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THE CRISIS – A SEQUENCE IN ECONOMY DYNAMICS

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INTRODUCTION

A generous subject open to multiple interpretation on all levels, the crises have captured the economists' attention especially as a consequence of the impact the Great Depression in the '30s has had on all countries engaged in the worldwide economic network at the time. The economic crisis that broke out in 2008 against the background of financial 'shocks' has shattered the myth of 'taming' the economic cycle serving as a reminder of the fact that the cyclic evolution 'pattern' identified by Juglar over a century ago and systematically analysed by Kondratieff and Kuznets, among others, still applies to modern economies. What potentially differs is the assemblage of forces triggering it or, more precisely, the way in which they combine and generate the temporal succession of the specific sequences of economic cycles.

Economic theory testifies to notable preoccupations with explaining macroeconomic balance and the sources that destabilise and distort the intrinsic mechanisms of the economic assemblage. However, any attempt in the field will always bear the mark of currentness since economic conditions are subject to continuous transformation, imposing conceptual and pragmatic 'repositioning' on theorists and decision makers, on the one hand, as well as on private individuals, on the other.

Any open and complex economic system, such as national economy, incurs a certain vulnerability to 'shock' while interacting with other systems. Irrespective of its development and economic potential, any country will reach stages of progress and prosperity that are, at a certain point, interrupted by longer or shorter turbulence periods. If the system is healthy, recovery from such episodes is quick and painless; on the contrary, if 'something is rotten…' in the system, the decline can linger and turn into actual economic crises.

The economic history of the twentieth and early twenty-first centuries has known two sequences of intense economic disequilibrium that no country was immune to, namely the Great Depression in the '30s and the current global economic crisis. The propagation of financial, currency-related, or differently determined 'shocks' in real economy, along with strong synchrony among various countries, has aggravated the distortions of the market mechanism, resulting in ample crises.

Chapter 1.
ECONOMIC DYNAMICS AND ECONOMIC CYCLE THEORIES

Classic economic theory builds around the idea of stable equilibrium; the evolution of real economic systems viewed as real complex systems mutually dependent on other complex systems is far from being marked for equilibrium. Moreover, the higher their complexity, the more unstable the economic systems seem to become, displaying non-linear dynamics that have nowadays become accepted as a natural characteristic.

It has become a rule that the years of economic expansion and growth should be followed by periods of decline and contraction of economic activity; empirical evidence shows that, at least during the twentieth and early twenty-first centuries, no country has been immune to economic recession. Even powerful countries have verged on decline, confronting with reduced GDP, increased unemployment, decreasing company real profit, reduced consumption, and a series of other associated negative effects. At a certain point, this decline stops and is followed by economic recovery, then by a new boom, and the cycle repeats.

These fluctuations in GDP, production, interest rate, unemployment rate, price, income, determine the sine-like evolution of all economies the mechanisms of which are based on the supply–demand interaction. Even the notion of business cycle suggests slow adjustment; if the economies responded to shocks/stimuli immediately, economic activity would certainly display 'abrupt' increase and decrease instead of prolonged periods of growth and decline.

As shown by economic theory, statistical data, and empiric evaluation over longer time spans, several cycle categories are actually manifested in economic dynamics as individualising periods of each. Thus, according to the period during which certain wavelike movements of economic activity take place, theory identifies six distinct cycle categories (these will be enumerated for the time being, while particular attention will be given to the decennial and Kondratieff cycles as necessary):

- ✓ Cycles marked 'C_1': 500-year cycles, identified by Wheeler;
- ✓ Cycles marked 'C_2': 180-year cycles, identified by Browining/Harrington, ranging from the year 1100 to the present;
- ✓ Cycles marked 'C_3': 100-year cycles, identified by Modelski et al.;
- ✓ Cycles marked 'C_4': Kondratieff cycles, initially identified by Juglar, Gelderen, et al., yet systematically examined by Russian economist N. Kondratieff (circa 50–60-year period);
- ✓ Cycles marked 'C_5': decennial cycles (10–20-year period), identified by Kuznets, Juglar, et al.;
- ✓ Cycles marked 'C_6': short cycles (approximately 2–9 years, differing according to sector), identified by J. Kitchin et al.

