



ShowCASE

No. 121 | 27.09.2021



CASE - Centrum Analiz Społeczno-Ekonomicznych
CASE - Center for Social and Economic Research

Editorial

In this special issue, the editors of showCASE – Katarzyna Sidło and Kateryna Karunská – take a closer look at the role of think-tanks in the public life and take stock of CASE's contribution to evidence-based policy making over the last 30 years.

This edition of showCASE marks three decades of CASE's efforts to improve social and economic well-being of Central and Eastern European states as well as the whole European Union and its neighbouring partner countries by virtue of providing advice and consulting to policy makers in the region and beyond.

Last week, on September 23-24, we held our anniversary conference (in Warsaw and online) during which prominent economists from around the globe and other invited guests discussed such challenges as the spillovers of the COVID-19 pandemic, sustainability of public debt, changes on the labour market, and health policies. Discussions held during this event have only strengthened our conviction that these challenges cannot be overcome without sound and accurate data and information produced thanks to rigorous research.

We are happy that over the last 30 years we have been able to contribute to evidence-based policy making and – being aware of the challenges related to the functioning of think-tanks discussed in this issue of showCASE – we are ready to continue our efforts in the coming decades!

CASE Management Board



Contents

Editorial	2
CASE Analysis	4
Highlights	8
Trade, Innovation, and Productivity	8
Labour Market and Environment	8
Macro and Fiscal.....	9
Other CASE Products.....	10
The Weekly Online CASE CPI.....	10
Monthly CASE Forecast for the Polish Economy	11

CASE Analysis

Increasing Importance of Think Tanks: Not If But Why

Katarzyna Sidlo | CASE Director of the MENA Department

Kateryna Karunska | CASE Economist

The debate on the relevance of think tanks and, more broadly, experts, in the public life is by no means new. Back in 2014, in a now famous [article](#) eventually turned into a book, Tom Nichols proclaimed “death of expertise” - or rather death of acknowledgement thereof. A couple of years later, in a telling confirmation of his assessment, British justice secretary Michael Gove infamously stated during the Brexit debate that the public “[have had enough of experts](#)”. Even more straightforward was former president of the United States Donald Trump, who dismissed any inconvenient facts as “fake news”.

» As the [past trials](#) confirmed, the research published by think tanks is consistently ranked fewfold lower on the credibility scale compared to the academic publication on the same issues

Indeed, it increasingly appears that think tanks, institutions originally established to support evidence-based policy making, have been enjoying less and less trust and respect not only from the very policy makers they have been aiming to advise, but also the general public. This is deeply unfortunate since in today’s mis- and disinformation riddled world, the work of think tanks is needed more than ever. Against this background, and in view of CASE thirtieth

anniversary of delivering policy expertise, we are asking ourselves: what eroded the policymakers and public’s trust in think tanks and their experts? And what can be done to fix this?

Declining Trust

Against the unfolding [evidence on fake research](#), unscalable mount of misinformation, and the ever-growing distrust into research, the [credibility of think tanks](#) and other knowledge-focused institutions is being increasingly questioned.

As the [past trials](#) confirmed, the research published by think tanks is consistently ranked fewfold lower on the credibility scale compared to the academic publication on the same issues. This has a lot to do with the branding of think tanks and the idea of their underlying ideological bias. The allegations of hidden lobbying and anchoring of research have thus led to [think tanks being perceived as rather wasteful](#) establishments used by different political powers to simply [foster partisan interests](#) and legitimatise preconceived policy initiatives.

The [German labour market reform process](#) of the early 2000s is often used to exemplify this critique. Specifically, the German government at the time promoted the inclusion of a think tank into tripartite discussion between government, employers, and trade unions to

neutralise the stakeholders' weight in the negotiations process under a pretence of "unbiased evidence" that supported its position.

As an increasing number of politically independent think tanks rely on grant funds and international donor support, many have raised concerns on the **extent of their impartiality**. Indeed, it is generally thought that think tanks, albeit supposedly objective, can be inclined to deliver findings that would align with the overarching ideology of the donor to keep the latter satisfied and secure access to funding for the future projects. Here again, the think tanks are **not immune to allegations of hidden lobbying of the donor-fostered agenda** into supposedly rationale-driven policymaking which makes transparency one of the core components of their credibility.

Yet, a more profound challenge lies in the aptness of think tanks to produce reputable and impartial research as such.

