THE CARGO CULT OF DEMOCRACY IN ROMANIA

And what can local think tanks do to bring about the real thing

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Abstract

It is possible that the airplane of good governance and prosperity will eventually land in Romania too? This paper starts from a metaphor that points the effects of a self-illusionate population. The author asks himself if, in the actuall state of development of Romanian economy and politics, there may be some chances left. In a country which dessilude itself with a kind self-perception, the reality may be a different odd. The deficit of governance given by a strange byzanthin manner of managing politics, the problems of a model which can be encountered in the underdeveloped countries, namely missing policies model, the administrative problems created by the second level communist inherited public employees and, first of all, the "amoral habits " of the ruling elites, all these are measures for a weak managed country. Thereby, the role of the civil society and especially of the local think-thanks dealing with the transitional problems is crucial. There are some conditions in order that local think-thanks can do their job properly: independence, "one-direction orientation", better communication strategies and a coherent foreign donors help

Key words: think-thanks, governance, missing policies, amorality, corruption

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"In the South Seas there is a cargo cult of people. During the war they saw airplanes with lots of good materials, and they want the same thing to happen again. So they've arranged to make things like runways, to put fires along the sides, to make a wooden hut for a man to sit in, with two wooden pieces on his head for headphones and bars of bamboo sticking out like antennas – he's the controller – and they wait for the airplanes to land. They're doing everything right. The form is perfect. It looks exactly the way it should. But it doesn't work. They must be missing something essential, because the planes don't land.[81]"

The comparison may sound too harsh, but this is actually the impression of many foreign and domestic analysts after observing for more than a decade the travails of democracy in transition countries, especially in South East Europe: the basic forms are in place, and all the superficial aspects of Western democratic life were copied more or less accurately, with whatever local material was at hand. But something essential must be missing, since the airborne cargo of substantive democracy and prosperity does not come down from the sky. This paper argues that the missing ingredient may be good governance – coherent sets of policies developed by local decision-makers through a legitimate and transparent process engaging the stakeholders involved in their implementation. And that the local independent expertise, scarce as it is, organized in the form of think tanks, has a two-fold role to play in the process: contribute with technical inputs; but also change the rules of the game of the current political environment, which currently is stuck in a sub-optimal equilibrium and hampers development. In order to understand what can be done to improve the situation, we should start by analyzing past mistakes and problems.

What went wrong?

Example no. 1.

When Romania was invited in 1999 to start accession negotiations with the European Union, it became obvious that the domestic expertise in European affairs was in short supply. Tens of thousand of pages of acquis needed to be translated and assimilated into Romanian law, and the thirty chapters of

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81 Richard Feyneman, 1985. "Cargo Cult Science", in *Surely You're Joking, Mr. Feyneman!: Adventures of a Curious Character*. Norton.

negotiation needed to be processed by the bloated domestic bureaucracy. Moreover, a new type of program-based strategic planning needed to be promoted in the Romanian public sector in order to be able to negotiate professionally the acquis chapters. But first of all, the consequences of the accession needed to be understood in detail, so that the country could formulate its position on each acquis chapter. This was no easy task, since the policy analysis capacity is in precious short supply in Bucharest. The previous, center-right government understood how important it was to mobilize whatever human resources it could around the crucial objective of European integration. So they set up a think tank – the European Institute – financed with EU and Romanian public funds, with the mission to assist the government (and, curiously, the private sector) along the way, formulate analyses and strategies, provide training for civil servants and help with the acquis translation. The original idea was that the public funding for this government- and EU-initiated think tank would be gradually scaled down as the Institute would gain speed, recognition and eventually become self-sustainable.

A few years – and million Euros – later, several things became clear: while the European Institute was reasonably successful (measured against Romanian standards) in translating laws, it has largely failed with the other two tasks – professional training and providing independent, quality expertise to the government. It happened so because a QUANGO, set up and closely supervised by the government, more precisely by the Ministry of European Integration, did not have the freedom of action, flexibility and right system of incentives in place to fulfill such a demanding goal as making a difference to the policy debate in Romania. The trainings became routine events, attended by public employees because they were told to do so by their bosses, or because they hoped the certificate would advance their careers. But there was no new vision or sense of purpose in this exercise, which soon put off many potential trainees, who came to associate these trainings with the old-style professional "education" that was mandatory under the previous regime. The public policy analysis was arguably the most sensitive area, and therefore most closely supervised by the government officials. The current Minister of Integration even expressed in private her view that people paid with government's money should not deviate too much in their conclusions from the government's agenda. In

these circumstances, large scale programs like the recently-completed impact analysis of the thirty acquis chapters commissioned by EI with teams of independent experts was doomed to irrelevance. In some cases, there were strong political signals that in some sensitive areas (ex. social policy) insightful analysis would better be avoided, and that sheer description is preferred. When this was not possible and the independent experts really put forward coherent pieces, the ministers indicated that they do not need this kind of advice. One way or the other, the studies are likely to be shelved without public debate, which the EI was not able – or willing – to initiate anyway: there were no summaries or press releases prepared for broader audiences, and the public launching of the reports was so unprofessional and low key that it went unnoticed by most of the media.

In brief, the think tank created with European and domestic public funds in order to mobilize the best domestic expertise in EU affairs tends to behave like any other EU-inspired agency. It is reasonably good at following clear procedures (translations – though these could have done very well, and arguably cheaper, within the government proper, on a contractual basis; for example under the coordination of the EU Integration directorate of the Ministry of Justice, like in Hungary); but it fails in its core mission to provide valuable independent expertise or generate meaningful public debate. Its sustainability in absence of a political decision to fund it further is questionable.

Example no. 2.

The results of the Bulgarian 2001 elections produced a strong impression on the Romanian public. The unexpected success of the former king Simeon and its brand new political formation was all the more impressive for many a Romanian young urban professionals, since it benefited from the participation of a group of Bulgarian expatriates who had been successful in Western financial companies – or at least this was the perception in Bucharest. They had a significant contribution to the elaboration of the new government's program and came to occupy top positions in administration, which enables them to test their ideas in practice. Many such members of our new managerial elite began to wonder whether it would be possible to replicate the same type of innovative political action in Romania as well.

The discussion was especially heated within such a group, Romania-economics – an English-speaking, moderated email list where most subscribers are young fund administrators, top managers in multinational companies and foreign business expatriates running operations in Romania. The list has been active for a few years now, some of its members meet in private, as a small exclusive club, to discuss business and socialize, and since most of them share a genuine interest in public affairs the question emerged if they can do something to become more influential than they currently are. The idea was circulated that they should form a think tank – as a loose group of experts who would somehow make a contribution to the public debate on government policies and reform issues. They would increase their visibility by the sheer force of their ideas circulated in the public domain, and as a result change things for the better. They were willing to invest time and effort in this venture, which could be anything from an informal group of experts coming together under a certain label and expressing their views periodically on a set of issues, to a more formal organization.

