

# Growth Performance of World Economy during Recent Global Recession: What do THE ECONOMIST Data tell us?

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**Abstract**—*The global economic slowdown of 2007-08 has badly affected the growth of income and growth of employment across almost all the major economies of the world. It has provided different thoughts about the global economy, regulations and policies for achieving sustainable growth and stable economies. In this context, this paper makes an attempt to understand the performances of 43 major economies of the world on the basis of economic data available in the magazine, THE ECONOMIST. It tries to examine the impact of fiscal and monetary policy on the growth of income and understand whether these economies are recovering from recession or not during 2008-2011. The paper uses pooled regression as well as fixed effects panel data regression model. Fiscal deficit that captures the proportion of stimulus packages given during recession period is negatively related with growth of income across 43 countries while interest rate and rate of inflation are positively associated with it. Current account deficit is also negatively related with growth of income across the countries during this recession period from 2008 to 2011. Since growth of income (GDP) is found to be at around 3.12 per cent in 2011 from -1.78 per cent in 2009, the world economy is on the way to recovery from recession.*