

# Think-tanks in Visegrad Countries

*(From policy research to advocacy)*

## Final Research Paper\*

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## **Bibliography**

\*) This is a brief version of the paper published in Czech ("Think-tanky ve visegrádských zemích").

# Introduction

The main objectives of this paper are following:

- \* to compare developments in the sphere of policy analysis and policy advice in Visegrad countries since 1990 to date;
- \* to analyze intermediary institutions and policy-making structures in Central Europe, to compare differences investigate their causes (political culture);
- \* to suggest possible models of future development in this area.

The aim of theoretical part of the study is to review contemporary research of think-tanks and their role in policy process. The main purpose was to adopt a definition of think-tanks and working model of policy process based on assumption that think-tanks facilitate openness, transparency, public scrutiny as opposed to closed ties between policy makers and interest groups in client-state.

In order to meet these objectives it was necessary to create a link between existing theoretical framework and empirical data. Following practical questions have been addressed:

- \* What kind of **political culture** prevails in the policy process (one based on private initiative, bottom-up, decentralized OR one that is top-down, centralized) ? What kind of policy-research relationship governs the public space?
- \* Is there a viable and sustainable system of **domestic funding** (private fundraising AND/OR public grants)? Funding as a key factor for future development of policy research when foreign resources might shrink considerably in near future.
- \* To what extent **legal** environment (regulations on lobbying, tax deduction on donations, etc.) facilitates an effective functioning of think-tanks ?
- \* Which **sector** is the most beneficial for independent policy analysis: universities, for-profit consulting companies, third sector (NGOs) ?
- \* What are the main **obstacles** in developing of public policy analysis - supply side constraints (lack of knowledge), lack of intermediary (infra)structure or lack of demand ?
- \* To what extent are think-tanks indicators of **human resources development** and country's competitiveness
- \* Will potential stakeholders (interest groups, academia, media, civil service/public administration, political class) create a coalition of interest to support think-tanks as independent institutions of public policy research ?

# 1. Knowledge and politics; institutions in policy process

*Human knowledge and power are identical. (Francis Bacon, New Organon)*

Do rulers need expertise ? To what extent is knowledge applied when policy decisions are done ? Some politicians are experts themselves, but most of them seek advice from specialists, consultants or policy entrepreneurs. The idea of an “*intellectual working in the shadow of power*” [Smith, 1991, p.xvi] is an attractive topic since Plato, Aristotle, Erasmus and Machiavelli. Bacon’s “positivist” view of scientifically governed society (New Atlantis) is balanced by “common sense” tradition of American political philosophy that led to “*anti-intellectualism...(and) suspicion of experts*” [ibid., p. xvii].

Both authority and expertise is needed in policy-making. Mutual relation between power and knowledge can be seen as shown in a following synoptic matrix:

Logics of the two domains:	Primacy of domain:	
	Research/Knowledge	Policy Making/Administration
diverse logic	Enlightenment model	Classical bureaucratic model
unitary logic	Technocratic model	Engineering model

Source: Wittrock [1991; p.341]

A close relationship between power and knowledge reveals how prevailing “ideology”, “paradigm” or “worldview” informs the discourse on policy. However, a dynamic model of knowledge/power relations seems to be more appropriate here. Stone (2000) differentiates twelve ways of conceiving “research-policy dynamics” using various economic, sociological, political or philosophical approaches.

On one hand, governance means not only hierarchy. Power can be mediated through market and various networks. On the other hand, in the post-positivist world one cannot take for granted that knowledge does reflect an objective reality: “*researchers ‘construct’ the world they study and that the values, priorities, and conceptual models that they bring to their work influence the things they ‘find’.*” Weiss (1991, p. 37) differentiates three forms of policy research that are based on data, values and interests; information, ideology and argument. Similarly, one can trace cognitive, normative and affective dimension of political culture (by which I mean a latent pre-disposition and attitude of citizens towards actors of policy process). Thus, political culture can be used as a point of reference in comparing policy-research relationship.<sup>1)</sup>

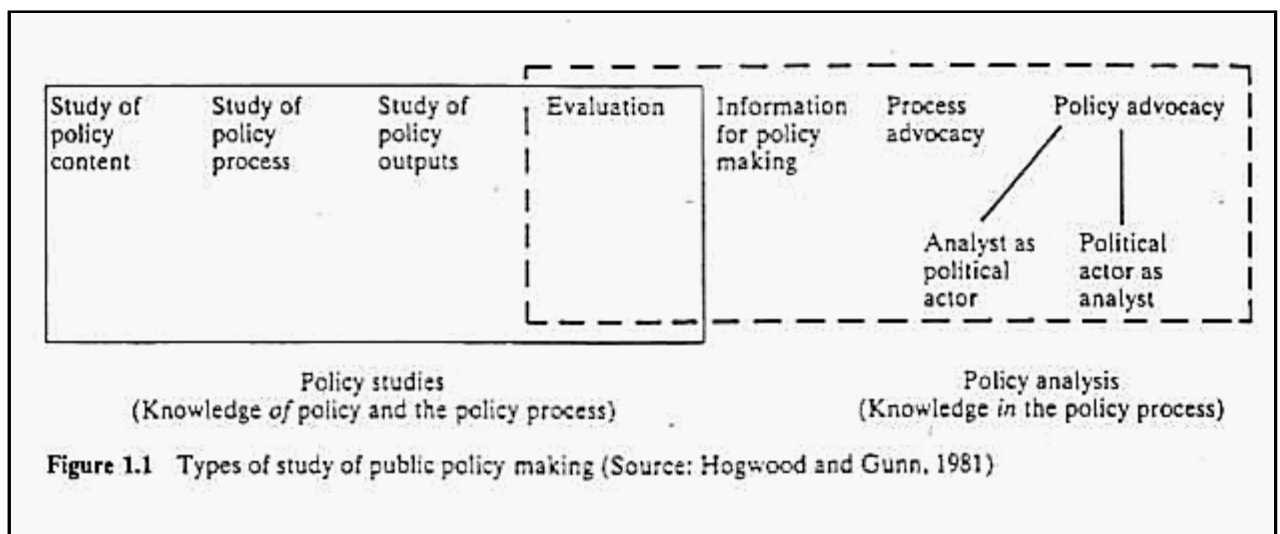
## TAB. B                      Modes of Policy Research and Political Culture

<sup>1)</sup> „The objective of communicating with a particular audience may be a cognitive, affective, or behavioral response. In other words, the think tank may want to put an idea or result in the person’s mind, change his or her attitude toward an issue, or get the person to take an action.“ Struyk (2002), p. 200.