The terms economists resort to in order to label and/or describe the sequences of a cycle vary, but, the 'enrichment' of specialised literature on the subject runs parallel to a tendency towards standardisation. Essentially, as mentioned above, an economic cycle spans two stages, frequently called *expansion* and *decline.* However, if we consider the intermediary stages/sequences between the two main phases, we could describe the economic cycle as a succession of the type *expansion-peak-recession-depression/crisis-recovery-expansion*.

In what concerns *the expansion phase*, it is generally associated with prosperity or economic growth; the Anglo-Saxon literature also employs the term *economic boom*, but we find this phrase more appropriate when describing economic 'explosion', that is, intense economic growth. Briefly, expansion can be characterised by: increased production, improved employment rate, risen profit/income/wage, increased aggregate demand, lowered interest rates, lowered prices, reflecting in increased GDP and improved individual standard of living.

As it nears the *peak* (*peak*), the rate of growth decreases; this stage of the economic cycle displays the highest level of prosperity, yet, at the same time, 'inflexion' occurs and economic activity declines.

Recession starts when movement down this slope becomes rapid and steady; in other words, production, income, profit, etc., display rapid decline, yet it is possible that, although reduced, the growth rate should still be higher than the level of the general trend.

To conclude with, economic life shows a cyclic, wavelike, generally ascending evolution. At the same time, we consider that there is no general model of the economic cycle and that no two cycles are identical in terms of duration and stages, either in the same country or in different ones.

The history of doctrines that have tried to elucidate the 'mystery' of recurring turbulence in economic equilibrium reaches over two centuries back in time, Jean Baptiste Say and David Ricardo probably being the first to have approached a series of issues related to the sine-like evolution of economic life. Subsequently, economics has recorded significant progress regarding the understanding of certain aspects raised by the study of economic disequilibrium and the operation of the economic mechanism under the influence of perturbing factors.

A systematic classification of the theories concerning economic crises and cycles is difficult to achieve since each theory developed so far comprises elements pertaining to explanations of a different type; specialised literature tends to agree on the fact that the most appropriate classifications have been put forth by Wesley Mitchell and Alvin H. Hansen.

The evolutionary transformations that have marked modern economic systems have generated patterns that differ increasingly from those that made the object of analyses by Smith, Ricardo, Mill, Hayek, or even Keynes. Industrial economy has been replaced by post-capitalist society, by service-oriented economy and, more recently, we witness knowledge- and innovation-based economy. The process of creative destruction mentioned by Schumpeter induces inherent challenges into the economic theory that preoccupies itself with the wavelike evolution of current capitalist economic systems, as well.

Concerns with identifying the sources of economic-life fluctuations become explicable if we consider the fact that, as mentioned earlier, no market-economy country has been sheltered from economic recessions and crises, irrespective of the degree of freedom governing its operation. The explanations that classic economic theory provides to cyclicity are doubled by others, depending on the current economic realities; a plausible synthesis of the potential causes underlying the sine-like trend describing the evolution of economic systems might include: monetary-stock movement, (private and public) consumption behaviour, innovation, investment behaviour and multiplier effects, political-actor behaviour, positive or negative 'shocks' of labour productivity.

Chapter 2.
GENESIS AND CONTENT OF ECONOMIC CRISES

Prior to proceeding to the main analysis of the evolution of economic life (with respect to country, region, or, more recently, global levels), we find that, in the attempt to understand/explain economy dynamics and the way in which real economy operates over a longer time span, invoking a series of aspects related to the phrase 'economic crisis' is called for. To the modern-day individual – as an employee or a member of any organisation in Europe, the USA, Japan, or any other country in the world – it is easily perceptible that the end of the Cold War (1989) between the highly developed West and the former Communist Bloc (including Romania, along with other states lying under the influence of the former USSR), has generated major social and economic changes inducing new issues/dilemmas. Moreover, any adult individual nowadays easily perceives the idea that we live in a profoundly/extremely interdependent world, that a negative situation occurring in one country (sometimes thousands of miles away) may result in her of his losing their job, in increased inflation or the bankruptcy of banks, investment trusts, or other types of corporations.

The cyclic evolution of economic life/activity has been accepted as natural, at least for the past two centuries; it is probably for this reason that most of the attention the economists have given to this phenomenon has focused on the 'terminus', that is, on the analysis, understanding, explanation, and management of economic crises.

In order to answer the question 'Is economic crisis an event, or rather a process?', one has to bear in mind the above-mentioned opinions concerning the significance of an economic cycle and of a crisis as a sequence of any cycle. As a matter of fact, we usually associate the term *event* with 'something' that occurs unexpectedly and lasts a brief period, several months at most. In other words, if we consider the economic crisis as a period of recession spanning two years or more, then it may be said that an economic crisis (strictly referring the type exemplified by The Great Depression in '29–'30) is a lasting process rather than an isolated event.

