

JEL Classification D81, M16

## CRISISES: CAUSES, TYPES AND CONSEQUENCES FOR THE DEVELOPMENT OF TERRITORIAL COMMUNITIES

**VOZNYAK Halyna**

*Doctor of Economics, Professor*

*Leading Researcher, Department of Regional Financial Policy, M. Dolishniy*

*Institute of Regional Research of National Academy of Sciences of Ukraine*

*Professor of the Department of Economics and Public Administration*

*Ivan Franko National University of Lviv*

*ORCID ID: <https://orcid.org/0000-0003-2001-0516>*

**STASYSHYN Andrii**

*PhD in Economics, Associate Professor,*

*Dean of the Faculty of Finance Management and Business*

*Ivan Franko National University of Lviv*

*ORCID ID: <https://orcid.org/0000-0002-3061-0788>*

**Abstract.** *The article defines the essence of "crisis" and substantiates the reasons for its occurrence. The types of crises are defined and characterized. Particular attention is paid to financial and economic crises. The peculiarities of the manifestation of crises for local economic development are identified. Considerable attention is paid to the crisis aspects caused by the pandemic and the war in Ukraine. The consequences of the crisis for local economic development are determined.*

*It is emphasized that over the past fifteen years, Ukraine has experienced several crisis periods in a row. Russia's large-scale invasion of Ukraine has increased economic instability and exacerbated problems in the system of state and local finance. Russia's war against Ukraine has significantly undermined the progress of communities, exacerbated the problems of multi-level governance, and increased territorial asymmetries. It is argued that dynamic changes in all spheres of life of territorial communities require immediate strategic and tactical decisions. In this sense, improving budgetary policy instruments will allow local governments to be financially capable of fulfilling their own and delegated powers and ensuring their own progress. It has been proved that the following are appropriate in this sense: changing the mechanism of horizontal equalization of the tax capacity of local budgets; reviewing the mechanisms of property tax administration; creating incentives for economic recovery through, for example, lowering loan rates, which will allow the economy to be flooded with "cheap" money. Mitigating financial instability cannot be achieved through budgetary or fiscal policy measures or instruments alone, but requires coordination and coherence.*

**Key words:** *crisis, types of crises, public finance, local development, territorial communities, instability, financial policy, war, revenues, expenditures.*

The events of recent years in Ukraine, such as the Russian-Ukrainian war, the pandemic, mass migration, etc., are increasingly forcing experts and analysts to talk about crises, the reasons for them, and to develop anti-crisis management tools. Modern crises have a significant impact on the development of socio-economic systems at different levels, changing the patterns of progress.

The purpose of the article is to deepen the theoretical foundations of the study of the nature of financial and economic crises, their types, and to substantiate the peculiarities of their impact on the development of territorial communities.

The article defines the essence of "crisis" and substantiates the reasons for its occurrence. The types of crises are defined and characterized. Particular attention is paid to financial and economic crises. The peculiarities of the manifestation of crises for local economic development are identified. Considerable attention is paid to the crisis aspects caused by the pandemic and the war in Ukraine. The consequences of the crisis for local economic development are determined.

It is emphasized that over the past fifteen years, Ukraine has experienced several crisis

periods in a row. Russia's large-scale invasion of Ukraine has increased economic instability and exacerbated problems in the system of state and local finance. Russia's war against Ukraine has significantly undermined the progress of communities, exacerbated the problems of multi-level governance, and increased territorial asymmetries. It is argued that dynamic changes in all spheres of life of territorial communities require immediate strategic and tactical decisions. In this sense, improving budgetary policy instruments will allow local governments to be financially capable of fulfilling their own and delegated powers and ensuring their own progress. It has been proved that the following are appropriate in this sense: changing the mechanism of horizontal equalization of the tax capacity of local budgets; reviewing the mechanisms of property tax administration; creating incentives for economic recovery through, for example, lowering loan rates, which will allow the economy to be flooded with "cheap" money. Mitigating financial instability cannot be achieved through budgetary or fiscal policy measures or instruments alone, but requires coordination and coherence.

### Reference

1. Top - 5 finansovykh kryz u sviti XX ta XXI. [Top 5 financial crises in the world of XX and XXI]. Retrieved from: <https://finbalance.com.ua/news/top-5-finansovikh-kriz-u-sviti-za-xx-xxi-st> [in Ukrainian].
2. Fisman R., Gatti R. Decentralization and Corruption: Evidence across Countries. Policy Research Working Paper; No. 2290. 2000. World Bank, Washington. URL: <https://openknowledge.worldbank.org/entities/publication/02a2d5a1-b846-5300-b562-ad52ffe3972f>
3. Sharyy V. I. (2006). Antykryzovi tekhnolohiy yak mekhanizm realizatsiyi tsiley derzhavnoho upravlinnya. [*Anti-crisis technologies as a mechanism for realizing the goals of state administration*]: Extended abstract of candidate sciences. Kyiv [in Ukrainian].
4. Albena Björck (2016) Crisis Typologies Revisited: An Interdisciplinary Approach. Central European Business Review 5(3):25-37.
5. Reinhart C. This Time is Different: Eight Centuries of Financial Folly [Text] / C. Reinhart, K. Rogoff. Oxford and Princeton : Princeton University Press, 2009. 520 p.