(According to Weiss and Almond)

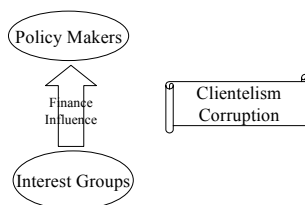
Policy research based on:	Type of policy researcher:	Corresponding aspect of political culture:
data (information)	analyst	cognitive dimension
values (ideology)	policy advocate	normative dimension
interests (arguments)	lobbyist	affective dimension

It is possible to describe the whole spectrum of research/policy relationship - from academic policy research (policy science) to policy analysis as a specific form of applied research that includes policy evaluation and recommendation; from knowledge **of** policy to knowledge **in** policy [see chart in Hill; 1997; p. 4].

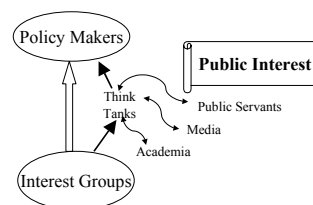


For the purpose of the research of intermediary institutions following “working” model of policy process was developed.

### Closed Policy Process



### Open Policy Process



The closed model reflects current political model in Visegrad countries based on client relations and inclined to corruption. As one Czech lobbyist stated: “*Everyone knows each other and calls his or her mobile if needed.*” The second model is an open, transparent policy making model, apparently a

desired one.

Expert and intermediary bodies (“think-tanks”) might be used as tools both in pursue of particular interests as well as in public policy formulation. Think-tanks operate in an area circumscribe by politicians and officials, interest groups, socioeconomic structure and political culture.

## 2. Research of think-tanks to-date; bibliographical review

### Definitions and typology of think-tanks.

**Post World War II development of democratic governance has led to invention of think-tanks** - institutionalized teams of experts researching different areas of public policy.

Think-tank in general means:

- *an institute, corporation, or group organized for interdisciplinary research (as in technological and social problems) -- called also think factory* <sup>1</sup>
- *consultative committee: a committee of experts that undertakes research or gives advice, especially to a government* <sup>2</sup>

For the purpose of this study it is useful to define think-tanks as independent actors in policy process: **"independent** (and usually private) policy research institutes containing people involved in studying a particular policy area or a broad range of policy issues, actively seeking to educate or advise policy-makers and the public through a number of channels." Stone (2000b)

*"The Western view that a think-tank requires independence or autonomy from the state, corporate, or other interests in order to be free-thinking does not accord with experiences in other cultures"* Stone (2002); p. 15688

McGann (2000) speaks somewhat cautiously about **significant autonomy**: *"Think-tanks are "policy research organizations that have significant autonomy from government and from societal interests such as firms, interest groups, and political parties."* [p. 5]

American scholars in general tend to view think-tanks through the lens of political market of ideas: *"(Think-tanks)...must operate in two distinct markets: a market for funding and a market for policy advice."* [ibid]

*"the growth of think-tanks can be explained by market forces that created a demand for different brands of think-tanks that produced new products for new markets."* [McGann (2001); p. 7].

Definition of **"think-tank"** is a difficult exercise [see Stone, Denham & Garnett (1998); McGann & Weaver(2000)]. The concept of think-tank is so much embedded in English that it cannot be easily transferred or translated into other political cultures.

Similarly, in most other languages it is difficult to cannot translate properly notions like **policy, polity, politics**. [Fiala & Schubert (2000)]

The idea nad practice of policy research is deeply rooted in Anglo-Saxon political tradition. That is why the concept of public policy and its actors is a matter of political culture in broader terms.

How do think-tanks operate ?

Think-tanks utilize methods of policy analysis in problem definition, collection of information,

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<sup>1</sup> see Merriam-Webster's Collegiate Dictionary (2000)

<sup>2</sup> Encarta® World English Dictionary [North American Edition] © & (P) 2001 Microsoft Corp.

devising options and recommendations, policy evaluation. Think-tanks can be active in all phases of policy process - from agenda setting, drafting policy proposals, creating implementation plans to assessment of existing policies.

Think-tanks “*provide an organizational link and communication bridge between their different audiences*”[Stone; 2002] , try to link policy and ideas “*at the intersection of academia and politics*” [Stone; 2000],

Think-tanks serve as a source of information, conceptual thinking, inventory in area of public administration. Through creating of multidisciplinary network of experts and think-tanks contribute to public debate and help to articulate public interest.

Think-tanks can be viewed as agents of change, “*catalysts of thoughts and ideas*”, “*catalysts for ideas and actions*” (McGann). Therefore they could be seen as ideal designers and promoters of transition policies<sup>1</sup> in formerly communist states in 90s.

### **Classification of think-tanks.**

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<sup>1</sup> “*policy transfer agents*” in: Stella Ladi - Globalization, think-tanks and policy transfer

Think-tanks operate in variety of institutional forms and legal arrangements. Following are several ways of classification that can be found in recent publications.

The most frequent typology is based on institutional aspects (legal form and status, principles of funding, affiliation, etc) [e.g. McGann (2000)].

