

Forbes

The Top Free-Market Institutes: 2016 Rankings And Challenges

Alejandro Chaufen

February 8, 2017

The Think Tank “industry” seldom attracts headlines. Sure that sometimes one of them is attacked for a policy position, or for being too cozy with donors or politicians. But the essence and relevance of their work as a sector is seldom questioned. During these last couple of years, however, we saw two lines of attack against major think tanks in the US market. Once was that large foreign and corporate donors were driving the agenda. The other came from a recent article by Josh Rogin, who wrote a piece for the Washington Post with the provocative title “Trump could cause ‘the death of think tanks as we know them’” As Rogin is well respected, and as during the primaries most think tanks distanced themselves from Trump and his arguments, his piece caused some alarm.

This latest piece came out soon before the release of the 2016 Global Go To Think Tank Index Report compiled by Dr. James McGann at the University of Pennsylvania. As McGann has devoted most of his professional life to study think tanks it is understandable that he took both lines of attack seriously. He even made the criticisms the focus of his two major think tank events in Washington. I attended both events. The criticism about the undue power of donors came from several articles in the mainstream media and included Brookings, which up to last year, was being ranked consistently in first place. In response to this criticism I wrote in this column about the need for think tanks to distinguish themselves clearly from lobbying firms.

The topic of the main event for the release of this, the 10th version of the Global Go To ranking was “Why Think Tanks Are More Important Than Ever Before” , almost a counterpoint to Rogin’s piece. The speakers included Jane Harman, of the Wilson Center, John Hamre of CSIS, and Ed Feulner, from the Heritage Foundation. President Trump has yet to have his team approved, but one of the speakers, Ed Feulner, had plenty to show about the role of Heritage in helping build future policy in the US. Heritage, in conjunction with The Federalist Society, played a decisive role in the recommendation of judicial appointees. One of their Vice

Presidents, James Carafano, played an important role recommending people in the security arena. In total, over 5,000 applied for positions in the Trump administration with Heritage acting as an intermediary. I expect that close to twenty staffers from Heritage might end up joining in different capacities.

According to the preliminary rankings (final report will be published on March 1st 2017) Heritage Foundation was again the market-oriented think tank that received more nominations in different categories, 26. Brookings still ranked first overall in nominations (31), but Chatham House, from the U.K., edged them as number one in the world.

Relevance and weaknesses of the think Tank index

As in previous articles, I focus on the segment of the market I know the best: the think tanks and foundations that in their work, prioritize the promotion of a free economy. Categorization is not an exact science so some pro free-market think tanks might escape my radar. This time I included in my analysis a few institutions that are more centrist, but that have ranked very well. As Brookings, they can also serve as benchmarks: the Center for Strategic and International Studies (CSIS), which in its early years was more ideological; the Konrad Adenauer Foundation, a German political party organization; and Chatham House, the U.K. group which ranked over Brookings, and that also got more nominations (28) than Heritage (26). The Konrad Adenauer Foundation is guided by a vision of “social market economics” which promotes economic intervention as long as it is considered to help markets operate better, with less monopolies and privileges. But as the German and international community they serve is so diverse, sometimes social Christians sometimes conservative Christians, they not always come up in favor or markets.

The Fraser Institute in Canada received 24 nominations, same as last year, and slightly ahead of Cato, and the American Enterprise Institute. These last two groups maintained their rank among free-market groups (#3 and #4), and both improved over last year. Fraser is much smaller than their big US counterparts. Their income got a bump last year, with a 5 million dollar special grant to create the Peter Munk Center for Free Enterprise Education. Their average annual revenue hovers around 10 million dollars, so in nominations per income, it leads its US and Canadian competitors: Heritage with 90 million, AEI with 46 million, and Cato with 30 million (approximate 2016 figures). Among University based centers, Mercatus (9), at George Mason University, and the Hoover Institution (8), at Stanford University, continue their neck and neck race in nominations.

There are several methodological weaknesses in the index. Over 2,500 “university faculty and administrators, journalists, policymakers, think tank scholars and executives, and donors” participate in the process, but most come from think tank eco-chambers. So popularity and name recognition among their peers can sometimes count more than objective measurements. Groups that collaborate well with peers, although lagging in results with the outside world, and less effective in influencing policy, often get more votes than competitors that are better known outside the inner think tank circles.

McGann always stresses that this report serves better as an index than as a ranking, But popularity among peers, can also be important for the work of think tanks, and especially for

their name recognition with donors. A proper ranking of think tanks needs to focus on measurable outcomes. The most relevant outcome should be “lives improved” by a policy implemented thanks to the work of a think tank. In another Forbes.com piece I list 15 typical outcomes. I did not include, but will do so in a future piece, the outcome mentioned above of a think tank making staff recommendations or placing its people in leading policy positions. This is a very relevant result achieved by think tanks and intellectual entrepreneurs that have gained enough credibility. I mentioned Heritage, but among others, the Competitive Enterprise Institute helped with nominations in the environmental arena, EdChoice (formerly the Friedman Foundation for Educational Choice) helped in education. Betsy DeVos, a trustee of the American Enterprise Institute, and former trustee of the Acton Institute (receiving five nominations), is the incoming Secretary of Education. Mark Calabria, former Director of Financial Regulation Studies at the Cato Institute, just joined the administration as Chief Economist of Vice President Michael Pence.

Regarding foreign think tanks, in addition to the Adam Smith Institute in the U.K., which despite its small budget continues to receive many nominations (17), the other top free-market groups included Libertad y Desarrollo, Chile (16), IMANI in Ghana (13), Unirule in China (12), and CIDAC in Mexico (12). I leave CEDICELibertad in Venezuela for a special recognition. It also received 12 nominations and appears in the top ten list of free society groups. If McGann ever includes a ranking of think tanks working in difficult territories, CEDICE would certainly rank among the top. Several of their trustees had to escape from the persecution of their XXIst century socialist government, their staff and allies are continually harassed. Despite all the barriers and “land mines,” they have continued to deliver a steady stream of educational and policy programs.

According to the report, there are 6,486 think tanks “that are doing exceptional work to help bridge the gap between knowledge and policy.” Their relevance will continue to be tested and hopefully measured in more objective ways than unweighted votes. As usual, I recommend that readers should pay attention to the trend analysis presented by McGann in the introduction of the report. He concludes that in addition to producing high quality research, think tanks will need to excel at providing rapid data and analysis and also “adopt entrepreneurial and tech –savvy communications strategy.” I would add that they also need to avoid being trapped in the bubble of their own narrow constituencies. This is especially important for think tanks in the Washington DC area, where according to the index, we have approximately 500 groups. There is a temptation to live in our own big, but little world. McGann stresses that he is open to advice, collaboration and support so that this second decade in the life of this index will yield a more useful product. As I believe think tanks matter, better measurements should enhance competition and make this special sector of civil society even more relevant.