

5 Parting thoughts

This section outlines three types of question that emerge naturally after this overview of the Euro-think tank sector: can anything be learnt from recent developments in the United States about the future of the European sector ? (5.1) Can anything be undertaken to encourage Euro-think tanks' development ? (5.2) What issues might deserve further investigation ? (5.3)

5.1 POSSIBLE U.S. LESSONS FOR THE FUTURE OF EURO-THINK TANKS

Forecasting the future of Euro-think tanks is not an easy task and not one we will attempt here, especially as the ratification of the Constitutional Treaty is in doubt in several Member States and European construction is still a work-in-progress in many respects. However, there are perhaps lessons to draw from the U.S. situation. We refer here in particular to two important characteristics of the American research community, its political and tax systems and the development of advocacy tanks.

THE GROWTH OF U.S. AND EUROPEAN THINK TANKS

The growth in U.S. think tanks has been allowed primarily by the United States' specific institutional construction and its tax regime. Because of "the fragmented and decentralised nature of the American political system," (Abelson, 1998)¹⁵⁵ there are many different centres of power needing policy advice. Furthermore, political parties "have not played (in America) as prominent a role in policy development as they have in other countries." (Stone, 2000). Why? Because, as McGann and Weaver (2000) put it, "in the United States, political parties function primarily as campaign vehicles (...), party platforms often vary considerably over time, depending on the position taken by the party's presidential candidates." Consequently, party discipline is weak, "politicians are not constrained by the philosophical goals of political parties" (Abelson, 1998) and "members of the Congress formulate many of their own policy priorities and pursue their agendas with considerable independence." (Stone, 1996) It seems that there is considerable space for the single policy maker to seek her own political advice and ideological legitimisation, which often happens to come from think tanks. Finally, in the United States, political parties are not a primary means of elite recruitment for administrative positions. "Parties are too weak to perform these functions since they are little more than electoral coalitions": think tanks can relatively easily fill the gap as 'party-like' institutions and clearing stations for political and administrative appointments. (Gellner, quoted by Stone, 1998) Overall, the particular shape of the American political system, fragmented and decentralised, with weak political parties, has created a wide number of policy fora, ranging from the various committees and subcommittees of the legislative and executive branches to the high number of politicians working independently from party ideology that provides opportunities for policy analysis and professional research. "Think tanks," argues Abelson, "are provided with multiple channels to convey their ideas to several hundred policy-makers."

A combination of high demand for policy advice with multiple channels of influence explains to a large extent the prominence of U.S. think tanks.

According to Stone (2000a) "in the USA it is not only political factors (...) but also a strong philanthropic culture and generous tax regimes that encourages the proliferation of think tanks." Abelson (in Stone, Denham, Garnett, 1998) and Weiss (1992) both argue that "the (decentralised and fragmented) nature of the American political system" and the presence of "a strong tradition of corporate and individual philanthropy" are clearly among the main factors characterising American think tanks. The tax system is also an important factor explaining the prominent role played by think tanks in U.S. policy making.¹⁵⁶

Out of these two factors, Europe clearly offers many outlets for think tank research to blossom, which are likely to increase in importance as E.U. integration progresses. As discussed in Section 2.1.8, funding regimes are undergoing major changes that may bear some similarities with the U.S. situation and help promote independent policy research in the future. Possible evidence of this trend can perhaps be identified in the recent advent of what one might call 'start-up tanks', i.e. independent research centres created by young policy entrepreneurs with private funding, such as The Lisbon Council in Brussels. The Economist (2004) noted recently this new trend in Germany, where "some keen youngsters" have started their own outfits, such as BerlinPolis and the Global Public Policy Institute.

THE RISE OF ADVOCACY TANKS

Advocacy tanks have gained importance in the USA since World War II. Abelson (1998) explains: "In an environment where think tanks had to compete aggressively to promote their ideas, their priorities began to change: a new generation of tanks emerged." In other words, the factors of growth of American independent research centres were the pre-conditions to the birth of many institutes; their large number implied a high level of competition and meant that they had to distinguish themselves from one another. In order to achieve this result, "they realised that developing effective marketing techniques to enhance their status in the policy-making community had to become their priority," even before providing sound and impartial advice to policy-makers (Abelson, 1998). This has resulted in a sharp polarisation of their political and ideological positions. Indeed, the need to be easily recognised and, ultimately, to get research contracts forced them to make their positions sharper and, over time, unique. In Abelson's view, the law of competition ruling the market also requires specific marketing techniques.

As noted in Section 4.2.1, many Euro-think tanks may well be confronted with similar dynamics that will encourage the trend toward advocacy, in particular the reduction in governmental funding and therefore think tanks' need to rely more and more on private sources of funding and research contracts and to appear more focused on specific research areas and ideological currents.

