



# BRUEGEL 4TH TRIENNIAL REVIEW

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REVIEW OF ACTIVITIES COVERING 2013-2015

## AUTHORS

Bruegel's agreement with its State Members determines that every three years an external body of experts reviews the performance of the think tank. The Task Force team was constituted in June 2016. It consisted of five figures:

Prof. **Katarzyna Śledziwska** – an economist, the director of Digital Economy Lab (DELab) at University of Warsaw; the Chair of the current RTF.

Dame **Frances Cairncross** – a British economist and journalist, former Chair of the Executive Committee of the Institute for Fiscal Studies and interim Director of the National Institute of Economic and Social Research.

Prof. **Otmar Issing** – the former Chief Economist and Member of the Board of the European Central Bank, the president of the Centre for Financial Studies (CFS) at Goethe University in Frankfurt am Main.

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## A DECADE OF BRUEGEL

### Introduction

**Bruegel has firmly established its position as one of the most competent, recognized and influential economic European think tanks.** The Bruegel staff has thus achieved the goals set in its statute more than a decade ago. Bruegel truly is **the Brussels-based European think tank**, whose intellectual output is widely read, listened to, discussed and taken into account by people interested in political and economic issues, as well as by academics and opinion-formers. This is the starting point and at the same time the key conclusion of the fourth report of the Review Task Force.

The Annual Reports, particularly the Report of 2015, describe in some detail the way Bruegel currently functions, and draw attention to its growing impact and research scope. The structure and functions of the think tank were also detailed in the previous Review Reports of 2007, 2010 and 2013. The RTF feels that there is no need to repeat the descriptions here. The aim of this report is to evaluate the overall performance of the think tank in the last three years in the context of the decade of its existence. It particularly aims to address the questions of:

- the unique sources of Bruegel's success
- the areas in which Bruegel might want to develop and improve its performance
- the challenges awaiting Bruegel in the near future

Those questions define the **structure of the report**. In the first part we discuss the sources of Bruegel's success: the appropriate scope of its subject matter, the unparalleled quality of its output, its impressive impact, and its dedicated and competent staff. We conclude each section by indicating areas where Bruegel might want to improve its performance in order to consolidate institutionally, build its reputation and develop further impact. In the second part of this report we offer our thoughts on possible challenges that might await Bruegel in the near future. The result of the RTF's research and considerations are presented in the form of recommendations.

**The RTF members would like to emphasise that the conclusions of the report are based on their own judgment.** However, that judgment was informed by opinions gathered in the course of research carried over the period of July-September 2016. We conducted nearly thirty interviews with a wide range of Bruegel stakeholders (we use this word throughout the Report to describe individuals who work for institutions which subscribe to Bruegel) and the members of the Bruegel audience. Most were representatives of government, companies and institutions. Most wished to remain anonymous. The RTF also spoke to members of the Bruegel management and research teams. Additional data, particularly concerning external perceptions of Bruegel's activities and of its impact, were provided by a web survey completed by 64 respondents from very diverse backgrounds, mainly academia, corporations, consultancies, media and NGOs. The survey sample was based on a Bruegel database. The preliminary results of the research were discussed by the members of the Task Force on September 6<sup>th</sup>, during the Bruegel Annual Meeting. Although the opinions of circa one hundred people cannot be treated as strictly representative of the hundreds or thousands of people making up the Bruegel audience, they showed a high degree of unanimity, which gave the RTF the opportunity to identify some noticeable trends and formulate recommendations for the think tank.

Overall, **the RTF is deeply impressed by the performance and impact of Bruegel.** The recommendations were formed on the basis of such research as the RTF could undertake in the short time allotted, and they inevitably reflect the subjective perspective of the Task Force members. The RTF would like to emphasise that it sees its role as strictly advisory, and offers its comments to the Board and members, in that spirit.

## 1. THE SOURCES OF BRUEGEL'S SUCCESS

So far **the story of Bruegel is a story of success**. Almost everyone the RTF consulted was impressed by its evolution from an “unlikely start-up” (to use the phrase of Jean-Claude Trichet) to one of the world’s most influential think tanks. Nobody denied Bruegel the most prestigious position on the European market of ideas.

“They do a good job. There is not much room to improve” – said one of the Bruegel subscribers. Bruegel has successfully built its position and identity as **the** European think tank, giving its stakeholders an insight into the processes of European policy. Nevertheless, discussions with people from a number of backgrounds who use Bruegel publications, blogs, tweets and events in different ways suggest to us that there are several areas of possible improvement.

### 1.1 Appropriate research scope

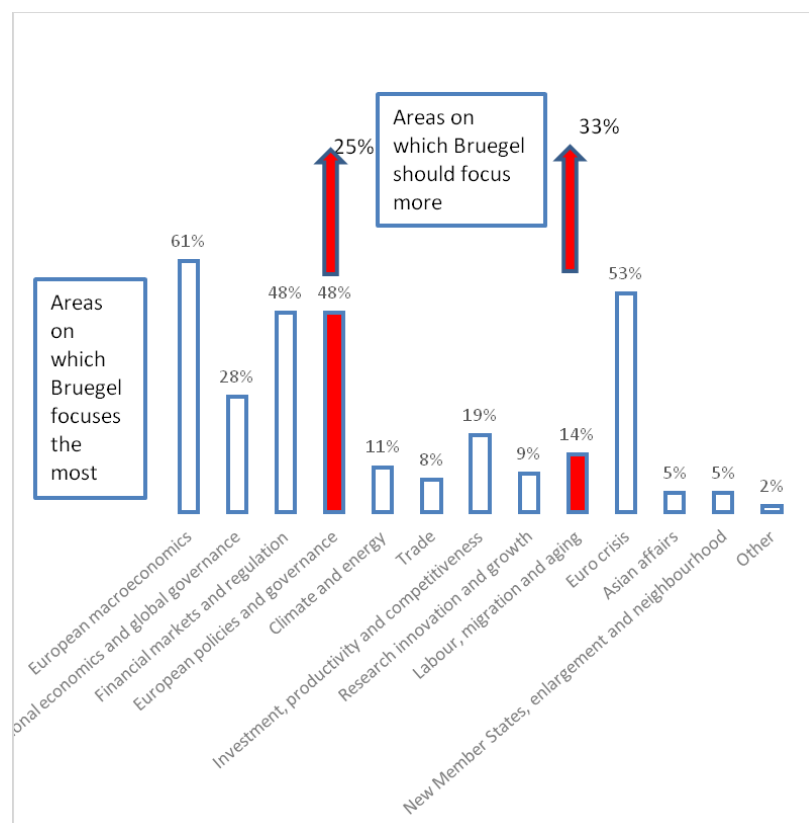
The people the RTF interviewed generally felt that the scope of Bruegel research was comprehensive and adequate. Most agreed that Bruegel stays ahead of the wave, and that its publications are impressively timely. The current arrangement whereby the themes are proposed by Bruegel contributors, and the final research programme (which is a result of collective demand from members and other stakeholders) is monitored and supported by the Scientific Board and approved by the Board, guarantees that it is both in line with the actual needs of Bruegel subscribers, and objectively well-structured.

