, GDP decreased by 14.6% compared to the same period in 2021 due to the Russian invasion. The fall lasted until early 2023 when the GDP started to rise steadily. In the second quarter of 2023, it increased by 19.2% compared to the same period in 2022— one of the most complicated after war broke out.



Figure 6. Dynamics of Ukraine's real GDP during the crisis periods of 2022-2024, %. (Source: created by the authors based on the electronic journal "Effective Economy", 2011)

The war has accelerated inflation, which is manifested in the rapid growth of prices for goods and services without improving their quality. Although inflation is a common phenomenon in a normal economy, in times of epidemic, crisis, and in Ukraine's case, war, it reduces the purchasing power of the national currency and leads to its devaluation. The inflation rate in Ukraine is shown in Figure 7.

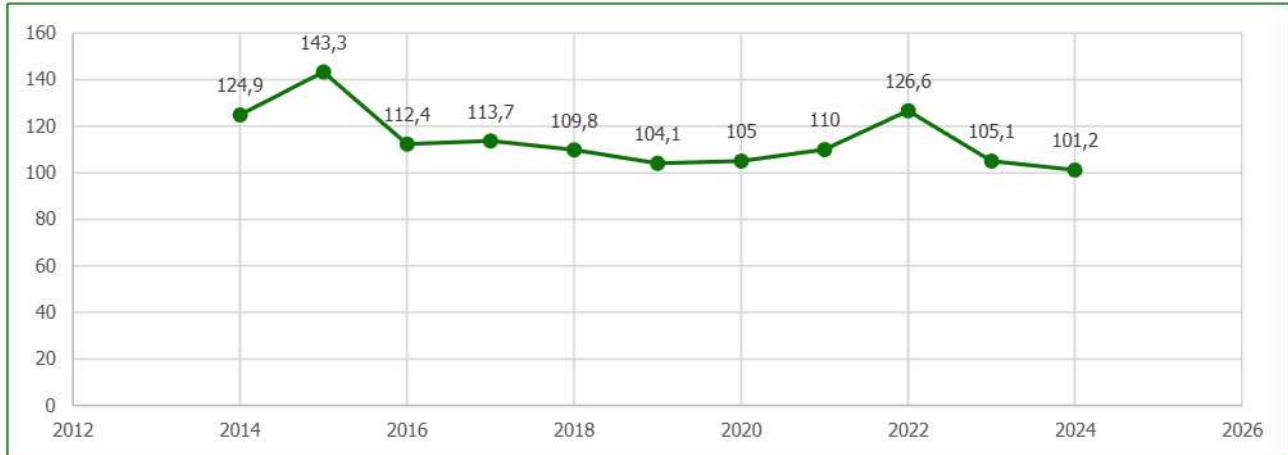


Figure 7. Dynamics of changes in the inflation index over the past 10 years (2014-2024), %. (Source: created by the authors based on the Ministry of Finance of Ukraine data, 2024)

For instance, Ukraine is experiencing a rapid rise in prices since 2015 because of the military operations in the East of the country. Due to consumer panic and food stockouts, the coronavirus pandemic has further worsened this process. In 2022, the war in Ukraine would have further worsened inflation due to infrastructure destruction and reduced production. Although there was a slight improvement in 2024 from an economic standpoint, it remains fragile with high inflation that stood at 101.2% as compared to 105.1% in 2023 (Ministry of Finance of Ukraine, 2024).

An equally important factor for analyzing hostilities' influence on the Ukrainian economy is unemployment in the country. The problem of massive unemployment has always been one of the most serious for the Ukrainian economy but despite this fact, thousands still remain unemployed or are working outside an official register (Ministry of Finance of Ukraine, 2024).

It is particularly acute now, with dozens of businesses destroyed or curtailed in their activities, with thousands of Ukrainians forced to leave their homes and migrate to foreign countries.