However, the initiative failed to materialize eventually and the discussions about institutionalizing the email list into a more formal intellectual enterprise declined in intensity lately – together with the enthusiasm for the "Bulgarian model". The step from intentions to action was blocked largely by a small, but crucial detail, surprisingly ignored by MBAs with strong credentials in strategic management: any group of people intending to initiate a common action must have a clearly defined and realistic purpose, as well as some agreed views about the means to go about their goal. The one or two realistic proposals circulated on the list were largely ignored. For example, that members should identify a few policy areas where they are most competent (such as improving the business environment, labor regulations, etc), draft short analyses and memos, and circulate them regularly to the media and other opinion leaders, and in the same time building their brand as an expert group. Given the relative permeability of the media to such kind of free analytic material and the shortage of expertise in Romania compared to Western world, this should not have been very difficult to do. The problem was, while the members liked very much the idea in principle, they actually preferred to continue as a close discussion list instead, exchanging comments on daily events and developments in an unstructured format, rather than focus on a certain number of topics where

they have a comparative advantage and organize their ideas for a wider public. The amount of time invested was, and it still is, roughly the same, but sharing subjective opinions about more or less everything, including areas where they cannot make real professional contribution, such as opinion polls, the "mentality" of Romanians vis-à-vis Westerners or NATO expansion, proved to be much more attractive for the moment.

Example no. 3.

A lot of foreign assistance has been channeled in the last decade towards political parties from the "democratic opposition", by Western bilateral agencies of private foundations. Given the current sorry state of the Parliamentary opposition in Romania, the effects of these efforts are doubtful. Prestigious analysts have even questioned recently the whole logic of party-building efforts in the region that did not pay attention to local institutional realities and motivations[82]. But one of the few things Romanian party leaders did learn during their well-funded study tours in the West, except for the last fashion in ties, is that, no matter how unprofessional their organizations are, the appearances should be saved. Since most Western parties posses policy study centers attached, they should have them too. Probably the most successful and visible such creation in Romania is the Liberal Studies Institute (ISL), the think tank of the National Liberal Party.

However, as it happens in many other respects, similarities with the West stop at the level of format and do not affect very much the substance of institutions. Over the years ISL has not been very good at generating new ideas, has not helped the party become more effective, supported its parliamentary caucus with policy analysis, or capitalized on the genuine interest of some independent policy analysts who have shown up in the ISL initiative and volunteered their expertise. On the contrary: very few decision makers from the party have ever attended the ISL events, and most discussions of substantial policies, initiated mainly by outsiders, were received with embarrassed silence. In fact, contrary to what the name may suggest, there are precious few studies conducted under the ISL auspices. The Institute tends to be a traditional, Romanian-style association promoting social status and cultural VIP rather than policy outcomes and efficiency –

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82 Thomas Carothers, "Three Lessons About International Assistance", *Romanian Journal of Political Science (PolSci)*, vol. 2, no. 2, September 2002, SAR, Bucharest.

very much like the state Academy of Sciences. Old interwar survivors and star political commentators alternate with second-hand students in the history of ideas as speakers in the ISL events. A proposal to create a policy monitorization unit, structured either by EU acquis chapters or Romanian government ministries, which could keep the cabinet under scrutiny and generate the liberals' alternative proposals to government's plans, was blocked tacitly by the top decision makers in PNL. They feared that any such institutionalization of expertise within the party might threaten their positions, if the policy unit came to be perceived as a shadow PNL cabinet, or political platform for the pushy party youth organization. As things stand, ISL is likely to continue as a cultural center with erratic activity, hosting books launches by various public philosophers and awarding grants named after 19th century PNL founders to opinion leaders loosely associated with the party. Which may all be legitimate goals in themselves – but perfectly irrelevant for the policy debates.

Example no. 4.

A few months before the 1996 general elections, when the center-right coalition eventually managed to overturn the post-communist government in Romania, the campaign managers of the Democratic Convention (CDR, the main alliance forming the new ruling coalition, dominated by the Christian-Democrats) were looking for a concept that may underpin the whole electoral effort and in the same time represent a basis for a governing program. Some of the fledgling local think tanks were ready to help with advice – among them, the Romanian Academic Society (SAR), an independent association that had just been formed by a group of independent intellectuals. At that point, in the final stage of the electoral campaign, basically any help seemed to be welcome by CDR. The domestic supply of policy advice was so thin, and the internal policy units of the alliance so hopelessly dysfunctional (a thing that become fully apparent later in government), that they could not afford to be very picky. SAR came up with the idea of a "Contract with Romania", a notion inspired by the American Republican 1994 campaign. A limited set of measures and policies would have been framed in the form of a contract with the electorate, with clear deadlines of implementation and accountability mechanisms attached. The basic concept was not only to center the whole campaign on a list of precise and achievable goals, but also to promote for the first time in

Romania a new type of political action, stressing transparency and accountability as the basic elements of democracy. The new political discourse was meant to mark a departure from the typically vague and symbolic political pronouncements, and signal that the new leaders speak plain language, mean business, and understand to be held responsible for their actions. In short, a change in style, by promoting fresh ideas; but also changes in content, by stressing clear policies and objectives.
CDR gladly embraced the initiative and "Contract with Romania" became one of the main vectors of the center-right campaign. However, in practice there was a significant deviation from the original intention. The CDR politicians proved to be much more eager to adopt the new style than the content. The central points of the Contract – that some simple things could be achieved, with effort and coordination, within a deadline of 200 days; that the long term governing agenda should be framed on some clear concept, say, the EU acquis chapters; and that the short-term measures should be consistent with the long-term strategy – were lost on the way. The "Contract with Romania" became a basket where every politician dropped his or her pet project and unrealistic ideas in a suicidal process of promises escalation. There was no analysis of the mutual compatibility of various proposals, their cost-effectiveness or the necessary implementation mechanisms – which proved crucial later on, especially for a government made up of people with no previous administrative experience. True, SAR and other domestic think tanks were themselves inexperienced organizations at that time and could in no way cover with expertise the whole act of governing a country. But the unprofessionalism and eagerness to get in office no matter what was so strong among center-right politicians, and the systemic shortcomings of the political establishment so marked that even Brookings Institution would not have made much difference in the context. Very few understood that, while politics is important to get elected, policy is crucial once in office. In 1996 most Romanian decision-makers did not even make the difference between the two – and the situation has not improved much since.

There are different reasons why, in each of these four cases, the stirring up of public action failed, and the contribution of Romanian independent experts to the decision-making process via think tanks was not up to their expectations. But they can serve as illustrations of the many problems we face in Romania when we try to promote the interplay between government

and civil society in areas of strategic thinking and policymaking. The first case is a typical instance where the national government's natural drive to control any alternative source of ideas – because, with the right timing and format ideas can be powerful in a democracy, even in Eastern Europe – matched perfectly the equally natural tendency in big international organizations (in this case, EU) to fund a few big projects, rather than many small ones, and open up the assistance programs to non-state actors. And to direct the assistance through official channels, thus giving ministries the upper hand in controlling the output, even when the declared objective of the program is the monitorization of the government by creating alternative expert capacity in the independent sector. To put it more technically, the relationship tends to be non-linear between the amount of support a large international donor is likely to lend to a East European think tank, and visibility of such policy monitorization performed by it: the projects should be successful enough to justify the investment, but not as successful and visible as to really annoy the government and make the life hard for the donor's representatives and employees. In this latter case, the secondary, risk-aversion incentives present in bureaucratic organizations, no matter how well structured, tend to prevail.

The second case portrays the failure to create a think tank in the first place, in spite of the seemingly favorable conditions. It shows that, even though the shortage of expertise in our country is real, this is far from being the only problem. There was plenty of individual policy analysis capability in the Romania-economics group, but eventually it could not be plugged in. Capacity-building effort in the form of increasing human capital (knowledge, skills) is not enough for guaranteeing successful public action, a professional check on the political power, or community's contribution to the good governance in general. The crucial missing element is institutions – in the more general sense of efficient rules and stable patterns of behavior – which may channel the voice of community of experts, and they take time to develop. The skill of creating successful institutions, by starting from domestic realities and structures of incentives present in people, is maybe the neglected element of transition.