THREATS – AND A FEW OPPORTUNITIES – ON THE HORIZON

Beyond further growth and an increase in 'advocacy tanks', recent changes in the operating environment of U.S. think tanks should also be watched, as they announce major threats, as

well as opportunities, for the European think tank community. They also put the possible strategies in the face of growing competition outlined above in perspective (Section 4.2.3). McGann (2004), in a recent survey of 23 of the leading U.S. think tanks, found that “those trends that are affecting think tanks are attributable to six overall changes in the environment (...): how think tanks are funded; an increase in partisan politics; technological developments and the dominance of the Internet; the emergence of an omnipresent media; a proliferation in the number of think tanks; and the impact of globalisation.” Respondents highlighted major negative trends in a number of areas, in particular the handling of funding :

“Funding has become increasingly short-term and project-specific, rather than longer term, general institutional support, which has altered the focus and diminished the capacity of many think tanks. The short-term funds have challenged the independence and innovation of think tanks (...)” Similarly, “the omnipresent media with its focus on sound bites rather than sound analysis is driving think tanks to respond to its time and content parameters by producing quick, pithy analysis that is quotable, and accessible. The growth of the Internet has exacerbated the problem of funding, as think tanks increasingly publicize their research findings and policy advice online, providing free access to the public, the media, and potential donors. The independence and objectivity of think tanks is being challenged by an increase in partisan politics, from which a corresponding rise in partisan organisations and institutions that produce analysis along partisan lines has been identified.”

McGann found that recent changes “have also provided opportunities for think tanks to advance their missions. The advent of the 24/7 media and the Internet have helped raise the profile of think tanks, enabled them to reach a larger more diverse audience and disseminate their publications more cheaply. The proliferation of organisations has facilitated greater cooperation between think tanks and other NGO’s at the local, state, and international levels. This networking allows for the utilisation of new mechanisms to effectively influence policy and to reach larger audiences. Additionally, the impact of globalisation and unexpected transnational events such as 9/11 and SARS have ignited a greater interest in international affairs, foreign policy, and national security, allowing think tanks to increasingly focus on these issues. All these trends have been brought into greater focus during the 2004 presidential campaign.”

Surely the threats to “the sustainability of think tanks as independent, reliable providers of sound public policy advice in the future,” the opportunities to advance think tanks’ role in policy making, as well as the recommendations of this survey – which was about to be published as ours was going to press – should be read with care in Europe also.

5.2 ENCOURAGING THE DEVELOPMENT OF THINK TANKS

The number and relevance of think tanks in Europe are likely to grow in the future. Can this trend be encouraged? The Euro-think tanks interviewed indicated two main avenues to promote their development.

First, many expressed their hope that public authorities and other policy-makers better understand their role in the decision making process. As stated simply by a Cypriot respondent, "it is important that the E.U. understands that think tanks have a role to play." For some, such as certain national governments and the European Commission, it will be a matter of improving existing practices; for others, it will be more of a revolution. Former European Commission President Jacques Delors for instance invites the European Central Bank, and even the European Parliament to engage more actively with think tanks. Most think tanks logically also call for greater public and private financial support, in particular at a pan-European level. The managers of the Euro-think tanks interviewed agreed that "where it is not yet possible, donations to think tanks should be allowed for tax deduction," and that E.U. funding procedures should be simpler. "You should give a sum of money to think tanks that appear to be doing a good job, then audit them periodically to see whether they are spending that money well, but you don't waste time on working out whether the 243 conditions have been satisfied," argued the head of a Brussels-based organisation. In this regard, the new Financial Regulation which requires that, as from 2006, all organisations wanting to get a grant from budget line 15 06 ("Dialogue with Citizens") will have to go through an official call for proposals procedure is worrying, considering their complexity.

In contrast, another French think tank manager believes that the process of weaning think tanks out of public funding is healthy and that it is up to think tanks themselves to mature and look for private sources, as suggested above. The same director argues that the fiscal regime, at least in France, is now satisfactory, but that think tanks and potential donors have not yet realised its full potential. He calls for a dramatic culture change on both sides of the decision-making fence.

"The fiscal regime, at least in France, is now satisfactory, but think tanks and potential donors have not yet realised its full potential. What we need is a dramatic culture change on both sides of the decision-making fence."

