How Will the Global Economic Slowdown Effect Bangladesh?

Jyoti Rahman points out the grim economic possibilities that we should all be aware of

THESE are difficult times for the global economy. Economic growth is weakening around the world, reflecting the fallout from the sub-prime mortgage crisis and associated financial market turbulence. A recession appears to be imminent in the United States -- the question now is about its severity and length. Other developed economies are also expected to slow. As are, to a lesser extent, major emerging economies in Asia. And the slowdown is happening in a period of significant inflationary pressure, complicating the job of macroeconomic policymakers.

What has caused the slowdown? What is the global economic outlook? What is the outlook for Bangladesh? If the global slowdown is much more protracted than the current forecasts, what would be the impacts on Bangladesh? I try to explore these questions in what follows. I also touch on some difficult macroeconomic policy choices facing our policymakers.

Global economic outlook

The International Monetary Fund published its latest World Economic Outlook (WEO) in early April. It began with this sentence: The global expansion is losing speed in the face of a major financial crisis.



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