



ShowCASE

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Editorial

In this issue of showCASE we are taking a look at the progress of the Conference on the Future of Europe, a long-awaited exercise in deliberative democracy, aimed at allowing every European citizen to express their opinion on the continent's future. What promises does the conference hold? Has it been successful thus far? What lessons learnt for the future can already be drawn? As CASE economist Karolina Zubel argues, while the participation rates among the EU citizens have not been satisfactory thus far, it is already clear that the Conference at the very least will prepare the ground for more ambitious and regular inclusive participation eventually significantly enhancing the EU's democratic legitimacy.

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CASE Analysis

The Conference on the Future of Europe: a Long-awaited Democratic Experiment or a Political Spin?

Karolina Zubel | CASE Economist

For years the European Union (EU) has been criticised for its alleged **democratic deficit**. Typical allegations in this respect are, among other, related to the dispossession of national authorities that is not sufficiently compensated for at the EU level; too much power for the EU's executive branch – European Commission (EC) – whose **top officers nor the political leadership in the cabinet** are elected in democratic elections and are not dependent and accountable to EU's citizens; as well as inadequate level of parliamentary control over decision-making processes.

Tough beginnings

Some analysts argue that the COVID-19 crisis might have helped the EC in emerging even more powerful, especially when compared to elected in general elections Members of the European Parliament (EP), reinforcing the above-mentioned alleged deficit. Regardless of the opinion on this delicate matter, the EU bodies finally considered public requests and the time for an attempt to reconnect with its citizens and supercharge open debate about reforming the European project after the Brexit and pandemic crises has arrived – **the Conference on the Future of Europe (CoFoE) has kicked off on 9 May, 2021** after a year-long delay owing not only to changed

priorities and practical inability to organise the processes on a mass scale resulting from the COVID-19 outbreak, but also to prolonged inter-institutional wrangling¹.

» The Conference, an unusual bottom-up experiment, aims to allow every European citizen to express their opinion on how the EU should develop in the future, **“identify where it is rising to the challenges of current times, and enhance those areas that need reform or strengthening”**.

Although the CoFoE is a **joint project** of the EP, the Council and the Commission, the proposal to organise the event was put forward in 2019 by the President of France, **Emmanuel Macron** and then formally presented by Ursula von der Leyen in the **political guidelines for her mandate as President of the EC**. Finally, on 10 March 2021, **the Joint Declaration on the CoFoE** was signed by the EP President David Sassoli, Portuguese Prime Minister António Costa, on behalf of the Presidency of the EU Council, and Commission President Ursula von der Leyen, paving the way for this unprecedented, open and inclusive

¹ According to numerous Brussels-based sources, including **Politico**, “some EU officials are doubtful that an additional layer of bureaucracy – the conference will have a ‘Joint Presidency,’ an ‘Executive Board,’ a ‘Conference Plenary’ and a ‘Common Secretariat’ – will solve the EU’s already confusing bureaucratic ills.”

pan-European democratic exercise which puts ordinary citizens at its very heart given the Conference's structure.

The European Citizens' Panels

The Panels that are at the heart of the CoFoE can be described as single component of deliberative democracy enabling Europeans to play a key role in shaping the future of the EU. This is done by virtue of randomly selecting 800 citizens from all corners of the EU to participate in the debate. Four panels are foreseen to run from September 2021 to January 2022 in order to make specific recommendations on the best direction for Europe to develop. Each panel is scheduled to meet three times between these dates. The debates will be multilingual and will focus on following topics:

1. A stronger economy, social justice, employment / education, youth, culture, sport / digital transformation;
2. European democracy / values and rights, rule of law, security;
3. Climate change and environment / health; and
4. The EU in the world / migration.

Each panel engages 200 participants reflecting on the demographic and social diversity of the EU². At least one third of the participants are under the age of 25. Additionally, 20 representatives of each panel will be invited to take part in discussions with representatives of the EU institutions and advisory bodies, national parliaments, social partners, civil society, and other stakeholders at the Plenary Sessions. Each Panel submits reports with detailed recommendations to the Plenaries with full transparency towards it.

² Diversity on the basis of 5 criteria: gender, age, geographic origin (nationality as well as urban/rural), socio-economic background and level of education.

³ Of which at least one-third will be younger than 25, and 27 from national Citizens' Panels or Conference events (one per Member State), as well as the President of the European Youth Forum.

The Conference Plenaries

The Plenaries are supposed to ensure that the recommendations from the Panels as well as other decentralised events are structured and grouped in more detailed technical topics and then debated without a predetermined outcome. The Plenaries are composed of representatives from the EP, the Council and the EC, and representatives from all national Parliaments as well as EU societies (20 persons from each Panel³). The Committee of the Regions, the Economic and Social Committee, the social partners, and civil society are also invited to take part, together with the High Representative of the Union for Foreign Affairs and Security Policy for the Plenaries during which the international role of the EU is discussed.

The Platform

As not everyone can take an active part in Panels or Plenaries, a web tool has been designed by three institutions to allow for a broader participation of the European citizens.

