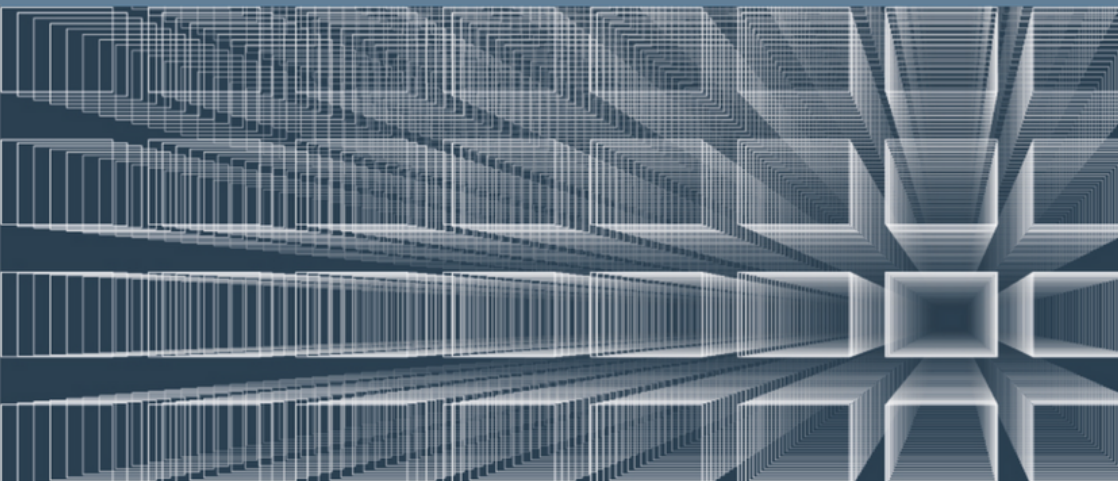


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**Hong Kong's Think Tank Ecosystem:  
Building a Revolving Door for  
Research-based Policymakers**



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## Path of Democracy

Path of Democracy (PoD) is a mission and action driven think tank that strives to create maximum room for democratic development under the principles of One Country Two Systems, Hong Kong people ruling Hong Kong with a high degree of autonomy. We believe that communication with mutual trust which is conducted under a moderate attitude is essential for the development of democracy. To this end, we have established Path of Democracy as a platform to:

- Consolidate the majority of supporters of the democratic camp in the society;
- Promote a moderate political approach in a proactive manner, and to carve out a new political horizon in the society;
- Formulate an agenda and construct systematic political discourse;
- Establish new ideological dimensions in the politics, society, economics and culture of the Hong Kong Special Administrative Region together with different stakeholders through research, dialogue and engagement.

## Hong Kong Academy of Politics and Public Policy

The Hong Kong Academy of Politics and Public Policy (HKAPP), founded by Path of Democracy, fervently believes that in order to improve the quality of governance, we must first improve the quality of our future leaders. Holding this firm belief, HKAPP offers courses in conjunction with HKU SPACE, dedicated and designed to meet the needs and unique political situation in Hong Kong, and to train and develop young leaders for such purposes. The founding mission of HKAPP is to improve the quality of individuals who aspire to govern, by establishing a cross-sector, trans-partisan platform and consolidating existing institutions of professional training. We seek to develop future leaders who can create new paths for Hong Kong and serve its citizens with an open mind, regardless of their political affiliation or position within organizations.

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Opinions expressed in this publication are the authors'. They do not necessarily reflect those of Path of Democracy and the Hong Kong Academy of Politics and Public Policy.

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# Hong Kong's Think Tank Ecosystem: Building a Revolving Door for Evidence-Based Policymakers

Ian Chan, Burmie Wong and Sam Liu

## **Abstract**

The role of think tanks is becoming increasingly important globally, and they are crucial to policymakers worldwide. However, Hong Kong's think tanks development has been very slow in the past 20 years. One might ask: What are think tanks? Why are think tanks so important? How to evaluate a think tank? What do think tanks look like in other regions? Why do Hong Kong's think tanks develop at such a slow pace? What are the solutions to these problems? This paper answers all these questions. We studied the relevant literature, compared the situations of different regions, and conducted interviews. In the end, we summarized the key factors that enable the ecosystems of think tanks: Talents, Finances, and Impact. These three factors affect one another and form a cycle (as we call it, a 'think tank ecosystem'). After diagnosing the problems of Hong Kong's think tanks, in section 6, we propose seven suggestions that require the Hong Kong government's top-down actions and the support to local think tanks. It is inevitable for the Hong Kong government to tackle the problem of insufficient policy research, and they have no excuse not to face it after the shift of the election regime. By solving the issue at the micro and macro level, with supply and demand in mind, we believe Hong Kong can address its weaknesses and form a healthy think tank ecosystem in the near future.

# 香港智庫生態圈： 為實證為本的政策制定者建立「旋轉門」

陳譽仁 黃穎君 廖衍森

## 摘要

智庫的重要性在全球範圍內日益增加，而它們對全球的政策制定者至關重要。然而，在過去的 20 年裡，香港的智庫發展一直非常緩慢。有人可能會問：什麼是智庫？為什麼智庫如此重要？如何評價智庫？其他地區的智庫是什麼樣的？香港智庫為何發展如此緩慢？這些問題的解決方案是什麼？這篇論文回答了所有這些問題。我們研究了相關文獻，比較了不同地區的情況，並進行了訪談。最後，我們總結了促成智庫生態系統的關鍵因素：人才、資金和影響力。這三個因素相互影響，形成一個循環（我們稱之為「智庫生態系統」）。在診斷了香港智庫的問題後，在第六節中，我們提出了需要香港政府自上而下的行動和支持智庫發展的七項建議。香港政府需要解決自身對政策研究不足的問題。在選舉制度更迭後，政府更沒有理由不去面對政策研究不足的問題。透過善用宏觀與微觀視角並著眼供求以解決問題，我們相信香港可以在不久將來解決其弱點並形成一個健康的智庫生態系統。

## 1. Background and introduction

The policy-making processes in Hong Kong were overly crisis-driven and lacking long-term considerations or strategic objectives in mind. Governance requires "more than simply hitting a narrow target and may require more comprehensive consideration within and across policy domains" (Peters, 2015). Given that the government does not always have a full picture of the society's problems, more emphasis should be put on external non-governmental organizations such as academic experts, non-profits organizations, and most of all, "think tanks". Referring to GGTTI, think tanks can be defined as organizations that generate policy-oriented research, analysis, and advice on domestic and international issues that enable policymakers and the public to make informed decisions about public policy issues.

The problem that we have identified in this paper is: Hong Kong is clearly lacking a healthy ecosystem for think tanks (and similar organizations) to thrive and create impact on policy-making. In this paper, we are going to discuss the importance and possibility of building an ecosystem of think tanks in Hong Kong. We hope to encourage sustainable developments of think tanks, potentially allowing think tanks to contribute strategic ideas to policy-makers, also to mobilise experts, talents, and ideas to positively influence public policy making.

In the rest of this section, we examine the background and historical context of think tanks, and define the key terminologies used in this paper. In section 2, we review the relevant literature and theoretical frameworks that help build the foundation for our discussions. In section 3, we explore the current situation of Hong Kong think tanks and identify the problems that they are facing. Furthermore, we summarize the key messages from various interviews with think tank stakeholders. In section 4, we look into three different regions, namely the US, China, and Taiwan, and seek to identify and derive the success factors that make think tanks in these regions so impactful. In section 5, we perform a problem diagnosis of Hong Kong's think tank by combining (i) the theoretical frameworks in section 2, (ii) the current problems in Hong Kong identified by

various stakeholders in section 3, and (iii) the success factors mentioned in section 4. In section 6, we provide policy recommendations that seek to address the problems diagnosed earlier by providing realistic solutions and ideas for implementation on both macro and micro aspects.

### 1.1: A Short history of think tanks in Hong Kong

The term “think tank” originated in the 1940s and 1950s as a slang for a room full of war strategists (Smith, James A, 1991). During World War I, the appearance and subsequent development of think tanks corresponded to a radical change in the international system. However, given its colonial history, Hong Kong was commonly regarded as a place where there was only administration and no politics.