In 2020, the number of officially registered unemployed peaked due to the introduction of quarantine, but in 2021 this figure dropped sharply because many citizens began to work remotely. However, for employed Ukrainians, the next, much more decisive moment turned out to be the outbreak of war with Russia in 2022. The graph (Figure 8) shows that the level of registered unemployed continued to decline, but now it was due to large-scale migration, an increase in the unregistered unemployed, mobilization, and problems with government accounting. If we calculate the real unemployment rate in Ukraine according to the methodology of the International Labour Organization, it will be much higher, but this is not possible at the moment.

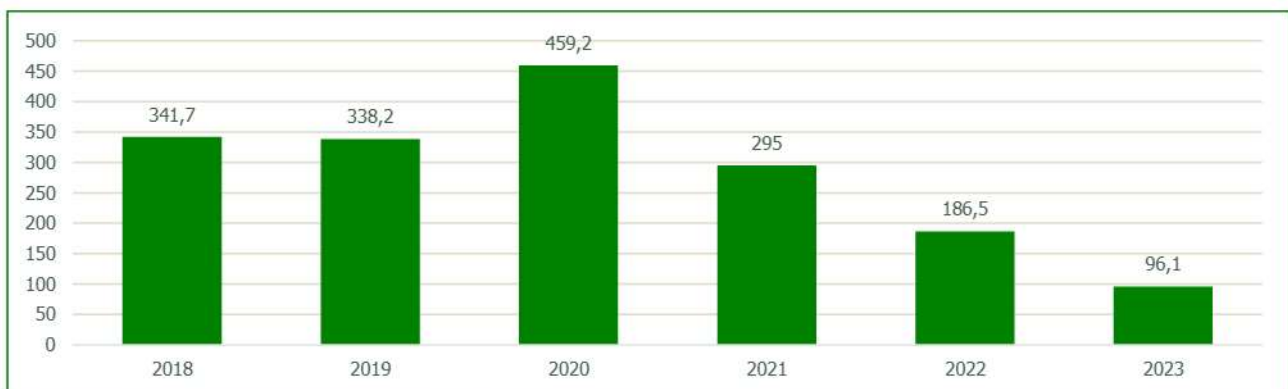


Figure 8. Number of registered unemployed in Ukraine in 2018-2023, thousand people. (Source: created by the authors based on the Ministry of Finance of Ukraine data, 2024)

Ukraine's balance of payments situation reflects the ratio of cash flows into the country from abroad and the country's expenditures outside its borders. The war with Russia caused a serious deterioration in the balance of payments in 2022, resulting in a deficit of USD 2.9 billion (compared to last year's surplus of USD 0.4 billion in the same period in 2021) (Figure 9).

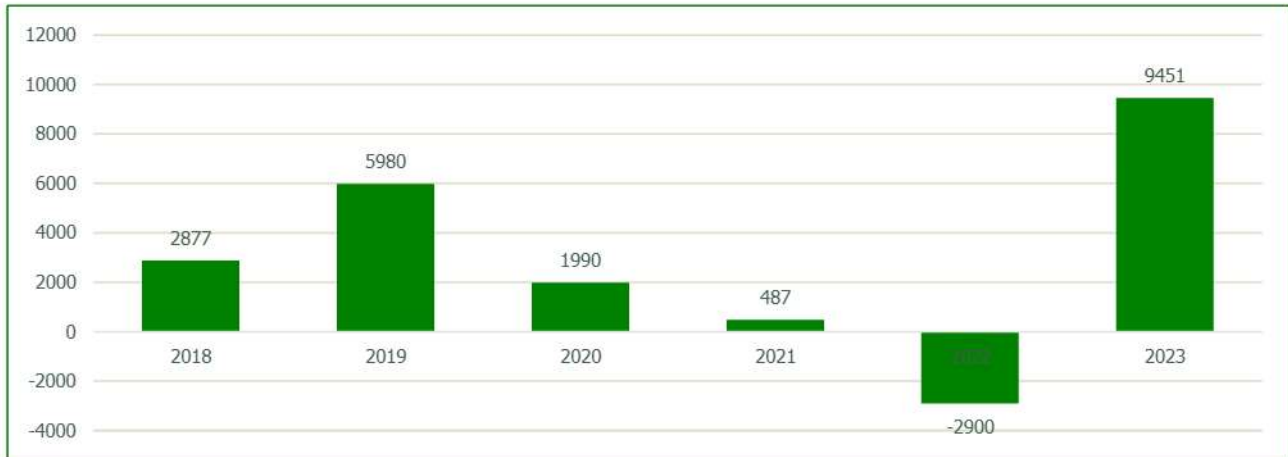


Figure 9. Dynamics of Ukraine's current account balance in 2018-2023, USD million. (Source: created by the authors based on the Ministry of Finance of Ukraine data, 2024)