Finally, the last two cases are related because they both point to the same problem. No. 3 is illustrative for the shape of many party policy centers that

emerged in transition countries in the last decade – and definitely so for the situation in Romania. Actually ISL is maybe the most successful and well known such intellectual party annex in our country. The obvious limitations of its action should make us ask ourselves if this is just an instance of group failure, or there is more to it than that. It may be that there are systemic shortcomings in the Romanian politics, and possibly in the political establishment of the whole region, that makes the success in such cases unlikely in the first place. More about it below. However, we can incorporate here the last example (SAR's own experience) and anticipate one of the main points of the rest of this article, by raising what is probably the most important question related to our issue: Does policy competence actually pay off for politicians in Romania (or other SEE countries)?; is performance really the element that wins elections? True, no matter what the answer is, a case still can be made about the necessity to build policy capacity in the government, opposition parties and independent think tanks. But the assumption on which the interaction between them is based, and which is built into many assistance programs – i.e. that politicians should have a rational self-interest in policy professionalization – may be wrong as long as the answer is no. We explore why this may happen in the next section.

Romania has graduated from the first, "constitutional" stage of transitional politics, where the basic design of the new institutions is laid down and everybody is more or less interested in public affairs. The "normal politics" stage is characterized by lower public mobilization, fewer decisions of the kind that can be explained on a bumper sticker (such as changing electoral rules, mass restitution of property, etc), increased importance of implementation mechanisms and administrative costs – in short, less revolution, and more good governance issues. Managing the EU accession process, which other CEE countries are involved in, and developing a coherent domestic development agenda require from everybody a different set of skills than the symbolic politics of the early '90. The decreasing spontaneous interest of the public, combined with the increasing technicality of policy decisions, require the institutionalization of policy analysis and good management capacity, both in government and outside it. In brief, the need is real for more professional and policy-oriented approach to governance; the question is: can the current political establishment provide it?

The Deficit of Governance in Romania – politics and policy

Ever since Romania has entered, after 1989, various comparative performance assessments aimed at rating the transition countries, it scored consistently poor, being placed towards the bottom of the table. European Commission's annual reports evaluating the progress of candidate countries put Romania on the last place – after Bulgaria, a country that, arguably, begun the transition facing harsher adverse circumstances. There is a growing consensus among local and foreign analysis on what the main culprit may be: the lack of capacity to design, adopt and implement public policies, irrespective of their nature. This has created a sense of drift and uncertainty in the Romanian society, and has demobilized many social actors that might have taken the hardships of transition of their own, had they only been provided a stable environment.

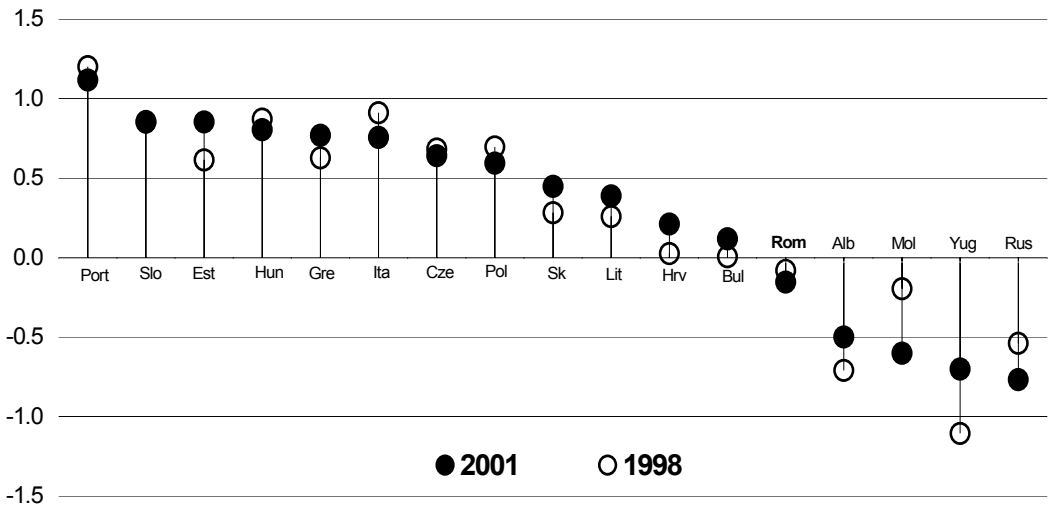
The policy shortcoming also affected substantially the pace of social development. Most indicators were inherited at reasonably high levels from the previous regime in all ex-communist countries. UNDP measures human development through a combination of education, health state and economic output indicators. If the literacy rate and life expectancy change only slowly in time – and even those marked a slight decline across the region after 198983 – the GDP/cap figures were much more volatile and started the '90s with a downwards trend. The lack of consistent and sustainable growth in the past decade is largely attributable to domestic policy failures. Wrong institutional arrangements, lack of political will and missing implementation skills – all can be grouped under the heading weak governance, which explains why some countries have fared worse than others. Romania is definitely a laggard in this respect. One of the most comprehensive evaluations of the governance quality in the nations of the world, run jointly by the World Bank and the Stanford University84 only confirms with

83 True, the pre-1989 figures are questionable in many countries, and in Romania first of all, due to the propensity of the old regime to tamper with statistics.

84 Kaufmann, D., A. Kraay and P. Zoido-Lobaton, 2002. *Governance Matters II: Updated Indicators for 2001*. The World Bank and Stanford University, www.worldbank.org/research/growth

quantitative data what EU, OECD and other international reports have noted before: that there is a deficit of governance in Romania that spans over many aspects of the public life (Fig. 1).

Fig. 1. The quality of governance score: developments between 1998 and 2001



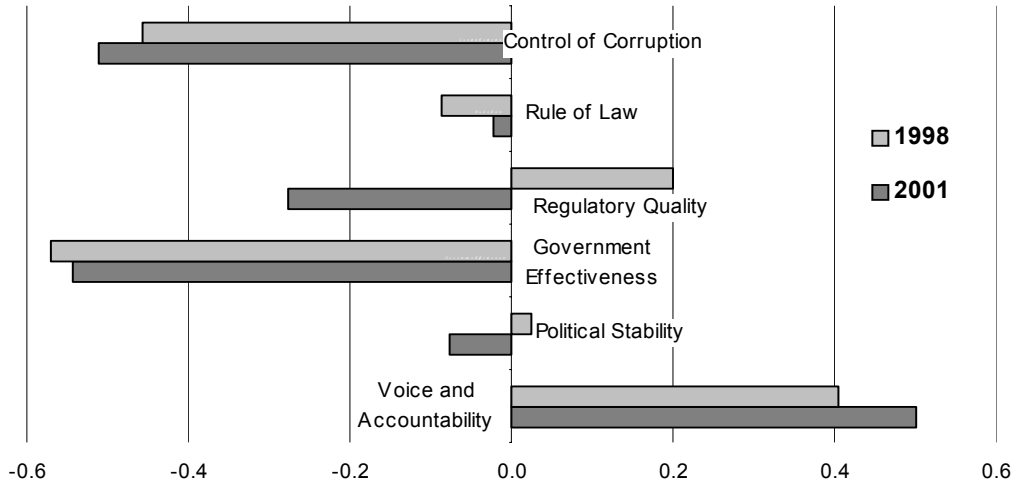
Source: Kaufmann et al, 2002

Two things are particularly concerning in this analysis:

- Romania scores last among CEE nations on the quality of governance indicators, being relegated into the second league together crisis-torn Balkan and CIS countries.

