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HISTORY OF WORLD ECONOMIC CRISES AND THEIR IMPACT ON THE ECONOMIES OF COUNTRIES

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Annotation:
During almost two centuries of the formation and development of the world industrial society, the economies of many countries experienced crises, during which there was a growing decline in production, the accumulation of unsold goods on the market, falling prices, the collapse of the mutual settlement system, the collapse of banking systems, the ruin of industrial and trading firms a sharp jump in unemployment.

Keywords: recession, leap, imbalance, financial crisis, great depression, gold standard, stock price, American stock index

During almost two centuries of the formation and development of the world industrial society, the economies of many countries experienced crises, during which there was a growing decline in production, the accumulation of unsold goods on the market, falling prices, the collapse of the mutual settlement system, the collapse of banking systems, the ruin of industrial and trading firms. a sharp jump in unemployment. In the specialized literature, the economic crisis is characterized as an imbalance between demand and supply for goods and services. The definition of a financial crisis can be interpreted as follows: "it is the destruction of the financial market from an increase in the scale of problems of wrong decisions, as well as moral risk, the reasons for the loss of influence of financial markets, funds on the possibility of the most productive investment [1].

In turn, the global crisis is a phenomenon that systematically covers all spheres of financial and economic activity, money circulation, the banking sector and others [2].Crises accompany the entire history of human society.

At first, they manifested themselves as crises of underproduction of agricultural products, from the middle of the 19th century - as an imbalance between industrial production and effective demand. Until the 20th century, economic crises were limited to one, two or three countries, and then began to acquire an international character. Despite the fact that in recent decades the world community has created mechanisms to prevent world crises (strengthening state regulation of economic processes, creating international financial organizations, monitoring, etc.), as the history of world economic cataclysms shows, neither accurately predict, let alone avoid them not possible. In Eurasia and America, for almost two centuries, economic crises have occurred about 20 times.

The first world economic crisis, which struck a blow to the national economy and public life at the same time in the United States, Germany, England and France, occurred in 1857. The crisis began in the United States. The reason was the massive bankruptcies of railway companies and the collapse of the stock market. The collapse of the stock market triggered a crisis in the American banking system. In the same year, the crisis spread to England and then to the whole of Europe. A wave of stock market unrest swept even across Latin America. During the crisis, pig iron production in the United States fell by 20%, and cotton consumption by 27%. In the UK, shipbuilding suffered the most, with production falling 26%. In Germany, pig iron consumption has decreased by 25%; in France by 13% pig iron smelting and by the same amount of cotton consumption; in Russia, the production of pig iron fell by 17%, the production of cotton fabrics - by 14%.

Another world economic crisis began in 1873 with Austria and Germany. The crisis of 1873 is seen as a major international financial crisis. The preconditions for the crisis were the credit boom in Latin America, fueled by England, and the speculative boom in real estate markets in Germany and Austria. The Austro-German rally ended with the Vienna stock market crash in May. Equity markets in Zurich and Amsterdam also crashed. In the United States, banking panic began after a sharp drop in shares on the New York Stock Exchange and the bankruptcy of the chief financier and president of the United Pacific Railroad, Jay Cook. The crisis spread from Germany to America due to the refusal of German banks to roll over loans. As the American and European economies fell into a phase of recession (production slump), exports of Latin American countries fell sharply, this led to a drop in government revenues. This was the longest crisis in the history of capitalism: it ended in 1878.

In 1914, there was an international financial crisis caused by the outbreak of the First World War. The reason is the total sale of securities of foreign issuers by the governments of the USA, Great Britain, France and Germany to finance military operations. This crisis, unlike others, did not spread from the center to the periphery, but began almost simultaneously in several countries after the belligerents began to liquidate foreign assets. This led to the collapse of all markets, both commodity and money. Banking panic in the US, UK and several other countries was mitigated by timely intervention by central banks. The next world economic crisis associated with post-war deflation (an increase in the purchasing power of the national currency) and recession (a decline in production) occurred in 1920-1922. The phenomenon was associated with banking and currency crises in Denmark, Italy, Finland, Holland, Norway, USA and UK.