<i>Think Tank Types</i>	<i>Major Characteristics and Products</i>				<i>Subtypes</i>	<i>Facilitating Conditions</i>	<i>Examples</i>
	<i>Staffing</i>	<i>Financing</i>	<i>Agenda-setting</i>	<i>Products and Product Style</i>			
<b>Academic/ University Without Students</b>	Focus on staff with strong academic credentials and muted ideology	Primarily foundations, corporations, individuals	Agenda set primarily by researchers and foundations	Academic monographs and journal articles in objective nonpartisan style	Elite policy club; specialized academic think tank	Culture and philanthropic tradition that support idea of nonpartisan experts	Brookings Institution; Institute for International Economics (U.S.)
<b>Contract Researcher</b>	Focus on staff with strong academic credentials, muted ideology and objective, nonpartisan research	Primarily government agencies	Agenda set primarily by contracting agency	Reports for government agencies and other clients in objective nonpartisan style	Specialized contract researcher	Government support available for policy research	Rand Corp. And Urban Institute (U.S.)
<b>Advocacy Tank</b>	Focus on staff with political or philosophical/ ideological credentials	Primarily foundations, corporations, individuals	Agenda set by organization leaders	Brief papers typically focused on currently topical issues	Specialized advocacy tank; vanity and legacy think tanks	Foundation, business and group support available	Centre for Policy Studies (U.K.)
<b>Party Think Tank</b>	Focus on party members and party loyalty	Primarily party and government subsidies	Agenda closely tied to party platform	Varies		Government funding available for political party research	Konrad Adenauer Stiftung (Germany)

Stone, Maxwell & Keating (2001) define types of think-tanks based on their research roles: contract researchers, 'in house' researchers (attached to executive), political advisors, civil society researchers (private Think-tanks and NGOs) and disinterested research institutions. Stone (2002) is also keen to study think-tanks as parts of broader networks and communities ("epistemic communities").

Similarly, Gellner (2000) is more interested in role of advocacy coalitions and policy brokers than in their institutional settings.

Struyk (1999) sorts think-tanks according to their origin: private institutions, new institutions created by old fellows, institutions created by public figures, attached to political party, for-profit company, "spin-off" institution

Krastev (2000) comes out with considering target groups: government-oriented, legislation-oriented and media-oriented think-tanks.

In following table McGann's typology (academic, contract, advocacy/partisan Think-tanks) is linked to general observation about cognitive, normative and affective dimension of social research Weiss



(1991)

### Classification of think-tanks

basis of research (Weiss)	role of experts	type of think-tank	similar institutions ("hybrids", "siblings")	dominant source of finance
data (knowledge)	academic scholars	"university without students"	academic research centers	foundations
- " -	contract researchers, experts	consulting firms	government research centers	state (public) budget
ideas (ideology) values	advocates	NGO (non-profit)	party think-tanks	political parties individuals, corporations
arguments interests	intermediaries lobbyists	lobbies	associated research centers of interest groups	entrepreneurs, corporations, associations (unions)

Based on McGann & Weaver (2000); Weiss (1991)

### Meta-research - typology of methodological approach

The study of a specific area that is at the intersection of political, academic, media, entrepreneurial and non-profit sector deserves appropriate methodology. It is possible use an economic (welfare economics; public choice), sociological (social structure), managerial (organizational behavior, information processing) or philosophical approach. Research may be focused on institutional settings of think-tanks or on policy process as such.

My approach is a selective one:

- I use an economic paradigm to describe supply/demand of policy research (functioning of think-tanks and its constraints)
- I use a political science toolbox (participatory and expert mechanisms in policy process) to study the role of think-tanks in public space

### 3. Think-tanks in Visegrad countries; summary of research

#### 3.1. Scope and methodology of research

##### From theory to data gathering

For the purpose of my survey I selected think-tanks which are financed mostly (obviously not exclusively) from non-governmental resources and are active in major public policy areas (I did not include mono-sectoral think-tanks e.g. environmental, urban policy, etc.).

Stone (2000b) mentions that

*"in many cases, think-tanks are quasi-governmental or quasi-academic and lack the independence and connections to civil society usually associated with NGOs. Generally, these organisations are private bodies legally organised as charities or non-profit organisations but some are semi-governmental."*

In search for information about think-tanks I made use of their annual reports, internet web sites and further available sources. Series of structured interviews were focused on organizational form, legal status, human resources, financial resources, forms of activity, political affiliation, academic profile, public impact, main target groups and clients, main areas of expertise, etc.

Interviews and data collection were not supposed to substitute existing comprehensive databases of think-tanks already available in directories published in 1999 by NIRA and Freedom House. These sources were obviously of a great help in the planning phase of the project. The results of more than 50 interviews are summarized in next chapter.

#### 3.2. Think-tanks' digest (Czech Republic, Hungary, Poland, Slovakia)

Following annotations<sup>1</sup> can serve for basic orientation in the area of policy research institutions in the Czech Republic, Hungary, Poland and Slovakia. The purpose this selection is to illustrate a broad variety of think-tanks; but the list is far from being exhaustive. Each think-tank has unique setting which are to large extent informed by its founders.

##### 3.2.1 Czech Republic

**Center for Democracy and Culture (Centrum pro demokracii a kulturu - CDK)**  
(<http://www.cdkbrno.cz/>)

\* publishing house and conservative-liberal think-tank founded as a civil association in 1993. It has two branches: IPK (Institute for Politics and Culture) and IKS (Institute of Christian Studies).

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<sup>1</sup> All the characteristics should be attributed to the author of this paper only.

**Liberal Institute (Liberální institut - LI)** (<http://www.libinst.cz>)

- \* established in 1990 as a citizens' association. It provides economic research supporting demonopolization. LI is an economic consultancy with prominent profile in media. LI runs a F.A.Hayek Library. Although liberal in name, LI does not publicize names of its donors.

**Civic Institute (Občanský institut - OI)** (<http://www.obcinst.cz>)

- \* established in 1991 as citizens' association to support conservative ideas of free society. Its funding is one of the most transparent in the Czech Republic, more than 85% of its income is from foreign sources. OI consistently advocates conservative political philosophy and focuses on agenda setting in education and the role of family.

