

## Topic: Is Another Global Economic Recession in the Making?

### Outline:

#### A: Introduction:

- 1) What is economic recession?
- 2) Possibility of economic recession
- 3) Thesis statement: According to given geo-political conditions and trade policies, another economic recession is possible in near future.

#### B: Possibility of Economic Recession:

- 1) Geo-political tensions
  - a) Trade war between China and United States of America:
- 2) Protectionist trade policy of developed nations
  - a) High tariffs by US on imported products
- 3) World Trade Organization policies
  - a) Neo-liberal policies are not in favor of developing countries.

4) From neo-liberalism to neo-realism

a) US attack on Venezuela

5) Countries under high debts

a) USA has high domestic debt

b) Developing countries under debt

6) Manipulated interest rates

a) High domestic policy rates

7) Post-pandemic increase in inflation

a) Worldwide increase in inflation

b) Persistent high inflation in  
developing economies

8) Unemployment in the world

a) 4.9% unemployment globally

b) Youth unemployment rate  
approximately 11%

C: Possibility of Economic Boom:

1) Technological advancement

a) China-US leading countries in  
technology.

b) Trade-war between US-China

2) IMF loans a source of development

a) Economic boom in economies

b) Lead to boom-bust cycle in

long-run.

c) Unfavorable structural adjustments for developing economies.

D: Conclusion.

John Maynard Keynes, a British Economist, suggests that recession is an economic downturn caused by insufficient aggregate demand, decrease in private consumption and investment, leading to high unemployment and idle resources.

Many parts of world are facing such conditions.

These conditions are persistent and unresolved by governments and global organizations. Geopolitical tensions, change in world order

and protectionist policies have slowed economic growth and trade. These long-standing conditions

have led to high unemployment<sup>rate</sup>, interest rates, inflation rate and debt. Trade organizations

like world Trade Organization (WTO) overlook the economic need of developing countries.

So, the policies designed are not in favor of such economies. On the other hand,

economic boom is also possible through

technological advancement and loan programs.

However, top competitors of technology: China and US, are engaged in trade war. This might lead to recession instead of boom.

Loan programs may also lead to short-term boom, but damaging structural adjustments will lead to economic recession. Hence, given the geo-political conditions and trade policies, another global economic recession is possible in near future.

Geo-political tensions can lead to economic recession. The two leading economies of the world are rivals. China is an export-led economy with high economic growth. USA, on other hand, is highly competitive in overall. This has led to trade-war between US and China. Simultaneously, geo-political tensions lead to stock market volatility. This volatility makes investors lose trust in the market and decline of investment. Together, geo-political tensions lead to instability in international markets leading to recession. So, recession is possible with high geo-political tensions.

Protectionist trade policy of developed countries for developing economies can lead to recession. America in ~~the~~ 2025 imposed tariffs on developed as well as developing economies. USA imposed 50% tariffs on India, 19% on Pakistan and approximately 250% on China, affecting the economies.

This resulted in change in trade policies globally. Many other countries followed the same protectionist policy, reducing trade.

This is also considered as impact of trade war causing supply-chain disruptions.

So, recession is possible because of protectionist trade policy.

World Trade Organization promotes neo-liberalism, but policies of WTO are not in favor of developing countries. Although, neo-liberalism discourages protectionist policies, still, the policies designed are only favorable for developed economies. This has led to the collapse of local and domestic markets in developing countries. The trade contribution from these countries

have decreased. Investors have declined the rate of investments. Consumption is also decreased, leading to high unemployment and idle resources in these regions. So, unfavorable neo-liberal policies of WTO can lead to recession.

In conclusion, economic ~~boom~~<sup>recession</sup> is possible ~~but~~ if geo-political tensions, unfavorable trade policies and economic conditions remain unaddressed. According to current situation economic boom is not possible. Unemployment, inflation, interest rate and debts are on rise. This has slowed economic activity among the countries. Domestic and local markets are collapsing. Moreover, geo-political tensions have created uncertainty in global markets. Recession is an economic fall encompassed by insufficient aggregate demand, decrease in investment and consumption, leading to reduced ~~employment~~ and economic activity, which can be seen in today's world.