The studies that have been carried out and the conclusions that have been reached have fuelled the belief that capitalist economies are inherently vulnerable to tension and turbulence. The 'capitalist order' contains the germs of evolution within itself; the description of capitalism proposed by Schumpeter in a work in which he considers the possibility that this system should be undermined by its very own success is remarkable. Thus, in *Capitalism, Socialism and Democracy*, he argues: 'capitalism is, by virtue of its nature, a form or method of economic change and not only is it not stationary, but it will never be. And this evolutionary character of the capitalist process is not only due to the fact that economic life takes place in a changing natural and social environment, which, by its very changing, modifies the data of economic activity. Nor is this revolutionary character due to a quasi-automatic increase in population and capital or to monetary-system inconsistencies, about which the same can be said. The fundamental impetus that drives and maintains the capitalist mechanism is derived from the new methods of production… that the capitalist enterprise creates.'[1] In other words, we infer that what we have called the evolution of capitalist economies refers to something 'non-stationary', marked by successive temporal change; the equilibrium of an economy of this type ought to be viewed in its dynamics alone, in its evolutionary character (with potential crisis periods as an atypical situation).

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1 J. Schumpeter, *Poate supraviețui capitalismul?*, Editura Publica, 2011, pp. 39-40

After World War II, the attempts at validating the 'efficient-market hypothesis' incorporating all information in prices have actually reached an already known conclusion: 'capitalism is by no means a self-regulating system that follows its own path without stumbling; it is rather a system prone to "irrational exuberance" and unwarranted pessimism. It is, in other words, extraordinarily unstable'[2].

It is obvious that the answer to the question 'Moderate recession instead of economic crisis?' can only lie in the affirmative for governments, organisations, and individuals; how exactly moderate-recession periods are to be overcome in order to avoid their turning into depressions is an aspect that economic theory insufficiently clarifies.

Theories concerning economic crises greatly overlap theories of cyclic economic life; nevertheless, we believe that not all sources of cyclic evolution generate crises, within the acceptation we consider in approaching the subject of our research. If we view crises as moments in which the prosperity stage ends and economy enters decline, then we could invoke, in the case of these 'ruptures' the same causes that determine cyclic fluctuations in general. Yet we view crisis as a significant aggravation of depression periods, as a 'benign' state of the economy, which manifests itself in severe distortion and even collapse, a state that the economy can, however, recover from.

Beyond the theoretical discourse on the occurrence and manifestation of economic crises, which can at times be more elegant and less supported (in economic theory in general), it is obvious that even the most rigorous theoretical explanations (such as Hayek's view, who maintains that the state should not interfere crisis management and that the market mechanism alone should regulate crisis) prove to be of nu immediate use to millions of individuals who are directly/indirectly affected by economic crises.

As it is widely acknowledged, during the first half of the previous century, the main trends in Romanian economic doctrine have argued in favour of industrialisation and of modernising the structure of Romanian economy, from the '20s until the beginning of World War II. The 'Great Depression' in the '30s has directly affected all sectors of Romanian economy, especially industry and banking; all social groups in Romania at time were impacted by the consequences in said context.

One of the Romanian thinkers in the first half of the twentieth century preoccupied with the evolution of Romanian economy, occupying a prominent position in Romanian economic doctrine, is Virgil Madgearu, who sustained the process of industrialisation and produced theoretical analyses of the causes that had triggered economic crisis, as well as of its manifestation, in Romania.

Another notable thinker, namely Victor Slăvescu, was preoccupied with the impact of the global crisis in '29–'33 on Romanian economy; when the crisis was at its peak, Slăvescu stated that Romania had 'imported' this phenomenon and that its most significant negative effect reflected on our country's grain export. Moreover, Slăvescu criticised the government's reaction and maintained that overcoming the crisis required collaboration between the European countries; Romanian industry, he argued, was in need of protectionist tariffs, which implied co-operating with other states in order to overcome the crisis. Equally, Slăvescu closely analysed the credit crisis occurring in Romania as early as 1920; he held that, immediately after the war, both government and banks preferred inflationist policies without providing debtors with any kind of protection.

