

CHECKING THE POWER OF GOVERNMENT: The Role of Think Tanks in the United States

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This paper sets out to discuss the role of “think tanks” in the United States, especially as this relates to the resurgence of classical liberal ideas regarding economic policy and limitations on the power of government.

I explain how such institutions differ from other organizations classified as think tanks under conventional definitions, and sketch out some important early history in the development of such organizations that aspire to change the overall climate of opinion, rather than provide advice to policy-makers on current issues.

I review different types of think tanks, and reflect on the manner in which the mix and substance of their products is evolving in line with changes in technology and other factors relating to the dissemination of ideas.

I conclude with a discussion of the outcomes produced by think tanks, and lessons for observers in other countries outside the U.S. Though the U.S. has proven to be especially fertile ground for the type of intellectual work done by the think tanks discussed in this paper, the model has been replicated all over the world. Those inspired to leave future generations with more peace and greater opportunity, ought to study the ingredients for successful think tank work.

What is a Think Tank?

The most ambitious work at understanding the role of think tanks is done by Dr. James McGann, Senior Fellow at the Foreign Policy Research Institute in Philadelphia, Pennsylvania, and director of its Think Tanks and Civil Societies Program. He defines his subject of interest as follows:

“Think tanks are public policy research, analysis and engagement institutions that generate policy-oriented research, analysis and advice on domestic and international issues that enables policymakers and the public to make informed decisions about public policy issues. Think tanks may be affiliated or independent institutions and are structured as permanent bodies, not ad hoc commissions. These institutions often act as a bridge between the academic and policymaking communities, serving in the public interest as an

independent voice that translates applied and basic research into a language and form that is understandable, reliable, and accessible for policymakers and the public.”¹

This definition is too expansive in one way, and too limited in another.

McGann’s definition permits a wide variety of organizations to label themselves as think tanks. Indeed, the directory that he compiles as a companion to his flagship reports, lists organizations as dissimilar as the independent libertarian Cato Institute and the Center for Naval Warfare Studies, which operates with government funding out of a U.S. military college. Overall, he lists more than 5000 groups.

For the purposes of this paper, I am not interested in organizations that operate as R&D centers for advancing the policy goals of a government agency or single commercial interest. I consider these “pseudo think tanks.” Instead, I discuss civil society organizations that have been brought into existence by citizens and that aim to affect the direction of public policy via presenting scholarship in line with a coherent system of principles. Particularly, because it is the field with which I am most familiar, I focus on those think tanks that act as a check on government power by reinvigorating a classical liberal notion of the role of government. That is, government exists by consent of the governed for the purpose of protecting individuals’ rights to life, liberty and the pursuit of happiness. Classical liberals seek to limit government, in order to liberate civil society and the market economy which are better designed than government to remedy social and economic problems.

The problem of “pseudo think tanks” that advance a narrow agenda is in part, a result of the very success of the independent think tank model. After all, a product of “The Centre for Serious Analysis” may earn a respectful hearing in the media, whereas the same product would be quickly dismissed if published directly by a particular for-profit company, labor union, or government agency. There is no perfect way to differentiate between the pure and the impure in the world of think tanks, but I tend to be suspect of organizations that rely heavily on a single source of financial support. It is reasonable to believe that such organizations are not free to take positions that at odds with the interests of their funders. That includes both the government-funded think tanks and the private ones where one donor or industry group dominates.

My second problem with Dr. McGann’s definition of think tank is concerns its focus on “policy-oriented research” and “[acting] as a bridge between the academic and policymaking communities.” This neglects valuable categories of activity by organizations that consider themselves to be involved in think tank work. This problem will only grow with time. As the “market for ideas” evolves, so too will strategies for those who wish to affect the intellectual battlefield upon which public policy debates take place.²

¹ *The Global Go-To Think Tanks: The Leading Public Policy Research Organizations in the World 2007*, James G. McGann, Ph.D., Senior Fellow and Director, Think Tanks and Civil Societies Program, Foreign Policy Research Institute, Philadelphia, PA USA, www.fpri.org.