#### Is there room for improvement?

##### Introduce a more interdisciplinary socioeconomic and political approach

The survey respondents generally felt that Bruegel's most interesting contributions to policy debate were on issues (widely defined) of European macroeconomics, the Euro crisis, financial markets and regulation, and European policies and governance. At the same time one in four wanted more focus on the issues of European policies and governance, and one in three opted for more focus on issues of labour, migration and ageing.

Fig.1. The Bruegel research themes indicated as most important contribution



Source: Web survey addressed to Bruegel stakeholders and audience, N = 64.

This opinion was corroborated by some of the interviews, but there were some interesting differences. Bruegel's state and institutional stakeholders were convinced that Bruegel should keep to mainstream macroeconomic themes such as European macroeconomics, financial markets and regulation and other European policies and governance. The corporate subscribers suggested that Bruegel should give more attention to the issues of trade, investment, productivity and competitiveness; while the representatives of the wider Bruegel audience, from academia, media and other external institutions, often emphasised their particular interest in the issues of migration, labour markets and innovation.

In addition, interviewees indicated that Bruegel should make more use in its analysis of data and insights concerning the countries of Central and Eastern Europe. It was suggested that Bruegel should build more expertise in these areas by collaborating with researchers who specialize in migration and other cross-disciplinary issues or who are willing to transcend the boundaries between economic and political or economic and sociological studies.

### **Include more global context, but maintain a focus on European issues**

As one of the Bruegel stakeholders remarked, "In Brussels we tend to lose sight of the global dimension." In recent years Bruegel has endeavoured to steer clear of this danger by implementing the recommendations of the 2010 and 2013 reviews, which suggested introducing more of the global context into its research agenda. Nevertheless, the people we interviewed unanimously argued that **Bruegel should maintain and perfect its specialization in analysing European issues**. In other words, it should retain its focus on Europe, but at the same time it should include the global context in its research, present European affairs against a global background and emphasise the inevitable linkage between the European and the global.

Given its present human and financial resources, it would be wise for Bruegel not to stray far into analysis of the world beyond Europe. For example, there is no need for Bruegel to develop expertise on China and Chinese economic affairs. To do so would not increase Bruegel's key comparative advantage in relation to other influential think tanks. However, Bruegel researchers should undoubtedly continue to study the impact of Chinese-European economic relations. Bruegel should continue to build functional alliances with local think tanks and use their expert knowledge to enrich its analyses and their networks to reach new audiences.

### **Take more of the regional context into account**

The people we interviewed quite often proposed that it should take into account the regional and national aspects of economic and socio-political mechanisms and processes. Specifically more attention to the economies of the newer member states would be welcomed by some of the corporate as well as state subscribers of Bruegel. Nevertheless, the RTF would like to emphasise that it does not mean that Bruegel research should lose its focus on the EU level, but that it could base its analysis on a wider definition of Europe.

Indeed, an excellent example of the potential of this approach might be that of the paper produced in August on "Europe After Brexit: A Proposal for a Continental Partnership". This paper showed a desire to grapple with issues not just in Brussels and from a Brussels perspective, but for the whole EU and some of its nearest neighbours. Whatever the future of this particular policy proposal, the approach it represents is surely one that Bruegel's admirers would welcome.

### **Explain Europe to the world**

The analysis of Bruegel's media outreach in 2015 shows that, somewhat surprisingly, the most numerous audience for Bruegel intellectual output as measured by visits to its website, is located in the United States. Clearly, many American academics, journalists and decision-makers regard Bruegel as one of the most reliable sources of information and insights about economic and financial developments in the European Union. In recent years Bruegel has also gained recognition in Asia, particularly in China. This might suggest that Bruegel successfully inhabits a niche of expertise that has already built its comparative advantage and is adding to its growing international reputation. Consequently, Bruegel should further develop its prowess in explaining aspects of European economics, politics and social issues to external observers.

### **Signposting Europe**

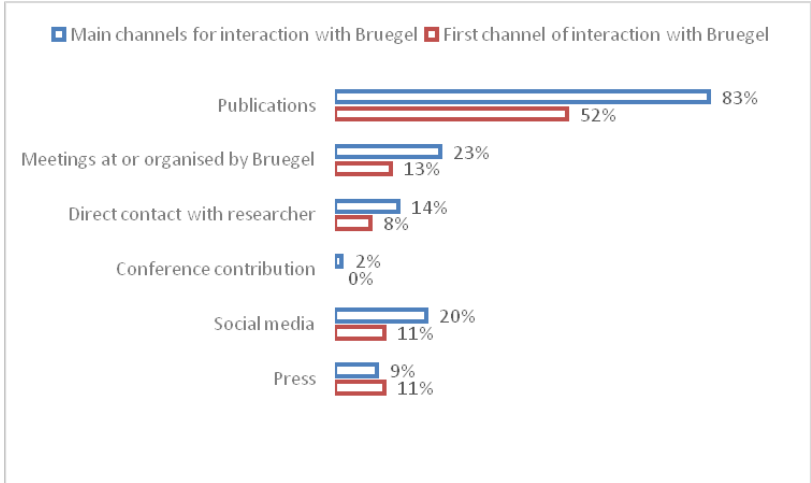
The fourth review of Bruegel activities comes in the wake of the UK's decision to exit the European Union. Our interviewees and survey respondents agreed that much of Bruegel's success was built on its thoughtful and timely work on two key issues for the EU: the 2007 crisis and the banking union. Bruegel now has an opportunity

(which it has already begun to grasp) to help the EU develop workable strategies to manage Brexit. In parallel, Bruegel’s informed voice should be heard in the public debate on the burning issue of reimagining the European project. Bruegel’s analyses should add to the search for the answers to what are the benefits of and the key challenges to European integration, and what should be the starting point in rethinking Europe.