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2 Nouriel Roubini, Stephen Mihm, *Economia Crizelor*, Editura Publica, București, 2010, pag.82

Chapter 3.
KONDRATIEFF CYCLES IN GLOBAL ECONOMY DYNAMICS

The development of a conceptual framework for the explanation of long waves/cycles is primarily inductive in nature. As early as the end of the nineteenth century, analysts identified a long-duration cycle type, spanning an ascending movement of 20–25 years and a descent or stagnation of relatively the same length. William Stanley Jevons in the Great Britain, considering national empirical evidence, and Jacob van Gelderen in the Netherlands have described the existence of long waves prior to World War I. Marxist writer A. Helphand highlighted the existence of a long cycle at the end of the nineteenth century. In a study dedicated to agricultural crises (published in 1901), he analysed centennial trends in agriculture against a framework that evinces long-term variations of technological transformation, credit, commerce and colonialism.

However, these studies have had a minor impact on the development of relevant and durable views on economic dynamics. Specialised literature grants Kondratieff the merit of having more accurately highlighted the existence of movements having the appearance of long waves, which describe the evolution of economic indicators in most traditional industries/sectors of capitalist economies. The study published by Kondratieff in 1925 was translated in English in 1935, which provided for wider circulation as compared to his predecessors' works on the same subject.

The conclusions Kondratieff reached, were essentially based on detailed analysis of statistical indicators specific to the main capitalist economies; the study considered the average level of convenience goods, the rates of interest on the financial market, employee income in various industry sectors, the evolution of exports and imports, the production of coal and other raw materials, production of gold, etc.

Kondratieff concludes that each stage of a cycle is the consequences of conditions accumulated during the previous periods and that, if the principles of capitalist economy remain valid, each new cycle follows another, just as each new stage of a cycle follows another. Essentially, Kondratieff argues that economic dynamics include such long cycles of about 48 to 55 years; the primary cause of this wavelike movement of economic life is the very mechanism of capital accumulation and diffusion, which is concentrated in capitalist states in order to create new basic productive forces.

Usually, economic theory will accept the phrases '*Kondratieff's waves*' and '*idealised variant of Kondratieff's cycles*' as fully equivalent. The extreme points (as equivalents of what we have earlier called minimum and maximum inflexion points) of the four Kondratieff cycles/waves, K_1–K_4, are as follows:

***1** **K_1** = the ascent starts in 1790, the peak (*top, peak* etc.) is reached in 1817, then the recession period reaches the lowest point (basis-*bottom, trough* etc.) in 1848;

***2** **K_2** = the ascent starts in 1849, the peak (*top, peak* etc.) is reached in 1873, then follows the decline period or wave descent period until 1899 (basis-*bottom, trough* etc.);

*3 **K_3** = the first ascending stage of the cycle starts in 1899, ascent continues and reaches its peak in 1920 (*top, peak* etc.), then follows the descent of the wave, which will continue until 1939 (basis-*bottom, trough* etc.);

*4 **K_4** = ascending stage starts in 1939, according to the extrapolation of Kondratieff's study; it continues, theoretically, until 1971, when it reaches its peak (*top, peak* etc.); after the apogee in the '70s, the Kondratieff wave should have followed a descending line until 1997 (basis-*bottom, trough* etc.).

It is obvious that all features of the four Kondratieff cycles only constitute a detailed view of the empirical patterns he identified, yet also taking into account real dates or events in the capitalist world since the '20s. Moreover, it should also be remarked that various aspects describing characteristics for K_{1}, K_{2}, K_{3}, K_{4} have been maintained for each growth or decrease stage corresponding to every cycle.

Chapter 4.
THE GREAT DEPRESSION IN '29–'33 IN THE DYNAMICS OF CAPITALIST ECONOMIES

We have previously analysed theoretical aspects of the genesis and content of economic, as well as content-related issues concerning Kondratieff cycles, since we hold that the minimum of cycles K_3 and K_4 predicted by Kondratieff corresponds – from the point of view of the time frame – to what economic theory calls 'The Great Depression' of the '30s and 'The Great Depression' of 2008, respectively. For the time being, we will limit the scope of our approach to the analysis of the causes, consequences, manifestation, and various countries' attempts at managing/overcoming The Great Depression in '29–'33.

At the beginning of the previous century, more precisely, during the '20s, all countries of the world were economically, socially, and psychologically marked by the extreme negative experience of the war that had just ended; inflation, unemployment, and excessive individualism had become regular landmarks in the daily lives of the citizens of most capitalist countries.

