

Ditchley seminar series on 'COVID-19, the global economy and the return of power politics'



#CERditchley

This year's CER Ditchley economics conference will focus on 'COVID-19, the global economy and the return of power politics'. It will take place online, with five webinars over five weeks.

Even before COVID-19 struck, the Trump administration was hostile to both the EU and multilateralism, great power competition between China and the US was rising and the EU's neighbourhood was becoming more violent and authoritarian. Now the pandemic may hasten existing trends: weakening growth, deglobalisation, especially in the tech sector, and strategic competition. The EU needs a three-pronged strategy: to promote economic recovery from the pandemic, to secure its interests in a world in which power politics plays a larger role, and to preserve its values as an open, liberal, rules-based society.

The five webinars will seek to answer the following five questions:

Thursday, 5 November - 15.00-16.30 Brussels time

1. The global recovery from the pandemic: How can we get it right this time?

Europe's recovery from the financial and euro crises was slow, relied in the early years on external demand, and came at a considerable cost in terms of incomes and employment. The slow recovery was one reason why the politics of the last decade was so fractious, and it undermined Europe's global standing. The post-COVID-19 recovery may be more rapid, as it was not the result of a collapse of trust in financial markets, and policy-makers have learned from their mistakes. But at the same time, businesses will emerge from lockdown in a highly indebted state, many jobs will be lost, and political pressure to reduce fiscal and monetary support to the economy will grow over time. How concerned should policy-makers be about a slow and uneven recovery once the pandemic is over? How can the recovery be made more inclusive? Will the EU's recovery fund be enough to foster the transition to a green and digital economy, and forestall further divergence between Northern and Southern Europe? And what if the US and China are unwilling or unable to provide another dose of external stimulus for Europeans?

Speakers:

Olivier Blanchard, Robert M Solow Professor of Economics Emeritus, Massachusetts Institute of Technology

Catherine L Mann, Global Chief Economist, Citi

Elina Ribakova, Deputy Chief Economist, Institute of International Finance

Maarten Verwey, Director-General for Economic & Financial Affairs, European Commission

Chair: Christian Odendahl, Chief Economist, Centre for European Reform

Thursday, 12 November - 15.00-16.30 Brussels time

2. How should Europe respond to China?

China has come under increased pressure to allow an international investigation into the outbreak of COVID-19, prompting a diplomatic backlash by Beijing against the West. Meanwhile, China's treaty violations in Hong Kong and human rights abuses in Xinjiang have strengthened the case of hawks on both sides of the Atlantic. At the same time, engagement with China seems economically and politically inevitable, given the size of its market and its hegemonic role in Asia – especially for the EU, which does not have a common foreign policy and lacks the power to change China's behaviour. Has China abandoned its policy of 'peaceful co-existence' with the West for good, and if so, what will replace it? Is China's continued economic growth a given, considering its demographic change and high debt, or is the country approaching the limits of its growth model? In which policy areas should the EU seek co-operation with China, and when should it be more assertive? Is the EU's role to be by America's side, or should it act as the 'third option' for other countries to align with in a world of two hegemons?

Speakers:

Manuel Muñiz Villa, State Secretary for Global Spain, Ministry of Foreign Affairs, European Union & Co-operation, Spain

Jean Pisani-Ferry, Professor, Bruegel, EUI & Sciences Po

Daniela Schwarzer, Director, German Council on Foreign Relations (DGAP)