With regard to private funding, many think tank leaders call for a simplification of tax regimes and donation rules, in

order to help the private sector provide financial support to think tanks. The promotion of foundations is a prominent aspiration. A Baltic think tank manager argues: "Most European countries are in growing need of private foundations that would be able to raise funds domestically and that would allocate part of them (among other organisations) to policy think tanks." There are however large differences between Member States. A French think tank, the Institut Montaigne (2002; see also Archambault, 2001) showed that there were barely 2.000 foundations in France in 2002, compared with 8.300 in Germany and nearly 9.000 in Great Britain. The Fondation Hippocrène (2001), in a similar study, made a number of recommendations for French authorities which are likely to be applicable elsewhere.¹⁵⁷ Both sides overall argue that while public funding is necessary and more of it is required in certain countries, over-dependence on public money is unhealthy. Private funding, if forthcoming, can help improve the quality of think tank research, under strict conditions of diversity and accountability in order to ensure that think tanks' research independence is in no way impaired.

The creation of a European statute for foundations and associations is also seen as a useful step to encourage pan-European work, as funding sources, whether private or public, are still largely national. This issue is currently under debate within the European Commission. Such a legal device could possibly solve part of the problems that European foundations are regularly confronted with, while dealing with transnational activities and international partners. It would help to “improve cross-border operations for foundations and their funders”; it would generate new instruments for cooperation between the foundations themselves; and it would establish equal rights for this kind of organisation in comparison with others, already enjoying community tutelage.¹⁵⁸

We have seen as well the difficulties which think tanks face in maintaining their independence – or more importantly a perception of independence – when they are funded either by the private or public sector. Of course, it is very hard for think tanks to be completely free of external influence. One solution however to this dilemma could be for think tanks to be more open about their funding sources. Many think tanks covered in our survey do publish an annual report, which shows their income and lists their main donors. However, this was by no means the case for all of them. By making their funding sources more transparent, think tanks would not be harming themselves in the long run. It would enable people to see more clearly where a think tank’s money comes from and then make their own decision about whether a think tank’s independence is real or not. It would also arguably increase public trust both in think tanks as political actors and in their research conclusions. Trust is an important element in the public’s attitude towards political bodies and think tanks need to recognise this if they are to dispel a certain public belief that they are elitist, undemocratic, or mere lobbying organisations. If a move towards more transparency was combined with a greater degree of independent and peer review of think tanks’ work, it could also create a climate in which the quality of research in this sector was vastly improved.

Finally, we have seen in the course of the study that Euro-think tanks are increasingly being expected to form cross-border alliances with other think tanks, as well as a range of other actors. It has been shown that this enhances both their national and international status and is indeed a requirement for those think tanks wishing to bid for European Union funding. Much has also been made recently of the building of a single ‘European research area’ in order to enable ‘scientific resources [to] be better deployed to create more jobs and to improve Europe’s competitiveness’.¹⁵⁹ However, the think tank networks that have been set up in the E.U. to facilitate this aspect of think tanks’ work (see Annex 2) are currently suffering from a major funding crisis. Most of the funding for these networks tends to be of a short-term nature and this is drastically limiting the ability of these networks to have an impact in the field of social science research. Therefore, we believe that a review of the current funding arrangements for these networks is needed and that Member States, as well as the European Commission, should be willing to give them greater financial support.

5.3 SUGGESTIONS FOR FUTURE RESEARCH

We hope that this exploratory survey and the many questions it raises will provide a good place to start for future research. Because of time constraints, we were not able to investigate fully the role played by think tanks with an interest in European affairs in E.U. and national decision-making processes. As we conclude this study, several issues emerge as topics that could be investigated in further detail, including the ones listed here.

First, for practical reasons, the scope of this survey was limited to think tanks with their headquarters based in the 25 E.U. Member States. Important organisations based in candidate countries (Romania, Bulgaria, Croatia and Turkey), as well as significant U.S. institutes' European branches were overlooked.¹⁶⁰

For similar reasons, we were not in a position to investigate properly independent research institutes interested in European policy issues that have disappeared in the past. A more accurate and exhaustive study would include such organisations. It would be interesting in particular to understand which think tanks disappeared and what lessons can be learnt from their history.

Think tanks relations with decision-making structures deserve further investigation, in connection with a more systematic and deeper comparative analysis of their institutional and political environments. An area of interest that we did not investigate for instance is the circulation of decision-makers between think tanks and other areas of policy making. The formation of elites in E.U. policy-making and the role played by think tanks in this process is an important structuring factor that has been only mentioned in passing in this report. A comparative analysis of individual Member States and trends regarding issues such as the revolving door phenomenon would be interesting.

This survey did not aim either to analyse Euro-think tanks' contribution to policy making. Beyond their identification and description, it would therefore be interesting to look at their actual relevance and impact in further detail: what ideas do they actually promote in their research production?

More specifically, there would be great value in investigating performance measurement tools adapted to the complexities of think tank operations. A place to start could be to use electronic databases to analyse media coverage for prominent think tanks in relation to some of the issues raised here (as done by Park, 2004 in the U.S. case).

