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THEORETICAL FOUNDATIONS OF ECONOMIC CRISES: CAUSES, FORMS AND CONSEQUENCES

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A B S T R A C T	K E Y W O R D S
This article examines the theoretical foundations of economic crises as an integral element of the dynamics of the market economy. The key economic schools and their views on the nature of crises are analyzed, the main causes of occurrence, forms of manifestation and consequences for various sectors of the economy are systematized. Special attention is paid to the classification of crises by scale, nature and causes, as well as to the examples of crisis phenomena in the world economy. The study is aimed at forming a holistic view of crises as objective phases of the economic cycle and identifying the conditions for overcoming them through rational macroeconomic regulation.	Economic crisis, cyclicality, forms of crises, causes of crises, macroeconomic instability, anti-crisis policy, world economy, state regulation, theories of crises.

Introduction

An economic crisis is a sharp deterioration in the state of the national or global economy, accompanied by a drop in production volumes, a decrease in investment, an increase in unemployment, a violation of financial stability and a decrease in the standard of living of the population. As an integral element of economic dynamics, crises reflect both internal and external imbalances in the functioning of economic systems. The modern economic reality is characterized by a high degree of interconnectedness and vulnerability of national economies, which increases the relevance of studying the theoretical foundations of crisis phenomena. An in-depth scientific analysis of crises allows not only to understand the causes of their occurrence, but also to develop effective measures to mitigate their consequences. This study is aimed at revealing the essence of economic crises, their classification and analysis of socio-economic consequences accompanying the crisis phases of the economic cycle.

The study of economic crises has a long history, and within the framework of various economic schools, their own theoretical approaches to explaining the causes, nature and mechanism of crisis phenomena have been formed. These approaches reflect the features of the historical context, the level of development of economic science and the features of the functioning of economic systems. Among the most significant theoretical approaches to the explanation of economic crises are the classical, Keynesian, Austrian and modern schools. Each of them offers its own understanding of the causes and mechanisms of the development of crisis processes.

Classical school. Representatives of classical political economy — Adam Smith, David Ricardo, Jean-Baptiste Say — believed that the market has internal mechanisms of self-regulation. Based on Say's law ("every supply generates corresponding demand"), they argued that crises are impossible in conditions of free competition, since any imbalances are automatically balanced through the price mechanism. that arose in the capitalist economies of the XIX century. A critical revision of these ideas was proposed by K. Marx, who interpreted crises as an inevitable consequence of the internal contradictions of capitalism. According to Marxist theory, the crisis of overproduction is an expression of the discrepancy between the production capabilities and the consumption capabilities of society, aggravated by the unequal distribution of income.

Keynesian and neo-Keynesian schools. John Maynard Keynes in his work "The General Theory of Employment, Interest and Money" (1936) showed that the market mechanism is incapable of ensuring full employment and stability. post-war period. Neo-Keynesians, developing the ideas of Keynes, included elements of microeconomics in their theory, such as the model of price and wage rigidity, inflation expectations, and intertemporal choice.

Austrian school. The Austrian school, represented by Ludwig von Mises and Friedrich Hayek, offered a radically different point of view on the nature of crises. According to their views, government intervention, especially in the credit sphere, distorts the structure of capital. Unemployment. The crisis, according to the Austrians, is a natural mechanism for cleansing the economy of inefficient enterprises.

Modern concepts. In particular, great importance is attached to behavioral aspects (the theory of irrational expectations), the institutional environment, the role of financial bubbles and information asymmetry. The model of "financial acceleration", the theory of "debt deflation" (I. Fisher), models taking into account the role of leverage and "bubbles" in asset markets allow for more accurate to explain the mechanism of risk accumulation and large-scale recessions in modern economies.
Economic crises are the result of the combined action of many factors, which can be both internal and external. Their interaction in a certain historical, institutional and structural environment leads to a violation of the balanced development of the economy, a sharp decline in business activity and an increase in social tension. Depending on the source of occurrence, the causes of crises are usually divided into internal (endogenous) and external (exogenous).

