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## Recession reports - Global financial crisis far from over - UNCTAD

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Predicting a gloomy economic future, a top United Nations trade and development agency said that the governments still have a long way to go to tide over the financial crisis.

Mr Heiner Flassbeck UNCTAD director of division on globalization and development strategies said that "The outlook is bleak. The world is still mired in a deep economic crisis and not much has been achieved in regulating the financial markets. The real questions in that regard had not even been recognized, but thanks to the good reactions of some governments, the economy had stabilized somewhat and the decline had bottomed out. However, the perspective for growth was lacking."

Mr Flassbeck said on the global level, private sector demand could only grow through consumption and investment, but rising unemployment and depressed wages depressed growth in consumption. He added that "Because capacity utilization is 10% to 15% below normal, there is no demand for new investments, and profits had in turn declined due to falling demand."

Mr Flassbeck said that the crisis has not only been caused by the housing crisis, but also by bubbles in the commodity markets, the stock markets and the currency markets. All the bubbles had collapsed at the same time. He added that "In the last six months, the same bubbles were being inflated again in a primitive attempt to anticipate a recovery that was not yet there, but they would deflate again when speculators realized that the global recovery was not as strong as anticipated."

Earlier releasing the report on trade and development for 2009, Mr Miguel dEscoto Brockmann president of the General Assembly said that one year since the beginning of the crisis and after some USD 18 trillion had been spent on bailout and stimulus packages, the rate of economic decline appeared to have diminished, but for many around the world the crisis is only beginning.

He added that "In addition to the adoption of the outcome document from the recent Conference on the World Financial and Economic Crisis and its Impact on Development, the General Assembly had established an open ended working group to guide it in addressing the crisis."

(Sourced from PTI)

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