

## Research funding for economics in Europe

*Bruegel, July 7<sup>th</sup>, 2011*

This event comprised the presentation of the EEA and MWP-EUI report on “Research funding for economics in Europe”. Christopher Pissarides (President of the EEA, Professor at LSE and U. of Cyprus, and 2010 Nobel Prize winner) provided a short introduction to the report and introduced Ramon Marimon (EEA-SCR, Professor at EUI and UPF, and Chairman of the Barcelona GSE) as the first speaker of the event.

Prof. Marimon focused his presentation on the main findings of the report. He presented the survey on which the report is based and backed all his statements with illustrative evidence coming from it. Mr Marimon explained that the majority of respondents of the survey were from Germany, Italy, Spain and the UK. He highlighted the existence of both an ageing and a “gender scissor” problem. He also pointed out that research intensity declines with seniority and that Anglo-Saxon and Scandinavian countries are the most open models (while the CEE and Mediterranean regions rank last).

As regards the level of research funding, Mr Marimon showed that there is a lot of heterogeneity among countries, and that the Anglo-Saxon and continental ones present the largest and fastest growing research budgets. Concerning research funding in economics, Prof Marimon stated that national public funding is the primary source and that funding flows across countries are relevant (although not large). Prof Marimon pointed at the positive correlation between the perception of management quality and trust in evaluation procedures, as well as the fact that scholars are not entirely satisfied with either the FP or the ERC. Lack of flexibility of the FP (not the ERC) was also seen as a major concern.

Prof Marimon also explained that low success rates, cumbersome procedures and high logistical costs are major obstacles to applying. The allocation of funds also seems to be more flexible for national grants (when compared to FP or ERC grants), and an inverse relation between satisfaction at national and European levels seems to be present. Mr Marimon stated that flexibility (i.e. to trust the researcher), adequate funding, transparent evaluation, and simplification of application procedures are the most desired elements.

Regarding openness and internationalization, the Anglo-Saxon and other small continental countries as Austria and Belgium attract the largest portion of foreign funds. The UK presents the higher researcher mobility, while Scandinavia, Spain and Germany are relatively open for younger researchers.

Prof Marimon finished his presentation by stating that in these times of financial restraint, enhancing the efficiency of research funding is essential for the European Research Area, and that these survey and report provide many insights on how this can be done.

Mr Stephen Yeo (CEO of CEPR), who was chairing the event, introduced the second speaker of the event, Octavi Quintana (Director of DG RTD, European Commission). Mr Quintana stated that the European Commission has to be very proud of the research programme that is being developed, which besides being the biggest in the world, presents a considerable focus on economics. Mr Quintana emphasised the difficulties the Europe has on mobility and said that the impact of a complete European integration of national research panoramas (entailing complete mobility of researchers and knowledge transfer) should be assessed.

Mr Quintana confirmed that the point of having a transparent and reliable evaluation is essential. He stated that both the ERC and the Framework Programme (although he said this is an artificial division because the former is actually included in the latter) are developed through an extremely fair and transparent system. Mr Quintana also stressed the importance of (a) working on gender balance (not only for equality reasons but also due to the waste of talent inequality implies), (b) developing an open and coordinated recruitment



system all over Europe, and (c) having publicly-financed research publicly available and accessible to other researchers in order to capture and exploit all the knowledge that is created. Mr Quintana finished his speech by stating that the EC is willing to increase its research budget dramatically by 2020.

Prof Reinhilde Veugelers (Senior Fellow, Bruegel) also contributed to the discussion. She pointed out that to motivate and bear in mind why economics has to be funded is important. She also stated that the provision of data by funding agencies and similar organisations would be extremely helpful in order to carry out more ex-post analysis. Prof Veugelers highlighted the importance of not only selecting excellence, but also designing adequate programmes to improve it; she affirmed that persistency of performance is a problem that has to be tackled. Along the same lines, Prof Veugelers also talked about the need to focus not only on researchers that already present excellence, but also on the ones that have potential to have it.

Mrs Veugelers emphasized the role of the ERC. She said that credibility is indeed very important for this body but that this is something that the organisation has constantly had in mind. Prof Veugelers explained that, in the economics panel, issues like the drop in the number of applicants or the fact that various high-level panel members are quitting their positions have to be analysed.

Mr Yeo opened the floor and the audience took an active part in the discussion. The main topics that were discussed were (a) the need and definition of flexibility, (b) the adequacy of the current selection procedure for evaluators, (c) whether the identity of evaluators should be publicly available, (d) the low satisfaction (by users) it is observed even when controlling for success, (e) the difficulties arising from the interplay between the various parties involved, (f) the comparison with the US system, and (g) the effects of European fragmentation.

Prof Christopher Pissarides closed the event by thanking Bruegel, the speakers, and the audience for a very fruitful discussion.