» Launched on 19 April, the Multilingual Digital Platform has thus far (as of October 21, 2021) garnered more than 32 thousands participants; close to 9 thousand ideas; and almost 15 thousand comments.

Ideas and comments written in any of the EU's 24 official languages, are automatically translated to make discussion possible on a pan-European scale. Because of its inclusiveness, the platform is the central

hub of the Conference where all ideas can be shared and debated. The platform also broadcasts the Conference plenaries and some of the sessions from the Citizens' Panels.

Taking a closer look at the Platform and its **Activity Report (March – June 2021)** as well as three platform **reports** allows one to suspect that the most elaborated ideas come from those who did not have to be invited to the discussion – activists. Those ideas also tend to get the biggest feedback from like-minded users. Unsurprisingly, especially those opting for more federal EU or those who are particularly interested in more ambitious climate policy use the website to promote their ideas and expectations (European democracy and climate change-related contributions are at the top of **the list**). The platform thus offers a diverse and colourful discussion forum, but at least for now, does not really provide a representative picture of the views of an average citizen. According to the “**Report on contributions per Member State**” published in September, citizens from all EU Member States (MS) have generated activity with German citizens and Estonians being respectively the most and least engaged. In terms of occupation, professional workers (15.3%) and managers (12.8%) are the most active on the platform. What is quite striking, is the fact that retired people are also fairly active (12.6%), followed by students (10.7%) what can be a proof that promotion of Platform targeting different age and socio-economic groups at the MS level goes well, also for those who typically are the least digitally literate (elderly).

Of course, the question of what the platform can achieve long-term depends on what will happen with the citizens' reform proposals, also those originating from the Panels. As promised in **the Joint Declaration**, they will certainly feed into the final report of the Conference, but whether they will be adopted

by the EU Commission remains uncertain.

» **The non-paper** presented by twelve EU MS1 in March might be an indication that even national Parliaments might be afraid of giving citizens “too much power”.

Indeed, the authors of the non-paper want to stick to the strategic priorities of the European Council without focusing on sensitive areas that are typically MS prerogatives (such as migrations – one of the main topics of Panel 4). Yet, if the CoFoE is really meant to be about participation and reaching ordinary EU citizens, the EU should consider all the feedback received and perhaps come up with additional recommendations targeted at MS where citizens' voices would be presented.

Decentralised activities at the national, regional, and local level

Following on good practices from national-scale deliberative democratic processes and citizens assemblies related to **abortion laws** and **climate change** in Ireland and France respectively, the **Joint Declaration** clearly emphasises that EU MS are associated parties and as such are expected to contribute to the Conference through **organisation of activities and events at national, regional, local and in some cases transnational level**. In general, bottom-up and policy-centred approaches are promoted, and civil society is due to play an important role as the aim is to have a particular focus on young people, on people who would not usually engage and on what matters to them.

Yet, activities are often coordinated or facilitated by national authorities at high level which use the opportunity to focus on promotion of their own political agendas. A recent example of the Polish government which organised a **conference** entitled

“Is strategic autonomy the right EU response to the changing world?” where Polish ideas on the meaning of autonomy and sovereignty, rather different from the mainstream ones that EU bodies and most of the MS believe in, were presented shows that at least some of the national endeavours might sabotage one of the main rules of the Conference Charter – to “contribute to the Conference with constructive and concrete proposals, respecting the opinions of other citizens and building Europe's future together”.

Conclusions

Even though it is too early to assess to what extent the recommendations from the CoFoE will shape the EU's political agenda, the Conference already proved to be a true and long-awaited democratic experiment allowing every European citizen to express their opinion on the continent's future, even though the participation rates are not as high as one would have hoped. Also, the differences between EU MS are of importance – once again citizens from Germany and France (whose contributions are close to reaching 4.5 and 2.5 thousand respectively according to the *progress report*) dominated the Platform's activity. Citizens from countries where political traditions are not as developed yet (such as CEE regions) are least active (as of September 7th Poland has been the *worst performer* in terms of the volume of contributions per 1 million inhabitants).

» At the same time, one needs to remember that the CoFoE will not be the place where the exact political agenda of the EU is decided.

For that, there are too many inter-institutional and national obstacles standing in its way. EU citizens should be allowed to draw their conclusions with regards to the direction in which Europe is going and the Conference can play a role of a channel for listening to them and involving them directly in the shaping the European project. However, the CoFoE is and should not be able to replace the ordinary democratic decision-making outside the existing EU institutional structures and against the will of the MS, and sometimes even citizens themselves. It is and should be seen as the biggest pan-European participatory experiment which can only prepare the ground for more ambitious and regular inclusive participation eventually significantly enhancing the EU's democratic legitimacy.