First, many think tanks often **lack in-house capacity** to engage in complex topics and consistently produce results compatible in quality to the academia. Some have also pointed to the "**lack of practical relevance**" in the output of certain think tanks and consider that the value added of think tanks is restricted to **processing of the academic output** into digestible and generally accessible format.

Second, the very **existence of objective truth is problematic** on its own. The belief in unbiased evidence and depoliticisation of policymaking thus rely on the rationalist view of the world and the idea that any phenomenon can be objectively captured if more research is available. The reality of the policymaking processes, however, appears to be much more complex and calls for more

critical perception of both the evidence and the role of think tanks.

Continued Relevance

Despite the growing criticism of the knowledge-focused institutions and the rooting of the "**epistemic crisis**", think tanks have become more relevant than ever in the era of post-truth and have a unique momentum to rediscover their role and purpose.

The concerns on credibility and lack of objectivity thus **should not be used to dismiss think tanks from the policymaking processes**. First, it is important to consider that fully objective truth is hard to attain in policy context and any **research is inevitably influenced by the beliefs and backgrounds of those involved in it** and the subsequent interpretation by media and decision-makers. Second, a distinction should be made between fact-based and data-driven research and ideologically anchored discussion of thereof. The credibility and partiality concerns should therefore not be generalised as the **realm of think tanks appears highly diverse**, ranging from government or political party affiliated, and corporate entities to university affiliated and fully autonomous and independent institutions.

» Despite the growing criticism of the knowledge-focused institutions and the rooting of the "**epistemic crisis**", think tanks have become more relevant than ever in the era of post-truth and have a unique momentum to rediscover their role and purpose.

The capacity to grasp the policy complexity and produce timely evidence strengthens the importance of think tanks against the “fast policy” needs of the modern decision-making processes. Indeed, it is this ability to quickly capture the emerging context and transform evidence into practice that academic research could hardly achieve. Thus, while having relatively smaller capacity than academia, think tanks capitalise on their ability to rapidly mobilise relevant experts from their networks and build flexible and often multidisciplinary teams.

Serving as the catalysts of new ideas, think tanks do not only play a key role in agenda-setting but are also able to expose the intrinsic confirmation bias of both policymaking and general public by exposing them to alternative views and providing a platform for public debates on the topical issues. This is particularly important in the era of post-truth when people claim not believing in statistics or science as such and increasingly support multiplying conspiracy ideas.

Thirty Years of CASE's Contribution to the Policy Debate

With its thirtieth anniversary, CASE has rich experience in navigating this ever more complicated world of policy making. Established in 1991 with a goal of providing economic analysis and fostering the quality of policy making to improve lives of Europeans and their neighbours, CASE experts are no strangers to difficulties associated with delivering high quality expertise and advice under time constraints and limited resources.

During the early years, when Poland was undergoing transition from a centrally planned to a free market economy, CASE founding members¹ focused on the challenging task of providing expertise and advice on a broad range of topics, such as privatization and company restructuring or fiscal policies. Ever since, CASE has worked with various consecutive Polish administrations alongside a growing number of think tanks and consultancies operating in the country, with an aim of fostering and contributing to the healthiest of debates: one whereby various standpoints, provided that they are supported by rigorous research, are exchanged in a transparent and respectful way.

Strongly believing in the value of sharing the lessons learnt from the Polish transformation experience, CASE extended its operations to other Central Eastern European as well as former Soviet Union states. During the first half of the 1990s, CASE experts helped to develop reform programmes for Russian, Ukrainian, Belarussian, Kazakh, and Kyrgyz governments. Following Poland's accession to the European Union, a move that CASE actively advocated for, CASE experts got involved in the debate on the future of the European Neighbourhood Policy and, more broadly, the European cohesion policy in general. Later on, CASE increased its engagement in the Southern Mediterranean countries, which at a time were experiencing a wave of democratic protests.