- Not only that the average score is low, but also the quality of governance in Romania worsened slightly between 1998 and 2001.

Fig. 2. The quality of governance in Romania: developments between 1998 and 2001



Source: Kaufmann et al., 2002

No other EU candidate has experienced this combination of unwelcome developments; even Croatia, crippled by war, seems to be pushing ahead faster. Disaggregating of the total country score shows more precisely where the problem is. While in the political areas (voice, political stability) things look reasonably well, the policy implementation areas are those that pull the score down: government effectiveness proper and the control of corruption (Fig. 2). In addition, the quality of regulation has worsened significantly between 1998 and 2001. This is an important point to stress when talking about the first decade of transition in Romania: *the country has failed to follow up with sound policies the political liberalization achieved in early '90s.*

When something eventually gets implemented and functions, there are usually two reasons why that happens. First, because external conditionality was strong and detailed enough to keep things on the right track. This is the case with certain measures to stabilize and liberalize the Romanian economy, adopted largely in two waves: early '90s and 1997-98. Or, second, when a bad crisis suddenly occurs and forces the implementation of a solution that had been long debated (and lobbied for by local think tanks)

without any political decision being reached. Arguably, this is how some of the most important policy achievements of the last years came about: the passing of the FOIA law pushed forward by a consortium of NGOs, the local budgets reform, the cleaning up and strengthening of the financial sector after a series of bank and mutual fund collapses which brought the country close to default in 1999. In some instances a combination of external conditionality and crisis-driven measures may function, as it was the case with the issue of orphans: strong pressure from Brussels and Strasbourg to do something about Romania's gloomy orphanages, plus a string of scandals related to international adoptions, forced the government into action and a more modern system of foster care was eventually implemented.

The problem is, these two factors can only work in some policy areas. The external or crisis-motivated push may not function with the same efficiency in other areas of economic or social policy, where standardized solutions do not exist (as they do in banking of local finance, for example). Here domestic expertise is necessary in order to filter and adapt locally the pool of international best practices. If the Romanian policy community continues to be weak and non-committed, things will not change for the better. Right now there are obvious problems in this respect, starting from the very design of the policy cycle.

The missing policies model

This structural incapacity to employ the rational model in public decision-making processes (define the problem, identify and evaluate alternative solutions, choose the optimal one based on explicit criteria, implement it and collect feed back) reminds one the situation in pre-modern states, when the lack of data and coherent administrative procedures made large portions of the society "invisible" to the top public officials[85]. The evolution towards a modern public sector implied a systematic effort to centralize information, categorize and handle data for policy purposes – and hence to "read" the society accurately. However, the attempts to develop rational policies through modern state bureaucracies may be resisted by citizens if there is

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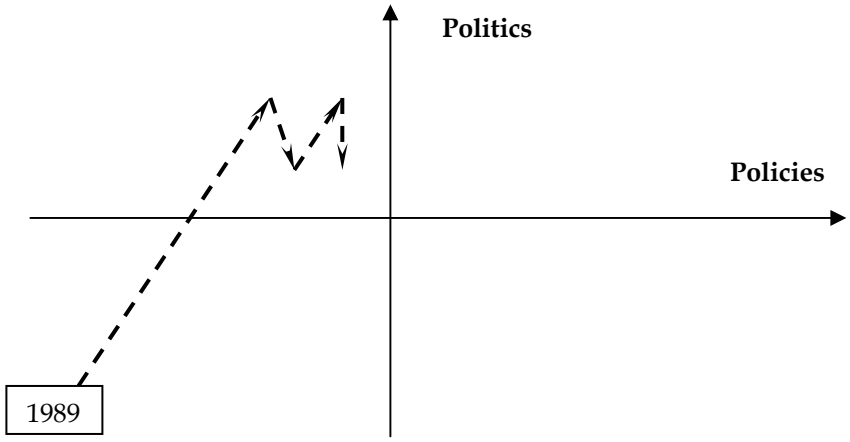
85 Pal, Leslie, 2002. "Public Policy Analysis", in Mungiu-Pippidi, Alina, and S. Ioniță (eds) *Public Policies: Theory and Practice.* Polirom Publishing House, Iaşi, Romania.

distrust among them and the public officials. The former suspect that every attempt to make the social transactions more "readable", record data and measure social processes would lead to more state interference and control, which is regarded as evil. In other words, the citizens' trust in public institutions is not only a result of previous experiences with state intervention, but also a factor that affects the very capacity of these institutions to design and implement public policies. Without measures aimed at enhancing the level of trust in state institutions, it is hard to escape this trap of pre-modernity.

After 1989, there has been little progress in this respect in Romania, though the need for public policies came to be recognized by all mainstream actors. The consequences are clear. During the communist times both politics and policies, in the modern, democratic meaning of the terms, were absent. Two simultaneous developments were supposed to take place in the public sphere after the fall of the communist regime, starting from this zero-base situation: the emergence of democratic politics; and the development of design and implementation capacity of public policies. In reality, the evolution on the two axes was uneven (Fig. 3) [86]. After 1989 Romania has been stuck in the upper-left quadrant.

86 Following a suggestion by Dorel Sandor, 1999. "Politics versus Policies: How to Succeed in Blocking Reforms", in Rühl and Dăianu, *Economic Transition in Romania: Past, Present and Future*. Cerope, Bucharest.

Fig. 3. Incomplete development of the public sphere after 1989: the missing policies model



The fall of the old regime determined a rapid move towards political pluralism in the early '90s. The same development failed to occur on the policies axis. If we agree with the distinction that *politics is about getting elected, while policy is about what you do after that*, we can conclude that the main interest has been focused on electoral campaigns, alliances and splits, positioning and re-positioning, and courting the media. All the modest steps towards professionalization in the public life occurred almost exclusively in these areas. That running for office should also involve a competition of programs and policy packages, has still not dawned on Romanian politicians. And, since campaigning is the only proven skill of the political class, it begins shortly after one round of elections are over, consuming financial and intellectual resources which in "normal times" should be at least partially invested in policies. Moreover, every new cabinet has a tendency to downplay the achievements of its predecessors and to spend time and effort to re-write a substantial amount of laws and regulations, without running any public program assessment.

What is true for the political class is also largely true for local think tanks. Most of them are interested mainly in political events and trends. To the extent that they do research – which not many actually do – this is related mostly to subjects such as voting patterns and electoral rules, content

analysis of party programs and history of ideas. The potential recruits for such organizations, the graduates from university policy studies departments, have no previous exposure to empirical research or genuine policy analysis and writing. For most of them, all one can do on, say, pension reform, is to count the occurrences of this topic in newspaper columns and politicians' statements, and classify them by ideological leaning.

