The Collective Action of Think Tanks as a Driver for Reforms: The Case of the Russian Analytical Community

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The article suggests that in Russia, despite the difficult political and operational environment, the economic think tank (TT) community could play a critical role in building up consensus for selecting the new country's developmental model. This conclusion is based on the analysis of the current state of Russia's TT sector and the identification of factors that account for its robustness and viability. This article argues that the ability of Russia's TTs to act collectively has been a key factor for the sector's sustainability. Furthermore it explores how this collective action emerged and has been sustained. The view is held that, in the case of Russian think tanks, the developmental logic is comparable to that of the formation of business associations in developing countries. The article relies on the results of two surveys of Russian think tanks. Russia's case study illustrates a broader conclusion that the self-organization of independent economic analysts yields broader public benefits by reducing the costs of consensus building.

Key words: think tanks, business associations, collective action, Russian economy, economic policy analysis, independent expertise.

JEL Classification: H41, L84.

1. Introduction

There is a broad consensus in academic literature that many Eastern European think tanks (TTs) made a significant impact on the pace of market transformations in their countries in the 1990s (e.g., Krastev, 2000b). The development and sustainability of a liberal economic consensus in support of continued market reforms is often regarded as their major achievement during that period. This article argues that, amid the ongoing crisis, the economic TTs in Russia could play a similarly critical role in building a broad consensus regarding the new country's developmental model. The Russian TT community is mature enough and has sufficient technical capacity to support the continuation of necessary policy dialogue at a time when many alternative communication channels in society have either been blocked or have been completely deprived of public trust.

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Many external observers are surprised by the viable state of Russia's TT sector represented by organizations that conduct economic policy analysis. Despite various challenges in recent years, the TT sector continues its steady development and preserves its competitive structure and its leading representatives have retained their independence and do not hide their predominantly critical attitude to the economic policy pursued by the Russian government. The persistence of the essential elements of operational independence of the analytical community under Putin's political regime, which consistently restricted competition among ideas, is remarkable in itself. Moreover, the systematic criticism of the government's economic policy in the work of Russian TTs is combined with constructive cooperation with certain governmental entities while addressing particular economic problems.

Furthermore, Russia has established informal networks that unite the leading experts from think tanks and key decision makers within the government's economic block, some of whom spent part of their career over the past 20 years working in think tanks. The existence of such networks is a powerful factor of stability in the implementation of the Putin government's economic policy. These networks make it possible to mitigate the risk of catastrophic economic errors in a political environment of disregard for public opinion, political hysteria and international confrontation.

This article attempts to identify the main reasons for the robustness and viability of Russia's sector of economic TTs. Our analysis focuses on several factors, both internal and external, which have so far enhanced the sector's sustainability. The ability of the sector's players to develop effective collective action mechanisms has been emphasized. In this respect, the article highlights the activities of the Association of Russian Economic Think Tanks (ARETT) as the key professional organization in this sector. We also review the role played by the USAID Strengthening Economic Think Tanks Program (SETT) in support of the Russian TTs in the period 1999-2009. In our view, this program, aimed at institutionalizing the sector in the period following the 1998 crisis, had an important long-term impact on the formation of the sector's structure in its present-day form.

The empirical part of the study relies on the results of two surveys of think tank managers conducted jointly by the National Research University Higher School of Economics (NRU HSE) and ARETT in 2012-13 and 2015.

It is worth noting that our attention is not focused on the entire Russian market for economic policy analysis, but first and foremost on independent TTs specializing mainly in policy studies rather than on consultancy services of various forms. For this reason, our analysis did not include the activities of consulting firms and governmental analytical centers. Moreover, our study focuses on TTs that employ modern methods of economic analysis and are therefore comparable to their foreign peers.

The article has the following structure: The next section offers the analytical framework for our further analysis. Section 3 makes a brief overview of think tank development in Eastern European countries as a basis for comparing the development trends in Russia's TT sector that have been identified in the main part of our study. Section 4 sums up the main trends in the development of the Russian economy.

1 We understand the concept of policy studies as the analysis of more fundamental and long-term issues of socioeconomic development, both at the national economy level and within individual economic sectors.
economic policy analysis sector since the launch of market reforms. Section 5 presents the most essential characteristics of ARETT, in particular, the experience of the association in implementing collective projects. It also discusses the contributions of the USAID SETT program to the development of ARETT and to the broader Russian TT sector. The concluding section presents the main findings.

2. Analytical Framework

This study was prompted by our interest in clarifying the institutional conditions that could support the sustainable development of the think tank industry in a weak institutional setting. We regard the sector of independent analytical organizations (think tanks) as an industry with the potential to render important public goods - their operations tend to improve the quality of public debate in core policy areas and provide for the timely reaching of a broad policy consensus in society. Thus, it is worth examining the conditions that strengthen the sector and the actions that the government and other public sector players could/should possibly take to create an environment that promotes its development.

We assume that in an imperfect institutional environment, the TT sector faces challenges similar to those that commonly hinder the growth of many emerging knowledge-intensive and quality-sensitive sectors in developing economies. To address those problems, some non-trivial level of cooperation among sector insiders and between industry and government representatives is usually required, especially with respect to the enforcement of product quality standards.

In particular, in our article, we apply the analytical framework proposed by Locke (2001) and Doner & Schneider (2000) to the analysis of trends within Russia's think tank sector. Locke's original study was conducted in the context of emerging collective action among producers in Southern Italy (mozzarella manufacturers) and Northeast Brazil (fruit exporters). Locke showed that in situations of rapid successful development of the new sector, sector insiders are likely to face strong competitive pressures from both newcomers and sector opportunists in their attempt to expand their market shares by making significant compromises with regard to quality. The deterioration of quality undermines confidence in the product and poses serious challenges to the viability of the local industry. Furthermore, Locke suggests that to address this challenge, sector insiders (initially represented by a small number of leading producers) have to cooperate, establish organizations to protect their collective interests, and develop effective enforcement mechanisms to control quality standards.

