

# [Is the world heading for a global recession](https://assignbuster.com/is-the-world-heading-for-a-global-recession/)

First of all, I would like to explain what global recession means and what were the same recessions in our history? Global recession is the sharp deterioration of economic health of the countries, namely: a plummet of manufacturing, bankruptcy of enterprises, a big rise of of unemployment and finally – the decrease in the standard of living, well-being of the population (Economic dictionary). According to standard economic theory, economic system has the cyclic form and to avoid crisis it is impossible.

World financial crisis and then an economic crisis will result of decrease in world gross national product, falling of a standard of living in the majority of the countries including in developed and also global chaos and depression. The world history has had the three biggest collapses. The first world recession was in 1900 – 1903. It was a small collapse when manufacturing fall down by 2. 3%, Russia had the biggest damage, because economic crisis has coincided with a poor harvest.

The second world recession was in 1907, when a manufacturing fell down by 5%. The biggest damages had the “ United States of America (15%)” (Pelaez 15) and “ Great Britain (6%)”(Blakey 29). Finally, the most famous collapse was in 1920 as a consequence of the First World War (time of military conversion). It was a period when the second economic part passed in to the third. It was a time of “ Great depression” when on 29 October 1929 (day of “ Black Thursday”) shares tumbled and damage was over “$10 billion , 30 million unemployed, the United States of America did not give credits to Germany, Germany stopped pay reparations, Great Brittan and France stopped to repay”(History ). Let`s look at present economic situation and find preconditions of the world recession.

Economic scientist from all over the world are predicting fourth recession and giving dates “ 2020-2030” (Yerokhina 3). But the world recession is a long process and gives fix date of start and end – silly, we will understand it later when we look back. I tried analyzing the preconditions of world recession and noticed three. The first is finishing hydrocarbon resources, first of them – oil. By 2020, some experts predict, according to Tomorrow’s Markets, “ the world’s energy consumption will be 40% higher than it is today.

Efficiency, improvements, and conservation are part of the solution, but will not, in themselves, meet the need for more energy. The biggest leap in energy consumption will come from emerging economies, like China and India, where “ populations are expected to grow by 25% over the next two decades, and economic output and standards of living will rise dramatically. Energy demand in China and India alone is expected to double by 2025. Energy demand in China and India alone is expected to double by 2025.

But the issue isn’t limited to developing countries. ” (Hargreaves 5). Rising energy demand in developed countries will add to the pressure on supply. “ The US, for example, is home to 4% of the world’s population but is consuming 25% of the world’s energy” (Cassara and Lykle 24.

), as wealthier countries in general continue to prosper, their energy needs will continue to grow accordingly. The second is growing of the state and public duty in the advanced countries. Now the general public debt of the USA exceeds all conceivable sizes. Moreover, in the developed countries most of the population, anyhow, lives on credit in a duty. The developed industrial countries of the West borrow from less developed countries, the resource countries, and also: Japan, China, Taiwan, Korea.

.. ” (“ The National Debt ,” p 14). The Total sum of debts constantly grows. It is obvious, that it cannot proceed indefinitely.

Total non-payment, refusal of returning debts, a default and bankruptcy can accept irreversible character and to lead to catastrophic changes of a social system – for example, to occurrence of debt slavery. “ The debt in the USA is about $ 9 trillions”. News RBC) The third precondition is overstocking of the global market and the crisis of overbuying. This situation arises when investors that not only to keep, but also to increase the capital there is practically no place to invest. Personally, I think the present world is not in a recession but tend to. We have a great time to look at the positive side of a future recession.

As people lose their high-paying technology jobs, they will move into other, less lucrative areas of the economy. Eventually, people will get back to work, make less money, and buy less. How is this good? The environment will be given a rest. Constant expansion of our economies comes at the expense of natural areas of all types – all over the world.

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