In 2019, although somewhat augmented, in 2020 due to the pandemic and in 2022 due to the war, they plummeted sharply (Mykhailova et al., 2023). Radical changes in currency flow between residents and non-residents of Ukraine were caused by the war itself, as well as a general disruption of all economic structures. In 2023, there was a surplus in the balance of payments, but this was due to significant external assistance. Without this assistance, the balance of payments would have a significant deficit, which is exacerbated by military spending, the needs of citizens, and defence against military threats. Ukraine still needs international support, and much of it is provided free of charge, which makes the situation easier.

Thus, both the 2008 and 2020 crises had a significant impact on the Ukrainian economy, leading to a decrease in investment, a decline in foreign trade, and an increase in unemployment. The 2008 crisis required economic reforms to restore stability, and the 2020 crisis caused by the COVID-19 pandemic led to a decline in production, a growing budget deficit, and unemployment, requiring economic stimulus (Reznikova et al., 2022). Currently, the latest crisis caused by the war is ongoing and has no predictions for its end. The tools for preventing and combating financial crises are increasingly becoming an integral part of the economic strategy of stability and long-term development.

Today, a stable financial infrastructure is critical to a market economy, as it allocates resources efficiently to maximize productivity. Failures in its operation can lead to serious economic imbalances. Financial crises are becoming commonplace due to globalization, spreading rapidly across the globe. Given their high cost to national economies, it is important to find reliable methods to overcome and prevent crises, especially in the banking sector.

The main goal of crisis management is to mitigate the impact of the most dangerous factors that cause a crisis situation. Strategic management requires decision-making in the early stages when the crisis is not yet irreversible, despite the limited availability of information (Oleshko, 2012).

Anti-crisis regulation of the national economy systematically affects the economy to prevent, minimize and eliminate the negative effects of crises, ensuring stable economic development. It covers various methods and tools to achieve macro-economic goals and solve problems of economic growth.

The conceptual scheme for developing a crisis management mechanism includes analysis of global and national economic situations, crisis forecasting, formulation of an anti-crisis strategy and implementation of its principles in economic development programs and strategies (Figure 10).

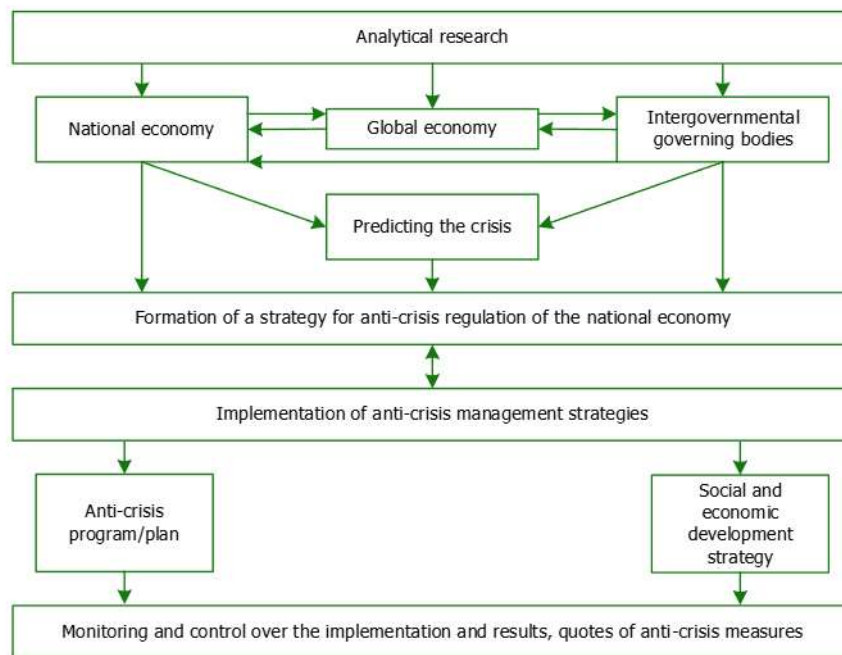


Figure 10. A conceptual scheme for developing a mechanism for anti-crisis regulation of the national economy. (Source: Oleshko, 2012)

