

Policy Knowledge: Contract Research

1. 'Contractual Research' Versus 'Academic Research'

'Contractual research' as a modality of the science-based generation and production of (policy-related) knowledge is basically characterized by the commissioner/producer or consumer/contractor principle: 'the consumer says what he wants, the contractor does it (if he can), and the consumer pays' (to quote Lord Rothschild's much-referred to formula, Wittrock et al. 1991, p. 47). Hence, the 'request for proposal' (RFP) through which the commissioning agency addresses the would-be contractors (in public bidding, selective bidding, or directly), as a rule, defines and specifies the questions to be answered and the time frame. In his project proposal the would-be contractor explains his research plan within the parameters set by the 'customer' and makes his financial offer which is usually calculated on a 'personnel costs plus overheads' formula.

By contrast, academic research has traditionally hinged on the claim to institutional and intellectual autonomy of scientific work. Ideally committed to the 'search for truth,' academic (social) science research is traditionally understood as selecting its subject matter, research questions, and methodology solely by the 'free' decision of the individual researcher on the basis of 'intra-scientific' criteria. The essential frame of reference is the scientific community and its reputation system centering on peer review and peer recognition. Hence, the publication of results is an indispensable vehicle of allowing peer review as well as scientific knowledge accumulation and theory building. The classical locus of academic research is the 'research university,' based on the Humboldtian idea of the 'unity of research and teaching' as well as the (public/quasi-public non-profit) research institutes operating on a 'university without students' logic (Weaver 1989). While academic research is essentially geared to 'basic' research, it may well, through an intra-scientific search for 'relevance,' take some 'applied,' policy-related orientation. The cognitive autonomy of academic research is essentially secured by its 'independent' modalities of research funding, be it through the host institution's own resources ('untied' public money, private donations, endowments, etc.), be it through funding agencies (public or philanthropic foundations) usually operating on a competitive, peer-reviewed application formula.

At this point, it might be useful, in a side remark, to recall that recently the term and concept of 'think tanks' has been occupying the discussion on social science-provided policy-advice and its institutionalization (see Stone et al. 1998). In order to avoid the present use of the inflationary use of the term, 'think tanks' might be understood and defined as research

institutes which are institutionally and financially independent and see their task in generating and (most importantly) diffusing policy-relevant knowledge and therefore in exerting an influence on the political debate and agenda setting. 'Think tanks' that assume an explicitly ideological stance have been labeled 'advocacy think tanks' of which the Heritage Foundation in the USA and the Adam Smith Institute in the UK (both acting as neo-conservative/neo-liberal intellectual spearheads) are perhaps the most prominent examples.

This article is meant, within the limits of its space, to do two things. First, in its main body, it will take up a historical-institutionalist approach in 'mapping' the institutional landscape of contractual research (Sect. 2). Second, some conceptual (and ethical) key issues of contract research will be addressed (Sect. 3).

2. Across-countries Commonalities and Variance in Institutionalization of Contractual Research

2.1 Institutional and Cultural Factors Influencing the Institutional Profile ('Who is Who') of Contractual Research

The size and profile of contractual research in a country plausibly depends on institutional and cultural factors both of the political system ('on the demand side') and of the (social) science system ('on the supply side').

The political, governmental, and administrative demand for (external) science-generated policy knowledge may be contingent on the *institutional structure of government* (whether presidential or parliamentary), on the *political culture* (whether government seeks policy knowledge and advice primarily 'in house' in its own governmental apparatus, or at best 'quasi in-house' in governmental research institutes, or whether it is disposed to turn to external research capacities), and on the *administrative culture* (whether the administrative elites see themselves as professionally self-sufficient and secluded or whether they are perceptive for, and receptive to, external science-generated knowledge).

The supply of science-generated policy knowledge and advice may hinge on the *institutional setting of the social science system* (whether it traditionally revolves around 'research universities' (in the Humboldtian sense) or on non-university research institutes) as well as on *research attitudes and cultures* (whether university-based social scientists have the propensity to engage in policy-related knowledge production).

As some of these factors appear deeply, even in a 'path-dependency' manner, rooted in the countries' institutional and cultural fabric, they are likely to bring forth country-specific trajectories in the way contractual research has been institutionalized.

In Sects. 2.2 and 2.3 the attempt is made to elaborate (and explain) some distinct patterns and types of that institutionalization by dwelling on a number of countries as cases in point.

