

'THINK-NET': The CEPR Model of a Research Network

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Executive Summary

The key issues for the establishment of a nationally and internationally important 'think-tank' with global reach are the following:

- how to identify the supply of good researchers
- how to identify, perhaps to *create*, the demand for policy research - who are the potential users, what do they want, what *should* they want?
- what structure will best bring them together?
- how to establish and maintain independence from both funders and policy-makers
- how to maximise the policy impact of good research

We believe that CEPR's experience suggests some answers to these questions. In particular, we have sought to innovate in

- organisation – creating an *international network* of top-ranking academics that functions as a research community
- orientation – inducing the participants in that network to devote part of their efforts to directly policy-relevant work
- dissemination – with an exceptional range of publications for different groups of users, including pure research papers and conference volumes, Policy Papers, three series of policy Reports, the *Bulletin*, *European Economic Perspectives*, and *Economic Policy*
- funding – developing a unique mix of public (national research councils, European Commission, central banks), foundation, and corporate support

In the near-term future we shall focus on two priorities: (1) a new form of interaction that we call the 'Virtual Economics Department' – using recent developments in computer hardware and software to create new forms of interaction among researchers and between them and our central administrative services; (2) further enhancing the policy relevance and impact of our research output through more sophisticated outreach to the policy community and media.

'THINK-NET': The CEPR Model of a Research Network

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1. CEPR: Purpose and structure

The Centre for Economic Policy Research was established in 1983. In the words of its Statement of Purpose, it seeks 'to promote independent, objective analysis and public discussion of open economies and the relations among them'. CEPR coordinates the activities of an international network (an 'invisible college' or 'multiversity') of over 450 Research Fellows, Affiliates and Associates. The Centre takes no institutional policy positions, although its publications carry a wide range of policy conclusions and recommendations.

Both analysis and public discussion are key features of CEPR's purpose. The objectives indeed include the advancement of knowledge in itself, but the analysis and the analytical tools are usually (though not always!) relevant to policy. Still, CEPR research is oriented less towards answering specific policy questions than towards developing the appropriate frameworks for finding the answers, now and in the future. The specific questions change quickly - analytical research should give policy-makers a basis for decision-making that can be adapted and used equally quickly, as new questions arise (on the 'usefulness' of economic research, see Portes, 1989).

Richard Portes is President of the Centre for Economic Policy Research (CEPR); he is also Professor of Economics at London Business School and Directeur d'Etudes at the Ecole des Hautes Etudes en Sciences Sociales, Paris. Stephen Yeo is Chief Executive Officer of CEPR. An earlier version of this paper was prepared for the 'Policy and Organizational Innovations Project' conference, Tokyo, organised by the Think Tanks and Civil Societies Program. It would not be much help, however, if the policy community in both the public and private sectors were not aware of these new methods and results, and often we can attract their attention to a new approach by demonstrating its ability to answer today's questions. Effective dissemination requires that the research be seen to be relevant to current issues, and we make every effort to present our output to a wide range of audiences through a variety of media.

The Centre arose from a private, academically-based initiative in the UK that enlisted financial support from non-governmental public bodies and private foundations (there was no corporate funding until five years ago). This initiative was motivated by the perception that the problems of modern economies and their interdependence require large-scale, carefully targeted research programmes, while high-quality research resources are scattered across many universities and research institutes. European economics had relatively few

'centres of excellence' with international reach - whether university departments or free-standing research institutes - and many excellent researchers, widely dispersed, with few opportunities for interaction. It would not have been possible to bring many of them together in one place. The solution was a *network* that coordinates the work of selected individuals (not institutions).

CEPR is organised very differently from most other 'think-tanks'. The Centre administers centrally a 'pure' network - no research is done at the London headquarters of CEPR, where a staff of 28 deals entirely with the development, funding and administration of research and related activities (publications, meetings). Researchers are based in their home institutions: universities, research institutes, central bank research departments, and international organisations. Thus CEPR is not a 'think-tank' at all: rather, it is a 'think-net', an 'invisible college' or 'multiversity'. We believe that one of our main achievements has been to create an active, functioning *community* of dispersed individual researchers throughout Europe, who collaborate through CEPR in research activities and dissemination. In that process, we have also convinced a large group of first-class economists that applied economics leading to policy analysis can be just as important as theory, and it too can enhance professional stature.

This has been noted by the profession: 'The criticism that academic economic research is too separated from the activities of policy-makers...has been met to some extent by the creation of the Centre for Economic Policy Research. The rapid expansion of its activities shows that the coordination and stimulus of policy-related economics research which it provides was much needed (Kirman and Dahl, 1994, p. 520)'. And we believe that this has contributed to the development of the economics profession itself in Europe and its attraction to those who went off to do their professional training in America (see Portes, 1987, for an assessment of the problems of economics in Europe in the early to mid-1980s).

