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### The Science of Transparency

By Konstantin Sonin

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There are reforms that cannot go unnoticed. The replacement of social benefits with cash payments at the start of 2005 is one good example. Then there are those much more significant for the future of Russia that attract virtually no public attention. The reform of the Russian Academy of Sciences falls into this category. The need to support science is beyond question: Even the most troglodyte world leaders -- from Iran's Mahmoud Ahmadinejad to North Korea's Kim Jong Il -- know that greatness and strength are unattainable without nuclear warheads, that nuclear warheads cannot be built without quantum physics and that, in turn, quantum physics is incomprehensible without vertex algebra and superstring theory.

At its heart, the idea of the reform is to pump in money in exchange for transparency. Institutions will cut staff levels and provide information about how much they earn from renting property they manage and to whom they are renting. In return, they will receive much larger amounts of financing than they did previously. The idea makes perfect sense, but it seems that this trade-off will not be so simple to put into practice. The logic of the state officials behind the reforms is as follows: If we give money to the directors of academic institutions, they will simply increase salaries. In over half of Russia's laboratories, however, the average age of active researchers is over 60. This means that no new discoveries or publications in international journals will be produced. (Even state officials have learned that it is possible to measure, at least partially, the success of academic institutions and individual researchers by the number of citations and articles they have published in peer-reviewed journals.) Institution directors worry, having spent the last 15 years keeping themselves afloat by renting out property, that they will lose that property and receive nothing in return.

A more rational approach would have been to set up a different trade-off -- transparency for self-sufficiency. Under this scheme, institutions would receive endowments, or fixed capital that would generate interest they could survive off in the future. The endowment could include buildings, money from the federal budget and private donations. The endowment would be managed by a board of directors comprising leading academics with no direct ties to the institution, as well as major benefactors. The endowment would also be invested in the market, with any income going to fund future scholarly work. In addition, the activity of state agencies, such as the Federal Property Fund, and private foundations providing financing and grants to fund individual research would provide the system with the necessary flexibility and dynamism.

It is easy, of course, to suggest transparency in exchange for self-sufficiency. Transparency does not mean being open to the Finance Ministry or the presidential administration, but to civil society. This means an institution's board of directors should include leading academics from other institutions, and even other countries. (This would be an important factor for Russia, which probably has the largest diaspora of first-class academics of any country.) Self-sufficiency is also not a simple concept. It means that state officials would have to reconcile themselves to the fact that their job is to provide money -- and guarantee transparency! -- while the funds themselves would be administered by the board of directors.

This may seem an impossible dream, but it is the only way forward -- unless, of course, we have no interest in a cutting-edge scientific establishment or in repeating the achievements of 30 years ago.

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