**Center for Economic Research and Graduate Education (CERGE)** (<http://www.cerge-ei.cz/>)

- \* established in 1990 as autonomous institute of Charles University, It has become prestigious school for economists throughout the region. CERGE as an independent academic “center of excellence” produces research papers on socio-economic issues.

**Gabal Analysis & Consulting (GAC)** (<http://www.gac.cz/>)

- \* private consulting company, active in policy analysis. GAC as a “contract researcher” bids for grants provided by government and international institutions.

**Center for Economics and Politics (CEP)** (<http://www.cepin.cz>)

- \* private think-tank (citizens' association) close to political party (ODS); it was established in 1998 by V.Klaus and circle of his closest aides as a platform for public discussion and publishing and promoting ideas of its founder. Its role might change since V.Klaus became the Czech President and J.Weigl, former executive director of CEP, became a head of the Office of President.

**Center for Social and Economic Strategies (CESES)** (<http://vize-cr.fsv.cuni.cz/>)

- \* academic think-tank subsidized by government. CESES is a prognostic and sociological institute which produces “interdisciplinary inquiry of possible futures”

**Euro-Czech Forum (ECF)** (<http://www.ecf.cz/>)

- \* platform established and funded by bilateral chambers of commerce of France, Germany, Netherlands, Sweden and UK. It is a lobbyist think-tank; its purpose is to promote interests of its members especially through legislative expertise and training and education of judiciary.

**Institute for Social and Economic Analysis (ISEA)** (<http://www.isea-cr.org>)

- \* recently established think-tank funded mainly by Open Society Fund Prague. It is non-partisan institute with centrist-liberal agenda.

### 3.2.2 Hungary

**Public Policy Institute (PPI)**

- \* private foundation specialized on policy research management (it was transformed from a governmental department for economic information - est. in 1972). It has openly liberal spin, in mid-90s it served as analytical team for SDSZ Party, later it became more independent. Recently it has been involved in security projects (NATO Research Programmes).

**Social Research Center (TARKI)** (<http://www.tarki.hu/index-e.html>)

- \* established in 80s as a sociological institute, in 90s it has broadened its range to public policy evaluation. TARKI is a consortium of research institute, commercial polling company and a library of databases.

### **Institute of World Economy of Hungarian Academy of Sciences (IWE HAS)**

(<http://www.vki.hu/evki.shtml>)

- \* research institute that is involved in an international network of economic research projects. Only one half of its funding comes from the state budget, the rest is from international organizations.

### **Economic Research Co. (GKI) (<http://www.gki.hu/>)**

- \* private (shareholders) company specialized on economic research: public sector finance, economic forecasting corruption, business ethics. It works for private clients and international organizations.

## **3.2.3. Poland**

### **Center for Social Economic Research (CASE) (<http://www.case.com.pl>)**

- \* private foundation with commercial twin (CASE Consultancy Ltd.) specialized on economic research of transition in Central and Eastern Europe

### **Institute of Public Affairs (ISP) (<http://www.isp.org.pl/>)**

- \* established in 1995 as a private non-profit institute coordinating public policy research; its independence provides flexibility in setting agenda (funded by Batory Foundation)

### **Adam Smith Research Center (CAS) (<http://www.adam-smith.pl>)**

- \* non-profit think-tank advocating liberal agenda (e.g. demonopolization, freedom of information) consists of small permanent staff and network of collaborators.

### **Centre for Political Thought (OMP) (<http://omp.org.pl>)**

- \* small non/partisan, non-profit association focused on academic research of liberal-conservative thinking; funded from both private and public sources.

### **Institute for Strategic Studies (ISS) (<http://www.mcrd.krakow.pl/>)**

- \* private foundation transformed from MCRD (Int'l Center for Development of Democracy); active in three areas: national security, European agenda, Eastern policy.

## **3.2.4 Slovakia**

### **Institute for Public Affairs (IVO) (<http://www.ivo.sk/>)**

- \* founded in 1997 as citizens' association` research programme includes public opinion, political culture, institution building, civil society, election process, European integration. Financed almost exclusively from abroad

### **Social Policy Research Center (S.P.A.C.E.) (<http://www.nspace.sk/>)**

- \* originally foundation (1995), now non-profit organization specialized on social policy research and evaluation, public policy education; financed from 3 sources: private foreign foundations, European funds, Slovak government.

**Central European Institute for Economic and Social Reforms (INEKO)** (<http://www.ineko.sk/>)

- \* association of NGO="think-tank incubator"; roof organization (CPHR, SGI, Transparency Int.-Slovakia, atd.) financed by USAID, PHARE, Open Society Fund

**Slovak Governance Institute (SGI)** (<http://www.governance.sk/>)

- \* operates under umbrella of INEKO

**M.E.S.A. 10** (<http://www.mesa10.sk/>)

- \* established in 1995 as a foundation, as of 1998 citizens' association (after stricter legislation on foundations has been enacted) with a commercial twin (MESA Consulting Group Ltd.); active in market research and regional development; publishes economic monthly newsletter.

### **3.3. Legal framework, financial and political environment**

#### **3.3.1 Legal status of think-tanks**

Because of relatively easy legislative regulation most of think-tanks hold a legal status of citizens' association or private corporation. Some of think-tanks opted for a non-profit status. Legislation on foundations was firstly adopted in Poland (1984) and Hungary (1987). In the Czech Republic and Slovakia there was no specific legislation on foundations until 1997. In mid-90s legislation on public benefit organizations (PBO) appeared in Hungary, Czech Republic and Slovakia. However, transaction costs of transforming into PBO-status appeared to be too high for some existing think-tanks (e.g. Civic Institute).

