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

Annual Report 2017

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Letter from the President



Dear Colleagues, Friends, and Supporters,

Thank you for your continued willingness to work and engage with CASE and welcome to our annual report for 2017.

By many metrics, the year was another highly successful one for CASE. Under the unrelentingly professional direction of my predecessor Christopher Hartwell and CASE Vice President Izabela Styczyńska, the organization continued to grow on several fronts.

We have continued to develop our portfolio of larger and more policy-relevant projects, publications and events in key areas of our expertise, and we have increasingly taken on leadership and senior roles in project consortia formed with our European partners.

In the area of fiscal policy, CASE has continued to weigh in significantly on EU-wide efforts at improving the functioning of the VAT and excise tax regimes as well as on the topical issues of fiscal policy coordination. In the area of labor markets and social policies, CASE has continued to be a key reference point when it comes to the often overlooked aspects of economic growth and globalization, such as the labor market participation of the elderly or other vulnerable groups, long-term care, women's empowerment, and the gender dimensions of economic migration. In the area of growth and trade, CASE has provided highly appreciated contributions on EU trade policy making and regulatory cooperation, on the importance of institutions, and on monetary policy challenges in a changing financial environment.

Our budget has grown and we were able to continue our investment in intangible and human capital, reaching a historically record high number of in-house staff in early 2018. Throughout 2017, we have also expanded and modernized our communications efforts, which resulted in a wider and more prominent media presence in Europe and Poland. While continuing to expand our funding from EU institutions and other public actors, we have also deepened our engagement with the Polish and European private sector.

All these efforts seem to have been appreciated not only by our sponsors but also by our partners and the public; 2017 was another year when CASE climbed the ranking of the Global Go To Think Tank Index for 2017 and was classified as the number one think tank in Central and Eastern Europe, and number two in social policy globally.

As the new President of the CASE Management Board, I would first like to thank Christopher Hartwell for his invaluable contributions over the last three and a half years and wish him well in his next steps. Looking forward, I would like build on and cement the recent achievements,

and continue to focus on strategic areas for CASE's future growth, the associated resource needs, and funding. In 2018, CASE will be fleshing out its new strategy, which will build on CASE strengths and utilize them to focus even more strongly on the most important policy issues in the EU, Poland, and the wider Central and Eastern European region. Here, a number of developments, such as the intensifying debates on the future of the EU, the future of Poland in the EU, and on globalization and international governance more generally, provide for an important context.

I am looking forward to working with the CASE Supervisory Board, Management, Staff, and our supporters on making CASE an even more important voice in these debates.

Sincerely,

Przemysław Kowalski

President of CASE Management Board

About CASE

CASE – Center for Social and Economic Research is an independent, non-profit research institute founded on the idea that research-based policy-making is vital for the economic welfare of societies.

Established in Warsaw in 1991, CASE today is recognized as the top think tank in Central and Eastern Europe and is one of the most highly regarded think tanks internationally.

CASE carries out policy-oriented research and development assistance projects, specializing in the areas of:

- growth and trade,
- fiscal policy,
- demography, labor, and social policy,
- innovation, energy, and climate.

Drawing on an experienced in-house staff, a network of fellows, and a database of approximately 1,000 experts, CASE provides rigorous quantitative and qualitative analyses, innovative methodologies, and sound recommendations.

The CASE Network

CASE boasts of a network of independent research institutes across post-communist countries (including, among others, Ukraine, Belarus, Georgia, and Russia) as well as numerous partner organizations.

We are a member of 6 pan-European research networks.

CASE Internal Network

CASE has helped establish a network of independent research institutes across post-communist countries, starting with CASE-Kyrgyzstan in 1998. With the addition of CASE-Georgia, the latest member established in 2011, the CASE Network boasts of a substantial presence in the CIS and includes the following institutions:

- CASE-Belarus
- CASE-Moldova, Chisinau
- CASE-Georgia, Tbilisi
- CASE-Ukraine, Kyiv
- CASE-Kyrgyzstan, Bishkek

This network represents CASE's continuing effort to increase the range and quality of economic information available to decision makers and the public across the post-communist world, as well as to foster vibrant think tank sectors in these societies.

CASE External Network

In addition to the CASE Network, CASE is also an institutional member of six pan-European research networks.

EUROMESCO

The Euro-Mediterranean Study Commission (EuroMeSCo) is the main network of research centers on politics and security in the Mediterranean. EuroMeSCo was established in 1996 with the goal of fostering research, information, and social relations among its members as well as acting as a confidence-building measure in the framework of the Barcelona process. EuroMeSCo comprises 107 institutes coming from 32 countries out of the 43 members of the Union for the Mediterranean.

EUROFRAME-EFN

The European Forecasting Network (EFN) is an initiative for improved forecasting and macroeconomic analysis in the European Union. Coordinator: Economic and Social Research Institute (ESRI), Dublin.

FEMISE

Forum Euroméditerranéen des Instituts de Sciences Économiques is a network that brings together more than 70 independent economic institutes from across the Mediterranean regions to conduct socio-economic analysis of the Euro-Mediterranean Partnership.

Coordinators: Institut de la Méditerranée (IM), Marseille, and the Economic Research Forum (ERF), Cairo.

UKRAINIAN THINK TANKS LIAISON OFFICE IN BRUSSELS

The Ukrainian Think Tanks Liaison Office in Brussels is a non-profit association of leading Ukrainian and EU think tanks and research centers with a unique focus on joint actions at the EU level to advance Ukraine's reforms and its European integration. As a nonpartisan organization, the Office operates independently. Pluralism of thoughts, impartiality, and European democratic principles are their core values.

VISION EUROPE

Vision Europe is a consortium of think tanks and foundations collaborating to address some of the most pressing public policy challenges facing Europe. Through research, publications, and an annual summit, they aim to be a forum for debate and a source of recommendations to improve evidence-based policy making at both a national and EU level and to foster as appropriate European integration.

GTIPA

The Global Trade and Innovation Policy Alliance (GTIPA) is a global network of independent think tanks that are ardent supporters of greater global trade liberalization and integration, deplore trade-distorting "innovation mercantilist" practices, but yet believe that governments can and should play important and proactive roles in spurring greater innovation and productivity in their enterprises and economies.

CASE People

At the heart of CASE is its full-time employees, as the quality of a think tank must be measured by the quality of its staff.

CASE Fellows play a key role in conducting and organizing our research activities. CASE Fellows are drawn from the ranks of senior researchers and experts with outstanding and internationally recognized academic and professional records in economics and other social sciences.

Supervisory Council

Chairwoman

Ewa Balcerowicz, Economist, Member of the Management Board of the Society of Polish Economists, Coordinator of mBank-CASE seminars

Vice Chairwomen

Barbara Błaszczyk, Senior Researcher, Institute of Economics, Polish Academy of Sciences, Warsaw, Member of the Society of Polish Economists, Warsaw

Stanisława Golinowska, Head of the Health Economics and Social Security Department, Jagiellonian University, Krakow

Members

Tadeusz Baczko, Associate Researcher at the Institute of Economics of the Polish Academy of Sciences, Warsaw

Leszek Balcerowicz, Professor of Economics at the Warsaw School of Economics, Warsaw (to June 2017)

Władysław Brzeski, Partner at REAS Residential Advisors, Warsaw (to June 2017)

James Cabot, Corporate Development Manager, Southworth International Group, Portland

Krzysztof Chmielewski, CASE Co-Founder

Andrzej Cylwik, President of CASE-Advisors, Warsaw

Wojciech Góralczyk, Associate Professor, Department of Administration and Administrative Law, Akademia Leona Koźmińskiego, Warsaw (to September 2017)

Piotr Kozarzewski, Professor of Political Science at the University of Computer Sciences and Economics, Olsztyn

Dariusz Ledworowski, Freelance Consultant, Consulting and Economic Expertise.

Agnieszka Sowa-Kofta, Researcher at the Institute of Labour and Social Affairs, National expert for health care and long-term care, European Social Policy Network, European Commission

Maciej Stańczuk, President of Sapere and MS Consulting.

Richard Woodward, Lecturer in International Business at the University of Edinburgh Business School, Edinburgh

Advisory Council

Chairman

Anders Aslund, Senior Fellow at the Atlantic Council, Washington DC

Members

Vittorio Corbo, Member of the Management Council of the Fundación Chilena del Pacífico (Chilean Pacific Foundation), Santiago

Fabrizio Coricelli, Professor of Economics at the Paris School of Economics, Université Paris 1 Panthéon-Sorbonne, Paris

Georges de Menil, Professor of Economics, Ecole des Hautes Etudes en Science Sociales, Paris, and Member of the Governing Board, Paris School of Economics, Paris

Daniel Gros, Director of CEPS – Center for European Policy Studies, Brussels

Irena Grosfeld, Director of Research at the Paris School of Economics, Paris

Simon Johnson, Ronald A. Kurtz (1954) Professor of Entrepreneurship, Professor of Global Economics and Management at MIT Sloan School of Management, Boston

Vladimir Mau, Rector of the Russian Presidential Academy of National Economy and Public Administration, Moscow

Lucjan T. Orłowski, Professor of Economics and International Finance, Sacred Heart University, Fairfield

Vladimer Papava, Rector and Professor of Economics at Tbilisi State University, and Senior Fellow of the Georgian Foundation for Strategic and International Studies (GFSIS), Tbilisi

Jeffrey Sachs, Director of the Earth Institute, Quetelet Professor of Sustainable Development, and Professor of Health Policy and Management at Columbia University, New York

Susan Schadler, Senior Visiting Fellow at the Centre for International Governance Innovation (CIGI), Waterloo, Ontario

Krassen Stanchev, Associate Professor, Sofia University, Sofia

Nicholas Stern, IG Patel Chair and Director of the Asia Research Centre, London School of Economics, London

Jan Svejnar, Director of the International Policy Center and Professor of Economics and Public Policy at the University of Michigan, Ann Arbor

Wing Thye Woo, Professor, Department of Economics, University of California, Davis; Director, East Asia Program, Center for Globalization and Sustainable Development, Columbia University, New York

Charles Wyplosz, Professor of International Economics and Director of the International Centre for Money and Banking Studies, Graduate Institute in Geneva, Geneva

CASE Fellows

Mark Allen
Expertise: global economic governance, financial crises, economics of transition

Kathryn Anderson
Expertise: social policy, labor markets, health economics, development economics

Misha Belkindas
Expertise: statistics, development economics

Emmanuel Bergasse
Expertise: energy policy analysis, market reforms, sustainable energy in economies in transition, South East Europe, the CIS, and developing countries

Alexander Chubrik
Expertise: macroeconomics, private sector development

Marek Dąbrowski
Expertise: monetary and fiscal policies, financial crises, international financial architecture, EU and EMU enlargement, perspectives of European integration, European Neighbourhood Policy, political economy of transition

Daniel Daianu
Expertise: macroeconomics, public finances

Itzhak Goldberg
Expertise: microeconomics, socialist transition, privatization, investment climate, productivity, innovation

Stanisława Golinowska
Expertise: social policy, labor market, pension system in Poland

Iraj Hashi
Expertise: microeconomics, governance reforms, industrial competitiveness, innovation and firm performance, SME policy

Oleh Havrylyshyn
Expertise: economics of transition, eastward enlargement of the EU, economy of independent Ukraine, trade and globalization, tendencies in post-communist countries

Elena Jarocińska
Expertise: political economy, fiscal federalism, public economics, labor economics, institutions

Matthias Luecke:
Expertise: migration and development, social policy, and poverty reduction

Malcolm Maguire
Expertise: youth labor market, vocational education and training, lifelong learning, employee development, employer recruitment strategies, career guidance

Susan Maguire
Expertise: social policy, youth transitions, young people, NEET, policy development, post-16 education and training

Roman Mogilevsky
Expertise: macroeconomics, fiscal and social policy, foreign trade, agricultural economics

Boris Najman
Expertise: labor market, development economics, economics of transition

Richard Pomfret
Expertise: regional integration in Central, Eastern, and Southeast Asia, international economics, development economics, international trade

Yochanan Shachmurove
Expertise: international finance and economics, venture capital, emerging financial markets, economies of the Middle East, monetary systems, banking and financial institutions, applied econometrics, Middle East emerging financial markets, the Israeli economy

Cyrus Sassanpour
Expertise: macroeconomics, macroeconomic modeling, economics of oil producers, public finance

Janusz Szyrmer
Expertise: economic forecasting, statistical and data analysis, economic policy

Irena Topińska
Expertise: poverty measurement, social policy, and poverty reduction

Uladzimir Valetka
Expertise: labor market, demographic economics, urban and regional development

Anna Wziątek-Kubiak
Expertise: innovation, international economics, development

Canan Yildirim
Expertise: banking in transition, corporate governance, insurance, the markets of EU and Turkey, international capital flows

CASE Office in 2017

Management Board

The Management Board is responsible for CASE and CASE Network activities, as well as the generation and management of projects in order to ensure the growth and development of the institution.

President:
Christopher A. Hartwell
Przemysław Kowalski (from April 2018)

Vice President:
Izabela Styczyńska

Operational Staff

Innovation & Knowledge-Based Economy Program Director
Małgorzata McKenzie (Jakubiak)

Director of Fiscal Policy Studies
Grzegorz Poniatowski (from February 2017)

Director of International Strategy and Business Development
Andrzej Dziurdzik (from September 2017)

Senior Economists
Paul Lirette (to May 2017)
Marian Mraz (from October 2017)

Political Economist
Katarzyna Sidło

Economists
Krzysztof Głowacki
Katarzyna Mirecka
Klaudia Wolniewicz-Slomka (from October 2017)

Junior Economists
Iakov Frizis (to July 2017)

Business Development Team
Karolina Zubel (to February 2017)
Tomasz Filipiak (to February 2017)
Marta Smagowicz (from March to September 2017)
Stanislav Bieliei (from February 2017)

Justyna Perzanowska-Szymczak (from May 2017)
Marek Peda (from October 2017)

Communications
Agata Kwiek (to February 2017)
Joanna Kędzierska (from February to May 2017)
Aleksandra Polak
Monika Rębała (from October 2017)

Publications
Aleksandra Polak

Coordinator, mBank-CASE Seminars
Aleksandra Polak

Secretariat
Grażyna Kraśniewska

IT Specialist
Michał Dąbrowski

2017 Interns
Sara Skejo
Diego López Fernández
Anne Winkler
Katerina Hoskova
Parvathy Annomali
Givi Gigitakasvili

CASE HIGHLIGHTS 2017

#1

Number One THINK TANK in Central and Eastern Europe

and the second-ranked social policy think tank in the world according to the University of Pennsylvania Global Go to Think Tank Index Report for 2017

27 PROJECTS

29 PUBLICATIONS

8 events attended by 340 guests...

... and watched online by 3,190 individuals

showCASE

More than 5,000 subscribers received our weekly showCASE

SOCIAL MEDIA in 2017

3,034 individuals followed CASE on Facebook...

... an increase of 234 followers!

We gained more than 100 new followers on Twitter

Our tweets earned 605.2 k impressions in 2017

as of December 2017, 637 individuals followed CASE on LinkedIn...

... an increase of more than 100 individuals

CASE WEBSITE

20,625 users visited our website in 2017



FIRSTRUN Workshop: Assessing the effectiveness of enhanced EU economic governance | March 24, 2017

On March 24, 2017, CASE hosted the FIRSTRUN Workshop on Fiscal Adjustment and Stabilization Policies in the EU.



Firstrun workshop at CASE

The FIRSTRUN project was an EU-funded multinational research project that investigated the need for fiscal policy coordination in the EU. The project started in March 2015 and ended in March 2018. There were eight members of the consortium: CASE, CEPS (Belgium), ETLA (Finland), IER SAS (Slovakia), IHS (Austria), LSE (UK), LUISS (Italy), and NIESR (UK). The consortium conducted research aimed at advancing the theoretical and practical debates on the effective mechanisms of fiscal policy coordination.

