

Letter

Letter: We need to adapt past experience to the present situation

From Dr Aleksandr V Gevorkyan, St John's University, New York, NY, US



Today there is no country unaffected by the Covid-19 crisis © Rungroji Yongrit/EPA/Shutterstock

9 HOURS AGO

As the world struggles with a balanced political and economic response to the shock of the Covid-19 crisis, there has been a rush in drawing historical parallels. Aside from the disruptions of the two world wars of the past century, today's crisis has been compared to the shocks of the Great Depression of the 1930s and to the devastations of the 1990s post-socialist transition.

None of these episodes is fully relatable to what we are observing now ([“IMF warns of deepest economic plunge since 1930s”](#), FT.com, April 14).

In the 1990s crisis, induced by the rapid dismantling of the socialist planned system, the devastation that befell central-eastern Europe and the former Soviet Union was monumental. Yet, each country pushed through on the basis of its initial economic and social conditions, integrating, albeit imperfectly, to the global economy. There was some alternative model and leverage to follow.

Likewise, comparison to the Great Depression fails as it is based on the premise of the global nature of that crisis, but economic historians would point to a major outlier. Capitalising on the immediate operational efficiencies, centralising economic activity, and prioritising mass education and industrial growth, the USSR quickly ascended the ranks of industrialised nations right in the midst of the Great Depression, all of course at the immense human sacrifice but with unapologetic enthusiasm. Ironically, it was that new planned model that in part motivated progressive economic and social reforms of the capitalist world from the 1930s all through the 1970s!

Unlike both of those episodes, today there is no country unaffected by the Covid-19 crisis and associated economic collapse. Today there is no alternative economic model to follow and the crisis is truly global in nature. And so, the reason for caution in drawing direct parallels with the past crises is to avoid being locked into the economic policy tool kits of the past. Ultimately, a new challenge requires new solutions with the ability to learn from the past experience, adapting to the present situation.

But if the past is of any relevance, resolution of today's crisis requires, at the very minimum, a proactive global co-ordination effort, a robust multilateral policy menu, and a stronger pragmatic role of the state in sustaining individual economies, as such guaranteeing the livelihood of the entire world.

Dr Aleksandr V Gevorkyan

*Henry George Chair in Economics,
The Peter J Tobin College of Business,
St John's University, New York, NY, US*