INTERNATIONAL ECONOMIC CRISES AND THEIR EFFECTS

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Annotation: this article analyzes the causes of the origin of international economic crises, their impact on the global economy and the current problems of 2023-2025. Examples of the inflation and energy crisis of 2022-2023 and the uneven economic recovery of 2024-2025 examine the economic, social and political consequences of crises. The article covers solutions to prevent crises and mitigate their effects, measures being implemented internationally, and recent news, including issues related to climate change and geopolitical conflicts. At the end, proposals will be made to strengthen international cooperation, develop the green economy and support digital transformation.
Keywords: international economic crisis, global financial crisis, COVID-19, economic recession, Sustainability, International Cooperation, financial regulation.

International economic crises are important phenomena caused by the complex and interconnected structure of the global economy. They can occur as a result of instability of financial systems, disruption of trade chains, political uncertainties or external factors, such as pandemics and natural disasters. These crises have a profound effect on the economy of states, the activities of enterprises and the standard of living of the population. Below is a broader analysis of historical and modern crises, with information on their causes, consequences and ways of solution, as well as an update of the situation in recent years [1].

Historical crises and their features

International economic crises manifest themselves in various forms: the collapse of financial markets, currency crises, public debt or the failure of global supply chains. One of the most significant crises in history was the Great Depression of 1929, which began with the collapse of the U.S. stock market and spread to the global economy. The dramatic increase in unemployment, the insolvency of banks, and the reduction in international trade were the main consequences of the depression. This crisis led to a revision of the economic policies of the states, such as the New Deal (New Deal) reforms in the United States.

The 1997 Asian financial crisis began with currency devaluation and instability of the financial system in Southeast Asian states. Countries such as Thailand, Indonesia and South Korea have experienced a serious economic downturn. Among the reasons for the crisis were risky credit policy, increased foreign debt and a high level of global integration into financial markets. The International Monetary Fund (IMF) imposed harsh reform terms to aid these nations, but these measures exacerbated social problems in the short term. 2023-2025 will bring an analysis based on economic circumstances and new data. The data will be presented in an updated form about current trends in the global economy, new risks and measures taken against them [2].

Global economic instability 2022-2023: inflation and energy crisis:

In 2022, the global economy faced new tests in the recovery process after the COVID-19 pandemic. The Ukrainian-Russian conflict led to a sharp increase in prices for energy resources (oil and gas), which increased global inflation. In developed economies such as the United States and the European Union, the inflation rate has reached the highest in the last 40 years (for example, in the United States, inflation reached 9.1% in 2022). This situation led to an increase in consumer prices, a decrease in purchasing power and a slowdown in economic activity. The energy crisis has also affected global supply chains. Disruptions in energy supply in Europe due to dependence on Russian gas limited industrial production. Large economies such as Germany and Italy have experienced a slowdown in economic growth due to rising energy costs. According to the World Bank, global economic growth in 2022 was 2.9%, well below the pre-pandemic averages. The states pursued a strict monetary policy to combat inflation. The U.S. Federal Reserve System and the European Central Bank increased interest rates significantly in 2022-2023 (e.g., the U.S. interest rate reached 5.25-5.5% in mid–2023). These measures helped control inflation, but further slowed economic activity and increased the risk of recession in some countries. The instability of 2022-2023 showed the interdependence of the global economy. Rising energy prices and problems in supply chains spread around the world through the domino effect, just like the collapse of the financial system in 2008. At the same time, the increase in interest rates of central banks affected the economy to the extent comparable to the monetary measures of 2008. While interruption of supply chains was a major problem during the pandemic, energy and food supply problems in 2022-2023 had a similar effect. In both cases, developing countries suffered more due to limited financial resources [3].