During the period under scrutiny, most European countries had abandoned gold as a standard, trying to increase monetary supply in order to finance the war. Thus, before, as well as after, the war European economies were relatively in debt and unstable; the one exception at the time was the USA, that credited European countries, apart from supplying them with food and technical equipment.

The attempt to contrast, in comparative analysis, prevailingly historical aspects (i.e., the economic situation in the '30s in the previous century) to the current situation of global economy is legitimated by the social, economic, political effects that a large-scale economic crisis has on countries, organisations, and individuals. The measures taken by various governments, central banks, and other public institutions eight decades ago, including the reaction of the population during crisis years, will lead to a better understanding of these phenomena and to the anticipation of potential solutions in the attempt to overcome the current global crisis.

Synthetically, it can be argued that the years preceding The Great Depression in 1929 recorded a trend favouring growth in economy, standard of living, and employment, despite the oscillating evolution of certain macroeconomic indicators. However, the hypothesis of imminent economic crisis among the capitalist states at the time was largely known to governmental, scientific, and academic circles, starting in the first years after the war (even though some accepted while others rejected the possibility of a large-scale crisis). In this sense, the studies of Kondratieff, Kuznets, Juglar, and other analysts have had a major contribution to the hypothesis that a large-scale crisis should occur during the '30s. Questions such as 'Why have governments ignored hypotheses that were scientifically confirmed by certain researchers?' seem natural.

On a different note, we have to acknowledge the fact that economic theory currently accepts The Great Depression in '29–'33 as the greatest economic crisis the countries of the world had ever faced, as explicitly reflected on the economies of the main capitalist countries – *as yet* (comparison with the current crisis can only be partial, intuitive, and based on predominantly empirical arguments). In other words, the crisis has been reflected by the standard of living in all countries on the world, albeit with different intensity in different countries.

As we remarked earlier, the economic crisis in the '30s has had direct or indirect influence, despite its varying intensity depending on the reactions of both governments and populations at crisis onset, on all the countries in the world, including economies that had opted for a centralised development pattern.

This remark also holds for the former USSR (Russia) all along the crisis period. During the period between the ’20s and the ’40s the social predicament of this country was disastrous and it constantly worsened; the country was predominantly agrarian, most of its population living in the rural areas, so that the drought years led to repeated famine and malnutrition; the country was marked by internal conflict and social tension and millions of people died in the name of ‘class struggle’.

The Great Depression in the ’30s also had a negative impact on the Asian countries, as well as on the economies of countries on the other continents; as Milton Friedman argues, ‘the economic crisis was as devastating for the rest of the world’.

In the case of Japan, which, at the beginning of the past century, manifested expansionist tendencies, the onset of the crisis supported consolidating the influence of military institutions; these influences have subsequently led to Japan’s involvement in World War II.

As far as China is concerned, in the ’20s, it was undergoing a series of social and political reforms (abdication of monarchy, relations between social strata, ascent of communist ideology, etc.); under the influence of crisis, the government resorted to monetary reforms leading to hyperinflation and the collapse of the Chiang Kai-Shek regime; this context favoured direct access to power of the communist party, along with all further consequences.

Chapter 5.
GLOBAL ECONOMY AND 'THE GREAT DEPRESSION' IN 2008

Among several characteristics of post-capitalist society in the early twenty-first century, taking into account the views of notable analysts (Drucker, 1988; Samuelson, 2000; Stiglitz, 2005; Roubini, 2010; et al.), it is worth mentioning the following:

- After an unprecedented economic prosperity spanning circa five decades, after overcoming several mild recessions (in the '70s, '80s, etc.), the governments and central banks have gradually encouraged, willingly or not, current consumption of business organisations and individuals based on future income and, implicitly, excessive individualism. The competition, viewed and understood as the essence and driving force behind the capitalist society, has gradually become solely money-oriented, primarily targeted at speculative ends; gradually, the difference between 'good' and ''not as good' was blurred over in the capitalist countries leading to unequal distribution of income among social strata.
- The current economic map of the world has undergone major changes as compared to one century earlier, in that only the USA have maintained economic supremacy, the GDP of which amounts to USD 15,000 billion, followed by China, USD 8,000 billion GDP, and Japan, USD 5,000 billion GDP; among the main EU states, the most powerful economies remain those of Germany, England, and France.
- Among other major events that left their mark on post-war history, one should remark the major part currently played by the European Union, comprising twenty-eight member states and controlling approximately a quarter of the global GDP, taken as a federative bloc; as far as the contribution of the EU to world trade, it revolves around one third. Although substantial discrepancies manifest themselves between the richer countries of the EU and the relatively poorer countries of the community and these will continue to do so, it is obvious that the EU has become an economic power pole on the structure of which the global crisis in 2008 reflected differently according to country group. Also, one can intuitively infer that the adoption of the Euro currency by the EU has triggered 'supplementary competition' in the mechanism of international financial markets, especially between the Euro and the USD, on the one hand, and between the Euro and other currencies, on the other. Whence the obvious question: 'Has this increased competition between currencies influenced the onset of global crisis or, on the contrary, does the rivalry between the Euro and the USD partially explain the global moment/context of 2007?'.
- Currently, to a far more significant extent than eight decades ago, countries should manage, each on its own, a large part of both external and internal national debt; if this indicator is derived as a percentage of the GDP, then there is cause for alarm even for such countries as the USA, France, Spain, Portugal, Italy, etc.

Against the background of the onset of global crisis in 2008, the economic relationship between the main 'actor' states of the world raises a series of questions; the USA remain the foremost economy in the world, if we consider the annual value of the GDP, the low percentage of export against total GDP, and other similar indicators; it is, however, 'threatened' by a total external debt that already exceeds the annual value of the GDP. On the other hand, the EU has already imposed itself as global economic 'actor', yet some member states have to manage national debts reaching extremely high values, already above their GDP; the European Commission has only partially managed to find solutions to the global economic crisis.

Just as The Great Depression in the '30s impacted all countries in the world, albeit with varying intensity, it can be stated that the current global crisis has resulted in negative consequences in all economies, although the moment and intensity differed from one country to another.

In the case of China, the second largest economy in the world according to the GDP value, the global crisis has rapidly generated drastic decrease in export to various world markets; the government has had to increase monetary supply in economy in order to stimulate internal consumption and thus prevent production contraction and unemployment increase.

In Japan, the third largest economy, the effects of global crisis have been extremely severe since 2008. Statistical data show that the annual increase rate of the GDP has become negative, nearing -10% in 2009, oscillating between negative and positive values in the following years. The official unemployment rate in Japan statistically revolves around 4–5% per year, despite its significant increase since 2008; the specific mechanism employed to calculate the unemployment rate in Japan differs from the one employed in the Western countries and obscures the so-called 'concealed unemployment' specific to certain 'part-time' activities; other estimates show that the actual rate in this country is twice the official value.

As far as Russia is concerned, the effects of the global crisis have made themselves felt fairly strongly, starting with the trend followed by the GDP and industrial production. According to statistical data, the increase rate of the GDP in 2009 has contracted considerably, from a positive value down to -12%; the same trend was followed by industrial production, recording a negative index of nearly -16%. In the same context of the global crisis, as production diminished and instability touched upon all sectors of the economy (banking, trade, transportation, etc.), the annual unemployment rate in Russia has grown from circa 5% (in 2008) to circa 9% (in 2009).

CONCLUSIONS CONCERNING THE SUBJECT OF DOCTORAL RESEARCH

There are sufficient situations in which established analysts attempt to argue that economic cycles should be accepted as a permanent reality in the dynamics of capitalist economies; accepting the various types of cycles (Kondratieff, Juglar, Kuznets etc.) does not, however, amount to the idea that economic crises, in the sense of long-term depressions, should, in turn, be accepted as current realities in the trend followed by the economies of developed countries. In other words, we believe that current economic theory should focus on identifying solutions to alleviate and manage economic crises, in that they should only manifest themselves only as moderate recessions. This presupposes, in the first place, close examination of all cycle categories already identified by statistical and/or empirical analysis; that is, including 100- and/or 180-year cycles, ,which may provide useful information on the phenomenon of economic-life cyclicity. It is obviously neither possible nor desirable that the study should be dissociated from economic crises, that is, 'isolated' from the forces and characteristics underlying the cyclic movement of an economy.

At the time when our analysis was carried out, the comparison between the two 'Great Depressions' (the current, 2008 crisis and the one in the '30s) cannot be complete since the current recession proves to be much profounder than anticipated by governments, central banks, or various opinion leaders. Moreover, current social and political realities, along with the complex issues surrounding increased debt accumulated by some states and the unprecedented (communicational, technological, financial, etc.) interdependence between countries, inevitably renders any attempt at 'face-to-face' analysis of the two economic crises yet more complex.