**1.2 Unparalleled quality of production**

The survey results show that publications are the first and the most important channel by which Bruegel reaches different audiences and builds its influence. More than half of our respondents first encountered Bruegel’s intellectual output by way of reading its publications. For most of them, Bruegel’s publications remain their main channel of contact with its output. Also our interviewees underlined the importance of publications as a channel of impact.

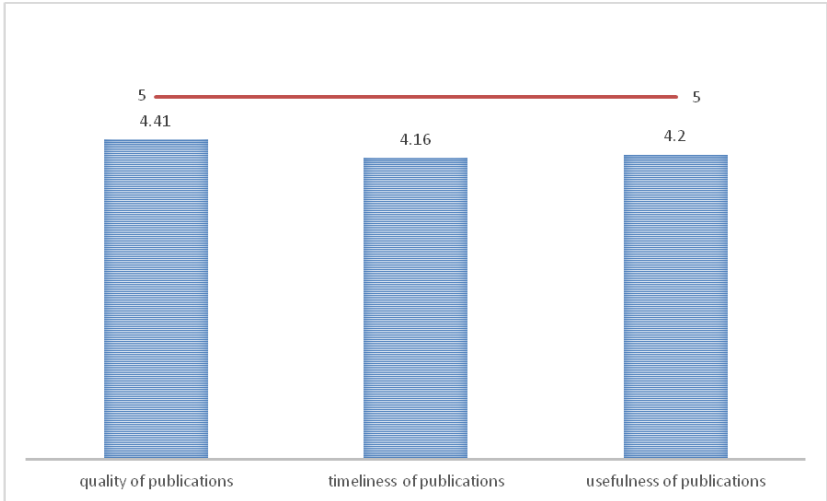
**Fig. The channels of interaction with Bruegel**



Source: Web survey addressed to Bruegel stakeholders and audience, N = 64.

**Bruegel publications were praised for keeping the balance between academic rigour and readable presentation.** Their clear structure and comprehensibility were particularly important for civil servants and other readers in government. The people we interviewed also appreciated the individual originality of the narrative presented by each of the Bruegel researchers. They also praised the balance between the conciseness of presentation and the depth of the analyses, the timeliness and the general editorial quality of publications. (“Their English is British”, quipped one respondent).

**Fig. The opinions of survey respondents on the quality of Bruegel publications (on scale 1 to 5)**



Source: Web survey addressed to Bruegel stakeholders and audience, N = 64.

Our interviews with the Bruegel research and management teams led us to conclude that the high quality of publication is the result of a meticulous and precisely planned process of intellectual production: the rules of editing are detailed, and all researchers regard as one of the organisation's most important rules the cooperative reviewing of the text until it meets the highest standards. As a result, users of Bruegel output can trust that the knowledge they receive is reliable and verified by many researchers, even though they do not always necessarily agree with the line of argument or the conclusions. **The crucial role in this process is played by the Director**, who – a renowned scholar and analyst himself – acts as the guardian of editorial and intellectual standards. Additionally, Bruegel researchers are obliged to publish a number of academic papers per year and to attend conferences as to not lose touch with scientific standards, particularly the peer-reviewing, and intellectual trends.

### Is there room for improvement?

The process of intellectual production is one of the crucial determinants of Bruegel's success. The management and the research teams should uncompromisingly uphold the quality of production.

However, some of the academics we interviewed and the representatives of national financial institutions argued that in recent years Bruegel analyses have lost their previous academic depth and became more adapted to the needs of a wider audience. We are not troubled by this shift of tone. Bruegel is not an academic institution, but a policy-oriented think tank, and this evolution from longer analyses to more concise papers and blogs seems wholly in keeping with its original mission and with the needs of its key stakeholders.

### 1.3 Impressive impact

When Bruegel was first conceived eleven years ago, its founders hoped that it would be a body with an impact. Our interviews leave no doubt that Bruegel has used the past decade to build remarkable impact on economic policy in Europe. Bruegel's analyses are read by people in ministries, national banks, corporate boards, the press and universities all around Europe. In just over a decade, Bruegel has grown to be listed at the top of international rankings of think tanks (e.g. 5<sup>th</sup> in the 2015 ranking of all think tanks and 2<sup>nd</sup> in international economics by University of Pennsylvania)

In its 2015 Annual Report Bruegel proudly enumerated examples of its impact, and there is no need to repeat them here. For the people the RTF interviewed, the most telling metric of impact was the fact that Bruegel is often invited to present its analyses as a kind of recapitulating introduction before the meetings of the European Union's ECOFIN. As one of the ECOFIN participants explained, "They provide support by conceptualizing the crucial problems for other economists with decision-making powers. They describe the problem, analyse its sources and consequences, and then propose potential solutions." Another ECOFIN participant remarked that Bruegel presentations are perfect in form and always slightly controversial in order to stir discussion among ECOFIN members.

Both Bruegel's performance and our interviews with the Bruegel team suggest to us that Bruegel staff are well aware of the necessities and mechanics of making an impact on diverse audiences. The most important channel of impact is their publications. But almost as effective, though harder to measure, are the networking and personal interactions of Bruegel's Director and researchers with European and other political and economic institutions, as well as relations with corporate stakeholders. In addition, in recent years Bruegel has made more use of two additional channels: social media and events. In particular, Bruegel has opened its events to the wider public by introducing live streaming and by loading recorded events on to YouTube.

**Fig. Selected opinions of survey respondents on Bruegel's impact**



Source: Web survey addressed to Bruegel stakeholders and audience, N = 64.

