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# GFRS ISSUES SERIES

Call That A Think Tank?

Takahiro Suzuki

Acting Administrative Director, Research Division, GFRS

Global Foundation for Research and Scholarship



## PREFACE

This booklet contains the text of an essay published in the August 1997 issue of *Look Japan* which describes the founding principles and objectives of the Global Foundation of Research and Scholarship (GFRS).

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## PROFILE OF TAKAHIRO SUZUKI

Mr. Takahiro Suzuki is currently Acting Administrative Director, Research Division of Global Foundation for Research and Scholarship.

He was Manager, General Planning Division, General Planning Department of the Nippon Foundation (1995-97), Program Officer of the Sasakawa Peace Foundation (1989-95), Deputy Executive Secretary of Japan Forum on International Relations (1988-89), Researcher of Japan Techno-Economic Society (1987-88), Senior Research Fellow of Forum for a Fair Society(1986-87), and Researcher on Policy Research Information of National Institute for Research Advancement (1985-86). He was also an Adjunct Fellow of the Urban Institute (USA) (1991-93).

He has a BA in political science from University of Tokyo and an MA in futures studies from the University of Hawaii, which he earned while on an East-West Center Scholarship. His publications include *Think Tanks of the World—Linking Knowledge with Public Policy* and *A Japanese Think Tank—Exploring Alternative Models*.



# CALL THAT A THINK TANK?

*Japanese seem to have borrowed the English word “think tank” and applied it unthinkingly to mere research institutions...*

BY SUZUKI TAKAHIRO

The definition of what constitutes a “think tank” is by no means clear, even in other countries. It might refer to an organization that tries to find solutions to social issues at the behest of the government, or a freelance research institute that undertakes tasks on contract from private companies; it could be an organization that has its own funding and its own ax to grind in its research activities.

Institutes calling themselves think tanks began to appear in Japan in the 1960s, but there is still misunderstanding about what a think tank really is. Indeed, I would go so far as to say that in Japan there are no institutes that truly fit the “think tank” bill.

I define a “(policy) think tank” as not simply a survey and research institution, but as a kind of public policy research institution that promotes the scientific formation of policy within democratic societies. It is a mechanism for combining (academic) knowledge and (political) governance. In other words, it is an organization in a democratic society that, while not executing policy, nevertheless uses academic theories and methodologies to provide effective policy advice and recommendations that contribute to scientific policy formation based on appropriate data; alternatively, it evaluates and monitors policies and through these activities produces diversity and competition in the policy formation process that promotes civic participation in government and restrains the monopolization of politics.

Think tanks operate from an essentially long-term perspective and incorporate elements of both comprehensiveness and progressiveness; they are the product of democratic societies with their tolerance of change, diversity, and competition, and they have a role to play in policy formation.

Therefore, if think tanks are to play their most desirable role they must meet the four criteria of being nonprofit, independent, private, and for the public good.

## **MEETING THE FOUR CRITERIA**

According to the Almanac of Think Tanks in Japan 1995 (published by the National Institute for Research Advancement.), 104 (44.8%) of the 232 institutions surveyed that year were profit-making companies, 128 nonprofit companies. Some 84% of the total staffing of think tanks and 76% of the research staffing work for profit-making institutions, and 83% of total revenue of think tanks and 81% of research revenue of think tanks come from profit-making institutions, which would indicate that they are in the predominant position. What is more, in terms of organizational numbers as well the profit-making institutions are gaining. In 1987 they accounted for 33% of the total against 45% in 1994. The percentage of institutions engaged solely in research is also declining (from 8% in 1987 to 4.7% in 1994).

Also of note is the fact that the ratio of researchers to total staffing is lower for profit-making than it is for nonprofit institutions (28% for profit-making companies compared to 43% for nonprofit foundations and 57% for nonprofit associations). This would indicate that profit-making institutions tend to be engaged in business other than the studies and research that are the essential duties of think tanks.

The conclusion to be drawn from this overview is that studies and research, particularly in the area of policy, simply do not pay, and in light of the predominance of profit-oriented organizations among Japanese think tanks, it may be that think tanks are not doing their jobs.

What about the second criteria, "independence?" Given that its basic business is policy research, it seems obvious that the think tank itself should be free to engage in self-directed studies and point out issues and problems without being influenced or interfered with by outsiders.