However, appropriate public sector actions are also needed to facilitate this process. While self-interested cooperation among a small number of players could trigger new institutional dynamics, the scope of such cooperation could be gradually broadened through targeted government interventions. In return for the provision of government support (granting a regional trademark, in the case of Southern Italy, or providing in-kind services from a local agency for technological improvement in agriculture, in the case of Northeast Brazil), membership in the original business organization would be opened up to everyone who is ready to comply with the established quality standards. In turn, broadening membership helps strengthen the institutional capacity of the sector's organization. The specific

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2 Locke's argument is based on the classical work by Ostrom (1990).
government intervention in the cases described by Locke accelerated trust-building among market players and opened up wider opportunities for their fruitful collective actions, thus resulting in the generation of public or quasi-public goods in the industries in question.

Locke's study compliments the analyses of Doner and Schneider (2000) and Cohen and Rogers (1992) carried out to identify the specific characteristics of business associations that may improve their productivity in terms of generating public or quasi-public goods instead of simply lobbying for group interests. Such associations' specific features include leadership accountability, inclusive group membership, and cooperative modes of interaction with other groups. In addition, efficient business associations should have sufficient institutional capacity. This capacity relies on the broad coverage of companies in the sector, the associations' ability to adequately promote the interests of their members and the availability of qualified and competent staff.

However, associations' institutional capacity is largely contingent on ensuring "selective incentives" for membership and participation in their work. As a rule, associations can provide such incentives to companies operating in their sectors if they have been granted certain powers by the government. In other words, the government can use an instrument of selective incentives to shape the evolution of business associations in a desirable direction. "Selective incentives" raise the status of a particular association because they allow it to extend and diversify its membership base and motivate its members to actively engage in its work. Such "selective incentives" include giving the association members access (through the association) to commercial negotiations and the award of public procurement contracts, involvement in drafting new sectoral regulations and the development of sector-specific standards, as well as ensuring access to the personnel retraining system, technology transfer centers, among other resources. However, as we can see from the work by Locke (2001), an association's openness to new members - including small and medium companies - in principle keeps a new association from becoming a "closed club" that seeks rents from available "selective incentives."

Herein, we apply the same logic to the analysis of the actual development of the think tank industry in Russia. We specifically look at the emergence of collective organizations of Russian TTs and the role that external actors have played in consolidating and accelerating this process. However, prior to that, in the next section, the overall trends in the development of TTs in transition economies are summed up.

3. The Role of Think Tanks in the Post-Socialist Transition

Central and Eastern European countries that have undergone a transition from socialism to market economy at the end of the 20th century also experienced a remarkably fast (explosive) growth in the number of new independent think tanks. According to the estimate of Freedom House, by 1999, or merely ten years after the launching economic transformation, approximately 140 such organizations were operating in the region (Sandle, 2004). The core reasons for such a rapid increase in the TT numbers can be summarized as follows.

3 At the same time, Pyle and Solanko (2013), based on their analysis of Russian business associations, emphasize the importance of diversity of the association's membership base for producing a balanced strategy that takes into account the diverse interests of various groups of members.
The existence of an institutional niche in the area of economic policy advising during the period of market reforms: Traditional research centers in socialist countries were generally too academic and remote from practical needs. At the same time, in many countries the new political leaders were experiencing mistrust toward the heads of the existing research institutions that were part of the communist establishment (Krastev, 2000b).

The complexity of the challenges of the transitional period: In the course of market transformation, quite naturally the governments created a high demand for external expertise (Avramov, 2007). This demand was satisfied to a considerable degree by international aid programs set up to promote partnerships between Western and local experts. The institutionalization of such partnerships in the form of new national organizations followed rather quickly partly because the engagement of local experts had proven its efficiency in situations that required the localization of standard market recommendations.

Changes in the funding structure: The tightening of the traditional sources of budget financing stimulated the transfer of leading researchers from academia to new independent organizations that had access to considerable funding from international sources.

The differentiation of demands for policy advice in the context of emerging political and ideological differences: The formation of new interest groups and the increased political competition during the first period of reforms gave rise to new and specific demands for economic expertise related to the need to develop alternative policy solutions in accordance with the various political preferences of certain social groups.

An important feature of economic think tank formation in the region pertains to the high share of foreign funding in TT budgets\(^4\). Donors regarded the development of the national network of independent think tanks as a separate strategic objective. TTs were expected to improve the quality of debate on key economic policy issues and speed up achieving national consensus concerning the pace and direction of reforms. The longer-term goal was the enhancement of the reforms’ sustainability by importing the elements of the TT system from the Western (mainly American) institutional environment.

