

## **Research Council Report October 2016**

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### **1. Introduction**

This report is based on some interviews by the Chair with selected researchers, an evaluation by all members on selected papers and an overall evaluation based on quantitative data on publications and their impact.

The Council would like to stress that the evaluation is not based on the usual criteria of research strength which would be suited for a research department of a policy institution, for example. Bruegel, as a think-tank, does not set for itself research targets. By design its publication output is very much research lite, there are very few papers aimed at refereed journals or long term projects with some analytical underpinning. As a consequence, the research evaluation exercise is not very well defined. We have interpreted our task in a broader sense and we make some recommendation on how to proceed in the future in the last Section.

### **2. Publications**

#### *Quantitative*

The appendix reports quantitative information on publications and impact in terms of download and google scholar. The number of publications is impressive and some of them have high impact as measured by “pageviews”. Amongst those it is worth mentioning the 2015 paper on quantitative easing (“European Central bank quantitative easing: the detailed manual”) which was viewed 45,301 times, the book written in 2014 “EU to do: memo to the new EU leadership 2014-2019” viewed 33,193 times and the 2014 ECOFIN paper “Europe’s social problem and its implications for economic growth” viewed 32,663 times. Citations by google scholar, on the other hand, are minimal. As stressed in the introduction, this reflects the fact that the audience targeted by Bruegel publications is not academic and that the combination of the speed of the policy cycle and the resource constraint does not allow engaging in longer term, more analytical projects. The papers which are getting more attention are the ones on

macroeconomics and social issues in the EU. A sort of 'core identity' emerges from data on 'pageviews'. The core is related to the field of interest and reputation of some key fellows. The question is to what extent Bruegel should go for diversification. The resources are there to make diversification possible but a key challenge is to engage senior researchers in relevant areas other than macro.

### *Qualitative*

The qualitative assessment by the Council is overall positive, but there are also few critical comments on clarity of expositions and analytical substance on some of the papers.

In particular, there was an overall appreciation of the ecofin papers which were considered to be "useful" and "informative". Let us report some quotes from referees on some of the papers. These quotes are meant to be understood as an indication of the typical comments the key policy papers received by our group.

"This is a good policy paper (or even a pamphlet). Forceful and at the same time based on facts. Not very deep in academic terms but probably an ECOFIN paper does not have to be. Bruegel always prefers a call for urgent action based on very simple economics rather than deep and rigorous analysis of second order issues. This is one of these examples. Looking back, most of this paper's ideas got implemented and Bruegel should take credit for this".

"They (the chapters) contain a great deal of useful material and strike a judicious balance between summarizing and assessing (in a mostly descriptive way) what has been achieved to date, and setting out future challenges. I have no significant criticisms."

"Academic content is comparable to a good master's thesis, but much better written and aware of political aspects. It is difficult to assess the comprehensiveness of a piece that had to be written quickly and concisely: it leaves out aspects that seem obvious to me now, but might have been less topical a couple of years ago".

These types of comments lead to the observation that there is a tradeoff between depth and timeliness, typical of policy work. Unlike central banks, which dedicate sizeable resources to long-term project with a research content, Bruegel is a lean organization and the publication output is almost exclusively composed of policy papers, briefs or reports. The board should discuss the desirability of some longer term more substantive projects which, at the moment, are lacking.

On other papers reviewers were also mostly positive although the general assessment point to lack of rigorous testing of hypothesis or evaluation of alternative views. For example, on one of the papers a referee says: "Good subject and the issue was tackled in this paper before many of the other proposals. I disagree with some parts of the proposal but I find that the arguments are well explained. I am less impressed by the attempt to address the issue of fiscal solvency estimates. Tables 1 and 2 clearly have a lot of endogeneity issues. Regressing primary balance on output gap should clearly not be interpreted as a causality relation."

It is also clear that some papers are written in a hurry. One of the paper was judged to be "poor and under pressure", for example. Or, on another paper, one of the referees says: "This paper condenses a large amount of material into a short space on an important question. .... However, the presentation is often rather dense and confusing and the policy implications not easy to draw, in particular because it is typically not specified to whom the policy recommendations are addressed: is it member state governments, regulatory bodies or what? For example, the penultimate sentence reads: "Decisions taken now – on the relative importance of banking versus capital markets, on the number and size of banks and on cross-border integration of banking – will shape Europe's financial system for years to come". But who exactly takes decisions "on the number and size of banks"? These emerge out of a range of factors (M&A activity, bank success in conquering markets, regulatory constraints) and no single body is responsible for deciding the number and size of banks. The paper too often reads as saying "it would be desirable if X happened" without specifying a clear path for decision-making by identifiable parties to bring about X."

