

Impact of global recession

[Economics](#)



Global economic recession is a well known term among the developed and already developing countries. It is actually a process which gradually forms a clear picture and not observed in a particular period of time where the economic conditions as well as other financial indicators of the nation confirms its existence such as growth in unemployment rate, low productivity, negative business expansion etc. The decade has observed such condition in later 2008 which influenced almost all major economies. To point out the major cause of global recession, its place of origin has to be mentioned ie.

United States of America. Many reasons contributed to the birth and extension of the situation. Here the discussion is done on the main issues which led to the serious condition which shrunk the economic growth of nations. The causes can be indicated by mentioning the policy of USA which had applied low inflation rates in past two or more decades and as a result experienced sustainable economic development. This further lead to fall in price of fixed assets such as real estate after a particular period of time. The economy also experienced excess inflow of foreign funds and low interest rates to raise credit which further was responsible for the growth of the problem. Further, the economy when showed the favourable signs led the investors to procure loans and reinvest in real estate.

Soon as the condition turned adverse ie. ike in interest rates, the debts became the point of concern to the private banks and it turned as investment comprising risk to them which was hard to regain and such institutions played the major role in corporate profits of USA. Apart from these, many other reasons also contributed to worsen the situation like

securitization, crash of stock market, high rate of interest, failure in balancing the money supply to the world economy, rise in inflation despite of money supply to the market, adverse effect on particular industries which led them to reduce their production level and still more. As it is considered, USA being responsible for originating the economic recession, much steps has been taken and still continues to cure the situation by the super power. As much discussed in entire world, such situation has created a great impact on all major economies both developed as well as developing. The major effects of economic recession on almost all economies are primarily the lowering of productivity level, rising unemployment, shortages of business opportunities, social problems and many more. The situation of such crisis can be curbed by applying major economic policies, decreasing taxes, increase of money supply, promotion of business and several other measures.

The paper comprises the detailed discussion about the prime causes and its impact on world economy as well as the possible measures to curb the same.