Research article[1]

Crisis research foundations in the transforming World economy: a theoretical perspective

***Yevhen Namliiev*[1], *Grazyna Kacicka*[2]**

[1]*Candidate of Economic Sciences (PhD), Associate Professor, Professor of the High School of the Social and Economic (Przeworsk, Poland)*
ORCID: https://orcid.org/0009-0008-3813-9717

[2]*Candidate of Political Sciences (PhD), Scientific and Pedagogical Worker of the High School of the Social and Economic (Przeworsk, Poland)*
ORCID: https://orcid.org/0009-0000-1091-4509

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Abstract

This article examines the theoretical foundations of crisis research within the context of an evolving global economy. It highlights the necessity of re-evaluating traditional economic theories to encompass the interconnected nature of modern financial systems, technological advancements, and emergent global threats such as pandemics and climate change. The discussion extends to the analysis of the most recent scholarly contributions and identifies gaps that present opportunities for future research. The interconnectedness of the global economy has not only facilitated international trade and cultural exchange but has also increased the propensity for localized economic disruptions to escalate into global crises. From financial collapses and geopolitical instability to pandemics and climate change, modern economic crises represent a complex interweaving of causes and consequences that extend far beyond traditional economic theories and models. Traditional economic theories have often fallen short in predicting and mitigating the impacts of these crises. In this article, an attempt is made to comprehend and systematize modern economic crises through the lens of globalization, technological changes, environmental and healthcare challenges, while proposing a new theoretical approach for understanding and managing these crises.

Keywords: world economy, economic crisis, theoretical research, globalization, financial instability, methodology

Introduction

With the advent of globalization, world economies have become increasingly interconnected, enhancing both opportunities for growth and development and the potential for rapid propagation of economic shocks. This duality necessitates a reevaluation of traditional economic theories and practices. The study of economic crises has long been central to economic theory, with seminal contributions ranging from Minsky's financial instability

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hypothesis to Kindleberger's model of financial crises, each aiming to understand the causes and spread of economic downturns. However, the relevance of these traditional theories is increasingly questioned due to the evolving nature of the global economy.

The acceleration of globalization has created a complex web of economic interdependencies. An economic disruption in one nation can trigger a cascade of repercussions globally, exemplified by the 2008 financial crisis, which revealed the fragility of interconnected financial systems. Traditional models emphasize macroeconomic factors and regulatory frameworks but often overlook systemic risks posed by modern financial architectures, such as derivative trading, shadow banking, and opaque financial interconnections that can amplify local crises globally.

Furthermore, the rise of the digital economy introduces challenges not adequately addressed by conventional theories. Cryptocurrencies and peer-to-peer lending platforms, for instance, operate outside traditional banking, disrupting monetary policy and complicating crisis prediction and management. Non-economic factors, including climate change, political instability, and global health crises like COVID-19, are insufficiently integrated into existing economic crisis models, highlighting the limitations of frameworks that treat crises as purely financial phenomena.

The relevance of this problem extends to national and global economic stability. The recent pandemic demonstrated that the ability to anticipate and manage crises is not merely academic but impacts millions of livelihoods. There is a pressing need for theoretical innovation to guide effective policy responses, reduce economic vulnerability, and safeguard global economic stability.

Analysis of Recent Research and Publications

Contemporary research emphasizes several critical issues related to economic crises:

- Critiques of free-market fundamentalism and its role in exacerbating systemic crises (Stiglitz, 2020).
- Analysis of inequality and its impact on economic growth and stability (Piketty, 2014).
- Empirical studies on digital transformation in finance and potential systemic risks (Tapscott & Tapscott, 2016).
- Climate-related risks and their influence on financial instability (Stern, 2007).
- Socio-economic consequences of health crises such as COVID-19 (McKibbin & Fernando, 2020).
- Interactions between deregulation, capital flows, and financial contagion (Obstfeld & Rogoff, 2009).
- The impact of sanctions, trade wars, and political shifts on economic volatility (Collier, 2010).
- Asymmetric consequences of crises, particularly among vulnerable regions and demographic groups (Atkinson, 2015).
- Evaluation of policies and mechanisms used globally for crisis management, including digital currency innovations (Reinhart & Rogoff, 2009).

These studies collectively underscore the multifaceted nature of economic crises and the inadequacy of traditional models. They advocate for a transdisciplinary, systems-oriented approach grounded in empirical evidence.

Purpose of the Article

This article aims to develop a comprehensive theoretical framework addressing modern economic crises. It seeks to integrate traditional financial instability perspectives with the multifaceted dimensions of contemporary economic systems, including digitalization, geopolitical instability, environmental challenges, and health pandemics. The framework intends to improve prediction, management, and policy formulation to enhance global economic resilience.

Key Factors Affecting Modern Economic Crises

1. Globalization

- **Dual Effect:** Promotes growth and cooperation but increases vulnerability to shocks.
- **Financial Crises:** Globalized markets allow local crises to spread rapidly, as seen in 2008.
- **Trade and Stability:** Dependence on specific goods or trade partners creates systemic risk.
- **Reform:** Strengthening international cooperation, regulation, corporate responsibility, and sustainability strategies is essential.