During the workshop in Warsaw, **members of the consortium presented the findings of their research papers which examined the importance of fiscal policy spillovers and the gains from fiscal policy coordination in the EU**.



Firstrun workshop at CASE

"Macroprudential Tools, Transmission, and Modelling" prepared by Oriol Carreras, E. Philip Davis, and Rebecca Piggott (all authors from the National Institute of Economic and Social Research, London) empirically tested the effectiveness of a number of macroprudential policies. They used the IMF's databases from 19 OECD countries in 2000-2014, and found that taxes on financial institutions and strict loan-to-value and debt-to-income ratio limits may be particularly effective macroprudential tools.

"On the Limits of Macroprudential Policy" by Marcin Kolasa (National Bank of Poland) discussed the function of macroprudential tools based on the loan-to-value ratio in achieving

stabilization objectives as a complement to interest-rate-based monetary policy. This function, the paper found, seems to be limited as far as the inflation-output volatility tradeoff is concerned. On the other hand, fiscal policy based on government spending adjustments can be successfully combined with monetary policy.

"Government Debt Deleveraging in the EMU" was jointly prepared by Alexandre Lucas Cole (LUISS, Rome), Chiara Guerello (LUISS, Rome), and Guido Traficante (European University of Rome). The paper used a state-of-the-art methodology—a two-country new-Keynesian dynamic stochastic general equilibrium (DSGE) model—to posit that, under the conditions of debt-elastic bond spread and incomplete international financial markets, taxes are a better instrument of deleveraging than government consumption or transfers.

"Towards an EU Budget with an Effective Stabilisation Function" by David Rinaldi (Centre for European Policy Studies, Brussels) was a policy paper discussing the possibility of increasing the economic stabilization function of the EU budget. This could be achieved by making the already existing labor market-related funds, such as the Youth Employment Initiative and the European Globalisation Adjustment Fund, more flexible and accessible.

"Analysing the Relevance of the MIP Scoreboard's Indicators" by Tomáš Domonkos, Filip Ostrihoň, Ivana Šikulová, and Mária Širaňová (all authors from the Slovak Academy of Science, Bratislava) undertook to examine the indicators used in the Macroeconomic Imbalance Procedure (MIP), the EU's early warning mechanism. Using a multivariate unbalanced logit model, the research showed that different indicators work with different time lags, and that activity rate, house price index, youth unemployment rate, and private sector debt are the most relevant indicators in the short term.

"Finding the Bottom Line: A Quantitative Model of the EU's Fiscal Rules and their Compliance" by Tero Kuusi (Research Institute of the Finnish Economy, Helsinki) used a dynamic simulation model to quantify the minimum constraint that EU fiscal rules impose on fiscal policy in times of consolidation.

"Fiscal Risk-Sharing in Response to Shocks: New Lessons for the Euro Area from the US" by Cinzia Alcidi and Gilles Thirion (both authors from the Centre for European Policy Studies, Brussels) discussed the insights that can be learned from the US Federal Unemployment Insurance in the context of managing idiosyncratic shocks in the euro area.

Additionally, the seminar featured a presentation by Marcin Kolasa from the National Bank of Poland. Each presentation was followed by a discussion and constructive comments from the participants of the workshop: members of the consortium and stakeholders from Polish governmental bodies (Ministry of Finance, National Bank of Poland).

Presented papers:

Phillip Davies (NIESR): Macroprudential Tools, Transmission, and Modelling
Discussant: Tomas Domonkos

Marcin Kolasa (NBP and SGH): On the Limits of Macroprudential Policy
Discussant: Niku Määttänen (ETLA)

Alexandre Lucas Cole (LUISS): Government Debt Deleveraging in the EMU
Discussant: Grzegorz Poniatowski (CASE)

David Rinaldi (CEPS): Towards an EU Budget with a Stabilization Function
Discussant: Krzysztof Głowacki (CASE)

Filip Ostrihon (SAS BIER): Analysing the Relevance of the MIP Scoreboard's Indicators
Discussant: Marek Dabrowski (CASE, Bruegel)

Tero Kuusi (ETLA): Towards the Bottom Line: Quantifying the EU's Fiscal Rules and their Compliance
Discussant: Guido Traficante

Gilles Thirion (CEPS): The Role of the US Federal Budget as a Risk Sharing Instrument: New Lessons for the Euro Area
Discussant: Paul Lirette (CASE)

Read the Project Report

mBank-CASE Seminars

mBank-CASE Seminars are a CASE project with a 25-year tradition. The Seminars provide a forum for discussion among academics, economists, bankers, students of economics, and journalists specializing in economic affairs. With six Seminars per year, the project brings in highly respected and visible policymakers and academics to speak on key issues of the day, including macroeconomics, the financial sector, and public finance in Poland and the EU, as well as important issues of economic policy in Poland, the EU, and worldwide. The Seminars are broadcast on the Bankier.pl portal to increase their reach, and are followed by a publication, "mBank-CASE Seminar Proceedings," published in Polish and English and available via CASE's website.

The Seminars are organized thanks to the generous support of mBank.

2017 Vision Europe Summit in Turin “Winners and Losers of Globalization”

The Vision Europe Summit 2017 took place on November 14th and 15th in Turin, Italy. The Summit tackled the all-encompassing question of the winners and losers of globalization. During the Summit, policy briefs on the social, economic, and governance aspects of globalization were presented. The innovative suggestions and policy proposals made in the policy briefs were discussed with stakeholders from politics, business, civil society, and academia in view of their possible implementation.

39 speakers presented their papers, among them Christopher A. Hartwell, whose presentation was titled: “Do poor institutions create more losers from globalization?”

Approximately 150 participants attended the event.



Vision Europe Summit, Turin, Italy

Vision Europe is a consortium of think tanks and foundations collaborating to address some of the most pressing public policy challenges facing Europe. Through research, publications, and an annual summit, they aim to be a forum for debate and a source of recommendations to improve evidence-based policy making at both a national and EU level and to foster as appropriate European integration. CASE - Center for Social and Economics Research is one of the convening partners of the consortium.

READ the Vision Europe Summit REPORT “Winners and losers of globalization”

MOPACT - Mobilizing the Potential of Active Ageing in Europe

MOPACT was framed on the basis of a conviction that Europe requires a new paradigm of aging if it is to respond adequately to these challenges in the context of open-ended longevity. Also, this paradigm must be embedded into responses to aging at all levels—micro, meso, and macro—if it is to be effective. This means a new paradigm of active and healthy aging that rejects the deficit model of old age as a definite period of economic dependency. The mission of MOPACT was to concentrate the highest possible quality of scientific analyses into the development of innovative policies and approaches that could assist public authorities and other key actors at all levels in Europe to make longevity an asset for social and economic development.



Source: http://mopact.group.shef.ac.uk/

Project objectives:

The MOPACT project aimed at operationalizing of the multidimensional concept of active aging as the basis on which longevity can be made an asset for social and economic development. The objectives of the MOPACT project were as follows:

1. Conducting the most comprehensive review to-date of the social and economic challenges of aging;
2. Collecting and analyzing social innovations and policy initiatives;
3. Mapping the steps required to realize active aging in Europe and to propose innovative ways of doing so;
4. Involving stakeholders, such as policy-makers, practitioners, product producers, designers, and older people; and
5. Undertaking a wide and effective knowledge transfer and the dissemination of the work of MOPACT.

CASE involvement – CASE contributed to several work packages (WP), including the following specific tasks:

1. WP3 "Extending working lives"—this task included the development of the WP's conceptual framework, mapping the current "state of the art" for Poland (PL) and the Czech Republic (CZ), identifying and assessing motivations for and attitudes towards extended working lives for PL and CZ, identifying and assessing structural drivers of and barriers to innovation for PL and CZ, and building innovative scenarios;
2. WP4 "Pension systems, savings, and financial education"—our work here focused on intragenerational equity;
3. WP5 "Health and well-being"—this work package focused on reviewing health indicators, conducting analysis on social engagement and participation, identifying good practices in social engagement, synthesizing data, and generating innovative scenarios; and
4. WP9 "Enhancing active citizenship"— aimed to create the knowledge base for enhancing the political participation of senior citizens, and improving the capacity of adapting to change.

Project output:

- ✓ 12 project newsletters;
- ✓ Project website and social media;
- ✓ Policy briefs;
- ✓ 4 international workshops;
- ✓ 3 meetings of the Stakeholder Forum; and
- ✓ Scenarios of active aging document providing policy and practice guidelines.

Read MOPACT publications

See the project website

Literature review on taxation, entrepreneurship, and collaborative economy

Many factors affect entrepreneurship, creating the "business environment" or "entrepreneurial ecosystem." Such factors include taxation, other government regulations (e.g. rules on bankruptcy and restrictions to enter certain professions), local and global market opportunities, access to funding and finance, the role of universities and of education and training as catalysts, the function of mentors, advisors, and support systems, and the attitudes, skills, and human capital of the workforce.

As entrepreneurship is one of the channels through which economic development takes place, governments around the world create policies to stimulate entrepreneurship as a means to create new employment opportunities, reduce poverty, and foster innovation and economic growth. Promoting entrepreneurship is also one of the priorities of the European Commission, in line with the objectives of the Single Market. The European Commission promotes entrepreneurship through action plans, which, among other initiatives, include funding for entrepreneurship education, promoting opportunities for women through gender-sensitive policies, easing administrative requirements, and fostering productive investments.

On a different note, government interventions in market economies can significantly influence both the behavior and the welfare of entrepreneurs, thus having an impact on the size and composition of the entrepreneurial sector. Public policy intervention is justified on the grounds that entrepreneurs generate important positive social and economic externalities via innovation—namely, the development of new technologies and new products, new employment opportunities, and an enhanced level of competitiveness and productivity of the economy. The risks and difficulties of taking up entrepreneurial activity are high, and if entrepreneurs are unable to appropriate all of these benefits themselves, there may be too little private investment from the point of view of collective wellbeing, motivating government intervention. Moreover, the allocation of entrepreneurial efforts can spread between productive (i.e. innovation) and unproductive (i.e. rent-seeking) activities. Public policy can influence the allocation of efforts by laws and regulations.

Objectives and general approach of the literature review:

Taking into account: (a) the importance of promoting a business environment supportive of entrepreneurs and innovation; (b) the vast amount of research on the question of tax and entrepreneurship and its sometimes-divergent findings; and (c) the existence of several, still open tax-related questions raised by the growing importance of the collaborative economy, the research provided a comprehensive and up-to-date literature review.

The review was divided into two parts:

1. A comprehensive review of the extensive literature on taxation and entrepreneurship, and
2. A survey of the existing literature on taxation and the collaborative economy.

Given the limited existing literature, the purpose of the research was also to develop an analysis of practical tax experiences, as they could be crucial inputs into answering relevant questions. Through triangulating these methods, we looked to provide insight on the following areas:

1. The impact on individuals;
2. The impact of tax on equal competition;
3. The choice of tax policy; and
4. Tax administration and compliance.

Read the REPORT

Read the article How-To: Tax Collaboration in showCASE

Study and Reports on the VAT Gap in the EU-28 Member States

Tax evasion is estimated to cost public budgets billions of euro a year across the EU. Moreover, it challenges the principle of fair taxation and prevents fair competition between businesses. Tackling tax evasion is therefore one of the Commission's top political priorities, while Member States are also working to tighten up their tax systems and recapture the significant revenues lost to tax evaders.

VAT is one of the main sources of revenue for EU Member States. Moreover, a proportion of Member States' VAT revenues are used as own resources for the EU budget. Consequently, tackling VAT fraud and evasion is a critical part of addressing the wider tax evasion problem. Quantifying the scale of the VAT Gap can assist in developing well-targeted measures to this end and in monitoring the effectiveness of these measures.

The VAT Gap, however, refers to more than just fraud and evasion. It also covers the VAT lost due to, for example, insolvencies, bankruptcies, administrative errors, and legal tax optimization. There is an on-going EU reform process to make the VAT system simpler, more efficient, and more robust. Meanwhile Member States are called upon to broaden their tax bases and improve their administrations for better tax compliance, as part of their national structural reforms. In this regard, data on certain inefficiencies in the VAT systems and analysis of the VAT policy gap, are useful in shaping reform measures at both the EU and national level.

This project was the continuation of the "Study to quantify and analyse the VAT gap in the EU-27 Member States" implemented by CASE as a part of the consortium led by CPB Netherlands Bureau for Economic Policy Analysis in 2013 and further. The detailed objectives of this update were:

1. To carry out a study on the VAT Gap in all EU Member States for the year 2014 (including revisions for 2010-2013). The study should also examine the VAT Policy Gap

for the same period, and estimate the respective contribution that VAT reduced rates and exemptions make to this gap;

2. To produce a report on the above-mentioned VAT Gap study, detailing the findings and analyzing the trends, for publication in 2016 (hereafter, the 2016 Report);
3. To continue with the study for the year 2015 (including revisions for 2011-2014, if necessary) and produce an updated report for publication in 2017 (hereafter, the 2017 Report):
4. To ensure that the results in the reports are comparable to the results of the VAT Gap reports published in 2013, 2014, and 2015. This comparability is important for monitoring trends and assessing the effectiveness of measures taken to address the VAT Gap;
5. To ensure that the methodology used is explained in detail in the 2016 Report. Any later changes or issues with respect to this methodology should be clearly outlined in the 2017 Report;
6. To further develop the methodology applied for estimating the VAT Gap/Policy Gap in order to get a better understanding of the elements of the gap and the reasons behind it; and
7. To liaise closely with the Commission services and Member States in the compilation, finalization, and presentation of the reports. This would include consulting on the estimated data before finalizing the reports, presenting the results of the reports, and answering questions on the content and methodology. This would be done at specific meetings and/or through written replies, as necessary.

The results of the study

In 2015, the VAT Gap in the EU-28 Member States amounted to **EUR 151.5 billion**. The VAT Gap is the difference between expected and actual VAT revenues. One of the primary interests in the VAT Gap lies in its connection to VAT fraud, an important political and economic issue across Member States and for the European Commission. While average EU figures are improving, individual VAT collection performances vary significantly among Member States. The largest VAT Gaps were reported in Romania (37.2%), Slovakia (29.4%), and Greece (28.3%). The smallest gaps were observed in Spain (3.5%) and Croatia (3.9 %). In absolute terms, the highest VAT Gap of EUR 35 billion was in Italy. The VAT Gap decreased in most Member States, with the strongest improvements in Malta, Romania, and Spain. Seven Member States saw small increases: Belgium, Denmark, Ireland, Greece, Luxembourg, Finland, and the UK. CASE's team was led by Grzegorz Poniatowski, Director of Fiscal Policy Studies, and composed of Mikhail Bonch-Osmolovskiy and Misha Belkindas.

Read the REPORT

Media coverage

In October 2017, CASE published a report on the VAT Gap in Member States, commissioned by the European Commission. Our expert, Grzegorz Poniatowski, also prepared ad-hoc calculations for the VAT GAP in Poland for 2017 and 2018.

The results of the VAT GAP report were highly quoted by the media:

Oszustwa w VAT dotykają całej Unii Europejskiej I Rzeczpospolita

Dziura w podatkach może być mniejsza. Spadnie do poziomu Niemiec (TVN24Bis)

Luka nadal duża, ale w 2018 r. radykalnie się zmniejszy (Gazeta Prawna)

Rośnie ściągalność VAT. W 2018 r. Polska dogoni Niemcy i Francję (Business Insider)

W 2018 r. luka w VAT spadnie do poziomu Niemiec czy Wielkiej Brytanii? CASE: To możliwe (Forsal)

Luka w VAT znika szybciej, niż przewidywano (Gazeta Prawna)


BUSINESS INSIDER POLSKA

Rośnie ściągalność VAT. W 2018 r. Polska dogoni Niemcy i Francję

PAP

W 2017 r. luka w VAT spadnie poniżej 17 proc. A już w kolejnym roku może spaść poniżej 13 proc. To poziom notowany w takich krajach, jak Niemcy, Francja oraz Wielka Brytania. Specjalny raport opublikowało Centrum Analiz Społeczno-Ekonomicznych.