6. Tugan-Baranovs'kiy M. (1997). Periodicheskiye promyshlennyye krizisy. Istoriya angliyskikh krizisov. [*Periodic industrial crises. History of English crises.*] Moscow: Nauka-ROSSPEN [in Russian].

7. Mizes L. Ekonomicheskyy krizis i yego prichiny. Retrieved from: <https://litmir.club/br/?b=270526> .

8. Schwartz A. I. Real and Pseudo – Financial Crises. 2008. 124 p.

9. Krugman P. A Model of Balance-of-Payments Crises. *Journal of Money, Credit and Banking*. 1979. Vol. 11. No. 3. P. 311–325.

10. Derzhaavnyy borh ta harantovanyy derzhavoyu borh. Ministerstvo finansiv Ukrayiny. [*State debt and state-guaranteed debt. Ministry of Finance of Ukraine*]. Retrieved from: <https://mof.gov.ua/uk/derzhavnij-borg-ta-garantovaniy-derzhavju-borg> [in Ukrainian].

11. Stiykist' Ukrayiny pered kryzamy: inflyatsiya. [*Resilience of Ukraine in the face of crises: inflation*]. Retrieved from: [https://ces.org.ua/resilience\\_to\\_inflation/](https://ces.org.ua/resilience_to_inflation/) [in Ukrainian].

12. Derzhavna sluzhba statystyky. [*State Statistics Service*]. Retrieved from: <https://ukrstat.gov.ua/> [in Ukrainian].

13. Inflyatsiynyy zvit. [*Inflation report*]. Retrieved from: [https://bank.gov.ua/admin\\_uploads/article/IR\\_2023-Q1.pdf?v=7](https://bank.gov.ua/admin_uploads/article/IR_2023-Q1.pdf?v=7) [in Ukrainian].

14. Ekonomika Ukrayiny pid chas viyny: operativna otsinka, kviten' 2022 roku. [*Economy of Ukraine during the war: an operational assessment, April 2022*]. Retrieved from: <http://surl.li/fjnbri> [in Ukrainian].

15. Voznyak, H., & Sorokovyi, D. (2023). Vyklyky ta oriyentiry vidnovlennya ekonomichnoho zrostannya rehioniv Ukrayiny. [*Challenges and benchmarks for restoring economic growth in the regions of Ukraine*]. *Economy and Society*, (56). <https://doi.org/10.32782/2524-0072/2023-56-26> [in Ukrainian].

16. Eurostat. Retrieved from: <https://ec.europa.eu/eurostat>

17. Voznyak H., Patytska Kh. Finansy terytorial'nykh hromad Ukrayiny v umovakh poshyrennya pandemiyi: problemno oriyentovanyy analiz z urakhuvannyam povedinkovykh aspektiv. [*Finances of territorial communities of Ukraine in the conditions of the spread of the pandemic: a problem-oriented analysis taking into account behavioral aspects*] *Economy of Ukrain*. (2021). 78-98. <https://doi.org/10.15407/economyukr.2021.06.078> [in Ukrainian].

18. Voznyak H., Patytska Kh. Byudzhetni determinanty zabezpechennya stiykosti terytorial'nykh hromad: voyenna adaptatsiya ta oriyentiry povoyennoho vidnovlennya. [*Budgetary determinants of ensuring the stability of territorial communities: war adaptation and guidelines for post-war recovery*], *Finances of Ukraine*. (2023). 81-96. [https://finukr.org.ua/?page\\_id=723&aid=4997](https://finukr.org.ua/?page_id=723&aid=4997) [in Ukrainian].

19. Open budget. Retrieved from: <https://openbudget.gov.ua/> [in Ukrainian].

20. Law of Ukraine Amendments to the Budget Code of Ukraine on Ensuring Support of the State's Defense Capability and the Development of the Defense-Industrial Complex of Ukraine 3428-IX (2023, November 08).

21. Resolution of the CMU On approval of the Procedure for the exercise of powers by the State Treasury Service in a special regime under martial law № 590. (2021, June 09). Retrieved from: <https://zakon.rada.gov.ua/laws/show/590-2021-%D0%BF#Text>. [in Ukrainian].

22. Resolution of the CMU Some issues of formation and execution of local budgets during martial law. № 252 (2022, March 11). Retrieved from:

<https://www.kmu.gov.ua/npas/deyaki-pitannya-formuvannya-ta-vikonannya-miscevih-byudzhativ-u-period-voyennogo-stanu-252> [in Ukrainian].

23. Voznyak H. (Ed). (2023). Finansovi determinanty ekonomichnoho zrostannya rehioniv i hromad Ukrayiny v umovakh nestabil'nosti: pohlyad kriz' pryzmu povedinkovoyi ekonomiky. [*Financial determinants of economic growth of regions and communities of Ukraine in conditions of instability: a view through the prism of behavioral economics*]. Lviv. [in Ukrainian].