Highlights

Trade, Innovation, and Productivity

Northern Ireland maintains free movement of goods with the EU after Brexit. This arrangement is in line with the Northern Ireland introduced to help maintain peace between Northern Ireland and the rest of the EU. This leads to **practical difficulties** for the circulation of goods between Northern Ireland and the rest of the UK which remains outside the Single Market. On October 13th, the European Commission proposed a set of **arrangements** to facilitate trade between Northern Ireland and the rest of the UK within the post-Brexit framework. Among other things, the measures proposed by the EC include reducing 80% of sanitary and phytosanitary compliance checks at the border and facilitating customs procedures required for goods exported from the rest of the UK to Northern Ireland under the Northern Ireland protocol. The EC also proposed to maintain regular dialogue with the Northern Irish stakeholders. These measures are particularly important for Northern Ireland due to its involvement in trade with the EU. In 2019, **59%** of Northern Ireland's total exports went to the EU countries, and **69%** of their total imports came from EU countries.

Labour Market and Environment

According to the latest **data published by Eurostat** on October 8, in 2020 Poland issued the highest number of first residence permits for non-EU citizens among the EU Members States – 598,047. Poland was also the major destination for third country nationals entering the EU for work reasons: 502,000 permits were issued for this purpose. The highest number of first residence permits was issued to the citizens of Ukraine – 438,000 (87% of the total number of people who entered Poland for work reasons).

Regarding other purposes of stay, in 2020 Poland issued 27,244 first residence permits for education reasons, 12,250 for family reasons and 56,211 for other reasons. The total number of first residence permits issued in Poland in 2020 decreased by 9.7% compared to 2019 (662,660). The Covid-19 pandemic and related mobility restrictions are believed to be main causes of such change.

After 2014, Poland became **the most popular destination** among Ukrainian workers. Geographical proximity and higher wages in Poland are for Ukrainians among the most important factors influencing the process of migration decision-making. Ukrainians can also be employed in Poland on the basis of the so-called simplified procedure of employment of foreigners.

Macro and Fiscal

On Monday, October 18, the **2021 International Tax Competitiveness Index**, one of the best established benchmarks for tax systems, was published by the Tax Foundation. The yearly report represents a relative comparison of the tax systems from all the OECD countries and evaluates their competitiveness and neutrality. According to the rank, Estonia was judged to have the most competitive tax system for an eighth year in a row. This result is mainly driven by low compliance burden, a corporate tax system that only taxes distributed profits – ensuring that companies reinvest earnings tax-free – and a territorial tax system exempting all the domestic companies' foreign profits from internal taxation, to name a few. Poland, for its part, came second-last (ahead only of Italy) as it did in last year's edition of the index due to, among others, multiple distortionary property taxes or the fact that companies can deduct on average only 34% of industrial buildings' costs from revenues (a difference of roughly 16 p.p. relative to OECD average), so that write-offs in later years are less valuable in real terms. At the same time, some strengths of the Polish tax systems came were noticed as well. For instance, Poland has a slightly below-the-OECD average corporate tax rate of 19% and an above-average tax treaty network of 85 countries.

Overall, the results of the Index showcased that while tax administrations had to focus on temporary measures and on collecting revenue to best support economic recovery in face of critical drops in revenue caused by the Covid-19 pandemic, enhancing tax systems' competitiveness in the long-term has still been prioritised by many of the OECD countries.

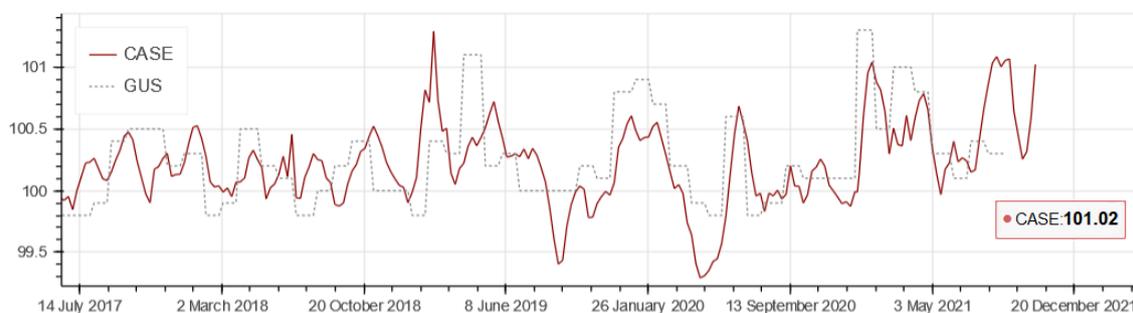
Other CASE Products

The Weekly Online CASE CPI

The online CASE CPI is an innovative measurement of price dynamics in the Polish economy, which is entirely based on online data. The index is constructed by averaging prices of commodities from the last four weeks and comparing them to average prices of the same commodities from four weeks prior. The index is updated weekly. For more information on our weekly online CASE CPI, please visit: <http://case-research.eu/en/online-case-cpi>.

The October read-out of Online CASE CPI shows that after a brief period of lower inflation in September, price dynamic rebounded and again exceeded 1% month-to-month. Two categories which are mainly responsible for this round of growth in average prices are “Household” (2.7% increase) and “Transportation” (1.9% increase). This should not be surprising at this point as those two areas gained a lot of public attention in recent weeks. Even though sources of those price increases are external to Polish economy and currently there is no sign of significant changes in prices of other commodities, it seems to be just a matter of time until this effect propagates through other sectors.

Our Weekly Online CASE CPI



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