The tasks of crisis management include crisis prevention, crisis management, crisis recovery, control in unstable situations, cost reduction, and timely decision-making (Makovoz, 2014). These tasks collectively define crisis management as a continuous process that takes into account all the characteristics of the economic system to ensure sustainable development. In industries that are important for the economic and social sphere, the state takes special measures to prevent crises (Table 5).

Table 5. Crisis prevention measures. (Source: Makovoz, 2014)

Measures to support crisis situations	
<i>Financial support</i>	<i>Special administration</i>
Targeted financing on a repayable and non-repayable basis	Introduction of additional reporting forms
Subsidizing the loan interest rate	Setting mandatory standards
Providing loan guarantees	Licensing
Tax benefits	Compulsory liability insurance
Tax credit	Legal restriction of tariffs

The subjects of anti-crisis regulation of the national economy are state authorities. The main areas of state regulation during the crisis include improving the legislation on the bankruptcy of enterprises, improving programs to restore the financial stability of companies, implementing government measures to overcome the payment crisis, conducting privatization and voluntary liquidation of debtors, and introducing the institute of arbitrators and bankruptcy trustees (Oleshko, 2012).

Setting goals for the development of any economic process is based on the criteria of economic productivity. In the context of anti-crisis management, such a criterion is to reduce the intensity of the recession, the duration, scope and negative consequences of the crisis and subsequent depression. The goals of managing the anti-crisis state of the national economy are divided into strategic and tactical ones (Figure 11).

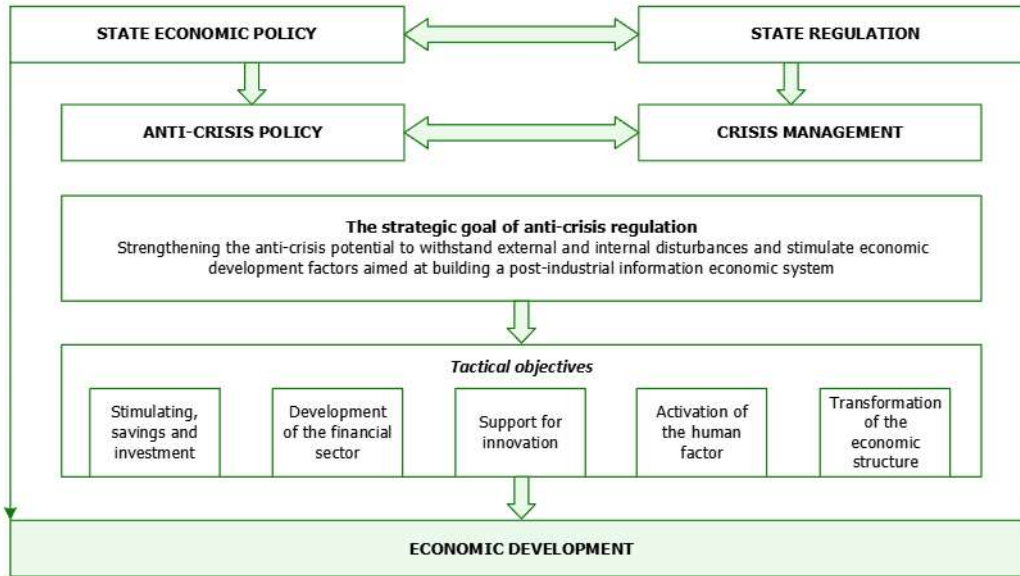


Figure 11. Objectives of anti-crisis regulation of the national economy. (Source: Oleshko, 2012)

In addition, in order to achieve the goals, it is necessary to determine the methods of anti-crisis regulation of the economy, which may face increasing internal and external challenges that require a prompt response and alternative management strategies (Table 6).

