

Schoolmaster to the Government

The Brookings Institution, independent, research analyst of Government policy, has a profound impact on U.S. public life.

by Patricia McBroom

Along a tree-lined avenue at one end of Embassy Row in Washington is a staid modern building, with "The Brookings Institution" engraved over the door.

For 50 years, Brookings has been influencing public policy, and through it, the course of history, yet outside academic and political circles, no one is sure what goes on behind its austere facade.

What goes on there is research, by a staff of 90 top economists and political scientists, who annually produce some 15 to 20 volumes of expert analysis bearing on issues from transportation to taxation to international affairs.

The Brookings Institution is one of a few channels between Government and the academic community. The channels are open, often informal and well-guarded from public scrutiny.

Government leaders come to unburden themselves on public issues over informal Brookings luncheons. University representatives meet with policy makers in small seminars dealing with science, foreign policy, the economy and urban problems. And out of the process comes a subtle influence on the way Government planners think—about budgets, taxes, science and public policy, economics, political science and even—recently—foreign policy. What comes as well is often a call on the academic community for further research.

Such high-level exchange is enhanced by the fact that Brookings draws increasingly from top-echelon talent for its staff. Many of the economists, for example, were previously on the President's Council of Economic Advisers.

Kermit Gordon, who assumed the Brookings' presidency this July, was formerly director of the Federal Bureau of the Budget under Presidents Kennedy and Johnson. Deputy assistant secretary of the Department of Health, Education and Welfare, Dr. Alice M. Rivlin, was once at Brookings, and plans to return.

"Brookings has one foot in the Government," says Dr. Gordon. "We all know each other . . . the movement back and forth is increasing at high levels."

But, says Dr. Gordon, Brookings

intends to maintain its independence of Government. What makes the Institution unique among what Washington calls "think tanks" is just that ability to be independent. With a net worth exceeding \$20 million in investments and real estate and an operating budget of more than \$3 million a year, Brookings does not need Government contracts. When it does undertake a study for Government, the Institution insists on the right to publish regardless of the sponsors approval.

Such financial security—due largely to a \$14 million Ford Foundation grant made in 1965—allows Brookings to fulfill its founder's original vision. That was to create a spot of non-political territory where public-service-minded men and women could "think through these questions of law and government and economics and social relations," unhampered by political restraints.

Robert Somers Brookings was a traveling salesman at 18, a wealthy St. Louis cordage manufacturer at 48, and a public servant thereafter. He gave

even drafted the bill setting up the system. Until then the Federal Government had floundered around without a formal budget.

Two years later, while Germany staggered under heavy war reparations, the economics institute initiated a series of publications, starting with "Ger-



Gary Laurish

Salant: "Let the gold go . . ."

many's Capacity to Pay," that profoundly influenced future debt policies between nations.

During New Deal days, however, the Brookings Institution fell into a narrow conservative position. Its harsh criticism of depression policies led National Recovery Act Administrator, Hugh S. Johnson, to label Brookings "one of the most sanctimonious and pontifical rackets in the country."

Brookings began to slide, reaching a state of near-extinction in the early 50s.

A man, not well-known himself, but gifted at picking out good people took on the presidency. In 15 years, California economist Robert D. Calkins rebuilt Brookings and reestablished its impact on public life, by the time he retired July 1, 1967.

The Institution has broadened its work in foreign policy, made Latin America a primary subject area since 1961, and reached into the murky field of urban problems.

But economics remains its primary job. To date, Brookings has completed 25 volumes in a massive analysis of



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Gordon: "One foot in Government."

his name to the Brookings Institution after first building and merging its two predecessors—the Institute for Government Research and the Institute for Economics.

The first of these, IGR, established in 1916, prodded Congress into creating a Bureau of the Budget in 1921 and

government finance at the local, state and Federal level. The finance studies are unlikely to have an immediate impact, but will instead enter the stream of information to help create a climate for change.

"I don't think there will be a major new development in tax policy . . . that will not be influenced by this study," says Dr. Gordon.

More typical of the Brookings pattern, however, is the individual staff member who takes up a cause and promotes it vigorously whether anyone inside or outside the Institution agrees with him.

In 1963, while the United States panicked publicly over its international balance of payments deficit, economist Walter S. Salant and four colleagues wrote an analysis suggesting that the Government's distress was misplaced.

Rather than reacting to the deficit—which wasn't that serious a problem anyway—the United States should move for international monetary reform, said Salant.

Salant's recommendations, attached to a Government-financed study, did not make a big hit at the Treasury Department, and officials neglected to publish the report. "We knew they wouldn't publish it," says Dr. Joseph A. Pechman, economics director. But Brookings did and a few months later, the United States rather suddenly became a strong exponent of international reform.



