



CASE - Centrum Analiz Społeczno-Ekonomicznych
CASE - Center for Social and Economic Research

Looking Back to Look Forward:

The Future of the EU Economy

CASE 30th Anniversary Conference

23-24 September, 2021

Venue: ADN Conference Center, 56 Grzybowska St., Warsaw, Poland

The conference will be held in a **hybrid format**.

23 September

1:30 PM Registration and coffee

2:00 PM Opening remarks:

Ewa Balcerowicz, Chairwoman of CASE Supervisory Council

Izabela Marcinkowska, CASE President

2:15 PM

Keynote speech:

Leszek Balcerowicz, Warsaw School of Economics, Former Deputy Prime Minister, Minister of Finance, and National Bank Governor, Chairman of the FOR
“The Institutional Systems and the Quality of Life”

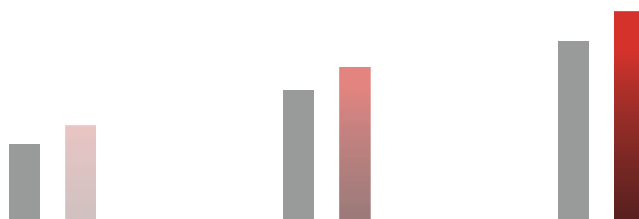
3:00 PM

Session No. 1: Lessons From the Experience of Post-Communist Transition in Eastern Europe

Thirty years after the collapse of the Soviet Bloc and the Soviet Union, it is rather clear what transition policies have worked. Almost all of the post-communist countries have become market economies and achieved macroeconomic stability. However, growth rates have varied greatly. How can that be explained?

In his paper, Professor Anders Åslund focuses on large-scale privatization. Economically, it was necessary, and its economic outcomes have been very positive. Alas, politically, these successes have often been unsustainable because of strong popular sentiments against the private ownership of big enterprises. Substantial renationalization has occurred. What went wrong? How could privatization be done better, or be defended? What should be done to defend private enterprise in the future?

In another paper, Professor Christopher Hartwell discusses the process of illiberal regionalism, where authoritarian or similarly restrictive governments undertake a process of economic integration amongst each other. This process emerged in the past two decades as a way to rival existing liberal multilateral organizations. Emblematic of this approach is the Eurasian Economic Union (EaEU), a grouping of post-Soviet states which has borrowed heavily from the experience of the European Union (EU) but has set



itself up as an alternative form of regionalism to the EU's approach. This paper shows how, in the haste to design a geopolitical rival to the West, the EaEU has relied on selective borrowing from some of the more restrictive principles of various multilateral orders, above all the EU.

Their presentations will be followed by a high-level panel discussion about the lessons of transitions.

PART 1. Papers presentations (Papers will be shared with registered participants prior the Conference):

Anders Aslund, Georgetown University and CASE

"The Biggest Problem in Post-Communist Transition: The Privatization of Large Enterprises"

Christopher Hartwell, Zurich University of Applied Sciences, Kozminski University, and CASE

"The Crisis of Illiberal Regionalism: A Failing Paradigm?"

Questions & Answers

MODERATOR: Andrew Wrobel, Emerging Europe

3:45 PM

Coffee break

4:00 PM

PART 2. Discussion Panel

SPEAKERS: Simeon Djankov (the Peterson Institute for International Economics), **Sergei Guriev** (Sciences Po), **Beata Javorcik** (European Bank for Reconstruction and Development), **Andrius Kubilius** (Member of the European Parliament (AFET, ITRE), Co-President of the Euronest Parliamentary Assembly, former Prime Minister of Lithuania)