² For reasons related to the above, the organization I serve, the Atlas Economic Research Foundation, changed the language of its mission statement in 2007. Since 1981, Atlas has been involved in fostering a network of independent think tanks that share a commitment to the principles of a free society. Nevertheless, we came to

Even more fundamentally, the definition suggests that think tanks have a central aim of being “useful” to policymakers. It is not necessarily the case. In fact, many of the most productive think tanks purposefully operate outside the confines of what is politically possible. They concentrate instead on educating target markets (e.g., student, journalists, etc.) in fundamental principles of economics and political theory, or on introducing policy ideas that may seem radical – and emphatically, not “useful” – to the current generation of political leaders. The goal of these think tanks is long-term in nature: to alter the intellectual consensus so that what seems a radical proposal today may be the common-sense reform of tomorrow. So, while it is true that think tanks can improve the quality of governance, they often do this most constructively *because* their perspectives and incentives are quite different from those of policy-makers. Think tanks work for the long-term and according to fundamental principles.

The Early History of Think Tanks That Aspired to Change the Conventional Wisdom

Why has the think tank model proven well-suited to the task of challenging, and changing, prevailing views about public policy challenges in the U.S.?

Think tanks could be started with relative ease, dedicate themselves to iconoclastic ideas, and apply themselves to the task of spreading those ideas to target audiences with a business-like efficiency.

The fact that, during the 20th century, American colleges and universities grew increasingly inhospitable to those with classical liberal viewpoints helped drive such scholars into the arms of then-emerging think tanks. This may have been for the best, since career tracks in academia depend upon publishing on new areas of research that tend to only interest specialists. Think tanks could only survive by convincing donors of a real-world impact. Their products, therefore, addressed practical topics and were presented in clear language with no academic jargon.

Think tanks also became a natural home to those who possessed political ambitions, but understood in practical terms, the long odds against enacting meaningful change directly through the political process.

Here, the story of a British think tank pioneer is instructive. Antony Fisher was a Royal Air Force pilot in World War II. His brother fought with him, and was killed in the Battle of Britain. Having sacrificed so much to win the War, Fisher could not believe that the British people in 1945 had just elected a Labor Party government that was set on nationalizing all the major industries and using central planning to run the economy.

see that Atlas should not confuse the means (creating think tanks) with its desired ends (a freer world). The current language of the Atlas mission statement speaks to the goal of supporting “intellectual entrepreneurship” in service to free-market ideas. This intellectual entrepreneurship typically manifests itself in think tanks, but also may result in magazines, online Web logs, discussion groups, or online campaigns that are quite different from the traditional structure and products of a think tank.

He came across F.A. Hayek's *The Road to Serfdom*, which explains how "central planning" inevitably erodes individual liberty and enables tyranny, and was motivated to seek out the book's author, who was then teaching at the London School of Economics. Fisher told Hayek that he agreed with every word in the book, and was going to go into politics to save Britain from socialism. Hayek advised Fisher that this would be a waste of time. In a democracy, politicians must follow public opinion. Politicians in a democracy who act contrary to popular opinion do not last long. For that reason, Hayek said, Fisher needed to develop a strategy for changing public opinion. Only after the public was persuaded against socialism, would there be any chance for political reform.

Fisher left that conversation discouraged but persuaded. He entered business instead of politics, and he kept Hayek's challenge in mind as his business prospered. By 1955, he was ready to experiment with an answer that he called the Institute of Economic Affairs. It was the first free-market think tank in Britain and one of the very few to exist then anywhere in the world.

Fisher's vision for the Institute of Economic Affairs blended the advice he received from Hayek (to focus on "second-hand dealers" in ideas – e.g., journalists, professors, authors³) with what he had observed at the Foundation for Economic Education (FEE) during a visit in 1952.

FEE was founded in 1946 by Leonard Read who had been the general manager of the Los Angeles Chamber of Commerce and a passionate advocate for "the freedom philosophy." He was able to assemble a board of directors of important business leaders similarly dedicated to reversing the momentum toward ever greater government control over individuals' lives and the private sector. Among those influential business leaders in Leonard Read's orbit was Lemuel Boulware, the Vice President of Labor Relations for General Electric, who was particularly interested in explaining to GE's tens of thousands of employees that their interests were aligned with those of the corporation. He encouraged workers to form book clubs and read texts produced by FEE, such as Henry Hazlitt's "Economics in One Lesson" and Wilhelm Ropke's "Economics of the Free Society."

