

Great Depression vs. Great Recession

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Abstract:

Great Depression starting in 1929 was the most severe and the longest crisis ever experienced by the industrialized modern world and gave birth to macroeconomics as a field of study. Since then there have been many economic crises that were mostly seen as problems of the less developed countries. Despite these experiences, few if any observers anticipated how severely the global financial system would be disrupted. Great Recession starting in 2008 has been the most serious crisis that had a global effect since Great Depression. This presentation discusses the similarities and differences between Great Depression and Great Recession; the two major global crises of all times. We compared the circumstances and the actions that caused the crises, analyzed the spreading mechanism of the two crises across countries as they both affected the whole world. Lastly compared the monetary and fiscal policy actions that were taken for recovery from the crises, analyzed if they did, how the lessons from the Great Depression shaped the response to Great Recession.

Keywords: Financial Crisis, International Economic History, International Financial Markets

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