On the whole, a consensus has been arrived at in literature that many Eastern European think tanks had a significant impact on the pace of market transformations in their countries in the 1990s. The heads of leading TTs in a number of countries had ideological and personal affiliations with the prominent reformists in government. As a result, they had tremendous opportunities to influence key decisions, especially in the area of macroeconomic, monetary and fiscal matters. Nevertheless, it is assumed that the main achievement of think tanks in the region was the development and sustainability of a liberal economic consensus that helped to reduce the risk of market transformation despite the growing populism in the region during the first half of the 1990s (Krastev, 2000a). In 1993-1994, representatives of the former communist parties came to power in a number of countries (including Poland, Lithuania, and Bulgaria). Their programs contained a significant set of anti-market ideas. Under such circumstances, the staff of local think tanks was quite persistent and successful in its overt criticism of the proposed anti-market policy solutions. Ultimately, they succeeded in maintaining their influence on economic policy despite the unfavorable political environment. In the view of Mesežnikov (2007), Eastern

\(^4\) According to the estimate by the former head of the leading Polish center CASE, M. Dabrowski, the aggregate share of CASE’s funding from Polish sources (both public and private) practically never exceeded 20%.
European think tanks have become a core factor for the mass-scale emergence of civil society that allowed for maintaining pressure on the ruling elite groups to prevent the halt of market transformation. This paper argues below that Russian think tanks currently can play a similar critical role in building national consensus with regard to the selection of the country's new developmental model.

4. The Main Stages in the Development of Russia's Economic Policy Analysis Sector

The emergence of independent think tanks in Russia was largely similar to the think tank formation in Eastern Europe as the principal factors were the same. The central driver of this process was the objective need to adapt and localize the recommendations of modern economic theory to the needs of market reforms by reflecting specific local circumstances. Efficient support of reforms is was impossible without a deep understanding of local realities, which increased the demand for local teams that were familiar with contemporary theory and equipped with relevant analytical methods (Stone, 1996). In this respect, Russia is no exception. Many elements of a similar development are present in the new sector for policy analysis even in contemporary China (Shai & Stone, 2004; Abb, 2013). Our research, based on survey data and in-depth interviews with the managers of a number of leading think tanks, made it possible to draw a "portrait" of a successful Russian TT and highlight the key factors of success in this specific market.

Analysis has confirmed that in all cases strong teams of experts were at the root of creating successful Russian think tanks. As a rule, they were formed during the implementation of concrete analytical projects in the 1990s. In the course of general adaptation - in terms of both content and organization - of the "Soviet" social sciences to the realities of a market economy, the most active groups began leaving academia in the early 1990s. They were the first to adjust to the new conditions and to establish long-term partnerships with leading foreign scholars. It is also worth noting that the origins of many such self-formed collectives go back to their participants’ previous joint professional experience in the most well-known Soviet research centers, represented mainly by institutions of the State Planning Committee and the Soviet Academy of Sciences.

The Russian think tanks emerged mainly during two periods. The first generation is represented by older TTs formed in the early 1990s (the Gaidar Institute, the Leontief Center), while the second generation includes TTs created in the beginning of the 2000s. As was the case in Eastern Europe, the initial period of development for Russian TTs was characterized by the fact that the majority of analytical projects were implemented within the framework of international development programs (TACIS, the World Bank, USAID, etc.). The support from Western endowments, above all the Soros Foundation, was also significant. Those projects were initially guided by foreign experts, while the Russian participants played a subordinate role. However, by the end of the 1990s, the Russian experts had acquired the necessary skills and qualifications to take over the management of their own analytical projects. Based on these successful project teams (specifically, the Russian parts of international project teams), a number of well-known think tanks were ultimately formed in Russia in the late 1990s and in the early 2000s. Those think tanks include,
inter alia, the Economic Expert Group, the Center for Macroeconomic Analysis and Short-Term Forecasting (CMASF), the Development Center, and the Center for Economic and Financial Research (CEFIR).

In addition to a strong initial team of experts, most successful think tanks at the start of their operations had either a "long-term" grant or a major "key" customer. For example, during its formation, the CEFIR received a five-year grant from the Swedish government with annual financing of approximately US$1 million. Similarly, at the onset of its activity, the Development Center was supported by a consortium of Russian banks. Substantial stable "early" funding gave the new TTs a strong start and allowed them to gain recognition as a new distinctive organization rather than merely a group of individual experts.

The strategies for the further development of TTs undoubtedly depended on the ambitions of their leaders. Management of the most successful Russian think tanks in that period had to be quite entrepreneurial in exercising their diversification strategies (Struyk, 2000). However, broader trends in the TT sector were largely determined by general changes in the supply and demand in Russia's market for economic analytics. In the 1990s, the entire analytical sector in Russia experienced an acute shortage of skills and competencies. At the same time, there was neither significant Russian funding for analytical projects nor competent customers representing the government or business entities. Therefore, while the overall demand for economic policy research during that period was supported by international donor funding, the specifics of research programs were also spelled out largely by foreign experts.

The situation had changed by the start of the 2000s. On the one hand, a number of strong Russian teams capable of independent project implementation emerged; on the other hand, "diversification of demand" began. Foreign donors were still actively involved in the market, and in 1999 the USAID launched its Strengthening Economic Think Tanks (SETT) Program, which had played an important role in Russia's TT sector development (we discuss this program in detail in the next section). Meanwhile, the volumes of government-funded contracts were growing (reflected in the increased budget funding for R&D). The Russian government had declared its need for serious economic policy analysis that properly reflected the specifics of the Russian environment. Simultaneously, large Russian business groups started to raise the demand for ideas and finance the preparation of analytical products.

This variety of funding sources was associated with the persistent uncertainty regarding the selection of the ultimate economic reform strategy in Russia and with the independent status of large business groups. This established a "demand for ideas" from the different interest groups involved in public policies. This diversity of potential customers and the evolving "competition for ideas" played an important role in speeding up Russia's policy analysis sector at the beginning of 2000s, providing the emerging local think tanks with greater operational autonomy and enhancing their level of independence.