Quality control operates primarily through the selection of Research Fellows, who are appointed for (renewable) four-year terms; the emphasis is on younger researchers. About one-quarter are from the UK, and most of the rest are based in continental Europe (see Figure 1). Programme Directors (normally two for each of the seven areas listed below) provide intellectual leadership and, with CEPR management, appoint the Research Fellows. Research activities are led by CEPR Research Fellows but normally also include other selected researchers. The 'career track' for CEPR researchers is in their home institutions; many of the academically inclined find this preferable to a career in an in-house research organization.

The Centre for Economic Policy Research is a non-profit, educational charity. It is governed by an Executive Committee drawn from all walks of public life and several countries. This helps to sustain CEPR's pluralist and non-partisan stance. It is never easy to keep the organisation separate from the policy positions put forward in its publications or meetings, or indeed by its Chairman,

President and Programme Directors, whom we could not stop from speaking out even if we wished to do so. This highlights a major advantage of the network structure of CEPR. As long as they are not under one roof, it is not so difficult to have the network include many individuals with widely differing views and policy orientations, often explicitly contradicting each other. Some of our most interesting public meetings have brought together on the same platform CEPR Research Fellows with opposing policy conclusions on a given issue. It would undoubtedly be harder, if not impossible to maintain this diversity - and thus institutional neutrality - if all these researchers were trying to work together in the same in-house research institute.

2. Activities

The main CEPR activities are those common to 'think-tanks' everywhere: research projects and programmes, with associated workshops and conferences. The outputs are disseminated in publications; public discussion meetings; and briefings for the policy community, the private sector, and the press. CEPR provides services to the research community. This is important in maintaining the involvement and loyalty of top-level researchers, to whom the Centre does not pay any salary. CEPR gives them assistance in raising research funds; administering research grants; organising conferences and workshops; and disseminating their research results to other researchers, the policy community, and the private sector.

CEPR also provides services to the policy community and the private sector. First and foremost, we encourage researchers to do policy-relevant research, and we guide the selection of topics. Second, we act as intermediaries, bringing together researchers, funders, and users of research. Third, we encourage and help the academic researchers to communicate intelligibly to the 'inside public', through public meetings, publications, and private briefings.

3. Output

Often outside evaluators seem to rank research institutes and academic departments on the criterion of how much research funds they have raised. But this is just an input into the production of research. The output is best measured by different criteria: publications, which embody the results of research but also communicate it to users, both academics and public- or private-sector decision-makers; research meetings (which are both input and output); and dissemination in other forms than publication.

The CEPR Discussion Paper series issued almost 270 new papers in 1998/9 (see Figure 2). These are often technical, frontier research papers, but each includes a 1000-word non-technical summary which a busy senior person can read quickly, then decide whether to read the full paper or pass it on to a staff member. In 1999 CEPR also launched a Policy Papers series to provide a forum for the analysis of important policy issues by leading researchers. We expect to publish about 5 such Papers each year.

Except for conference volumes or journal symposia, CEPR makes a great effort to communicate to non-specialist users. Discussion Paper subscriptions and one-off sales are a major source of the Centre's income, which is itself evidence of their value to users.

The *CEPR Bulletin* is published quarterly. It summarises all the Centre's activities and publications - in that sense, it is our 'publication of record'. It is sent free of charge to almost 6000 recipients world-wide, mainly professional economists. *European Economic Perspectives*, on the other hand, is addressed directly to the private- and public-sector policy community. We put out 5 issues annually, each of 8 pages and, typically, one additional 'special issue' each year. *European Economic Perspectives* presents topical research results to over 11000 recipients world-wide.

CEPR also produces a wide range of titles in-house, including monographs, conference reports, conference collections, general reports and project volumes (see Figure 3). This includes three topical and policy-relevant series' of reports - *Monitoring European Integration* (annual, beginning in 1990); *Monitoring European Deregulation* (annual, beginning in 1998); and *Monitoring the European Central Bank* (one main report and one 'update' published each year, beginning in 1998). These typically present academic research that is not highly technical and is directed specifically towards broad policy issues (examples include European merger control policies, the process of integrating East European and other countries into the European Union, economic transformation in the East, and European unemployment). We also publish 3 or 4 conference volumes each year with prestigious academic presses and contribute to several professional journals.

