

# the **fleet sheet's final word**

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## Panic of 1873



In interviews on [Aktualne.cz](http://Aktualne.cz) and [TV Prima](http://TV Prima), Václav Klaus said it isn't entirely accurate to compare the current financial crisis to the Great Depression. The 1929 crisis didn't derive from the mortgage sector, he said. More to the point, he argued, is the crisis in the U.S. of 1871. What he didn't mention is that the crisis hit the Austro-Hungarian Empire - of which Bohemia was a part - in full force by 1873. The Central Bank Act of 1862 was suspended, allowing the bank to print money to increase liquidity. A major mortgage bank (Bodencreditanstalt) with a credit rating equal to the monarchy's had to be rescued because it was involved in risky stock transactions. The Vienna Stock Exchange crashed. An industrial expansion that was taking hold came to a complete halt. And, as Klaus correctly indicated, it was all because of a building boom that pushed property values ever higher, until it became clear that assumptions about economic growth were much too optimistic. Time for Topolánek's ministers to crack open their history books.



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