One thing think tanks have learnt to do decently in the past decade is conduct / or discuss about / opinion polls. This is indeed a useful skill in a modern democracy, since poll data, if used properly, is a precious source of feedback on policies. However, in absence of other types of skills and products, the over-reliance on polls reinforces the false impression in politicians that the governing process is only about positioning and massaging the public opinion. This is a natural bias in East European elites, made up largely of intellectuals with a soft spot for expressing themselves in public and acquiring the celebrity status associated with it. The whole notion of reform as a list of identifiable steps and procedures, characterized by implementation effort, measurable outcomes and a certain level of efficiency remains rather strange, not only to politicians, but also to many think tank people. And so does the idea that all the components of the policy cycle are worth studying, not only the initial big idea.
A very important mental barrier that delays the institutionalization of professional analysis is the lack of understanding of the trade-off nature of the policy decisions. In real life, nothing comes without a cost attached. Well-meant policies have unintended consequences, and some of them may be unpleasant. Good policy researchers always try to make their analysis as inclusive as possible when balancing the costs and benefits of proposed public actions.

The Romanian policy community, irrespective of its professional background, has not yet assimilated this fundamental notion of trade-off. Which is small wonder: socio-human and technical subjects were – and still are – taught in universities with the same disregard for the situations when choices must be made between conflicting values that are all legitimate. We still live under the impression that optimal solutions are unique and can be determined by the best experts in the field using the right technical

instruments. While one cannot realistically expect that a minister will show the analytical objectivity of an academic in evaluating his/her pet project, independent experts should know better than that. Unfortunately, many times think tank people advance their agenda with the same blindfoldeddness of a government official, assuming that incompetence or personal enmity can be the only sources of disagreement. Moreover, for them too policies are mostly about message and positioning in the public space, rather than outcomes.

The free media can help to some extent, but not much. It shares with the other members of the "chattering classes" the same shortage of analytic skills. On top of that, it feels increasingly the market constraints, as the thirst for public information which characterized the readers in the early transition years has dried up. Both factors contribute to the "flattening" of the media market which is obvious in Romania today: most daily newspapers have moved towards a tabloid format, and news analysis is largely inexistent on TV programs. General newsweeklies have disappeared years ago and no serious publication has been able yet to occupy this up-market niche. Therefore, the natural counterpart of think tanks in the business of communicating policy analysis to the public, and one of the main consumer of their products, is weak and unreliable.

The "missing policies model" sketched above poses serious problems for the state of social development in Romania. Inconsistent governance creates uncertainty among all social actors, public and private, and shorten their time horizon, with all the consequences following from here: decreased level of trust, proliferation of hit-and-run transactions, difficult aggregation of actions that promote the public interest. It has been said sometimes that bad policies can be less damaging than no policies at all. This may not be actually true in many cases, but nevertheless it illustrates the feelings of many Romanian citizens today, after more than one decade of protracted transition: that anything is better than the current policy drift, when no political party is able to propose a clear course of action. This mood, even if not fully justified by realities, explains why so many voters defect from the democratic camp and begin to vote anti-system, for the extremist Greater Romania Party (PRM). What is sure, though, is that the policy incompetence

and/or disinterest of the political class leaves the society in a sub-optimal state, where the total welfare is lower than it could otherwise be.

Administrative problems

To make things worse, the Romanian policy community embraces an obsolete, 19th century approach to policymaking, centered mainly in the drafting and passing of legislation. A policy is good or legitimate when it follows the letter of the law – and vice versa. Judgments in terms of social costs and benefits are very rare. This legalistic view leaves little room for feasibility assessments in terms of social outcomes, collecting feed back or studying the implementation mechanisms. What little memory exists regarding past policy experiences is never made explicit (in the form of books, working papers, public lectures, university courses, etc), but survives as tacit knowledge of public servants who had happened to be involved in the process at some point or another. And since the central government agencies are remarkably numerous and unstable, appearing, changing their structure and falling into oblivion every few years, institutional memory cannot be perpetuated[87]. This, again, is consistent with the other pre-modern features of the Romanian public administration:

- Incapacity to communicate across time and institutions
- Closeness vis-à-vis independent experts and the public opinion
- Learning exclusively by doing, typically in one agency; as a result, there is very little capacity to verbalize and generalize experiences, as well as little capacity to adapt to changing circumstances
- Propensity towards secrecy; by default, information should be kept secret because it constitutes the only comparative advantage of an otherwise underskilled official.

The combined action of political uncertainty and low payment – insufficient for sustaining a decent level of life even at modest Romanian standards –

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87 Ioniță, Sorin, 2002. "Expandable Government: Institutional Flaws of the Central Administration in Romania", in Mungiu-Pippidi, Alina, and S. Ioniță (eds) *Public Policies: Theory and Practice.* Polirom Publishing House, Iaşi, Romania.

creates a civil service who is not only less professional than the one in developed countries, but also much more heterogeneous. The majority of its members are old petty apparatchiks or new dropouts from the private sector. Frustrated by their low income but unsure enough of their own skills to cling to their existing jobs, they dully execute daily routines, play the bureaucratic power-games and yield to any sort of political pressure coming from above. They pursue a chameleonic strategy: placate the political masters and try to extract whatever informal advantages they can from their position.

On the other hand, a fireball strategy is pursued by a small number of people, especially at higher echelons, who regard a stage in the civil service as an investment in their professional CV, political career, or a step towards a more lucrative job in the private sector or with an international organization; or, sometimes, they may be driven by a less virtuous motivation. Some of them may be educated in the West and thus constitute nuclei of competence in their immediate environment, but their tenure tend to be short and there is no long-term impact on the overall performance of the institutions. These are the persons whom the typical Western donor meet and talk to, and hence the widespread impression that the situation in the public sector is better than it really is. There may be differences in the level of professionalization and stability between institutions, of course. It has been noted before that the central banks and finance ministries in developing countries, for example, are the first to develop "linkage elites" who speak the conceptual language of their Western colleagues. However, their numbers are yet too small to alter the overall picture of the civil service: a mass of disgruntled and ineffective staff punctured with small and transient groups who understand and try to push the reforms forward. Again, giving this fragmented structure of the Romanian civil service, even established Western think tanks would have a hard time interacting successfully with it, as one is supposed to do when working on policy issues. Professional communication and mobility between the two sectors tends therefore to be low.

Some things can be accomplished, especially in the first stages of reform, with uncontroversial measures requiring little administrative capacity of implementation, and thus likely to be promoted quickly by a small circle of

senior officials with political support and not much help from independent think tanks (set up of basic democratic institutions, early prices and trade liberalization, dismantlement of old regulatory mechanisms). But as post-communist reforms enter the second stage, where more complex public systems involving many stakeholders should be changed, the coherence of bureaucracy becomes a crucial factor, and inputs from independent knowledge centers may be decisive. In Romania, while the reforms of type one were more or less successfully pressed upon bureaucracies by the linkage elites and political leaders, the attempts to implement reforms of type two led to bureaucratic sabotage and open backlashes against the initiators. Moreover, when arbitrary and politically-driven purges of the civil service occur, like the one mentioned before, the people who make up the small pockets of expertise are the first to disappear from the public institutions – either because they were the most visibly associated with the political sponsors of reforms or because they are the most professionally mobile anyway.

