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**The Great Depression Аnd The World Financial Crisis**

The global financial crisis, brewing for a while, really started to show its effects in the middle of 2007 and into 2008. Around the world stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems.

On the one hand, many people are concerned that those responsible for the financial problems are the ones being bailed out, while on the other hand, a global financial meltdown will affect the livelihoods of almost everyone in an increasingly inter-connected world. The problem could have been avoided, if ideologists supporting the current economics models weren’t so vocal, influential and inconsiderate of others’ viewpoints and concerns.

The crisis of 2007 is much alike the economic slump that took place in the beginning oh the 20th century. The year 1929 stands as the great American trauma. Its shock impact on American thought was enormous. The reasons for the shock seem clear. Generally, depressions last a year or two; prices and credit contract sharply, unsound positions are liquidated, unemployment swells temporarily, and then rapid recovery ensues.

In addition to its great duration, the 1929 depression stamped itself on the American mind by its heavy and continuing unemployment. While the intensity of falling prices and monetary contraction was not at all unprecedented, the intensity and duration of unemployment was new and shocking. The proportion of the American labor force that was unemployed had rarely reached 10 percent at the deepest trough of previous depressions; yet it surpassed 20 percent in 1931, and remained above 15 percent until the advent of World War II.

Granted the importance of these two events, then, the failure of historians to explain either their magnitude or duration is one of the great mysteries of modern historiography. *That explains our interest in the issue and determines its actual importance.*

Thus, the main objective of the research is to conduct comparative analysis and to make an overview of the two world crises. Therefore we followed such targets as:

* To give the explanation to the crisis as an economic phenomenon;
* To study causes and results of The Great Depression;

The main method used in the research is the comparative analysis method.

Although some casual comparisons between the late-2000s recession and the Great Depression have been made, there remain large differences between the two events. The consensus among economists in March 2009 was that a depression was not likely to occur. UCLA Anderson Forecast director Edward Leamer said on March 25, 2009 that there had not been any major predictions at that time which resembled a second Great Depression:

"We've frightened consumers to the point where they imagine there is a good prospect of a Great Depression. That certainly is not in the prospect. No reputable forecaster is producing anything like a Great Depression."

Differences explicitly pointed out between the recession and the Great Depression include the facts that over the 79 years between 1929 and 2008, great changes occurred in economic philosophy and policy, the stock market had not fallen as far as it did in 1932 or 1982, the 10-year price-to-earnings ratio of stocks was not as low as in the '30s or '80s, inflation-adjusted U.S. housing prices in March 2009 were higher than any time since 1890 (including the housing booms of the 1970s and '80s), the recession of the early '30s lasted over three-and-a-half years, and during the 1930s the supply of money (currency plus demand deposits) fell by 25% (where as in 2008 and 2009 the Fed "has taken an ultraloose credit stance"). Furthermore, the unemployment rate in 2008 and early 2009 and the rate at which it rose was comparable to most of the recessions occurring after World War II, and was dwarfed by the 25% unemployment rate peak of the Great Depression.

On April 17, 2009, head of the IMF Dominique Strauss-Kahn said that there was a chance that certain countries may not implement the proper policies to avoid feedback mechanisms that could eventually turn the recession into a depression. "The free-fall in the global economy may be starting to abate, with a recovery emerging in 2010, but this depends crucially on the right policies being adopted today." The IMF pointed out that unlike the Great Depression, this recession was synchronized by global integration of markets. Such synchronized recessions were explained to last longer than typical economic downturns and have slower recoveries.