**Is there room for improvement?**

**Measuring impact**

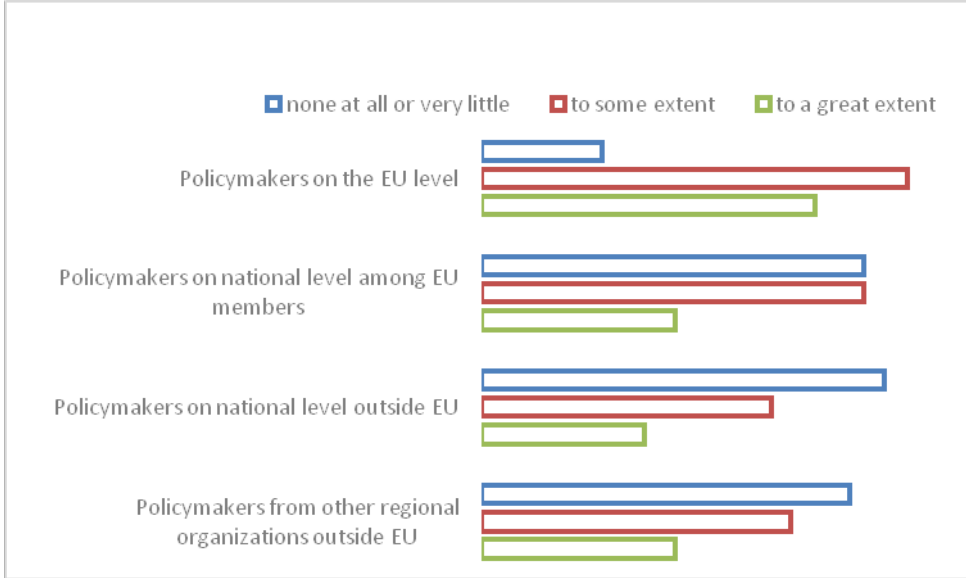
Although the review team would readily admit that there are no perfect methodologies when it comes to measuring impact, it strongly advises Bruegel's management to devise some simple metrics of impact aside from simply recording media exposure. To further develop its impact, Bruegel management needs to know with greater precision who is interacting with which parts of its intellectual output. For example, the media outreach data show that the British are the third biggest audience for the content of the Bruegel website. Yet the interviews, as well as informal talks carried by one of the RTF members in British economic and financial circles, seem to suggest that the think tank itself, its publications and events are virtually unknown there. Ergo, it is difficult to estimate the real value of Bruegel on the British market for ideas.



**More interaction on the national level**

Although so far Bruegel's impact on its particular areas of policy are remarkable, it could do more. Our survey results, the conclusions from our interviews and media outreach data clearly show that much remains to be done when it comes to impact at a national level. Characteristically, **most of the survey respondents were convinced that Bruegel has only modest policy impact on the national level, with the bulk of its influence concentrated at the level of the European institutions.**

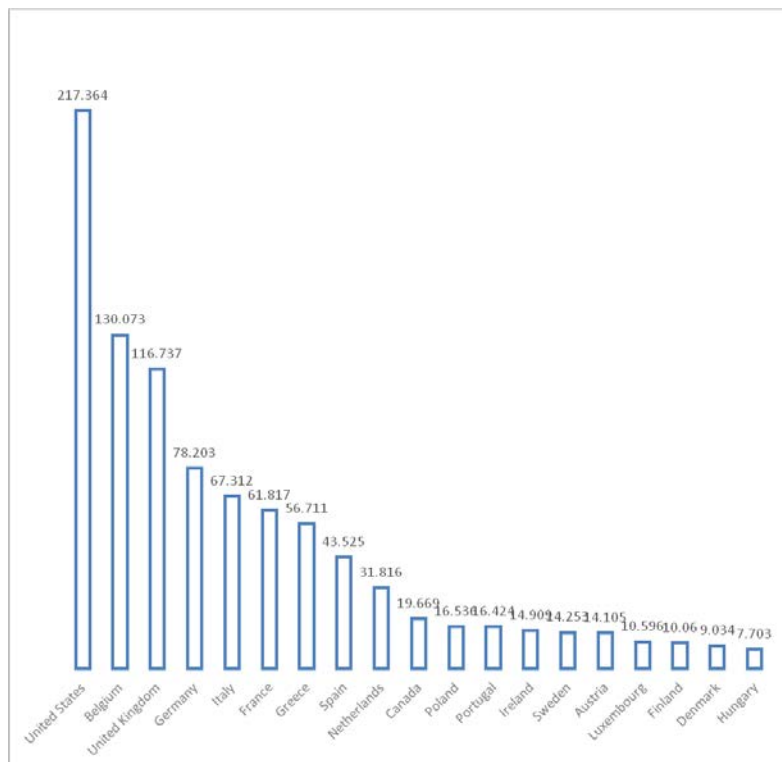
**Fig. Bruegel's impact according to survey respondents**



Source: Web survey addressed to Bruegel stakeholders and audience, N = 64. Answers to the question: Do you think that Bruegel's policy proposals are taken into account by...?

Furthermore, when asked about Bruegel's policy orientation, three in four of the survey respondents claimed that Bruegel is strongly EU-oriented, and only 5% stated that it is relevant at the national level. Media outreach data show that more people enter the Bruegel website in Canada than in Poland or Hungary, although those European states pay the Bruegel membership fee. The main and growing Bruegel audience is based in the United States and Brussels, rather than in individual member states. This imbalance may hamper Bruegel's desire to influence decisions on Europe's economy and politics, which take place not only in the corridors of the Brussels institutions, but also in the cabinets of national ministries. Building a stable presence in Europe's smaller countries may also benefit Bruegel's finances, as it could attract new subscriptions from state members looking for **useful economic expertise linking a European perspective with sensitivity to local economic conditions.**

**Fig. Visits on the Bruegel website in 2015**



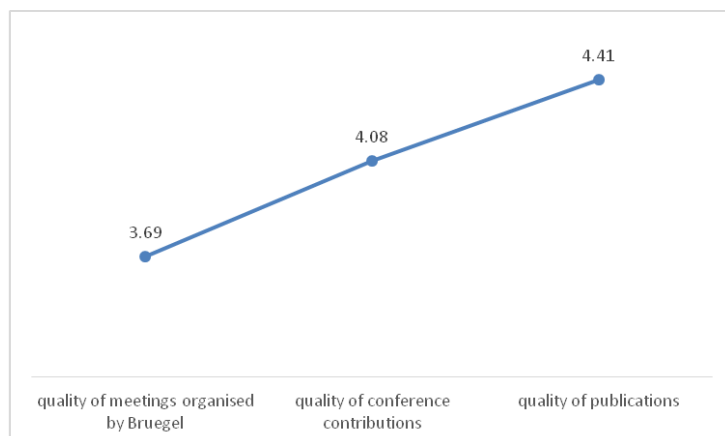
Source: Bruegel media outreach data, 2015.