Nathalie Tocci, Director, Istituto Affari Internazionali

Chair: Charles Grant, Director, Centre for European Reform

Thursday, 19 November - 17.00-18.30 Brussels time

3. Is Europe falling behind technologically, undermining its power on the global stage?

Europe's comparative advantage in the global economy is the production of high-technology industrial machinery, aircraft, cars and trucks, chemicals and pharmaceuticals, food and drink, and other mature industries. It is starting to be squeezed by China, Turkey and other industrialising countries, which are increasingly competing with Europe in higher value-added manufacturing. And the US continues to develop transformational technologies, such as military technology, new forms of energy, driverless cars and other ways to use artificial intelligence to provide services, and new drugs and medical equipment. China is investing heavily in many of these areas too. In which sectors are European countries close to the technology frontier, and how should innovation be

stimulated in them? Should the EU accept that most new technologies will be developed outside its borders, and seek to use regulation and competition policy to drive up standards domestically and in other countries? Can a quasi-federation of sovereign states ever pool enough resources to be able to co-ordinate an industrial strategy at a continental scale, as the US and China can?

Speakers:

Merle Maigre, Senior Expert on Cyber Security, e-Governance Academy

Thomas Philippon, Professor of Finance, NYU Stern School of Business

Monika Schnitzer, Chair for Comparative Economics, Ludwig Maximilian University of Munich & Member, German Council of Economic Experts

Hal Varian, Chief Economist, Google

Chair: Christian Odendahl, Chief Economist, Centre for European Reform

Wednesday, 25 November - 15.00-16.30 Brussels time

4. Can the EU use trade and investment policies to advance its strategic goals?

Under Donald Trump, the US has weaponised trade policy. It has also started its attempt to decouple from the Chinese economy, while pushing allies to follow its lead. Multilateralism, which has underpinned globalisation for decades, is under serious threat, as the world's two hegemonies no longer feel it promotes their interests. Meanwhile, Europe is struggling to offset the side effects of trade openness and financial integration: rising inequality, destabilising capital flows, carbon leakage and the proliferation of predatory tax practices. Are we entering a phase of de-globalisation – or re-regionalisation – of trade and investment flows? Will that harm Europe's prosperity, or allow Europe more control over its own rules and regulations? Is there any hope for enforcing a fair corporate tax regime? And how can Europe use its trade and investment policies more openly to advance its strategic goals?

Speakers:

Alan Beattie, Senior Trade Writer, *Financial Times*

Anu Bradford, Henry L Moses Professor of Law & International Organisation, Columbia Law School, Columbia University

Gabriel Felbermayr, President, Kiel Institute for the World Economy & Professor, Christian-Albrecht University of Kiel

Caroline Freund, Global Director, Trade, Investment & Competitiveness, The World Bank

Chair: John Springford, Deputy Director, Centre for European Reform

Thursday, 3 December - 15.00-16.30 Brussels time

5. Can the EU bring countries in its neighbourhood further into its orbit?

The EU's neighbourhood and enlargement policy has had a mixed record over the past decade. In the Western Balkans, integration with the EU still has appeal. In the EU's eastern neighbourhood, Ukraine, Georgia and Moldova have trade agreements with the EU, but integration has stalled. In the South, EU efforts to draw in its neighbours have largely been unsuccessful: the region is more unstable and not much more prosperous than it was a decade ago. Turkey has turned away from the EU and is in some ways a rival. Across the neighbourhood, Europe increasingly competes with Russia, Turkey, China, and the Gulf States, all of which offer economic and political models that can be more appealing to local elites than that of the EU. How important is the EU's neighbourhood to Europe's stability and prosperity? What can the EU do to make its offer to neighbouring countries more appealing? Are there specific sectors in which co-operation should be deepened? How should the EU's political offer look to neighbours it is unwilling to offer membership to? How should the EU deal with countries that do not want closer integration or membership?

Speakers:

Sergei Guriev, Scientific Director of the Master's & PhD Programmes in Economics, Sciences Po

Beata Javorcik, Chief Economist, European Bank for Reconstruction & Development

Şebnem Kalemli-Özcan, Neil Moskowitz Professor of Economics & Finance, University of Maryland & Senior Policy Advisor, International Monetary Fund

Abebe Aemro Selassie, Director, African Department, International Monetary Fund

Chair: Luigi Scazzieri, Research Fellow, Centre for European Reform