1929-1933 - the time of the Great Depression. On October 24, 1929 (Black Thursday), stocks plummeted on the New York Stock Exchange, marking the beginning of the largest economic crisis in history. The value of securities fell by 60 70%, business activity dropped sharply, and the gold standard for major world currencies was canceled. After the First World War, the US economy developed dynamically, millions of stockholders increased their capital, and consumer demand grew rapidly. And everything collapsed overnight. The most solid stocks: the American Telephone and Telegraph Company, the General Electric Company and the General Motor Company - lost up to two hundred points within a week. By the end of the month, shareholders had lost over $ 15 billion. By the end of 1929, the fall in securities prices reached a fantastic amount of $ 40 billion. Firms and factories were closed, banks burst, and millions of unemployed wandered in search of work. The crisis raged until 1933, and its effects were felt until the end of the 1930s.

Industrial production during this crisis fell by 46% in the United States, 24% in the UK, 41% in Germany, and 32% in France. Industrial stocks fell 87% in the US, 48% in the UK, 64% in Germany, and 60% in France. Unemployment has reached colossal proportions. According to official figures, in 1933 there were 30 million unemployed in 32 developed countries, including 14 million in the United States. The first post-war world economic crisis began at the end of 1957 and lasted until mid-1958. It covered the USA, Great Britain, Canada, Belgium, the Netherlands and some other capitalist countries. Industrial production in the developed capitalist countries fell by 4%. The army of the unemployed has reached almost 10 million people.

The economic crisis that began in the United States at the end of 1973 in terms of the coverage of countries, duration, depth and destructive force significantly surpassed the world economic crisis of 1957-1958 and in a number of characteristics approached the crisis of 1929-1933. During the crisis, industrial production in the United States fell by 13%, in Japan by 20%, in Germany by 22%, in the UK by 10%, in France by 13%, in Italy by 14%. Stock prices in just a year - from December 1973 to December 1974 - fell 33% in the United States, 17% in Japan, 10% in Germany, 56% in Great Britain, 33% in France, and 28% in Italy. The number of bankruptcies in 1974 compared with 1973 increased in the United States by 6%, in Japan by 42%, in the Federal Republic of Germany by 40%, in the UK by 47%, in France by 27%. By mid-1975, the number of fully unemployed in the developed capitalist countries reached 15 million. In addition, more than 10 million were transferred to part-time work or temporarily laid off from enterprises. Everywhere there was a drop in the real incomes of workers.

In 1973, there was also the first energy crisis, which began with the filing of the OPEC countries, which reduced oil production. Thus, black gold miners tried to raise the price of oil on the world market. On October 16, 1973, the price of a barrel of oil rose 67% - from $ 3 to $ 5. In 1974, oil prices reached $ 12. Black Monday 1987. On October 19, 1987, the American Dow Jones Industrial stock index plummeted 22.6%. Following the American market, the markets of Australia, Canada, and Hong Kong collapsed. A possible cause of the crisis: the outflow of investors from the markets after a strong decrease in the capitalization of several large companies. In 1994-1995, the Mexican Crisis occurred. In the late 1980s, the Mexican government pursued a policy of attracting investment to the country. In particular, officials opened a stock exchange and brought most of the Mexican state-owned companies to the site. In 1989-1994, a flow of foreign capital poured into Mexico. The first manifestation of the crisis is capital flight from Mexico:

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foreigners began to fear the economic crisis in the country. In 1995, $ 10 billion was withdrawn from the country. The crisis of the banking system began.

In 1997 the Asian crisis. The largest fall in the Asian stock market since World War II. The crisis is a consequence of the departure of foreign investors from the countries of South-East Asia. The reason is the devaluation of the region's national currencies and the high level of balance of payments deficit in Southeast Asia. According to economists, the Asian crisis has reduced global GDP by $ 2 trillion. In 1998, the Russian crisis. One of the most severe economic crises in the history of Russia. The reasons for the default: Russia's huge public debt, low world prices for raw materials (Russia is a major supplier of oil and gas to the world market) and a pyramid of government short-term bonds, for which the Russian government was unable to pay off on time. The exchange rate of the ruble against the dollar in August 1998 and January 1999 fell 3 times from 6 rubles, per dollar up to 21 rubles. for the dollar. Experts predicted the beginning of the next powerful economic crisis by 2007-2008. In America, the ruin of the oil markets was predicted, in Eurasia, the complete defeat of the dollar.

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