Among those that Boulware converted to his views was an actor named Ronald Reagan, who spent much of the 1950s under contract to give talks on behalf of General Electric at their corporate facilities all over the country. This period was instrumental in honing the communication skills that later served him as a politician. It was also instrumental in honing the free-market convictions that animated his successful Presidency.

By the time of Reagan's election in 1980, those free-market convictions were also supported by a growing number of U.S. think tanks, including notably The Heritage Foundation, which excelled in providing direct input to policy-makers. Where FEE concentrated on students, and Fisher's IEA (and similar think tanks that he assisted during the 1970s, such as the Fraser Institute in Vancouver, BC, and the Manhattan Institute in New York City) produced books aimed at

³ Hayek's essay, *Intellectuals and Socialism* (1947), captures much of his strategic thinking about how to revitalize classical liberal ideas. Around the time, Hayek would have advised Fisher, he was beginning to formulate plans for an international conference which led to the creation of the Mont Pelerin Society, one of the most important organizations in the ascendancy of free-market thinking in the latter part of the 20th century.

intellectuals, Heritage published a blue-print of reforms called *Mandate for Leadership*. It designed its main publications, which were produced almost daily, so they could be read in 15 minutes – the time it took for a taxi cab to leave Capitol Hill in Washington DC and arrive at the airport.

Because the U.S. political system is one of dispersed power, a multitude of specialized think tanks have sprung forth. Most notably, the fifty states that comprise the U.S. possess vast powers separate from the federal government; this aspect of the United States' founding design has allowed the experiments in policy change at the state level from which the rest of the country can learn. There are now state-based think tanks in virtually every state of the union. In some states, more than one. The majority of these organizations follow the Heritage model of directly addressing policy-makers, while also trying to flood the local media (radio, TV, print, and online) with content the moves public opinion in a similar direction.

Other think tanks have focused on particular policy topics (Americans for Tax Reform, or Institute for Energy Research) or defined themselves by their target audience (the Acton Institute provides education on public policy topics for religious clergy, the Federalist Society does the same for law students).

This is by no means an exhaustive list. Parth Shah, founding president of the Centre for Civil Society (New Delhi, India), provided a taxonomy of think tanks within a chapter he contributed to *Taming Leviathan: Waging the War of Ideas Around the World*. To the above, he would add the “Chicago-Eastern European Model” which “attacks policies directly by securing positions of power or advising those who are in power,” and “The Proletariat Model” that mobilize poor segments of society most harmed by government policies.

Think Tank Products

So what do think tanks actually produce? Let me begin by inventorying the more traditional products delivered by think tanks, with notes about trends in each category.

Original Research (books, research studies, periodicals): Some books published by think tanks have had enormous influence in the direction of public policy debates. In the U.S., *Losing Ground* by Charles Murray was published by the Manhattan Institute in 1984. It deserves substantial credit for creating the demand for reform of welfare programs that was signed into law by President Clinton in 1996. A good example of think tank influence on the world stage is the Instituto Libertad y Democracia in Peru, which introduced the scholarship of Hernando De Soto concerning the importance of giving legal standing to property held and businesses run by the poor in the grey economy. De Soto's ideas have moved from being radical to being the conventional wisdom in transnational institutions like the World Bank. Of course, only a minority of think tanks regularly publish books. Far more use formats that can be produced faster and cheaper, such as research studies (“white papers” and periodicals (journals, magazines, newsletters)).

Opinion Editorials: Due to the difficulty and expense involved in promoting a book (or other type of lengthy research paper), think tanks endeavor to place their ideas where there is already

an audience. Most specifically, they develop short opinion articles and seek their placement on influential editorial pages. In the U.S., being placed in The Wall Street Journal, Washington Post or New York Times guarantees significant national readership. Hundreds of other newspapers and magazines are important to regional audiences. In addition to authoring original “op-eds,” think tank researchers develop relationships for journalists so that they will be called upon when they want to insert an “expert opinion” into a news report.

Policy Conferences: Think tanks convene events to discuss important policy issues, showcase influential speakers that bring prestige to the institute, and promote their own research. The events are intended to attract media attention, and to inform policy-makers who may have influence on the issue.

Student Seminars: The think tanks that take a more long-term view of their work may prioritize student seminars, and other educational youth outreach, ahead of policy conferences. Such think tanks see the importance of engaging with individuals when they are developing their views of the world. In the U.S., the Leadership Institute provides education and training to young people interested in politics, with the goal of shaping the convictions of the next generation of political leaders.