Today, CASE is proud to call itself an international think tank with strong Polish roots and strongly believes that the key to maintaining relevance while ensuring independence lies in diversification: of funding sources, research topics, audiences,

¹ Tadeusz Baczek, Ewa Balcerowicz, Barbara Błaszczuk, Władysław Brzeski, Krzysztof Chmielewski, Andrzej Cylwik, Marek Dąbrowski, Anna Fornalczyk, Stanisława Golinowska, and Jacek Rostowski.

and methodologies, as well as diversity of backgrounds of our experts. The work of CASE experts is frequently commissioned by the European Parliament, European Commission, and other EU institutions, but we also apply for academic research grants to allow our experts to pursue their own research interests on top of responding to the questions of policymakers. To make sure that results of their research are disseminated beyond the hermetic circles of policy making world and academia, CASE experts write opinion pieces, talk to the media outlets, and organise public events. In order to deliver top quality research, CASE hires economists of various specialisations, but also graduates from sociology, political science, international relations and other? area studies. Not least importantly, CASE works closely with other think tanks and research institutions in Europe and beyond, **discussing** the very questions outlined in the sections above.

The Future of Expertise

As the past debates on the credibility of the think tanks showcased, transparency regarding their intentions, funding, ideological standpoints, and potential bias should become a crucial component of their functioning. CASE's own thirty years of experience in the policy-making world proves that making an active effort to do so truly pays off. Such an approach not only helps to build trust but also fosters an environment whereby one's research results can be discussed and evaluated in an informed way.

Likewise, maintaining an open dialogue with policy makers, fellow researchers and institutes, as well as the media is crucial for ensuring that experts' voices are heard in the cacophony of personal opinions. Over the years, CASE learnt that there is a particular value in being able to translate research findings into outputs specifically tailored for

» Likewise, maintaining an open dialogue with policy makers, fellow researchers and institutes, as well as the media is crucial for ensuring that experts' voices are heard in the cacophony of personal opinions.

different audiences. There is hardly a better way to alienate or antagonize a person than by making them feel ignored or worse, patronized, by speaking to them in an obscure language they find hard to follow.

For the policymaking to become truly evidence-based, a **more systemic approach is needed**, however. Besides improving the quality and impartiality of the research itself, efforts should be made to increase the capacity of the decision-makers to deal with inputs provided by experts. This would entail not only the reduction of knowledge and skills gap for better understanding of the evidence but also establishment of knowledge units within the government institutions to foster evidence-informed processes throughout the policy formulation, implementation, and evaluation cycles.

Highlights

Trade, Innovation, and Productivity

The recently published [European Commission annual report on the monitoring of the EU agri-food trade](#) shows relatively good performance of the EU agri-food exports in the first half of 2021 with a 6% increase in value y/y. As the last year, the main destinations included the United Kingdom, the United States, and China. The important products in turn included wine, pork, pasta, and pastry, accounting for 8.5%, 5.6%, and 4.5% of the total value of the 2021 extra-EU agri-food exports, respectively. This relatively favourable outcomes may be due to several factors, including, among others a more stable character of the consumption of basic goods compared to durables and luxury goods due to intertemporal consumption smoothing. Additionally, the geographical indications (GI) support the marketing strategy of the EU by providing quality assurance and reducing information asymmetry. With [3,377 registered GI products](#) in the EU, the GI have thus become an essential object of the EU agri-food trade policy and are part of all recent trade agreements signed by the EU and in the EU. The trade agreements are another explanatory factor of the strong international trade performance of the EU agri-food sector as the agri-food products traded under 45 preferential agreements in operation represent, respectively, [31% and 41% of the total EU agri-foods exports and imports in 2021](#).

Labour Market and Environment

On September 15, the [European Parliament approved modifications in the EU Blue Card scheme](#), which makes the EU labor market more accessible to the highly skilled non-EU nationals and aims at diminishing the staff shortages in key sectors.

As of 2019, only [36,806 Blue Cards](#) were issued in the EU. Noteworthy, considering the total number issued that year, Poland stood at the second place in the EU (2,104 – 5.7% of the total), followed by France (2,036 – 5.5% of the total), whereas Germany remained the most important user of this scheme with 78.4% of the issued Blue Cards in the EU. Most of the EU Blue Cards issued in Poland were granted to the nationals of Ukraine (764), India (397), Russia (317), Brazil (131), Belarus (94), and Turkey (79).

The recent changes should facilitate the process of granting EU Blue Cards by reducing the required minimum period of presenting a valid work contract in the EU from 12 to 6 months and lowering the salary threshold to at least 100% and no more than 160% of the average gross annual salary (from the previous 150% minimum requirement with no upper limit). The new rules will also simplify the family reunification procedures and allow the Blue Card holders to move to another Member State following the 12 months period of employment in the Member State that initially granted the Blue Card. The changes to scheme should thus further increase the attractiveness of Poland for non-EU professionals.