According to Anders Aslund (2012), in the early 2000s, "Moscow probably had the best economic think tanks in the world outside the U.S. They were freer, livelier, and more significant than the predominantly state-controlled or underfinanced private think tanks in Europe". However, in the mid-2000s, the opposite market trend started manifesting itself: the room

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for political competition dramatically contracted, while the Russian federal government began to play a much larger role in the overall demand for analytics. This tendency was driven by a change in the political situation, including the YUKOS case and the integration of regional governors into the nation’s "power vertical", which considerably reduced the "demand for ideas" at the regional level. The curtailment of foreign assistance programs began at the same time, but this originally was not linked to specific Russian political restrictions. As a result of its economic growth in the 2000s, Russia rapidly entered the group of upper middle-income countries, and international donors had to drastically cut their grant programs in Russia to comply with their own mandates and global priorities.

These funding cuts by business, regions, and foreign organizations were accompanied by noticeable increases in R&D spending by Russian federal ministries and agencies. According to our estimates, the aggregate federal funding of expert and analytical projects in the areas of social and economic policy increased (in constant prices) in 2000-2007 by at least factor of eight. As a result, by the second half of the 2000s, the federal authorities had become the primary think tank client.

The sector for policy analysis reacted to this concentration of demand with a clear trend toward the consolidation and concentration of supply. This trend also corresponded to the aspirations and ambitions of the managers of some major think tanks, who were aspiring to become "leaders" of the national market for economic policy advice and to capitalize on their historical competitive advantages. Further developments have shown that two entities were actually claiming leadership role: the Higher School of Economics (HSE) and the Russian Presidential Academy of National Economy and Public Administration (RANEPA), which is closely integrated with the Gaidar Institute for Economic Policy (IEP). Because of their stronger and broader expertise and better access to key government decision makers, they started receiving an increasing share of government contracts. At the same time, the market leaders began their expansion by actively integrating well-known individual experts and entire expert teams.

Because of the scope of their activities, those two major think tanks in fact acquired a "new quality": they became the dominant suppliers of expertise in Russia in several policy areas. As a result, the "main customer" in many instances could not refuse to cooperate with them. From the perspective of the overall sectoral development, the concentration of market demand and the emergence of two dominant think tanks objectively reduced market competition.

Meanwhile, another important market distortion surfaced. Strong expansion in government spending was happening in the context of extremely weak rules for public procurement. The federal procurement legislation (Law 94-FL) did not envisage the use of qualification and previous experience criteria to select service providers. In the environment of a lack of public access to the outputs of analytical projects and the overall weakness of quality control mechanisms, this legal deficiency led to serious distortions in incentives and resulted, in particular, in a noticeable spread of plagiarism and outright corruption.

The think tanks, which had already earned their professional reputation, developed internal ethical standards, and had established direct access to the top managers in federal agencies, generally could afford to avoid such corruptive "schemes." At the time, many of them were following a strategy of entering new market segments, including advisory work for regional administrations and the expansion of their services to other post-Soviet states. However, the overall quality of market competition had deteriorated.
The 2008-2009 global financial crisis brought about major budget constraints for the federal government and, consequently, an absolute decrease in the amount of funding for analytical R&D. In the immediate post-crisis period, the overall federal procurement of analytical services dropped nearly three times in nominal terms from its peak in 2007. This decrease affected smaller think tanks especially badly.

The overall funding situation for TTs became even worse after the adoption of the Russian Law on Foreign Agents (Law 121-FL of July 20, 2012), which rendered it practically impossible - as it became clear later - to attract foreign grant financing. In this environment, a new trend in the development of the TT sector emerged that could be called "integration with the leaders": a number of well-established and previously independent TTs preferred to change their status and became structural units within either the HSE or RANEPA.

On the whole, despite a significant recent reduction in market competition, we believe that by the end of the 2000s, the Russian sector for economic policy analysis reached the stage of maturity. The think tank sector developed a peculiar "three-tier" structure as the federal government became the main customer for analytical R&D. In the first tier, the HSE and RANEPA were the key players, regularly supplying the government with analytical output on a broad range of policy issues (including macroeconomics, social policy, industrial policy, budget sectors regulation, and public administration). The second tier included some 15-20 large independent think tanks with established track records in particular areas of economic analysis. Their staff generally numbered 20-30 experts, 7-8 of which could be considered key ones. Finally, the third tier included several dozen smaller TTs working on individual R&D projects for federal agencies or advising regional administrations.

In our opinion, the formation of well-developed informal professional networks that united many leading think tank experts and managers of leading government agencies responsible for the formulation of national economic policy - including the Central Bank, Ministry of Economic Development, and Ministry of Finance - can be seen as a primary indicator of the Russian TT sector's maturity. Moreover, many of those senior representatives of the government spent a considerable part of their previous careers working at think tanks. They are well aware of the importance of using independent expert analysis for key decision-making, and at the same time, they have the skills to effectively use the expert capabilities available in the country. The existence of such professional networks facilitates the utilization of expert assessments inside the administrative system and potentially simplifies the implementation of reform proposals.

Examples of the promotion of prominent experts from the leading Russian think tanks to key positions in public service include Andrey Belousov (originally the director of the Center for Macroeconomic Analysis and Short-Term Forecasting, then deputy minister and minister of economic development, and since 2013, economic adviser to the President); Andrey Klepach (Development Center - deputy minister of economic development in 2008-2014, then deputy chairman of Vnesheconombank); Ksenia Yudaeva (CEFIR - head of the expert department of the Kremlin administration in 2012-2014 and since 2014, the first deputy chairwoman at the Central Bank); Alexei Savatyugin (Center for Financial Markets Research, deputy minister of finance in 2010-2013); Alexei Ponomarev (Inter-Departmental Analytical Center, deputy minister of education and science in 2010-2012, then vice-president of SkolTech University); and Igor Fedyukin (CEFIR - deputy minister of education and science in 2012-2013).