Table 6. Methods of anti-crisis regulation of the national economy. (Source: Oleshko, 2012)

Classification feature	Types of methods
By content	1. economic; 2. legal; 3. administrative; 4. institutional
By the time of action	1. short-term; 2. long-term
By the time of exposure	1. preventive; 2. reactive
By the nature of the impact	1. direct; 2. indirect
By scale of impact	1. protectionist; 2. liberal
By level of impact	1. national; 2. regional; 3. sectoral; 4. microeconomic; 5. local

In developed economies, anti-crisis public administration in the context of recent financial crises has taken different forms (Schneeberger et al., 2018). For example, in the United States, it is based on stimulating entrepreneurial activity, stabilizing the financial system, and promoting a free market environment. Starting in the 1970s, economic programming became a key tool that included national and regional programs. In the 1980s, the United States moved from the Keynesian model to monetarist policies aimed at stimulating business and ensuring market relations. The main methods are a simplified taxation system, control over monopolies and support for competition (Savchenko, 2016).

Today, the experience of the UK and France in overcoming economic crises is important. The British model, with its small public sector and active market regulation, proved to be successful during the 2008 and 2020 crises. The UK has focused on supporting the financial sector and using tax regulation to stimulate industrial development. In France, the continental model, with active economic intervention and a socially oriented market strategy, has been marked by increased support for industry through budget transfers, guarantees for state-owned banks, and subsidies since early 2008.

The European Union is pursuing a methodical anti-crisis policy for the stability of the financial market by restoring the economy to ensure financing since it is through this that the provision of mortgages, pensions, and loans is ensured. It also aims to preserve a satisfactory level of employment. Moreover, reconstructing public finances involves contributing to global economic stabilization through public expenditures and stimulating economic growth — which can be realized only with enhanced legal regulation and more rigid control over the financial sector.

Japan, a nation with a long history of economic intervention, actively manages its economy with a focus on stability, income redistribution, and the maintenance of public goods. To ensure stability, it develops plans and forecasts, and the Ministry of International Trade and Industry is responsible for industrial policy and foreign trade. Its anti-crisis strategies

include lowering interest rates, buying back shares of financial institutions, increasing government participation in the capital of financial institutions, reducing the tax burden on corporate profits, etc. (Savchenko, 2016).

Thus, anti-crisis regulation is the impact of the state on the economy to prevent and overcome crisis situations aimed at sustainable development. This includes the development of economic strategies, strengthening employment legislation, and increasing government intervention. The experience of developed economies, such as the EU, the US, and Japan, shows a variety of approaches to crisis management, which may be useful for Ukraine in its crisis (Lizun, 2011).

DISCUSSION

We agree with Schwartz (1987), Kindleberger (2005), and Minsky (1970), who emphasize the importance of systematic analysis of financial crises for the purpose of predicting and mitigating their consequences. Our study confirms their conclusions, in particular, regarding the importance of monitoring financial indicators for early detection of crisis signals.

At the same time, we believe that the impact of financial crises on the national economy in the context of growing globalization should be studied more deeply. Such authors as Doroshenko (2008) and Zhalilo (2009) have studied the impact of the global financial crises on the Ukrainian economy, but the interaction of national and international factors in this context remains insufficiently addressed. This necessitates a more detailed study of the mechanisms of transmission of crisis phenomena from one level of the economy to another.

Also, our findings indicate the need for the development of national programs to adjust in a crisis environment, as well as put forward by Oleshko (2012) and Savchenko (2016). However, we would extend these approaches taking into account the trends of globalization and digitalization that are able to change quite substantially the nature and dynamics of financial crises.

Hence, our research underscores the relevance of the systematic analysis of financial crises and stresses that the tweaking of current models is what is needed for the present conditions of the globalized economy. The subject of further studies could be new approaches to forecasting and management solutions in financial crises, including — or more specifically in light — digitalization processes taking place in the economy and increasing international ties.