Entrenched bureaucracies have learned from experience that they can always prevail in the long run by paying lip service to reforms while resisting them tacitly. They do not like coherent strategies, transparent regulations and written laws, but status quo and daily instructions received by phone from above. This was how the communist regime worked, and after its collapse the old chain of command fell apart but the deep contempt for law and transparent action remained a constant of the daily life. This institutional culture is self-perpetuating in the professional civil service, the political class and society at large. The change of generations is not going to alter the rules of the game as long as the recruitment and socialization follow the same old pattern: graduates from universities with low standards[88] are hired through clientelistic mechanisms; performance on the job is not measured; tenure and promotion are gained through power struggles.
The average Romanian minister today has little understanding of the difficulty and complexity of the tasks he or she faces, or simply judges them impossible to accomplish. Therefore they focus less on getting things done

88 A problem still underestimated by the Western donors and analysts who are more familiar with other parts of the developing world where, in spite of the social problems and inequality, well-educated elites exist managerial skills up to the Western standards. In spite of the progress of the last decade we are still not in this situation in Romania.

and more on developing supportive networks, because having collaborators one can trust with absolute loyalty is the obsession of all local politicians and the reason why they avoid formal institutional cooperation or independent expertise. In other words, policymaking is reduced to nothing more than politics by other means. And when politics is extremely personalistic, fragmented and pre-modern, as the next section explains, turf war becomes the rule all across the public sector.

Elites' habits and values: "amoral familism"

A consistent layer of values and attitudes prevalent in society compounds the previous structural flaws. Personal allegiance is more important than anything else, even the rational self-interest of actors. As a result, the environment becomes even more unpredictable than it would otherwise be. Leaders are supposed to be promoters of their protégées. Clan-based loyalties take precedence over public duties for the salaried public officials. And this behavior is to be found not only in the central government, but also in local administration, the political opposition, academia and the cultural life in general, thus permeating most of the country's elites. Classic studies of Mezzogiorno in Italy call this complex of attitudes "amoral familism" – when extended kin-based associations form close networks of interests and develop a particularistic ethics centered solely in the group's survival[89]. This central goal of perpetuation and enrichment of the in-group supersedes any other general value or norm the society may have, which becomes non-applicable to the group's members. At best, they can be only used temporarily as instruments for advancing the family's goals – as it happens sometimes with the anti-corruption measures.

Since Romania's society, like others in the Balkans, is predominantly pre-modern, its members are neither very keen to compete openly, nor accustomed to the pro-growth dynamics of modernity. Social transactions are regarded as a zero-sum game; a group's gain must have been realized at the expense of others. This may be a rational attitude in traditional, static societies, where resources are limited and the only questions of public interest have to do with redistribution. The maximization game in these

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89 Banfield, Edward, 1958. *The Moral Basis of a Backward Society*. NY: Free Press.

circumstances is not understood in absolute, but in *relative* terms: a final state may be considered acceptable when everybody loses something, but one's group loses less than the others. However, this worldview represents a disadvantage in the new circumstances where a positive spiral of growth is possible and the professional success of out-groups should not be regarded as a threat, but a source of general wealth. Designing and implementing welfare-enhancing public policies in this environment – meaning packages of consistent and uniform general rules applicable to everyone – is always a challenge.

In Romania this secular institutional under-development is combined with the inheritance of particular type of totalitarian regime: "sultanistic communism", as transitologists have aptly characterized the Ceausescu unique blend of inept Soviet-style bureaucracy and Balkan-style nationalism, arbitrariness and clannish behavior. The ruling class of the Ceausescu years was made of a number of territorial families fighting for power. Even the formal rules of the communist regime were not consistently enforced. Instead, it was an open secret that the competition among groups consisted in applying skill and power to bend the rules of the games to one's own advantage. Rent seeking was a generally accepted principle of organizing the public life, and all the individuals down the social ladder were trying with more or less success to replicate the strategies of top echelons. Naturally, the habit could not have disappeared without trace in just one decade.

Today, the political parties are typically made of small coteries of people with little or no idea what the task of ruling a country means. The governing is most often done, more or less routinely, by an uneasy combination of old-time Communist bureaucrats, the only ones who posses the group discipline to accomplish anything, and foreign donors. The emerging civil society is trying hard to find a place for itself in this equation, while facing more or less the same problems as the rest of the society. As the Romanian communist regime was much closer and repressive than its Central European counterparts, it did not allow the emergence of an alternative elite, or even a decent category of technocrats who could understand and manage policy. In a lagged response to this situation, many civil society organizations appeared in the early '90s and tried to make up with their

radicalism for the missing dissidence before 1989 – they were, so to speak, intellectuals organizing themselves to oppose a dead tyrant. This was one more factor that delayed the apparition of modern, professional think tanks. And the effect on the post-communist politics was also weak, since they did not succeed in discrediting and excluding important political and economic actors linked with the previous regime. Researchers of transitions consider this a strong predictor for slow reforms and inconsistent policies[90].

Pre-modern attitudes towards public affairs do not necessarily mean that everybody is poorly educated or anti-Western. Actually, the correlation is weak between clannish behavior and membership to the old regime's ruling class. The new, post '89 sophisticated elites, who make a good showing in international gatherings and pursue in general a perfectly cosmopolitan lifestyle, can still behave discretionary and clannish at home, blocking modernization openings. This disconnection between the official, Westernized discourse abroad and the actual behavior at home in all things that really matter has a long history in Romania. 19th century *boyars* sent their sons to French and German universities and adopted Western customs in order to be able to preserve their power of patronage in the new circumstances – anticipating the idea of the Sicilian writer di Lampedusa that "everything has to change in order to stay the same"[91]. It also explains why diplomacy has been an occupation much esteemed in our society and practiced professionally: because the better you are at it, the more you are able to increase the distance between *pays légal* and *pays réel*, and get the fiction accepted by the powerful foreign partners, to the in-group's advantage.

This also shows why many times foreign assistance is ineffective in these states, and seldom able to alter the ways of the locals. First, it is no longer an exogenous factor: playing on its interests and provoking specific reactions from the international community has become a component of local politicking[92]. Identifying "bad guys" or culprits for non- or simulated

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[90] Nelson, Joan, 1995. 'Linkages Between Politics and Economics', in Diamond and Plattner (eds) *Economic Reform and Democracy*, Johns Hopkins University Press, Baltimore.

[91] Tomasi di Lampedusa, 1958. *Il gattopardo.*

[92] van Meurs, W., 2001. *Risk Reporting 2001/2002 Southeastern Europe.* Bertelsmann Stiftung.

reforms ignores the structural problem in these societies and personalizes forces that are deeply entrenched in society. Second, pumping resources through assistance programs without prior analysis of local conditions and networks of influence often ends up not by changing the rules of the local game, but, on the contrary, by raising its stake and consolidating existent power groups. The local elites are tempted to appeal to the international community's interest in local stability (as is the case with the European Union) and stress the presumably destabilizing effects of reduced assistance or tougher conditionality.

AGENDA FOR CHANGE AND THE ROLE OF THINK TANKS

What can local think tanks do, in cooperation with international donors and other local or foreign well wishers, in order to change the situation? How can they uproot the entrenched groups with a stake in the unfinished modernization and the perpetuation of the cargo cult of democracy in these societies? A number of general principles may be helpful for orienting the action for both local independent policy analysts and international organizations.

As far as **local think tanks** are concerned,

- They must practice themselves what they preach, i.e. good corporate governance, transparency and fair competition on the market of ideas. Which means that, after a decade of romantic generalism and unspecific "political analysis" (meaning, in most cases, that the organizations were just a platform for their leader, a public intellectual) they should be preoccupied to find a more sustainable market niche for themselves and develop more precise skills related to their competitive advantages. They should recommend themselves less by what they are (status), and more by what they do (output). To the extent that they are democracies, Balkan societies are not so much pluralist as corporatist, and too often organizations which are presumably independent are happy to enter special arrangements with the power, which bring them protection from the competition. The experience of their counterparts in some EU countries is not very

encouraging in this respect. Think tanks should resist the temptations of corporatism[93].