Economic situation in 2024-2025: uneven recovery and new risks:

In 2024, the global economy moved to the next stage of post-pandemic recovery, but growth rates remained uneven. According to the International Monetary Fund (IMF), global economic growth in 2024 was around 3.2%, lower than the 2010s average. The U.S. economy maintained relatively steady growth, but weak domestic demand in China and problems in the real estate market limited economic activity. Problems with energy security in Europe and continued inflation slowed economic recovery. In 2025, the global economy is expected to maintain moderate growth rates, but there are a number of new risks: climate change: climate change-related natural disasters (e.g. extreme weather conditions) affecting global supply chains and agricultural production. This leads to an increase in food prices and economic instability.

Geopolitical conflicts: ongoing geopolitical conflicts, including tensions in the Middle East and Eastern Europe, threaten international trade and investment.

Technological changes: while technologies such as artificial intelligence and automation are increasing economic efficiency, they are causing problems of unemployment and inequality in the labor market.

States are taking new measures to counter these problems. For example, the European Union is investing billions of euros to accelerate the transition to a green economy. The United States and China are focusing on the development of the digital economy, which can provide economic stability in the long run. At the same time, developing countries are solving economic problems by restructuring their debts and receiving international financial assistance. The economic situation in 2024-2025 is similar to the crisis of 2008, showing globally spreading risks (such as energy and climate issues). The fiscal and monetary measures of the states, as in 2008, are serving to support the economy, but the increase in the level of debt remains as a long-term risk. Supply chain problems during the pandemic continue in 2024-2025 due to climate change and geopolitical issues. In both cases, states relied on large-scale assistance programs to mitigate economic damage [4].

The economic situation in 2022-2025 has similar characteristics to the global financial crisis of 2008 and the covid-19 pandemic crises: global interdependence, supply chain problems, and large-scale measures by states. New risks, such as climate change and geopolitical conflicts, are testing the global economy. However, there is an opportunity to ensure economic stability through innovation, international cooperation and flexible policies. While the global economy continues to grow in 2025, ongoing efforts are required to address long-term challenges.

Economic situation in recent years (2023-2025)

As of 2023, the global economy is undergoing a post-pandemic recovery period, but there are a number of new risks. Rising inflation rates, unstable energy resource prices, and geopolitical conflicts (such as the Ukrainian-Russian conflict) are affecting the global economy. In 2022, inflation peaked in many developed countries in the last 40 years, forcing central banks to raise interest rates. This slowed economic growth and increased the risk of recession in some countries [5].

In 2024, the global economy showed signs of stabilization, but recovery is uneven. According to the International Monetary Fund forecasts, global economic growth in 2024 was around 3.2%, lower than the pre-pandemic averages. The weakness of domestic demand in large economies such as China, as well as the increased debt burden in developing countries, are limiting global growth. In 2025, the global economy is expected to maintain moderate growth rates, but problems with energy security, climate change, and technological change remain as long-term risks.

International economic crises are an integral part of the global economy, and their impact is felt on a large scale. Historical examples and the situation in recent years show that the causes of crises can vary, but their consequences spread rapidly in a interconnected world. It is possible to ensure the stability of the global economy by taking effective measures against crises and strengthening international cooperation. In 2025, the global economy is undergoing new tests, but innovations and flexible policies will help to form a more robust economic system in the future.

Conclusion: international economic crises are an integral part of the global economy, the influence of which greatly affects the economic, social and political life of states. Events such as the 2008 financial crisis and the COVID-19 pandemic have shown the weaknesses of the global economic system. In the current era, problems such as inflation, debt crises and supply chain instability remain relevant. To solve these problems, it is necessary to introduce international cooperation, financial regulation and sustainable economic policies.

Suggestions:

1. International financial organizations must expand debt restructuring programs for developing countries.
2. Countries should increase investments in the green economy and reduce the impact of climate change.
3. To strengthen Global supply chains, it is necessary to develop regional cooperation.
4. Social protection programs must be expanded to reduce economic inequality.
5. Along with the development of the digital economy, cyber security measures should be strengthened.

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