#### *The 3 waves in Hong Kong think tank history*

Before 1997, first wave of think tanks were found in response to the political transition in Hong Kong. The One Country Two System Research Institute (OCTS) and the Policy Research Institute (PRI) were both found during this wave and had established links with the Chinese government. Despite being the first mover, OCTS has not played a strong advocacy role in Hong Kong. OCTS rarely advocate its policy proposals actively, which might show signs of the incapability of these first-wave think tanks.

Since the late 1990s to 2000s, in response to the financial crisis, such as SARS in 2003, second wave of think tanks have been focused on policy research to revitalize the economy. Proactive Think Tank and Civic Exchange were both found in this period.

After 2014, third wave of think tanks were developed in response to major social movements and distrust in Hong Kong society. Our Hong Kong Foundation (OHKF) and Path of Democracy (PoD) were some examples.

By looking back into the 3 waves of Hong Kong think tank developments, we believe that the importance of think tanks is increasing over time. Despite the rank and importance of individual

think tanks might change over time, the importance of a healthy ecosystem will never diminish. It allows members to move toward shared visions, align their investments, and find mutually supportive roles. Therefore, building an ecosystem of think tanks becomes essential for Hong Kong think tanks to grow.

## 1.2: Functions of think tanks

In 2020, the number of think tanks around the globe increased more than 60% compared to 2015 (McGann, 2016; McGann 2021). It might be a sign of people are losing confidence in governance structures and elected officials. People need non-government organizations to provide accurate, trustworthy and timely information to them. Think tanks are in a great position to do that. Think tanks can be defined as organizations which engage in public policy research and analysis, and exercising influence both publicly and behind the scenes (Julia Clark and David Roodman, 2013). Think tanks can be either affiliated or independent institutions.

At the macro-level, think tanks are well placed to contribute to strategic policy-making. A think tank should be structured as a permanent body being a hub for policy inputs and ideas, also an influencer which helps shaping public policy directions. Think tanks generally have forward-thinking mentality and proactive stances which allow them to focus on future challenges. They have to continuously maintain their public credibility and political access to ensure their impacts in policy making.

At the micro-level, a think tank is a group of people whose profession is to think (including read, write, research and discuss) about certain topics that are potentially important to the society. Parts of the group usually have influential power in the policy making process. They are a form of collective intelligence, which could have different ideas and stances. In addition, think tanks can be advocacy tools for large corporations on brand building or marketing, helping these companies to build a strong connection with customers. Resorting to public discourse through sponsoring think tanks can be an effective means for the business sector to

promote policy agendas.

### 1.3: Importance of think tanks in Hong Kong

Hong Kong was facing a confidence crisis in the Government, policymakers has to rebuild trust from public, one way is to being less passive and more proactive. To be proactive, policymakers need reliable and accessible information about the society they govern. This expanding need for public opinion has fostered the growth of independent public policy research organizations and think tanks providing evidence-based policy-making advices, which are information-based, proactive, and systemic.

The Government should create space for independent voices in the civil society. Think tanks can bridge the gap between the academics and policymakers, and between the Government and civil society, which serve the public interest as independent voices and help to ease the social tension.

Since there is an increasing demand for policy experts, think tanks can help to produce suitable human capital for policy makers. Unlike the classic training in universities, think tank can provide policy training, 'on-the-job' experience, bureaucratic skills and political contacts to potential future politicians and government officials(Diana Stone, 2005).

Think tanks focus on long-term policy horizons that enable policy proposals to be more influential, long-lasting, atmospheric and subtle. Successful think tanks sometimes hold back their proposals and wait until related problems emerge before they publish it. This would potentially create greater impact, catching policymakers' focus and showing to them that the proposal might be a good solution to the problem.

### 1.4: Indicators for think tanks

The Think Tanks and Civil Societies Program (TTCSP) by the University of Pennsylvania has focused on collecting global data and conducting research on think tank trends and the role think tanks



play as civil society actors in the policymaking process. In 2006, TTCSP developed and launched The “Global Go To Think Tank Index” (GGTTI) to acknowledge the important contributions and emerging global trends of think tanks worldwide.

The GGTTI rankings are based on a process of nominations, peer and expert evaluation, and selection by a panel of experts. Hong Kong think tanks such as Our Hong Kong Foundation, the Lion Rock Institute, and Civic Exchange all moved up their rankings on the list in 2018 GGTTI.

They evaluate think tanks’ performance by their outputs and the influences in policy making, which also help to increase the profile and performance of think tanks. The followings are indicators used by GGTTI to measure think tanks’ performances:

### *Outputs*

The quantity of think tanks’ output can show the think tank’s relative capacity. How many publications, blog posts, or outreach events did the think tank produce; counts of conferences, public events, private meetings, and contact with policymakers can be included for evaluation. One can easily find that the number of different kinds of research, press conferences, and social networking events held by think tanks in Hong Kong. The quantity of an organization’s output may indicate something about the capacity of a think tank, however, not about its impact.

### *Influence and policy relevance*

There is need for realism planning for policy impact, however, it is never easy to identify the real impact of think tanks. Despite of that, there are some examples showing the influence of Hong Kong think tanks, for instance, the “Lantau Tomorrow Vision” which was suggested by Our Hong Kong Foundation. We are seeing more influence from think tanks in the latest policy address. Moreover, as the law in Hong Kong restricts the Chief Executive of Hong Kong cannot be related to any partisan, we found that it may be one of the reasons why think tanks do not have sufficient access and close

relationships with policy makers.

### *Resources*

Resources include financial resources, human resources, and connections (so called “social resources”). On human resources, the ability to recruit and retain leading scholars, expertise, and analysts is essential. On financial resources, the level, quality, and stability of financial supports. On social resources, key contacts in the media and governments departments are one of the key factors for think tanks to prosper. However, later in this paper, we found that these resources are very limited in Hong Kong.

### *Utilization (recognition and popularity)*

This indicator measures to what extent the think tank is utilized by the society. Media coverage can relatively show the reputation of think tanks; while the quantity and quality of media appearances and citations helps in gaining political prominence through appearances in the media. There are a lot of leader-dependent think tanks in Hong Kong, they usually try to affect the policy makers by personal influences of the think tank leader or founder, and the media appearance also mainly depends on the relationship of the leader.

### *Politico-bureaucracy*

Politico-bureaucracy measures the level of impact a think tank has on legislation and policy making, including powers of drafting bills and writing speeches, and appointments of institute staff to official committees. We will discuss the situation of the political revolving door in Hong Kong in the later section. “Revolving door” mechanism features frequent personnel movement between think tanks and important positions in the government, which will produce a strong connection. This structure is still unclear in Hong Kong, this might possibly shows that Hong Kong think tanks are still loosely recognized.

## 2. Theoretical review of think tanks' development

There are demand-side and supply-side perspectives to explain the development of think tanks (Yep and Ma, 2006). The first view on demand-side development is the “Salomon House” approach. There was a group of experts with Plato’s ideas who wanted to build a better society, they could afford the cost for reshaping their environment and living more comfortably. But it really relies on the mental drive of the talents, it assumes that the intrinsic value of the think tanks will automatically generate demands.

The other approach on demand-side development is the “state-centered” approach, which highly depends on the political leaders with strong demands for think tanks. When governments or political leaders have demand for getting advice from think tanks in order to fill their knowledge gaps, the need of think tanks arises spontaneously. But the level of organizational autonomy is another potential concern, think tanks established under state demand are usually less independent.

The supply-side approach mentioned in the paper is “business-driven”. Businesses invest in think tanks and provides generous sponsorship to serve as marketing, brand building, and important leverage of business influence on public policy. The private sector or business which invests in think tanks usually pursue their own interests, hence these think tanks might not purely serve the public interest. In other words, think tanks can be seen as a tool for the financially resourceful businessmen to advocate for their own good (sometimes their interest align with the public’s).