Macro and Fiscal

Ahead of winter season in Europe, natural gas prices are **surging to historical highs**. In recent days, commonly used Dutch TTF Gas Futures index went above 70 EUR, compared to 17 EUR in January 2021. This situation is a consequence of a wide range of factors starting with long and relatively cold previous winter which drained the stocks of natural gas all across Europe and low performance of energy production based on renewable energy sources. On top of that, the recovery of European industry after the Covid-19 crisis resulted in increased demand for electricity which in turn made it harder to replenish the stocks of gas ahead of heating season. Adding insult to injury, the biggest supplier of gas, Russia, is using this situation to increase political pressure on Europe to advance progress related to **Nord Stream 2 pipeline**. This instrumental use of supply of natural gas has probably been the most significant factor in recent growth of prices but other factors such as planned expansion of ETS allowances scheme are looming.

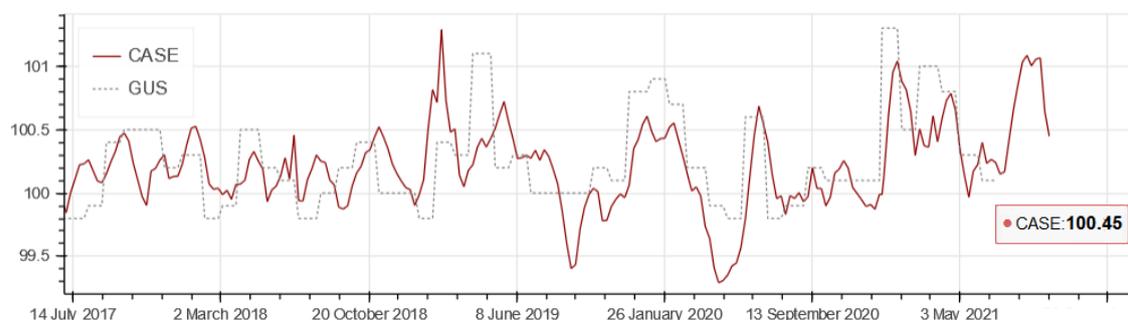
Other CASE Products

The Weekly Online CASE CPI

The online CASE CPI is an innovative measurement of price dynamics in the Polish economy, which is entirely based on online data. The index is constructed by averaging prices of commodities from the last four weeks and comparing them to average prices of the same commodities from four weeks prior. The index is updated weekly. For more information on our weekly online CASE CPI, please visit: <http://case-research.eu/en/online-case-cpi>.

September read-out of Online CASE CPI shows that dynamic of average consumer prices in Poland has slightly subsided, although in month-to-month terms price index remains relatively high. The main drivers of the monthly increase remain the same as in August, namely “Housing” category with its 1.7% m/m rise in average prices. Most of other categories experienced only limited increase, while the average prices in some of them have slightly contracted. Most notably, prices in “Food” category were 0.3% lower than a month before following a 2.7% and a 0.9% drop in the prices for Vegetables and Fruits, respectively.

Our Weekly Online CASE CPI



Monthly CASE Forecast for the Polish Economy

Every month, CASE experts estimate a range of variables for the Polish economy, including future growth, private consumption, investments, industrial production, growth of nominal wages, and the CPI.

CASE economic forecasts for the Polish economy (average % change on previous calendar year, unless otherwise indicated)					
	GDP	Private consumption	Gross fixed investment	Industrial production	Consumer prices
2021	4.1	4.5	3.3	7.5	3.7
2022	4.0	4.5	6.5	5.9	3.3

Contributions: Machteld Bergstra, Oskar Chmiel, Jan Hagemeyer, Kateryna Karunska, Agnieszka Kulesa, Izabela (Styczyńska) Marcinkowska, Agnieszka Pechcinska, Grzegorz Poniatowski, Katarzyna Sidło, Adam Śmietanka, Tomasz Tratkiewicz, Mehmet Burak Turgut, Abdoul Karim Zanhouo, Karolina Zubel

Editors: Katarzyna Sidło and Kateryna Karunska

Communications: Monika Rębała

***Any and all opinions expressed in showCASE are those of the author(s) and do not necessarily reflect the views of CASE