A highly successful initiative has been the review, *Economic Policy: A European Forum*, published twice a year (now in association with the European Economic Association) Each issue typically includes six commissioned papers that are discussed by a distinguished Panel, then revised for publication. The circulation is about 2000, and the review has established a considerable reputation and impact among policy-makers as well as in broader professional circles. *Economic Policy* is now widely recognized as the European counterpart to the *Brookings Papers*, and some would say that in certain respects it is better. An external ratings exercise (ANBAR) has now for three years running given *EP* the top rating (among 40 economics and business journals) in each of the three categories of 'best research implications', 'most original content', and 'most readable content'.

CEPR runs 45-50 conferences and workshops each year (see Figure 4), most of them in continental Europe. These are working meetings, not shows for fee-paying delegates. Our lunchtime meetings and briefings (see Figure 5 and 6) feature presentations of research by CEPR Research Fellows to a non-specialist audience. These too are free of charge, because we want to get the research results effectively into the public domain and get feedback from users to the researchers. There are 30-40 such meetings each year, the majority in continental Europe.

4. Sources of financial support

Total CEPR expenditure on these activities in the 1998/9 financial year was somewhat over \$3 million (this does not include direct expenditure on meetings and publications by collaborating institutions). There is no endowment, hence no endowment income, and we typically have followed a 'balanced-budget' policy, rather than seeking to build up reserves from current income. Over one-third of the budget was provided by 'core' (institutional) funding: from a few private foundations, all the European national central banks (including five from Central Europe and the European Central Bank), the Bank for International Settlements, the UK Economic and Social Research Council (public, non-governmental), and 41 business corporations.

Almost two-thirds of CEPR's budget comes from 'soft' project funding from the European Commission, private foundations, national governments, and cooperating institutions. This is almost always in the form of grants provided in response to project proposals that CEPR initiates. Occasionally we respond to an invitation to tender for a specific piece of research defined by the purchaser, but only if this fits closely with our existing programmes, and never on a 'consulting' basis; all output must be in the public domain.

In that sense, we do not do 'contract research', partly because CEPR has no salaried research staff which it can direct to do the work, partly because there are already enough consulting organisations - such contracts might be profitable,

but that is not our purpose. We are neither consultants nor lobbyists, so CEPR's output is essentially knowledge or information. But this is the prototype of a public good - charging for it, or more generally treating it as proprietary information, is both difficult and strictly inappropriate. This creates the basic funding problem for such a research institute - and hence repeated temptations to depart from our fundamental objectives. These we must somehow resist while remaining financially viable in a highly competitive environment.

Independence requires a diversified portfolio of core and project funding, especially if there is no endowment. Otherwise there is always the risk that a major funder will find unacceptable some policy position expressed in some publication and, rather than showing loyalty to the organisation on the basis of its long-standing track record of institutional neutrality, will say that is not good enough on this occasion - either exiting or making its voice heard to the Chairman or the President. Even the expectation of such a reaction may have a 'chilling' effect on what the institution dares to publish, if it fears it cannot withstand the consequences. This is a particular problem in Europe, where we lack the base of large philanthropic bodies that could support research on anything like the scale of the Ford, MacArthur, Rockefeller, Sloan, Pew, Hewlett, Mellon, Olin, and other American foundations.

5. Research programme

The Centre's research agenda is set by supply (the ideas of researchers) and demand (the priorities of users and funders), intermediated by CEPR. The Research Director and the Programme Directors play a key role in this process, advising the Centre's staff and working with researchers to help them develop their proposals. It may be useful simply to list the programme areas and some of the topics they currently cover:

- International Macroeconomics - EMS and EMU, growth, employment...
- International Trade - regionalism (EU internal market, EU enlargement, EU relations with other regional groupings), economic geography, developing countries, trade and environment...
- Industrial Organisation - competition policy, regulation, IO approach to financial markets, deregulation and competition in European network industries...
- Financial Economics - corporate finance and governance, market microstructure, securities and derivatives...
- Labour Economics - labour markets, labour market policies in Europe, migration, comparisons of long-run growth...
- Public Policy - the welfare state, political economy, taxation
- Transition Economics - policies and performance in Central Europe, EU-EE economic relations...

As this summary indicates, European integration and the interaction between Europe and the rest of the world have created a demand for Europe-wide policy research, to which CEPR has responded. At the same time, policy-oriented

work on aspects of European integration and the many other policy issues highlighted in the list above arises from the researchers' fundamental interests in such topics as exchange rates, 'strategic' trade theory, product and labour market imperfections, policy credibility and 'political equilibrium'. The value added by CEPR itself is partly created by bringing demand and supply together.