The main factors related to each of these groups are discussed below:
Internal (endogenous) causes:
Violation of macroeconomic proportions. One of the key internal causes of crises is the imbalance between production and consumption. If the growth rate of output outstrips the growth of household incomes and investment demand, there is a surplus of goods, leading to a drop in prices, a decrease in profitability and, as a result, a reduction in production.
Imbalances in the distribution of resources. Crises can be caused by inefficient allocation of resources between sectors of the economy. For example, overinvestment in the construction sector while ignoring the manufacturing industry leads to imbalances and the risk of bubbles.

Financial, credit and monetary imbalances. Excessive credit expansion without proper risk assessment contributes to the accumulation of unsustainable debt in the private and public sectors. Such processes often precede banking or debt crises, as happened, for example, in Greece in the early 2010s.
Institutional weaknesses. Poor governance, corruption, weak protection of property rights and contractual obligations undermine investor confidence and increase economic uncertainty. This hinders the implementation of effective economic policies and exacerbates crisis processes.

External (exogenous) causes

Global economic shocks. These include sharp fluctuations in world commodity prices, changes in exchange rates, and global changes in interest rates. Countries with high export dependence or limited economic diversification are particularly vulnerable to such shocks.
Geopolitical conflicts and sanctions. International confrontations, trade wars, embargoes and sanctions disrupt logistics, undermine the investment climate and contribute to the isolation of countries from the global economy.
Pandemics and natural disasters. A prime example is the COVID-19 pandemic, which caused a global economic downturn in 2020. Restrictions on the movement of people and goods, rising unemployment, falling consumer demand, and supply chain disruptions have triggered economic recessions in many countries.

Combined causes

The most destructive crises, as a rule, have a combined nature. For example, the Great Depression of 1929-1933 in the United States was caused by overproduction, speculative fever in the stock market, the weakness of the banking system and the lack of effective government regulation. The financial crisis of 2008 was the result of a confluence of internal imbalances in mortgage lending and the global vulnerability of financial markets. As shown in Figure 1, its impact was of a global nature, with the depth of the recession varying depending on the level of integration of countries into the global financial system.

