

## Think Tanks: New Zealand’s Own ‘Ideas Factories’

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### SUMMARY

‘Sunlight is the best disinfectant’ was a vivid analogy made by Justice Louis Brandeis (1856–1941), of the US Supreme Court, when talking about the benefits to the public of candour and transparency. Think tanks bring their own sunlight to issues facing society and, if effective, are catalysts for thought, debate and change. Many work hard to set agendas, shape debate and design effective policy responses for today’s opportunities and challenges, and to alert, research and inform opinion about emerging issues. You might not agree with their questions or their solutions, but they are increasingly being recognised as key players in the development of public policy internationally. This Think Piece takes a closer look at think tanks in order to raise awareness of their value in challenging times.

*Foreign Policy* published the first ‘Think Tank Index’ last month, which reported that there are currently some 5500 think tanks in just under 170 countries. In New Zealand, the existence of think tanks is a relatively new and unrecognised phenomenon. We believe that think tanks have enormous potential to identify and explore complex issues, and inform the public about them. As such it is important that their role should be understood, and effectively utilised and nurtured.

In general, think tanks tend to organise events, undertake research and publish reports. Sustainable Future is aware of 13 think tanks with offices in New Zealand. These are listed in Table 1; a table with more detail on each think tank is available on our website. The more well-known include the New Zealand Institute and the Business Roundtable.

**Table 1: Summary of 13 Think Tanks in New Zealand**

Think Tank	Est.	Key Policy Area
Cawthron Institute	1919	Fresh and coastal water
Centre for Strategic Studies	1993	National security
Ecologic Foundation	1999	Economics and ethics
Institute of Policy Studies	1983	Both domestic and foreign
Maxim Institute	2001	Education, justice, social
Motu Economic and Public Policy Research	1998	Economics
New Zealand Business Council for Sustainable Development	1999	Business leadership towards sustainable development
New Zealand Business Roundtable	1980s	Economic growth and reform
The New Zealand Institute	2004	Economics
New Zealand Institute for Economic Research	1958	Applied economic research
Parliamentary Commissioner for the Environment	1987	Natural and physical environment
Sustainability Council of New Zealand	2003	Climate change, new technologies
The Sustainable Future Institute	2003	A national strategy, genetic modification, pandemics

### Think Tanks and Philanthropy

The use of private philanthropy to intervene for public good goes back as far as the ancient Egyptian, Roman and Greek societies,<sup>1</sup> but the birth of organised philanthropy is considered to have started in the United States. Robert S. Brookings (1850–1932) believed that rigorous thinking and independent, disciplined research were essential to governing a modern, industrial democracy.<sup>2</sup> Just under 100 years ago, Brookings founded the first private organisation devoted to analysing public policy issues at a national level – the Brookings Institution.

### Three Stages of Think Tank Evolution

Raymond Struyk, in his book *Managing Think Tanks*, identifies three stages in the growth of think tanks. Stage 1 is small (fewer than 10 full-time staff committed to public good analysis and research) with one or two sponsors. Stage 2 is characterised by more staff, more projects, greater specialisation in staff assignments, and more opportunities in the policy process.<sup>3</sup> The third stage of development is the major think tanks, such as Brookings and The Urban Institute.

A visit to both Brookings and the Urban Institute in Washington DC last July provided a clear insight into what Stage 3 think tanks look and feel like. Brookings was like visiting a top professional firm – a grand entrance, very formal and sharp – whereas the Urban Institute was more friendly, organic and consultative. Both were exciting and dynamic places, and both were very generous with their time – even to a very small think tank sitting at the bottom of the world. What was very clear was that New Zealand would struggle to find a Stage 2 think tank, let alone to have the luxury of being home to a Stage 3.

### Think Tanks

A think tank is an organisation, institute, corporation, council or group that conducts research and engages in advocacy in public policy. Although there is no single generic model or mission, for the purposes of this paper we have excluded government organisations that employ civil servants, such as Crown Research Institutes, and NGOs that do not employ researchers, such as Futures Thinking Aotearoa. We have included two university-based think tanks but are aware there are likely to be more throughout the country.

## Funding

Think tanks often undertake commercial consultancy to generate income, and to increase expertise and in some cases influence. Examples in New Zealand include the Cawthron Institute, Ecologic Foundation and Motu Economic and Public Policy Research. In addition, many commercial entities also undertake think tank work to support the wider community, such as the NZ Institute of Economic Research. Many rely purely on membership fees, such as the NZ Business Council for Sustainable Development, NZ Business Roundtable, and the NZ Institute, or on one-off lump sums or regular donations, such as the Sustainability Council, Maxim Institute and our think tank, Sustainable Future. Of the 13 New Zealand think tanks we have identified, just over 60% have charitable trust status.