Luka w VAT określa odsetek teoretycznych zobowiązań z tytułu podatku VAT, które ostatecznie z różnych powodów nie zasilają budżetu państwa.

W skład luki wchodzi szereg zjawisk w tym unikanie opodatkowania, uchylanie się od płacenia podatków jak i nadużycia, które w ostatnich

Polska od lat jest w czołówce państw Unii Europejskiej mających najniższą ściągalność VAT

ZOBACZ TAKŻE

Morawiecki: wpływy z VAT wzrosną o 25 mld zł. Deficyt budżetowy przekroczy 30 mld zł

POLECAMY #INSIDETRENDS

Anja Rubik na konferencji Business Insider INSIDE TRENDS

Jak klocki Lego podbiły social media? Pięć rad dla prowadzących biznes

FORUM EKONOMICZNE W KRYNICY

Prezes Orlenu: fuzja z Lotosem nie zagrozi polskiemu konsumentowi. Przyniesie korzyści całej gospodarce

Business Insider i "Forbes" zapraszają do Strefy Nowoczesnej Polski w Krynicy

Pekao S.A. wchodzi w partnerstwo z Microsoftem. Będą wspierać cyfryzację polskich firm

NOTOWANIE

Giełda Waluty

WIG


FORSAL.PL

W 2018 r. luka w VAT spadnie do poziomu Niemiec czy Wielkiej Brytanii? CASE: To możliwe

źródło: PAP

Piramida finansowa źródło: ShutterStock

Luka w VAT w Polsce może spaść w 2018 r. poniżej 13 proc., poziomu notowanego w ostatnich latach w takich krajach, jak Niemcy, Francja, czy Wielka Brytania - wynika z opublikowanego w czwartek raportu Centrum Analiz Społeczno-Ekonomicznych.

"Z najnowszych szacunków CASE wynika, że **luka w VAT** spadnie poniżej 17 proc. w 2017 r., a w 2018 r. poniżej 13 proc., czyli do poziomu notowanego w ostatnich latach w krajach takich jak Francja, Niemcy i Wielka Brytania" - napisano w komunikacie CASE poświęconym raportowi przygotowanemu na zlecenie Komisji Europejskiej.

Read the European Commission press release

Growth & Trade

Projects

An ex-ante study of a possible modernization of the EU-Chile Association Agreement

The objective of the project was to provide a comprehensive ex-ante study of the effects of the possible modernization of the EU's Association Agreement with Chile, overcoming the shortcomings on the previous assessment and taking into account the new world of trade relations. The study identified and quantified all existing barriers for investment and public procurement. It also provided a qualitative analysis on the existing barriers for trade in agricultural goods and food between the EU and Chile, estimated the costs and benefits of removing barriers to participation in public procurement markets for producers, including specifically for SMEs and consumers in the EU and Chile, and estimated the overall impact of modernizing the EU-Chile agreement on the trade and the economy of both partners (GDP, employment, wages, and output of key sectors), among other things.

Experts: Christopher A. Hartwell, Paul Lirette, Katarzyna Sidło, Jan Teresiński, Klaus Schmidt-Hebbel, Rodrigo Polanco, Ramon Torrent Macau, Alberto Valdes, Andrea Pellandra, Kimberly Nolan Garcia, Onno Kuik
Sponsor: European Commission Directorate-General for Trade

The Comprehensive Economic and Trade Agreement between Canada and the EU - Opportunities to Attract Polish Investment in the Canadian Manufacturing Sector

The objective of this study was to analyze two separate case studies that illustrate how adopting a new business model concept could help Polish exporters penetrate both the Canadian and US markets. To do so, the study outlined how the Comprehensive Economic and Trade Agreement (CETA) could create an environment that attracts Polish investment in Canada through Polish companies looking for greater trade and investment opportunities in North America.

Expert: Paul Lirette
Sponsor: Embassy of Canada to Poland in Warsaw

Development of strategic recommendations for the new SFK program, Open Economy Initiative for 2017-2019

The project focused on providing expert recommendations of the strategic opportunities existing for the Soros Foundation Kazakhstan (SFK) regarding advancing open society through economic reforms during 2017 to 2019. The recommendations have taken into account the strategic roles that SFK may play (among others, catalyzer of change, policy broker, public

policy hub, grant-maker, and advocate), in reference to the internal capacity of SFK and SFK's ability to build partnerships across Europe, the US, and Eurasia.

Experts: Christopher Hartwell, Marek Dąbrowski
Sponsor: Soros Foundation Kazakhstan

Serbia's cooperation with China, the European Union, Russia, and the United States of America

Serbia is a candidate country which is gradually advancing towards EU membership. Once an EU member, Serbia will take part in the EU decision making process, including procedures which require unanimity. The country's leadership, however, stresses Serbia's policy of non-alignment in international relations, declaring a balance between its cooperation with the EU, Russia, the US, and China (hereinafter 'the four'). As a result, the study prepared by CASE experts compared relevant figures on cooperation between Serbia and the four in the areas of aid, trade, direct investments, and security and defense, comparing data from the last 10 years. Finally, some specific recommendations and policy options that are relevant to the European Parliament's work were developed.

Experts: Christopher Hartwell, Katarzyna Sidło
Sponsor: Directorate-General for External Policies of the Union, European Parliament
Network leader: PASOS

Monetary Dialogue: Financial innovation and monetary policy: Challenges and prospects

New financial technologies are reshaping the financial sector to an extent that has not been experienced in the past. Electronic money, digital banking, crowd funding platforms, and distributed ledger technology are calling into question the role played by banks in financing the economy. Central banks are facing the challenge of preserving financial stability, without discouraging innovation. Technological changes also require a review of monetary policy transmission methods. Indicatively, FinTech data applications raise new issues for the measurement of monetary aggregates, since an increasing portion of financial transactions are counted outside established banks. In sum, central banks must reconsider their practices so as to safeguard the efficiency of monetary policy. The main objectives of the project were to review recent developments in financial innovation and to discuss the potential challenges for euro area monetary policy stemming from financial innovation and a changing financial environment.

Expert: Marek Dąbrowski
Sponsor: European Parliament

Easing legal and administrative obstacles in EU border regions

Over the last 25 years, EU cohesion policy has played an important role in fostering cross-border cooperation between regions through Interreg programs. At the same time, the implementation of the Interreg programs suggests that many border obstacles remain, and that financial support from the EU alone will not solve persistent problems. Many of these obstacles are linked to legislation and governance and would thus require administrative and legal steps for better alignment at the EU, national, regional, and local level in line with the principle of subsidiarity. Thus, the study focused on the legal and administrative obstacles prevailing at internal land borders of the EU, including those with Norway, Switzerland, and Liechtenstein.

Experts: Izabela Styczyńska, Jan Teresiński, Karolina Beaumont, Radomir Djuric
Sponsor: European Commission
Partners: Panteia B.V.; European Association for Information on Local Development (AEIDL); ICF GHK

Enhancing cooperation among Central Asia researchers in the Visegrad countries (Ongoing)

The ongoing fundamental geopolitical, geoeconomic transformations in the region of Central Asia (CA) as well as in its individual countries create new opportunities and challenges for the Visegrad countries (V4). The project has identified a niche for closer cooperation among the V4 countries within the broader framework of the common foreign and security policy of the EU. The project will strengthen the ability of V4 countries to take advantage of their geographic position to promote their economic interests and fully use the new opportunities offered by the fundamental geopolitical and geoeconomic changes in CA, including the One Belt One Road (OBOR) project. The project will help elevate the role of Visegrad countries in the elaboration and effective implementation of the new CA Strategy of the EU in areas where they have a clear comparative advantage. The project aims to further extend cooperation among V4 countries in CA where this has thus far not existed and where they have clearly identified shared interests. This is not only in line with the concept of V4 cooperation but would further enrich this cooperation by initiating joint strategic research. Researchers set up an informal network of research institutes and think tanks to ensure sustainability after the conclusion of the project

Experts: Krzysztof Głowacki, Stanislav Bieliei
Project funding: International Visegrad Fund
Project leader: Corvinus Center for Central Asia Research
Project partners: CASE, Charles University, Research Center of the Slovak Foreign Policy Association

Events

148th mBank-CASE Seminar| Russia's Crony Capitalism: Stagnant but Stable

March 13th, 2017

Speaker:
Dr. Anders Åslund



Dr. Aslund, Chairman of the CASE Advisory Council and Senior Fellow at the Atlantic Council, presented his views on Russia's economic system and the prospects for Russia's economy.
He attributed the persistence of the current status quo to four elements that, in his view, describe President Putin's model: conservative macroeconomic policy, state and crony capitalism, protectionism, and an efficient form of authoritarianism.

58 attendees
530 watched the live broadcast, 126 watched the rebroadcast

Read mBank – CASE Seminar Proceedings No. 148/2017

151st mBank-CASE Seminar | The Forgotten Man in History and Under Trump

September 28th, 2017

Speaker:
Amity Shlaes



Amity Shlaes chairs the board of the Calvin Coolidge Presidential Foundation and serves as presidential scholar at the King's College. She is the author of four New York Times bestsellers.
During the mBank-CASE Seminar, she embarked from a statement that American history is no longer a history of opportunity. She spoke first of the pro-market campaigns and policies by Harding and Coolidge in the 1920s and about the reversal of this economic policy in the 1930s: Hoover's and Roosevelt's New Deal focus on social justice. Later on, the Seminar concentrated on the 1960s: the Great Society program promoting redistribution and the 1970s: the bill for the Great Society program to be paid. Shlaes also presented the perspectives for the future.

47 attendees
430 watched the broadcast

Read mBank – CASE Seminar Proceedings No. 151/2018

153rd mBank-CASE Seminar | Will Ukraine Be Able to Establish Real Property Rights?

November 9th, 2017

Speaker:
Dr. Anders Åslund



Over time, the necessary economic reforms have become so obvious that they have become politically possible in most places. The great problem has become the establishment of real property rights. By and large, Central and Eastern Europe have managed to accomplish that not least thanks to support from the European Union. In the former Soviet Union, however, only Georgia has succeeded in this endeavor. The big question today is whether Ukraine will manage to do so, or whether it will be caught in a low-economic growth trap. The three main elements that are needed are independent courts, autonomous prosecutors, and a law-abiding law enforcement, while no old secrete police structures should be allowed to sabotage them.

Dr. Åslund claims the number of steps that remain for Ukraine to establish real property rights are not many, but they are critical for the future of the country.

31 attendees
467 watched the broadcast

Read mBank – CASE Seminar Proceedings No. 153/2017

Economic policy, the international environment, and the state of Poland's public finances: Scenarios

Aleksander Łaszek

mBank – CASE Seminar Proceedings No. 146, March 2017

Poland's structural deficit is one of the largest in the EU. While other Member States are taking action to reduce their deficits, the Polish government has not only introduced costly projects, but has also announced additional projects that will further aggravate the state of Polish public finances. The majority of available forecasts assume that over the next few years, the Polish economy will continue to grow, which will allow public debt to be maintained at less than 60% of GDP. Forecasts by both the government and the European Commission, as well as the market consensus, call for a growth rate of 3-3.5% a year. These forecasts do not take into account the effects of the reduction in the retirement age (with the exception of the government forecast). Despite the relatively fast economic growth, debt is expected to continue growing, reaching 55% of GDP by the end of 2017, according to the EU's methodology, and 52.3% according to Poland's.

The aim of maintaining the nominal deficit under 3% of GDP, as declared by the government, is insufficient because it does not leave a margin of safety in case of an economic slowdown. In the meantime, the turbulent global economy and the structural challenges the Polish economy is facing make the scenario of an economic slowdown increasingly plausible. Dr. Aleksander Łaszek evaluated the government's current policy through the lens of the challenges that stand ahead of the Polish economy and its resilience to shocks.

The effect of political volatility on capital markets in EU accession and neighbourhood countries

Christopher A. Hartwell

External Publication, May 2017

Political instability has the potential to disrupt financial markets. But how do political institutions affect financial movements in an environment where all institutions are in flux? This paper looks at the effects of formal and informal political volatility in the new EU countries of Central and Eastern Europe, in the Eastern Neighborhood, and farther afield in Central Asia to answer this question. Using asymmetric GARCH modelling on monthly data, the author finds that informal political volatility has a significant negative effect on stock returns, while formal political institutions generate much higher financial volatility than changes in monetary policy.

This paper was published in the Journal of Economic Policy Reform.

The Catalan economy: Crisis, recovery, and policy challenges

Xavier Cuadras-Morató

mBank – CASE Seminar Proceedings No. 145, May 2017

Catalonia is one of the richest regions in Spain. Until the outbreak of the international financial and economic crisis in 2008, it enjoyed a phenomenal economic boom, which then turned into a very severe depression, from which the region began to exit only in 2014. Consolidating the recovery and making the economy more competitive and resilient and less volatile are some of the key challenges of economic policy in Catalonia. Also, to improve the region's social cohesion, policy-makers should make sure that economic prosperity is more widely shared and transform it into an effective tool for social progress.

Catalonia is a relatively rich European region, which faces important challenges in economic policy for the years ahead. These are basically related to the reforms needed to achieve a more prosperous economy and a more cohesive society. From a medium- and long-term perspective, they could allow for better economic growth and welfare prospects for Catalonia.

Taking into account the relationship between some of the main economic growth factors (among others, infrastructure, education, and R&D) and the level of public expenditure, it is not farfetched to say that independence could increase not only the disposable income of Catalan citizens, but also their economic growth prospects in the medium term. The new state would need, from the very beginning, solid public institutions and honest and competent politicians to manage economic policy efficiently. Also, the political viability of independence is not clear at all, and gives rise to various economic threats, especially during the inevitable complicated transition period, which still contains too many uncertainties.

Potential Impact of Financial Innovation on Financial Services and Monetary Policy

Marek Dąbrowski

CASE Report No. 488, July 2017

The recent wave of financial innovation, particularly innovation related to the application of information and communication technologies, poses a serious challenge to the financial industry's business model in both its banking and non-banking components. It has already revolutionized financial services and, most likely, will continue to do so in the future. If not responded to adequately and timely by regulators, it may create new risks to financial stability, as occurred before the global financial crisis of 2007-2009. However, financial innovation will not seriously affect the process of monetary policy-making and is unlikely to undermine the ability of central banks to perform their price stability mission.

Russia's Crony Capitalism: Stagnant but Stable

Anders Åslund

mBank – CASE Seminar Proceedings No. 148, September 2017

The Russian economy is caught in stagnation, but thanks to a skillful macroeconomic policy, the economy has stabilized. The current economic model is dualistic. On the one hand, the so-called systemic liberals are in charge of macroeconomic policy, which they pursue eminently. On the other, President Vladimir Putin allows state corporations, cronies, and law enforcement agencies to dominate the corporate economy, enriching themselves with little consideration of legality. This paper discusses the state of the Russian economy and the prospects for reform and growth.

