The Global Financial Crisis of 2007-08: Is it Unprecedented?

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This paper compares the recent global crisis and recession to earlier international financial crises and recessions. Based on existing chronologies of banking, currency and debt crises we identify clusters of crises. We use an identification of extreme events and a weighting scheme based on real GDP relative to the U.S. to identify global financial crises since 1880. For banking crises we identify five global ones since 1880: 1890-91, 1907-08, 1913-14, 1931-32, 2007-2008.

In terms of global incidence the recent crisis is fourth in ranking and comparable to 1907-08. We also calculate output losses during the recessions associated with global financial crises and again the recent crisis is similar in severity to 1907-08 and is fourth in ranking. On both dimensions the recent crisis is a pale shadow of the Great depression. The relatively mild experience of the recent crisis may reflect institutional and policy learning.

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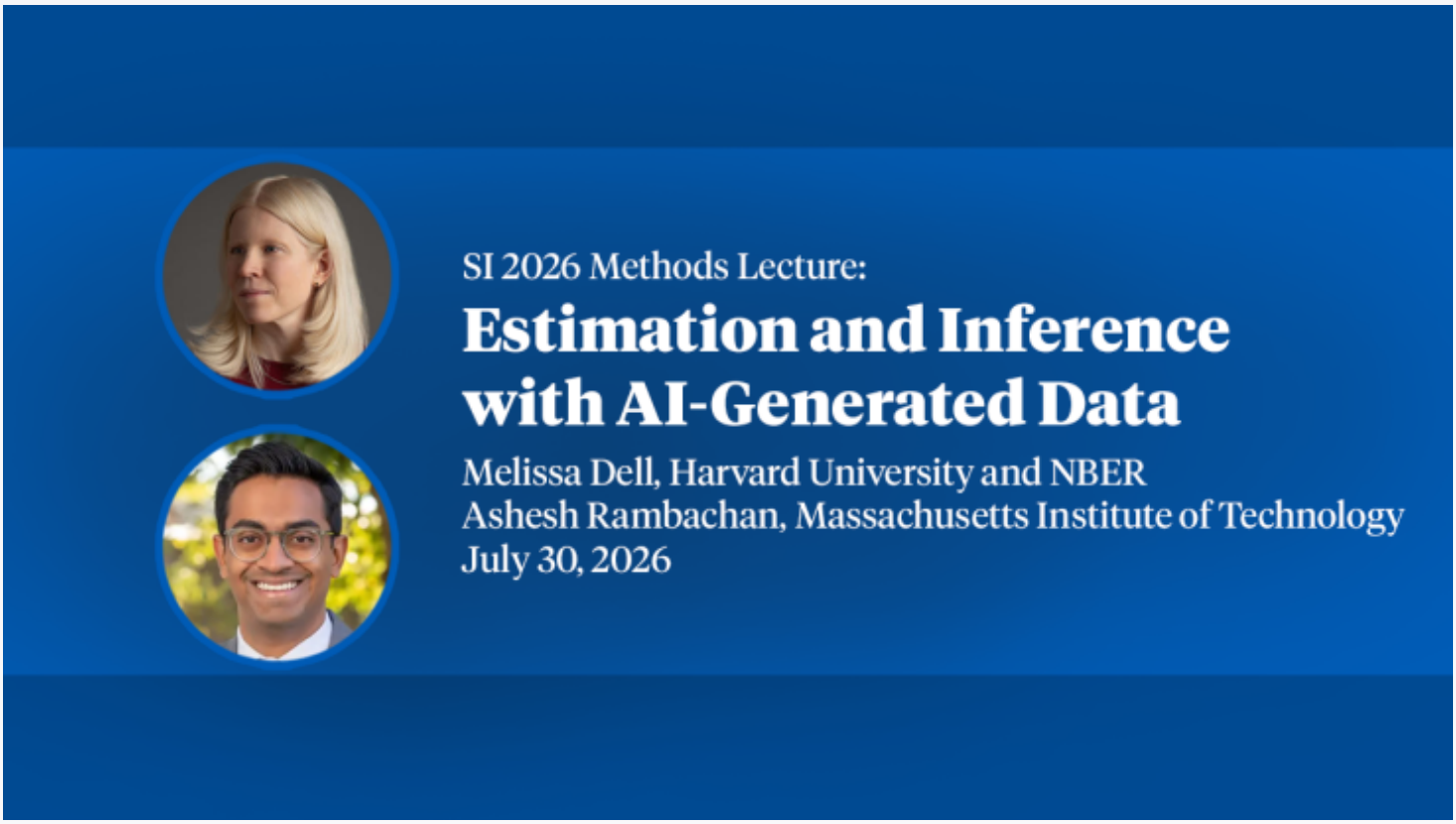


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