These quotes are samples from the reports meant to deliver the four key messages:

- I. Overall very good, useful and polished products.
- II. Ex-post policy conclusions not too surprising, but timeliness is a key feature of the Bruegel output and it should be valued given the nature of the institution.
- III. Sometime the pieces are written in a hurry and are not easy to read. But generally the reports, briefs and papers are of high professional standard.
- IV. Depth is generally missing but it is appreciated that there is always an effort to back analysis and proposal with descriptive data.

### **3. Qualitative assessment on the research life (based on interviews)**

Researchers interviewed declared to be very happy to work at Bruegel. They all find the balance between short-notice policy papers and longer projects right. They praise collaboration spirit and the general collegial atmosphere. In particular, the research meetings held every Monday are highly appreciated. Other positive observations: the quality of the events, the contribution of the visitors, the support of research assistants and the support of a very professional communication team. Interestingly, nobody is complaining about limited research time.

There were also some areas of concerns expressed by the researchers. They can be summarized as follows:

- (1) Topics. Some topics of obvious policy importance are not addressed. In particular, migration and tax harmonization.
- (2) Most of the non-resident fellows are inactive (5 out of 15).
- (3) Some attempts have been made to integrate research between the micro and the macro team on important topics such as innovation but the effort is still inadequate (notice that this problem was also flagged in the last report).
- (4) Related to (3) is the problem of the micro team being under-staffed and in particular lacks an adequate number of full time people.

The council agrees that there is still an unbalance between micro and macro. However, some new inter-disciplinary initiatives, such as work on climate and

finance and inequality, are worth mentioning. More should be done along these lines.

We also have the following observations:

- 1 The role of senior non-resident fellow is essential so they should be more careful in selecting fellows who will be active.
- 2 The integration of the micro team remains an issue. Perhaps an additional resource in senior micro is needed to this end.
- 3 A lot of the work is driven by the policy agenda of the moment but perhaps some time should be devoted to bottom up research as a way to anticipate issues that may come up. The risk otherwise is to be behind the curve when new issues arise in the policy market.

#### **4. Resources**

As for September 2016 Bruegel had 30 researchers and support staff, eight more with respect to September 2013. There are permanently six research assistants and around three interns.

The number of core researchers has increased from 9 in 2013 to 17. However, some of them are only 1-2 days a week present while 1-2 physically live elsewhere but are closely working with them. Not all are on the payroll. The new researchers are almost equally split amongst micro topics (energy and climate, competition, telecommunication and digital) and macro finance topic. Overall the turnover seems to be a healthy one.

Several non-resident fellows joined, replacing two active ones who left (O'Neill and Muenz) but, as mentioned before, it is important to make sure that they are active contributors.

Young fellows, enrolled in PhD programs but occasionally working for Bruegel, significantly strengthened the team. We think that the junior fellow initiative is important to establish a link with the research world and retain talents at Bruegel.

The role of visiting scholars is also potentially important and the program should

probably be better structured as a support of the research life.

## **5. Conclusions, questions and key recommendations**

In the short run, we have the following recommendations:

1. Enhance the role of external fellows
2. Enhance inter-disciplinary projects
3. Consider hiring a senior micro resource
4. Set clearer targets for a range of topics to address which requires a clear discussion on to what extent Bruegel should diversify to a broad range of topics rather than specialize. The objective should be to keep reputation in key areas where Bruegel is very successful but to have the flexibility to pick up important topics when they emerge. Such flexibility is probably feasible only by activating non-resident fellows in a smart and ad hoc way which in turn requires to better structure the relationship with such external resources.

At a broader level, we recommend the board to schedule a general discussion on the ideal balance between long-term research projects and policy output that the organization would like to achieve. A clearer view on targets would be useful for the next round of research evaluation.

There are two alternatives to enhance research support to policy. One is to set explicit targets and give researchers adequate time for research either on projects related to key areas of interest for Bruegel or bottom up projects suggested by the researchers themselves. A combination of the two is often the best strategy. Such strategy however would require extra resources that Bruegel may not have.

The other is to keep the current model but to structure a different relation with the research council so as to get an input ex-ante. The Council, rather than evaluating ex-post, could act as a research support group. For example, Bruegel could held occasional workshops in which its in-house researchers made presentations to the Council or a broader panel of invited academic outsiders. This might provide a broader range of relevant expertise as well as be more timely

than the kind of retrospective comments that the Scientific Council can make.

The Council feels that the scientific evaluation exercise has outlived its usefulness. It was probably valuable for helping Bruegel to achieve credibility in its early days but the kind of input it can provide is likely not to be very useful any more. Unless Bruegel sets specific research targets for itself, there is not much point in a scientific evaluation. That doesn't mean Bruegel should cut itself off from external academic scrutiny. But it might work better with a different format as, for example, that suggested above.