The positive role of such networks in policymaking is consistent with accumulated international experience and has been confirmed by other research. Specifically, Court and Young (2006) note that "building loose coalitions of researchers and policymakers creates a positive environment for dialogue and acceptance" for the recommendations proposed by policy analysts.
The drafting in 2011 of a new version of Russia's long-term economic strategy, "Strategy 2020," can be considered a sort of "summit" in the contemporary development of the TT sector in Russia. The HSE and RANEPA guided this process, which included approximately 20 expert groups and was based on the active participation of several hundred experts. Although the new version of "Strategy 2020" has never been approved as an official government program, it remains a basis for continuing attempts to renew economic reforms in Russia. On the whole, the very organization of such a profound body of analytical work within a short period of time reflects the high degree of maturity of the expert community.

The aforementioned trends and conclusions are based primarily on 14 in-depth interviews with the managers of leading think tanks taken place during 2013. However, they are fully consistent with the results of two formal surveys of TT managers conducted with a sufficiently wide and representative sample (as far as the sectors in question is concerned) of organizations. The first survey covered 46 TTs, including 38 ARETT members and associate members, and 8 prominent TTs that are not ARETT members. The main part of the survey was conducted in October-November 2012 through personal interviews, and a relatively smaller number of questionnaires were collected in early 2013. The second survey was conducted in February 2015 using an abridged version of the original questionnaire, which contained slight modifications of the most significant questions used in 2012. Only ARETT think tanks participated in the second survey, which generated a total of 26 completed questionnaires.

The main findings from the surveys can be summarized as follows:

- There have been significant differences in the performance of small and large think tanks, indicating a long-term trend towards market concentration and an increase in the average size of market participants. While large TTs gave largely positive responses to the question about the change in their financial standing over the past two years, the responses of small TTs were persistently negative.

- The large think tanks generally reported growth in all types of activities (except for publishing) in both surveys, while the responses of small think tanks suggested that they had contracted. Despite recent unfavorable macroeconomic and political conditions, a number of large think tanks continue their steady expansion.

- However, even for larger TTs, the operational environment becomes more complicated from a financial standpoint. In particular, only a quarter of the larger think tanks that participated in the latest survey (2015) replied that their available funding was sufficient not just for supporting current operations but also for investing in their organizations' development.

- The survey findings confirm a recent weakening of demand for economic policy analysis by the federal government. While in the 2012 survey, half of the respondents said that representatives of federal agencies were seeking their expertise either constantly or regularly, in 2015, the share of such responses dropped to one third. This corresponds to the obvious decline in interest in the implementation of necessary structural reforms by Putin's administration in the context of the present political confrontation with the West. At the

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10 We define "small" think tanks as those that employ five or fewer key experts and "large" think tanks as those with six or more key experts. In the 2012-2013 survey, there were 22 large TTs out of the total 38 respondents; in the 2015 survey there were 16 out of 26.
same time, the data confirm the continued and intensive interaction between think tanks and their clients in government.

- Regarding the key challenges faced by Russian think tanks, in both surveys, the managers of large TTs consistently emphasized the following three main constraints for development of their institutions: the underfunding for serious analytical research, difficulties in communicating analytical results to decision-makers, and shortages of qualified staff.

- Another significant change revealed during the three years between the surveys includes the decline in international partnerships with participation of Russian think tanks. On the whole, half of the small TTs and nearly one third of the large ones had no international projects at the time of the 2015 survey. In our opinion, the decrease in international contacts is an extremely unfavorable sign, as cross-border cooperation is a very important tool for enhancing the expertise of any analytical organization. We tend to link this trend to the recent emergence of serious political barriers to international cooperation in Russia. This creates additional constraints for the sustainable development of the TT sector and hampers improvements in the quality of local expertise.

- Russia's think tank sector also shows a high level of territorial concentration. The Moscow-based segment of the think tank industry could be described as sufficiently mature; however, in most regions, local capacities for the analytical support of regional reforms remain insufficient. This indicates a significant deficiency; in recent years, the main thrust of policy reform efforts has shifted toward the regions (including reforms of the investment climate, reforms in health and education, public expenditure restructuring, etc.), while a lack of local analytical capacity to support the changes becomes another obstacle to reform.

    We believe that several key problems encountered by the Russian think tank sector (including its declining influence on decision-making processes, difficulties in recruiting trained personnel, and the spread of unfair competitive practices) can be successfully tackled through the concerted collective actions of its participants. The experience of ARETT is very important in this respect, and it will be discussed in the next section.

5. The Association of Russian Economic Think Tanks (ARETT): An Emerging Tool for Collective Action

The Association of Russian Economic Think Tanks (ARETT, http://www.arett.ru/en/) was founded in October 2002 by Russia's 15 leading think tanks. Its declared objective relates to the promotion of national social and economic development and the growth of social welfare by supporting independent think tanks and the professional economist community. The main tasks of ARETT include developing and promoting the standards of economic think tanks' professional activities and their research results and facilitating the dialogue between experts and society. The association is headed by its board, which is elected annually and consists of nine members, including the ARETT president.

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11 This section benefitted from earlier articles by the first and second ARETT presidents, Leonid Grigoriev (2004; 2005) and Alexander Auzan (2005).