MODERATOR: Anders Aslund, Georgetown University and CASE

5:30 PM

Close of Day 1

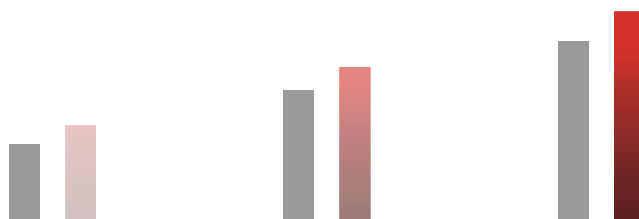
24 September

9:00 AM

Session No. 2: Bracing for Impact – Labor Markets in Central and Eastern Europe

As the massive unemployment of the 1990s started dissipating in Central and Eastern Europe, there was a belief that the winds of change had ended. Meanwhile, the majority of structural changes – occupation-wise, industry-wise, and education-wise – occurred fairly gradually and, in fact, continue to occur with every next cohort of youth entering the labor market. In a sense, change in the task content of jobs has been less profound in Central and Eastern Europe than in the United States and – plausibly, though observational data here are lacking – other advanced economies. This hints that automation and robots are bound to influence the structure of employment (and distribution of wages) no less than the transition from centrally planned to market economies, yet somehow nobody is really bracing for the impact, as Central and Eastern European (CEE) countries were doing in the early 1990s. Thus far, CEE workers have been cheaper than computers. This has facilitated the relocation of jobs; however, this period of favorable price ratio is coming to an end.

Against these long-term trends, several other fundamental changes with long-lasting consequences have occurred over the past 30 years. First, EU accession triggered massive international mobility. Both the reasons for and consequences of this mobility are related to the development of the labor markets in CEE countries. They have also largely influenced the Brexit debate and are fiercely tainting the political





narratives about the integrity of the EU. Intra-EU mobility is valued and discussed with very different attitudes, particularly in CEE countries, as compared to the extra-EU inward mobility related to the humanitarian and economic crises in North Africa. What should we expect of this explosive blending of narratives and concepts in the years to come?

Worker mobility in Europe, linked with technological change, allows – to a greater extent – trade in services and thus the geographical separation of workers and clients in many services industries. With the changes induced by the COVID-19 pandemic, is Europe’s labor market going to become less geographically mobile, but more geographically fragmented? Or is working-from-home and remote work a temporary phenomenon, without much of a lasting effect on the allocation of jobs in Europe?

SPEAKERS: **Kateryna Bornukova** (BEROC Economic Research Center), **Wendy Carlin** (University College London and Centre for Economic Policy Research), **Martin Kahanec** (Central European University, CELSI, UEBA and GLO), **Jan Svejnar** (Columbia University, Member of the CASE Advisory Council)

MODERATOR: **Joanna Tyrowicz**, University of Warsaw, FAME|GRAPE and IZA

10:30 AM

Session No. 3: Challenges of Assuring Welfare and Quality of Life in the Ageing EU Population

Population ageing creates pressure to establish the economic and social conditions that enable the well-being of the older population, healthy and independent living, and maintaining an activity level for older people that is beneficial for individuals and society. Individually, prolonging economic and social activity prevents poverty and brings positive health results. For society, extending working life allows for lessening fiscal pressure on social protection systems. Larger cohorts of older people mean extensive spending on social protection, including retirement and long-term care. Thus, policies oriented at preventing a rapid increase of pension expenditures and extending working life have been implemented.

For the past two decades, European policies related to ageing have been oriented at identifying social protection costs related to increasing older cohorts, stimulating the activity of older people, and – lately – improving access to social services that support activity. In most European countries, the retirement age increased and was equalized across genders. Despite efforts, policies aimed at extending working life in many countries are only moderately successful, with the exception of the Nordic states, and often opposite to social expectations. The risk of poverty and income inequality in older age arises due to changing demographic structures, but also accumulated periods of lower income or unemployment and the reproduction of income inequality into the retirement period. This risk can be mitigated by the redistributive effect of pension systems.

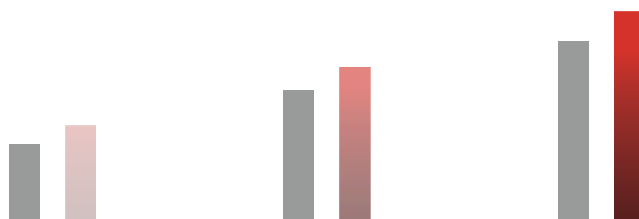
The above problems call for the need to rethink the policy measures and support oriented at the extension of working life, pension systems, and the conditions for access to public services while assuring the sustainability of social protection systems. In addition, the impact of COVID-19 is worth considering – will the pandemic contribute to an increase in unemployment of the cohorts 50+ if a recession will follow? Will it lead to a decrease in social participation? What will be the result of the worsening health status of people recovering from the disease – will it contribute to an increase in needs for care and other social services?