**Focus on events**

The decision to increase the number of events organized on a national level, often in cooperation with local think tanks and institutions was a move in the right direction. Most of the people we consulted agreed that Bruegel events are informative and well-organized, although some of them thought that the quality of the events organized on the national level could be better. The events were generally praised for the high quality of discussions, but some respondents, particularly those representing European and national decision-makers suggested that their format could be more dynamic, while participants from financial institutions and academia tended to argue that they should be less anecdotal and more in-depth, with more reference to data and models. Some argued that Bruegel should rethink the format of its events, particularly of those that are streamed or made available on YouTube. Somewhat surprisingly, Bruegel’s recorded debates on YouTube do not seem to be very popular: the number of views in 2016 remains quite low.

All in all, the results of the RTF interviews and informal talks during the Annual Meeting may suggest that Bruegel should continue to work on its events strategy in order to tailor them better to the needs of different audiences. Aiming to run a single event that suits the needs of diverse groups, from academia to the corporate world, may prove to be futile: the common denominator becomes too common and unsatisfactory.

**Fig. Opinions of quality of Bruegel intellectual output (on scale 1 to 5)**



Source: Web survey addressed to Bruegel stakeholders and audience, N = 64.

### **More strategic use of social media**

Bruegel is active in several forms of social media, including Facebook, Twitter and LinkedIn. The media outreach report shows a steady rise in the number of people interacting with Bruegel research and researchers via social media channels. Yet the survey results seem to suggest that this channel of communication is of secondary importance to most of the Bruegel audience: only 20% of respondents indicated these channels as important for reaching Bruegel's intellectual output. The communication team in Bruegel needs to estimate precisely the effectiveness of the channels of communication in reaching specific audiences: who are the Bruegel Facebook followers? And for whom should the Twitter messages be calibrated? The interviews seem to suggest that Bruegel should focus on developing its presence and profile on Twitter rather than Facebook or LinkedIn, as some of the people the RTF talked to considered Twitter the best way to build interest in Bruegel publications and events. It is advisable to plan strategically the number of tweets a day so that the audience stays committed and interested, but not bored.

In the light of steadily growing access via mobile and tablet devices, it seems advisable to pay more attention to devising mobile-friendly formats of blogs and other publications. Some respondents and one of the Bruegel stakeholders RTF interviewed suggested that the website could have clearer design and be better calibrated to improve the user experience.

### **Dedicated and competent staff**

Dedicated and hard-working staff is the key to success in every organization. This is particularly true of the Bruegel management and research teams. The RTF is convinced that **Bruegel has been lucky in its management, a young yet experienced team, willing to build Bruegel's prowess and reputation.** The research team, consisting of both renowned academics and practitioners, and young researchers and interns, shows great skill in linking academic standards with politically sensitive analysis. **The RTF was impressed by the commitment, loyalty and intellectual merits of members of both the management and the research team, as well as by the functional working relations between them.**

### **Is there room for improvement?**

#### **Improve diversity and the transparency of the staffing policy**

The growing renown of Bruegel's intellectual output means that more people pay attention not only to publications and events, but also to the makeup of the organization itself. During the interviews, but particularly in the open-ended questions in the anonymous survey, some stakeholders and members of the Bruegel audience voiced their concern about the insufficient diversity of the Bruegel teams. Some of the opinions were uncompromisingly strong, criticising the limited representation on Bruegel's staff and on its panel discussions of nationalities, gender, ethnicities and professional background. People from the smaller member countries complained that their region was insufficiently represented in the research team and that the staffing policy is opaque. The RTF noticed that the ratio of women to men in the management team is 1 to 4, among resident scholars 5 to 15, among non-resident scholars 1 to 20; 2 to 11 in the Board, 1 to 8 in the Scientific Council.

The Board should discuss specific measures to enhance the image of Bruegel as a diverse and transparent organization. Particularly, the interviews seem to suggest that Bruegel subscribers in the public sector would welcome more transparency and predictability in the procedures for recruitment, without divesting the Director of the power to shape the research agenda and employ the researchers he or she considers the best experts in the subject area.

### **Review of the management structure**

In just over ten years Bruegel has become one of the most influential think tanks in Europe and in the world. A relatively small organization has quickly grown both in size and in activities, making the management more complex and more demanding. The future development of the think tank requires some rethinking of the management structure. The interviews carried out by the RTF with members of Bruegel team revealed the crucial role of the Secretary General in the functioning of the organization. The present Secretary General has been in his role since Bruegel's inception, and is the longest-serving member of the present Bruegel team. With time, he has become a kind of a treasurer of organizational knowledge. He has been key to the organisation's success. However, in some important areas he lacks the formal legitimization to carry financial or legal obligations. At the same time, the post of the Deputy Director remains vacant, which naturally raises the workload of the Director.

The RTF suggests that the statutes should be altered to reflect the true role of the Secretary General, and to redistribute the workload at the head of the organisation. The post of Deputy Director should be filled. This could mitigate the organizational duties of the Director, giving him or her more time to shape the intellectual agenda and to engage in networking activities. It would also simplify Bruegel's organizational processes.

This would also be a good moment for the Board to begin a discussion of succession at the top of Bruegel. At a time when, fortunately, neither the Secretary General nor the Director appears likely to move on, the Board might combine with a review of the structure a discussion of the leadership that Bruegel might need in future if either were to leave, to ensure that the institution's success and its growth continue.