6. Impact on policy

We are often asked to identify issues for which CEPR has had a demonstrable impact on policy choices. This is inherently difficult, since decision-makers themselves, whether politicians or civil servants or business executives, use such a wide range of information and analysis that they can seldom pinpoint specific sources for any particular policy initiative. Thus we are often driven to exhibiting press clippings as evidence that someone outside the research community has shown interest in our output. Sometimes we go further by commissioning outsiders to ask 'users' about CEPR output and its impact. Whatever the means of assessment - specific publications, their press coverage and reviews, or the explicit testimony of policy-makers - I believe we can be confident in asserting that CEPR contributions have been especially influential in areas such as

- the European Monetary System
- Economic and Monetary Union in Europe
- the Single European Market
- competition policy
- enlargement of the EU
- EU policies towards Eastern Europe
- central bank independence
- public debt
- international coordination of macroeconomic policies

How does a research institution best achieve an Impact on the policy debate? First, we in Europe have to be realistic: we cannot have a platform like Washington. Because of the role of the United States in the global economy and the G7 - disproportionate to its economic size - what is said in Washington gets more press coverage and will have more influence on international policy-making, both inside and outside the US, than what is said or published anywhere else. Even within Europe, Brussels is not the same as Washington. The leading economic and political commentators in Europe, their publications and television stations, do not have major bureaus there - these are in the national capitals. The only newspaper read throughout Europe whose European edition is based in Brussels is the *Wall Street Journal*! And in national capitals, among national political elites, there is often some reaction against reports that come only out of Brussels.

How do we try to overcome that inherent disadvantage in communicating policy-relevant research to a wider audience? What contributes to policy impact? First, as everywhere, are timing and the choice of topics - we have to hit the market with research on topics that are not merely important, but also

fashionable, and that is partly a question of timing. To get the timing right, however, requires not merely foresight by CEPR and the researchers, but also from the funders of research. Relative to in-house research institutes, our problem is somewhat eased by the flexibility of networking, which permits a quick response with selected researchers who are already working on the analytical problems underlying a particular policy issue and just need to be directed towards the immediate policy application. CEPR cannot tell salaried employees what they should write papers about, but it can range much wider than any permanent in-house staff could do.

Another major advantage in achieving impact on the policy debate - though not necessarily on specific policy-makers, and certainly not in any specific direction - is the perceived independence of the institution. Diversity of funding sources is a basic prerequisite. CEPR has also found that networking favours pluralism and the avoidance of any institutional policy line - it is harder for journalists or their readers to react with 'they would say that, wouldn't they?' Moreover, a network may seem less threatening to governments and civil services than an institution with a large, in-house staff; conversely, it is much less likely to be 'captured' by government, because the researchers and authors are widely dispersed.

CEPR has always put great emphasis on communication in non-technical form. Here we have a disadvantage relative to in-house research institutes: most high-powered researchers have to be cajoled or pushed into making the effort necessary for effective communication with non-specialists. They have been trained to write articles for their peers who read them in professional journals, rather than to give non-technical talks or write material for press releases. Staff of in-house think tanks are much more oriented towards selling their wares and more accustomed to dealing with press enquiries. So we have had to put considerable effort into editing the academics' own 'non-technical' summaries of their research and developing close relations with the media and policy-makers, as well as directing media enquiries towards appropriate researchers.

Among CEPR's main 'users' are international organizations and central banks. We have recently become more successful in achieving impact on the formation of national policies in Europe and on American, Japanese and other national policy-makers in their dealings with the international economic policy issues in our portfolio. We are also making some progress in the development of national groups with impact in their own countries as well as in getting national press coverage for CEPR output. All of our publications are in English, and so far this has been true also for our press releases. We already do have public meetings in other European languages, however, and I can see us moving further in that direction.

Nevertheless, we should not overly stress the language issue per se. Perhaps more important is the mistaken perception among some policy-makers that economics in English is 'Anglo-Saxon economics', which is somehow different

from 'Continental economics' and hence inappropriate, biased or misleading in the context of European policy debates. Few professional economists, whether in the British Isles or on the Continent, would share this view. Most of CEPR's Programme Directors and Research Fellows are based in Continental Europe; the largest national group among the membership of the European Economic Association is German, and its Council is predominantly from the Continent, but its review is an English-language publication, and English is the language of its annual conference. The policy preoccupations of European economists are of course in many cases different from those of their American colleagues, but there has been significant convergence in approach, methods and outlook over the past decade, and that will continue - from both sides of the Atlantic (and indeed both sides of the English Channel).

Perhaps the best testimony to CEPR's policy impact comes from a policy-maker – Dominique Strauss-Kahn, French Minister of Finance and the Economy, said in November 1998:

'CEPR is a truly European institution and a vivid illustration of the emergence of a pan-European civil society...It has created a tradition of high-quality European policy-oriented research...[and] contributes to the quality of the public debate on economic policy.' He elaborated on this theme better than we could ourselves (see *European Economic Perspectives*, 15th Anniversary Issue).