2.2 *Emergence Of Contractual Research up to World War II: America's Exceptionalism*

The development of the relation between university-based social science and government up to 1945 is a story of 'American exceptionalism' for a number of reasons. When the social sciences emerged at American universities, most of which were privately funded, the explicit attempt was made in the 1920s, spearheaded by the political scientist Charles Merriam at the University of Chicago, to combine the ambition to make them 'truly scientific' with an 'applied,' policy-related orientation. This applied stance of university research was fostered and supported by the early appearance of philanthropic foundations (Rockefeller, Carnegie) which made for another US American particularity and innovation. In this context the Brookings Institution was established in 1927 as a private, independently funded, policy-related institute—another American 'first'. While the federal government abstained from setting up governmental research institutes of its own, it started to draw on external, mainly university-based, social science expertise since the 1920s, opened up by President Hoover and stepped up by President Roosevelt during the New Deal (Wittrock et al. 1991, p. 39). When, during World War II, the federal government made an all-out effort to mobilize the country's entire scientific and technological potential, including the social sciences (systems analysis, psychology, etc.), 'contract research' became the decisive tool by which the federal government succeeded in catalyzing the huge technological, industrial, and intellectual resources of America's private sector which, to a large extent, include the universities (Lieske 2000, pp. 51ff.). In view of the salience of the private sector in the American institutional world it has been aptly remarked that 'contract is symbolic of the extent that it embodies and represents the values of private enterprise and the "free" market economy that have distinguished much of the nation's history' (Owens 1996, p. 249).

In contemporary European countries the development under consideration was distinctly different. On the Continent governments showed little interest in drawing on external science-generated knowledge. Instead, for instance in Germany, governmental research institutes were put in place for the (quasi in-house) provision of policy-relevant knowledge. While the university-based social sciences, in their struggle for scientific and academic recognition, accentuated their scientific profile and shunned an applied one. Sweden was an exception to this, where since the 1930s a policy-related interaction between government and

university-based social sciences has caught root. To some degree this also held true in the UK where reformist Fabians established the London School of Economics as an explicitly policy-related academic institution. It should be added, though, that in the economic field most European governments showed an early interest in eliciting and using external expertise from newly established public and private economic research institutes that were founded in Germany, France, Austria, and Sweden during the 1920s and 1930s (Gellner 1998, p. 90, Wittrock et al. 1991, p. 48).

2.3 *The Upsurge of Contractual Research After 1945: Commonalities and Variance*

In the following, the development in a number of countries will be highlighted as cases and types in point instead of venturing in a systematic overview.

2.3.1 *USA: private for-profit institutes/firms prevail in contractual research.*

Responding to the mounting policy knowledge demand which came from the post-war role of the US as the hegemonic Western power and from the ever more intensive Cold War confrontation, the US government continued to heavily draw on contractual research, at first particularly in foreign and military policies. The RAND Corporation, founded in 1948, was an institutional innovation in that it was the first private, for-profit research institute which was basically financed through governmental research contracts, in that case particularly from the US Department of Defense (Abelson 1998, pp. 112ff.). During the 1960s, contractual research experienced a tremendous upsurge. The Social Action programs under the Johnson administration and the legislative mandate to have them evaluated unleashed a contractual research money flow from the federal ministries and agencies on an unprecedented scale. At the same time, typical of the US government system, Congress built up its own evaluation capacities (GAO, CBO counting some 6000 staff members) and the federal departments too set up extended 'in-house' evaluation units and personnel (at the cost of some 1.2 billion US\$ in 1984). A huge amount of contractual money was put into external evaluation (amounting to some 460 million US\$ in 1984, Rist 1990, p. 80); thus, evaluation research became, 'in the words of Wall Street, a growth industry' (Rossi et al. 1999, p. 11). The institutional response to the contractual money market was threefold. First, linking up with their traditional applied and policy-related orientation and experience, university-based social scientists successfully sought access to the contractual research money market, sometimes operating at self-standing (non-profit) research institutes that, while remaining affiliated with their 'mother' university, were founded for the

very purpose of doing contractual research. Second, the (quasi-public or quasi-private) non-profit institutes (such as The Urban Institute, but also the time-honored Brookings Institution) got engaged in contractual research. Third and most conspicuously, a growing number of private for-profit research institutes and consulting firms, doing 'research for business,' were founded and entered the race for research contracts (such as Abt Associates, established in 1966). Sometimes ironically dubbed 'Belt Way Bandits' (after the high way around Washington, DC, where many of them are located) they have succeeded in taking the lion's share of the contractual research money market.

