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GLOBAL RECESSION AND FACTORS THAT CONTRIBUTE TO IT

Abstract: this article explores the intricate factors contributing to a global recession, aiming to provide a clear understanding. Examining elements such as the slowdown in global trade, financial crises, high debt levels, monetary policy challenges, and technological disruptions, the article elucidates the interconnected dynamics shaping the global economic landscape. By delving into these contributing factors, we can gain valuable insights into the complexities underlying global recessions.

Key words: global recession, financial crises, monetrary policy challenges.

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ГЛОБАЛЬНАЯ РЕЦЕССИЯ И ФАКТОРЫ, СПОСОБСТВУЮЩИЕ ЕЙ

Аннотация: в этой статье рассматриваются сложные факторы, способствующие глобальной рецессии, с целью дать четкое представление о них. Рассматривая такие факторы, как замедление мировой торговли, финансовые кризисы, высокий уровень задолженности, проблемы денежно-кредитной политики и технологические сбои, в статье раскрывается взаимосвязанная динамика, формирующая глобальный экономический ландшафт. Изучая эти

факторы, мы можем получить ценную информацию о сложностях, лежащих в основе глобальных рецессий.

Ключевые слова: глобальная рецессия, финансовые кризисы, вызовы денежно-кредитной политики.

A global recession is a significant economic downturn that affects countries worldwide, impacting businesses, individuals, and governments. There is no official definition of recession, but there is general recognition that the term refers to a period of decline in economic activity. Very short periods of decline are not considered recessions [1]. Understanding the factors that contribute to a global recession is crucial for economists and citizens.

One major factor is a decline in global trade. When countries reduce their imports and exports, it creates a ripple effect across economies. Trade tensions, protectionist policies, and geopolitical conflicts can disrupt the smooth flow of goods and services between nations, leading to decreased economic activity. Many factors contributed to the Great Recession of 2007 to 2009, the second-worst economic crisis in US history[4].

Financial instability can be a precursor to a global recession. Banking crises, stock market crashes, or disruptions in the financial system can erode confidence and trigger a chain reaction of economic downturns. The 2008 financial crisis, for example, had far-reaching consequences globally.

Excessive debt, whether by governments, businesses, or individuals, can strain economic stability. When debt levels become unsustainable, it can lead to defaults, financial crises, and a contraction in spending, which are all detrimental to economic growth.

Consumer and business confidence play a crucial role in economic health.When consumer confidence slows, demand and economic growth slows, which can lead to a recession [2]. In times of uncertainty, people tend to reduce spending, and businesses may postpone investments. This cautious behavior can contribute to a decline in demand, further develop economic challenges.

Central banks use monetary policy tools to regulate the money supply and interest rates. However, if a central bank faces limited options due to already low interest rates or if it misjudges economic conditions, it may struggle to effectively stimulate or stabilize the economy.

Rapid technological advancements can lead to structural changes in industries, affecting employment and economic structures. A sudden change in external economic conditions and structural shifts can trigger a recession[5]. While technology is a driver of progress, the transition can be challenging, causing disruptions that contribute to a global recession.

Grasping the multifaceted nature of global recessions is essential. The interconnectedness of economies, combined with factors such as trade dynamics, financial stability, debt levels, confidence, and technological shifts, highlights the complexity of the global economic landscape. By studying these contributing factors, you'll gain insights into the mechanisms that drive and sustain global recessions, providing a solid foundation for your future exploration of economic phenomena.

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