7. Issues, Achievements, Intentions

In summary, the key issues for the establishment of a nationally and internationally important 'think-tank' with global reach are the following:

- how to identify the supply of good researchers
- how to identify, perhaps to *create*, the demand for policy research - who are the potential users, what do they want, what *should* they want?
- what structure will best bring them together?
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References

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Figure 1

**CEPR Researchers Geographical Bases
April 2001**

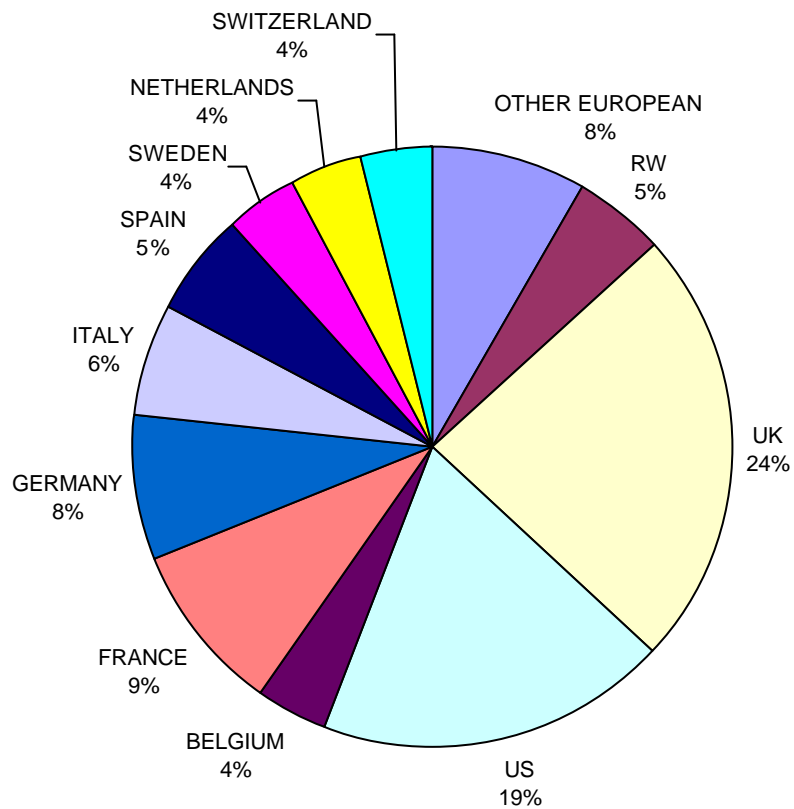


Figure 2

CEPR DISCUSSION PAPERS

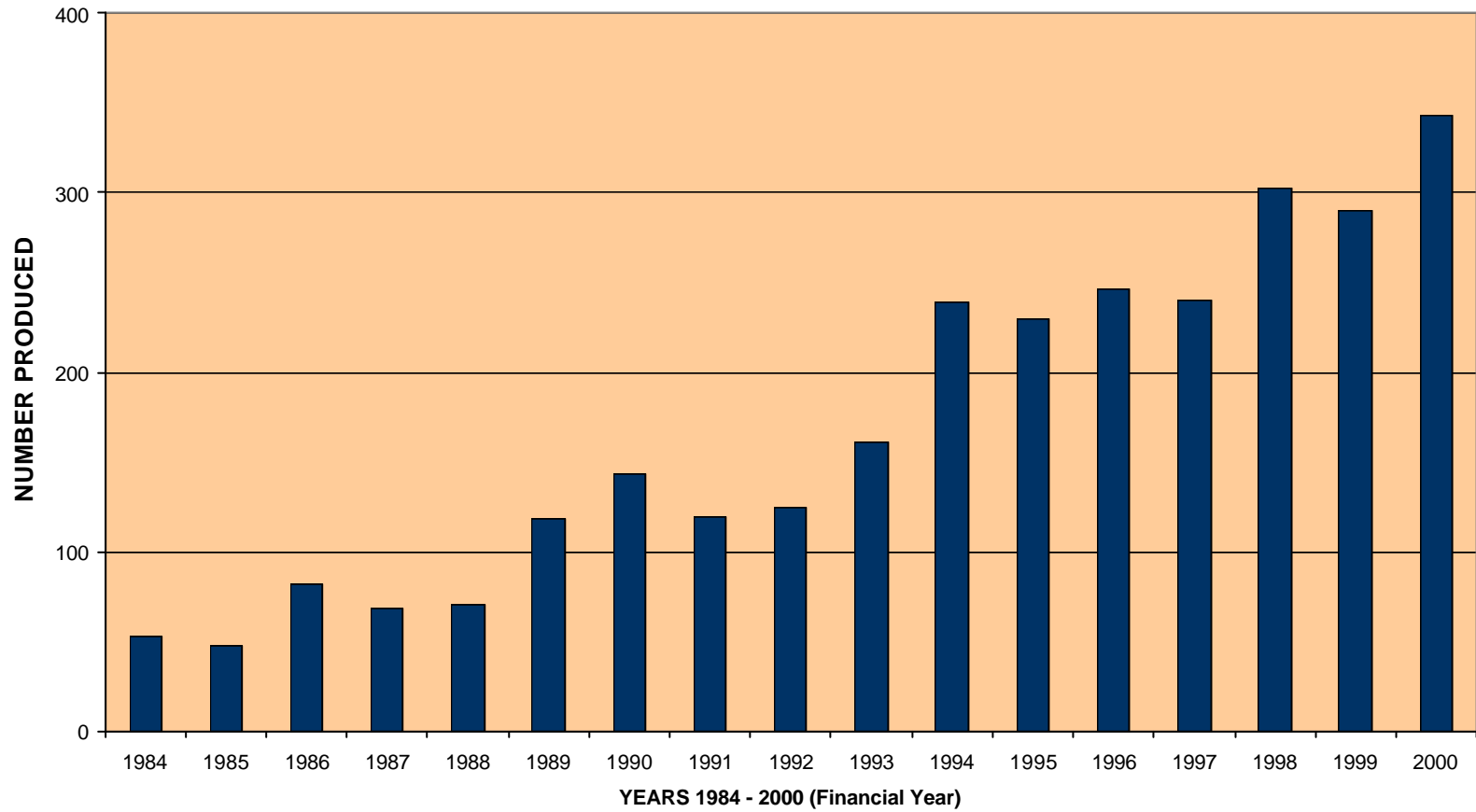


Figure 3

BOOKS AND JOURNAL ISSUES

