



WCU should stay away from Koch money, influence

Mark Jamison

February 10, 2016

In Sons of Wichita, Daniel Schulman relates a story about Charles Koch's attempt to apply his libertarian management theory known as Market-Based Management to Wichita Collegiate, the private school located near the Koch compound. The school, cofounded by Bob Love — an associate of Fred Koch from the John Birch Society — became embroiled in an “acrimonious uprising” after Charles Koch, who was chairman of the school's executive council, applied techniques from his management system designed to force everyone in an institution or business into an entrepreneurial role.

Schulman reports that Koch meddled in hiring decisions. He writes, “Incensed parents threatened to pull their children from the school; faculty members quit; students wore black in protest. Charles stepped down from the board of trustees citing, among other reasons, the school's refusal to integrate his management style. But in a sign of just how much influence he exerted over the school, Richard Fink, one of Charles' key advisors and an architect of Market-Based Management, was installed as Collegiate's interim head. The outrage ran so deep that, as Fink tried to tamp down the uproar, he was hung in effigy around campus.”

Fink received his Ph.D. in economics from Rutgers, later moving to George Mason, a public university in Virginia, to start the Koch-sponsored Mercatus Institute. He figures prominently in Koch efforts to control and dictate to institutions that receive Koch support. Another Koch enterprise, the Institute for Humane Studies, caused disruptions when it was relocated to George Mason. Schulman reports that, “The mission of IHS is to groom libertarian intellectuals by doling out scholarships, sponsoring seminars, and placing students in like-minded organizations.”

Simply providing funding for the promotion of his libertarian ideology was not enough for Charles Koch. Roderick Long, a philosophy professor from Auburn, is quoted as saying, “Massive micromanagement ensued.” He continued, “the management began to do things like increasing the size of student seminars, packing them in, and then giving the students a political questionnaire at the beginning of the week and another one at the end, to measure how much

their political beliefs shifted over the course of the week. (Woe betide any student who needs more than a week to mull new ideas prior to conversion.)

They also started running scholarship application essays through a computer to measure how many times the “right names” (Mises, Hayek, Friedman, Rand, Bastiat, etc.) were mentioned — regardless of what was said about them!” (Professor Long is no liberal. He edits *The Journal of Ayn Rand Studies* and is a member of the Ludwig von Mises Institute, an organization that promotes the theories of the dean of Austrian economics.)

Western Carolina University economics professors Ed Lopez and Zachary Gochenour are products of the George Mason program and Mercatus. In a memo to Andrew Gillen of the Charles Koch Foundation, Lopez evaluates members of the WCU economics department and the program. In the same memo, Professor Lopez lists his association with IHS. Presumably then both professors are familiar with the sort of metrics and deliverables that are integral to Koch’s Market-Based Management system.

Schulman’s book and Jane Mayer’s new book, *Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right*, go into great detail about the various organizations sponsored and funded by Charles and David Koch. From Americans for Prosperity to academic institutions like Mercatus, the Kochs have been very active in funding organizations that promote specific ideologies. Lately Charles Koch has been quite vocal in bemoaning the fact that his political contributions have not yielded an appropriate return on investment. In a recent interview in the *Financial Times* he said, “You’d think we could have more influence.”

What is perhaps more troubling is that in academic settings the Kochs have sought to exercise an extraordinary degree of control. Between 2007 and 2011, Charles Koch has pumped \$31 million into universities for scholarships and programs, making the \$2 million to WCU significant. At Florida State University the contract with the university provided \$1.5 million while giving the Koch Foundation veto rights over hiring decisions.

The plan that Charles Koch with the aid of Richard Fink has enacted is called a “Structure of Social Change” — a business plan for the marketing of ideas. Fink has said about the plan:

“When we apply this model to the realm of ideas and social change, at the higher stages we have the investment in the intellectual raw materials, that is, the exploration and production of abstract concepts and theories. In the public policy arena, these still come primarily (though not exclusively) from the research done by scholars at our universities.” (my emphasis)

As Schulman reports “... Cato Institute, Mercatus, and the dozens of other free-market, antiregulatory policy shops that Charles, David, and their foundations have supported over the years ... churned out reports, position papers, and op-eds arguing for the privatization of Social Security; fingering public employee unions for causing state budget crises; attempting to debunk climate science; and making the case for slashing the welfare system and Medicaid.” Professor Lopez’s book, *Madmen, Intellectuals and Academic Scribblers: The Economic Engine of Political Change*, follows closely to the program Fink articulates.

Koch Foundation grants to academic institutions have faced increased scrutiny, especially over contract provisions like those in the FSU grant. There is nothing, however, to indicate that

Charles Koch has retreated in his desire to instill his radical brand of libertarianism into the institutions and universities that create research to support public policy. What has perhaps changed is that Mr. Koch and his operatives have become ever more sophisticated in promoting their goals.

WCU Chancellor David Belcher acknowledges that mistakes were made in the presentation of the current proposal; however, the proposal itself meets all the basic criteria for acceptance. The fact that Professor Lopez advertised positions before official acceptance and outside normal channels raises significant questions. The contract may not allow veto power, but if the structure of the program and the hiring are filtered through products of Koch programs, that may be a distinction without a difference. The Kochs have been very clear about their intentions and goals. Ad hoc denials aside, there is every reason to take Mr. Koch's word.

Chancellor Belcher suggests that bringing a stronger level of scrutiny to the Koch proposal pushes us down a slippery slope. The chancellor is no naïf; surely he knows that in a complicated world we are often presented with slippery slopes — that is why judgment, ethics and scrutiny exist. There is an irony approaching outright cognitive dissonance when the economics department of a publicly funded university embraces a set of theories that denies the need for public education, that treats such public funding as an affront to the market. If scrutinizing this proposal puts us onto a slippery slope, then accepting it simply sends us to the bottom of the slope.