12 Analyzing ARETT's establishment and consequent development in a comparative context, it is noteworthy that the self-organization processes in the think tank sector were in many respects similar to the formation of industrial business associations in Russia (Yakovlev and Govorun, 2011).
During its first years, ARETT's activities aimed at the development of a basic "supporting" infrastructure for its members: purchasing statistical and analytical information, holding joint press conferences, and publishing yearbooks. In addition, the consolidation and expansion of its membership required serious efforts. In 2003-2005, ARETT considerably increased its membership by admitting 14 new members and 23 associate members. In addition to full membership, the ARETT charter envisages the participation of members with "associate status" - i.e. think tanks that are not independent organizations and think tanks that are structural units of other legal entities in the association's work. Such a format has been conducive to strengthening the ARETT's link with universities as it provided for the admission of university research centers as associate members. The number of ARETT member TTs stabilized as of 2006 at approximately 50.

The main projects of ARETT include the "Economic Policy Nodes" debate club, which has held monthly meetings since the spring of 2006 at the Department of Economics at Moscow State University. The debate club plays the important role in respect of providing a public forum for professional discussions that are widely accessible to various groups of stakeholders. Another professional forum is the annual ARETT conference held every autumn, where association members present their vision of key challenges to the country's economic development.

The University Project (http://arett.ru/en/univers/), launched in 2007 with financial support of the Oxford-Russia Fund, has become a milestone for ARETT. The University Project opened up the opportunity for students from leading economic universities to have an internship at the association's research centers. The project aimed to close the gap between the content of Russia's economic education and the qualification requirements set by the practical demands for analytical research. The University Project can be seen as a collective response of the analytical community to a shortage of qualified staff and as a tool for cutting the costs of "bringing up" new cadre for think tanks. From 2007 to 2013, 70-90 students were annually involved in the project and enjoyed the opportunity to work from four to seven months at various TTs.

Other ARETT operations include interaction with various media to disseminate the views of experts employed by TTs. More specifically, articles written by ARETT members are regularly published by Moscow News and on the Forbes.ru website. In 2001, the association launched the ARETT Medal "In Recognition of Research in Economic Analysis" and the "New Generation" Prize. Those were aimed at raising public awareness of the outstanding achievements of distinguished Russian economists and their contribution to the development of economic policy analysis in Russia. Furthermore, they encouraged the research of promising young experts.

Similarly to the documented international experiences, ARETT's institutional strengthening coincided with the period (since the mid-2000s) when the ARETT think tank members began to face stronger competitive pressures. Such pressures came both from the market leaders, represented by HSE and RANEPA, and from various smaller players (which were prepared to offer their analytical services at lower prices). These pressures created stronger incentives for collective actions within the ARETT. This process intensified with budget cuts imposed on the sector following the 2008-2009 crisis.

By the end of the 2000s, ARETT had reached a stage of maturity, which was manifested in the increase of the overall level of trust between its members and improved coordination of their activities. Regular
changes in the association's leadership (both the president and the board) could be considered an indicator of ARETT's organizational sustainability. Moreover, ARETT made possible the organization of collective action to protect the longer-term interests of the analytical community in Russia. ARETT's efforts to develop and promote professional standards of analytical activity and fight plagiarism are indicative in this respect.

In 2011, to curb unfair competition in the market for economic research, ARETT developed and adopted the Principles for Conducting Analytical Work and Presenting its Results (http://arett.ru/ru/about/committee/principles) and the Criteria for Scientific Recognition of the Results of Applied Economic Research (http://arett.ru/ru/about/committee/criteria) was accepted as the basis for its work by the ARETT's Professional Ethics Committee. The committee considered a number of complaints against incorrect borrowing and overt plagiarism and thus helped to protect the copyrights of experts working at ARETT member organizations. ARETT's active lobbying has influenced the change in government practices related to the acceptance of analytical reports by government customers. Specifically, in recent years, most Russian federal agencies have introduced procedures for checking commissioned analytical reports with anti-plagiarism software.

Other important examples of ARETT's collective actions include the Statement of Research Economists regarding government inspections of NGOs, which were aimed to ensure their compliance with the law on "foreign agents", and was signed by 55 leading Russian experts in May 2013 (http://arett.ru/ru/about/statement), and the collective article "Expert Community: Strange Agents", which was published at the same time by the Vedomosti newspaper.

Political developments in Russia in the past few years restricted ARETT's activity: its many member organizations, which were established as NGOs, and the association itself have been subject to inspections by the prosecution office under the law on "foreign agents." This has also led, inter alia, to the suspension of the University Project and a relative decline in the scope of ARETT's activities in other areas. As a result of these political developments, the association's future operations and the closely related institutional strengthening of the entire Russia's TT sector at the moment are largely depended upon how successfully the association and the research community at large utilize the necessary funding from domestic sources to replace foreign resources that are no longer available to Russian organizations.

The Strengthening Economic Think Tanks (SETT) Program also played a significant role in the formation and early development of ARETT. The program has been implemented since 1999 by the Moscow Public Science Foundation (MPSF) with the financial support of USAID. The original program budget was a mere $3.4 million, and was allocated to Russian think tanks as small competitive grants to support applied economic policy research and to facilitate broader institutional development among the recipients. SETT was part of the USAID country program, which was new at that time and aimed to extend the participation of Russian organizations in the development and implementation of socioeconomic reforms (USAID, 2002). It was considered an experimental program (Greshnova et al., 2001).

The main tool for implementing the SETT program was the allocation of competitive grants for applied economic research projects with a one-year time frame, as a rule. SETT grants could be awarded to independent think tanks operating in
the sphere of economic policy analysis or to groups (teams) of experts planning to establish their own think tanks. Unlike most projects funded by either government agencies or international organizations, SETT grants, as a rule, funded research proposals defined by the think tanks themselves within the overall program’s set of thematic priorities. As a result, participating think tanks could build their expert capacity in selected areas and lay some groundwork for future operations.

