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Rise and Fall of Russia's Economic Think Tanks

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The current witch-hunt against nongovernmental organizations is not only harming freedom but also hurting Russia's intellectual life and policymaking. In the two decades since communism, Moscow's economic think tanks underwent a dramatic development of which I have been part. Independent economic think tanks arose around 1990 and peaked in the early 2000s. Since 2005, the government has forced them into a rapid decline. Today, their survival is in question.

In Soviet times, the Academy of Sciences had a monopoly on serious research institutes. It has been in a steady decline since 1990, and only its flagship Institute of World Economy and International Relations remains widely respected today.

Around 1990, the first independent economic think tanks were created. Two stood out. One was Grigory Yavlinsky's EPICenter that drafted the famous 500-day program but soon faded. The other was Yegor Gaidar's substantial Institute of Economic Policy, now named the Gaidar

Institute, which remains and thrives. It became the launching pad of the first Russian reform government. The EPICenter was independent, while the Gaidar Institute was founded jointly by the Academy of Sciences and the Russian Academy of the National Economy, which gave it great independence as well as access to state resources.

In the 1990s, many impressive independent think tanks were formed, largely with Western financing. George Soros' Open Society Institute was the pioneer. Other American foundations followed suit: the Eurasia Foundation, the Pew Charitable Trusts, the Ford Foundation, the Carnegie Corporation, and the MacArthur Foundation. The European Union and the World Bank also made major efforts. The leading foreign think tanks were Carnegie Moscow Center, the Russian European Center for Economic Policy and, briefly, the World Bank's Bureau of Economic Analysis.

In 2000, the economic think tanks had their heyday writing Economic Development and Trade Minister German Gref's reform program, which dominated economic policymaking during President Vladimir Putin's first term. The dominant input came from the newly founded Gref Center for Strategic Problems, the Bureau of Economic Analysis, the Gaidar Institute, the Higher School of Economics, and the Carnegie Moscow Center.

In the early 2000s, Russian oligarchs started pouring money into nongovernmental organizations, including think tanks. The main source was Mikhail Khodorkovsky's Open Russia Foundation, modeled on Soros' Open Society Institute. Think tanks had more money than ever; they enjoyed great demand from the government and extraordinary access; a new cadre of skilled Russian economists had emerged.

The quality of economics improved with the foundation of the Center for Economic and Financial Research at the private graduate school the New Economic School, which attracted young Russian economists who had earned their doctorates in the West. The New Economic School, which like the Higher School of Economics just celebrated its 20th anniversary, offers without a doubt the best economic education in Russia.

From 2000 until 2003, Moscow probably had the best economic think tanks in the world outside the U.S. They were freer, livelier, and more significant than the predominantly state-controlled or underfinanced private think tanks in Europe.

Then, the descent began. It was entirely orchestrated by the Kremlin. The big blow was the arrest of Khodorkovsky on Oct. 25, 2003. Through this single act, the Kremlin sent an instant message to the oligarchs: You must not offer financing to independent think tanks. Most of the domestic private financing disappeared. Meanwhile, the bulk of the foreign financing had vanished because private domestic financing was plentiful and Russia had become rather wealthy. The World Bank and the EU withdrew. The Pew Charitable Trusts had already decided to focus on the U.S. Soros worried that he was supporting authoritarianism rather than an open society.

A second blow was dealt when the government stopped carrying out reforms after the failed monetization of social benefits in January 2005. Oil prices skyrocketed in late 2003, so why pursue reforms enhancing efficiency when money seemed to be a free utility? Since minimal policy was being pursued, the government demanded neither economic research nor policy advice. The motions of policy research continued through the government's "Strategy 2020"

adopted in early 2008, but it was all too obvious that the intention to pursue reforms was missing.

The third blow was devastating. In January 2006, Putin signed the law on nongovernmental organizations. Its obvious intention was to restrain all independent organizations through a massive aggravation of bureaucratic impediments. The regime exposed think tanks to all kinds of harassment through audits and raids, claiming that they might not have complied with all tax laws.

Now, the Kremlin has just delivered a fourth, and possibly mortal, blow to independent economic think tanks: the law on foreign agents. In effect, it has rendered foreign financing illegal. Moreover, any institution that has received foreign funding is suspect and unlikely to receive state contracts, which have become the dominant form of financing.

USAID has been kicked out, though it has hardly contributed to economic think tanks. The Ford Foundation stopped all funding to Russian institutions in September, leaving Carnegie Corporation and MacArthur Foundation as the only significant private foreign donors. Carnegie Moscow Center has closed its economic program and domestic politics program, remaining a mere shadow of its former self.

Independent economic think tanks have largely lost their means of subsistence. With minor exceptions, neither domestic nor foreign financing is permissible. Nor is the government much interested in policy research or advice, since reform is hardly on the agenda. Bureaucratic impediments and harassment are considerable. Why try to run a private economic think tank? Their staff are usually pragmatic problem solvers integrated into the establishment and no political firebrands.

Much of the qualified staff has left for the commercial or state sector, abandoning intellectual work, while the best researchers are emigrating. Remaining independent research institutes or their staff seek protection with one of the two big state education institutions that also harbor think tanks, the Higher School of Economics and the Academy of the National Economy. Both are liberal, and they offer intellectuals both protection and financing. Thanks to their dominant focus on education, they are allowed more freedom than independent think tanks. Soon, the Kremlin might have succeeded in its goal to eliminate independent economic think tanks. The strongest one is perhaps the Gaidar Institute, which never left the Russian Academy of the National Economy.

As in late Soviet times, the best hope for independent professional thought to survive in Russia seems to be in liberal state institutions.

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