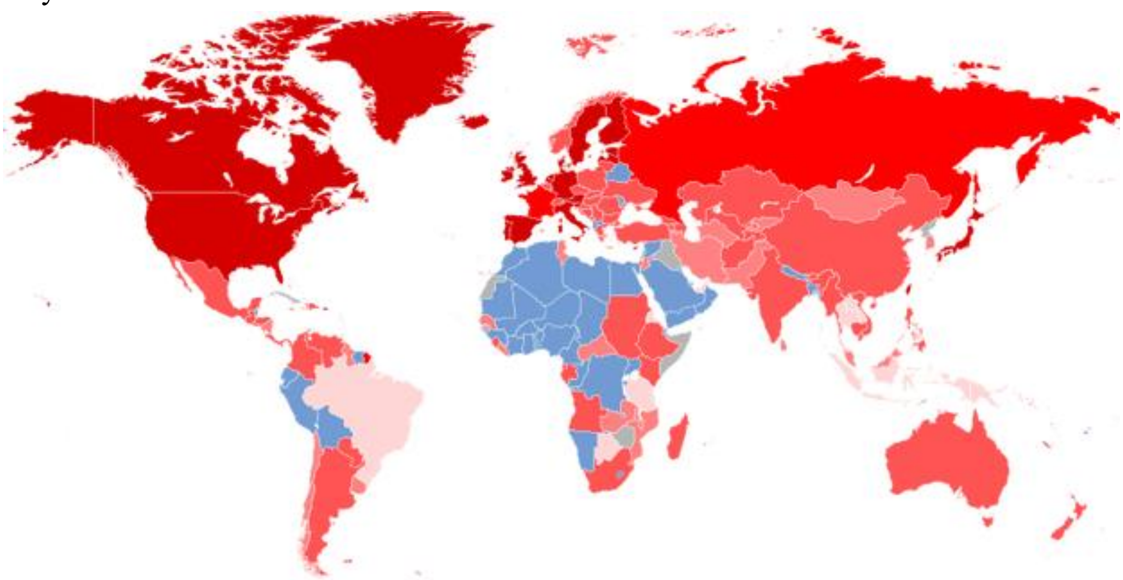

Figure 1. Economic decline in the countries of the world by the end of 2008 (the intensity of red color reflects the depth of the decline in GDP and economic activity in relation to 2007)

Thus, economic crises should be considered as the result of the systemic interaction of many factors operating at different levels. Their timely identification and assessment make it possible not only to predict potential risks, but also to develop effective measures to prevent or mitigate their consequences. The variety of manifestations of economic crises in different countries and historical periods requires their systematization. The classification of crises makes it possible not only to identify general patterns in their development, but also to select appropriate tools for analysis and measures of economic policy. In modern scientific literature and practice, there are several grounds for classifying economic crises:

By the scale of coverage:
Local crises cover individual regions, enterprises or limited segments of the economy. They can be caused by both management errors and local external shocks (for example, natural disasters).
National crises cover the entire economy of a particular country, affecting the main macroeconomic indicators: GDP, inflation, employment, investment and trade. An example is the crisis in Argentina in the early 2000s.
International crises spread to several countries or regions at the same time, having a systemic impact on the world economy. Such, in particular, is the global financial crisis of 2008.

By regularity and cyclicity:
Periodic (cyclical) crises arise with a certain regularity as a phase of the economic cycle. They are most fully described within the framework of the theories of long and short waves (the cycles of Juglar, Kondratiev, etc.).
Irregular crises are associated with external, often unpredictable factors, such as geopolitical conflicts, pandemics, and abrupt technological shifts. Their nature is characterized by suddenness and a high degree of uncertainty.
Intermediate crises arise within one economic upswing and are the result of temporary imbalances or failures in management at the micro and macro levels.

By the sphere of occurrence
Financial and credit crises include banking crises (loss of liquidity, bankruptcy of credit institutions), currency crises (sharp devaluation of the national currency), debt crises (inability to service public or private debt).
Production crises are characterized by a drop in output, a reduction in the utilization of production capacities, a decrease in profitability and investment.
Sectoral crises affect certain sectors of the economy, for example, agriculture, energy, construction or high-tech. The reasons can be both internal (technological lag) and external (changes in the conjuncture) factors.
Environmental crises are associated with a violation of the balance between human economic activity and the environment. They manifest themselves in the depletion of natural resources, deterioration of public health and hinder the development of traditional sectors of the economy.

By the nature of imbalance

The crisis of overproduction arises as a result of the production of an excess volume of products with insufficient effective demand. This leads to falling prices, losses, bankruptcies of enterprises and an increase in unemployment.

A crisis of underproduction is a shortage of goods and services caused by the destruction of production chains, a shortage of resources or low efficiency of the economy.

A structural crisis reflects a discrepancy between the existing economic structure and the requirements of a new stage of development. Overcoming such crises requires deep institutional and technological reforms.

Thus, the forms and types of economic crises vary depending on their sources, scope of manifestation, scale and degree of regularity. This, in turn, predetermines the need for a differentiated approach to their diagnosis and management, which involves the use of interdisciplinary methods of analysis and reliance on scientifically based models of assessment and forecasting. Taking into account this diversity, the study of the consequences of crisis phenomena is of particular importance, since they have a complex impact on the functioning of socio-economic systems. Crises disrupt not only economic stability, but also affect the sphere of social relations, the institutions of state power, as well as the structure of international interaction. At the same time, the nature and depth of the consequences depend on the nature of the particular crisis, the degree of severity of internal and external imbalances, as well as the ability of the economic system to adapt.