2.3.2 Sweden: university-based research prevails in contractual research. Among the European countries, Sweden also makes for an exceptionalist story of contractual research. Sweden's policy-making is traditionally characterized by the practice of creating, for each major piece of legislation or policy-making, *ad hoc* commissions made up of members of parliament, administrators, representatives of interest groups, and academics; in their mandate to seek agreed upon policy solutions they epitomize Sweden's traditional consensus-seeking political style (Vedung 1992, pp. 74ff.). For preparing their recommendations to government and parliament the *ad hoc* committees dispose of contractual research money to commission policy-related information and expertise. During the 1960s when Sweden experienced a (short-lived) PPBS boom and a 'scientific revolution' in policy-making (Wittrock et al. 1991), the country became one of the European frontrunners in policy evaluation, making evaluation look 'endemic throughout the Swedish system' (Levine 1981, p. 50). Thanks to the traditional policy-related interaction between government and university-based social scientists, the latter have prevailed in the conduct of contractual research.

2.3.3 Germany: public/non-profit and private/for-profit mix in contractual research. Germany presents the case of an (at first) retarded and (then) accelerated development of contractual research. Well into the 1960s, Germany's administrative (law-trained) elite adhered to the traditional belief in its self-sufficiency and, for the rest, relied on the chain of governmental research institutes (Hohn and Schimank 1990, pp. 303ff.) for informational support. At the same time, university-based research, while still absorbed by its post-war reconstruction and expansion, largely cherished its traditional dedication to basic research and continued to be wary of applied research. In the late 1960s, this traditional distance between, if not mutual neglect of, the government and the university-based social science experienced a

conspicuous rupture and reversal which was significantly the work of 'reform coalitions' formed by reformist politicians, civil servants, and university-based (social) scientists (Wagner and Wollmann 1991, pp. 74ff.). In conspicuously revamping its governmental machinery under the then dominant planning imperative and drawing, in an attempt at the 'scientification of policy making,' on social science advice on an unprecedented scale (Wollmann 1989), Germany became a European frontrunner, besides Sweden, in evaluation research (Derlien 1990, p. 148, Wagner and Wollmann 1986). The dramatic shift was evidenced by a rapid expansion of the contractual research money market with three groups of researchers competing for the research contracts. First, pursuing their new reorientation to applied and policy-related research, university-based researchers have sought and attained some access to contractual research, partly in institutional 'spin-offs' affiliated with the 'mother' university. Second, quasi-public non-profit research institutes have held a significant share in contractual research. Third, the new sector of private for-profit research institutes and consulting firms has been able to take lion's share of the contractual money market.

2.3.4 France: production of policy-related knowledge still largely in in-house or quasi-in-house manner. France can be seen as an example of the Continental European (State) tradition in which the production of policy-related knowledge has still remained largely within the government's domain in an in-house or quasi-in-house manner. France's administrative (*grands corps*) elites have retained their traditional belief in their professional self-sufficiency (Nioche 1992, p. 31). The Court of Accounts and the General Inspection of Finances constitute another barrier of traditional policy monitoring and auditing agencies. In addition, a chain of quasi-governmental research institutes, subordinated to the central ministries, has been established to provide ancillary policy information and advice. On the science system side, France has traditionally known the functional division between the teaching role of the universities and the research-focused CNRS whose close ties with the State have been seen as 'making them an integral part of the state apparatus' (Fieschi and Gaffney 1998, p. 54). Hence, France has been a latecomer to policy evaluation (Nioche 1992, p. 24); as late as in 1990 a typically centralized evaluation procedure was institutionalized, comprising, *inter alia*, a Scientific Council of Evaluation made up of academics (Duran et al. 1995, pp. 55ff.). While the contractual research money market is comparatively small, it has been dominated by CNRS institutes which quite often have teamed with university researchers. The share of private for-profit institutes and consulting firms has so far been quite modest.

2.3.5 Japan: private for-profit research institutes prevail in contractual research. While Japan's governmental bureaucracy has traditionally cherished a culture of self-sufficiency and elitist seclusion, it was also seized, during the 1960s, by a (passing) PPBS boom which resulted in the establishment of planning and analytical units in central ministries (Ide 1969) and in growing demand and contractual funding for external analyses. In 1974 the quasi-governmental National Institute for Research Advancement (NIRA) was established to initiate, coordinate, and monitor the contractual money research. On the 'supply side,' the university-based social science research has shown little propensity for applied and policy-related work (Watanuki 1991), not least because the universities have traditionally been under-equipped for research purposes. Thus, contractual research has been procured and conducted almost exclusively by private research institutes. Out of the some 225 private research institutes (as of 1992) some 40 percent are for-profit (Ueno 1998, p. 195). While the largest ones (such as Mitsubishi Research Institute and Nomura Research Institute, founded in 1970 and 1975, respectively) have been established by their 'parent' corporations, most of the smaller ones have typically been established by former (well-connected) high-ranking civil servants after their early retirement as well as by university professors who combine teaching at the university with doing paid contractual research outside.