Furthermore, there is a different kind of demand and supply approach of the policy market in modern politics. We can simply define the demand-side as buyers and customers, such as government departments or business interests. The supply-side consists of suppliers or sellers, namely think tanks and their products. In the later sections, we will suggest building the ecosystem of think tanks under this demand-supply framework.

### 3. Current situation of think tanks in Hong Kong

It is impossible to estimate the exact number of think tanks in Hong Kong due to the ambiguous definition of “think tanks”. However, according to the Hong Kong Think Tank Annual Report 2018 by Proactive Think Tank, there were 30-40 think tanks in Hong Kong. Among those, there is only one state-run think tank, namely, the Policy Innovation and Co-ordination Office (PICO). There are a few university-affiliated think tanks, such as Hong Kong Centre of Economic Research (HKCER) and Hong Kong Institute of Asia-Pacific Studies (HKIAPS). The number of private think tanks in Hong Kong is relatively high (*for example, Path of Democracy (PoD), Our Hong Kong Foundation (OHKF), Hong Kong Policy Research Institute (HKPRI), Hong Kong Democratic Foundation (HKDF), One Country Two Systems Research Institute (1C2SRI), Proactive Think Tank (PTT), etc.*). According to GGTTI 2020, it recognized 29 think tanks in Hong Kong. Although the absolute number of think tanks looks small, Hong Kong’s per capita number of think tanks is surprisingly high compared to other countries in Asia (See Figure 1).

Figure 1. Number of think tanks in selected territories

Country/ territory	2015		2020	
	No. of think tanks	Per million population	No. of think tanks	Per million population
Hong Kong	30	4.11	29	3.88
Mainland China	435	0.32	1,413	1.00
India	280	0.21	612	0.44
Japan	109	0.86	137	1.09
Korea	35	0.69	412	7.96
Malaysia	18	0.59	27	0.83
Singapore	12	2.17	21	3.69
Taiwan	52	2.21	44	1.88
US	1,835	5.72	2,203	6.69
UK	288	4.42	515	7.66

Sources: McGann (2016), McGann (2020), World Bank Development Indicators (2022) and Taiwan Statistical Bureau (2022).

Moreover, several Hong Kong-based think tanks were ranked top 100 in the “China, India, Japan, and Korea” category. They include OHKF, HKCER, Civic Exchange, HKPRI; where OHKF was ranked 112 globally in the 2020 GGTTI report.

In this section, we review various interviews including interviews we conducted with some think tank stakeholders and the interview records in the *Hong Kong Think Tank Annual Report 2018* (HKTTAR 2018) to understand the current situation and weaknesses of local think tanks. We found that these weaknesses include the lack of talents, finance, and impacts. The poor performances in these factors generate a vicious cycle for the Hong Kong think tanks.

Despite the relatively large number of think tanks per capita and the presence of some high-ranked think tanks as mentioned above, Hong Kong think tanks in general still have many weaknesses. According to HKTTAR 2018, authors interviewed 17 local think tanks and summarised that the Hong Kong think tank industry had 4 weaknesses: lack of finance, lack of scholars and researcher career path, lack of impact, and poor relationships between government and think tanks.

### ***Talents***

In Hong Kong, outstanding financial and legal talents have been poached by large cooperates, banks, and public institutions. Hong Kong does not have clear career ladder for policy researchers. Those engaged in policy research always have a narrow and deem career development prospect. Moreover, local policy research at local universities are not as well recognized as academic research. Doing policy research in Hong Kong seldom help scholars' academic status and their own career development, not to mention the prospect for research assistants. Anglo-American universities attach great importance to scholars for participating in social policy

discussions. Scholars who involve in researches affiliated with think tanks will gain a good experience. However, doing think tank research cannot increase the chance for scholars getting tenure after returning to university. This has caused highly educated local talents to find it less attractive to work in think tanks or local policy research. At present, many think tanks projects are outsourced to university lecturers. However, if full-time university teachers have to accept external research projects, they have to seek approval from universities and might have to share their income with universities. This disincentivizes talents in universities to work for think tanks.

### *Finance*

The business community in Hong Kong seldom considers establishing or subsidizing think tanks. The business community generally has the concept of "think tanks are useless." Businesses seems to think that simple lobbying is enough to affect government decisions, and there is no need to spend resources on policy research.

### *Impact*

Most of the research results of Hong Kong's business and private think tanks lack an international perspective, and the research content is too vague and not rigorous. Even if the research is published and distributed by the website or a press conference, its media exposure is very limited. This will lead to a lack of full discussion in the society and its influence will not be as large as expected by the organisations. As a result, the social influence of think tanks is greatly reduced.

### *Interactions*

Hong Kong's administrative officials (AO) mostly follow past practices and experience when making decisions, and rarely adopt innovative methods. They rarely conduct policy research outside their scope and have very little interaction with think tanks. Government officials, scholars and other researchers do not interact much among themselves, and they even look down on one another.

Some scholars' research has been dismissed by officials because they believe that scholars are completely unrealistic, and their research is impossible to implement. Scholars are unwilling to open the way for government policies and avoid troubles. This lack of communication between officials and scholars, irrelevance, or even mutual disrespect, has so far hindered policy research and even the development of think tanks.

When the government implements major policies, they are still prone to ask the consulting companies to conduct research and seldom adopt the opinions of think tanks. When think tanks communicate with officials, they basically said their own words and there was no room for discussion. Government officials felt that they were experienced in a certain aspect and had various political considerations, so they could not get along with the think tanks. (Kei et al., 2018)

In order to alleviate the plight of local think tanks, we conducted two interviews with people who are related to think tanks in Hong Kong. We interviewed a founder-cum-leader of Path of Democracy, a well-known think tank that studies political issues like One Country Two System and future issue of Hong Kong etc., to get the point of view for running a think tank in HK. And we also interviewed an experienced researcher in a Hong Kong think tank to obtain the opinion of the staff who work at the think tank.

### 3.1: Interview with a think tank researcher

A researcher with 5 years of experience in think tanks was interviewed. In the interview, she said that she would get into the business sector and fade out from the think tank where she worked for. When asked for the reason of leaving, she mentioned that there was no career path in the think tank. There was no revolving door to the government or the university so she could not see a future for this career. In addition, the pay in think tank was not very competitive so this could not compensate her. Her case revealed that the think tanks in Hong Kong are not capable of retaining talents, due to a lack of financial resources and unclear career paths for scholars and researchers.

The interviewee also mentioned many think tanks in Hong Kong are one-man-led and might not have broad financial sources. The one-man-led think tanks include PoD and PTT. The narrow financial sources might cause doubts on the independence and sustainability of the think tank. Hence, some views from public treat the think tank as another opinion platform of those leaders, although that might not be the truth.

When we talked about social media and online branding of the think tank where she had served, the interviewee mentioned that they used a more conventional approach, such as organizing street meetings, face-to-face activities, and discussions. Most think tanks in Hong Kong are not active in the web and social media, except OHKF, Civic Exchange, and PoD. None of the think tanks in Hong Kong have a strong online influence.

### 3.2: Interview with a think tank leader



In the interview with a leader of a local think tank, he thought that his think tank had not been acted as a revolving door yet, which was consistent with the first interviewee's opinions. The second interviewee mentioned that some members did join the government, but not sit in important roles, such as advisory committee members and political assistants.

Under his leadership, it was one of the think tanks with the fastest growth in Hong Kong. As a young think tank, it was not easy to gain the popularity that it currently had. He admitted that it might be a personal effect of himself as a significant member in the government. Although the influence of his think tank on the society mainly came from him, he thought that the impact of an index developed by his think tank had been increasing but it still took some time for others to get familiar with.

Being asked for the relationship with PICO, he thought that there were red tapes in the Government although the Government showed the will to adopt think tank research, Until now, the Government still could not give a free hand and was afraid of the misuse of fundings by low-quality think tanks, which might cause a vicious cycle: think tanks which are low quality are unable to get funding, their quality remains low since they could not obtain any resources.