*"Think-tanks in Central and Eastern Europe must navigate through an immature legislative environment, fraught with complex formulas for determining tax exempt status and unclear ideas on what constitute publicly beneficial organizations."* [Kimball(2000); p.261]

Some experts expressed opinion that it is difficult for think-tanks to compete with for-profit organizations. However, for commercial companies (consultancy, opinion poll and market research companies, etc.) providing public policy analysis there are clear limits - being critical endangers their chances in bidding for government tenders. Hence non-profit institutions are often affiliated to "sister" commercial company. Think-tanks usually set up a parallel body - for profit company - to balance individual income of researchers. This is particularly useful for economic and sociological think-tanks which often have a „twins“: consulting or polling companies. The mutual benefit provided through such arrangement is clear: non-profit branch conveys an image of independence and it has access to funds assigned for third sector; for-profit branch gets - as a by-product - additional data necessary for policy-relevant research. However, except of socio-economic research institutes it is uncommon to envisage such "twin" or "hybrid" arrangements. Therefore *"many of political think-tanks have developed economic analysis wings...for consulting purposes to corporations"* [Kimball (2000); p.270]

### 3.3.2 Funding

Major foreign resources that provide funding to Central European think-tanks are as follows:

- 1) private foundations (e.g. OSI, Ford Foundation, etc)
- 2) foreign government agencies or entrepreneurial funds (e.g. USAID, British Know-How Fund)
- 3) public foundations (funded by public funds - e.g. K. Adenauer Stiftung, F. Ebert Stiftung, etc)
- 4) international organizations (e.g. World Bank, IMF, OECD)
- 5) funds of EU (structural funds, framework programs for research a development)

Resources ad 1)-3) have been constantly reduced in recent years. The only remaining sources are in fact public – not private ones. EU's share in funding of policy research is growing. European interest in NGO sector has grown in 90s though it has been materialized so far mostly through German Stiftungen (Konrad Adenauer St., Fridrich Ebert St., etc) and not European public funds. Regional (structural) funds require public participation represented by local NGO participation.

As Central European countries approach European Union, naturally, more think-tanks and NGOs seek financial resources in EU (6th Research Framework Program, structural funds). Generally, to apply for these funds is considered to be much more complex and bureaucratic procedure. Therefore it is not yet enough attractive when US funding still available although in decreased levels.

It has been relatively easy for think-tanks to operate in generous environment (as one interviewed told bitinglly: „*with generous funding one can create whatever - even civil society*“). Shortage of foreign funding creates a challenge how to substitute it with a domestic alternative.

Most of the funding is project based, think-tanks seek continuous funding for core costs (administrative staff, rent, communication, etc). If they have limited funds their personnel (researchers) have to be affiliated to either academic institution (university, faculty, academy of sciences) or for-profit institution (consultancy, financial companies). Alternative arrangement means minimal staff with volunteers running a network of certified experts or limited staff on fundraising, project management, public relations and information technology (web page) while researchers are hired on specific projects.

In principle, there are two kinds of domestic funds:

- 1) grants and contracts provided by public (central, regional and municipal) budgets

*“Think-tanks in Central and Eastern Europe will need to undertake consulting contracts with ministries or private businesses, or align themselves closely with political parties”* [Kimball (2000); p.258-9]

- 2) contracts and donations from private sources - entrepreneurs, interest groups

Share of projects funded by international organizations in socio-economic sector is lower - 20% than that in political, security area - obviously there is more commercial activity linked with economic research

Government (public) resources contribute to 20% (economic research) to 60% (sociological research) of projects. Economic research profits from closeness to parallel commercial activities (market

research, economic forecast). Most of the economic and sociological institutions are commercially oriented (shareholder companies or holdings including for profit branch) whereas in security, foreign policy field the activities are less profit oriented.

Most interviewed experts agreed that apart from research contracts (e.g. market research, economic forecasting, sociological polling) it is extremely difficult to raise funds for an independent policy research. Both private and public funding creates a certain degree of dependence: especially reliance on single source of funding is delicate. Contracts by World Bank, IMF or private investors) have impact on think-tanks' organizational culture. There exists a viable model providing sufficient independence while being trustworthy for private donors: private foundations.

Central European countries are in growing need of private foundations that would be able to raise funds domestically and that would allocate part of them (among others) to policy think-tanks. Fundraising for charity is easier than raising funds for advocating or researching of policy/"civic" issues.

Sponsoring of sports, health, culture and charity is much more common under the provision of marketing and public relations than sponsoring of research and advocacy provided as gifts, endowments. Donors want to have the sense of ownership.

Existing foundations have got used to generous foreign funding. In most cases they did not specialize in domestic fundraising and providing grants to other NGOs, but instead they have been involved in implementing projects themselves. Few of them are prepared to focus exclusively on cultivation of fundraising and credible allocation of funds to other institutions.

Czech NGO sector (Donors Forum, VIA Foundation, et al.) has been active to establish philanthropic standards among Czech companies. There are no details available about philanthropic behavior of Czech taxpayers. The only available figure is sum, which was claimed by individual citizens to be tax-deducted on cultural, educational, social, etc. purposes. Since there is a 10% limit, this numbers do not represent the total sum assigned to these purposes. It reflects only amount, which was actually deducted. (See Table)

Year	1993	1994	1995	1996	1997	1998	1999	2000
Total deducted (mil. CZK)	1110*)	922	971	855	927	768	634	750
No. of claimants	82 634	119 258	135 684	155 494	176 427	193 338	208 480	221 915

Source: Ministry of Finance; \*) including donations above tax-deducted limit

Note: Sum of tax-deducted donations has been decreasing, whereas the number of those who apply was growing constantly.

#### Potential domestic donors

The search for domestic funds is becoming urgent. Apparently large amounts of money are spent on lobbying. So far, no rules and regulations apply for lobbying; lobbyists do not operate in sufficiently transparent environment (policy process is "closed"- see above). Lobbying market is not regulated but

is politically divided (links between lobbyist groups and particular political parties). There is little public pressure on transparency of decision-making process. Interest groups do not have a reason to engage think-tanks in producing policy related research and generating more sophisticated arguments to support their case. Direct lobbying is easier.

