



ECONOMIC REBOUND vs. ECONOMIC RECOVERY

Analysis: [The Pandemic Depression: The Global Economy Will Never Be the Same](#)

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Source: [Foreign Affairs Magazine](#) – September/October 2020

Excerpt: *The current economic slowdown is different. The shared nature of this shock has put a larger proportion of the global community in recession than at any other time since the Great Depression. As a result, the recovery will not be as robust or rapid as the downturn. And ultimately, the fiscal and monetary policies used to combat the contraction will mitigate, rather than eliminate, the economic losses, leaving an extended stretch of time before the global economy claws back to where it was at the start of 2020.*

Throughout the essay, the authors repeatedly stress, economic rebound must not be confused with economic recovery.

- *This rebound should not be confused with a recovery.*
- *The ongoing rebound is the beginning of a long journey out of a deep hole.*
- *This rebound effect is unlikely to deliver a full recovery.*
- *Yet another reason why global cooperation may falter is that policymakers may confuse the short-term rebound with a lasting recovery.*
- *Above all, they (officials) must refrain from confusing a rebound for a recovery.*

Similar caution regarding economic rebound versus economic recovery was reflected in the Bank of Canada's most recent [policy statement](#).

- *The Bank continues to expect this strong reopening phase to be followed by a protracted and uneven recuperation phase, which will be heavily reliant on policy support.*
 - *While recent data during the reopening phase is encouraging, the Bank continues to expect the recuperation phase to be slow and choppy as the economy copes with ongoing uncertainty and structural challenges.*
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