- They should preserve their independence from governments, domestic interest groups and, preferably, from any single major donor. Only diversifying their sources of revenue can achieve this. Governments may sometimes have an interest in suppressing unpleasant analysis – and so do local business groups, especially the first entrants on the market, who may try to close it down and make the environment opaque in order to block potential competitors[94]. Reliance on a single international donor makes think tanks dependent on the life cycle of its programs, and the activity donor-driven. It is good if think tanks can establish connections with universities, because some departments may want to initiate research programs, offer their students some real practical experience and put even some money into this. But think tanks should regard their interaction with university departments more as a long-term investment in their image than a short-term financial solution.

- As the Romanian experience demonstrates, success is more likely when think tanks focus their activity on so-called "one-direction" issues, such as transparentization, anti-corruption, improving the business environment and social allocation rules – which can all be grouped under the label good governance – instead on getting involved in contentious, polarizing issues like changing the electoral system or promoting a certain social policy. The first group of issues rally all the opinion leaders as allies, since nobody is against anti-corruption or more transparent social transfers – which is not the case with a particular voting system. Think tanks can build a natural

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93 More on NGO corporatism in the developing world in Howard Wiarda. *Is Civil Society Exportable? The American Model and Third World Development.* The Aspen Institute. Working papers series, spring 2002.

94 World Bank, 2002. *Transition*: *The First Ten Years. Analysis and Lessons for Eastern Europe and the Former Soviet Union*. Washington DC; Hellman, J. et al, 2000. *Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition.* Policy Reasearch Working paper 2444, World Bank.

constituency for their ideas around one-direction issues, especially when these are related to better and simpler rules of the game and more accountability in the public sector.

- They must invest much more effort in communicating the results of their activity, especially to the media. Probably because many think tank people are academics who think that the value of ideas is self-evident, they assume that every time when the politicians and journalists do not listen to them, it is due to bad faith. It may be so, especially in the case of politicians – but not always. Having sound ideas and backing them with good research is only half of the job of a policy center. The other half should be the hard work of popularizing and marketing the results. This may mean adapting the timing to the public discussion agenda, or customizing the output to the profile of the each audience group – for example by sending them executive summaries and policy briefs written in strong and clear language instead of lengthy studies that open with a dry methodology chapter. Precisely because the media in the region suffers not only from time constraints, but also from shortage of expertise, an extra effort should be made to give the journalists ready-made products they can assimilate easily. In other words, think tanks' self-interest should be made to coincide with that of the clients.

- The same applies to their relationship with the government. While staying independent, think tanks should try to influence the decision makers by making themselves useful and taking into consideration the clients' incentives. For example, as many public functions are devolved to local governments or privatized, some traditional ministries are left with attributions of coordination, evaluation and strategy making, for which they are poorly prepared at the moment. In a way, they are themselves moving towards a think tank structure of activity. If carefully approached, top officials may be happy to get free input from independent experts that helps them go about their new functions. By targeting peoples' motivations, and changing them, think tanks can really make a difference. Hence their projects should focus more on conflicts of interests, performance measurement, simulating competition in the public sector, writing

reasonable and enforceable laws; and less on trainings for civil servants (without a change in incentives, these only make grafters and rent-seekers more competent). In general, people respond to incentives more than they do to preaches.

On the other hand, **international assistance agencies** should stay engaged in the region and incorporate some basic principles in their strategy targeting the local think tank community.

- Local organizations working on issues such as cross-border or inter-ethnic crises, other kinds of open conflicts, human rights, monitoring the quality of governance, anti-corruption policies, judicial reform, economic risks – should be supported for a long time to come by foreign donors. They should always be included as beneficiaries of assistance, alongside governments and business associations. The last two groups cannot be fully trusted to promote the public interests in countries with a high degree of state capture by various interest groups. By contrast, the assistance for other domestic reforms such as budgetary procedures, local government functions and revenues, social services, etc can be run through the government agencies too, since there are enough pluralist interests built into these systems to assure balanced results.

- We can distinguish broadly between two main components of assistance in CEE countries: (a) institutional reform, aimed at improving governance by increasing the transparency and accountability of local processes, and the local capacity to analyze needs and resources and make sound decisions; and (b) various punctual interventions, by providing additional resources where they are needed most (infrastructure, productive activities, training). Briefly put, the latter is about bringing in extra resources, the former about changing the rules of the game in these societies. In our region, donors should focus on (a). In spite of the current difficulties, most people the post-communist world do have the knowledge and material resources necessary to act in their own advantage once the right institutions are in place. When this does not happen, the main culprit is usually a wrong institutional framework or system of

incentives, originating in the public sector. A certain passivism the in post-Communist societies is real, but much too often it is blamed on psychology or material deprivation, when in fact it is only the rules governing social interactions which are skewed. When they are fixed, we usually see rational behavior and self-reliance emerging with remarkable speed. Think tanks can play a crucial role in this respect.

- The efforts of local think tanks to consolidate themselves should be helped, not undermined. There are enough difficulties they face because of the domestic factors discussed above. These small and struggling organizations cannot focus on strategy, marketing and professionalization if half of their time continues to be consumed with administrative procedures imposed by donors. In a way, this was unavoidable in the first years of transition, when nobody's credibility had been tested yet. But after a decade it is probably the time for some ex-ante procedures to be simplified, projects be evaluated on the basis of their substantive output, and local organizations by their demonstrated record of achievements, as it happens with many of their Western counterparts. Some of the most successful projects in the region were possible precisely because the initiators were trusted and allowed to work in flexible arrangements that could be adapted locally to changing circumstances (the FOIA initiatives, risk monitorization). By contrast, in many cases the close scrutiny of the donor's bureaucracy ensured dully execution of all the administrative procedures, but could not prevent projects from missing the their main targets (see the examples with the party assistance or the European Institute mentioned above). Donors' coordination, though often discussed, is hard to achieve in practice given the differences in agendas and ownership problems. However, one thing that can be done is the sharing of information between donors about the credibility of local think tanks and their capacity to deliver. In any case, the situation should be avoided in the future when artificial, corporatist NGOs are created with the only purpose of running major programs, under the informal supervision of the government.

- Related to the point above, there is a strong and self-interested tendency in foreign assistance agencies (and their Western sub-contractors) to pick and choose the best local individuals and hire them temporarily as consultants. Typically these are also the best experts working in local think tanks, so that in the long run this strategy weakens think tanks as institutions and drives them out of the market. True, it may be cheaper for donors to attract the best people on individual basis and transform them into freelance hunters of lucrative contracts. But if the international community has also set for itself as a goal the development of local policy-analysis capacity, this is a self-defeating course of action. Such unintended but long lasting effects, similar to the undermining of local farmers in poor countries when too much food aid is provided by donors, should be given at least some consideration when designing programs.

- Europe should play a crucial role in the professionalization of Eastern think tanks. The problem is, it has not been a source of best practices so far. The largest such organizations in Brussels are created by a bureaucracy that is an emanation of states. People sitting on their boards have no other experience apart from working for in government. When distributing EU funds, these QUANGOs first set aside a large share for themselves, and then look around to find other government-created groups they could share the burden of spending with. It is common for Europeans citizens to complain that the Brussels bureaucracy is disconnected from the larger community, and that the whole Union is an elite-driven project. Among other things, this happens also because many Brussels-funded NGO are representatives for one community only, that of civil servants. The natural partners of Eastern think tanks are not the Brussels bureaucrats, nor the domestic governments, but the newly appeared, results-oriented, American-style Western European NGOs – organizations paid not merely to exist, but to provide valuable services[95].