Sharia-Compliant Investments in Infrastructure and Development Capital Financing in DFID/CDC/PIDG Geographies

Katarzyna Sidło

External Publication, September 2017

Information on the types and amounts of investments in infrastructure and development capital financing being made in DFID / CDC / PIDG geographies by institutions operating on the Islamic finance principle is scarce, with the richest source of practical information being the Islamic Development Bank. The majority of publications available are of a theoretical nature, exploring the potential of Islamic finance in infrastructure and development capital financing rather than evaluating existing projects. This may be because this type of financing has only become operational—and, consequently, given attention—relatively recently. Consequently, no global, regional, or country-level exhaustive data are available. Two main groups of obstacles to further investment in these geographies can be identified: i) those connected with the economic, legal, and political environment in the countries in question, and ii) those resulting from the nature of Islamic finance itself. The former includes:

- Political and legal barriers, such as counterparty risk and uncertain political environment;
- Financial obstacles, such as foreign exchange risks and return rates;
- Limited capacity and lack of experience of governments; and
- Contract and tender-level risks related to lengthy and costly procurement processes and red tape.

Specific to the nature of Islamic finance are:

- Lack of alignment between conventional legal frameworks and Islamic regulations;
- Legal/regulatory framework issues resulting from the asset-based nature of Islamic finance for taxation, ownership rights, and bankruptcy laws;
- Standardization problems; and

- Lack of awareness and understanding of sharia-compliant finance.

The study was published by K4D which is a UKaid-funded program consortium led by the Institute of Development Studies.

Islamic Finance 2017: State of the Art and Outlook for the Future

Katarzyna Sidło

External Publication, September 2017

The Islamic finance industry is composed of four sectors: banking, sukuk (bonds), equity and funds, and takaful (insurance). The banking sector dominates the industry with approximately 75% of all Islamic financial assets under management. Islamic financial industry assets are domiciled predominantly in Gulf Cooperation Council (GCC) countries (USD 922 billion), Southeast Asia (USD 473 billion), and the Middle East excluding GCC countries (USD 453 billion). In non-Muslim majority countries, in Europe and the Americas, Islamic finance maintains a presence but remains marginal. Interest in Islamic finance among conventional investors appears to be limited.

In 2016, the Islamic finance industry experienced a year of slowdown after almost a decade of two-digit growth, mostly due to an unfavorable political and economic climate (notably due to low oil prices), rate depreciation in some of the key markets, and a natural maturation of the industry (IFSB: 2017, DIB: 2017a). Islamic finance is developing predominantly in Muslim-majority countries, most importantly in Malaysia, GCC, and Iran. Experts predict a slowdown in the growth of the industry, a decrease in profitability, and potentially a decline in the quality of assets. Slower growth is expected in maturing markets such as the GCC and Malaysia, while growth is hoped to accelerate in some non-core, newer markets such as Europe, Russia, the CIS, and Africa, as well as in Iran, which will be opening to the global economy thanks to the recent lifting of sanctions.

The study was published by K4D which is a UKaid-funded program consortium led by the Institute of Development Studies.

Islamic Finance and Development Financial Institutions (DFIs)

Katarzyna Sidło

External Publication, September 2017

Development financial institutions (DFIs), eager to mobilize private sector financing for their activities, seem to increasingly look towards Islamic investors, although currently it is almost exclusively the Islamic Development Bank Group (IsDB) that is active in this realm. The IsDB Group attracts sharia-compliant institutions and high net worth individuals through issuing sukuk ("Islamic bonds" or financial certificates) and other sharia-compliant products and offers competitive returns such as murabaha. The investments of the IsDB Group are mostly

in credit financing (equity participation was made use of in one-fifth of the projects), with over one-fourth of funds directed towards infrastructure projects. DFIs' interest in Islamic finance, while gaining strength, is still rather limited, with the World Bank Group, the European Bank for Reconstruction and Development (EBRD), the African Development Bank (AfDB), and the Asian Development Bank (ADB) among the few actively working towards attracting sharia-compliant investors, for example, by virtue of issuing sukuk. Many DFIs have entered into partnerships with the IsDB Group.

The study was published by K4D which is a UKaid-funded program consortium led by the Institute of Development Studies.

How Not to Get Stuck in the Middle: Lessons for the Commonwealth of Independent States from Central and Eastern Europe

Jakub Zowczak, Kamil Pruchink

CASE Working Paper No. 6, September 2017

The aim of this paper is to analyze how different models of transformation in Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS) increased or decreased the risk of being stuck in the middle-income trap (MIT). The key finding is that the CEE and CIS countries are, from a definition point of view, not materially at risk of the MIT as out of nine selected MIT definitions, none of the CEE or CIS countries were "stuck" more than three times. At the same time, the CEE countries are more at risk of falling into the MIT than the CIS countries; however, this is because the CIS is a poorer region and is not near the lower MIT thresholds. The study fills a gap in the literature on the MIT which has thoroughly analyzed the Asian and Latin American countries but has provided little analysis of the CEE and CIS countries.

This working paper was a part of the CASE 25th Anniversary Papers series which features papers from the CASE 25th Anniversary Conference "The Future of Europe".

For more details see CASE Communications pp. 73-75

Identity and the Evolution of Institutions: Evidence from Partition and Interwar Poland

Christopher A. Hartwell

External Publication, October 2017

This paper advances a logical, if possibly controversial, thesis: institutional design is inherently a product of identity, at both the individual and group level. Building on recent advances in identity economics and new institutional economics, this research shows how identity can be used to explain institutional genesis and the persistence of "inefficient" institutions. Applying this model to Poland in the nineteenth and early twentieth centuries, it is evident that the identity-based institutional building which had served individuals so well under occupation in

Poland resulted in “inefficient” institutions, unsuited for the changing external environment. Only taking an identity lens to the Polish experience can we see a satisfactory explanation for the failure of institutions in interwar Poland.

The paper was published in the Forum for Social Economics.

Domestic Cycles, Financial Cycles, and Policies. What Has Gone Wrong?

Daniel Daianu

CASE Working Paper No. 5, November 2017

This paper focuses on economic cycles and policies in an international (European) context. Attention is paid to linkages between domestic cycles and the European financial cycle, drivers of financial cycles, finance deregulation and systemic risks, ultra-low interest rates, the international policy regime, and global stability. The experience of European emerging economies is taken into account.

This working paper was a part of the CASE 25th Anniversary Papers series which features papers from the CASE 25th Anniversary Conference “The Future of Europe”.

For more details see CASE Communications pp. 73-75

The Relevance of Financial and Economic Factors for Determining Banking Risk across Europe

Renata Karkowska

CASE Working Paper No. 7, November 2017

The goal of this study is to identify empirically how country-level development, taking into account the financial and macroeconomic environment, affect the risk profiles of the banking sector in Europe. Through a dataset that covers 3,399 European banks spanning the period 1996-2011, and the methodology of panel regression, the empirical findings document the heterogeneity of banking risk determinants. It examines the implications of bank leverage that manifest itself as spreading and growing instability.

This working paper was a part of the CASE 25th Anniversary Papers series which features papers from the CASE 25th Anniversary Conference “The Future of Europe”.

For more details see CASE Communications pp. 73-75

The Future Development of EU Exports in a Global Context

Robert Stehrer, Roman Stöllinger, Sandra Leitner

CASE Working Paper No. 8, November 2017

Global trade patterns are changing rapidly. Emerging economies are increasing their share of exports overall and intensifying competition in nearly all sectors. Using a gravity-based

approach, this report examines the future profile of European Union (EU) world market shares at the aggregate and sectoral level. It further points towards the changing patterns of trade within the EU. Based on the results, some conclusions on EU industrial policy are drawn.

This working paper was a part of the CASE 25th Anniversary Papers series which features papers from the CASE 25th Anniversary Conference "The Future of Europe".

For more details see CASE Communications pp. 73-75

Serbia's cooperation with China, the European Union, Russia, and the United States of America

Christopher A. Hartwell, Katarzyna Sidło

External Publication, December 2017

This study examines Serbia's foreign policies towards the European Union (EU), the United States (US), Russia, and China, in particular examining the influence of each power with regard to foreign aid, trade, investment, and security. Our analysis shows that each partner of Serbia has their own specific interest and comparative advantage in the country, with the EU focusing primarily on rule of law, aid, and increasing investment, the US on security, Russia on energy and foreign policy support, and China on infrastructure and markets.

The paper was requested by the European Parliament's Committee on Foreign Affairs and Delegation to the EU - Serbia Stabilisation and Association Parliamentary Committee

Stabilization Policies and Structural Developments: Poland and the Crises of 1929 and 2008

Zbigniew Polański

CASE Working Paper No. 9, December 2017

This paper contrasts the impact of the 1929 and 2008 world crises on the Polish economy. Her much better performance during the recent crisis can be explained by two groups of factors: first, by very different stabilization policies and second, by distinct structural developments (resulting both from authorities' structural policies and spontaneous processes). It is emphasized that several factors responsible for Poland's superior performance during the 2008 crisis also contributed to her economic success vis-à-vis other European Union countries.

This working paper was a part of the CASE 25th Anniversary Papers series which features papers from the CASE 25th Anniversary Conference "The Future of Europe".

For more details see CASE Communications pp. 73-75

Fiscal Policy

Projects

Study on Measuring Tax Evasion of Individuals (ongoing)

The EU has taken important steps to fight tax evasion by wealthy individuals. As stressed by the Action Plan against tax evasion (European Parliament, 2012), the automatic sharing of information between financial institutions in host countries and fiscal authorities in the European taxpayer's home jurisdiction is a key tool to promote tax compliance. The key objective of the study is to produce estimates of: (a) unreported assets held by individuals in tax havens and (b) corresponding tax evasion on foregone personal income tax and capital income tax.

Experts: Grzegorz Poniatowski
Project funding: Directorate-General Taxation and Customs Union (DG TAXUD)
Consortium leader and Project leader: Economisti Associati srl
Project partners: Centre for European Policy Studies (CEPS), EUROPE Ltd, wedoIT – solutions GmbH, ECOPA

Study on the evaluation of invoicing rules of Directive 2006/112/EC (ongoing)

The legal basis for the Evaluation is found in Article 237 of Directive 2006/112/EC, which requires the Commission to present an overall assessment report on the impact of invoicing rules to the European Parliament and the Council, based on an independent economic study. Thus, the objectives of the Study done by CASE and its consortium of partners are to: (1) measure the decrease of the administrative burdens for businesses generated by the different provisions of the Directive and identify the remaining burdensome provisions; (2) assess the degree to which the new rules introduced by the Directive have concretely contributed to the uptake of e-invoicing, based on a detailed review of e-invoicing patterns along several dimensions, and to identify any possible remaining barriers to e-invoicing and the e-storage of invoices; (3) assess the role played by the Directive to support EU Member States' efforts to tackle VAT fraud and improve tax compliance; and (4) formulate evidence-based and prioritized recommendations aimed at further harmonizing and simplifying the invoicing rules and having them reflecting technological advances.

Experts: Grzegorz Poniatowski, Katarzyna Mirecka
Project funding: Directorate-General Taxation and Customs Union (DG TAXUD)
Project leader: Economisti Associati srl
Project Partners: Centre for European Policy Studies (CEPS), EUROPE Ltd, wedoIT – solutions GmbH, ECOPA

FIRSTRUN - Fiscal Rules and Strategies under Externalities and Uncertainties

The FIRSTRUN project advanced the theoretical and practical debates on the effective mechanisms of fiscal policy coordination. It analyzed the very reason why fiscal policy coordination may be needed in the first place—namely, cross-country externalities (spillovers) related to national fiscal policies. Specifically, it identified different types of spillover effects, investigates how they work in the EU and in the EMU, and analyzed whether they work in the same fashion under different states of the economy and over the short and the long run. The project described different forms that fiscal policy coordination can take in practice, for example, ex-ante coordination and risk sharing, and provides a critical assessment of the mechanisms already put in place. Also, the FIRSTRUN project provided new tools for fiscal policy design by incorporating the new EU fiscal rules regarding, for example, government debt and deficit, into applied models for fiscal policy evaluation. The tools can be used to support decision makers in the implementation of the enhanced EU economic governance.

Experts: Grzegorz Poniatowski
Sponsor: European Commission: DG RTD
Leader of the consortium: ETLA - The Research Institute of the Finnish Economy (Finland)
Partners: IHS - Institute for Advanced Studies (Austria), LSE - London School of Economics (GB), LUISS University (Italy), IER (Slovakia), CEPS - Centre for European Policy Studies (Belgium), NIESR - National Institute of Economic and Social Research (GB)

For more details see Highlights p. 19

Study and Reports on the VAT Gap in the EU-28 Member States

The aim of the VAT Gap study, commissioned to CASE by the European Commission, was to quantify the VAT Gap and to better understand trends in the EU in the field of VAT collection. CASE has so far published five reports on the VAT Gap in the EU-28 Member States. The results can help to better understand the trends in the EU in the field of VAT collection, to address policy measures to improve VAT compliance and enforcement, and the figures can serve as a yardstick to monitor progress in this area. The project was the continuation of the "Study to quantify and analyze the VAT gap in the EU-27 Member States" implemented by CASE as a part of the consortium led by CPB Netherlands Bureau for Economic Policy Analysis in 2013 and further.

Experts: Misha V. Belkindas, Mikhail Bonch-Osmolovskiy, Grzegorz Poniatowski
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Partners: IHS, Institute for Advanced Studies

For more details see Highlights p. 26

Study on Council Directive 2011/64/EU on the structure and rates of excise duty applied to manufactured tobacco

The main purpose of this study was to feed the necessary information into the Impact Assessment, allowing legislators to make an informed decision. As Directive 2011/64/EU was included in the REFIT program, the overall objective of the Impact Assessment is to identify possibilities for simplification and the reduction of administrative burdens and costs while achieving a higher degree of compliance. Within that scope, the purpose of the study was to help the Commission services in assessing if and why they should act and how these objectives could and should be achieved.

Experts: Grzegorz Poniatowski
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Consortium & project leader: Economisti Associati srl
Project partners: Centre for European Policy Studies (CEPS), EUROPE Ltd, wedoIT – solutions GmbH, ECOPA

Evaluation study on the application of the provisions of the Council Directive 95/60/EC of 27 November 1995 on fiscal marking of gas oil and kerosene

This study contributed to the retrospective evaluation of the functioning of Directive 95/60/EC on the fiscal marking of gas oil and kerosene. The analysis covered the implementation, the application, and the effectiveness of the provisions of Directive 95/60/EC from the time it became applicable. In doing so, it included a detailed quantitative and qualitative assessment of the actual problems with the application of the Directive, shortcomings and their broader consequences/impacts, as well as a brief identification of possible solutions in order to obtain technical and scientific support and provided the Commission with the considerations and inputs necessary to assess the impacts and any possible problems of the current arrangements.

Experts: Grzegorz Poniatowski
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Consortium & project leader: Economisti Associati srl
Project partners: Centre for European Policy Studies (CEPS), EUROPE Ltd, wedoIT – solutions GmbH, ECOPA

Reform of rules on EU VAT rates

As stated in its "Action Plan for VAT," by 2017, the Commission aimed to outline the key principles and design features for a simple, efficient, and fraud-proof VAT regime based on the country-of-destination principle. As part of the preparation for these policy proposals, the Commission requested that we investigate the impact of such "enhanced flexibility" on the proper functioning of the internal market in a multi-jurisdictional context, the distortions that may arise, the risk of tax competition, and the simplicity and efficiency of the VAT system (in

individual jurisdictions and intra-EU). This impact assessment was to be conducted mainly on the basis of a case study analysis of the current instances where there was scope for distortion in the location of sales and tax revenues.

Experts: Christopher Hartwell, Grzegorz Poniatowski
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Project leader: PwC – PricewaterhouseCoopers
Project partner: IEB – Institute of Economics, Barcelona

Best practices in reducing tax gaps in V4 countries – mutual learning and lessons for Ukraine

The aim of this project was to help improve tax collection in V4 countries and Ukraine through the support and coordination of mutual learning activities between these countries. The project envisaged the following elements: peer country papers, peer review meeting, discussions in closed groups of country experts, and a final report summarizing the key messages. The results of the project supported the reduction of particularly visible tax non-compliance in V4 countries and Ukraine.