In reality, that is not necessarily the case. Some 79% of the research done by Japanese think tanks is on contract, with 19% self-directed, and the remaining 2% subsidized. Contract research tends to be a "subcontracting" type



of job; in many cases observations are made expressly from the point of view of the institution paying for the report. Certainly the way Japanese society works means that it is often in the think tank's best interests to arrive at the findings that its customers want to see. None of this is very good news for independence.

Another way to gauge independence is by looking at institutes' staffing. The practice of "seconding" employees to affiliates is widespread in Japan, and indeed 57% of the people working for think tanks come there as employees of other organizations. Seconding has its good points in that it promotes ties between people in different organizations, exchanges of information, and a general increase in activity levels, but the organization accepting seconded employees also runs the risk of being influenced by their home organization. Of greater concern may be the fact that employees are seconded because of staffing decisions made by their home organizations and may not be suited either to research or research management.

Moving along to the criterion of being "private," we would note that think tanks ought to be institutions that criticize existing policies and propose alternatives based on a wide range of perspectives and viewpoints. They must be different from government agencies and existing policy-making organizations, which is why it is important that they be rooted in the private sector.

But for many Japanese think tanks it is in fact the government that takes the lead in their establishment, and even private nonprofit organizations come under strict government controls that make it difficult for them to publish opinions critical of their overseeing agency. Smaller private nonprofit organizations lack the resources to conduct their own policy research, while larger organizations tend to have capital and staffing ties that make it unlikely that they will criticize their parent companies. The result is to make it almost impossible for think tanks to engage in independent research from a private-sector viewpoint.

The fourth criteria is that they operate "for the public good." This is why think tanks in Europe and North America usually publish their findings. Japanese think tanks, on the other hand, do not, in part because contract research is such a large part of their business. Data from 1994 indicates that

they were free to publish only 19% of the research reports they wrote (2,055 out of 10,846 reports). Data from 1991 suggests that non-disclosure clauses bind a significantly larger percentage of the research done by profit-making institutes than nonprofit, and of course, profit-making institutes are more numerous.

This is not to suggest that Europe and North America are doing everything right, but using the think tank concept as developed in the West enables us to see more clearly the limitations of Japanese institutions.

By way of supplement, we should point out that the research done by Japanese think tanks tends to concentrate in three broad categories: land development and use (21%), economics (16%), and industry (14%). Other areas are all below 8%. This may be related to the fact that contract research is the norm; institutes concentrate their resources in the areas that pay the best.

Think tanks also spend remarkably little time on their research projects. In 1994, projects of a duration of less than three months accounted for 40% of the total, and this short-term-ism has been on the increase over the past decade.

Japanese think tanks are also generally small in size. More than 70% of the total have less than 20 people on their research staff; only 5% have more than 100.

The conclusion we are forced to draw is that Japanese think tanks are not doing their job. Rather, what we have are tiny organizations with little independence who limit their research to areas that are easy to sell and limit their findings to things that their customers want to see, doing rushed jobs that produce results that do not necessarily have any impact on society at all.

My other investigation of Japanese think tanks indicates that most, and certainly the "central" institutions, tend to be part of larger corporate groupings. Japanese social mores may have something to do with this. As group members, they are expected to contribute to the group's profits and assist its business activities. That makes it hard for them to conduct independent, self-directed research.

The big Japanese think tanks are engaged in large amounts of economic research. Each year they bring out their forecasts for the business climate and economic growth and compete with each other for accuracy. Concentration in specific fields does produce some laudable results, but it also means that

institutions are not doing independent research on which they could base policy recommendations, or producing visions of where Japanese society should go in the future, or doing any of the other things that Japanese think tanks ought to be doing.

To sum up, Japan's "think tanks" do perform a valuable service in that they are engaged in studies and research in the broad sense of the terms, but what appears to have happened is that we have borrowed the English word "think tank" and applied it unthinkingly to mere research institutions. What we call "think tanks" in Japan do not play the role that they ought to in a democratic society.

And it is not entirely their own fault, either.