He also thought that Hong Kong did not have much room for think tank development. He founded this think tank because of his belief (somehow his own demand for a think tank). Without the demand from the Government, think tanks in Hong Kong could not be developed and matured. He hoped the future Chief Executive could recognize think tanks' contributions publicly and improve public participation in policymaking. He considered that, there was no two-party system in Hong Kong, HK could learn from Mainland China instead to adopt the state-centered model, which was the macro top-down approach.

Hong Kong think tanks are in a vicious cycle: lack of financial fundings led to a poor career path for talents to work and contribute to think tanks. Next, lack of talents then resulted in less quality-

output from think tanks and they cannot gain influence and popularity. Hence, the government cannot give trust to the think tanks as they are not influential in the society. With the low impact, the private funding was not willing to invest in think tanks, and the Government set high standards for PICO's funding to avoid misuse of fundings by low-quality think tanks, i.e. think tanks will lack financial fundings. Then the loop continues. Some actions must be taken to end the vicious cycle and start a virtuous cycle instead. The action that starts a virtuous cycle, we call it as 'catalyst'.

The following table summarizes the weaknesses that Hong Kong is facing:

Figure 2. Weaknesses of Hong Kong think tank industry

Talents	Finance	Impact
<p><b><i>Revolving door</i></b></p> <ul style="list-style-type: none"> <li>• Only retired officials will get into Think Tanks</li> <li>• Think Tanks talents get non-major government role only</li> <li>• Policy research cannot help scholars to improve their status and get a university tenure</li> </ul>	<p><b><i>Public funding</i></b></p> <ul style="list-style-type: none"> <li>• PICO has red tapes and its own considerations</li> </ul>	<p><b><i>Influence</i></b></p> <ul style="list-style-type: none"> <li>• Government do not cite think tanks' report or recognize think tanks contributions</li> <li>• Officials and scholars look down on each other</li> <li>• Government consults the consultation companies instead of think tanks</li> <li>• Lack government demand</li> </ul>
<p><b><i>Career Path</i></b></p> <ul style="list-style-type: none"> <li>• No opportunity</li> <li>• Unsatisfactory pay</li> </ul>	<p><b><i>Private funding</i></b></p> <ul style="list-style-type: none"> <li>• Narrow financial source (one-</li> </ul>	<p><b><i>Popularity and reputation</i></b></p> <ul style="list-style-type: none"> <li>• Depend on the popularity of the</li> </ul>

Talents	Finance	Impact
<ul style="list-style-type: none"> <li>Brain drain to business</li> </ul>	man-led) <ul style="list-style-type: none"> <li>“Think Tank is useless”, simple lobbying can do the job</li> </ul>	leader, not the output <ul style="list-style-type: none"> <li>Less engaged in social media</li> </ul>

## 4. Case studies

To better understand a think tank’s dire situation in Hong Kong, it is perhaps wise to analyze think tanks in other countries or territories. Although there are a myriad of countries to study from, we have chosen the following three countries/territories for their success in building an ecosystem for their think tanks: the US, China, and Taiwan.

### 4.1: US

The US seems to be an excellent country to study because it holds the largest number of think tanks in the world and competition among these think tanks is extremely fierce. In fact, there are currently 1,985 think tanks in the US, and in 2013, the top twenty-one think tanks in the US had spent more than \$1 billion USD (Qi, 2018).

There are four striking characteristics that become apparent when analyzing the successful factors of American think tanks. First, America had an emphasis on techno-scientific reasoning ever since the early 1900s. This is important because this laid the foundational growth in demand for think tanks and the products they offered. As Yep and Ma laid out in their paper, the demand for agents of rationalism and societal pluralism was a good catalyst for good governance and was thus well sought after within the policy process. “In short, it is “good to have think tanks around” (Yep and Ma, 2006). As a result, such emphasis on techno-scientific reasoning has, on the one end, caused US academics and

intellectuals to deliver more scientific policy consultations; and on the other end, induced US politicians, media, and different interest groups to demand and purchase more of these consultation products. Therefore, one can understand it as a virtuous cycle where more demand creates more supply.

Second, Think Tanks in America enjoy a high level of permeability. Permeability can be defined as (1) the extent to which public have access to influential positions within the government, and (2) the extent to which opinions outside the government may influence the government. High permeability allows for opportunities for think tanks to impact the government directly and indirectly. This can be seen with think tanks being the brain-quarterbacks of people from the Republican Party, the Democrats, various presidential campaigns, as well as talents that gain influential positions in new administrations. A mechanism that closely relates to the idea of permeability is the “revolving door” phenomenon. The revolving door could be defined as a mechanism that features frequent personnel movement between think tanks and important positions in the government. A most acute example of the revolving door is the former chair of the US Federal Reserve, Ben Bernanke, who now works for the think tank Brookings Institution. Similarly, Janet Yellen, who was a member of the Brookings Institution as well, is now the US Secretary of the Treasury. In a way, it is sort of like a soccer club where a roster of players would find themselves on and off the field, depending on the circumstances. We argue that such permeability where there is a smooth flow of talents and information has many benefits to the society. One of such is that those involved in the revolving door will have the opportunity to put their theories and ideas into practice. The thinkers are not just thinkers who are so unrealistic that their theories and works do not have practical relevance. Instead, it is the atmosphere where practitioners can verify the insights to be gained by combining ideas and practice together. When they are not in the government, talents can have the time to theorize in think tanks. When the time comes, they can practice their theories and put them into practice. This has two advantages. First, think tank talents are well rewarded with the

ability to sit in influential government positions, and thus have more access to influence within the government itself as well as being more incentivized to do so in such a system. Second, the quality of policy ideas and governance should also improve, as the thoughts that help to govern the society have both (1) the time to brew and develop into respectable ones; and (2) they become more feasible in real world. All these contribute to a high permeability for think tanks where the products and services they produce could have high impact to the society and talents have the ability to work within the government.

Third, it should be noted that a bottom-up market-based approach for think tanks exists in the US. In other words, the policy consultation market in America is characterized by many buyers and sellers. This is a result of the US government, business interests, and media sectors all viewing think tanks as a tool to promote their agendas. Think tanks and their products could be seen as vehicles to develop and or justify stakeholders' proposals and interests. In a two-party system, America has various interest groups that need to compete with one another to see who has stronger support for their policy proposals. A current example of this could be seen with Alexandria Ocasio-Cortez.<sup>1</sup> By using progressive left-wing think tanks such as New Consensus, she attempted to justify her ambitious Green New Deal proposal. Whereas on the opposing ends, think tanks such as the Mises Institute, a conservative Austrian-economics think tank, are privately funded and it actively make the case against the Green New Deal. This demonstrates the reality where think tanks products and services are used to create and justify the differing views in America. In particular, there are entrenched business and political interests in a country with a two-party system, hence the competing interests could make use of think tanks to bolster their positions. Therefore, this ensures adequate demand for think tanks.

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<sup>1</sup> Ocasio-Cortez, A. (2021, April 20). Ocasio-Cortez, *Markey Reintroduce Green New Deal Resolution*. Available at <https://ocasio-cortez.house.gov/media/press-releases/ocasio-cortez-markey-reintroduce-green-new-deal-resolution-0>

Fourth, it should be noted that on the federal governmental level, think tanks in America enjoy financial privileges -- namely the US tax code and philanthropy foundation. This is best exemplified by the American tax code 501(c) for non-profit organizations where think tanks are granted for tax exemptions on the federal level as well as in many states. Think tanks which are registered as a non-profit organization comes with minimalistic hurdles. Furthermore, to facilitate the growth think tanks, America stands out because of its culture of establishing foundations and philanthropies. This is an important source of finance because (1) it allows think tanks to be more independent from their government, (2) it enables think tanks to recruit quality talent, and (3) it contributes to providing diversity in policies. In 2001, there was close to 50,000 private, corporate, and community foundations with total assets of \$US425 billion (Yep & Ma, 2006). In 2012, the number of foundations reached 86,192 and have become "one of the most important sources of income for American think tanks" (Qi, 2018). In summary, not only is there a huge demand and market for think tank products and services but there are financial incentives such within the tax code and philanthropy culture in America that provide crucial financing for think tanks to thrive.