Experts: Jan Teresiński, Krzysztof Głowacki
Sponsor: International Visegrad Fund
Partners: CASE Ukraine, EUROPEUM Institute for European Policy, Institute for Economic and Social Reforms INEKO, Kopint-Tárki Institute for Economic Research

Literature review on taxation, entrepreneurship, and the collaborative economy of rules on EU VAT rates

Taking into account: (a) the importance of promoting a business environment supportive of entrepreneurs and innovation; (b) the vast amount of research on the question of tax and entrepreneurship and its sometimes-divergent findings; and (c) the existence of several, still open tax-related questions raised by the growing importance of the collaborative economy, the research provided a comprehensive and up-to-date literature review. The review was divided into two parts: a comprehensive review on the extensive literature on taxation and entrepreneurship and a survey of the existing literature on taxation and the collaborative economy.

Experts: Izabela Styczyńska, Grzegorz Poniatowski, Krzysztof Głowacki, Karolina Beaumont, Jan Teresiński, Iakov Frizis
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Project leader: Dondena
Partners: IHS - Institute for Advanced Studies, Vienna (consortium leader), IEB, PwC

For more details, see CASE Highlights p. 25

Mid-term evaluation of the Hercule III Programme

The Hercule programme is the sole instrument which is specifically dedicated to protect the financial interests of the EU by supporting the fight against fraud to the detriment of the EU budget. In this respect, the protection of the financial interests of the EU (PFI) covers a wide range of actions aiming to prevent fraud both on the expenditure side and revenue side of the budget (mainly customs duty). The requested service consisted of performing an independent mid-term evaluation of the Hercule III Programme. The assignment therefore covered the key questions of an interim evaluation; in addition, policy recommendations to improve the quality of the Hercule III Programme were presented on request from the Client.

Experts: Grzegorz Poniatowski, Paul Lirette, Katarzyna Mirecka
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Project leader: Centre for European Policy Studies (CEPS)
Partners: Economisti Associati, wedoIT – solutions GmbH

Study contributing to an Impact Assessment on Council Directive 2008/118/EC concerning the general arrangements for excise duty

The main purpose of this study was to provide the necessary information about the potential impacts of various policy options at stake, allowing legislators to take an informed decision. The overall objective of the Impact Assessment was to identify possibilities for simplification, for the reduction of fraud and of administrative burdens and costs while achieving a higher degree of compliance. Within that scope, the purpose of the study was to help the Commission services in assessing if and why they should act and how these objectives could and should be achieved. The Commission also needs to verify if the best option is a legislative proposal at the EU level and to which extent a solution could be achieved by administrative cooperation or other non-legislative measures.

Experts: Christopher Hartwell, Grzegorz Poniatowski, Iakov Frizis, Katarzyna Sidło, Paul Lirette
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Consortium leader: Economisti Associati srl
Project partners: Economisti Associati, Centre for European Policy Studies (CEPS), wedoIT – solutions GmbH

Effectiveness of tax incentives for venture capital and business angels to foster the investment of SMEs and start-ups

The study analyzed how tax incentives for venture capital and business angels can foster investment into SMEs and start-ups. The main objectives of the study were to provide a mapping and analysis of the design, functioning, and impact of the tax incentives promoting investment into young and growing innovative companies in the EU and beyond; to benchmark the tax schemes of all EU Member States and eight additional countries; and to

arrive at a number of good practices in the identified design features which should serve as a basis for an exchange of knowledge between Member States.

Experts: Balazs Laki, Bartosz Radzikowski, Jakov Frizis, Jan Teresiński, Krzysztof Głowacki
Sponsor: Directorate-General Taxation and Customs Union (DG TAXUD)
Project leader: PwC – PricewaterhouseCoopers LLP, London

Events

150th mBank – CASE Seminar I More for Less: What Tax System for Poland?

June 22nd, 2017

Speakers:
Professor Stanisław Gomułka
Dr. Jarosław Neneman
Dr. hab. Michał Myck



150th mBank – CASE Seminar

The goal of the seminar was to initiate a discussion on the subject of a tax system for Poland, presenting a framework within which the current system should be analyzed and conclusions drawn about what changes are needed over the longer term. The first speaker was Professor Stanisław Gomułka, Chief Economist of the Business Centre Club, with a presentation titled *The tax system in the light of the challenges facing the Polish economy over the next 20 years*. He was followed by Jarosław Neneman, an Assistant Professor at Łazarski University, who presented the basic parameters for a planned academic research project on how to use the Polish tax system effectively. The third speaker, Michał Myck, Director and Board Member of CenEA (the Center for Economic Analysis) described the optimal characteristics of a tax system according to theory and the results of scholarly research, which of course also relates to the Polish tax system.

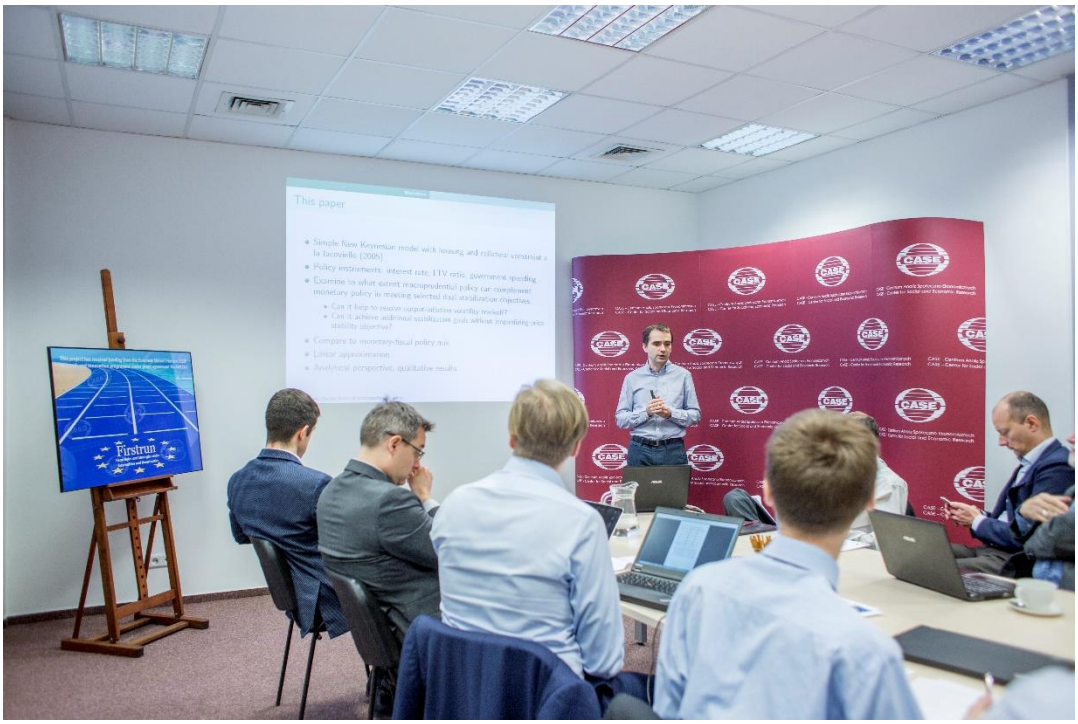
58 attendees
530 people watched the live broadcast
126 watched the rebroadcast

Read mBank – CASE Seminar Proceedings No. 150/2017

FIRSTRUN Workshop at CASE: Assessing the effectiveness of the enhanced EU economic governance

March 24th, 2017

CASE hosted the FIRSTRUN Workshop on Fiscal Adjustment and Stabilization Policies in the EU.



CASE FIRSTRUN Workshops March 2017

The FIRSTRUN project was an EU-funded multinational research project that investigated the need for fiscal policy coordination in the EU. The project started in March 2015 and ended in March 2018. There were eight members of the consortium: CASE, CEPS (Belgium), ETLA (Finland), IER SAS (Slovakia), IHS (Austria), LSE (UK), LUISS (Italy), NIESR (UK). The consortium conducted research aimed at advancing the theoretical and practical debates on the effective mechanisms of fiscal policy coordination.

During the workshop in Warsaw, members of the consortium presented the findings of their research papers which examined the importance of fiscal policy spillovers and the gains from fiscal policy coordination in the EU.

For more details, see CASE Highlights p. 19

Publications

Fiscal rules and other rule-based mechanisms in practice: introduction to case studies of four Member States

CASE authors: Grzegorz Poniatowski, Krzysztof Głowacki
External publication, April 2017

The national case studies in this document provide a detailed examination of fiscal and other rules in four EU Member States: Italy, Poland, Slovakia, and the UK. The study analyzes the fiscal rules that Poland has used to keep its fiscal policy disciplined and coordinated within the EU. This report is divided into six sections. The first two set the stage for the analysis by listing the national fiscal rules in Poland, recounting their evolution, and presenting their institutional setup. The next two sections provide an account of the compliance and commitment to national and EU fiscal rules from the side of the Polish policy-makers. The fifth section is an assessment of the effectiveness of the fiscal rules, and the sixth section concludes the paper. The publication is within the EU-funded project FIRSTRUN – Fiscal Rules and Strategies under Externalities and Uncertainties.

How the European Commission and European countries fight VAT fraud

Tomasz Michalik, Tomasz Kassel, Kamil Olczykowski, Piotr Laskowski
mBank-CASE Seminar Proceedings No. 147, June 2017

The VAT gap, both on the EU-scale and that of particular Member States (though not all of them) appeals to the imagination and awakens many extreme emotions. It is difficult to accept that its level is so significant and that it has narrowed quite insignificantly in recent years despite attempts to limit it. In popular understanding, this gap is quite often identified exclusively with the consequences of fraud, but it has many more component elements, many of which have nothing to do with abuse. Still, this doesn't change the face that it is precisely fraud and abuse that constitute a particularly significant element of the VAT Gap.

Mutual Learning for Reducing Tax Gaps in V4 Countries and Ukraine: Final Report

Iakov Frizis, Krzysztof Głowacki
CASE Report No. 490, August 2017

Tax gaps, or the differences between tax amounts that are due by the taxpayers and the amounts that are actually collected by the state, remain a challenge for many European Union

(EU) Member States, including for the V4 countries. Tax gaps also present a formidable challenge for Ukraine, which is currently reforming many aspects of its financial and legal systems. To help increase awareness about tax compliance and exchange knowledge on the state-of-the-art methods used to combat tax gaps, the project Mutual Learning for Reducing Tax Gaps in V4 Countries and Ukraine has been implemented. The paper is a summary of the exchange of knowledge and experience that took place in the course of the project co-financed by the Visegrad Fund in the years 2016-2017.

Mutual Learning for Reducing Tax Gaps in V4 Countries and Ukraine | Peer Country Paper: Poland

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Iakov Frizis, Krzysztof Głowacki, Katarzyna Mirecka
CASE Report No. 491, August 2017

The paper summarizes knowledge on tax gaps in Poland with respect to PIT, CIT, VAT, and excise. An introduction to the Polish tax system is given, trends in tax collectability, and estimates of the tax gaps are discussed, and methods of combating tax evasion and avoidance are reviewed. The paper has been written as part of the project “Mutual Learning for Reducing Tax Gaps in V4 Countries and Ukraine” co-financed by the Visegrad Fund in the years 2016-2017.

More for less: What tax system for Poland?

Stanisław Gomułka, Jarosław Neneman, Michał Myck
mBank-CASE Seminar Proceedings No. 150, October 2017

What are the challenges facing Poland’s economy and tax system over the next 20 years? What does the optimal tax system mean? Do we have high taxes in Poland? The goal of the publication is to initiate a discussion on the subject of a tax system for Poland, presenting a framework within which the current system should be analyzed and conclusions drawn about what changes are needed over the longer term. Professor Stanisław Gomułka, Chief Economist of the Business Centre Club, analyzes the challenges facing Poland’s economy and tax system over the next 20 years. Jarosław Neneman, Assistant Professor at Łazarski University, presents the basic parameters for a planned academic research project on how to use the Polish tax system effectively. Michał Myck, Director and Board Member of CenEA (the Center for Economic Analysis) describes the optimal characteristics of a tax system according to theory and the results of scholarly research, which of course also relates to the Polish tax system.

Study and Reports on the VAT Gap in the EU-28 Member States: 2017 Final Report

Grzegorz Poniatowski, Mikhail Bonch-Osmolovskiy, Misha Belkindas
CASE Report No. 492, October 2017

CASE prepared a study for the European Commission on the VAT Gap in the EU in 2015. The figures offer an important snapshot of the problems of collecting VAT in the EU and what needs to be done to improve revenues and fight tax fraud. During 2015, the overall VAT that should have been collected in EU Member States grew by about 4.2%, while collected VAT revenues rose by 5.8%. The VAT Gap measured in this study includes for the first time revenues emerging from new VAT rules for cross-border sales of e-services which came into force on January 1, 2015, following a Commission proposal.

Literature review on taxation, entrepreneurship, and the collaborative economy

Grzegorz Poniatowski, Iakov Frizis, Krzysztof Głowacki, Izabela Styczyńska, Karolina Beaumont
CASE External Publication, December 2017

The goal of this study is to provide a comprehensive and updated review of the theoretical and empirical economic literature on tax and entrepreneurship, taking also into account a number of open, tax-related questions raised by the changing nature of entrepreneurship, symbolized by the growing importance of the collaborative economy. Case studies complement the literature review by exemplifying the key relationships between entrepreneurship, the collaborative economy, and the tax system. Based on the literature review and the case studies, the report develops a framework of analysis that highlights the main tax policy options to support entrepreneurship in the traditional and the collaborative economy.

For more details, see CASE Highlights p. 25

Demography, Labor and Social Policy

Projects

Establishing a European Network on long-term care and cost-effectiveness and dependency prevention (ongoing)

The overall objective of the Network is to support the long-term care policy-making process across the EU by identifying evidence about key strategies for reducing the need for care and for improving the efficiency with which care systems meet needs of users and carers. A key overarching objective of the Network will be to maximize inter-country long-term care policy learning between EU countries. In order to meet this overall objective, the proposed Network will assess, synthesize, and present in a "policy-friendly" way evidence about: (a) risk factors leading to long-term care demand and (b) possible policy interventions leading to reductions in the emergence of long-term care need. The Network will concentrate on the area of disability in general, but will exclude disabilities from birth and mental health problems. In practice, the analysis will therefore concentrate on older people with long-term care needs and their carers.

Experts: Agnieszka Sowa, Daina Calite-Bordane, Petko Salchev
Sponsor: DG Employment, EC
Leader of the consortium: LSE

SHIFT - Strengthen Higher Education through Innovative Financial Tools (ongoing)

Strengthen Higher Education through Innovative Financial Tools (SHIFT) recognizes the need for the more intelligent spending of higher education (HE) funds and seeks to develop new mechanisms to empower students to afford HE. The project develops and validates (via financial stress testing) an innovative funding model based on the concept of an endowment fund that pools private and public money. Taking into consideration the diversity of the HE system across Europe, SHIFT aims to ultimately develop a mechanism that would combine the private sector management of the funds to generate profit with the public sector mission to ensure the proper allocation of the proceeds for public policy objectives while flexibly adapting to the various EU HE environments. To this end, SHIFT will extrapolate the virtuous elements of successful national student financing models (such as the UK's) and embed them to the developed mechanism.

