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The Rise Of University-Based Free Market Think Tanks Will Greatly Enhance The Liberty Discussion

By Alejandro Chafuen – July 3rd, 2013

During the last decades, most of the efforts to study the importance of free enterprise and to develop private solutions to public policy problems took place at independent think tanks. The economic freedom indices, health savings accounts and the focus on regulatory burdens are good examples. Leadership came from think tanks, not the academy.

Universities left little room for free-market oriented policy research. There are some exceptions. Clusters of professors at selected universities and colleges, such as the University of Chicago, George Mason University (GMU), and Grove City College, continued to produce relevant market oriented work. The Hoover Institution, at Stanford University, started as a library in 1919, is the best funded think tank within a university. It is part of Stanford but has a separate board of overseers. At the peak of its influence during the Reagan administration, it counted 24 staff members and fellows serving in different government agencies and commissions.

Other centers included the Center for the Study of Market Processes, founded at Rutgers University, which later evolved into the Mercatus Center at GMU. The Center for Study of Public Choice, also at GMU, had the late Nobel Laureate James Buchanan and Gordon Tullock as leaders and luminaries. While these centers focused on issues of economics and political economy, researchers at The Social Philosophy and Policy Center, for decades at Bowling Green State University, studied the philosophy of liberty. It recently moved to the University of Arizona where scholars will work in conjunction with the Center for the Philosophy of Freedom.

Yet, independent think tanks proliferated at a faster rate than college and university based centers. Even when university boards were sympathetic to their goals, conflicts regarding fundraising, public profile and independence soon arose. The National Center for Policy Analysis (NCPA), created in the early 80's within the University of Dallas, originally focusing on health studies. Disputes about fundraising boundaries required NCPA to become independent. While think tanks were prospering outside the campus, universities preferred to confine free enterprise education to endowed chairs. Such structures were less threatening.

For centuries universities have been the traditional centers of learning and the diffusion of learning. They should also be the place for studying policy and liberty. Efforts to promote liberty studies continued. During the late 90's the John Templeton Foundation created the "Templeton Freedom Project." It gave awards to university-based projects to fund professors to teach programs focusing on free enterprise. Despite several successful investments, as Templeton never provides permanent funding for outside projects, the foundation decided to discontinue

the project. It continued, however, to fund university-based efforts. Other strategic philanthropic investors increased their funding and helped start new university and college-based programs. They include: industrialist Charles Koch; Jack Miller, who sold Quill Corporation to Staples; and banker John Allison, now president of Cato. Today there are approximately 150 such efforts. They range from well-structured centers to research projects and honors program.

Martin Morse Wooster, in "Games Universities Play," published by the John William Pope Center, addresses with clarity some of the challenges faced by free-market scholars. Wooster wrote that Robin Wilson, a reporter with the Chronicle of Higher Education described the James Madison Program directed by Robert P. George at Princeton University as "the Cadillac of the new history centers." It was not easy for the "Cadillac." I will never forget my participation at one of their first seminars. It was devoted to honor the contribution of the late P.T. Bauer, the great Hungarian born economist who received the first Milton Friedman Prize from the Cato Institute. Three Nobel Laureates, James Buchanan, Douglass North and Amartya Sen spoke at the event. During dinner I sat next to a professor of classics at Princeton. He told me with some concern, "I hope people in my department do not see me here or I will never get tenure." The Madison Program, although more established, is not the only one at an Ivy League establishment. Dr. John Tomasi leads the Political Theory Project at Brown University. Tomasi recently published "Free Market Fairness," focusing on issues not frequently addressed by think tanks.

I forecast that despite the continued left-wing ideological bias at universities these centers will continue to grow in number, strength and relevance. Independent think tanks will still have a comparative advantage when focusing on advocacy. University-based centers will become more relevant in research. In addition, if they can tap into the expertise of university development departments, university-based centers will have a better chance to fulfill the increased demands for elaborate and detailed proposals required by large grant making foundations. Many efficient small think tanks are being crowded out by the demands of some donor foundations.

Given the ideological and managerial challenges at universities, as well as their reliance on government funding, their environment will not be ideal for market-oriented think tanks. But with well-designed safeguards several will succeed. Some of the centers mentioned above receive most or all of their funding through separate non-profit entities, which are independent from the university. This protects donor intent in case these centers and efforts lose favor with the authorities. With the large number of new investments, if only 20 percent of approximately 150 efforts succeed and turn into solid centers, we will likely see a boost in market-oriented research. I estimate that university-based centers today represent 20 percent of the U.S. think tank market. I forecast that in a decade that proportion will grow to 50 percent.