

A new iron curtain?

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The post-pandemic order

- Changing **economic paradigm**: «Whatever it takes»; protectionism (Obama-Trump); economic intelligence (golden rule); State intervention for economic relief after the pandemic; Next Generation EU; suspension of European Stability Pact; prolonged QE by the ECB;
- **New Cold War** with China: protectionism; reshoring; supply chains shortening; direct foreign investment control;
- **Green** new deal and decarbonization; digitalization process;
- End of neoliberal paradigm and **austerity**;
- Crisis of populist and nationalist movement, strenghtening of **technocracy**;
- More **discipline and control** on the population by government;
- **EU integration process**: functionalism and economic integration, not political-constitutional one;



Post-pandemic problems in Europe

- **Weak strategical autonomy of the EU countries on technology and energy;**
- **Inflation and commodities shortage;**
- **Over-bureaucratized political power and dirigisme-centralization;**
- **Green policies and regulation: crash with reality;**
- **Lower fiscal stimulus compared to China and the USA;**
- **Difficulty to create «European champions», european multinational corporations;**
- **Lack of spread political leadership at European level;**



The impact of the war

- Energy crisis;
- Further reduction of **supply chains** organization;
- **Inflation** (a political problem for the common currency?);
- **State of fear**: possible political change in the future and instability;
- **Militarization**: how to do it in Europe?
- How to protect **European manufacturing** from supply chains block?
- **Immigration** (Ukraine but probably also Africa);
- **Next Generation EU will not be enough**;



Worst case scenario

- Prolonged and harsh **conflict**;
- **Energy** shortage;
- Rising **inflation and stagnation**;
- Scarcity due to **supply chain weakness**;
- **De-globalization** (decoupling) and nationalization of **defense** policy;
- **Socio-economic** problems;
- **Political instability** which led to nationalism, international tension, order disgregation;
- Dominant feelings: **fear, insecurity, distrust**;
- **Liquidity crisis** for SMEs;



Mild scenario

- **Diplomatic solution** of the conflict in the medium term (6m-1y);
- Inflation and energy crisis present but **under control and governed**;
- **Effective fiscal stimulus** for addressing economic slowdown at the EU level;
- **Centripetal twist of european politcs** (extremes excluded from government and weakened);
- **Security state (defense expenditure) within a context of supranational cooperation**;
- **Pro-business policy (low taxation) on SMEs**;
- **De-globalization limited**;
- Dominant feelings: **incertainty, but not fear or panic**;



Best case scenario

- **Diplomatic solution and cease fire within few weeks/months;**
- **Normalization of international relationship;**
- **Resilience of supply chains and globalization;**
- **New commercial treaties and partnership;**
- **Political leadership proves effective and solid;**
- **European political, security and economical integration strengthened;**
- **Pro-active and not only protective State;**
- **Dominant feelings: hope, confidence and determination;**