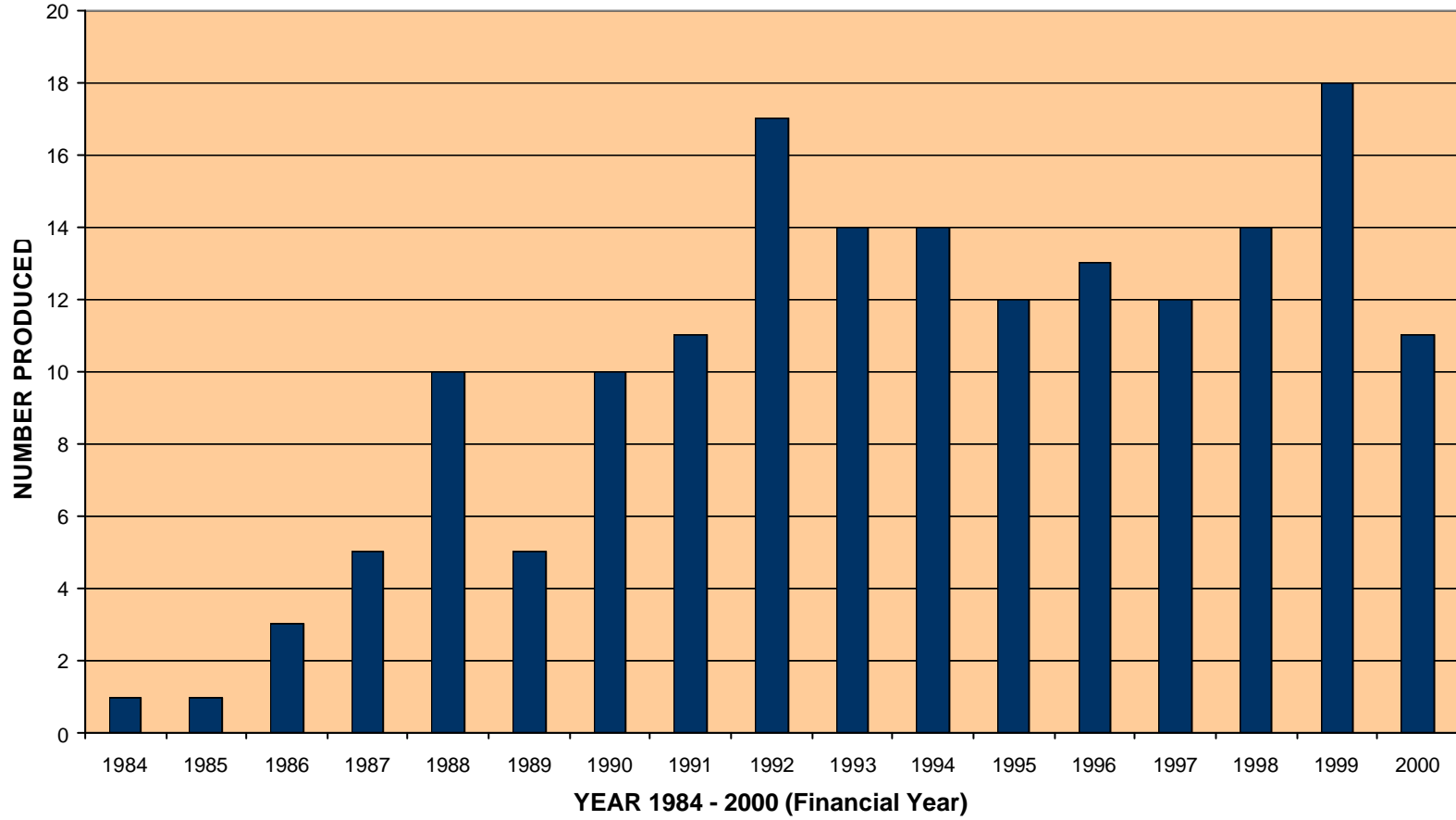


Figure 4

CONFERENCES AND WORKSHOPS

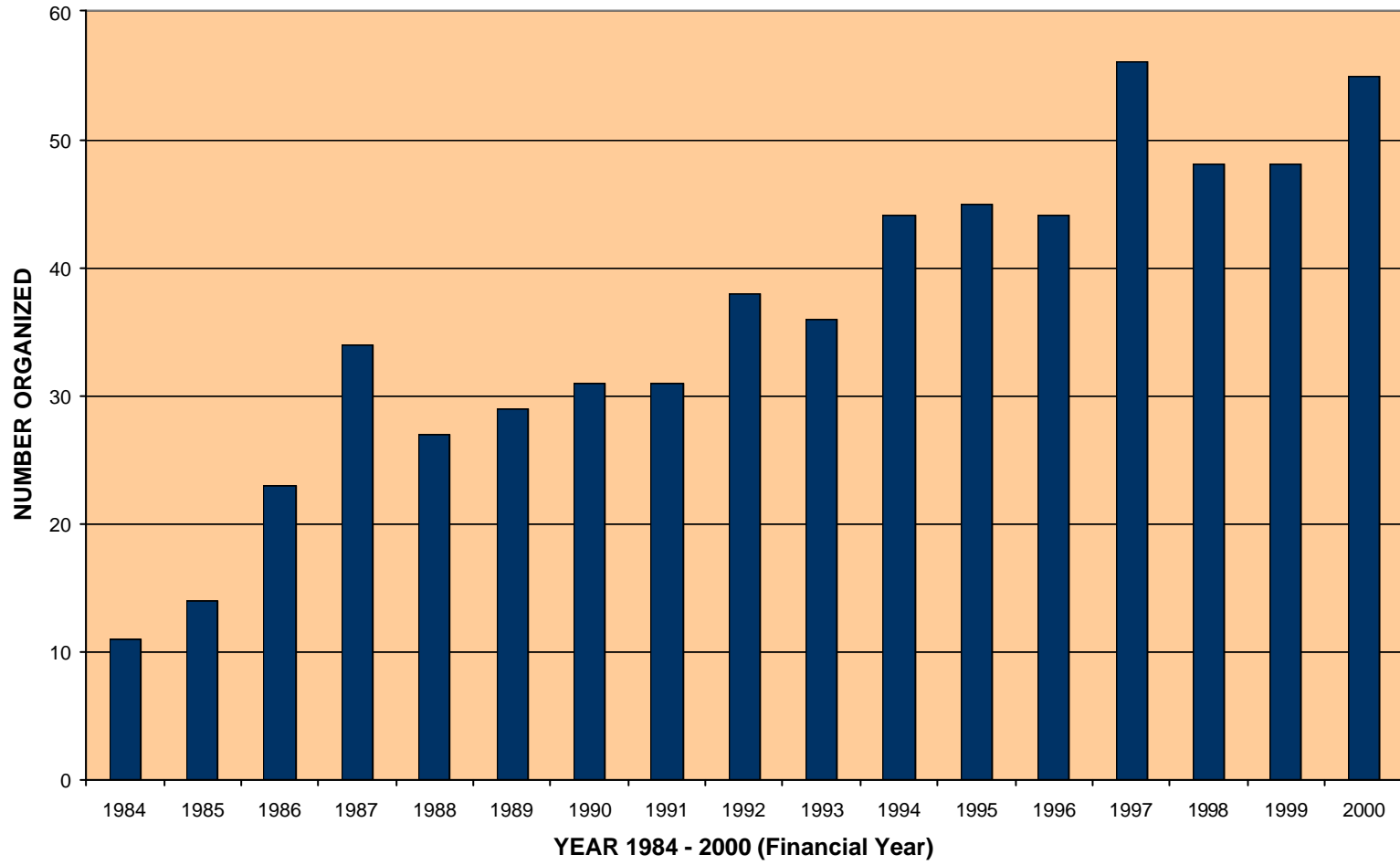


Figure 5

CEPR LUNCHTIME MEETINGS

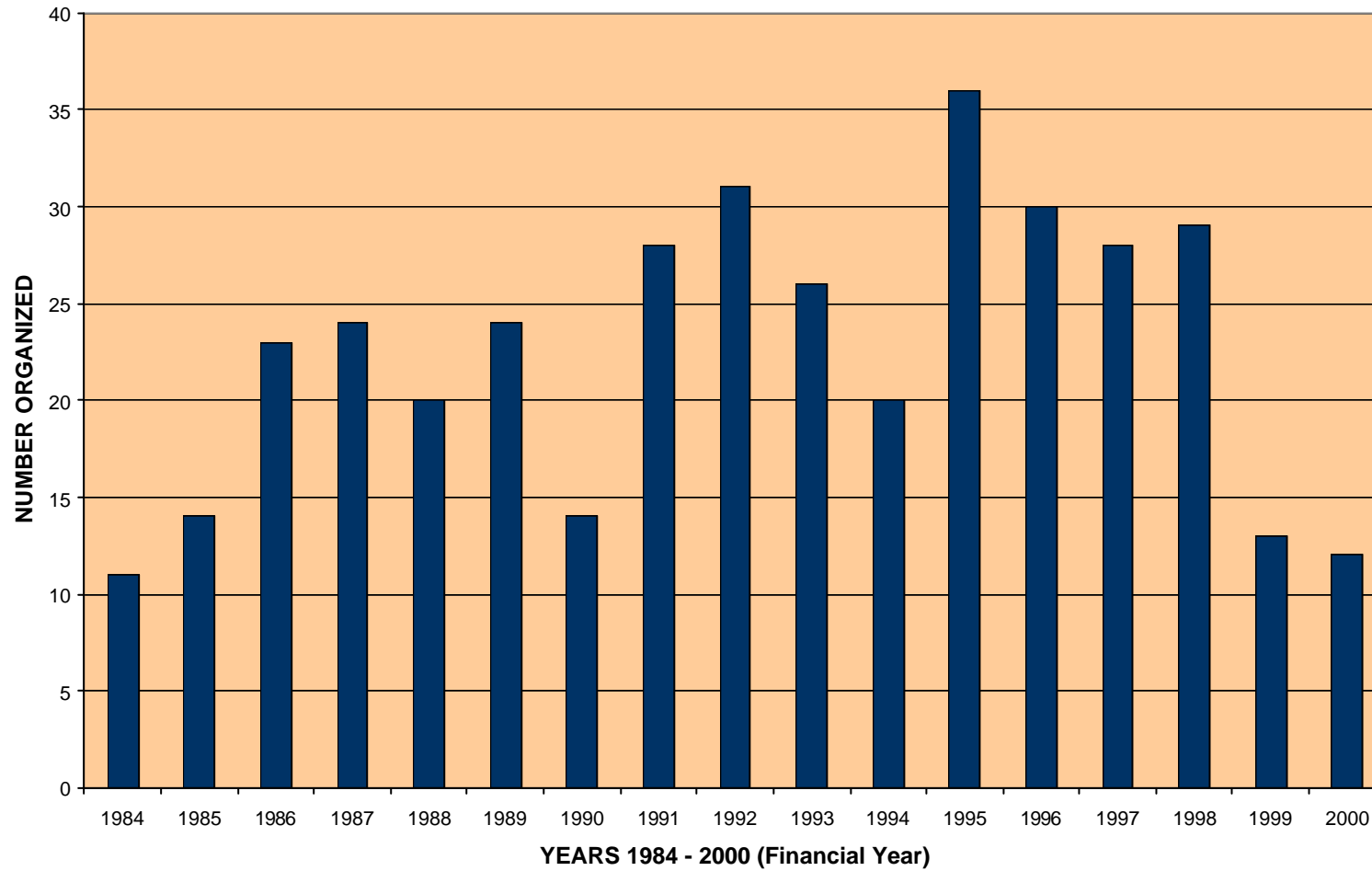


Figure 6

CEPR LUNCHTIME BRIEFINGS, DISCUSSION MEETINGS AND PRESS BRIEFINGS