*“Think tanks attempt to influence or inform policy through intellectual argument and analysis rather than direct lobbying ...”* [Stone (2002); p. 15668]

Expectations that foreign direct investors (FDI) would move businesses towards better standards of transparency and social responsibility proved to be over-optimistic. Those investors who achieved intended goals have quickly accommodated to local circumstances. Once they are in, they are not interested neither in transparency of decision-making process nor in financing of think-tanks. Usual incentives (e.g. tax deductions for donations) do not provide sufficient motivation since most of the investors have been granted with tax benefits (tax breaks or relieves) or they simply tax their profits abroad.

### **Political environment**

There is no other way how to influence policy-making except participation in policy process. For that reason think-tanks face a dilemma: they need independence in order to safeguard their credibility; for the sake of influence on policy-making they need to entangle with politics. It is worth recalling a working definition of politics that is *“... a contest over the right to make policy”* [Colebatch (1998); p.73].

Think-tanks have several options how to balance independence and influence:

- \* to engage former politicians in advisory or supervisory board (e.g. ISP-IPA in Warsaw)
- \* to invite policy-makers for discussions and seminars;
- \* to use media to set agenda in public discourse and to promote its policy recommendations;

This is not a futile exercise; donors expect think-tanks to bring together both independence and influence. Involvement of former prominent politicians is essential in fundraising efforts. Participation of politicians may be both blessing and curse. They tend to use think-tanks as a „publicity engine“ to promote their opinions and policies. However one should be aware of the dangers of politicization of think-tank or creating exclusive ties with a single politician (model called MONGO=“my own NGO“). Interviews have shown that political affiliation or leaning is one of the most sensitive factors that shape the image of particular think-tank (see above cases like Civic Institute, Prague; MESA10, Bratislava; C.A.S., Warsaw; TARKI, Budapest).

*“Slovakia's TT community is by far the most politicized in the region. ...[this led to a] creation of the most cooperative and close knit community of think-tanks and other NGOs in the region.”* [Kimball (2000); p.265]

However, a close alliance between reform-oriented think-tanks and NGOs in Slovakia turned into uneasy relationship upon appointment of some experts to the government. Mesežnikov (2001) praises “correct partnership” between state and civil society as opposed to “antagonistic relations” before 1998. Nonetheless, as think-tanks take over responsibility for implementation of the policies they have



developed, their independence and credibility might be in question. There appears also potential conflict of interests, e.g.

- participation in governmental bodies supervising own projects
- bidding for government contracts after think-tank representative becomes a member of the government or senior official

In general, a political affiliation remains a hot issue for think-tanks in Central Europe. Representatives of think-tanks try to emphasize informal relations with politicians in order to prove how influential they are. However, some of them do not hesitate to attach political labels to other think-tanks while playing down their own affiliations as non relevant as for their credibility and integrity.

## 4 Think-tanks in different sectors

We have shown that way of funding and legal status of an institution is significant for its independence. The main concern of a think-tank is how to be influential without losing credibility. In this chapter we describe three models of think-tanks - academic, for-profit and non-profit. The three models differ in relations to policy actors, in the role they play in policy process and public space.

As we have stated above external funding is going to dwindle in coming years. Think-tanks that do not possess assets producing sufficient yields have to substitute foreign funding through affiliation with academic or commercial institution. Strengths and limitations of both approaches are shown below. Finally, private funding of non-profit institutions (via foundations) is explored as an alternative model providing more independence than public resources.

The experience from Central Europe has shown that most frequent is a combined model - e.g. economic or sociological institute closely linked to commercial firm.

### 4.1. Academic think-tanks

Theoretically, universities and academic institutes can be regarded as ideal “incubators” for interdisciplinary activities and think-tanks. Center for public policy would offer a platform for young scholars and analysts that would undoubtedly contribute to the quality of public debate.

However, development of academic think-tanks is confronted with several limitations:

- traditional interdisciplinary quarrels prevent broad cooperation of different specializations on public policy issues
- lack of human and financial resources as well as management skills hinders assistance of universities in development of think-tanks;
- prestigious research institutions tend to be less active than expected in public policy analysis; they fear that a critical attitude might thwart their access to public funds. Moreover, some of these institutions are dependent on state accreditation procedures (e.g. CERGE); to enter into policy debate would threaten its prospects in these bureaucratic procedures.

## 4.2. Policy entrepreneurs and lobbyists

Free-lanced policy entrepreneurship or research-based lobbying presents another feasible option for think-tanks. A clear line between lobbyism and consultancy is sometimes blurred especially when policy analysis is provided to the specific customer on for-profit basis.

Some think-tanks are affiliated with interest groups (business associations, trade unions) or political parties. Interestingly enough, large interest groups in Central Europe - except political parties (e.g. CEP) - have not yet set up their own think-tanks. Various interest groups invest large sums of money to improve their image, but do not see any benefit in research think-tanks. It is symptomatic that majority of lobbyists are members of Association of Public Relations Agencies.

Lobbying is perceived as suspicious activity in Central Europe. Hence, impact of lobbying on legislation and policy-making undermines public trust in these processes. As one of the interviewed expressed quite concisely: "people do not trust the policy-making process". In my opinion, policy process that is open to influence through transparent lobbying seems to be a lesser evil than selective and exclusive participation in policy process, which in the end leads to ire straits of corporatism.

*"Good government requires input from interested parties...Lobbying is the part of the democratic process." (O'Connor)*

Lobbying can be defined as **legitimate communication of interests** and opinions to the specific place ("lobby" of decision making bodies) as opposed to illegitimate way of communication (trading interest for money, corruption, fraud, bribe). In this framework, **advocacy** can be understood as **"lobbying" on behalf of the public interest**.

In the Czech Republic lobbying does not exist in legal terms. Following legislation is related to lobbying: *Conflict of Interests Act (No. 238/1992)*, *Political Parties Act (No. 424/1991)*, *Public Procurement Act (No. 199/1994)*. Adopting of *Freedom of Information Act (No. 106/1999)* was a breakthrough; if used properly, it would contribute significantly to openness of decision-making. According to recent report monitoring corruption in the Czech Republic : *"Parliament is highly vulnerable to corruption, especially through unregulated lobbying..."*; *"the effect of uncontrolled lobbying on the legislative process has become more serious over time"*<sup>1</sup>.