CONCLUSIONS

Current financial crises develop against the background of globalization which significantly complicates the cyclical nature of economic development that leads to the following: recessions, instability of currency, growth of unemployment, and in general reduced industrial activity. The study shows that the crises also have a harmful effect on consumption, cause a deficit budget, and increase the debt load further causing market volatility, lowered investment, and disturbance in international trade. The work paid much attention to the analysis of theoretical approaches to studying financial crises and the identification of key drivers. It allowed coming to a conclusion about deepening globalization and increasing integration between world markets with their impact on worsening national economies during financial crises.

Since gaining independence, Ukraine has gone through no less than four financial crises and is presently at the brink of another one. An evaluation of the effects of the financial crises on the Ukrainian economy proves that high productivity and global competitiveness are hard to come by. This would require aggressive reforms that are far-reaching in improving competitiveness and stabilizing the economy.

Anti-crisis regulation of the national economy should be the subject of specific measures by public authorities aimed at preventing and limiting the crisis for sustainable economic development. In particular, it is necessary to take into account the basic goals, functions, and tools of state regulation: perfection of labour legislation in the sphere of employment, development of economic strategies and increased state capacity to manage economic processes.

Experience by developed countries in their fight against financial crises is very important for Ukraine. Applying foreign models will help increase economic resilience and create conditions for sustainable growth.

Further research could be directed towards the study of particular mechanisms for preventing financial crises in developing countries, taking into consideration the case of Ukraine. This would help generate appropriate policy tools to enhance the economy's resistance to external shock and financial instability.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

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CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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Панченко В., Яценко О., Мусієць Т., Зінченко Ф., Александрова М.

СВІТОВІ ФІНАНСОВІ КРИЗИ ТА ЇХ МАКРОЕКОНОМІЧНІ НАСЛІДКИ ДЛЯ НАЦІОНАЛЬНИХ ЕКОНОМІК: КЕЙС УКРАЇНИ

У статті здійснено всебічний і глибокий аналіз сутності, видів і причин виникнення фінансової кризи, які здатні загрожувати й окремим національним економікам, і глобальній економічній стабільності. У ході дослідження проаналізовані походження та розвиток фінансових криз, яким, у свою чергу, приділяється особлива увага у зв'язку з тим, що вони набувають дедалі більшого поширення на тлі поглиблення процесів глобалізації та зростаючої інтеграції світових ринків. Особливий акцент зроблено на теоретичних аспектах, зокрема на різних підходах до класифікації фінансових криз, а також на їхніх ключових характеристиках і визначальних факторах, що сприяють їх виникненню й розвитку. Автори розглядають вплив глобальних фінансових криз на макроекономічні показники, включаючи рецесію, нестабільність національних валют, зростання безробіття та загальне зниження економічної активності, які мають довгострокові наслідки для світової економіки. Особливу увагу приділено аналізу впливу фінансової кризи на економіку України з огляду на її специфічні соціально-економічні умови та структурні проблеми, які перешкоджають подоланню кризи. Визначено основні виклики, які стоять перед Україною в умовах фінансової кризи, зокрема низька продуктивність виробництва, нестабільність банківської системи та слабка конкурентоспроможність на світових ринках. У дослідженні також розглянуті стратегії запобігання фінансовим кризам та подолання їх, серед яких – удосконалення регуляторної бази, розробка ефективної макроекономічної політики та посилення ролі держави в управлінні економічними процесами. Крім того, розглянуто міжнародний досвід подолання фінансових криз і можливості його адаптації до українських реалій для забезпечення сталого економічного зростання та

фінансової стабільності. Заключна частина містить рекомендації, спрямовані на відновлення секторів економіки України з метою зменшення їхньої вразливості до майбутніх фінансових криз і підвищення загального економічного потенціалу.

Ключові слова: світові фінансові кризи, макроекономічні наслідки, національні економіки, фінансова стійкість, антикризове регулювання, міжнародний досвід

JEL Класифікація: A11, A44, E60