

Paid to think

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When I ask people what they do, the most interesting answers are verbs. I don't care that you're an assistant executive manager for BungleCo. What have you been *doing* for the last eight hours? Have you been talking to people? Organizing papers? What conflicts do you need to resolve?

Conversely, when I tell people that I work at a think tank, many of them are entirely unconcerned with what I actually do during the day, because they already have the correct image of me staring at a computer screen until my eyeballs hurt. The real mystery: where does the money come from? How does somebody make money at a place where people just sit around and, um, think?

Writing doesn't pay the bills. If you get a few hundred bucks for an op-ed, you should be delighted. If you put out a magazine article a month, you can make a living, but then you're a full-time journalist and don't have time for anything else. The book? I've made more on Amazon referral commissions than royalties for writing the thing. From a business perspective, the press placements are all just advertising.

Not everybody thinks they know all there is to know about knowing things. There are people who appreciate an expert. They realize that the most efficient means of doing things is a division of labor where they produce widgets and when they need a policy expert, they hire one, rather than thinking they can study up on the subject in their spare time.

So when does somebody need an expert in a given policy? When they have a deeply-held opinion, and need somebody to espouse it. By finding an expert who happens to agree with them, the expert gets funded and the interested party gets support on its beliefs. And that is where all those studies funded by the most obvious donor come from. Since I know the software patent debate well, I can point to a pro-software patent study or two that says "We are grateful to Microsoft for their support" on the cover. Some read this and presume that MSFT found somebody to speak for them, and then purchased their opinion. But the flow probably went the other way: the expert formed his opinion (I have in mind two guys, one of whom I know), and then approached Microsoft about maybe providing funding for the research.

This is how the funding for many a study happens: first, the expert does research until he knows the subject well. He has formed his honest best opinion about the subject. He starts writing up a few pages. Then, he shops it around.

Dear philanthropic organization/corporation/wealthy individual: I have an opinion, and can state it eloquently and with authority. Further, that opinion happens to match yours perfectly! What a wonderful coincidence. If you'd like me to continue fleshing out this idea which I personally hold, then please send cash.

The expert is independently deriving his opinion, but the funding certainly has great potential to corrupt the expert's research. First, there are the details to be negotiated, wherein funder and researcher agree on the broad concept, but there may be details on which they differ. Second, there is the problem of the non-unitary actor. You know that guy that MSFT funded because they agree with him? We're coworkers, to the extent that you'd call this work. When I plug in my laptop to write articles opposing MSFT's IP position, MSFT chips in for the juice.

There are a few approaches to the conflict. I'm happy to say that in my case, the administrators at my think tank are well aware that my writing disagrees with the position of one of its funders, and at no point have they asked me to tone down my bitching. They care more about doing independent research than any one donor, and know that the only way to please all the donors all the time is to never say anything.

Another approach is to take such a firm opinion that there's no way to budge. Are there orthodox economic motivations for government regulation? Absolutely. Will you hear about any of them from the Cato Institute? Funders know the answer to that one, and know not to bother asking.

The final approach, of course, is to fold to pressure. I could only guess at how often this happens. To keep a parallel essay form, I should give an example here, but that would be rude.

The other way that the 'formulate hypothesis, then find funding' approach can create bias is in the suppression of certain ideas. This is no conspiracy theory suppression, but the simple fact that publicizing an idea needs both an expert to formulate it and a funder to pay for it. You can find an expert *somewhere* that espouses any given idea, but the business side has a whole lot more money than the rest of us, so why doesn't the policy world turn into a gigantic pro-business alliance? First, the funding for the pure social benefit is surprisingly large. There are general funds like MacArthur, Ford, Soros, Hewlett, and while we're talking MSFT, the Gates Foundation, that have little or no interest in supporting moneyed interests. Any one of these funds could keep several think tanks running for a long time to come.

Second, there's two sides to every issue. Say Company A has a labor-intensive process to produce pollutants, while Company B has a giant machine that was built in Japan to produce the same pollutants. Company A will be happy to support bills that espouse anti-business import tariffs because they would hurt Company B more; Company B will be happy to support higher minimum wage laws, because doing so is handing a charge to its competitor. As for the overall corporate tax rate, you won't see much disagreement.

Thus, the problem of getting funding for policy research (and the problem

of policy design in general) is finding the mega-rich interests that happen to agree with your belief. For any sufficiently detailed question, there will be some balance between the funders.

Other

This was going to be a general essay about how a think tank pays the bills, but the question of how corporate funding can support objective and honest policy research is the interesting part. Keeping to my original intent, there are a few other folks who are interested in experts and willing to pay for it. There is consulting in the traditional sense of companies hiring an expert for the day. The guys who study international trade policy happen to know a lot about international trade that a business may be interested in.

Others are interested in access for the sake of keeping engaged. People want to be surrounded by folks who are beautiful and smart; the think tank ain't doing much for the beautiful part, but has its share of smart folks who can say an interesting thing or two. There are people who will contribute to be a part of that. The administrators describe these folks as individuals who "get it", where "it" is the value of good research, regardless of the bias of that research. If this were Broadway, I suppose we'd call these guys angels.

There's also the funding from the pure research supporters, such as the National Institute of Assorted, which is not nearly as exciting. Though, it's a chance to mention an interesting paradox that applies to academic work in general: nobody will fund a study that doesn't have a good idea of the expected conclusion. You can't do the research until you've got the funding; you can't write a good proposal until you've done the research. The academics who can unravel that knot live in big houses.