#### 4.2: China

To transit into our analysis of China, there is a popular belief within China that American think tanks played an invaluable role in America's ascension to global superpower status, and because of this, China believes Chinese think tanks can help achieve what think tanks have attained for America (Qi, 2018). Such a belief was especially prevalent after Mao Zedong's era which tended not to value modern science and technology and held intellectuals in rather low esteem. However, in the late 1970s, China's belief in techno-scientific reasoning grew as China opened up and reformed.

The Chinese Communist Party (CCP) has put a strong emphasis on making scientific public policies This can be seen with the proposal of the "Perspective of Scientific Development " by former Chinese President Hu Jintao. Note that this proposal was incorporated into

the CPP's party platform and became one of China's new guiding principles for development (Qi, 2018). Furthermore, former president Jiang Zemin often received advice from scholars and intellectuals based in Shanghai, such as Fudan University, the Shanghai Academy of Social Sciences, and the Shanghai Institute of International Studies. This shows the Chinese leadership's appreciation for the techno-scientific approach in policy planning (Li, 2009). Since the late 1970s, China's scholars have made commendable strides towards strong techno-scientific approaches in various fields. Although it should be noted that, unlike the Americans, the CCP limits the studies of some fields that might question the legitimacy of the CCP, on the broader picture, China's emphasis on techno-scientific reasoning, like America, has fostered a strong base of demand for think tank products and services.

Similar to the US, China has also developed somewhat of a revolving door phenomenon, where there is good mobility of talent and information between think tanks and the government. For instance, former vice-premier Zeng Peiyan transited into a position within the well-funded think tank China Center for International Economic Exchanges (CCIEE). As Li argued, present-day China had established an environment where "think tanks have become not only an important venue for retired government officials to pursue a new phase in their careers, but also a crucial institutional meeting ground where officials, entrepreneurs, and scholars can interact" (Li, 2009). This inter-relational development between think tank governments speaks volumes on think tanks' importance in the policy making process.

However, unlike the US's bottom-up approach, China enacted a peremptory top-down approach that seemed to be very effective in a short amount of time. This is best exemplified by Xi Jinping's personal actions that have sprouted the so-called 'think tank fever' since 2012. Xi championed national attention towards the significance of building high-quality think tanks in his campaign speech in December 2012. In addition, the Central Leading Team for Comprehensively Deepening Reforms published detailed blueprints on the objectives and methods of developing think tanks

in China. Instructions include: (1) the "Opinions on Strengthening the Construction of a New Type of Think Tank with Chinese Characteristics" provided in October 2014, which greatly promoted the development of Chinese think tanks and (2) the "Pilot Programme Guidelines for Building High-end Think Tanks" published in November 2015, which contributed to the increases of greater financial support. In contrast to American think tanks where there is a market-based competition where they are left to thrive on their own, the development of Chinese think tanks is very much manufactured straight from the top and mostly government-driven. Whether the environment for think tanks stems from a top-down or bottom-up approach, the point to note is that there is strong demand and supply for think tank products and services.

In China's case, it is particularly interesting to note that Chinese private think tanks, which often compete with state-led think tanks, have found a way to thrive. There are two main reasons for this. First, the Chinese leadership, especially Xi himself, has increased the demand for private think tanks. This is because the Chinese government views state-run think tanks as limited in their ability to provide alternative, independent, and high-quality analysis. Wuthnow and Chen's paper in 2020 suggested that Xi was annoyed at the wrong predictions about Taiwan's 2014 local elections and thus sought out alternatives that could exhibit intellectual and financial independence from government agencies. In other words, the Chinese government values the different perspectives and analyses that private think tanks could provide, thus increasing demand for their products and services. Second, Chinese private think tanks have the following three major competitive advantages that allows them to thrive: (1) providing different advice -- acquired human capital in the form of scholars -- which Xi values because such consultations increase Chinese officials' confidence in making the correct decision; (2) building connections and the ability to facilitate intellectual exchanges, because private think tanks are particularly active in forging links with foreign scholars and they also have an advantage on state-run think tanks because they are seen to be more independent and less biased, thus enabling them to



create better international reputations and engage in international perspectives; (3) leveraging the use of new technologies such as social media platforms to reach new audiences, as a 2017 Tsinghua study shows that private think tanks often outpace state-led think tanks in terms of online presence and reputation, when looking at aggregated statistics, such as followers and citations, on Wechat, Weibo, and international platforms such as Twitter. However, no matter how one looks at the situation, the success of all Chinese think tanks is immensely connected to the strong Chinese state-led demand, often from Xi himself.

### 4.3: Taiwan

Taiwan is an interesting case in our discussion because Taiwan has several similarities to Hong Kong. Both Taiwan and Hong Kong are considered Asian Tigers with relatively high levels of GDP per capita. Furthermore, both Taiwan and Hong Kong consist of a population where the majority are ethnic Chinese. This implies that both Taiwan and Hong Kong share similar cultural dispositions such as Confucianism, respect for education, and high expectations of intellectuals. Most importantly, both Taiwan and Hong Kong experienced political liberalization since the early 1980s. (Yep & Ma, 2006). With such similarities, the question, therefore, is the following: why have think tanks in Taiwan fared so much better than those in Hong Kong?

Yep and Ma argue that it all boiled down to what was at stake. For Hong Kong, a framework where businesses' access to power and interests were well protected within Hong Kong's Basic Law was established since Hong Kong's post-colonial era. To support this, one can cite the fact that businessmen constituted about 50% of the Hong Kong members in the Basic Law Drafting Committee, and where business groups were also the single largest group in the Basic Law Consultative Committee. In addition, representatives from business and professional groups each make up 25% of the 800-member Election Committee which elects the Chief Executive (Yep & Ma, 2006). This is evidence of the supremacy of the business sector in the policy-making process. Conversely, after the end of

martial law in 1987, Taiwan entered “a phase of soul-searching” where the direction and identity of the country were unsure and under heavy debate (Yep & Ma, 2006). Noticeably, there were factions within the incumbent Kuomintang (KMT), that advocated for reforms, while other factions were focused on managing the democratic transition without yielding power. In 2000, the KMT lost to the pro-independence Democratic Progressive Party (DPP). In a sense, Taiwan’s environment was very similar to America’s two-party system and free for all market where different business interests and party interests constantly competed with one another and must develop think tanks for justifying their own viewpoints. This, in turn, churned up demand for think tank products and services. Unlike Hong Kong businessmen who saw their interests protected, Taiwanese businessmen had to defend their interests under the democratization of Taiwan. For example, rising land prices due to speculation and rapid urbanization created many openings for Taiwan business interests to influence outcomes that favor themselves.

In general, there is an environment and effective demand for think tanks as we see that it is relatively convenient for Taiwanese businessmen to set up trust funds and foundations to be tax-exempted. This was in sharp contrast to Hong Kong’s low legal and financial incentives. In Hong Kong, tax exemptions are only granted to charity organizations that must not be involved in politics. Furthermore, Hong Kong’s simple and low corporate tax rate gives little incentive for business donations. In short, Taiwan think tanks enjoy sound financial funding from both government interests but especially business tycoons who viewed think tanks as a vehicle to promote and justify their interests. In other words, Taiwan’s ecosystem of think tanks thrives because there is strong demand for think tank products and services as well as strong supply due to the demand for think tanks as well as the adequate financial resources.

## 5. Problem diagnosis

### 5.1: Extrapolation

In this section, we attempt to analyze the traits that are conducive for think tanks to succeed. Much of our analysis could be achieved through the lens of the demand and supply framework, wherein this policy market, demand comes from buyers and customers such as the government or business interests, whereas supply comes from suppliers and sellers who are the think tanks themselves and their products.