The issues surrounding the onset, the manifestation, and management mechanisms of economic crises has formed a major ongoing concern of economic theory ever since Adam Smith, even though it initially approached economic equilibrium and the cyclic movement of capitalist economies. Among other conclusions, it is worth noting, as widely known in economic theory, that the cyclic/sine-like movement which marks the evolution of developed economies appears as natural. Our analysis has considered and approach the economic crisis as a sequence, 'part' of the phases that an economic cycle successively undergoes, specifically targeting Kondratieff waves and decennial cycles. In what concerns the 'economic crisis', as opposed to the cyclic movement accepted as natural in the dynamics of capitalist economies, the periods when such socio-economic phenomena occur and progress seem undesirable exceptions, a major disequilibrium which can and should be alleviated.

Originating with Keynes (1935) and Hayek (1933) two major, relatively distinct and opposing, trends have dominated the economic theory and disputes concerning the mechanism that should be adopted in order to optimally mange economic crises. In other words, an essential question is to be addressed with respect to the subject of our research: 'Who, how, and by what specific monetary, fiscal, or other means should manage an economic crisis in a country, from its onset until economic growth is resumed?'. From our point of view, Keynes' whole construction concerning the way in which the state should step in in order to manage an economic crisis is far more pragmatic than Hayek's; in unstable social contexts overpowered by distrust, the state becomes the sole possible manager of a crisis situation and the only one that can 'stimulate' investment in large-scale public/private projects (despite increasing monetary supply and thus takes inflationist risks), which should gradually lead to increase in employment, income, and, ultimately, aggregate demand.

As shown by economic history analyses, overcoming The Great Depression in ’29–’33 in all major capitalist countries would not have been possible without direct, active and the sustained support of governments, central banks, and other public institutions; this holds despite the significantly different public policies and macroeconomic strategies, as well as aims and allocated resources of each country in particular. Consequently, there is sufficient historical, scientific, and empirical evidence to support the conclusion that the current global crises in 2008 will not be overcome in any of the countries it has affected (Romania included) without direct, active, and sustained support from governments and central banks.

On a different note, accepting the intervention of the state in the context of economic crises is in no respect equivalent to non-supporting market mechanisms, competition as a factor of progress, that is, the capitalist mechanism of deriving and distributing prosperity among the social strata of a country.

In what concerns the succinct analysis of The Great Depression in 2008, given that it is still under way and that studies/analyses, whether statistical, empirical, or other, are, for the time being, partial, it goes without saying that our argument and the conclusions we have reached remain partial. However, a simple examination of the current economic crisis shows that, once again, the actual manifestation of this disequilibrium differs sensibly from country to country, especially according to the way in which governments, central banks, and individuals have reacted to the onset of the crisis. As our analysis shows, the same effects of the crisis have affected countries such as Japan or India more significantly and others, such as China, Russia, or South Korea, relatively moderately. What are the conclusions that can be drawn from this fairly different manifestation of the current crisis in various countries? It is immediately noticeable that, once again, the reaction of governments to the onset of the crisis probably explains the differing consequences of the disequilibrium over the five years to a considerable degree.

Along the ascending phase of the Kondratieff cycle (’50s–’70s), as all capitalist countries accumulated economic prosperity, theory tended to rank the study of economic cycle as an obsolete subject of analysis; reality shows that this subject is worth minute examination if we are to understand the causes and content of economic crises. Among other conclusions we have touched upon, we believe it is imperative to highlight the idea that governments alone have the power to impose, by law, prudent and ethical behaviour on individuals/organisations all along the ascending phase of the Kondratieff cycle.

At the basis lie capital and competition among individuals/organisations, as the essence of the market mechanism; if we want a global market economy, we need efficiently operational global capital markets. It is clear, however, that a significant element of these capital markets, the debt market and the mechanism of encouraging/discouraging access to credit, are still not fully functional, at least from the point of view of emerging economies. Irrespective of the countries or country groups under consideration (emerging, in transition, etc.), accumulating total national debt above the annual value of the GDP raises questions with respect to the ability to maintain prosperity for the future generations. To a certain extent, the issue of national debt has already become ‘pressing’ including in countries like the USA or Japan (not to mention Greece, Spain, Portugal) since the cost of this permanent debt potentially becomes extremely difficult to support by the country’s annual budget.