Working Groups: Think tanks also develop programs that work behind closed doors, to build consensus on policy proposals and develop advocacy strategies. These may involve a mix of civil society groups, business leaders, policy-makers, and others with a stake in the outcomes of legislative battles.

Media Programs: Some think tanks have developed their own radio or TV programs, though it is far more frequent to supply content to existing programs. For more than a decade, it has been common place for any think tank to possess at least one Web site that serves as a central gateway for presenting its ideas to the world. Increasingly, think tanks are utilizing video and other attention-grabbing content to achieve a greater impact via the Internet.

Changes in the Work of Think Tanks in the U.S.

Technological and cultural changes inevitably affect the manner in which ideas are disseminated and policy change occurs. Think tank products necessarily evolve with the times.

Recent innovations in the work of think tanks include:

Transparency initiatives: This involves both advocating for disclosure by government information (budget and performance data), and organizing such data in a manner that is useful for citizens. For example, see the SunshineReview.org, sponsored by the Sam Adams Alliance and MichiganVotes.org, created by the Mackinac Center for Public Policy.

Investigative journalism: Increasingly, think tanks are employing journalists who can break stories on government corruption or unintended consequences of bad public policies. The revenue model that has sustained newspapers in the U.S., heavy reliance on classified

advertising, has been up-ended by Internet innovations (e.g., Craigslist.com). As a consequence, the journalism profession is very much in flux and may increasingly be sponsored by non-profit organizations such as think tanks.

Litigation: Some think tanks are set up as public interest law firms, providing pro bono or discounted services in cases that can improve existing jurisprudence in certain areas, or protect individual rights that have been violated by state actions. The Institute for Justice is the most prominent such organization in the U.S. Other think tanks, however, also have used litigation as a complement to core research and advocacy activities.

Direct political action: In the U.S., a complex set of rules governs the amount of direct involvement organizations may have in directly lobbying for a piece of legislation, or in campaigning for or against a specific candidate. The majority of think tanks stay away from such activities, but an increasing number have altered their tax status or set up parallel organizations that use direct tactics to alter the political landscape (e.g., publishing voter guides that grade candidates according to criteria selected by the institute).

Empowering citizen activism: The last few years has seen the explosion of social networking via online tools such as Facebook and Twitter. It is unlikely the recent “Tea Party” movement could have achieved such an impact so fast, in the absence of these peer-to-peer tools for spreading ideas and soliciting involvement in advocacy activities. Some think tanks are increasingly engaged in equipping such grassroots movements with intellectual ammunition.

Outcomes and Lessons

Think tanks struggle to show how much impact they have. We can provide anecdotes of effectiveness and endorsements by influential leaders, but we cannot deliver a precise measurement of effectiveness. That is because, simply, in any dynamic society, there are countless variables affecting the outcomes of public policy debates. Different opinions are constantly being promoted by various actors within government, the private sector, the media, academia, as well as think tanks and other civil society groups. It is a fool’s errand to try to discern the marginal contribution of one particular organization to the passage of one law or another.

Also, the nature of much think tank work is more than one level removed from today’s policy debates. The aim is to reshape the long-term intellectual debate by attracting, today, the students that may be in positions in leadership later in their professional lives. The aim is persuade a cadre of future leaders of the merits of ideas that may seem politically impossible today.

Milton Friedman wrote in the Preface to the 1981 edition of *Capitalism and Freedom*:

“Only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.”

The very randomness of opportunities for change means that it is difficult, if not impossible, to measure the impact of think tanks in the short-term.