Defining ethical rules of lobbying - e.g. disclosure of interests and corresponding budgets - is definitely worth of discussion. Pressure groups are not interested in transparency of policy process and lobbyism unless there is enough public attention. Transparency is the key requirement that significantly reduces temptations of corruptive behavior. That is why disclosure is a key principle of any ethical codes and even legal regulation concerning policy-makers: members of parliament, members of the government, civil servants. Flow of money is an important indicator of carried interests. Therefore it is possible to monitor correlation of voting patterns and different forms of income, benefit and funding. Income disclosure is much more efficient tool than complicated audit of costs.

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<sup>1</sup> **Corruption and Anti-Corruption Policy in the Czech Republic** (2002), in Monitoring EU Accession Process, Open Society Institute

Only sustained efforts to disclose non-transparent ways of decision-making (watchdog activities) can lead interest groups and lobbyists to engage relatively independent expertise and policy analysis. Part of the resources committed to lobbying would then be used for funding of think-tanks.

#### **4.3. Policy analysis within non-profit sector**

Think-tanks may choose to operate as public-benefit organizations. Non-profit status provides following advantages:

1. incentives for donors (tax deductible donations, 1% tax assignment, etc)
2. more independence provided that funds are diversified (including private foundations)

In the U.S. non-profit status and lobbying activities<sup>1</sup> are legally incompatible. In other words, using non-profit organization for political campaigning or lobbying is forbidden. If proper legislation and legal enforcement (to prevent a misuse) at place, third sector offers an optimal balance of independence and political influence.

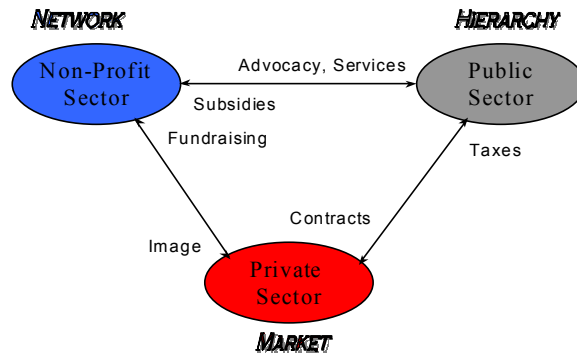
*“Think-tanks in Central and Eastern Europe must navigate through an immature legislative environment, fraught with complex formulas for determining tax exempt status and unclear ideas on what constitute publicly beneficial organizations.” [Kimball (2000), p.261]*

Academic sphere provides more independence and prestige at expense of influence and funds available. On the other hand, policy entrepreneurs and lobbyists are less independent while enjoying better funding. Generally, for think-tanks it is desirable to combine comparative advantages of public, private and non-profit sector: authority and prestige of the public sector, managerial skills a dynamism of the private sector and transparency and credibility of the third sector. Of course, a combination of negatives should be avoided (bureaucratic manners, weak management and lack of credibility).

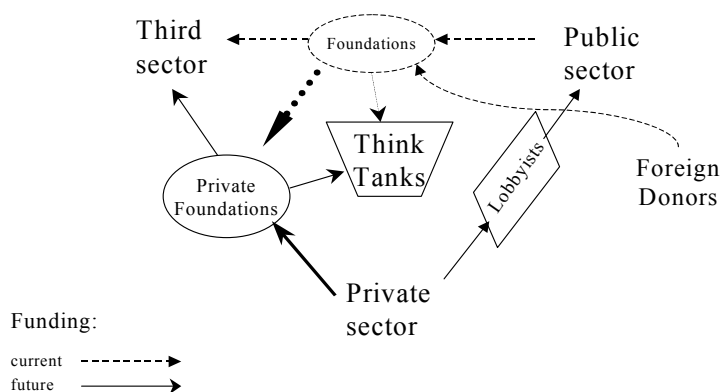
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<sup>1</sup> in the U.S. lobbying is defined as an activity to “influence legislation“ (Art. 501 h of the Revenue Code): *the definition of lobbying (501(h)) is rife with exeptions:... institutions may provide 'technical advice or assistance' if governmental body or committee requests it, ...communications that do not encourage recipients to take action are not defined as 'influencing legislation'... however, interference in political campaigns is categorically forbidden [(2002) The Political Activity of Think-tanks, p.1507]*