In Section 4, we examined the factors which allows for think tanks to succeed in various countries. In Section 5, we attempt to extrapolate what we have observed and apply it to Hong Kong's current situation. There are four key implications from Section 4. First, as seen with cases in the US and China, the emphasis on techno-scientific reasoning played a huge role in fostering an environment where think tank products and services are both demanded as well as supplied. Second, permeability seemed to play a critical role with think tanks as (1) the mobility of talent and information between the government and these organisations increased the value of, and thus demand to think tank products and services; as well as (2) enhancing the supply of think tanks products and services due to better-incentivized talents and more relevant policy proposals that are grounded to reality. Third, the development of think tanks seemed to come either from a top-down government-led approach as in China, or a bottom-up competition approach as seen in the US and Taiwan where both territories exhibited a democratic two-party system. It is interesting to note that the more uncertain of the future development is, the more space for different interest groups to convince and project their versions of the future onto others. Therefore, in the US and Taiwan, where the leaders can head in opposite directions for every four years, one can imagine the opportunities for pressure groups to craft and justify their proposals consistently. Since think tank products and services are seen as a vehicle to achieve such objectives, there is a clear demand for them in such environments. Fourth, on the supply-side, we can observe

that the funding of China's think tanks came from the government mostly, which was consistent with its top-down approach championed by Xi Jinping himself. Whereas in the US and Taiwan, not only were there legal financial incentives embedded within the tax code, businesses and private funding also played a role in providing the financial resources that think tanks needed to produce their products and services.

The various problems that plague Hong Kong's think tanks can be briefly summarized by figure 3 below.

Figure 3. The 2x2 matrix on difficulties of Hong Kong's think tanks

Demand	Supply	
<ul style="list-style-type: none"> <li>• Lack of demand from the government/state</li> <li>• Argument is that demand creates supply</li> <li>• Lack source of funding</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of tax and philanthropy incentives and culture</li> <li>• Permeability of the government (no mobility of ideas and talent)</li> <li>• Concept of revolving door</li> </ul>	Macro
<ul style="list-style-type: none"> <li>• Lack of demand from non-state actors</li> <li>• Poor demand from sectoral interests or pressure groups who are motivated to stake their claim in the decision-making process (such as businesses and media outlets)</li> <li>• Lack source of funding</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of capabilities aka competitive advantages that could improve HK think tank products</li> <li>• View: Victim of circumstances</li> </ul>	Micro

## 5.2: Macro-demand

To commence, it is important to note that Hong Kong has vast macro-demand issues. In other words, Hong Kong government seems to have little need and thus demand think tank products and services. There is minuscule demand from the very top. If we take the position that demand creates supply, we can see how Hong Kong is trapped in a vicious cycle. Section 4 has shown that demand for think tank products and services can be materialized in various ways. For instance, in the US and China, we saw the emphasis on techno-scientific reasoning. In China, we saw that Xi's top-down campaign approach following his December 2012 speech quickly manufactured demand and the need for high-quality think tanks. It is somewhat of a conundrum as to why the Hong Kong government sees no need for more techno-scientific-based policy approaches. An argument, based on our two interviews conducted for this paper, can be made that Hong Kong administrative officers (AOs) have seen themselves as experts already; therefore, there is no need for justification for their decisions. However, a rebuttal to this can be considered that such thinking discourages diversity in thinking and may lead to biases in decision making that can be costly in the long-run. Xi's emphasis on private think tanks shows that there is value in diverse and alternative think tank products because they help increase confidence in officials' decision-making and reduce incorrect predictions such as Taiwan's 2014 local elections. In short, without demand, it is easy to see why there lacks an ecosystem for think tanks to thrive.

## 5.3: Micro-demand

On the micro-demand issues, we see the same problem with the lack of demand again, but this time is from non-state actors. One could argue theoretically, that even if there was little macro-demand -- demand coming from the system or government itself -- perhaps there could be a need for think tanks if various non-state actors (such as businesses) found think tanks which would be useful to promote their proposals. However, as mentioned in Section 4, post-colonial Hong Kong's political system is unique because business

interests were very well secured and their access to power was well enshrined within the Hong Kong Basic Law. Unlike Taiwan's liberalization, where Taiwan's identity and future was very uncertain for both the territory and businesses, Taiwan businesses took it into their own hands to craft a future that fits their vision. They did this with the help of using think tanks as a tool to craft and help justify their proposals. Furthermore, Hong Kong does not have a two-party system like the US or Taiwan where there is consistent competition for different directions for the country.

#### 5.4: Macro-supply

On the macro-supply issues, we have two main issues. First, Hong Kong does not have the legal financial incentives that countries such as the US and Taiwan provide. Hong Kong grants tax exemptions only to charity organizations and Hong Kong's low corporate tax rates serve as a disincentive for business donations. Combined with the demand issues mentioned above, any sort of meaningful funding is incredibly hard to achieve. Second, there is low permeability as Hong Kong enjoys little revolving doors and little mobility of ideas and talent between the government and think tanks. In our interview with the researcher (from Section 3), where she worked 5 years for a think tank, she eventually left for the business sector -- which can be understood as a brain drain from think tanks -- as she saw that think tanks had little money and a paucity of opportunities to do anything impactful. Consistent with our macro-demand analysis, the interviewee argued that the Hong Kong government did not listen to think tanks. The interviewee's sentiments were supported by Hong Kong 2018 Think Tank Annual Report that states that think tanks' impacts are weak (Kei et al., 2018). In essence, the macro-supply issues that Hong Kong suffers from are the poor financing as well as the lack of talent that can arguably improve the think tank product so that more might demand it.

#### 5.5: Micro-supply

On the micro-supply issues -- where we examine what Hong Kong

think tanks can do to build themselves from the ground up -- Hong Kong think tanks lack distinctive competitive advantages. However, this issue can be easily muddled with the problems mentioned earlier: namely the lack of demand both from the top, as in from the government; and from the bottom, like in the US where there is strong competition and different actors using think tanks. Due to the lack of demand for Hong Kong think tanks, with the logic of demand that creates supply, we can see how the lack of funding, resources, and talent actually hinders the capability of Hong Kong think tanks to improve themselves and create better products. Therefore, this can be understood as a vicious cycle as mentioned in Section 3. Nevertheless, there are certain aspects that Hong Kong think tanks can do to improve themselves so that they make their products and services more attractive. One example could be the utilization of new technology, such as using branding and social media platforms to edge their advantage. In our interview, the researcher mentioned that Hong Kong think tanks have little motivation to pursue such measures. Although this is just one example, in our next section, we will go into detail about proposed solutions to help address the demand problems on the macro and micro levels, as well as the supply problems on the macro and micro levels.

In conclusion to this problem diagnosis section, there should be an emphasis that the lack of a thriving think tanks system in Hong Kong is due to a distinct lack of demand on both macro and micro levels. Whether it is the lack of business interests which need advocating in the unique political system of Hong Kong after 1997, the lack of a two-party system where there is constant competition, or Hong Kong think tanks simply are not on the government's radar for the policy process, Hong Kong suffers gravely from demand-led issues. Although there should be many facets to solve Hong Kong's problems for think tanks, there should be considerable attention on demand-side solutions. Ideally, Hong Kong could really adopt a top-down approach that China enjoyed and less of the bottom-up approaches that the US and Taiwan have, partially because Hong Kong does not have a two-party system.

## 6. Elements of building an ecosystem of think tanks and policy recommendations

Learning from the interviews that were conducted by PTT and us, we recognize that Hong Kong needs to act on turning the vicious cycle in the think tank ecosystem into a virtuous cycle. We also believe that, demand generates supply in the think tank market which was proven by the cases in other territories. To create demands for think tanks, there are mainly two approaches in the literature, (1) top-down approach and (2) bottom-up approach. In comparison, the USA and Taiwan both used a bottom-up approach and China took a top-down approach. As the PoD leader mentioned in the interview, unlike the US and Taiwan, Hong Kong did not have a two-party system. Hence, Hong Kong's situation is closer to China, where the demand for advocating or lobbying particular policies is lower. Hence, given the society and political environment in Hong Kong, relying on the natural demand for think tanks is unrealistic. We think an interventionist approach will fit Hong Kong's situation more. As the PoD leader said, Hong Kong think tanks would not grow anymore without government demand. Therefore, we propose that Hong Kong should adopt the macro top-down approach to create demand for think tanks.