## **2. CHALLENGES AHEAD**

During the interviews and in the survey the RTF asked respondents how they see the future of the think tank. The overwhelming majority agreed that Bruegel should “basically be doing the same job it does now”, “continue to spark debates on the European level to help challenge the myths and make viable proposals for European integration” and “remain a source of inspiration and reference for the EU”. **Once more the RTF would like to emphasize the overwhelmingly positive appraisal of Bruegel's performance coming from virtually all respondents.** Critical opinions were rare and always outweighed by the generally positive responses. Nevertheless, they enabled the RTF to indicate some of the plausible challenges awaiting Bruegel on the path of its development.

### **2.1 Ensuring financial stability**

Bruegel needs financial stability as well as a healthy financial margin to develop new activities. So far the think tank has managed to maintain both, using the balanced support from state, institutional and corporate members. The current format of financing seems to work well, and to underpin Bruegel's performance. Nevertheless, our work leads us to offer a few suggestions for improvement.

In recent years Bruegel has explored opportunities to finance its activities via applying for research grants, e.g. in the framework of Horizon 2020. However, the profile of the calls and the nature of the research required in the projects was basically academic, and offered limited possibilities to formulate policy recommendations. As such, the Bruegel teams are of the opinion that participation in research grants will only modestly add to the position of Bruegel as one of the best world think tanks.

More promising avenues for greater diversification of the sources of financial support probably depend on expanding subscriptions from smaller European countries and from the corporate sector. One option might be to improve the Bruegel offer to smaller countries.

For state subscribers, and specifically for the new member states, membership of Bruegel offers not only access to high-quality economic analysis, but also networking opportunities and, increasingly, prestige. Bruegel should give a thought to introducing additional tiers of subscriptions for the smaller countries that might be interested in the membership.

Bruegel might also look for ways to extend corporate membership among smaller corporations, and in particular those that are not multinationals but are firmly based in member countries. That too might call for a system of carefully tiered subscriptions. But our research suggested that Bruegel could also do more to reach out to the corporate sector at large. That may require Bruegel to focus on intellectual products that are attractive to the corporate sector. The interviews with the representatives of Bruegel corporate subscribers suggest that they are generally satisfied with the intellectual value they get for their membership fee. In particular, they appreciate the possibility of interacting on a one-to-one basis with the Bruegel researchers.

On the other hand, they would welcome more research using an interdisciplinary approach, linking economic trends with socio-political insights. Specifically, they would like to see more research on trade, competitiveness, innovation and future trends. The representatives of the corporate world would also readily accept more differentiated and dynamic forms of presentation of the results of the complex economic research (for example, more infographics, and more TED format of verbal presentations). We wonder whether it would be useful to create a small advisory group of corporate subscribers (perhaps consisted of the current corporate members of the Board) to offer ideas on ways to improve the offering to companies without in any way jeopardising Bruegel's reputation for independent and dispassionate analysis.

## 2.2 Guarding the integrity of Identity and Image

Even the most respected and venerable of think tanks can be vulnerable to attacks on its integrity. One of the necessary tasks ahead of Bruegel is to strengthen efforts to guarantee and emphasize the integrity of Bruegel's identity and image as an institution offering neutral expertise. In the survey 81% of the respondents agreed that Bruegel research is thorough and well-grounded, but only 48% were confident that "Bruegel research is objective and neutral vis-à-vis different stakeholders". It should be emphasized that policy recommendations addressing political and economic institutions are never neutral, as some actors would be affected while the others would benefit. Nevertheless, the RTF advises the Bruegel team and management to take this finding into consideration and to design solutions to counteract this potentially harmful image.

During the interviews the RTF tried to search for the potential reasons for this opinion. One of the reasons seems to be the aforementioned closeness to the Brussels-based European institutions which may evoke the impression that Bruegel "has been captured by the Commission". Some of the stakeholders we talked to believed that Bruegel analyses revealed the semi-official stance of the Commission - and this can perversely be both a strength and a weakness. As one national civil servant remarked, both he and many of his colleagues in the ministry read Bruegel papers and reports in order to get to know "what is being brewed in Brussels". This motivation may also explain the large American audience for Bruegel's intellectual output. In other words, the imputed "lack of neutrality" that stems from closeness to the EU institutions may be the key asset of the think tank. Bruegel has greater access to informed insights and inside knowledge about the functioning of the EU than any other think tank.

But there is a second possible threat to Bruegel's reputation for impartiality and independence. Bruegel from its earliest days has had both state and corporate subscribers. This was deliberate: its founders saw corporations as a counterweight to the possible influence of European civil servants. Today, Bruegel has 29 corporate members, and receives one third of its total income from company subscriptions. It works hard to increase company membership, and tries to maintain balance in inviting subscriptions from diverse sectors of corporate world in order to better control the demand they could make on Bruegel's research. However, that carries risks – of perception and, in a rather different way, of reality. Although 56% of survey respondents claimed that Bruegel analyses are neutral in relation to business, 36% claimed that they reveal a notable pro-business attitude. A surprisingly large number of the people that the RTF interviewed and of survey respondents expressed concern that a non-profit organization with a growing political impact appeared to have close relations with a rather small number of corporations which paid the membership fee, and which were frequently multinationals with global rather than European interests.

These opinions were voiced even though **Bruegel has already introduced very high standards to ensure transparency and to avoid conflicts of interest**. In fact, Bruegel not only discloses all sources of funding but also all Bruegel scholars publicly disclose their financial and non-financial interests - something rarely done

elsewhere. Those critical views should not, however, be a reason for reducing the drive for corporate membership. However, Bruegel must communicate its transparency policy even more vigorously than before. We suggest that its ethical policies are made highly prominent on its web site, and that it explores the idea of creating a Board sub-committee specifically to deal with ethical issues, in particular (but not exclusively) in relation to corporations. Furthermore, if Bruegel increased the spread of corporate membership, as suggested above, the diversification might help to dispel this unfair criticism of a “pay-to-play model”.