Experts: Izabela Styczyńska, Klaudia Wolniewicz-Slomka, Agnieszka Paczyńska
Sponsor: Erasmus +
Project partners: Aston University (United Kingdom), Swansea University (United Kingdom), University Of Durham (United Kingdom), Ente per il Diritto allo Studio Universitario dell'Università Cattolica – EDUCatt (Italy), CASE-Centrum Analiz Spoleczno – Ekonomicznych

(Poland), Institut de haute formation aux Politiques Communautaires (France), IDP Sas di Giancarlo Costantino (Italian development partners), (Italy)

Open up your future career (ongoing)

The project encourages young people to learn basic tools of project management and shows them successful research practices. Within the project, we introduce young people to the research and project management activities in non-governmental organization (NGO) sector and allow them to gain necessary skills and competences, which they can later on use in the professional job market. The objectives of the activities are, among others, to promote the social inclusion of youth by their involvement in a wide range of projects and to facilitate dialogue between young people and potential employers on European level.

Project funding: The Open up your future career project received from Erasmus+ EVS Volunteer Activities
Project coordinator: CASE
Project partners: Associacio Xarxa INCA Catalunya (Spain), CARPE DIEM udruga za poticanje i razvoj kreativnih i socijalnih potencijala djece, mladih i odraslih (Croatia)

ENCON - Enhancing CSOs Contribution to Evidence-Based Policy Making for Vulnerable Groups

The main objective of the project was to enhance Belarussian civil society organizations' (CSOs') capacities in conceptualizing and introducing projects aiming at supporting vulnerable groups. It was achieved through strengthening the capacity of CSOs to participate in and contribute to policy dialogue and accountability processes at local and national levels, providing CSOs with methodology and case studies from other countries, and promoting new innovative experiences and trends in social service delivery. The project targeted three vulnerable groups: i) families at risk, ii) children and youth with disabilities and their families, and iii) prisoners. Preselected Belorussian CSOs were involved in vulnerable group support; other CSOs and local authorities were indirectly involved through communication policy and dissemination events. In this project, CASE was involved in research concerning children and youth with disabilities.

Experts: Katarzyna Mirecka, Klaudia Wolniewicz-Slomka, Sierz Naūrodski
Partners: Institute of Economic Research of Slovak Academy of Sciences (Slovakia), The Faculty of Economics and Administration of Masaryk University (Czech Republic), ACT (Belarus).
Sponsors: International Visegrad Fund, The Ministry of Foreign Affairs of the Kingdom of the Netherlands

Women's Empowerment in the Mediterranean Region

The project was focused on the countries of the EU Southern Neighbourhood and some other countries comprised by the ARLEM network: Egypt, Turkey, Algeria, Morocco, Tunisia, Israel, Jordan, Lebanon, Mauritania, the Palestinian Authority, Albania, and Bosnia and Herzegovina. Women's empowerment is one of the ARLEM's priorities as the challenges faced by the southern Mediterranean region nowadays, such as unemployment, extremism, terrorism, and social exclusion have a great impact on women and children. The overall objective of this contract was to present and analyze the gender equality state of play in the above-mentioned South Mediterranean EU partner countries.

Experts: Christopher A. Hartwell, Iakov Frizis, Karolina Beaumont, Katarzyna Sidło
Sponsor: European Committee of the Regions, EC
Leader of the consortium: LSE

MOPACT – Mobilizing the Potential of Active Ageing in Europe

MOPACT was framed on the basis of a conviction that Europe requires a new paradigm of aging if it is to respond adequately to these challenges in the context of open-ended longevity. The mission of MOPACT was to concentrate the highest possible quality of scientific analyses into the development of innovative policies and approaches that can assist public authorities and other key actors at all levels in Europe to make longevity an asset for social and economic development, as has been spelled out by the EC Commissioners for Research and Social affairs. CASE contributed to several Work Packages: WP3 "Extending working lives," WP4 "Pension systems, savings and financial education," WP5 "Health and well-being," and WP9 "Enhancing Active Citizenship."

Experts: Agnieszka Sowa-Kofta, Anna Ruzik-Siedzińska, Elena Jarocińska, Izabela Styczyńska, Stanisława Golinowska
Sponsor: DG Research and Innovation (FP7) – European Commission
Partners: Europaisches Zentrum Fur Wohlfahrtspolitik Und Sozialforschung (EUROPEAN CENTRE), Centre For European Policy Studies (CEPS), Stichting Katholieke Universiteit Brabant Universiteit Van Tilburg (TILBURG UNIVERSITY), Ministerie Van Economische Zaken, Landbouw En Innovatie (CPB), Collegio Carlo Alberto - Centro Di Ricerca E Alta Formazione (CCA), Elinkeinoelaemaen Tutkimuslaitoksen Kannatusyhdistys R.Y. (ETLA), University Of Kent (UNIKENT), National Institute Of Economic Andsocial Research Lbg (NIESR), Istituto Nazionale Di Riposo E Cura Per Anziani (INRCA), Kopint-Tarki Konjunkturakutato Intezet Zrt (KOPINT-TARKI), Age Platform Europe Aisbl (AGE), Instituto De Ciencias Sociais Da Universidade De Lisboa (ICS-UL), Universita Degli Studi Di Napoli Federico II (UNINA), Ruhr-Universitaet Bochum (RUB), Julius-Maximilians Universitaet Wuerzburg (UWUERZ), Universitetet I Oslo (UiO), Cranfield University (CranU), Universita Degli Studi Di Salerno (UNISA), Magyar Tudomanyos Akademia Tarsadalomtudomanyi Kutatokozpont (IS RCSS HAS), Westfalische Hochschule Gelsenkirchen, Bocholt, Recklinhausen (IAT), Stichting Vu-Vumc (Vumc), Universitaet Innsbruck (UIBK), Technische Universitaet Braunschweig (TUBS), University Of

Southampton (Southampton), Forschungsgesellschaft für Gerontologie e.V. / Institut für Gerontologie an der TU Dortmund (TUB/IFG), Sihtasutus Poliitikauuringute Keskus PRAXIS (PRAXIS), Institutul National De Cercetare Stiintifica In Domeniul Muncii Si Protectiei Sociale (INCSMPS).

For more details, see CASE Highlights p. 23

Brain drain/ brain gain: Polish-German challenges and perspectives – Focus on the gender aspects of labour migration from 1989

The study analyzed the nature and manifestation of labor migration flows between Poland and Germany in three periods of time: 1989-2004, 2004-2011 and 2011-2015, which represent three periods of major geopolitical, economic, and social changes (the fall of the Soviet Union, the Polish EU accession, and the global economic crisis). It also tackles the subjects of brain drain, brain gain, and brain loss, and their effects on the economy and—notably—human capital and the labor market of Germany and Poland in recent years. On the background of the above-mentioned topics, the study will specifically analyze the stakes related to the subject of female labor migration and female brain drain (gender inequalities, discrimination, skills mismatch, and the gender issues experienced by female labor migrants in the workplace and in the society of the receiving country). This focus on female brain drain is a relatively undiscovered topic which implies specific analysis. The study was accompanied by a seminar bringing together both partners of the project and relevant stakeholders (young researchers, students, policy-makers, and university professors, among others). The event consisted of a presentation of the study's findings followed by a roundtable discussion among the participants and the authors of the study. The seminar was broadcasted through the partner's websites and through the universities of Warsaw and Freiburg. The study and the seminar were widely disseminated and promoted for the effective and universal access to information.

Experts: Izabela Styczyńska, Karolina Beaumont, Paul Lirette
Sponsors: Stiftung für deutsch-polnische Zusammenarbeit, Deutsch-Polnische Wissenschaftsstiftung
Partner: Centre for European Policy

149th mBank – CASE Seminar | The Influence of Economic Migration on the Polish Economy

April 20th, 2017

Speakers:
Dr. hab. Joanna Tyrowicz
Dr. hab. Paweł Kaczmarczyk



Dr. hab. Joanna Tyrowicz during the 149th mBank-CASE Seminar

Our panelists came to the conclusion that, first of all, the inflow of immigrants to Poland is on an ever-increasing scale. Secondly, the significance of foreign workers is growing substantially. And this continues to be true of certain sectors (agriculture, construction, domestic services), and the number of sectors is growing steadily (foodservice, trade). Thirdly, we observe distinct signals of a "spillover" of migration both in terms of sectors and geographically. Fourthly, the majority of these processes result from a) the functioning of the simplified procedure and b) the high mobility of Ukrainian citizens. Joanna Tyrowicz is a Professor of Economics at University of Warsaw and founder of FAME|GRAPE. Paweł Kaczmarczyk is a Director of the Centre of Migration Research at the University of Warsaw and an Assistant Professor at the Faculty of Economic Sciences, University of Warsaw, IZA fellow, and SOPEMI correspondent for Poland at the OECD.

45 attendees
483 watched the live broadcast, 71 watched the rebroadcast

Read mBank – CASE Seminar Proceedings No. 149/2017

152nd mBank-CASE Seminar | The Polish and French Labor Markets and the "Posted Workers"

October 12th, 2017

Speakers:
Krzysztof Starzec
Jacek Męcina

France is a particular example, especially in terms of high labor costs, which arises because social security there is financed more than in other places by burdens on the cost of labor.

Additionally, complicated regulations make the labor market inflexible, hindering adjustments. This exacerbates the problem of structural unemployment and provokes protectionist reactions. As a result, the European rules on access to labor markets (including the use of posted workers) become an internal political problem. We discussed the above with Krzysztof Starzec, Lecturer from Université Paris 1 Panthéon, Sorbonne and ENSAE (the National School of Statistics and Administration) and Jacek Męcina, Lecturer from the University of Warsaw and Adviser to the Board of the Lewiatan employers' confederation.



Jacek Męcina during the mBank-CASE Seminar

49 attendees
427 watched the broadcast

Publications

Social harmonization in the eyes of Polish stakeholders – in search of consensus

Izabela Styczyńska, Karolina Beaumont, Katarzyna Mirecka

CASE Report No. 484, March 2017

Aspects of labor mobility and discrepancies in social benefits schemes in Member States became an urgent matter to address. The revision of the Posting of Workers Directive, the European Pillar of Social Rights, and the European Mobility Package were aimed at introducing more harmonization within the EU countries. However, the EU propositions faced a strong resistance from some groups of stakeholders and Member States. Moreover, the debate has been evolving quickly given recent events such as the economic and migration crises and Brexit. CASE held a forum with various Polish stakeholders, where CASE experts gathered views on the future of the social situation in the EU. They are all summarized in this Policy Brief. The main policy recommendations emphasize that the proposed legislation is important for Poland; however, it requires more debate, as under its current form, certain policies might be harmful for many EU Member States.

This policy brief was prepared within the research project entitled "SocialBoost – effective measures of social harmonization as a boost for employability in times of demographic changes," which received funding under the Nordic Council of Ministers' Programme for NGOs in the Baltic Sea Region.

Pension reform in Belarus in the shadow of Social Europe: vulnerability issues of people aged 50+ and points for improvement

Sierž Naūrodski

CASE Report No. 485, March 2017

The policy brief presents a review of the potential effects of parametric pension reform in Belarus starting in 2017 for the population aged 50 and more in terms of unemployment, alcohol consumption, and poverty. It concludes that, despite the fact that raising the retirement age to address demographic challenges is overdue in Belarus, it may have a negative impact on the quality of life of people close to retirement age as well as a poorer GDP effect within the current conditions of the labor market in Belarus. The paper presented a set of public policy improvement directions in Belarus, which could help in mitigating the vulnerability of the group 50+ during the pension reform.

This policy brief was prepared within the research project entitled "SocialBoost – effective measures of social harmonization as a boost for employability in times of demographic

changes," which received funding under the Nordic Council of Ministers' Programme for NGOs in the Baltic Sea Region.

Female Brain Drain in Poland and Germany: New Perspectives for Research

Izabela Styczyńska, Karolina Beaumont, Matthias Dauner, Matthias Kullas, Paul Lirette
CASE Report No. 486, March 2017

This report provides an analysis of the issues related to female brain drain between Poland and Germany in the years 1989-2015: female and male migration patterns during specific time periods, the challenges of female migration, the emigration of highly-skilled individuals in Poland and Germany, as well as the issues regarding brain drain from a gender perspective. The aim of this report is to gather all available information on female brain drain and its impact on labor markets, gender equality, female migration, and human capital, while noting the gaps in data and policy-making. A further objective of this report is to highlight the issues that are important for policy-making, as well as to propose adequate policy recommendations. The report aims to provide a current and comprehensive analysis of female brain drain in Poland and in Germany—two neighboring countries with complex histories of population migration—as well as an analysis of the economic and societal consequences of this phenomenon for both countries.

The publication was prepared within the project "Brain drain/brain gain: Polish-German challenges and perspectives - Focus on the gender aspects of labour migration from 1989" with financial support from the Polish-German Foundation for Science and the Foundation for Polish-German Cooperation.

Social harmonization and labor market performance in Europe

Katarzyna Mirecka, Izabela Styczyńska
CASE Report No. 487, April 2017

The paper aims to assess the impact of selected elements of social harmonization on labor market performance in the European Union among two groups of workers: the total working population and the elderly. The aim is to examine whether upward changes in labor taxes affect employment, unemployment, and inactivity rates in the European Union. The descriptive empirical evidence shows that the level of labor taxation varies significantly across European countries and the introduced changes might affect national markets differently. The Arellano-Bond dynamic panel data regression shows that an increase in the tax wedge, as an element of a social harmonization process, has a very weak impact on labor market performance in the European Union. The impact is statistically significant and negative only for the elderly (i.e. the population aged 50+). Empirical analysis suggests that upward social convergence might negatively affect the employment of the most disfavored groups in the labor market, such as the elderly. It suggests that social harmonization focused on reducing

the tax wedge would have favorable effects on labor market performance, especially among the most disadvantaged groups.

The report was prepared within the research project entitled "SocialBoost – effective measures of social harmonization as a boost for employability in times of demographic changes," which received funding under the Nordic Council of Ministers' Programme for NGOs in the Baltic Sea Region.

Quality and cost-effectiveness in long-term care and dependency prevention: the Polish policy landscape

Stanisława Golinowska, Agnieszka Sowa-Kofta

CASE Report No. 489, July 2017

With the population aging, the development of sustainable long-term care institutions is of great importance in many European countries. In Poland, the currently dominant traditional and family-based care will become insufficient with the increasing cohorts of older people. The presented paper discusses recent developments in long-term care policy in the country. Long-term care institutions are separated in the two sectors, with little field for cooperation and coordination of activities. Over the past years, policies addressing aging-related problems were developed, focusing on active aging instruments. Dependency prevention and active aging are among the goals of the national policies formulated separately in the health and social sector. Information policy and the monitoring of long-term care service provision remains insufficient. The coordination of activities mainly takes place at the local level. Local governments and non-governmental organizations, often cooperating with representatives of older people, are active in providing services to older people in the community and are often incorporating innovative solutions in care.

Women's Empowerment in the Mediterranean Region

Katarzyna Sidło, Iakov Frizis, Olimpia Dragouni, Anna Ruzik-Sierdzińska, Karolina Beaumont, Givi Gigitashvili, Anne Christin Winkler, Christopher A. Hartwell

External Publication, August 2017

The aim of this report is to provide information on the state of play of gender equality in chosen countries in the Mediterranean Region (Egypt, Turkey, Algeria, Morocco, Tunisia, Israel, Jordan, Lebanon, Mauritania, the Palestinian Authority Albania, and Bosnia and Herzegovina). The analysis and recommendation prepared in the study served for the purpose of drafting a report for the Union for the Mediterranean Ministerial Meeting on Strengthening the Role of Women in Society by the Euro-Mediterranean Regional and Local Assembly (ARLEM).

The report was commissioned by the Committee of the Regions.

