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Transparency And Independence: Think Tanks Rather Than Lobbying Tanks

Alejandro Chafuen

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Last week, the leaders of most of the most relevant think tanks in North America attended a meeting to discuss the major challenges they face today. The 3rd Annual North America Think Tank Summit was held under Chatham House rules so I will focus on the substance of the discussions and the published material rather than mention who said what. Eighty-five participants from 60 organizations took part in candid presentations and exchanges. The meeting was convened by The Think Tanks and Civil Society Program at the University of Pennsylvania and co-hosted by three prominent think tanks: the Hudson Institute, Brookings, and the Carnegie Endowment. The combined income of the U.S. non-profit organizations present at the summit amounts to over \$1.2 billion (based on data from 2014), so this was a very relevant group.

This year, the topic of the meeting was “Assuring the Quality, Independence, and Integrity of Think Tanks.” It is healthy that think tanks in North America, especially those based in the United States, show concern for their reputation. Within the think tank sector, U.S. think tanks are the envy of the world; no country can boast such a wide variety of well-funded organizations. Think tanks are diverse not only in philosophy, as are more ideological think tanks like the Center for American Progress, Cato Institute or the Heritage Foundation, but also in focus, from the Urban Institute and the Rand Corporation (security and strategy) to the Acton Institute (religion and public policy).

Yet despite their deep pockets and hard earned global recognition as major policy players, U.S. think tanks are not always well regarded by the public. Dr. James McGann, who headed the conference, included in the conference materials a series of quotes to exemplify the media coverage that has shaped negative perceptions of U.S. think tanks. He cited the following widely read articles from respected publications such as the New York Times and the New Republic: “Fellows at think tanks accepting funding from lobbyists to publish findings without disclosing the funding source,” published in the New York Times; “Conflicts of interest in think tank scholars that are registered lobbyists” from the New Republic; and “Conflicts of interest in think tank funding from foreign governments and corporations” also in the Times. One expert who has been studying think tanks’ public perception noted that 95% of key media coverage and existing scholarly literature on U.S. think tanks presents these organizations negatively. Several leaders

took offense at the comment, trumpeting their own accomplishments and listing counter-arguments to this assertion.

Negative perceptions of think tanks often rise from conflicting visions of the role and purpose of these types of organizations. Think tanks sometimes pursue opposite policy goals, that is to say, what one regards as an accomplishment, the other regards as a destructive result. Promoted by “progressives” and despised by conservatives, Obamacare is a case in point. The same with immigration. Often there is a perception that rather than basing their policy prescriptions on independent research, think tanks do the opposite: they start with a conclusion commissioned by donors and supporters, and then produce research to accommodate that predetermined narrative. This perception exists even among expert scholars and intellectuals: Nobel Laureates Paul Krugman and Vernon Smith famously differ on their views on the think tank sector. “Progressives” tend to applaud Krugman’s interventionist views while pro free economy groups (such as the Independent Institute, Manhattan Institute, Mercatus, and Cato, all of which participated at the summit) generally fall in line with Vernon Smith’s ideas.

When prompted to address the effects of this special election year on their work, most speakers acknowledged that as the major think tanks in the United States, they tend to be publically regarded as part of the elite, which has earned them distrust from conservative and socialist bases alike. Most of these meetings took place at Brookings and the Carnegie Endowment, located side-by-side in Washington D.C.’s Embassy Row. Indeed, gathering in such near palatial surroundings, inside a room full of people with graduate degrees from top schools makes it hard to refute the claim that think tank leaders are part of the elite. I heard only one speaker acknowledge that researchers should pay attention to the frustration from voters. Another speaker stressed the difference between philosophy and ideology as guides for the work of think tanks. Many ideologies are too rigid; from immigration to trade, it is all or nothing. And when relevant segments of the population believe that think tanks respond to concerns and challenges in a dogmatic fashion, they begin to discount them as merely another type of lobbyist, a stone’s throw away from those on the Hill.

