FINANCIAL CRISES AS ONE OF THE TENDENCIES OF WORLD ECONOMY

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Nowadays it is not a secret for anyone that world economy is globalized and the process of globalization is still going on. It's a very controversial question if it is good or not but what is certain is that economic processes in one country influence those in other countries. As an example of this influence one can mention the financial crises of 1990s which spread over a number of countries and to some extent acquired even a global character. Michel Camdessus characterized them as "crises of the XXI century" meaning they are an integral part world economy development.

Let's dwell on the mechanism of the development of a financial crisis itself. There are a number of stages in its development:

1.National economy functions well but there are some internal problems. International investors don't know about it and invest money into this country.

2.External debt and imports increase as well as demand for foreign currency. It worsens the internal problems.

3. The investors' trust is undermined. The incoming capital flows stop. Currency-debt problems keep worsening.

4.International capital leaves the country. Lack of capital misbalances the economy in general. Political and social disturbances begin.

5.Demand for foreign currency increases but there is lack of it in the country. It leads to significant devaluation of national currency.

6.Devaluation leads to decrease in imports.

7.Decrease in imports in the country means decrease in exports for countries which are its commercial partners. It means the decrease in the amount of currency received by these countries and, in its turn, leads to decrease in imports. It means decrease in world trade in general

8.Capital flows change their direction. Let's say, the decrease of exports in a country-commercial partner of the country in crisis cam lead to devaluation of its national currency which will cause the international capital to leave the country and go to another one.

9. Crisis is coming to an end. The country (or countries) in crisis manage to overcome their internal problems, the investors' trust restores and countries integrate again into world financial market.

Having analyzed crises in Mexico, South-East Asia, Russia, Brazil and Argentina, I've come to the conclusion that there are a few factors which contribute to the break of a crisis. They are as following:

1. Fixed exchange rate accompanied by relatively small gold-currency reserves of the Central Bank. There is a mathematical model which proves that fixed exchange rate will sooner or later lead to devaluation. According to it the time of the crisis can be evaluated with the help of the following formula: $T = (r0-ah)/h$, where T is the time of a crisis, h – rate of government's debt growth, a – coefficient from the traditional

equation describing money demand, r0 – initial gold-currency reserves. Therefore, the more considerable the initial reserves are and the smaller the rate of growth is, the longer it will take the exchange rate to fall (without considering sterilization policy).

2.Low level of development of stock market which attracts speculative capital.

3.Significant governmental debt, both internal and external.

4.Balance of payments deficit.

According to this, it is possible to make a conclusion about the possibility of a financial crisis in Belarus. Our stock market is not highly developed but there is no speculative capital in Belarus. The governmental debt is only 845 million of dollars which is not a lot. What concerns balance of payments, its biggest problem is "Errors and gaps" article which equals 119 million dollars. [6, p. 44] And the exchange rate in Belarus is not strictly fixed so there shouldn't be a sudden devaluation. So, to my mind, the only crisis that can occur in Belarus in the nearest future is classical overproduction crisis.

Recommendations for avoiding financial crises:

1.Appropriate exchange rate

2.Exports should be greater than imports

3.Accuracy with foreign capital

4.Regulation and control of the debt, not only the state one but also debt of companies in private ownership

5.Clear and consistent macroeconomic policy. Trust to authorities is the key element in currency market stability

6.Political stability

PRICING AT THE ENTERPRISE

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Key elements of market economy are the prices, pricing, and price policy.

Price is economic category, meaning sum of money for which seller wants to sell, and the buyer is ready to buy.

Absence of any resources in the market, like fuel and energy in Byelorussia, makes enterprises dependent on their import. Therefore break of economic connections between former republics of the USSR was one of the reasons of sharp growth of expenses and prices for production of Belarussian enterprises.

Directly the scales of their state regulation, defined by general conditions, influence prices. Price control in a transition period for economic majority of Byelorussian goods and services limits freedom of their establishment to the enterprises and influences constraining on market factors of their formation. In process of economic reform's promotion price restrictions will be cancelled and weaken influence of this factor on pricing.

In modern conditions approaches to pricing vary essentially both at a level of the