The consequences can manifest themselves both in the short term, through a decline in production, rising unemployment and a decrease in investment, and in the long term, through institutional deformations, social stratification and loss of strategic stability.

Economic impact

Decline in GDP and manufacturing activity. Crises are invariably accompanied by a reduction in output, a drop in investment, a decrease in export earnings and a general decline in economic activity. This is reflected in the negative dynamics of the main macroeconomic indicator, the gross domestic product.

Growth of unemployment. Reduction in production capacity leads to layoffs, an increase in hidden and open unemployment. In the context of prolonged recessions in the labor market, stable negative trends may arise: demotivation of the workforce, degradation of human capital, and growth of shadow employment.

Devaluation of the national currency and inflation growth. Financial crises, especially those accompanied by capital outflows, can lead to a sharp depreciation of the currency and an increase in imported inflation. In conditions of panic and distrust in financial institutions, there is often a loss of savings and the destruction of the domestic financial market.

Increase in public debt and budget deficit. A decrease in tax revenues, combined with an increase in social obligations, forces states to increase the budget deficit and increase the volume of borrowing, which in the future leads to an increase in the debt burden and a weakening of fiscal stability.

Social consequences

Growth of poverty and social inequality. Crisis processes, as a rule, most affect the low-income and vulnerable segments of the population. Falling incomes, rising prices for essential goods, worsening access to medical and educational services lead to an exacerbation of social differentiation and an increase in poverty.

Exacerbation of social tension. An increase in the level of discontent among the population caused by a decline in the standard of living can lead to an increase in protest sentiments, increased political radicalization, and destabilization of the socio-political situation.

Deterioration of demographic and humanitarian indicators. Long-term crises have a negative impact on demographic behavior: the birth rate decreases, emigration increases, and the health of the population deteriorates.

Political and international implications

Loss of trust in state institutions. The impossibility of an effective response to crisis phenomena, corruption, and non-transparency of decisions lead to a decrease in trust in the authorities, which can undermine political stability and the legitimacy of existing institutions.

Revision of economic policy priorities. Many crises become a turning point in the transformation of economic policy. New regulatory measures are introduced, the role of the state in the redistribution of resources is strengthened, and models of taxation and social support are revised.

Changes in international economic relations. Crises often become an incentive to reassess foreign economic strategy, diversify foreign trade, and strengthen economic sovereignty. Protectionism may grow and confidence in international institutions may decline.

The study of international experience in overcoming economic crises makes it possible to identify effective mechanisms for stabilization and adaptation in conditions of sharp disturbances of economic equilibrium.

The practice of the world's leading countries shows that successful anti-crisis strategies, as a rule, combine short-term measures of rapid response with long-term structural reforms. The most striking examples are:

Anti-crisis policy of the United States

The Great Depression (1929–1933). One of the most studied cases is the economic policy of the United States during the Great Depression. The administration of Franklin Roosevelt implemented the New Deal program, which provided for public investment in infrastructure, support for farmers, job creation, reform of the financial system and the introduction of social protection.

The crisis of 2008. During the global financial crisis of 2008, the US government and the Federal Reserve System (Fed) took a number of unprecedented measures: more than $700 billion was allocated under the TARP (Troubled Assets Relief Program), interest rates were reduced to zero, quantitative easing (QE) was introduced, and direct support was provided to the banking and automotive sectors. These measures made it possible to stabilize the financial system, avoid a large-scale recession and begin recovery.

The European Union: The Debt Crisis and the Policy of Fiscal Consolidation. In the aftermath of the 2008 crisis, the European Union faced an acute debt problem in southern Europe. Under pressure from Germany and other Nordic countries, a package of measures was formed: the creation of the European Stability Mechanism (ESM), support from the European Central Bank (ECB), the introduction of an asset purchase program (OMT) and the implementation of a tight fiscal policy. It has helped restore confidence in the eurozone, lower interest rates, and strengthen fiscal discipline.