### **2.3 Coming to terms with Bruegel’s political role**

The time has come for Bruegel to come to terms with its new role and responsibilities. As one of the most recognized think tanks in Europe and beyond, with considerable influence on the European Commission, Bruegel has turned into an important actor in the process of European governance. It has gained influence on economic and political decision-making, in particular in Brussels. But there is a price to be paid. The fact that Bruegel is a Brussels-based think-tank, operating in the shadow of the European Commission and other EU institutions constitutes both its greatest strength and its biggest weakness. On the one hand, the close links to EU institutions are crucial if Bruegel’s analyses are to have impact on the European economic policy. Additionally, for some government ministries, the fact that Bruegel is well networked with the Commission seems to present an elusive opportunity to have an indirect influence on the Commission’s economic agenda.

On the other hand, it means that Bruegel must work out its specific communication strategy in order to dispel the criticism of being too close to Commission. More importantly, Bruegel should strive to balance its closeness to Brussels’s politics by extending its connections with national stakeholders, such as government ministries, central banks and the corporate sector. One of the biggest challenges accompanying Bruegel since its inception will continue in the years ahead: Bruegel will have to distance itself from the European bureaucracy clearly enough to be trusted by its subscribers while retaining a relationship of sufficient trust with the Commission to understand and contribute effectively to Europe’s key debates.

The next few years are likely to provide plenty of opportunities for Bruegel to develop and enhance its reputation in this way. Europe will have to manage the exit of the United Kingdom, and manage the fall-out from Britain’s departure. It will have to decide how to take forward the project of the Euro, in the face of continued financial turbulence in some large member states. It will need to decide how to approach free movement of labour, in the light of growing restiveness in many European electorates. And it will have to manage economic and political relationships with a turbulent world outside.

In responding to these opportunities, Bruegel has a real opportunity to build a better European project. But it also faces challenges - of internal organisation, of financial and other resources, and of ensuring its reputation for intellectual rigour and scrupulous independence. The RTF hopes that its suggestions will encourage discussion within the institution and its Board to build an even better Bruegel for the future.

## **3. RECOMMENDATIONS**

### **3.1 General recommendation**

1. Keep up the good work! Bruegel should carry on much in the same direction it has followed since its inception, wisely supporting the idea of European integration by providing fact-based grounding for European policy.
2. The Bruegel team should strive to uphold the excellence of the Institute’s intellectual output, its timeliness and good balance between academic quality and political relevance.

### **3.2 Research scope**

The Task Force found that, in general, Bruegel’s diverse stakeholders respected and trusted the high quality and appropriate scope of its research. Bruegel should continue to build its identity as a renowned provider of reliable and well-communicated economic expertise for decision-makers, opinion shapers and academics. The thematic scope of the research programme should continue to be established by Bruegel on the basis of input from its governmental, corporate and institutional members. This should not prevent that new topics discussed

in outside circles are also taken on board. Bruegel should stay true to its mission of providing the grounds for informed decision-making. It should be cautious about introducing too many new research themes.

However, the Review Task Force (RTF) noted some areas where Bruegel might consider extending its reach. Specifically, the Task Force recommends that Bruegel should:

- 1) Keep the focus of its research programme on economic issues while developing a more interdisciplinary approach to the analysis and interpretation provided in the reports and policy papers. That might imply including more social and political context in the analysis of economic trends. For example, a significant number of our interviewees as well as the survey respondents suggested that more attention should be paid to the issues of labour, migration and trade, including trade within Europe.
- 2) Keep to the mainstream of economic theory and research, but do not exclude other perspectives, particularly those represented by researchers from diverse academic backgrounds.
- 3) Endeavour to capture regional and national perspectives without losing the general perspective of the European Union. Representatives of governments and central banks reach for Bruegel expertise on the assumption that it will provide a mainstream “Brussels perspective”. Nevertheless, in order to remain valid, this “Brussels perspective” should be contextualized by adding more national and regional perspectives, also including the perspectives of the European countries outside the EU.
- 4) A lack of distance to the position of European institutions can undermine Bruegel’s credibility as an independent research institute. This impression can be avoided by also publishing critical reports on official activities and research on the tensions between further centralisation and observance of the principle of subsidiarity.
- 5) Develop ways to differentiate the output – though not the conclusions – to fit the diverse needs of different stakeholders. In particular, a number of corporate members of Bruegel suggested during the interviews that they would be interested in more analyses linking economic interpretation with a more detailed socio-political insight.

## **4. PROCESS OF KNOWLEDGE CREATION**

The excellence of Bruegel reports, policy papers and blogs has gained widespread recognition among their various users, from politicians and decision-makers to journalists and academics. Users appreciate the concise form of Bruegel’s intellectual output. The detailed review and proofreading process adds to its credibility by helping to avoid both content-related and editorial failures.

The RTF recommends that:

- 1) The Bruegel team maintains the high editing standards of its reports, policy papers and blogs.

## **5. IMPACT**

Bruegel has established its position as one of the most influential - if not the most influential – European-based think tanks. Bruegel presentations at ECOFIN meetings are held in high esteem by representatives of national financial and economic institutions, its newsletters are routinely read in many ministries and national financial institutions across Europe, its reports are discussed in universities, its events attract wide audiences, and its presence on social media gains increasing attention. Bruegel also has visibility and credibility beyond Europe. Nevertheless, the interviews conducted by the Task Force may suggest that Bruegel is unnoticed – or even unknown – in some institutional and academic circles, even in countries that contribute to Bruegel’s finances. To address this challenge, the RTF suggests that:

- 1) Bruegel develops more of a presence in member countries, mainly by continuing and upgrading the activities it already undertakes in this respect, including organizing high quality events in member

countries, engaging with local institutions and building a wide network of collaboration with think tanks in particular EU countries.

- 2) Bruegel keeps developing its presence in institutional and academic, i.e. by building its reputation among renowned academics and practitioners who could act as Bruegel ambassadors in their environments, and by intensifying relations with other think tanks.
- 3) The Bruegel team keeps exploring new channels of impact, but focuses on those that already proved most effective.
- 4) Bruegel looks for opportunities to work with the countries which will, in effect, be part of the nascent "Continental Partnership" (as described in Bruegel's paper on Brexit in August 2016). Bruegel has the network and skills to make a considerable impact both on the tortuous negotiations that will be needed to achieve "Brexit", and on the development of a de facto outer circle of countries in Europe.
- 5) Bruegel should also consider extending its presence in countries outside EU, and encouraging them to belong to some new category of fee-paying membership.