But the difficulty of proving impact ought not to dissuade individuals from engaging in and supporting this essential work. By way of analogy, outcomes on a military battlefield are not determined so much by the valor of particular soldiers or the tactics employed by a field general, as they are by the investments and preparations made years in advance of any actual skirmish. In the battle of ideas, it is prudent to prepare for the long-term. The American think tank experience over the last several decades offers encouragement that long-term preparation – and the patience that must accompany it – will be rewarded. Let me list some examples:

- Ideas generated by think tanks, such as the “health savings account” concept pioneered by the National Center for Policy Analysis, have provided real benefits to real people. Their existence as an alternative solution to a perceived policy problem, helped prevent (or at least postpone) the adoption of legislative initiatives that could undermine the American health care system.
- Ideas generated by think tanks that were once beyond the bounds of political debate, became reality. To return to the example of Charles Murray’s work on welfare reform, published by the Manhattan Institute, this was a subject where political consensus seemed impossible. Those on the political right considered federal welfare programs to be wasteful. Those on the political left found it outrageous to not be generous with the poor. Murray reframed the debate by showing how the poor were, in a sense, victimized by policies intended to benefit them. President Clinton, a creature of the political left, came to make common cause with political adversaries to, in his words, “end welfare as we know it.”
- The proselytizing work of some think tanks has equipped subsequent generations of politicians. I mentioned the influence of FEE on Ronald Reagan before he embarked on a political career. No doubt, among the thousands of interns passing through classical liberal think tanks each year, there are individuals destined to assume positions of national or even international leadership.

Another piece of good news is that the American model of think tank has been successfully replicated in other parts of the world – from Ghana to Lithuania to India to Chile. The ingredients for success can be explained succinctly:

Intellectual entrepreneurs. To be successful, any new venture needs a leader, or leadership team, with entrepreneurial talent. When such skills are applied to the battle of ideas, we call it “intellectual entrepreneurship.” At the Atlas Economic Research Foundation, we define an intellectual entrepreneur as someone with talent to (1) discover opportunities (an unsatisfied need) in the field of ideas, (2) attract and deploy material and human resources to capitalize on these opportunities; and (3) turn ideas into action.⁴

⁴ “From Intellectual Entrepreneur to Institute Leader,” Alex Chafuen, *Atlas Year in Review 2004*, pp. 18-19.

Clear strategic thinking and attention to the local climate of ideas. Successful think tanks are attuned to their local market. The classical liberal think tanks I admire most are those that blend universal principles of liberty with local traditions and culture to craft effective messages (e.g., the Association for Liberal Thinking in Turkey). Good think tanks must be aware of their competitors, but also know their place among allies who could provide additional leverage for achieve the mission.

Far-sighted philanthropy. The late Sir John Templeton posited that, while a great deal of philanthropy is directed to relieving the symptoms of existing poverty, not nearly enough is dedicated to the prevention of future poverty. The way to achieve the latter is to popularize ideas that create opportunities for human betterment. It is very rare to have such far-sighted philanthropy. Most philanthropists concentrate their generosity on traditional causes that are recognized as respectable among their peers. To the extent they are involved in policy battles, it tends to be in supporting political candidates. Think tank success depends upon generous individuals locking arms with intellectual entrepreneurs and embracing the wisdom of Templeton, Hayek and Friedman about the importance of working over the long-term to change the climate of ideas.

Spirited collaboration. In too many countries, unhealthy rivalry exists among intellectual entrepreneurs that share common goals for advancing liberty. A well-researched analysis of successful non-profits in the U.S., entitled *Forces for Good*, recognized the importance of working in collaboration with other similar organizations, rather than considering them competitors. The book noted how The Heritage Foundation shared resources with other think tanks, and termed it “generous,” but not purely altruistic. “It is, in fact, a strategy for realizing [Heritage’s] own goals.”⁵

Attention to Technological Change. While the think tank industry is relatively young (less than 10% of think tanks in the Atlas network are more than 25 years old), it has already gone through major revolutions driven by technological change. Fax machines, the rise of the Internet, and more recently the rapid declines in the price of producing and distributing video content – these types of developments have changed what is possible for think tanks. No doubt, the information technology revolution has only begun, and think tanks must be vigilant in discovering new opportunities to achieve greater impact at less cost.

I hope this review of the think tank industry in the United States can prove instructive to audiences that desire improved governance in their own societies. A final suggestion to those finding encouragement in what I have outlined: effective organizations learn from the successes and failures of others in the industry. The organization I represent, the Atlas Economic Research Foundation, is in the business of providing resources for the aspiring intellectual entrepreneur. I very much recommend visiting AtlasToolkit.org as a first stop to anyone interested in building a successful think tank.

⁵ Leslie Crutchfield and Heather McLeond Grant, *Forces for Good: The Six Practices of High-Impact Nonprofits* (Jossey-Bass: San Francisco, CA, p. 124).