To provide an international context, the Brookings Endowment Fund generates approximately 15% of the Brookings budget, with the remaining 85% coming from the generous support of donors.<sup>4</sup> In 2008 this included a US\$8.7 million grant from the Robert Wood Johnson Foundation, US\$7 million from the John D. and Catherine T. MacArthur Foundation and US\$4.5 million from the Bill and Melinda Gates Foundation.<sup>5</sup> Interestingly, Brookings sometimes accepts funds with restricted use, and unless donors request anonymity, all contributors are listed in their annual report.

## The Leading Think Tanks

James McGann, the author of the first 'Think Tank Index', calls his index the 'insider's guide to the competitive marketplace for ideas that matter'. In it he provides not only a 'field guide' to the 'breeds' that have emerged (see Figure 1), but a list of the top US and non-US think tanks, those known for innovative ideas, the best new think tanks and those with the most impact on public policy debates. Brookings Institution was the star performer, being the top 'Scholar', the top 'US think tank', the second in 'innovative ideas' and top of the 'most impact on public policy debates'. Best practice suggests policy analysts should debate ideas and issues rather than parties and people – hence there should be an emphasis on think tanks being independent, transparent, evidence-based and non-partisan.

Figure 1: The Think Tank Field Guide *Foreign Policy*, Jan 2009

**The Policymakers** These organisations enjoy a competitive advantage over their rivals when it comes to government contracts and research. They have the know-how and PR skills that ministers, bean counters, and bureaucrats seek.

**The Partisans** These ideology-driven organisations generate the leading ideas on the right and left, develop new political talent, and offer a home to out-of-power party leaders.

**The Phantoms** Designed to look like NGOs, these organisations are in fact arms of the government. They've emerged as a favourite strategy for authoritarians to mask their diktats [their policy] as flourishing civil society.

**The Scholars** The stars of the think tank world, these powerhouses of policy are regularly relied upon to set agendas and craft new initiatives.

**The Activists** These do-gooders don't simply advocate for important causes. They've become top-notch policy and research hubs in their own right.

## Making Think Tanks Work

Think tanks nurture critical thinking in New Zealand by actively pursuing initiatives to ensure New Zealanders get timely, relevant and meaningful information about current issues, and emerging opportunities and risks. A recent example was the attendance of two individuals from think tanks at the Prime Minister's Employment Summit last month, Benedikte Jensen (NZ Institute) and Roger Kerr (NZ Business Roundtable).<sup>6</sup> But how many New Zealanders know that think tanks exist? More importantly, do they know who sits behind them and what they are attempting to achieve? 'Sunlight is the best disinfectant' when exploring complex issues, but think tanks need to be mindful that they must apply the same rules of transparency and analysis to their own industry.

Building trust requires an arm's length to be maintained between think tanks and government, as expressed so succinctly in the description of the 'Phantoms' (Figure 1), and between think tanks and the private sector. In addition, there is a blurred line between lobbyists and think tanks. In the United States this means that while think tanks can be invited to testify before congressional committees, they are not welcome to initiate requests to testify or make submissions on legislation.<sup>7</sup> US law prohibits tax-exempt organisations from lobbying legislators.<sup>8</sup> In New Zealand, both think tanks and lobbyists regularly make submissions to select committees on points of law; hence the distinction between a lobbyist and a think tank is often lost. We believe both groups are essential, but they fulfil different objectives. A group interested in one issue suggests a lobby group, whereas a focus on policy analysis and research suggests a think tank.

Think tanks tend to determine their own research agendas. Such freedom not only demands a broad, deep and wide 'think' about what they wish to achieve, but also transparency about their funding, their aims and their processes.

Philanthropists are the engine room behind the funding of think tanks, which in turn are arguably the engine room of a healthy, thinking and active democracy. Think tanks may not follow a generic model or mission, but they do focus on thinking beyond short-term election cycles, and they do attempt to place important and often emerging issues of national importance in the public arena. Sustainable Future believes New Zealand needs more independent enquiry, and think tanks are one way of delivering more sunlight.



### Brookings Institution

Founded: 1916  
Staff: 700  
Revenue: US\$82,759,000 (2007/08)  
Funding: 76% of revenue comes from gifts & grants, 13% from endowments, 7% from the Brookings Center for Executive Education, 3% from publications, & 1% miscellaneous.



### The Urban Institute

Founded: 1968  
Staff: 400  
Revenue: US\$65,131,000 (2006/07)  
Funding: 62% of revenue comes from Federal government contracts, 26% from foundations, and 12% from state, local governments and private individuals.

## Find Out More...

This Think Piece was prepared to accompany a [presentation](#) made by Wendy McGuinness at the Philanthropy New Zealand Conference, 19 March 2009. Our thanks go to Guy Salmon ([Ecologic](#)) and Dr Morgan Williams ([Future Steps](#)) for externally reviewing this Think Piece. For complete references and to find out more, visit our website: [www.sustainablefuture.info](http://www.sustainablefuture.info)