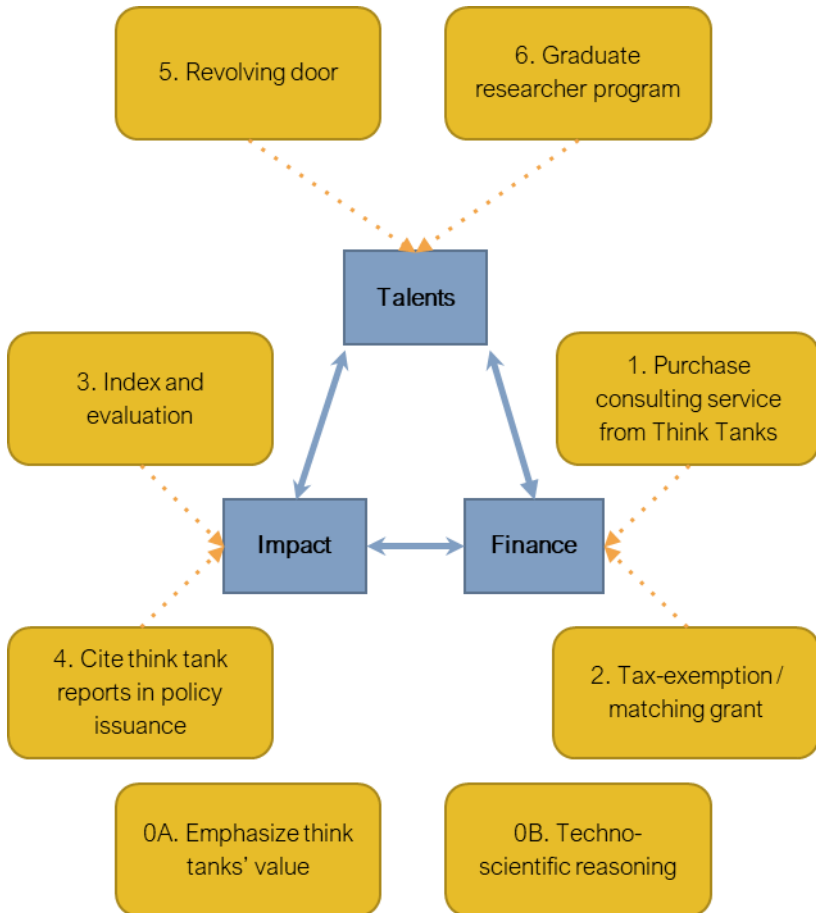
### 6.1: Macro suggestions

In a macro top-down approach, the government policies act as catalysts and start the virtuous cycle running. Figure 5 indicates the proper catalysts that we think are suitable for Hong Kong's situation. The rest of this subsection explains each policy in detail.



In Figure 5, the think tank ecosystem containing three factors as talents, finance, and impacts is illustrated in the centre of the figure. The black double arrow shows how they interact with each other. The yellow boxes are six possible suggestions (2 each) that we think would be catalysts of starting a virtuous cycle in the Hong Kong think tank ecosystem. The red arrows show which elements would the catalyst directly improve, then eventually also improve the other two.

Figure 5. The cycle and the catalysts



### ***Catalyst 0. Fundamental supports from government***

There are two fundamental supports that the government can do that are very powerful and basically costless: (A) emphasizing the value of think tanks and (B) introducing techno-scientific reasoning into the policy-making process. These two actions, which only require the government to alter their ways of thinking and work slightly, would start the wave of think tanks.

In China's case, the government-led think tank campaign led to a significant increase in demand for think tank products and launched a "think tank fever" in China. The Hong Kong government should follow suit by announcing a statement to declare the intention of promoting think tanks, recognizing the importance of think tanks, and ideally coming with some policy support (See Catalyst 1-6).

#### ***Catalyst 0a. Emphasis the value of think tanks***

Emphasizing the value of think tanks and recognizing their contributions will do good on both the government and think tanks. By doing this, the public will have a better impression on the government that the government wants to rely more on external thoughts rather than doing policymaking in a black box by itself. For think tanks, the morale of their leaders and talents will definitely increase, also signaling to the businesses that the influences of think tanks will rise in the future--which indirectly increases the funding of think tanks from the private sector.

#### ***Catalyst 0b. Promote techno-scientific reasoning***

Techno-scientific reasoning in the policy-making process means that the government should justify policies with scientific and technological evidence instead of qualitative and intuitive explanations. The government should also disclose their methodology and results for the public and future reference. Techno-scientific reasoning emphasis is a common theme in other successful cases for think tanks like the US and China. By doing this, the government can gain trust from the public, and thus the public believe in the effectiveness of the government policies and

support them. Think tanks will then have more chances to participate or advise in some feasibility studies for socioeconomic impacts of policymaking, and not merely policy directions, which is related to Catalyst 2.

### ***Catalyst 1. Purchase consulting service from think tanks***

The government should utilize most of the think tanks by consulting them and providing research project fundings accordingly. By transforming Central Policy Unit (CPU) to PICO, the Hong Kong government had attempted to move toward this direction which was a very progressive step. Establishing PICO is the first step but that is certainly insufficient. As mentioned in Figure 2, PICO has many red tapes, and their missions are not clear and precise enough. For example, in a reply to Legislative Council (LegCo)<sup>2</sup> of the performance of PICO, Mr. Matthew Cheung, the Chief Secretary for Administration mentioned that PICO assisted in implementing the employment support scheme, which was clearly neither the purpose of a government think tank nor the duty of PICO.

Currently, the government has been consulting with multinational consulting firms (for example, PricewaterhouseCoopers Advisory Services Limited (PwC) won one of the Planning Department's tenders for a major urban development masterplan<sup>3</sup>), let alone for local firms or even think tanks. We propose that the government could consider choosing quality think tanks over consulting firms when tendering for the consulting service (e.g. by increasing scores for think tanks bidders), in particular for some projects related to future development of Hong Kong (e.g. Hong Kong 2030+). This will not only provide financial support to think tanks, but also give chances for think tanks to advise the government and connect all

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<sup>2</sup> HKSAR Government. (2021, May 5). LCQ11: Policy Innovation and Co-ordination Office. Available at <https://www.info.gov.hk/gia/general/202105/05/P2021050500317.htm?fontSize=1>

<sup>3</sup> See the name of contractor for PLNT 5/2020 "Provision of Services for Review of Land Requirement for Market-driven Economic Uses" in Planning Department's webpage. Available at [https://www.pland.gov.hk/pland\\_en/tender/index.html](https://www.pland.gov.hk/pland_en/tender/index.html)

kinds of talents in the society with respect to a specific social issue. Of course, Hong Kong needs more quality think tanks which can be comparable to and compete with large consulting competitors like PwC before making this possible.

### ***Catalyst 2. Tax and financial incentives: tax-exemption and subsidy programs***

Tax exemption is a very straightforward solution to the lack of financial resources of Hong Kong think tanks. However, most local think tanks do not enjoy the benefits of charity tax exemption. In Hong Kong's current tax ordinance, charities which have the purpose of a charitable nature beneficial to the community can be registered as a tax-exemption charity. The Individuals and businesses who donate to these charities can claim up to 35% of accessible income or profits. However, some purposes are held not to be charitable, including “attainment of a political object (such as furthering the interests of a particular political party, procuring changes in-laws and procuring a reversal of government policy or of particular decisions of governmental authorities)”. Therefore, most Hong Kong think tanks are not on the list of tax-exemption charities, except some have zero political objective<sup>4</sup>.

In the American Tax Code and tradition of foundation and philanthropy as contributions to think tanks, think tanks are granted tax exemptions by the federal and many state governments under tax code 501(c) for non-profit organizations (NPOs). For think tanks in America, it is easy to meet with the 501 (c) requirements and be registered as an NPO to enjoy tax exemptions.

In China, although tax exemptions are also granted to NPOs, the government has established stringent requirements for NPO registration for fear of NPOs undermining its legitimacy.

