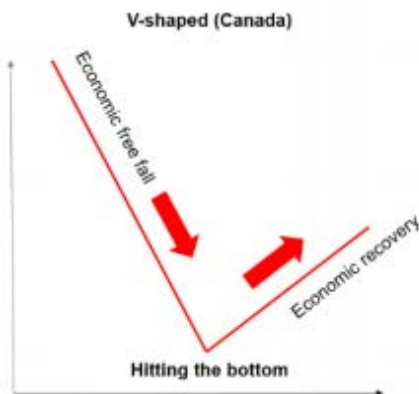


CORONAVIRUS CRISIS AND RECOVERY MODELS

The pandemic marked the beginning of one of the deepest crises in world development. Each participant in the system of international relations today is actively working on an anti-crisis development strategy.

The options for overcoming the situation will depend on the economic shock the country experiences. Experts make scenarios based on the experience of the previous world crisis.

Economic shock: three versions



V-shaped shock implies a rapid fall of economy, reaching the bottom and returning to the previous trajectory.

In 2008, Canada escaped a banking crisis. GDP declined, but thanks to the measures taken, economic growth returned to the pre-crisis growth trajectory.



U-shaped shock. Economic shock for indefinite time, a long-running recession and a slow recovery to pre crisis parameters.

The USA in 2008 is a classic example of the "U-shaped" shock, a much more ruinous version than the Canadian "V-shaped" shock. Due to the deep banking crisis, economic growth slowed sharply and never returned to the pre-crisis trajectory.



L-shaped shock means that the crisis has caused permanent structural damage to the country's economy. This is the most dangerous type of shock.

Greece is an example of L-shaped shock. This country not only failed to return to the previous growth trajectory, but also faced its slowdown and loss of productivity.

No matter what the form of a shock, it can be of different intensity. The V-shaped trajectory can be shallow or, conversely, deep. In a U-chart, the difference between the old and new growth trajectories can be large or small. What does the «shock geometry» depend on? As you can see from these examples, a key determinant is **the ability of a shock to hurt the economy**.

Task:

1. Is it possible to fit the economic situation of your country into one of the illustrated schemes? Which one?
2. Please tell us about the plans and strategies of crisis management in your country. According to what model will the situation develop?