The People's Republic of China: Active State Intervention. In 2008, the government announced a 4 trillion yuan stimulus package aimed at developing infrastructure, energy, transport, and housing. Central planning, allowed China to maintain high rates of economic growth and strengthen the stability of the economy.

The role of international organizations. The International Monetary Fund and the World Bank are actively involved in supporting countries facing crises, especially among developing economies. The provision of credit lines, advisory assistance, and the implementation of structural adjustment programs allow countries to carry out institutional reforms, restore macro-financial stability and gain access to international financial markets.

Today's global economy is facing unprecedented levels of instability and uncertainty. Globalization, technological transformations, intensification of geopolitical contradictions, as well as the frequency of natural and epidemiological shocks form new sources of crisis risks. In these conditions, the importance of a timely and effective anti-crisis policy that can not only stabilize the economy, but also ensure sustainable development in the long term, is increasing.

The main challenges of the modern economy:

Financial vulnerability. High levels of global debt, especially in the private sector, increase the risks of debt and banking crises. The strong interconnectedness of financial markets increases the likelihood of cross-border shocks.

Political instability and sanctions conflicts**.** Economic policy is increasingly becoming an instrument of geopolitical pressure. Sanctions wars, restrictions on access to technology and capital, and the disruption of international supply chains undermine the foundations of global cooperation.

Threats to digital and technological transformation. On the one hand, digitalization opens up new opportunities for growth, on the other hand, it creates the threat of displacing a significant number of professions, increasing structural unemployment, increasing social inequality and cyber risks.

Environmental and epidemiological risks. Climate change, the depletion of resources, the growth of environmental disasters, as well as outbreaks of pandemics such as COVID-19, for example, clearly demonstrate the fragility of modern economic systems in the face of global intangible threats.

Directions of modern anti-crisis policy:

Flexible macroeconomic stabilization. The need for prompt use of fiscal and monetary policy instruments. This includes fiscal stimulus, lowering interest rates, providing liquidity to banks, and supporting employment.

Social protection and reduction of inequality. Modern anti-crisis policy should provide for targeted assistance to the population, especially vulnerable groups, the development of employment programs, support for small and medium-sized businesses, as well as access to education and healthcare.

Digital transformation of the economy. Investing in digital infrastructure, e-platforms, developing digital skills, and protecting citizens' digital rights are key to a sustainable recovery and competitiveness.

Green economy and sustainable development. The development of renewable energy, eco-transport, industrial modernization and energy efficiency form the basis of an environmentally sustainable economic model and reduce dependence on raw materials.

International coordination. Today's crises are global in nature, and overcoming them requires coordinated efforts by states. It is necessary to intensify dialogue within the framework of international organizations – the International Monetary Fund, the World Trade Organization, the Group of 20 largest economies of the world, the United Nations – to exchange experience, coordinate measures and prevent new shocks.

Economic crises, despite their destructive power, are an integral part of the functioning of a market economy. They reflect the internal contradictions of economic systems, indicate imbalances between supply and demand, production and consumption, internal and external flows of resources. Crises act not only as challenges, but also as mechanisms for adapting, purifying and reformatting economic structures. The article presented a comprehensive classification of crises by scale, regularity, nature of violation of proportions and scope of manifestation. Various theoretical approaches are considered, from classical and Keynesian to Austrian and behavioral, which allow for different interpretations of the causes and nature of crises. Internal and external factors that cause crisis phenomena are identified, and their consequences for the economic, social and political life of society are considered. An analysis of international experience has shown that successfully overcoming crises requires an active state policy, flexibility of regulatory tools, timely diagnosis of threats and broad institutional support. International cooperation is of particular importance, especially in an era of global challenges. Modern economic realities require a transition to a model of sustainable, inclusive and innovative development. Anti-crisis policy should be based on the principles of predictability, transparency, social justice and technological renewal. Only such an approach can minimize risks, increase the stability of economic systems and lay a solid foundation for long-term growth.

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