We propose adding “think tank” as one of the categories of tax-exemption charities. An alternative way to increase incentive of

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<sup>4</sup> These think tanks include Civic exchange, Greater Bay Area Think Tank Alliance Development Fund, and Hong Kong New Youth Energy Think Tank.

private donations is providing matching subsidies to the think tanks. A matching subsidy means every dollar of donation from a private donor, the government matches the donation with a certain ratio. To avoid an overspend on subsidies, the government could set up a subsidy cap for each think tank (which should be equal to the amount that a think tank has to spend to keep itself operating effectively) and match the donation with a different ratio (say, \$3 of donation to \$1 of subsidy) instead of one-to-one. Moreover, the government should prevent anyone from abusing the subsidy by scrutinizing think tanks, such as annual evaluation and examination of their financial performance.

### *Catalyst 3. Establish an index and evaluating system*

Despite it might require some effort to compute a think tank index in Hong Kong, an index of the existing think tanks is very important for think tanks to get the public, talents, and the government to recognize them. The increase in recognition could lead to various positive impacts to think tanks, such as more support from the general public, more donations from the businesses, more talents willing to join, and more funding and projects from the government. Also, the index could give a better idea to the think tanks on how their counterparts are doing and compare with their performance for learning from each other. Hence, think tanks will have the incentives to strive for improvement by the introduction of competition in the industry. Eventually, the index could boost the quality of think tanks effectively. Moreover, it would also be easier for the think tanks to decide whether they want to expand to another field, or they can overlap and outperform the existing think tanks in the corresponding field. We do acknowledge the difficulties of computing an index and evaluating a think tank, especially when there is no obvious key performance indicator for a think tank. However, one could take reference to how GGTTI (a global index) and the China think tank reports have been formed. We think the indexing methodology must be somehow agreed by the government, if it is not created by a state-run think tank such as PICO.

#### ***Catalyst 4. Compare and cite different think tanks' reports for policy making***

When the government publishes or announces a policy, they seldom give credits to think tanks. This led to an underestimation of the impact of think tanks as the public would not notice even if the policy originated from a think tank. Recently, there was a good example of the government giving credit to a think tank, which was the “progressive mortgage payment” policy. This mortgage was first suggested by “Build for Good”, a think tank focused on the property market and was supported by New World Development Limited<sup>5</sup>. When CE proposed this new policy, she said this idea was coming from “Build for Good”<sup>6</sup>. This was an excellent start of giving credits to think tanks. To enhance the impact, we propose that the government can require officials to compare various think tanks' reports (if available for the same policy aspect) before they make any policy decisions. If the ideas are relevant, they should give credits to at least one think tank report in each major policy aspect. This will also relate to the techno-scientific reasoning of policymaking, showing the public that the government makes policy decisions with a great amount of quality research.

#### ***Catalyst 5. Increase mobility between think tanks and government***

One of the important functions of think tanks is to train talented people for the government. To maximize the impact of this function, an effective revolving door is needed which will create a win-win situation for both think tanks and the government. There are two directions for increasing the mobility between think tanks and the government: 1) Getting think tanks' talents into government, and 2) getting government officials into think tanks.

For the first direction, an effective route for think tanks' talents getting into government will avoid brain drain in think tanks and

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<sup>5</sup> Build for Good. (2022). Available at <https://www.nwbuildforgood.hk/>

<sup>6</sup> 香港 01。 (2022 年 1 月 5 日)。 林鄭月娥：研資助出售房屋引漸進式按揭 一半首期、供款能上車。網頁：<https://bit.ly/3DOozlO>

create better career prospects for talents, which will attract more talent into this industry obviously. For the government, the think tank talents are able to give new perspectives to them from the society. The current approach of internal promoting policy makers might limit the perspective that the government has. Despite the government could gain industry or various stakeholders' opinions through various committees, the one who drafts and makes the final decision on the policy is essential. If one only has with limited perspective and first-hand insight might not be able to draft good policies.

For the second direction, bringing the talents who have a good knowledge of how the government works into think tanks is a booster shot for the current think tanks. One major issue of the current think tanks is they are often suggesting something that is not well-thought and not enforceable. The government talents in think tanks could help think tanks to generate practical reports and suggestions that the government is able to adopt. The government talents can also share their networks with the think tanks that they worked for. It is not hard to see that the impact of think tanks would naturally increase, and the funding will come after it. Our policy suggestion for this is that the government could require government officials to rotate to think tanks for a period of time (say 1-3 years) for training or job rotation.

### ***Catalyst 6. Graduate researcher scheme***

A talent pool for local policy is never built in a day since it takes time and experience. However, the career path in think tanks is known to be unsatisfactory as mentioned by our interviewees. There are difficulties for the students in policy studies or related subjects to secure a job and they do not have a clear, stable, and attractive career path. This would stop talents from studying policies and move towards industries with higher income, such as businesses, new technologies and medical professionals. To attract more talents into this field and resolve the problem as poor career paths in think tanks, we propose the "graduate researcher scheme". Similar to the GBA youth employment scheme, the government can subsidize think tanks (private and university-affiliated)) to hire fresh graduates

as researchers in think tanks. The scheme is able to improve the career path of policy researchers and prepare talents for the government in the future.

The suggestions above are all catalysts for starting a virtuous cycle in the ecosystem for think tanks. While these are not in a package, the government does not need to adopt all of them to achieve an effective outcome. Obviously, the more catalysts the government deploys, the more likely that Hong Kong can have a better think tank ecosystem. However, as none of us are familiar with the practicality of the suggestions above, we shall leave the decision to the government and implement whatever they find suitable.

## 6.2: Micro suggestions

The macro suggestions above all rely on government actions. Is there anything the think tanks can do for themselves? We believe there are still something think tanks themselves can do with limited resources to improve their impact and influence. In the following, we will introduce some micro suggestions to the think tanks:

The first suggestion is to utilize technology and social media. Compared to traditional promotion like the street booths, social media can cut costs and reach more audience regularly. However, as mentioned by the first interviewee, Hong Kong think tanks do not focus on social media.

In China, a Tsinghua study (Zhu, 2019) showed the statistics of Chinese think tanks in social networks (WeChat and Weibo) such as followers and citations. The think tanks in China, no matter they are private, university-affiliated, state-run or not, are utilizing social media to spread the information and messages that they want to share, as to penetrate the products of think tanks into their daily lives. Therefore, Hong Kong think tanks can imitate for building own impacts through its social media network.

The second suggestion is about networks and social capital. As an international city with good universities, Hong Kong has the advantage of connecting to different international institutions. Local



think tanks can consider inviting scholars to seminars, engaging in some international research projects, or exchange of talents (maybe hiring foreign part-time scholars) to generate impacts on the international level.

## **7. Conclusion**

By reviewing the literature, comparing the situations of different regions, and conducting interviews, we summarized the key factors that could improve the local ecosystems of think tanks: talents, finance, and impact. These three factors interact with each other and form a cycle (See Figure 5). When the ecosystem is healthy, a virtuous cycle forms. However, the current ecosystem in Hong Kong is unhealthy, that is a vicious cycle instead. Why was it unhealthy? There were various reasons that a poor environment existed in Hong Kong for developing think tanks. We summarize these reasons into a matrix: macro-demand, macro-supply, micro-demand, and micro-supply problems (See Figure 3). Although there are extensive challenges, tackling them one by one is unnecessary. We can instead inject catalysts that ignite a virtuous cycle, then it can help create a healthy ecosystem. Compared to the bottom-up approach adopted by the US and Taiwan, Hong Kong does not have a two-party system. Hence, adopting China's heavily state-led demand top-down approach would be more appropriate. Hence, we proposed seven suggestions that require the government's top-down actions and supports. Each suggestion could be a catalyst for the ecosystem. In addition, each of them can stimulate in different parts of the ecosystem. Eventually, these factors contribute to create a healthier ecosystem.

Furthermore, there are something think tanks in Hong Kong can do to thrive for survival, even if the Government does nothing: there are a few aspects that they can improve so as to refine their products and services. Think tanks in Hong Kong can utilize social media and technology as well as connect to international networks. These micro-level suggestions aim to improve think tanks' comparative advantages with limited resources. By solving the problem through the micro and macro lens, we believe Hong Kong can address its

weaknesses and form a healthy think tank ecosystem in the near future!

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