The Influence of Economic Migration on the Polish Economy

Joanna Tyrowicz, Agata Górny, Paweł Kaczmarczyk

mBank – CASE Seminar Proceedings No. 149, November 2017

In the ongoing public debate on economic migration to Poland, emotional statements, or those without any basis in data, often have the upper hand. But in order to speak rationally about Poland as a destination country for immigrants, it is necessary to fully understand the conditions and, in particular, the weaknesses of the Polish labor market. It is also worth becoming aware of the scale of the processes being discussed. In the 149th mBank-CASE Seminar Proceedings, Joanna Tyrowicz analyzes whether immigration could be a significant labor market driver in Poland. Paweł Kaczmarczyk and Agata Górny discuss the structural consequences of the inflow of Ukrainian workers to the Polish labor market.

Innovation, Energy and Climate

Projects

Dynamic CGE model for analysis of energy policy

In the coming decades, the energy sector in Poland will undergo substantial transition towards low carbon usage which will have a preponderant impact on the economy. Several modernization scenarios for energy policy are currently being discussed and are not yet concluded. The main objective of this project was to provide a new insight into the economics of this modernization agenda by creating a tailored modelling tool for energy policy impact assessment. The project aimed at: (a) providing the identification and assessment of the direct and indirect effects resulting from the implementation of three main alternative scenarios of the modernization of the energy sector on the Polish economy within the two coming decades (until 2035). These scenarios assume, in different proportions, the increasing use of nuclear energy, renewable sources, and natural gas in exchange for the reduction of carbon, and (b) developing a specific analytical tool—a dynamic Computable General Equilibrium (CGE) model—dedicated to the country-wide analysis of energy policy. The model simulated the economic effects of sector regulations and new policy targets within each scenario, by accounting for the complex set of linkages between the energy sector and other parts of the economy.

Experts: Grzegorz Poniatowski, Jan Teresiński, Maciej Sobolewski
Sponsor: Narodowe Centrum Nauki (NCN)
Partners: University of Warsaw

Events

How Can Poland Effectively Fund Energy-Efficient Buildings? New Sources of Modernisation Support

Warsaw, November 21st, 2017

On November 21, CASE together with Sandbag, a climate change policy think tank based in Brussels and London, and the Institute of Environmental Economics, a non-governmental organization implementing projects related to environmental protection, climate policy, and energy efficiency, organized an expert event "How Can Poland Effectively Fund Energy-Efficient Buildings? New Sources of Modernisation Support."

The seminar included a discussion of alternative methods of financing for investments in the thermo-modernization of Polish homes and the boost this could provide to the Polish economy, especially in small and medium enterprises (SME).



November 2017, CASE & Sandbag conference on energy efficient buildings

Air pollution has become a major problem in Polish cities, and investment in energy efficient buildings —especially in detached houses—is an important part of the solution to this issue. Better insulated homes would not only reduce fuel use and energy bills but also improve air quality. Previous support programs, which focused on public and commercial developments or multi-family houses, failed to address the key residential energy efficiency issues that lead to air quality problems in Poland.

The aim of this event was to share best practice in financing modernization in Europe and to discuss which practices could be successfully transferred to Poland. Polish and international speakers presented new financing opportunities for 2021-2030 available in the EU, paying attention to the following topics:

- EuroPACE: a funding scheme for energy-saving home appliances, based on the PACE program in the United States,
- Opportunities for investments in energy efficiency originating in the EU Emissions Trading System low-carbon funding mechanisms, and
- Introducing carbon trading to the non-ETS sectors (construction sector) to finance energy efficiency.

Speakers:

Andrzej Guła, President of the Institute of Environmental Economics, Poland
Marcin Błach, Ministry of Infrastructure and Construction, Housing Department, Poland
Łukasz Tekeli, Marshal Office of the Silesian Voivodeship, Poland
Marian Mraz, Senior Economist, CASE - Center for Social and Economic Research, Poland/Slovakia
Kristina Klimovich, PACE Financing Adviser, GNE FINANCE, Spain
Aleksander Śniegocki, Project Manager Energy & Climate, WiseEuropa, Poland
Phil MacDonald, Head of Communications, Sandbag, UK

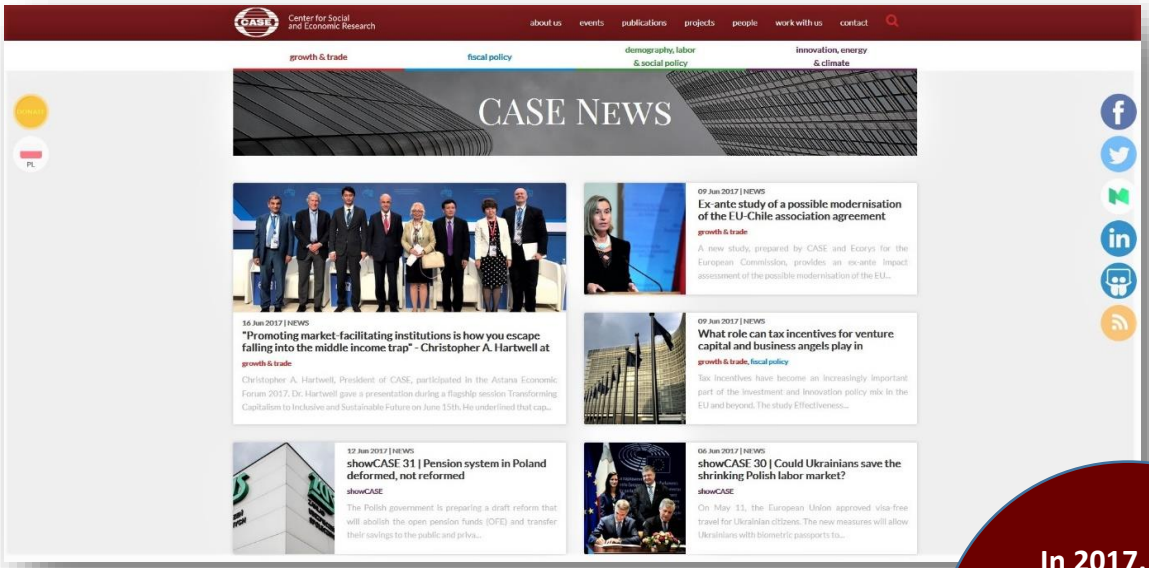
CASE Communications

Communications

CASE communication strategy aims at providing the audience with broad and objective analysis which encourages and stimulates socio-economic dialogue.

Using different communication channels, we inform the general public about CASE initiatives, projects, events, and publications. CASE's communication strategy is based on an integrated approach; it involves a wide variety of information measures: media relations, events, web communication, social media, and publications. Through these channels, CASE connects to its target audience of academics, policy-makers, members of the international business community, and the media.

Website



In 2017, each month more than 2.000 users visited our website

CASE's website is the main mode of communicating information about

our mission, upcoming events and activities,

recently completed projects, and latest publications.

Media

In 2017, the presence of CASE-affiliated experts in international media, such as **The Economist, The Financial Times, Politico, Forbes, Russia Direct, Wiener Zeitung,** and **the International Economy Magazine**, among others, has significantly increased. CASE experts have also been interviewed by the Polish media, including **Rzeczpospolita, Dziennik Gazeta Prawna, Puls Biznesu, Onet Biznes, TVN,** and **Radio TOK FM**.

Moreover, CASE maintained regular cooperation with the Polish Press Agency (PAP Biznes), which releases monthly updates of the Online CASE CPI.

CASE has also furthermore developed cooperation with **Emerging Europe**, an online portal devoted to economic and business developments in post-communist Europe. This cooperation has resulted in numerous editorials from CASE analysts.

Examples of media appearances in 2017:

Ukrainian immigrants are powering Poland's economy | The Economist
Poland's populist govt brings hope to struggling rural areas I AP
Die polnische Flüchtlingslüge I Wiener Zeitung
Ukrainian State Interference Deters Potential International Investors I Business Ukraine
Europe at Odds over OPAL and Nord Stream 2 | Emerging Europe
Oszustwa w VAT dotykają całej Unii Europejskiej | Rzeczpospolita
Inwestycja PKN Orlen w górnictwo nie ma uzasadnienia | Biznes Alert

Social media

In 2017, CASE has significantly enlarged its outreach and influence on public opinion through social media.

CASE's **Twitter** profile is followed by more than **600** people. We have broadened and engaged our audience by tweeting the results of our research and our economic forecasts, as well as information about our events. Our tweets have been retweeted by researchers and journalists.

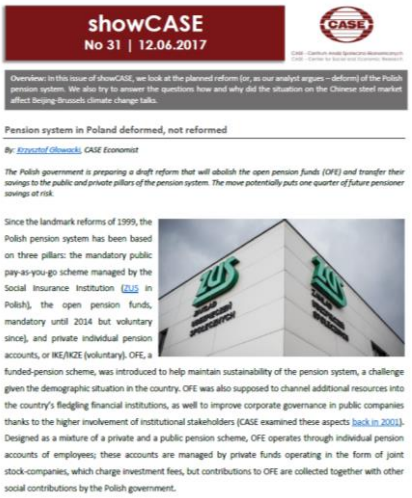
Our **Facebook** account continues to growth—CASE is now followed by more than 3,000 fans. In 2017, CASE's account gained more than **230** new followers.

CASE's LinkedIn account is regularly updated with the CASE news, publications, and weekly showCASE articles. In 2017, we gained more than 100 new followers. We also share our publications, presentations, and briefs on the popular online sharing service SlideShare.

Outreach

In 2017, showCASE was released on a weekly basis.

The main goal of showCASE is to tackle recent events and decode their implications for Poland and the region. To contextualize this analysis, the showCASE "At a Glance" dashboard provides regularly updated diagnostics for a number of regional economies. showCASE was sent each week to our Newsletter lists and reached more than 5,000 recipients. It was also promoted on our social media.


showCASE
No 31 | 12.06.2017

Overview: In this issue of showCASE, we look at the planned reform (or, as our analyst argues – deform) of the Polish pension system. We also try to answer the questions how and why did the situation on the Chinese steel market affect Beijing-Brussels climate change talks.

Pension system in Poland deformed, not reformed

By: Krzysztof Olkowski, CASE Economist

The Polish government is preparing a draft reform that will abolish the open pension funds (OFE) and transfer their savings to the public and private pillars of the pension system. The move potentially puts one quarter of future pensioner savings at risk.

Since the landmark reforms of 1999, the Polish pension system has been based on three pillars: the mandatory public pay-as-you-go scheme managed by the Social Insurance Institution (ZUS in Polish), the open pension funds, mandatory until 2014 but voluntary since), and private individual pension accounts, or IKE/IKZE (voluntary). OFE, a funded-pension scheme, was introduced to help maintain sustainability of the pension system, a challenge given the demographic situation in the country. OFE was also supposed to channel additional resources into the country's fledgling financial institutions, as well to improve corporate governance in public companies thanks to the higher involvement of institutional stakeholders (CASE examined these aspects back in 2001). Designed as a mixture of a private and a public pension scheme, OFE operates through individual pension accounts of employees; these accounts are managed by private funds operating in the form of joint stock-companies, which charge investment fees, but contributions to OFE are collected together with other social contributions by the Polish government.

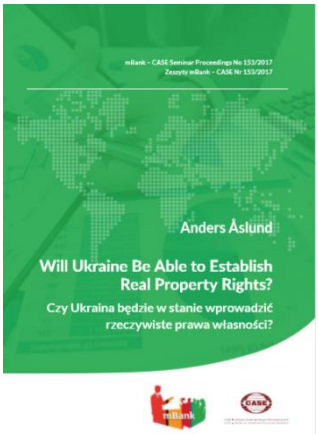
Our Medium blog is also regularly updated with the articles from showCASE.

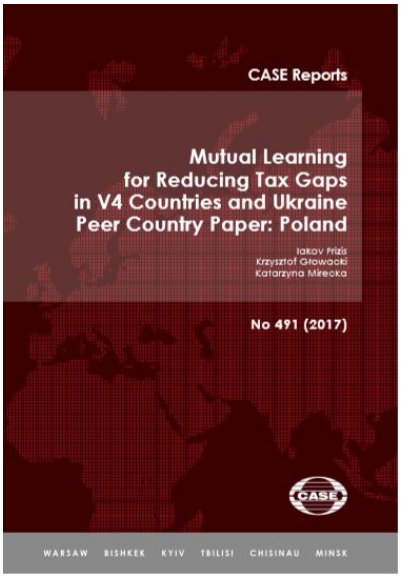
CASE provides its audiences with updates on its institutional activities by disseminating a newsletter and events newsletters, and by publishing reports and analyses. Altogether, our newsletters reach more than 7,000 recipients globally, and present the latest information on new publications, recent and forthcoming events, and information on CASE research and advisory project activities.

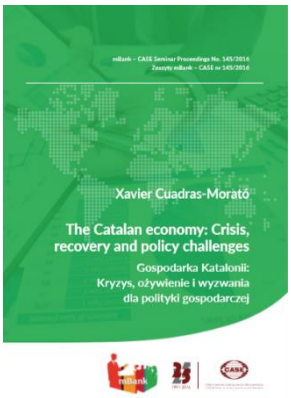
Our publications are not only accessible through our website but can be also found at various **academic search engines** like: the Social Science Research Network (SSRN), the Research Papers in Economics (RePEc), EBSCO, ProQuest, and Thomson Reuters. We also actively use

our social media channels, and the channels of our Networks, to promote our research and make it accessible to readers from all over the world.

In 2017 we published **20 CASE-branded publications**: CASE Reports, CASE Working Papers, and mBank-CASE Seminar Proceeding series.

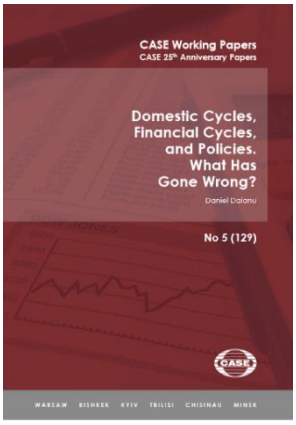






On the occasion of its 25th anniversary, CASE, in partnership with the NBP – Narodowy Bank Polski (National Bank of Poland), published a series of Working Papers:

Daniel Daianu, "Domestic Cycles, Financial Cycles, and Policies. What Has Gone Wrong?" CASE Working Paper no. 5 (129)

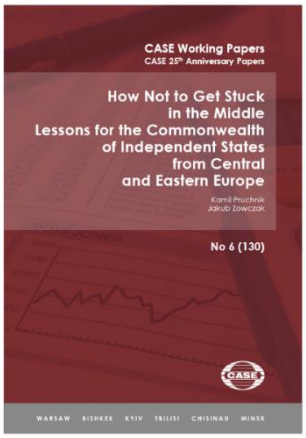


The financial crisis and its ensuing effects have brought back into the limelight the issue of cycles and of the policies which fuel or mitigate crises. Cognitive and operational models in economics and business are questioned. There is a specter of much lower economic growth in the industrialized world. Central banks are over-burdened. This makes central bankers' lives much more complicated and obfuscates the boundaries between monetary policy and fiscal policy, especially when financial stability gets to center stage. New systemic risks show up in capital markets. The Eurozone has escaped collapse owing to the European Central Bank's extraordinary operations and large macro-imbalance corrections in its periphery, but major threats persist. This paper focuses on economic cycles and policies in an international (European) context. Attention is paid to linkages between domestic cycles and the European financial cycle, drivers of financial cycles, finance deregulation and systemic risks, ultra-low interest rates, the international policy

regime, and global stability. The experience of European emerging economies is taken into account.