A question in fact this survey does not answer is: "how could E.U. think tanks think better?" While most think tank managers agree that new ideas and "added value" are defining characteristics of true think tanks, few could describe to us the methodologies used to enable "think tankers" to produce innovative policies.

More generally, all the issues this report touched on deserve more detailed research. Funding, as we have seen, is a key issue for the future of E.U. think tanks. In order to allow greater funding to be channelled to research centres around Europe, a more detailed investigation of their situation, of best practices, and of the regulatory and cultural steps that could be taken

to allow further development would be useful. Other topics that would deserve further analysis include think tanks' influence strategies (stage in the policy-making process, audiences, media relations, etc.) and best practices in terms of transparency and the management of conflicts of interest.

Obviously, the picture provided here will soon need to be updated. Developments to watch include the possible politicisation of E.U. knowledge and the trend toward greater advocacy; greater interactions with "new" institutions such as the European Central Bank; transnational collaboration between E.U. institutes and market restructuring in general and its possible impact on the reshaping of intellectual elites, the formation of political concepts, and the cross-fertilisation of national political agendas; changes in the academic world and their impact on independent research institutes.

¹⁵⁵ In particular the peculiar separation of powers between legislative and executive "which allows both Congress and the President to initiate legislation"; the many divisions within the various departments of the executive itself; and again, the fragmentation within the Congress where both the Senate and the House of Representatives operate independently when fashioning legislation.

¹⁵⁶ "The American tax structure encourages the formation of foundations; individual giving creates a massive source of funding for think tanks and other non-profit organisations." (Stone, 1998) Abelson (1998) agrees that "corporate financing and tax exemptions for non-profit organisations provide an impetus for policy entrepreneurs, political leaders and aspiring office holders to create think tanks." In other words, there is in the US a strong tradition of private sources associated with corporate or individual funding which, combined with the favourable classification of think tanks under the Internal Revenue Code, gives American independent research centres better access to private funds.

¹⁵⁷ The Hippocrène Foundation recommended for France a certain number of tax incentives inspired by the German, British and Italian situation, which are probably valid either in part or in whole for other Member States: the exemption from tax of foundations' income from property; lower tax on the profits of newly-created foundations, similar to the German model; the removal of the limit on the amount of income from donations which is tax deductible; a tax exemption for gifts benefitting these foundations. The foundation also recommended the simplification of the legal system applying to foundations. Finally, it stressed the need "for a discussion at the European level about the rights of foundations, and for a decision to be taken once and for all on a European statute for foundations." It is worth noting that the European Commission did publish a communication in June 1997 which focused on this question but that the issue had not progressed any further since then. Likewise, the proposal for a regulation which would allow the creation of a statute for European associations and the fiscal issues at stake in donations at a transnational level need to be considered. The Institut Montaigne (2002) made 25 proposals to develop foundations in France, centred on the modernisation of their legal framework, and on the development of finances which are sufficient and permit autonomy. The Institut Montaigne concluded more generally as follows: "The State will have to undertake a true psychological change and accept the principle of supporting the development of other actors which can act alongside it with same objective of the general interest." Without doubt these analyses, even if they still need to be deepened within a European perspective, go beyond the mere case of France.

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¹⁵⁸ In 2002, the European Commission set up a high level group of European company law experts in order to evaluate this question. At the end of the same year the Group concluded that the institution of a European legal form for foundations was not a short-term priority. Nevertheless, in May 2003 the Commission launched an action plan "aiming at assessing in depth the feasibility of such a statute" (COM (2003) 284 final). The plan foresees the completion of a feasibility study for such a European statute by 2006. In June 2004, the European Foundation Centre released a new proposal referring to the constitution of a European Association Statute during its Annual General Assembly, held in Athens. According to the EFC (www.efc.be), a new community regulation is at present particularly needed, since after the enlargement the number of foundations and associations with international cooperation links and cross-border activities has been increasing dramatically. In order to be recognised as a European foundation/association, an organisation should present the characteristics of a non-profit institution, dedicated to the public interest. Moreover, it should "carry out activities in at least two Member States and have a minimum starting capital of 50,000 euros". The European foundation would be registered at the community level and the European statute would be complementary to national law. As far as the financial regime is concerned, the new statute should guarantee "clear and user-friendly" rules regarding tax exemptions and tax incentives for donors. The EFC is organising a conference on June 4-6, 2005 on foundations in Europe.

¹⁵⁹ DG Research Communication Towards a European research area, COM (2000) 6 <http://europa.eu.int/scadplus/leg/en/lvb/i23010.htm>

¹⁶⁰ In order to be even more complete, one might wish to look at U.S. and other policy research institutes' programmes on Europe, for instance the Brookings Institution's Center on the United States and Europe.