



Generation Europe Debate

"World Financial Crisis"

Date: 20.12.2008

Place: Lodz

Number of people: 7 students from the University of Lodz, Economic-Sociology Faculty

On the second debate prepared in Lodz we focused on the topic connected with the financial crisis, its similarities and results.

Firstly, we listed other historical, financial crises and recessions which undoubtedly stand now for an important economic experience.

We talked about the period before the Second World War, beginning in 1929 when many people lost their jobs and savings. Banks were untrustful, as well as almost every other institution. Governments were searching for a proper strategy to cope with the problem; moreover, they were trying to calm people down who were in a great panic. Some radicals used the circumstances and spread out their philosophies. Many nations were willing to trust somebody/something and as a result fascism or communism found easy way to be followed.

Second crisis which we shortly discussed was the one in 1989. We focused on three economic situations: the Eastern European countries, including USSR (the Union of Soviet Socialist Republics) which collapsed, South America and China. We were very interested in means and actions which were taken or should have been taken to minimise the recession's results. Almost in every case the only cure for the market was its liberation from the central planned economy. The process was very difficult, it lasted long and it needed the advice of many well-educated, experienced specialists. Every country had to find their own way, the best for their situation and economic indicators what was even tougher to do.

Finally, we gather all the discussed information and spoke about the present day. We started with the United States of America – banks' policy, property market, Paulson's Plan and its assumptions. We went to the economic relations between the USA and the European Union who are for now the most important partners for each other. We discussed also some examples of the financial crisis in Europe (Italy, Hungary and Poland).

In our summary we tried to compare nowadays crisis with the two in the past (listed above). It gave us, on one hand, a good lesson of an economic cycle but on the other it shows how dangerous and unpredictable the financial crisis can appear.