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THE ORIGINS AND CAUSES OF THE WORLD ECONOMIC CRISIS

The economic problems in the countries all over the world ending with the global financial crisis of the past three years need a throughout analysis of its prerequisites and causes. The events of the past years include shifts in geopolitics that go beyond economic performance and this analysis must emphasize that political ideologies and economics are related with each other.

The origins of the world economic crisis from a liberal perspective are listed as follows: unparalleled expansion and unbridled optimism; lack of perspective of the economic profession; blind belief in the strength of large financial and economic institutions; failure of statal regulatory supervision; incapacity of management, boards, and investors to assess real risk; accumulation of public and private debt; contagion effect; lack of preparation among monetary authorities; low interest rates and high world growth; failure of market discipline; lack of checks and balances; size and centrality of the shadow banking system; rating agencies; compensation schemes; procyclical regulatory practices and regulations; accounting practices; macroeconomic settings; global imbalances; poor forecasting ability on the part of international financial organizations and governments; cross border resolution and burden sharing among national regulators; access to adequate liquidity and financing.

The world economic crisis has made a great impact on the Ukrainian economy but the causes of the current situation in our country have both external and internal sources: the nature of economic growth in Ukraine has been extensive; in the Ukrainian economy large fluctuations in the domestic income distribution are observed; Ukraine produces almost no modern high quality and competitive products of mass consumption and our country can't any longer maintain a competitive position in the global economy because of cheap labor and saving money on education and health developing; lack of demand for innovations (but not a low capacity of the scientific sector to produce innovations); the tax system of our country is in the process of permanent improvement and transformation according to the budgetary requirements and current economic conditions, but not according to the objective requirements of the economic theory and recently adopted Tax Codex has a resistance among business and population; the current high inflation is caused by the excess of domestic demand over supply; the existence of shadow sector, structural imbalances of national production, with the emphasis on export oriented production with a low value-added, dependence on imported energy, unfavorable investment and innovation climates, imperfection, inconsistency and lack of transparency in legislation, undeveloped domestic market due to poor solvency of individuals and entities, imperfect mechanisms of prices and tariffs regulation, outdated technological base of industry and its slow updating, the outflow of highly skilled personnel; long political instability, inconsistent macroeconomic policy, its internal contradictions and inconsistencies in the application; International financial institutions such as IMF, World Bank, EBRD and WTO introduced the economic policy of neoliberalism to be used in national economy and alongside with successes, failures were significant (especially in the case of the "Washington Consensus" principles application).

In conclusion it should be noted that the central problem – strengthening of the uneven socio-economic development of the world, socio-economic inequality, income distribution and full employment could not be solved by the use of only one economic policy based on recommendations of the mainstream economic theory. That's why the discussion between the representatives of alternative economic theories should be done.