Read the publication online

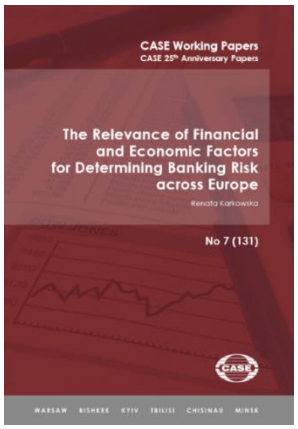
Kamil Pruchnik, Jakub Zowczak, "How Not to Get Stuck in the Middle: Lessons for the Commonwealth of Independent States from Central and Eastern Europe," CASE Working Paper No. 6 (130)



The aim of this paper is to analyze how different models of transformation in Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS) increased or decreased the risk of being stuck in the middle-income trap (MIT). The key finding is that the CEE and CIS countries are, from a definition point of view, not materially at risk of the MIT as out of nine selected MIT definitions, none of the CEE or CIS countries were "stuck" more than three times. At the same time, the CEE countries are more at risk of falling into the MIT than the CIS countries; however, this is because the CIS is a poorer region and is not near the lower MIT thresholds. The CEE countries had a better start at the beginning of the transformation and on average implemented a better set of transformation models; however, some CEE countries are now struggling to permanently join the advanced countries and CIS countries are, on average, far behind that. The literature review on transformation models and the analysis of the "jumps" in the World Bank ranking classification suggest that while the MIT is not a concern for CEE or CIS countries, in order to speed up convergence, CIS countries might consider more shocks and consistently following free market related approaches. The study fills a gap in the literature on the MIT which has thoroughly analyzed the Asian and Latin American countries but has provided little analysis of the CEE and CIS countries.

Read the publication online

Renata Karkowska, "The Relevance of Financial and Economic Factors for Determining Banking Risk across Europe," CASE Working Paper No. 7 (131)

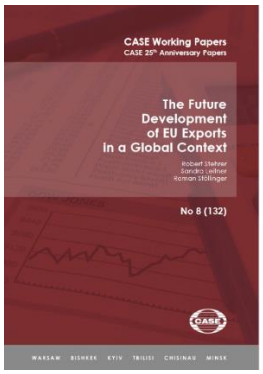


The goal of this study is to identify empirically how country-level development, taking into account the financial and macroeconomic environment, affect the risk profiles of the banking sector in Europe. Through a dataset that covers 3,399 European banks spanning the period 1996-2011, and the methodology of panel regression, the empirical findings document the heterogeneity of banking risk determinants. The author examines the implications of bank leverage that manifest itself as spreading and growing instability. The study contributes to and combines the different strands of literature and understanding of the importance of the links between the variables. It also contributes to the literature by focusing on a group of countries from Central and Eastern Europe and the Commonwealth of Independent States that have not been studied

before. The extended model provides a causal link between risk in the banking sector and the growth of the financial market and macroeconomy. The author applies four measures of country-level development that are available in previous studies: share of foreign ownership in the banking sector; the financial freedom index; the real growth rate; and stock market capitalization. Using these measures, the author obtains different results which highlight the fact that the effect of macroeconomic and financial development on banking sector risk-taking is ambiguous.

Read the publication online

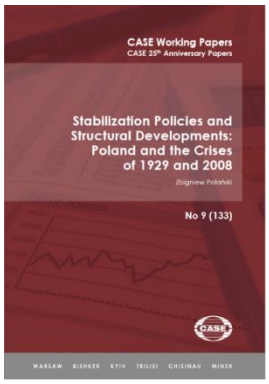
Robert Stehrer, Roman Stöllinger, Sandra Leitner, "The Future Development of EU Exports in a Global Context," CASE Working Paper No. 8 (132)



Global trade patterns are changing rapidly for various reasons. Emerging economies are increasing their share of gross domestic product (GDP) in the world economy and therefore also their share in world total exports, thus leading to an intensification of trade relations across the globe which might further lead to changes in patterns of specialization across world regions and countries. Further, due to the rising importance of global value chains, trade volumes are increasing as products are shipped across borders several times. This global trade integration might further intensify competition in higher value-added activities where European industries have traditionally had a comparative advantage. Using a gravity-based approach, this report examines the future profile of European Union (EU) world market shares at the aggregate and sectoral level. It further points towards the changing patterns of trade within the EU. Based on the results, some conclusions on EU industrial policy are drawn.

Read the publication online

Zbigniew Polański, "Stabilization Policies and Structural Developments: Poland and the Crises of 1929 and 2008," CASE Working Paper No. 9 (133)



This paper contrasts the impact of the 1929 and 2008 world crises on the Polish economy. Its much better performance during the recent crisis can be explained by two groups of factors: first, by very different stabilization policies and second, by distinct structural developments (resulting both from authorities' structural policies and spontaneous processes). It is emphasized that several factors responsible for Poland's superior performance during the 2008 crisis also contributed to her economic success vis-à-vis other European Union countries.

Read the publication online

Events

CASE events are organized each year in order to enhance the debate on key socio-economic issues. They help to promote CASE research projects and are a good means of cooperation with our network partners. We focus on promoting the understanding of economic policy questions upon a broad audience. In 2017, CASE hosted a set of conferences, seminars, and roundtable talks. We also continued to organize, along with the mBank foundation, broadly attended seminars concentrated mostly on Polish economic policy issues.

For more details, see pp. 19—22, 33-34, 49, 59-60, 67

In 2017, CASE's experts participated in more than 10 seminars and conferences on trade and fiscal policy in, for example, Japan, the UK, Belgium, and Poland. Below are examples of our experts' presence at various events:

"Institutional Systems and Quality of Life:" Professor Leszek Balcerowicz's Anniversary Conference

On January 26, the conference "Institutional Systems and Quality of Life" was organized to celebrate the 70th birthday of Professor Leszek Balcerowicz, a member of the CASE Supervisory Council and founder of FOR—Forum Obywatelskiego Rozwoju. The conference, co-organized by Forum Obywatelskiego Rozwoju, the Association of Polish Economists, CASE - Center for Social and Economic Research, and the Warsaw School of Economics, was structured around the themes of Professor Balcerowicz's research interests, including institutional systems, economic growth and quality of life, the rule of law, liberal rights, and transition economies.



Christopher A. Hartwell at Leszek Balcerowicz's Anniversary Conference in Warsaw

After a brief introduction by Dr. Andrzej Rzońca (President of the Association of Polish Economists) and Professor Marek Rocki from the Warsaw School of Economics, the guest of honor gave an opening speech on the topic theme. Panel discussions followed, including a

panel on institutions and growth, where George Selgin, Director of the Cato Institute's Center for Monetary and Financial Alternatives and Stanisław Gomułka, Chief Economist of the Business Centre Club, discussed the relationship between institutions and systematic economic growth. Another panel, featuring Włodzimierz Cimoszewicz, former Prime Minister of Poland, and Jerzy Stępień, former President of the Polish Constitutional Tribunal, was devoted to the significance of the rule of law for economic freedom. Dr. Christopher A. Hartwell, President of CASE, participated in the third panel "Good and Bad Transitions," together with Dalibor Rohac from the American Enterprise Institute and Zoltán Kész, a member of the Hungarian Parliament. Dr. Hartwell discussed the Polish and Ukrainian transformations and economic divergence between the two countries.

The NBP's seminar on January 18th, 2017



Christopher A. Hartwell was a speaker at the National Bank of Poland's seminar series. Dr. Hartwell presented his paper "The "Hierarchy of Institutions" Reconsidered: Monetary Policy and its Effect on the Rule of Law in Interwar Poland."

This paper has examined the role of monetary policy in undermining the rule of law in interwar Poland. Using a newly compiled dataset of historical statistics and drawing on brand new data on political institutions, it has shown that the unchecked growth of money in the Second Republic had a direct and demonstrable effect in eroding the rule of law. This result was robust to several alternate specifications and variables, correcting for the properties of the data and the different regimes that Polish monetary policy passed through between the two World Wars. In short, the massive growth in the supply of money during the Second Republic's early years, coupled with later bursts of inflation, directly resulted in the degradation of the rule of law, whether expressed as executive constraints or access to the political system. This research opens the door for a whole new avenue of exploration in economics, namely tying the development of macroeconomic indicators to institutional development instead of assuming institutions as either a given (a result of historical accidents) or as unilaterally affecting economic outcomes. Most importantly, this work has shown the importance of applying a much longer lens to macroeconomics, noting that every institution is in some way shaped by macroeconomic priors, even as they are shaping macroeconomic futures. Finally, the lessons from this examination should be clear in a world of quantitative easing and unconventional monetary policy, of zero interest rates and asset buybacks: monetary profligacy is another challenge to the rule of law, and without monetary rectitude (even in an atmosphere of fiscal austerity), the chance of erosion of the rule of law is much higher.

Christopher A. Hartwell discussed innovation for think tanks during the Global Think Tank Summit 2017 in Yokohama, Japan



Over 140 policy-makers and researchers from more than 90 organizations in over 40 countries came together to discuss ***Achieving Balanced Growth in Asia and the World for Sustainable Development: The Role of Think Tanks*** at the **Global Think Tank Summit 2017** in Yokohama, Japan, May 1-3, 2017. Combined with the Asian Development Bank's (ADB) Annual Meetings, attendees discussed a broad range of subjects, such as challenges to globalization, inclusive economic growth, poverty and inequality, and think tanks and civil society in the age of populism. CASE was an active participant in the planning of the Summit and was represented by President Christopher A. Hartwell during the event in Yokohama. Dr. Hartwell chaired a session titled, "**Innovation for Think Tanks,**" with speakers Aaron Shull from the Centre for International Governance Innovation (CIGI), Debra Eisenman from the Asia Society Policy Institute, and Hui Yao Wang from the Center for China and Globalization (CCG). Global Think Tank Summit 2017 website

Dr. Katarzyna Sidło at the EuroMeSCo Youth Forum: New approach to working with families of radicalized youth



On May 31, CASE's political economist **Dr. Katarzyna W. Sidło** participated in the first EuroMeSCo Youth Forum on "Youth to Youth: How to Tackle Radicalisation of Young People." Dr. Sidło presented her research "**Beyond signposting. New approach to working with families of radicalized youth."** The first EuroMeSCo Forum was held in the framework of the EuroMeSCo Annual Conference "Confronting Violent Extremism in the Euro-Mediterranean" in Barcelona. Bringing together young researchers from EuroMeSCo think tanks, policy-makers, and practitioners, the aim of the Forum was to exchange views on research strands and the initiatives taken to counter youth radicalization in the countries from the Euro-Mediterranean region. In her presentation, Dr. Sidło discussed the Families for Life counselling service, offering advice and support to relatives and friends of young people affected by radicalization.

Christopher A. Hartwell at the European Financial Congress: "Economic policy uncertainty may be a harbinger of institutional change"



Dr. Christopher A. Hartwell, President of CASE, participated in the 7th European Financial Congress in Sopot and Gdańsk, June 5-7, 2017. The topic of this year's Congress was *Capital, Taxes and International Solidarity in the 21st century*. Dr. Hartwell took part in the academic debate "Geopolitical Uncertainty and Financial Markets" on June 6**.** According to Dr. Hartwell, the debate about uncertainty often neglects an important point: economic policy uncertainty may be a harbinger of institutional change. Institutions are the rules of the game, and policy uncertainty may mean the rules (or the game) is changing.

Read Christopher Hartwell's presentation "The Measurement and Impact of Uncertainty"

2017 Vision Europe Summit in Turin "Winners and Losers of Globalization"



The Vision Europe Summit 2017 took place on November 14th and 15th in Turin, Italy. The Summit tackled the all-encompassing question of the winners and losers of globalization. During the summit, policy briefs on the social, economic, and governance aspects of globalization were presented. The innovative suggestions and policy proposals made in the policy briefs were discussed with stakeholders from politics, business, civil society, and academia in view of their possible implementation.

For more details, see CASE Highlights p. 22

The Astana Economic Forum 2017

Christopher A. Hartwell, President of CASE, participated in the **Astana Economic Forum** 2017. Dr. Hartwell gave a presentation during the flagship session "**Transforming Capitalism to Inclusive and Sustainable Future**" on June 15th. He underlined that capitalism is meritocratic. On June 16th, Dr. Hartwell participated in two sessions discussing the middle-income trap: "Middle Income Trap: New Phenomenon or Part of the Standard Growth Model" and "Middle Income Trap. Country Experience."



Christopher A. Hartwell at the Astana Economic Forum

According to President of CASE, the Middle-Income Trap has highlighted the challenges economies face as they move up the growth ladder. However, what's laying the trap are the same obstacles faced at all levels of development: politics, limits of capital accumulation, need for human capital and technology. Promoting market-facilitating institutions is a way to escape falling into the middle-income trap. The case if Poland is a proof that institutional reform is the key for sustainability of growth. Without property rights and executive constraints, growth is always under threat from politics.

CASE in Brussels for the Kick-Off Meeting of SHIFT, an Erasmus+ Project

CASE was in Brussels on November 27th and 28th for the Kick-Off Meeting of Strengthen Higher-education through Innovative Financial Tools (SHIFT), a Project co-founded by the Erasmus Plus Programme of the European Commission, Key Action 2, Strategic Partnerships for Higher Education. SHIFT is implemented by a Consortium of seven partners from four European countries (the United Kingdom, Belgium, Italy, and Poland). SHIFT will develop and validate an innovative financial model to support Higher Education students in Europe.

"Brexit and the View from Poland: A Tale of Many Tales"



On November 15, 2017, Dr. Christopher A. Hartwell, President of CASE, participated in an international seminar organized by the University of Bath Institute for Policy Research, United Kingdom, where he discussed Poland's view on Brexit and the country's unique perspective on the European Union. "A massive disruption in Britain is likely to have ripple effects in Central and Eastern Europe. If Eurozone integration continues at a faster speed without British roadblocks, Poland can remain on the outside of EU policy-making, which could hit Polish growth prospects," said Dr. Hartwell in his speech.

Financing of CASE activities

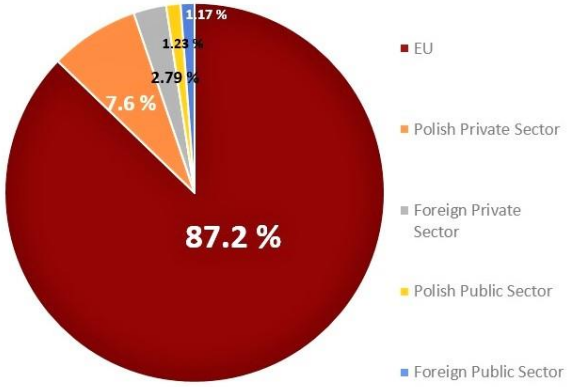
Sources of Financing

Breakdown of total revenue	PLN	EUR
1. Revenue from statutory activity	3,861,548.69	925,831.04
1.1. Project-based funding	3,861,548.69	925,831.04
1.2. Institutional support	0.00	0.00
2. Other operating revenue	84,527.18	20,265.21
3. Financial revenue	109,146.21	26,168.50

Exchange rates based on NBP rates 1 EUR=4.1709 PLN (30 Dec 2017)

CASE financing 2017	PLN	EUR
1. Net revenue from statutory activities	797,849.66	191,289.57
2. Financial and other operating revenues	193,667.39	46,433.00
3. General and administrative expenses	1,269,134.22	304,283.06
4. Financial and other operational expenses	20,396.23	4,890.13
5. Net result	288,553.20	69,182.48

As in previous years, CASE's statutory activity in 2017 was solely based on project activities (both non-profit and for-profit). Funds were obtained from the following sources (as a percentage of total project revenues for 2017):



In 2017, the European Union continued to provide the greatest portion of CASE's revenue. Its share represented 87.2% of project funding. Funding coming from the Polish private sector amounted to 7.6%, and the foreign private sector provided 2.79% of CASE's revenue. The Polish public sector provided 1.23% of revenue, and funding from the foreign public sector amounted to 1.17%.

Changes in the value of the endowment in 2017	PLN	EUR
1. Stocks at the beginning of 2017	3,154,142.39	756,225.85
2. Interest and profits from the endowment in 2017	100,140.65	24,009.36