

Why the north american recession is good

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Recession can be defined as the downward force acting against the growth of the economy in a given country or region at a particular time, as far as the business cycles are concerned. Consequently, the key economic indicators such as increased unemployment rate, significant drop in the real Gross Domestic Product, decrease in labor productivity, as well as, decrease in personal income plummet significantly indicating a government crisis that calls for immediate intervention.

Therefore, the federal government has to deal with remedies in a bid to offset the imbalance in the economy of the country. Usually, a country faced by such unhealthy economic conditions is bound to recover within a short period, should the federal government advocate for aggressive fiscal stimulus and financial-market policies. In recent years, North America has been experiencing hard economic times translated by huge decline in GDP, inflation, and job creation. People who do not know the benefits of this type of business cycle have always misunderstood this cycle. The unpredictable conditions associated by recession often get individual households to panic and fear for their life.

However, this should not be the case since attempts to avoid such a scenario in the business cycle could generate more problems in the end.

Consequently, the global economy is ready to bring the economy to normal state, and allow businesses to continue enjoying profits. This paper will explicitly explore the unknown benefits always associated with the recession with a view of unveiling to the public the need for such an experience once in the business cycles. The following are the ideally identified facts why the North American recession is considered good. Recession leads to hastened

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assessment of merchandise in a bid to create more value to customers who are the final users of the products. Recession forces companies to employ various measures in their quest to attract more customers (Wolfe & Rafael, 2011).

Consequently, companies are compelled to lower prices of their goods or services in the market, improve on the quality, as well as, the quantity of their products, and this calls for improvement in service delivery, which utterly benefits the public. Businesses are forced to sharpen their competitive edge in the market by ensuring that they are customer-oriented and not driven by the profit maximization motive, which has always found the customers on the loose end by being forced to purchase substandard goods or services. Besides, customers get a rare opportunity to exercise choice in the market since the incident of recession leads to the elimination of monopoly firms in the market as competition is stirred up (Braude, Eckstein, Fischer, & Flug, 2012). Recession always acts as a wake-up alarm for the public to realize the need and importance of keeping current accounts as well as the need to always endeavor to have a proper balance between savings and consumption. Usually, recession does not have an impact on the interest expense due to its fixed nature in the economy (Grusky, Western, & Wimer, 2011). The experience of the North American recession taught individuals on the importance of having current accounts, which helps them to get through this time of the business cycle.

Households also learn the benefits to maintain a proper balance of their expenditure and savings as this would significantly contribute to their well-being even during times of recession. Additionally, investor are hinted on the <https://assignbuster.com/why-the-north-american-recession-is-good/>

need to endeavor to evaluate their investment decisions in a manner that favors their investment ventures during the recession time (Brezina, 2011). During this time, companies always get a compelling force to investigate how the organization's resources are utilized. Accordingly, these business organizations are put into test and are forced to reassess their business operations as far as the business resources are concerned. Recession catalyses the need for the exercise since the business has to account on the way resources are utilized within the organization through monitoring the revenues realized and the total costs incurred during production (Wolfe & Rafael, 2011).

Therefore, the company is made to realize on the necessities of generating proper business strategies that could help to save the organization from adverse effects of recession on business enterprises. Recession also acts as a measure of the performance as expected within the premises. The business is made to understand the importance of always encouraging their employees to improve on their performance and work relatively harder in a bid to ensure that the goals of the organization are met to the best expectations (Nabli, 2011). Otherwise, businesses are discouraged from engaging in wasteful investment due to lack of potential investment returns anticipated. Businesses tend to be exposed in terms of their unethical operations during periods of recession. Usually, recession finds businesses unaware, and as the period proceeds, many of the companies secrete dealings that are geared towards benefiting the firm at the expense of the customers are unveiled (Grusky, Western, & Wimer, 2011).

Consequently, the relevant authorities are made aware of the need for regular monitoring of some business operations in the market. Recession also acts as a warning to those businesses who often neglect the role of social responsibility. Therefore, the need for self-policing within business institutions is made necessary as businesses realize the advantages accrued to their rival firms (Wolfe & Rafael, 2011). Competition often eliminates monopoly of firms in the market. Thus, recession arouses competition among firms in the market whereby, individuals are intrigued to become creative and innovative in order to push out incompetent businesses from the market and deliver quality goods and services to the public.

The impact of recession in North America has greatly contributed to the emergence of new business opportunities as individuals become more interested in the field of technology in the quest to improve the quality of their products and services and offer value to customers (Braude, Eckstein, Fischer, & Flug, 2012). Artificial means of escalating expenditure that translate to adverse future economic conditions can be detected during recession. Often, recession warns against simulated amplification of expenditures by individual household, corporate and even governments, which would otherwise prove untamable in the end. Therefore, measures taken with apposite contemplation on the unforeseeable future business trends as far as business cycles are concerned (Grusky, Western, & Wimer, 2011). The North American recession significantly changes the way individuals and other institutions perceive life and encourage people to stay aggressive to their best aptitude so that they are ready to face harder economic conditions.

Moreover, individuals discover the need to evade artificial measure of inflating costs and bestow them with options to seek out healthier alternatives to better their lives without necessarily having to implicate themselves into future problems (Wolfe & Rafael, 2011). During this economic crisis, conception of new business ideas within the economy because the level of unemployment increases forcing the unemployed youth to self-employment. The unfeasibility of creating more jobs to the qualified individuals with both skills and willingness to work often encourage emergence of many entrepreneurs within the North American community. Therefore, recession in these parts spawns leading to the creation of even more job opportunities in the area (Brezina, 2011). Another stronghold that is achieved during the recession is a rare instance where the government dedicates to invest in the training of the unemployed in a bid to make them eligible in the job market. The government increases its spending and offers an opportunity to train unskilled individuals so that they are prepared and fit for different jobs.

Therefore, the government eventually creates space in the many sectors so that the trained individuals are absorbed into the economy and that their potentials are tapped in order to improve the production of goods and services. The individual households and firms also get a rare opportunity to enjoy tax reduction since the government considers cutting down the amount of tax. They can therefore take advantage of the reduction in taxes as well as a reduction in goods and services due to increased price wars to capture many customers buying their goods (Brezina, 2011). Furthermore, during a recession, the government is prompted to generate more economic

stimulus programs such that the economy of the country is restored back to normal level. The North American recession has seen the government allocating funds to see the success of numerous economic stimuli in different parts of economy. Consequently, this has enhanced equitable distribution of resources, which has helped many individuals to enjoy the benefits of improved standards of living (Wolfe & Rafael, 2011).

Recession discourages laxity of key players in the economy and thoroughly engages them in critical analysis of the situation in a bid to generate remedies that will help to restore the economy and provide health business environment for investors both from within and outside the region.

Additionally, the government becomes more cautious in making decisions, involving critical matters of the economy and help in ensuring that no mistakes are done as the latter would cause the economy to stumble even more unpredictably. In conclusion, the forgoing can be said to flout the common misconception that is always not conceived in the minds of today's economists. Besides the disadvantages, associated with macroeconomic problems, several benefits can be drawn from such economic crisis.

Therefore, the government should not invest in avoiding the encounter of such a period in the business cycle because the government can learn numerous things besides the coupled benefits.

This explains why the global economy should always endeavor to embrace such an opportunity to experience the benefits that can be attributed to a growth both to individual households and to the firms that form the economy of a country. The lesson learned hereby is the need to ensure proper control of recession so that all the allied benefits are well-used.

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