

THE IMPLICATIONS OF FINANCIAL CRISES

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The aim of our research is how Belarus has been affected by the world crisis of 2008. But before proceeding to discuss this issue it is necessary to find out "What is the crisis?"

A financial crisis is a situation in which the value of financial institutions or assets drops rapidly. A financial crisis is often associated with a panic or a run on the banks, in which investors sell off assets or

withdraw money from savings accounts with the expectation that the value of those assets will drop if they remain at a financial institution.

Throughout the course of human history there have been financial catastrophes. Sometimes they were local and affected specific sectors of the economy. But some of them reflected on the welfare of many countries. There were about twenty such financial catastrophes in the last two centuries.

World's Biggest Financial Crises are:

1. The Credit Crisis of 1772
2. The Great Depression of 1929–1939
3. The OPEC Oil Price Shock of 1973
4. The Asian Crisis of 1997
5. The Financial Crisis of 2007–2008

Let's look at the impact of financial crises on the example of the 2008–2009 crisis.

The crisis of 2008 has had the most implications for the United States, Europe, and the Asian markets. Many Southern European countries were facing major troubles because of mounting public debt and difficulties accessing capital markets to finance their growing budget deficits [1].

The financial problems of Greece, Portugal, Spain, Italy, Ireland are a good example of how disequilibria in one country can spread to other countries. This reveals how weak management of public finances leads to rising public debt.

The financial services industry is one major economic sectors of each country. Surely we should note some implications of the credit crisis for the financial and particularly the banking industry [1].

Mainly it effects on the liquidity of financial institutions. Especially during the first months of the crisis, banks doesn't know to what extent they are and other banks would be exposed to subprime or similar structures. This uncertainty affects interbank lending significantly, and interest rates rise up [2].

Negative trends in the development of the Belarusian economy partly revealed in a significant drop in exports and foreign exchange earnings, an increase in the negative balance of foreign trade turnover, a reduction in foreign exchange reserves and growing tensions in the foreign exchange market, an increase in public and gross external debt, a decline in profitability, a slowdown in economic growth, the growth of excess stocks of finished goods in warehouses and receivables and payables, increase in forced vacations and the shortage of a week from the IV quarter of 2008.

The statistics recorded two negative phenomena.

Firstly, the volume of exports in 2013 decreased by 13% and amounted to 80226 million dollars. In 2014, it fell to \$ 76,583 million, or another 4,5%. Exports of goods and services in 2015 amounted to \$ 56,952 million, or 74,4% compared to the level of exports in 2014. These negative events caused the decline in GDP growth rates.

Secondly, the market of the country met an insignificant share of the population's needs due to its own production.

Thus, the main consequences of the impact of the global crisis on the economy of the Republic of Belarus include:

- an increase in the balance of payments deficit (an increase in the current account deficit in the balance of payments);
- limiting the ability to finance the current account deficit in the balance of payments;
- increased tension in the domestic foreign exchange market;
- reduction of the country's gold and currency reserves [3].

After the beginning of the world financial crisis in the Republic of Belarus, some measures were taken in the areas of monetary and financial policies aimed at preventing the destabilization of the macroeconomic situation in the country. For example:

- Redundancy rates were reduced;
- Support was provided to increase the resource base of individual banks;
- The refinancing rate and interest rates on deposits and loans were increased;
- Decisions were taken to guarantee deposits in the country's banking system;
- Certain restrictions were imposed on the purchase of currency by legal entities;
- Control over exchange rate differences between buying and selling currency was exercised;
- One-time devaluation was carried out by 20%.

Also, loans were received from the Russian Federation and the IMF. Measures have been taken to prevent the growth of wages in the budgetary sphere and in state enterprises. With the purpose of replenishing the circulating assets of enterprises and reducing stocks of finished products in warehouses, a

special resolution has been adopted on the procedure for selling products for export, taking into account the market situation, allowing the sale of products below its cost price. The crisis is the most important element of the mechanism of self-regulation of the market economy. The financial crisis gets everywhere, it is felt practically in the whole economy. The interrelation of the elements of the economy almost does not allow anyone to avoid depression or inflation. However, it should be borne in mind that the economic crisis in different ways and in varying degrees affects single individuals and individual sectors of the economy [4].

Ways out of the crisis always depend on the reasons that caused this situation. The main goal of the state that finds itself in a difficult situation is the transition to a normal, normal mode of operation. A plan should be developed to improve the economic activities of the state. It is necessary to analyze the state of the company's resources at the moment, as well as their capabilities. Countries need to improve their economies to avoid being affected by new crises that may arise in the future.

Список использованных источников

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