Discussions then turned to how think tanks should respond to a changing political environment. Some reflected on the danger of being reactive to politics, but most argued that advocacy and educational efforts based on solid research are much needed mantles for think tanks to take on. Within the United States tax code, non-profit organizations that get involved in politics fall under section 501 (c) (4), which dictates that up to 50 percent of these organizations’ activities can be political in nature. Think tanks like Heritage have created their own section, Heritage Action. The Center for American Progress also has one. Representatives from this center and from Heritage mentioned that the foundation’s research arm has eight times more income than their political and advocacy arm. Rather than shying away from admitting involvement, several of the groups present were proud of their role in helping enact legislation. Among the cases presented were: Brookings and the drafting of the Marshall Plan in the late 1940s; the Heritage Foundation and its Mandate for Leadership reform manual during the Reagan Administration; and the Center for American Progress and its role in passing Obamacare.

Think tanks from Mexico and Canada had different concerns. The representatives from the Mexican organizations focused on other issues: Their think tanks are much smaller, mostly as the

result of a weak philanthropic culture. The Canadians described their country's more stringent provisions, which prevent think tanks from entering into political debates.

There was no consensus on how much additional transparency is needed. The most recent study to cause alarm was the [2015 think tank transparency report](#). Produced by [Transparify.org](#), this report detailed the levels of financial disclosure of over 160 think tanks located in 47 countries worldwide. Pro free-market think tanks with outstanding reputations scored very low in that ranking. One of those, [CEDICE Libertad](#), is in Venezuela, a country where the government detains political opponents. In countries with weak rule of law, the only think tanks that can be transparent are those who are allied with their corrupt governments. In the United States, the recent cases that bring the politicization of the Internal Revenue Service (IRS) to surface are cause of additional alarm. While all non-profits in the United States have to disclose their main donors to the IRS, no such obligation exists for state filings or for public disclosure. Several states, however, including New York and California, are requesting the same information that is submitted to the federal government. Due to fears that information will be leaked for political objectives, several think tanks are challenging this request. As I mentioned in an earlier [column](#), when rule of law is politicized, transparency is a complicated topic.

A think tank leader from Canada, which scores very high on rule of law rankings, confided that as their publications and research usually cast doubt on government policies, they would lose a major portion of their income if they were forced to disclose the names of all their donors to the public. Corporations in particular are afraid to be associated with those who do not toe the official line. In the United States, only a small percentage of think tanks' income derives from corporations (10% in average) while abroad, corporate donations account for usually a third or more of a think tank's income.

The larger, Washington-based think tanks disputed the notion that the source of donations (that is to say, whether they are corporate, government, or from individuals and foundations) correlate with independence. Most noted that more and more, foundations have their own agendas and use think tanks as research arms. On the other hand, when think tanks become major institutions of civil society, corporations begin to donate to become part of the "club"—not necessarily because they agree with the organization's policy positions. Think tanks that are seen as beneficial to their civil societies begin to attract donors in the same way as museums, hospitals, and universities. Representatives from the smaller think tanks present at the meeting, which were not many, chimed in on the problems that can come with accepting corporate or government donations.

Several new challenges faced by think tanks were mentioned during the meeting. One is the threat by city governments to disregard the non-profit status of think tanks in their tax collection efforts; Acton Institute recently won its case versus the [city of Grand Rapids](#). Another challenge is the effort by several Attorney Generals to seek detailed donor information from the [Competitive Enterprise Institute](#), which has produced major research on issues like global warming and climate change.

These challenges are not limited to the United States. Foreign governments are also using "transparency" as an excuse, in order to stifle divergent views. Only a couple of days after the end of the think tank summit, the Chinese government [passed a law](#) requiring full disclosure of

foreign non-profit activities. It is clear that the Chinese government is more interested in control than transparency. Yes, transparency and independence are desirable—but when government authorities begin using selective and arbitrary requirements to define transparency and independence, then think tank leaders are right to be concerned. There may not yet be a consensus on how to achieve transparency, integrity, and independence, but increased competition and accountability to stakeholders—within an environment of governments and judicial systems that live by the principle of equality before the law—would be a start.