According to the data from USAID’s internal evaluation of the program after the first two years of its implementation (Greshnova et al., 2001), there were seven grant allocation rounds in the course of the program’s initial stage, during which 464 proposals for financing applied research and developing TTs were submitted. Of these proposals, 58 (12.5 percent) were awarded grants, which is evidence of the relatively high competition for funding under the program. The average grant value in the initial period of SETT implementation totaled approximately US$20,000.

The program awarded three types of grants: research grants, developmental grants (to support the institutionalization of research teams), and so-called “quick grants” focused on priority economic policy problems identified by the Russian Ministry of Economic Development. This latter type of grant was important part of a longer-term strategy aimed to strengthen the cooperation between the analytical community and the government and boost the authorities’ demand for independent expertise.

The key feature of the SETT program was its focus on the institutionalization of think tanks. A team of experts was entitled to apply for initial support, but one of the requirements was that an independent legal entity should be set up during the project’s implementation. In practice, however, not all organizations thus established turned out to be viable. Nevertheless, for a number of stronger groups (including, e.g., the CMASF team initially formed at the RAS Institute of Economic Forecasting), the newly established independent think tanks created new prospects for professional development.

During the aforementioned initial self-evaluation, the pace of the implementation of SETT program was found to be successful. It was further established that there was intense competition for grants, wide geographic representation of beneficiaries, and that think tanks promptly responded to the requests placed by government clients. Moreover, it was noted that “the small investments that the SETT program made in this area were quite cost-effective in terms of helping small groups of researchers to create an institution” (Greshnova et al., 2001, p. 26). Half of the grantees indicated that the work had prompted them to shift their emphasis somewhat from academically oriented to policy-oriented work.

What were the reasons for the efficiency of this USAID program? In our view, the following aspects of the program’s design and implementation contributed to its success: First, the timing for implementing the SETT program was quite favorable; it was launched immediately after the 1998 crisis and the government’s default. Thus, it helped to close a specific gap in the funding of analytical work when the traditional Western sources of think tank financing began to disappear, while Russian financing (which skyrocketed after 2003) was practically nonexistent. There was a window of opportunity during which a relatively small amount of funding could have a significant impact on the incentives of the leading local players and could facilitate significant changes. Notably, despite their small size,
the grants had considerable reputational value. "SETT helped Russia's leading think tanks develop track records, gain experience and earn reputations" (Nikolaeva, 2003). In many cases, the SETT grants facilitated the think tank's later receipt of additional, more substantial financing from other international organizations.

Second, the program had efficient Russian partners - MPSF had practical experience with implementing competitive research grant funding programs and earned trust within the local research and expert community. In addition, the Russian experts selected to the program's council had good knowledge of local conditions, and they understood well both the capabilities and needs of the main players in the Russian market for economic policy analysis.

Third, the USAID program did not try to provide a prompt solution to any specific economic policy problem in Russia or to demonstrate success in advancing particular economic reforms. Instead, it emphasized support for the institutionalization of Russia's think tank sector as the long-term development objective. One could identify four elements in this strategy for institution building: (a) assistance with the formation of a self-regulated professional organization; (b) the development of a transparent system of competitive grant financing for applied economic research; (c) the encouragement of partnerships between think tanks and decision-makers in the government; and (d) the facilitation of networking inside the sector.

It is worth emphasizing again that the SETT program played a prominent role in the establishment of ARETT. One could say that the council of the SETT program, which was created to make key decisions regarding the allocation of program grants, became a prototype for ARETT: originally, ARETT consisted primarily of the think tanks represented on the council of the SETT program and of the think tanks that were the most successful recipients of SETT grants. The SETT Council included mainly the managers of key local think tanks. It was the SETT Council that became the first regular communication platform among leading representatives of the Russian think tank community. It provided a forum for professional exchanges, discussions of the challenges faced by the think tank sector, and the articulation of common interests. Joint work on the distribution of USAID-funded grants facilitated trust among the representatives of competing think tanks.

The prominent role of grant recipients (i.e., sector insiders) in the work of the SETT Council and, correspondingly, in the council's decisions regarding grant allocation constitutes an unusual feature of the SETT program's design. Grant allocation in support of think tank operations by a "committee" of recipients is a rather untraditional method for channeling donor assistance. Traditional recommendations regarding mechanisms for grant allocation to think tanks (McGann, 2006) emphasize a need for independent external (and sufficiently detailed) evaluations of organizations (i.e., the potential recipients of funds).

In Russia's case, USAID showed trust toward the specific group of Russian insiders. We believe that this trust has fully justified itself. In our view, the logic of USAID intervention under the SETT and the program's accomplishments are fully consistent with the argument developed by Richard Locke in "Building Trust" (2001). Trust among market participants can indeed be built through a sequential process that blends elements of "encapsulated self-interest", government intervention, and the development of self-governance and monitoring mechanisms by the actors themselves. That trust, once built, could become a factor in facilitating further cooperation and market sophistication.
The only difference is that instead of "government intervention", in the case of ARETT, there was intervention by a "learned" foreign donor organization. USAID has played a role that under different circumstances should have been played by the Russian government - it provided selective incentives for the self-organization and formation of an independent professional association that was interested in and capable of conducting systematic work to strengthen a competitive market in its particular sector.

In other words, ARETT - a professional association of think tanks whose interests focused on issues related to the sustainable development of the sector (i.e., raising the quality standards of applied research, developing fair competition, training cadres for think tanks) - emerged from interactions among active participants in the USAID program. Moreover, the SETT program largely assumed the costs of enhancing such cooperation by providing ARETT with an "institutional" startup grant. Thus, the USAID program generated additional incentives for the self-organization of the expert professional community, i.e. its impact went far beyond the positive effects on individual Russian TTs. This makes it possible to consider SETT as an example of a successful public sector program that succeeded in forming "market-supporting institutions", using the terms of Doner and Schneider (2000).

