

Economist Targeted By Elizabeth Warren Had Long History of Corporate-Sponsored Reports

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U.S. Senator Elizabeth Warren generated headlines last week when she raised questions about whether a Brookings Institution economist's Wall Street-friendly report was unduly influenced by the financial firm that helped fund it. It was not the first time the connection between an ostensibly disinterested think tank and its funders had become a political issue. It also wasn't the first time the economist, Robert Litan, published reports sponsored by those with vested interests in the subject matter.

Last year, the Brookings Institution faced questions about its decision to accept funding from anti-pension billionaire John Arnold for the think tank's pension-related work. That same year, the New York Times published a report showing that "more than a dozen prominent Washington research groups have received tens of millions of dollars from foreign governments in recent years while pushing U.S. government officials to adopt policies that often reflect the donors' priorities." In 2005, Businessweek reported that a Cato Institute official resigned from the libertarian think tank "after admitting that he had accepted payments from indicted Washington lobbyist Jack Abramoff for writing op-eds favorable to the positions of some of Abramoff's clients."

In the most recent iteration of the story, Litan, a Brookings economist, co-authored a study criticizing a proposed Department of Labor rule -- opposed by the financial industry -- to more stringently regulate brokers and compel them to prioritize their clients' financial interests. Litan's report specifically said proponents of the rule were "ignoring significant costs to millions of small savers that the rule would impose."

In her letter criticizing Litan, Sen. Warren noted that his study had been funded by a financial firm. The Democratic lawmaker also asserted that Litan accepted "feedback on our initial outline and some editorial comments" from the firm, the Capital Group.

Warren charged that the arrangement represented "financial conflicts of interest" and Litan soon resigned from the think tank.

Litan told the International Business Times that "it is natural and standard practice in any consulting assignment for the researchers (whether from universities, think tanks or consulting firms) to gain feedback on any initial outline before actually conducting the study.

"The funder did not affect our research findings," he said.

Litan had been publishing similar industry-backed reports for years. IBT reviewed roughly a dozen papers authored or co-authored by him in which the topic addressed was directly related to the sponsors' agenda.

Six Litan reports on telecommunications issues, for instance, were funded by Cisco, AT&T, the Cellular Telephone Industries Association, Verizon and Google. One criticizing net neutrality initiatives was funded by AT&T, which has lobbied against such proposals. Another Litan co-authored study opposing Federal Trade Commission action against Google -- and calling Google "one of America's most innovative companies" -- says it was "funded by Google."

Another four reports with Litan's name on them were about the financial industry -- and were done "at the request of" and/or "on behalf of" the industry. One Litan study done "on behalf of the American Bankers Association" declared that it "is premature, and indeed unwise" for states to adopt tough regulation of subprime mortgages.

Litan co-authored a study on "rent-to-own transactions" in which the authors said they "are grateful for support for this research from the American Association of Progressive Rental Organizations." He also co-authored a report on electronic tax filing that said support "was provided by the Computer and Communications Industry Association."

Since Warren sent her letter, Litan has said he is disappointed that the source of funding for his report on the Department of Labor proposal became the focus. "I think it's unfortunate that, even when I disclosed the funding, people spent their time discussing who funded my work rather than discussing the merits of it," Litan told the Washington Post. He also made his case in a Fortune op-ed this week, and five Democratic economists sent a letter to the Washington Post saying that Warren's criticism "threatens ad hominem attack on any author who may be associated with an industry or interest whose views are contrary to hers."

Warren's broadside against Litan was a skirmish in a battle that began in 2013. That year -- her first in the Senate -- she wrote a letter to the CEOs of six major banks requesting that they start fully disclosing the money their firms spend to fund think tank research.

"Policymakers need access to objective, high-quality research, data and analysis," she wrote. "Private think tanks are extremely well-suited to provide this research and analysis, but for it to be valuable, such research and analysis must be truly independent. If the information provided by think tanks is little more than another form of corporate lobbying, then policymakers and the public should be aware of the difference."

Warren has said that the response from the banks has been silence.