## Inter-Sectoral Transactions

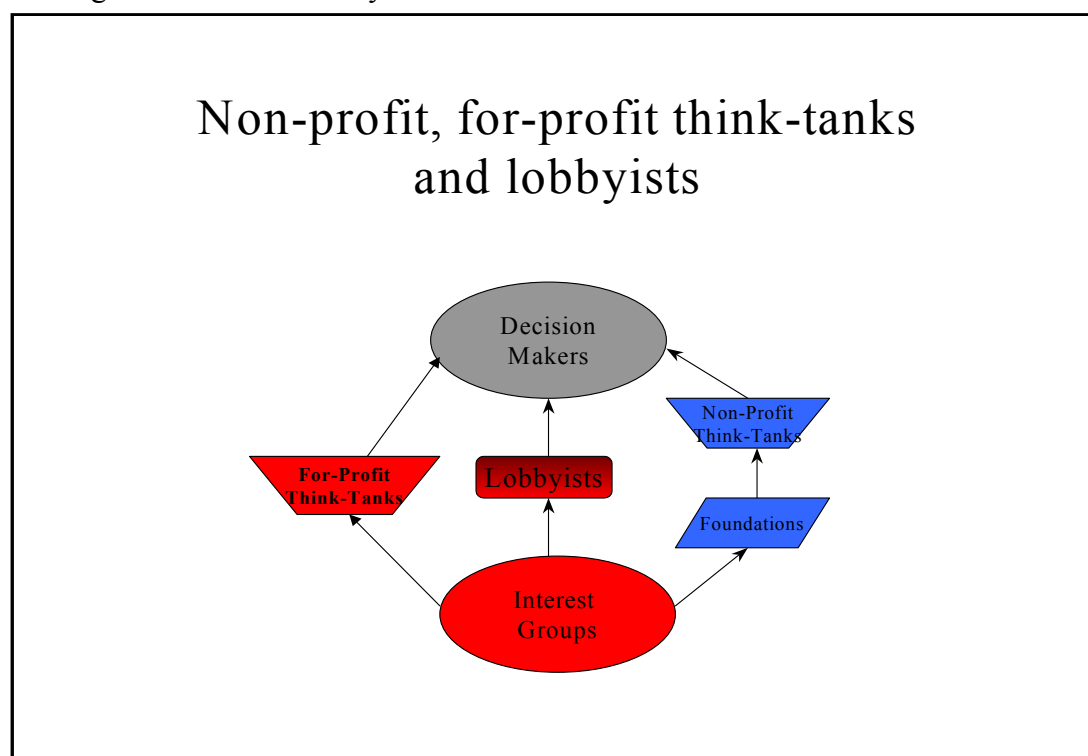


Foundations get most of the funds from public sector as if they were downright service provider, while lobbyists get all resources from private sector. Transactions between private and non-profit sector create the weakest link in an abstract triangle. Think-tanks situated in between sectors function as intermediaries and advocates of public interest, which assist in balancing particular interests.



Think-tanks and lobbyists compete for resources from private sector; non-profit think-tanks because of their self-interest act as lobbyists that divert some resources from private to the third sector. Non-profit think-tanks need strong private foundations as financial intermediaries that bring financial resources and prevent dependence on donors.

The following figure shows a difference between non-profit think-tanks and for-profit think-tanks working on contract for lobbyists.



In conclusion let us sum up reasons why it is desirable for think-tanks to operate on non-profit basis:

- supply of interdisciplinary expertise financed by portfolio of interest groups through private foundations is beneficial to political culture
- third sector provides necessary independence in agenda-setting and pursuing greater openness in policy process
- accepting governmental or commercial contracts is detrimental to their independence

## 5. Reform role of think-tanks; European perspective

In previous chapters we described multiple functions of think-tanks:

*“As civil society organizations think tanks play a number of critical roles, including (1) playing mediating function between the government and the public; (2) identifying, articulating, and evaluating current or emerging issues, problems or proposals; (3) transforming ideas and problems into policy issues; (4) serving as an informed and independent voice in policy debates; (5) providing a constructive forum for the exchange of ideas and information between key stakeholders in the policy formulation process.” (McGann & Weaver(2000); p.3)*

Following chapter will provide other perspectives, in order to show that think-tanks can play these roles not only on national but also on European and international level.

Think-tanks as "agents of change" (Krastev (2000)) promote and advocate reform policies based on shared best practices and know-how. In a process of „policy imitation“ (ibid) they both import ideas and export experience. Although the very idea of policy transfer can be questioned because *“transfer of ideas to another social environment in itself changes their meaning and function”* (Krastev (2000a), p.276)

Only independent institutions can promote a change credibly. Embedded and established experts tend to defend status quo. Lack of analytical capacities of political parties in practice leads to acceptance of policies created by direct influence of interest groups affecting state bureaucracy. Public interest is understood as an outcome of particular and individual interests aggregated through political parties, discussed in media and on various platforms. Research institutions like think-tanks provide standing platform for such discussions and contribute to the public debate by relating it to data, values and interests.

Growing importance of soft governance brought attention to networks as a way of communication complementary to hierarchical and market mechanisms. International NGOs and advocacy groups use networking as powerful instrument in pursuing their agenda. Academic networks called “epistemic communities” or “knowledge networks” facilitate common understanding of various aspects of policy and society. Think-tanks are like knots of policy networks.

*“There appears to have been a growth in think tank activity at the European level in the last two decades, perhaps simply explained by the deepening of EU competences, the increased impact of EU policy-making on member states, and thus a heightened awareness of all things European.”* (Sherrington (2000b), p.173)

An ability to participate in international networks multiplies options and horizons to pursue interests. Think-tanks capable of networking on European and international level increase country's competitive edge. Analysts have observed that international governance offers new opportunities for private, non-governmental research institutions to affect policies:

*“the demand for advice and expertise has grown as the EU has matured. Therefore, EU policy-making processes can provide think tanks with a variety of windows for influence. The issue then is whether such potential has been exploited”* ((Sherrington (2000b), p.178)

European lobbyists have realized that they need a robust and credible research capabilities in advancing interests of their clients. No wonder that some think-tanks have become involved in interest promotion.

*Think tanks aim to influence policy through analysis and argument, rather than by direct **lobbying**. ... However, Euro-groups that have developed think tank characteristics ... blurring the distinction between think tank and lobby group.*((Sherrington (2000b), p.178)

As we have shown in previous chapters, some think-tanks (especially those involved in monitoring of existing policies) in new member countries have adjusted their financing to European funds. Hence their dependency on public funding has been growing. Think-tanks aspiring to shape European policies

have to be financed not only from public resources. Some interest groups in Central Europe have realized a need for professional expertise in promoting their case and advocating their interests. However, they usually use services of well-established lobbyist-firms in Brussels instead of supporting local think-tanks.

Financing of think-tank is risky like investment into new technological start-ups. Not individual investors, but only foundations with diversified portfolio of donors can bear such risk. On the other hand financing think-tanks means investment in highly flexible and educated human capital that can be used both in private and public sector. Think-tanks - operating either on the principle of “revolving door” or that of “career switch” - are in fact “reservoirs” (Mesežnikov) of reform-oriented experts that can increase public policy-making capacities.

In any case, think-tanks - as intermediary structures, platforms, forums, reservoirs - can significantly contribute to the quality and transparency of policy-making process, to the cultivation of political culture and after all, to the growing trust in an open democratic procedures.

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