## **INFLUENCE RESTRICTED**

In the first place, setting up a nonprofit company in Japan involves cumbersome bureaucratic procedures and large amounts of funding. To be established the organization requires a permit from a sponsoring central government agency or prefectural government, which means that they must conform to the content and geographical limitations imposed by their sponsoring body's policy turf of administrative territory. Even after they are established, nonprofit companies must report back to their agency each year on their activities, accounts, and plans for the next year, which means that they are subject to "administrative guidance." The existence of this mechanism forces many to take the form of profit-making companies instead. Unfortunately, policy research does not generally pay and the organization has no tax breaks to draw on either, so its range of activity necessarily becomes limited. A new law for nonprofit organizations was passed in the Lower House in June, though it is still being deliberated in the Upper House, that may provide a better legal framework, but organizational constraints by the authorities concerned will remain.

Another factor is the relatively small number of large grant-making foundations in Japan. The tax breaks for such contributions are meager, and the

resulting funding constraints also impair think tanks' ability to perform independent policy research.

Other factors we might point to are a social climate that is not necessarily friendly to expressions of independent opinion and thought, the de facto monopoly that the bureaucracy holds over policy-making and policy information (which is difficult for outsiders to access), an academic community that turns up its nose at applied research, and a lack of people able to engage in or manage policy research.

But for all the failings of think tanks and the social obstacles in their way, there are signs that new policy initiatives are emerging.

The powerful Keidanren (Federation of Economic Organizations) launched a new "The 21st Century Public Policy Institute" in April, which is worth keeping an eye on. The Kansai Association of Corporate Executives, an Osaka-based business group, is also talking about setting up its own think tank.

Meanwhile, there are moves to create a "Civic Legislation Organization" and "Civic Policy Commission" that would enable the general public to propose policies and laws. In conjunction with this, the "Federation of Dietmen for the Promotion of Civic Policy Research Activities" (which is closely linked to the two proposed civic organizations), the "Civic Sector Policy Organization" (the research arm of the Consumers' Cooperative Union), and "Japan Initiative" (an unincorporated, informal organization started by a former bureaucrat) are beginning to take a different approach to policy research than organizations in the past.

As government functions are decentralized, Tokyo, Sapporo, Ehime Prefecture, and many other local governments are setting up think tank-like operations to study policies and improve their employees' policy-making skills. These groups are found both inside and outside the local government organization. Public policy is also a growing discipline at universities and graduate schools.

The Sasakawa Peace Foundation argues that today's policy dead-end is a direct result of the monopoly that the bureaucracy has on policy-making, and since 1991 has been attempting to uncover the possibilities for creating think

tanks that would bring more creativity and critical thinking to Japanese policy-making. [The author is involved in these efforts.]

As part of this, the foundation has subsidized research into models that could be used for the think tanks that Japan requires (this was performed by the Urban Institute of the United States). The recommendations of this study are modeled after the think tanks of Europe and North America, in that they envision institutions that are independent private-sector, nonprofit organizations divorced from both the government bureaucracy and profit-making companies, have large endowments and staffs, research domestic and international policy issues from a wide range of perspectives, and actively influence policy-making from the private-sector perspective. A think tank (the Global Foundation for Research and Scholarship) is now in the process of being formed in line with these concepts.

Japan finds itself in a confused world, facing an institutional fatigue and sense of futility it has never before experienced, searching for new directions but so far finding none. Think tanks have a large role to play in solving our problems.

We can only hope that the activities I have been describing will result in the formation of true think tanks in every sense of the term, that these institutions can be shown to be functional in Japan, that they will develop their own personalities, and that they will stimulate existing “think tanks” to play more of a role in the maintenance and advancement of democratic society.

This would create competition in Japanese policy research, which would in turn influence the bureaucracy and the political process, bringing forth new ideas and better alternatives. This would be a true “knowledge industry,” an industry that would both transform Japan and also provide a steady stream of information and ideas to the international community at large.

Besides breathing fresh air into Japan, it would be the best way to enable nonmilitary Japan, whose reputation has suffered since the end of the “bubble” economy, to exert leadership in the international community and contribute to the development of Asia and the rest of the world.





**Research Division**  
**Global Foundation for Research and Scholarship**  
Hibiya Central Building, 10<sup>th</sup> Floor,  
1-2-9 Nishishinbashi, Minato-ku, Tokyo 105-0003, Japan  
Tel: +81-3-3502-9438 Fax: +81-3-3502-9439