

A post-pandemic economic boom is coming. History provides insight on how this surge might play out

Today, even as COVID-19 rages across poorer countries, the rich world is on the verge of a post-pandemic boom. Governments are lifting stay-at-home orders as vaccinations reduce hospitalizations and deaths from the virus.

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The Economist's analysis of GDP data for the G7 economies going back to 1820 suggests that such a synchronized acceleration relative to trend is rare. It has not happened since the post-war boom of the 1950s.

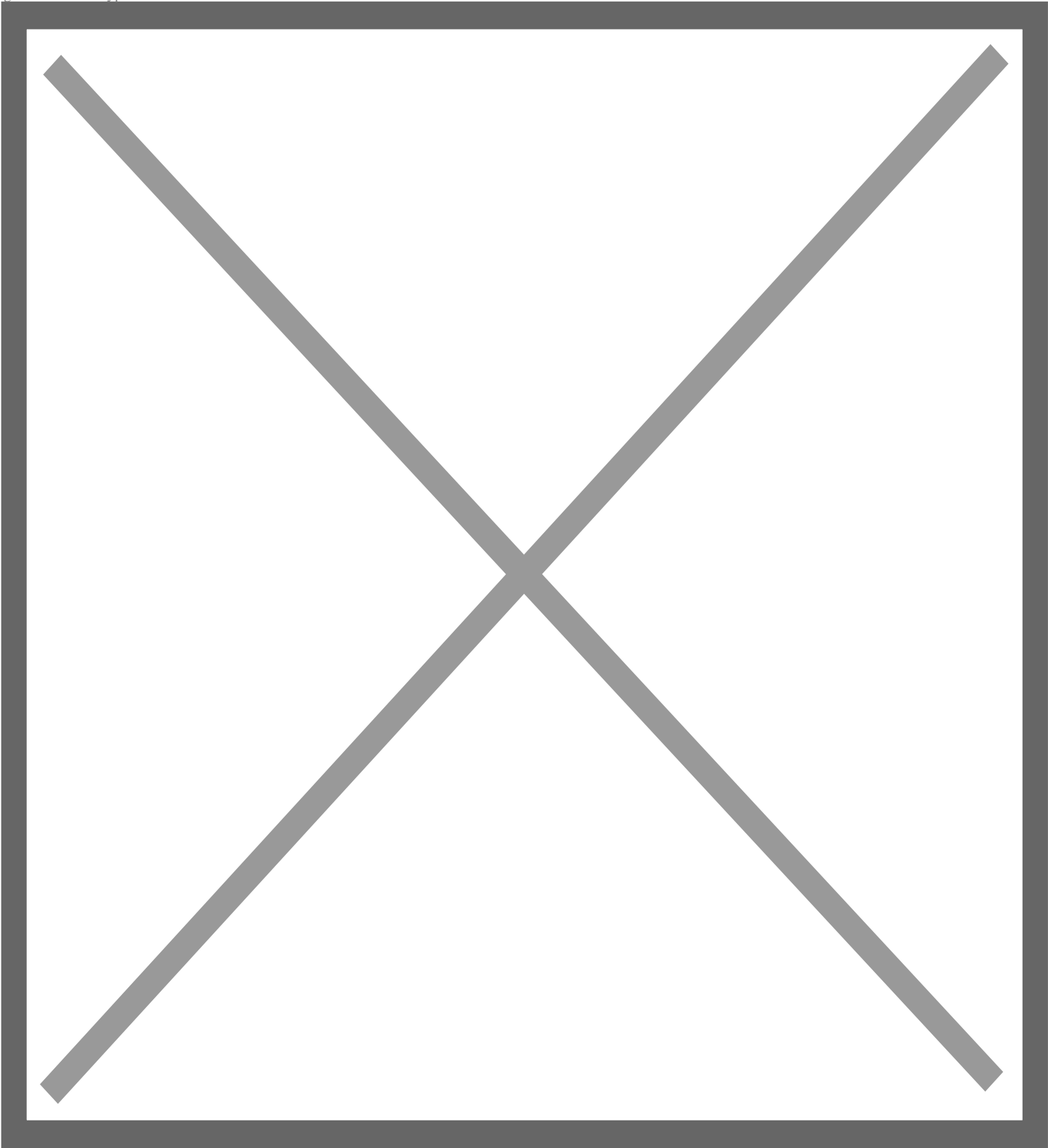
The situation is so unfamiliar that economists are turning to history for a sense of what to expect. The record suggests that, after periods of massive non-financial disruption such as wars and pandemic, GDP does bounce back. It offers three further lessons. First, while people are keen to go out and spend, uncertainty lingers. Second, crises encourage people and businesses to try new ways of doing things, upending the structure of the economy. Third, as “*Les Misérables*” shows, political upheaval often follows, with unpredictable economic consequences.

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Such pressures have, in some instances, exploded into political disorder. Pandemics expose and accentuate pre-existing inequalities, leading those on the wrong side of the bargain to look for redress... Social unrest seems to peak two years after the pandemic ends. Enjoy the coming boom while it lasts.

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