SPEAKERS: **Agnieszka Chłoń-Domińczak** (Warsaw School of Economics), **Hans Dubois** (Eurofound), **Bernhard Ebbinghaus** (University of Oxford)

MODERATOR: **Agnieszka Sowa-Kofta**, Member of the CASE Supervisory Council

12:00 PM

Lunch break



1:00 PM

Keynote speech:

Beata Javorcik, European Bank for Reconstruction and Development

“Central and Eastern Europe’s economic recovery after the COVID19 pandemic”

2:00 PM

Session No. 4: Europe’s GVCs in the Post-COVID World

The emergence of global value chains in the 1990s and early 2000s enabled a productivity-enhancing process of restructuring world production and a new wave of production specialization. The advanced economies have increasingly specialized in human capital-intensive and innovative tasks while routine manufacturing processes have been relocated to developing and emerging economies. The advanced economies freed resources allocated previously to low value-added uses while the developing economies upgraded their technology and expanded their export potential. In Europe, these processes have had two dimensions: regional and global. Manufacturing in several sectors, including automobiles, machinery and equipment, as well as electronics has been offshored to the emerging Asian economies but also to the newly liberalized Central and Eastern European countries that eventually joined the European Single Market in 2004 and 2007. Export expansion driven by offshoring and FDI inflow has been a major source of growth for these latter economies for at least two decades.

However, the process of globalization has been stalling since the Global Financial Crisis and, more recently, the emerging trade tensions which resulted in the overall rise of protectionism and trade wars. The outbreak of the COVID-19 pandemic has added to rising trade costs through disruptions in the movement of goods and export restrictions. These have caused bottlenecks in global production processes and have spurred a discussion on the future of global trade, the need for more diversification, reshoring, and the greater redundancy of production processes. Moreover, the European Green Deal initiative calls for carbon tax adjustments that would also level the playing field in environmental standards between Europe and some existing extra-European offshoring destinations. At the same time, Brexit already leads to new barriers to trade and future regulatory divergence is likely to strengthen that process. How will global value chains look in a post-COVID world? Can we effectively insure against COVID-like disruptions? Will reshoring take place in the European Union? How will it affect the ability to effectively compete in world markets? What is the future role of China in European GVCs?

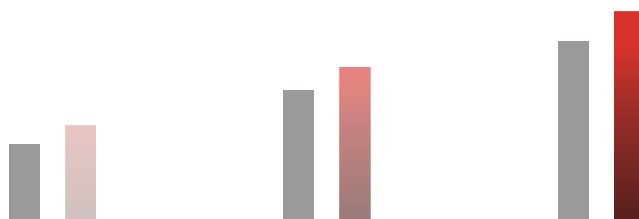
SPEAKERS: **Michael Landesmann** (Vienna Institute for International Economic Studies), **Daria Taglioni** (World Bank), **Wing Woo** (University of California, Member of the CASE Advisory Council)

MODERATOR: **Jan Hagemeyer**, Vice-President and Macroeconomics & Trade Director at CASE

3:30 PM

Session No. 5: Fiscal Sustainability Challenge During and After the COVID-19 Pandemic

Most advanced economies met the COVID-19 crisis having a high level of public debt and unbalanced budgets. The pandemic further increased fiscal deficits and public debt both in absolute terms and in relation to GDP. According to preliminary IMF estimates, in 2020, general government gross debt amounted to 131% of GDP in the United States, 266% of GDP in Japan, 108% of GDP in the United Kingdom, and 95% of GDP in the EU. These are record-high figures in a peace time. Debt statistics in emerging market economies look, on average, better but their macroeconomic room for maneuver is narrower as compared to advanced economies. In 2021, the situation may get worse, due to the continuation of the pandemic and the large fiscal stimulus promised by some governments (for example, in the US).





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Against this background, the session will discuss the increasing risks to fiscal sustainability in both advanced and emerging market economies and the strategy of fiscal consolidation in the post-pandemic era.

SPEAKERS: **Daniel Gros** (Centre for European Policy Studies, Member of the CASE Advisory Council), **Leslie Lipschitz** (Former Director of the IMF Institute, a Principal at Global Strategic Advisers, LLC), **Jan Vincent-Rostowski** (Former Deputy Prime Minister and Minister of Finance, Poland, co-founder of CASE), **Charles Wyplosz** (The Graduate Institute in Geneva and Member of the CASE Advisory Council)

MODERATOR: **Marek Dąbrowski**, co-founder and Fellow at CASE, Non-Resident Scholar at Bruegel, Professor at the Higher School of Economics in Moscow

5:00 PM Closing of the Conference: **Izabela Marcinkowska**, CASE President

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