Gary Laurish

Grunwald: "It's a vicious circle."

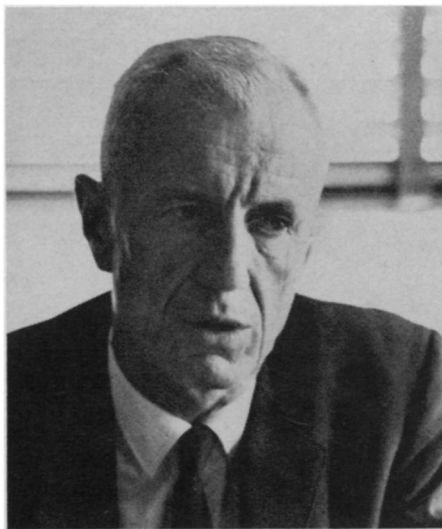
Dr. Salant, on the other hand, has carried his argument even further with a "minority view" published last year in the *Economist* of London. Not only is a U.S. deficit not a problem, it's an advantage, says Salant. True disability would lie in a balance, for the simple reason that the United States acts as the world's banker.

Like any bank, "its job is to accept

short term deposits and issue long-term loans." That means excess dollars in Europe and a liquid deficit here—a deficit which is "essential for world economic growth."

If everyone realized the true role of a U.S. deficit, there would no longer be a threat of Europe draining out U.S. gold, says Salant. But if Europe "unwisely" chooses to convert dollars into gold, then the United States should let the gold go, while moving to curb its value and set up a new system based on credit.

So far, the minority view remains a minority, but it is steadily gaining adherents, says Salant. Recently, for ex-



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Graham: New legislative concepts.

ample, Bank of America president Rudolph A. Peterson gave an address that could have been taken straight from the minority report. And last month, while other U.S. bankers joined in a public demand that the Government work harder on its deficit, Peterson declined to add his name.

In Brookings' foreign policies program, Dr. Joseph Grunwald holds similarly strong convictions on a Latin American common market. Head of a cooperative research effort with 19 Latin American institutions, Dr. Grunwald hopes eventually to see a change in the U.S. attitude toward a Latin American common market.

Today the United States claims it has always supported a common market, says Dr. Grunwald, but the truth is that before 1950, its attitude was actively hostile. That was followed by indifference. Since then, the Government has given lip service to the idea, but no concrete support, he charges.

The State Department, which has seen the report and is understandably not too happy, calls Brookings regularly to find out whether or not it will be published.

If it is, the report, like the entire Latin American project, will be a break from tradition for Brookings. The scholarly Brookings volumes normally rely heavily on statistical analysis, ending in long-range, documented recommendations. Dr. Grunwald's shorter, critical essay could signal a new direct style at the Institution.

But Brookings' approach to urban problems, is uniquely its own. Rather than analyzing social ills directly, Brookings has concentrated on the Government's capacity to deal with modern America.

The last few years have produced an entirely new kind of legislation oriented toward the consumer; it doesn't fit traditional concepts of Congress, says Dr. George A. Graham, director of governmental studies.

"Congress isn't organized to deal with urban problems as such, and they get parceled out all over the lot."

With the help of Congressional leaders, Brookings has hammered out a description of power in both the House and Senate, hoping to do for domestic policy what it once did for Government finances—increase its sophistication and efficiency.

If the Government is slow to identify a problem, such as civil rights, it is slow to act and the conditions for a settlement become tougher, says Dr. Graham.

But for all its renewed vigor, Brookings hasn't yet recaptured public imagination. Once newspapers ran Brookings summaries on their front pages, now the Institution's counsel is heard primarily inside policy circles. There's a reason for this.

Brookings has little personality and no thoughts of its own. As an Institution, it does not endorse any policy, not even the writings of its own people. But the staffers are each well-known scholars in their fields, who produce under their names, not the Institution's.

Brookings produces very little that's nonsense, says Dr. Clarence H. Danhof, now with George Washington University's Program of Policy Studies in Science and Technology. At the same time, it produces little that's bold and innovative.

Brookings people don't get very far out of step with their academic colleagues, in Dr. Danhof's opinion, and subject selection delimits their horizons.

In the 30s the Institution turned out "America's Capacity to Produce" and "America's Capacity to Consume," but there's been nothing like it since. Instead, says Dr. Danhof, the Brookings focus has been getting narrower.

The question is, he says, whether Brookings has its fair share of bold thinking that is found around the country in the social sciences.