

Beyond this, however, there is a third type of problem which requires consideration: this might be described as potential conflicts of interest relating to organizations rather than to individuals. It arises in several forms—not all of which by any means are yet fully understood. Indeed, in this area of potential conflicts of interest relating to individuals and organizations in the research and development field, we are in an early stage of developing accepted standards of conduct—unlike other fields, such as the law or medicine, where there are long-established standards of conduct.

One form of organizational conflict of interest relates to the distinction between organizations providing professional services (e.g., technical advice) and those providing manufactured products. A conflict of interest could arise, for example, if a private corporation received a contract to provide technical advice and guidance with respect to a weapons system for which that same private corporation later sought a development or production contract, or for which it sought to develop or supply a key subsystem or component. It is clear that such conflict-of-interest situations can arise whether or not the profit motive is present. The managers of the not-for-profit institutions have necessarily a strong interest in the continuation and success of such institutions, and it is part of good management of Federal research and development programs to avoid placing any contractor—whether profit or nonprofit—in a position where a conflict of interest could clearly exist.

Another kind of issue is raised by the question whether an organization which has been established to provide services to a Government agency should be permitted to seek contracts with other Government agencies—or with non-Government customers. The question has arisen particularly with respect to not-for-profit organizations established to provide professional services.

This is not a clear consensus on this question among Government officials and officers of the organizations in question. We have considered the question far enough to have the following tentative views:

In the case of organizations in the area of operations and policy research (such, for example, as the Rand Corporation), the principal advantages they have to offer are the detached quality and objectivity of their work. Here, too close control by any Government agency may tend to limit objectivity. Organizations of this kind should not be discouraged from dealing with a variety of clients, both in and out of Government.

On the other hand, a number of the organizations which have been established to provide systems engineering and technical direction (such, for example, as Aerospace Corporation) are at least for the time being of value principally as they act as agents of a single client. In time, as programs change and new requirements arise, it may be possible and desirable for such organizations also to achieve a fully independent financial basis, resting on multiple clients, but this would seem more likely to be a later rather than an earlier development.

Enough has been said to indicate that this general area of conflict of interest with respect to research and development work is turning up new kinds of questions and all the answers have not yet been found. We believe it important to continue to work toward setting forth standards of conduct, as was done by the President in his February memorandum.