## **6. MANAGEMENT**

The Review Task Force shares the prevailing opinion of the reviewees and survey respondents that Bruegel's success is the result of the performance of the current Management Staff team, consisting of the Director, the Secretary General, the Head of Development and the Head of Communications and Events. Thanks to those young and enthusiastic but experienced people, Bruegel has gained increasing credibility and visibility, setting the highest standards when it comes to intellectual output and policy impact.

It is the quality of its management and staff which has allowed Bruegel to develop in a few years from a small think tank into one of the most influential economic think tanks in Europe and beyond. The RTF believes that the time has now come to elaborate and clarify some of the organizational rules that govern the functioning of the think tank.

- 1) The Board should review the way in which the senior management roles are formulated in Bruegel's statutes. Currently, the post of the Deputy Director is vacant. The duties of the Deputy Director are split between the Director and the Secretary General. As the Secretary General does not have the statutory authority to enter into any legal negotiations or contractual obligation in the name of the organization, the minutiae of the management process burden the Director and the process of organizational management and development becomes unnecessarily complicated. Both the current Director and the current Secretary General set the highest standards in their work, and the cooperation between them is exemplary. Nevertheless, the functioning of the growing organization should not depend on the personal willingness of the two senior members of staff to cooperate and on their ability to create internal procedures ensuring the smooth functioning of the organization.

Therefore, the RTF strongly recommends that the Board consider whether to:

- A) Review the statutes to ensure that they accurately reflect the best possible structure for this rapidly growing institution.
- B) Fill the post of the Deputy Director to ensure stable and sustainable leadership structure
- C) Review the role and the responsibilities of Secretary General, possibly reformulating the post into an Administrative Director who would work in close cooperation with the Director. The post would require management abilities and experience, but not necessarily research experience.
- D) Undertake a review of the division of duties among the Management team



## 7. STAFFING

The Bruegel staff are impressive: their intellectual prowess, honesty and loyalty towards the organization define Bruegel and determine its success. Bruegel consists of a good mixture of experience and youth, linking wisdom with boldness of new thinking. Nevertheless, in the opinion of some of the RTF interlocutors, the Bruegel staff insufficiently reflect the regional or gender balance. That may harm the credibility of the institution. Moreover, with the growth of any organization there will occasionally be issues concerning the internal relations between the management and the staff, as well as among the staff, which should be supervised and, in case of conflict, solved by an external body, in order to maintain the impeccable, transparent image of the organization.

Thus, the Task Force recommends that Bruegel:

- 1) Introduce procedures that guarantee more equal gender representation among the research staff.
- 2) Prepare a plan of succession for the research staff, and publish it widely among the Bruegel stakeholders, so that Bruegel and its stakeholders are able to plan the search for suitable candidates with reasonable anticipation.
- 3) Introduce procedures that will ensure transparent and equal relations in workplace. The RTF suggests establishing a special Subcommittee of the Board, that would guard the transparency and ethical conduct of the organization. This Subcommittee should encourage the members of the research and management teams to put forth – with the guarantee of utter discretion - any ethical problems arising in the course of normal functioning of organization.

## 8. CORPORATE MEMBERSHIP

In order to keep up its present standing and excellence, Bruegel needs to have a stable financial future. The decision to include corporate members from the beginning was a wise one, both from the point of view of broadening the Institute's reach and credibility, and from a financial consideration. But the decision now raises a number of issues, which the Board should review.

These are as follows:

- 1) Think-tanks need not only to be impartial and entirely free of distorting influence by their supporters. They need that impartiality and independence to be transparent, convincing and robust. Up to now, Bruegel's work has been entirely above suspicion. But it would be wise to take advantage of its spotless reputation to set up structures which will guarantee complete public trust. These might include a review, by a mix of Board members and external experts, of Bruegel's ethical policy, and its publication with high visibility on the Institute's web site. It might also include the creation of a sub-committee of the Board, perhaps chaired by an outsider, which would review any ethical issues or potential issues that any member of staff or outsider wished it to consider.
- 2) At the same time, Bruegel should seek to widen and diversify the range of its corporate stakeholders. At present, there are a disproportionate number of financial companies, and of large multinational companies. Bruegel's membership would be stronger if it included a wider industrial range and scale of companies. One way to expand the range of corporate members might be to introduce differential subscriptions for smaller corporations (as already happens with smaller states).
- 3) Although Bruegel's corporate stakeholders generally seemed content with the "value for money" they receive from membership, Bruegel needs to develop both its research agenda and its range of events to provide more attractions for corporate stakeholders and opportunities for them to put forward their views. It might be wise to involve the head of Development closely in this process, since she has more direct contact with current and potential corporate members than any other senior staff member. However, it will be important that, in developing this programme, Bruegel retains both its independence and the main focus of its research agenda.

## **9. FUTURE REVIEW OF BRUEGEL ACTIVITIES**

The current RTF members would like to encourage the Board to consider reconstruction of the review procedure in order to ensure its quality. In their opinion the Review should be based on the previous rigorous external evaluation of Bruegel activities, carried by a group of professional evaluators, ideally academic-based to ensure neutrality. An internal (unpublished) report, relating the results of quantitative analysis and qualitative organizational research should then become the basis for preparation of short review report and recommendations by a Task Force consisting of renowned scholars and practitioners, willing to commit their time and skills to prepare a review of Bruegel activities.

The whole process should be well-planned in time, starting at the beginning of the year of the review, in order to give the evaluators and the RTF members enough time to prepare informed analysis and recommendations.

### **1. Final conclusion**

Overall, the Task Force Review has been impressed by the speed with which Bruegel has established its international reputation, the contribution it has made to the evolution of the European Community and the modest staffing which has had such reach and influence. However, just as the Community now faces new and unpredictable pressures, so Bruegel will have to adjust swiftly to the new situation. It has the means to play an important role in helping Europe to think through its future, and resolve the many questions that lie ahead. We hope this review will assist with that process.