2. Theoretical Foundations

- **Historical and Modern Theories:** Classical and modern frameworks require adaptation to current global complexities.
- **Shortcomings:** Traditional models underestimate international financial complexity and non-economic factors.
- **Integrative Frameworks:** Multidisciplinary approaches are needed to reflect financial innovations, global interdependencies, and non-monetary influences.

3. Technological Changes

- **Progress:** Technological innovations provide growth opportunities but introduce uncertainty.
- **Digital Currencies:** Cryptocurrencies and blockchain increase transparency but also pose risks.
- **Market Volatility and Labor:** Technological disruptions impact markets and employment structures.
- **Adaptation:** Regulatory mechanisms and flexible economic strategies are necessary.

4. Environmental and Healthcare Challenges

- **Climate Change:** Extreme weather and supply chain disruptions affect economic stability.
- **Healthcare Crises:** Pandemics disrupt industries and highlight the importance of health in economic planning.
- **Sustainability:** Green technologies foster innovation and long-term growth.
- **Policy Integration:** Environmental and healthcare policies must be integrated into economic planning.

5. Predicting and Managing Crises

- **Big Data:** Predictive analytics helps identify hidden patterns and early warning signs.
- **Flexible Models:** Must integrate technological, environmental, and health variables.
- **Crisis Management:** Requires macroeconomic policy, regulation, international cooperation, and addressing inequality.
- **Resilience:** Proactive planning and joint government-financial institution efforts strengthen crisis response.

Classification of Economic Crisis Theories

1. **Classical Theories:** Overproduction or underconsumption cycles (Marx, Keynes).
2. **Financial Instability Hypotheses:** Speculative investment and credit cycles (Minsky).
3. **Global Imbalance Theories:** Trade and capital flow imbalances (Obstfeld & Rogoff).
4. **Geopolitical Economic Theories:** Political power dynamics and conflicts (Friedman).
5. **Socio-Economic and Institutional Theories:** Income distribution and institutional roles (Stiglitz, Acemoglu).
6. **Ecological Economic Theories:** Environmental limits and resource depletion (Daly & Farley).
7. **Technological Disruption Theories:** Rapid technological changes impacting industries (Perez).
8. **Public Health Theories:** Economic effects of pandemics (Madhav et al., 2017).
9. **Interdisciplinary and Systemic Risk Theories:** Holistic perspectives on interconnected global risks (Helbing, 2013).

Conclusions

1. Economic crises are multidimensional, arising from financial, social, technological, and political factors.
2. Interdisciplinary approaches and big data analytics improve early detection and response.
3. Global cooperation is essential to mitigate crisis impacts.
4. Economic policies must be ethical and equitable.
5. Innovative frameworks integrating ecological sustainability and technological advancements are needed.
6. Diversity in economic systems increases resilience.

7. Education must cultivate policymakers adept at understanding complex, interconnected systems.

Ultimately, resilience depends on integrating diverse knowledge, adopting innovative solutions, and learning from past crises to secure a sustainable economic future.

Crisis Research Foundations in the Transforming World Economy: A Theoretical Perspective

Large Findings

This study demonstrates that contemporary global economic crises cannot be adequately explained or resolved through traditional economic theories alone. The findings emphasize the multidimensional nature of crises in the transforming world economy, where financial instability, technological disruptions, pandemics, and climate change interact in complex ways. The research highlights the limitations of classical economic models in forecasting and mitigating such crises, while underlining the necessity of interdisciplinary approaches. It proposes a theoretical framework that integrates globalization dynamics, environmental and health-related risks, and technological transformations into the study of crises. This perspective allows for a more comprehensive understanding of the interconnectedness of modern challenges and offers pathways for policymakers to design resilient and adaptive economic strategies.

Actuality of the Study

The relevance of this study is rooted in the unprecedented scale and frequency of crises that characterize the 21st-century global economy. From the COVID-19 pandemic to climate-induced disruptions and recurrent financial instabilities, the world is witnessing crises that transcend borders and sectors. These realities call for an urgent rethinking of economic theory and practice. The actuality of this research lies in its attempt to bridge the gap between classical economic theory and the pressing demands of globalization, sustainability, and technological transformation. By situating crisis research within the broader context of global interdependence, this study addresses a central challenge for both scholars and policymakers seeking tools to ensure stability and resilience in a rapidly changing world economy.

Ethical Considerations

This research adheres to ethical principles of academic integrity, transparency, and responsibility. All sources of information have been appropriately cited, ensuring respect for intellectual property. The analysis is based exclusively on secondary scholarly materials, publicly available datasets, and theoretical literature, thereby avoiding issues related to human subjects, privacy, or data misuse. The authors affirm that the study was conducted in full compliance with internationally recognized ethical standards for academic research and publication.

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Conflict of Interest
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