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95 Mungiu-Pippidi, Alina, 2000. *Regulate Or Be Regulated: Europe needs grassroots creativity to legitimize the process.* NGO News, no. 19. published by Freedom House.

There are **three main sources of risks** that threaten the stability and democratic consolidation of Balkan societies: (i) bad government decisions; (ii) opacity of the state, which favors various groups of insiders and rent-seekers; (iii) and un-noticed developments in the economy and society. A good **Early Warning System**, no matter what its exact structure, should be able to identify, issue warnings and advance solutions for all three of them, not only the last. Government agencies may sometimes cooperate on the third dimension, but not on the first two. However, these are precisely the crucial signals that cargo cult democracies need – *policy warnings*, dealing with the fundamental institutions and norms in society. Even when the situation in South East Europe will "normalize", by extinguishing the major open conflicts, policy risks will continue to be a major source of instability. It is the business of local think tanks to perform this analysis on behalf of the community at large and make it public, without any clearing from the official power. And they need real independence of action in order to do this. SAR's own experience of running for one year and a half the Romanian EWS convinced us that there is a tremendous unsatified demand for policy assessments performed by domestic analysts, both from the national and international public. Projects that are executed timely and professionally become quickly visible and make an impact by framing the public debate.

In fact, think tanks have a two-fold role to play here. First, as repositories of expertise, they can cooperate with decision-makers by providing solutions to specific problems and informing the policy process. They do this by publishing books and working papers, organizing conferences, working on contract for various other international or government agencies, or launching public initiatives. There are Romanian organizations with a good record in this respect, for example the economic institute Cerope, policy analysis center Cepsca, the grass-root organization ProDemocratia, or SAR. The basic idea here is that a consolidated democracy needs an accountable, but nevertheless *strong* state – in the sense that it is able to provide public goods (including law and order) efficiently and secure non-discriminatory access of all citizens to them. Since the public sector inherited from the communist regime was over-extended, but weak, public institutions need all the help they can get to consolidate. This is the co-operative, state-friendly side of think tanks' activity in the region.

Second, however, they have the strategic mission to apply moral pressure to keep the reforms on the right track, alter the system of incentives of the political class by making policy competence pay off, and advocate for those institutions and rules that create among the public a stronger demand for good governance and accountability, not just symbols. In other words, to promote a more general "liberal agenda" in the Balkan societies, expose populist diversions[96] and speed up the transition from personalistic politics to competition on policies. This is the monitoring side of think tanks, where they should act as whistle-blowers, a check on the power of the public officials and guardians of the *rule of law*[97].

By promoting transparency and efficiency think tanks also help with making their societies more "readable" as a crucial prerequisite for sound public policy, and breaking the vicious circle of distrust between citizens and state mentioned above. Everyone benefits in the long run if local think tanks press for opening the domestic environment to competition – be it in tradable goods, services, academic and cultural products, or ideas. Competition reduces rents and improves the overall quality of institutions. When the number of trading partners increases, a natural demand for better institutions appears even in societies with a high degree of state capture, because good institutions are necessary to manage risk that arises from dealing with numerous and unknown individuals who do not belong to one's in-group. Greater risk and greater opportunities thus act together to break the entrenched networks of interests, from outside and from inside. Evidence from empirical studies show, for example, that openness in trade is correlated with efficient public goods provision, lower corruption, effective government policies and strengthened rule of law. The same may very well be true on the market of ideas and policy analysis.

When local think tanks succeed on their first function, they can speed up the public sector consolidation. But when they perform well on the second they

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96 Krastev, Ivan, 2002. *The Liberal Estate: Reflections on the Politics of Think Tanks in Central and Eastern Europe.*

97 For more on the distinction between *law and order* (protection by the state against predation by other private individuals) and *rule of law* (protection against predation by the state), see Simeon Djankov et al., *Appropriate Institutions*, World Bank, working papers series, 2002.

become, as some international observers have noted, the real democratic opposition in their countries, more than any other existing political party[98]. This is a role they should be helped to play with responsibility, moderation and professionalism, because it is the only way to make sure the airplane of good governance and prosperity will eventually land.

Summary of Best and Worst Practices*

On definition

TTs are organizations engaged on a regular basis in research and advocacy in any matter related to public policy. They are the bridge between knowledge and power in modern democracies.

On independence

Think-tanks are allowed to have an ideology or political sympathy as long as they advocate what they consider to be the public interest. Independence in best ensured by a variety of funding sources. Think-tanks dealing with international or national crises situations should be supported primarily by international organizations and Western governments. Either in dealing with ethnic conflict, or domestic democracy and economic crises, it is the international community who can be trusted with monitoring the situation via think-tanks, not the CEE governments or business communities. Think-tanks dealing with other domestic issues or European affairs from the region have a wider range of options.

Europe still has to boost its status as the major supporter of European studies and research in Eastern Europe, where the leading position is still held by American governmental and non-governmental financing, even when dealing with EU accesion affairs.

Role of think-tanks

- Providing alternative policy ideas for governments and parties
- Building local expertise to work in cooperation with international donors, or by themselves
- Building public awareness, domestic and international
- Influencing the broader public agenda pursued by governments and the civil society
- Educating a new generation of opinion leaders, civil servants, politicians

Risks

- Becoming too partisan (serving a political party above public interest)
- Becoming too 'governmental' (Serbia after Milosevic)

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98 Oxford Analytica. *Romania: Regular Report.* Summer 2002.

* *Conclusions of the SAR's regional think tanks' conference held in May 2002 in Constanta, Romania, and sponsored by German Marshall Fund of the US, Freedom House, US Embassy, British Cultural Center and Goethe Institut.*

Opportunities

Where reformist or policy-oriented parties are missing, think tanks with a right strategy can make all the difference. A strong policy community may be a substitute for good party programs. A party system which is only made of competing clienteles with no programs needs policy alternatives more, not less. East of Central Europe the need for think tanks is therefore greater today than ever.

Question

Should think tanks produce policies for parties, or create an environment that stimulates political parties to produce sound policies themselves? Can they do both in the same time?

Success

To be credible and effective, a think-tank needs to be a performing organization itself to advocate a performance-based approach, with an administrative apparatus able to implement the advocated policies and assist the government/parties/organization in improving their capacity. It also needs a good pool of expertise, and cooperation with grass-root organizations and the media. It should be able to provide reliable services to governments, parties, international community, trade unions, business associations, civil society. It should treat the media as a respected client at all times.

What are think tank networks for

- Create regional synergies
- Develop benchmarks, a basis for comparisons
- Transfer of best-practices
- Develop own voice to the think-tank community, country or region

... And when do they work

- Goal-oriented groups with clear, narrow focus, preferably formed by working on a common project
- Non-institutionalized, but with clear understanding of who does what
- Common interests and experience
- Not donor-driven

Is there a 'region'?

Post-communist Eastern Europe is still a region with common features. The lasting effects of the Communist regime on East European societies are strong and they often override historical legacies in explaining current policy outputs. This creates great opportunities for think tanks to cooperate across borders until democracy and sustainable development is reached in every country.

On future

The role of think tanks does not end with EU accession – on the contrary. EU needs alternative thinking and policy challenges. And above all, both the EU and non-EU Europe need more accountability. This is long-lasting business for think-tanks. After a decade of democratization, a century of accountability-building, or as long as it takes.