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**The World Economy after Covid-19. A Conversation with President Romano Prodi**

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**Romano Prodi**, Former President of the European Commission (1999-2004) and Former Prime Minister of Italy (1996-1998; 2006-2008)

On the occasion of establishing the Robert J. Abernethy Professorship at SAIS Europe, the Bologna Institute for Policy Research (BIPR) hosted an online seminar with Romano Prodi. The conversation began with introductory remarks by Johns Hopkins President Ronald Daniels, SAIS Dean Eliot Cohen and SAIS Europe Director Michael Plummer, as well as donor Robert J. Abernethy. The ensuing seminar by Romano Prodi on Covid-19 regarding its economic consequences and political reactions to the pandemic was moderated by SAIS Europe Professor Justin Frosini.

Comparing the current crisis to previous pandemics, Prodi finds that Covid-19 is exceptional from an economic perspective. Historically, pandemics caused casualties mainly among the working population, resulting in a decrease of income differences and higher productivity because of lower labor supply. Covid-19, on the other hand, has impacted older adults more than any other age group, thus leaving labor supply and the distribution of income largely unaffected, setting the current pandemic apart from historical precedents.

Prodi identifies one general reaction to Covid-19. While existing political tensions, especially between China and the United States, have continued to increase, China, the United States, and Europe have provided similar Keynesian fiscal policies in response to the pandemic. With regards to trade policy, Prodi detects an “incredible change” which was initiated by the pandemic. American tensions against international organizations such as the World Trade Organization and the United Nations have further increased. While globalization has not come to an end, Prodi proposes that it will be directed more towards regional competition in the future. In what he calls the “mask effect”, every larger region is expected to adopt a policy of partial self-sufficiency, which will ensure a minimum level of local production of every basic good. Furthermore, Prodi predicts a stronger role of governments in economic policy across Europe, as governments are expected to hold minority interests in central national companies following the pandemic. These changes in regional policy lead to a big challenge for the European economy. While Prodi regards Europe, the United States and China as comparable competitors for traditional industries, he identifies an enormous difference between those regions when it comes to new high-tech industries, with Europe lagging behind.

Concluding, Prodi stressed the need for more global control of unforeseen events. He finds that we live in a time of contradiction. While international organizations, including the World Health Organization and the World Trade Organization, need to be strengthened in order to react efficiently to future crises, the purpose of these organizations has been called into question by some. They need to be defended.