It has already been mentioned that the program's council primarily included the managers of the largest Russian think tanks. Theoretically, such governance arrangements carry the risk of creating a closed cartel in which insiders distribute donor/budget funds among themselves and are not interested in the emergence of new players or the development of accountability mechanisms. In the case of SETT/ARETT, this risk was successfully mitigated by the following elements of the program design:

(a) the relatively small grant amounts;
(b) the thorough selection of think tanks representatives to the program's council; and
(c) the presence of an experienced international partner, represented by the IRIS Center of the University of Maryland.

In our opinion, the appropriate selection of representatives to the CETT Council played the decisive role. The selected insiders were local market players with sound professional reputations. The reputational risks (potential losses) associated with attempts to use the program benefits for private gain were higher than their potential gains from the "privatization" of program grants.

6. Conclusion

The factors responsible for preserving and developing a strong national analytical sector in Russia include the presence of powerful national companies, whose management was active in its attempts to influence the formation of the country's economic policy, and the "restoration of the state" in the 2000s, which required ongoing analytical support for its activities. In addition, because of the persistent uncertainty regarding the country's long-term strategy and development model, Russia shows an inflated, unsatisfied demand for economic policy analysis and expert assessments. An additional factor of the sector's sustainability relates to the existence of well-developed informal professional networks that unite the representatives of think tanks and many managers from the government's economic agencies.

On the whole, Russia's experience shows that the existence of a strong analytical sector in the country is a public good that provides potential consumers (the government, business, and society) with professional expertise regarding economic policy decisions and options; furthermore, the absence of a professional analytical community in a country entails
additional policy risks and costs of reform implementation (as was the case during the late USSR period). However, the level and quality of policy analysis depend not only upon the efforts of individual think tanks but also on the state of sector infrastructure, including professional standards, HR reproduction systems, an adequate information environment, and forums for quality discussions. These particular infrastructure elements have been enhanced in recent years by ARETT, and the relatively successful development of the think tank sector in Russia, in our view, has been largely the result of this association’s activity. This experience shows that a self-regulated professional organization with a small amount of external support can quickly become quite capable of supporting the institutional development of its member organizations and playing a role in establishing market-development rules for the sector as a whole.

The experience of the USAID SETT program confirms the assumption of Doner and Schneider (2000) that the provision of selective incentives by the state (or its representative) may be an effective tool for forming open and representative business associations capable of supporting the extension of sector markets to the interests of the majority of players. At the same time, the experience of this program conforms to the regularities noted by Locke (2001) when government actions have accelerated the formation of trust across market players and expanded opportunities for their productive collective actions. In other words, the SETT program played a role in the history of Russian think tank sector that under different circumstances should have been played by a relevant government program.

The current situation in Russia creates considerable risks for independent think tanks. Those are related to the disturbing trends of strengthening government control, intolerance to the competition of ideas, and further concentration of demand within a few institutions in the federal government. In addition, the tendency toward restricting international cooperation raises concern as it is fraught with the risk of self-isolation.

On the other hand, the present-day crisis in Russia objectively strengthens the demand for independent economic policy analysis and provides an opportunity for TTs to expand their role and raise their profile. Russia has been facing a need to reconsider its economic development model. However, currently, there is no consensus among the elites regarding the new economic model, which is yet to be developed. We think the TT sector is well suited to fill this void.

In our opinion, the current maturity of the Russian TT sector generates hope that representatives of Russia’s expert community can become the engine of building up a reform consensus, speeding up the identification of a new economic development model for the country, and “selling” it to elite groups. The current advantage of the “expert class” reflects the fact that, despite the accumulated differences in opinions, it has managed to retain more inter-personal trust and preserve the tradition of open debate of key problems. In light of accumulated experience, Russian think tanks could develop reform proposals that are pragmatic, sensitive to the concerns of the political elite, and spelled out in terms that are easily understood by the political class. Moreover, the TT sector

\[14\] Buldioski (2010) indicates the importance of a competitive political environment for raising the quality of research conducted by TTs. Think tanks, which are fully integrated into the system of relations within the ruling national elites, are encountering less competitive pressure to maintain an adequate analytical quality.
has preserved its intensive dialogue with the country's decision makers, which represents a major advantage in the current situation, in which the state-business dialogue has weakened substantially and the government does not trust most other traditional non-governmental actors.

This article argues that in Russia, despite the difficult political and operational environment, the existing network of economic think tanks could play a critical role in building up consensus with regard to the new country's developmental model. This conclusion is based on the analysis of the current state of Russia's think tank sector and the identification of the factors that account for its robustness. We argue that the ability of Russia's TTs to act collectively and regulate themselves has been a key factor for the sector's sustainability. Such sustained collective action of TTs significantly increases the prospects for the sector's insiders to influence the national debate on a reform path for addressing the ongoing economic crisis in Russia.

While historically, the core research program of the Russian TT sector has been shaped by the government's preferences, this relationship has to be modified under the current circumstances. In the environment of the ongoing economic crisis, the authorities have failed to make an adequate request for reform proposals. Think tanks should not wait any longer for such proposals and should take the initiative themselves. Although their main client has been rather timid recently, TTs should continue generating and discussing new economic policy proposals that follow the logic of "proposing ideas that could on their own generate the necessary demand." Such proposals should be ready when political conditions are ripe for implementing reforms.

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