2.3.6 European Union (EU): dynamic contractual research money market dominated by the private for-profit research sector. While EU policy-making lies largely with the European Council and the Commission, the implementation of EU policies (that is, EU regulation and EU funding) is carried out by the member states and their (for the most part regional and local) bureaucracies. Thus the EU central actors, particularly the Commission, have a 'natural' need for external policy information. With regard to EU structural funding, for instance, the procurement of such information has been secured by a technically sophisticated evaluation system consisting of *ex ante*, interim, and *ex post* evaluation and based almost entirely on external evaluation. Consequently the EU has, since the late 1980s, opened up and has massively funded a contractual research money market. The evaluation of EU policies and programs is conducted on two levels. On the EU central level the evaluation contracts (amounting to 13.5 million Euro in 1999) relate to the entire EU programs and have been won and carried out exclusively by for-profit institutes and consulting firms among which big international firms (like Anderson, Ernst and Young and the like) loom large. Another EU contractual money flow is directed at evaluating the implemen-

tation of the EU programs in the individual member countries. As these projects are smaller and require some familiarity with the national, regional, if not local, contexts, 'national' research institutes have prevailed in gaining the research contracts. The profile of the contractors differs from country to country. While, for instance, in Spain university-based research groups have the Spain-related evaluation contracts, in most other countries the majority of the contractors are private for-profit. The contractual research money flow of the EU is bound to have significant repercussions not only on the contract research scene, but also on the social science community at large. This holds true particularly in South European member countries (Greece, Spain, Portugal, and also Italy) which receive the bulk of EU funding and which, consequently, are the target area of correspondingly massive evaluation research. There is evidence that, in fact, EU contractual research funding has given strong incentives and impulses to the national research scene in these countries.

3. Contractual Research Constituting a Threat to the (Intellectual Etc.) Integrity of the Individual Researcher or Even of the Social Science Research Community at Large?

The expansion of contractual research has been accompanied, both within the contractual research camp as well as on the academic scene, by a debate about the threats which the crucial consumer/contractor constellation may pose to the intellectual (and moral) integrity of the researchers involved and beyond. It is particularly the basic commissioning and funding logic of contractual research, described in the 'Rothschild principle' as 'the consumer says what he wants, the contractor does it (if he can), and the consumer pays,' that is being suspected of jeopardizing and undermining its intellectual integrity and of translating into reality the adage 'who pays the piper calls the tune'. First of all private for-profit institutes and firms that seek and conduct research contracts as 'research for business' are seen exposed to an erosive, if not corruptive mechanism (Ham 1999, p. 276). As a spill-over from the realm of contractual research onto social science research at large, including academic research, even a 'colonization process' has been foreboded in the wake of the external setting of the research agenda, 'whereby the bureaucracies' perspective and conceptual framework (is) established as the valid epistemological framework also for scientific research' (Elzinga 1985, p. 211).

In the face of such challenges to the intellectual integrity and honesty of contractual research, initiatives have been taken, particularly among evaluators as probably the most numerous and most

professionalized group among those engaged in contractual research, to formulate and lay down standards that could guide them in their contractual work and in negotiations with their 'clients' (Rossi et al. 1999, pp. 425ff.). Exemplary are the *Guiding Principles of Evaluation* that were adopted by the American Evaluation Association in 1995. Among its five principles the maxims of integrity and honesty of research ('evaluators must ensure the honesty and integrity of their entire evaluation process') are writ large (full text in: Rossi et al. 1999, pp. 427ff.).

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Policy Knowledge: Epistemic Communities

Political science and policy studies have increasingly developed an interest in the role of ideas, values, and technical understanding in shaping political outcomes, particularly under conditions of perceived complexity. 'Epistemic communities' is a concept developed by 'soft' constructivist scholars of international relations concerned with agency to understand the actors associated with the formulation of ideas, and the circumstances, resources and mechanisms by which new ideas or policy doctrines get developed and are introduced to the political process.

1. Constructivism

Constructivism analyzes the social process by which actors construct meaning of the world through the application of broad ideas and reasoning patterns. Thus, constructivists specify how actors come to