



Koch's Latest Propaganda Disaster: Another Academic Sell-Out Sets Off Controversy With Remarks

Charles Koch's incestuous academic network serves only to promote his brand of tax-slashing, regulation-killing economics.

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Yet another controversy is boiling at a Charles Koch-funded university project to promote an extreme economic agenda, this time at Troy University in Alabama. The libertarian billionaire, who is known for his powerful, conservative political donor network, has led a movement to create academic centers on college and university campuses that promote his brand of tax-slashing, regulation-killing economics, benefiting his massive industrial corporation's bottom line.

Since 1980, the Charles Koch Foundation (CKF) has granted \$200 million to hundreds of colleges and universities, often to establish free-market academic centers and in other cases funding professors, doctoral students and free-market courses within established programs. From 2005 to 2014, Koch family foundations, led by CKF, donated nearly \$108 million to 366 colleges and universities, as Facing South reported.

With a large grant in 2010, CKF helped establish Troy University's Manuel H. Johnson Center for Political Economy, an on-campus think tank that advocates right-wing extremist versions of smaller government, lower taxes, decreased regulation and privatization, designed to aid big business. George Crowley, on faculty at the Johnson Center, spoke at an annual free-market economic conference in April and revealed the political nature of his academic center's work. His jolting remarks surprised even Ralph Wilson, senior researcher at activist group UnKoch My Campus, which has worked for several years to uncover the powerful influence of Koch's higher education donations across the United States.

Crowley's descriptions of "taking over" Troy's economics department and his colleague's efforts to "bring down [Alabama's] state pension system," may not have been news to Wilson. But Wilson "was stunned through the whole session," he told AlterNet. "Not even I am that loose

when I talk about what Koch-funded professors are doing.” Crowley also called his school “a third-class university” in Alabama.

Wilson and a colleague used their phones to secretly record a number of panels at the conference, hosted by the Association of Private Enterprise Education(APEE), an organization funded in part by the Charles Koch Foundation that brings together Koch-funded professors, “experts” at Koch-funded think tanks and big-business representatives. Together, hundreds of attendees at this annual event share strategies for gaining outside influence at colleges and universities, converting students, affecting state policy and promoting Koch and his brother David’s extreme, laissez-faire economics ideology.

Crowley’s comments make clear the political motivations behind the on-campus, free-market academic center where he works as well as his unflattering view of Troy’s standing in the state. After UnKoch released the secretly recorded audio in April and media outlets including AlterNet reported on it, the dean of the business school “refocused” the center’s mission and activities, issued a temporary moratorium on political activism from the center’s faculty and cancelled Crowley’s planned promotion to chair of the Department of Economics and Finance.

Koch’s Plot to Reshape the Country

Koch’s higher ed funding is the first step in the “Structure of Social Change,” a plot he devised in the late 1970s with his right-hand man, Richard Fink, to turn the U.S. into a libertarian utopia free from taxes and regulation. The next steps are funding private think tanks, such as the Cato Institute, which repackages the extreme free-market academic work into digestible policy proposals, and using “citizen activist groups,” which in reality are Koch-funded “social welfare” nonprofits like Americans for Prosperity, to pressure legislators and the wider public into supporting these policies.

The Johnson Center at Troy is a perfect example of how Koch’s higher ed donations are achieving his goal of transforming policy to reshape America.

First, let’s review the close ties between Johnson Center professors and the billionaire industrialist.

Professors’ Debts to Charles Koch

The nine professors at the Johnson Center earned their doctoral degrees from just four universities, all Koch-funded.

As AlterNet previously reported, Crowley is a major insider in the Koch academic network. He earned his doctorate at West Virginia University, which has received at least \$1.3 million from CKF since 2005 and now has its own Koch-funded free-market center. From 2010 to 2011, Crowley was a Charles G. Koch Doctoral Fellow, and in 2008 and 2010, he received the APEE Young Scholar Award. He has also been a faculty lecturer at the free-market Institute for

Humane Studies at George Mason University; received grants from and published at GMU's other free-market think tank, the Mercatus Center; and participated in numerous events hosted by other Koch-funded programs.

GMU is by far by far the biggest recipient of educational donations from CKF, raking in at least \$87.7 million since 2005.

Stephen Miller, the Johnson Center's executive director, got his PhD at GMU and previously taught at Western Carolina University, where he received a CKF grant and which recently approved another Koch-funded free-market center. Before that, he worked at the Koch-funded libertarian think tank the Cato Institute. Miller is a reviewer for APEE's Journal of Private Enterprise and has presented at APEE conferences and the Institute for Humane Studies.

Other professors have similar resumes.

John Dove also studied at West Virginia University and previously taught at Mercer University, another Koch-funded school; was a visiting dissertation fellow at the Mercatus Center; has presented at APEE conferences; and is a peer reviewer for APEE's journal.

Thomas Hogan received his doctorate from GMU; has been a research fellow at the Cato Institute and a member of a working group at the Mercatus Center; has presented at APEE conferences; and is a reviewer for APEE's journal.

Dan Smith, the center's associate director, also studied at GMU, is an adjunct scholar at the Koch-funded Mackinac Center for Public Policy, was a program officer at the Mercatus Center, has presented at APEE conferences, and is a reviewer for APEE's journal;

G.P. Manish earned his doctorate at Suffolk University, where he was a Charles G. Koch Fellow for three years, and he's presented at APEE conferences.

The list goes on. This one center is a mirror image of other similar centers: Koch-funded professors at Troy and numerous other higher ed institutions form a large, incestuous and ever-growing right-wing, free-market academic network, now at roughly 5,000 members. Insiders go to school together, study under senior Koch professors, write papers together, edit the same journals, attend the same conferences and teach the next generation of Koch disciples.

Looming above all of these close connections is the professors' most important commonality: funding from Koch Industries' CEO and board chairman, Charles Koch.

In addition, the Johnson Center's donor relations board even features CKF's program director for higher education Ryan Stowers. But information about that board was struck from the public website after another member, Koch-linked academic Robert Lawson, responded to the business school dean's 90-day moratorium on political activities by resigning over academic freedom

concerns. The academic advisory council is a who's-who of Koch-funded economics professors such as Bruce Benson, Peter Boettke and Benjamin Powell.

These professors, who owe their careers to Koch's largesse, aid their benefactor by pushing his libertarian policy preferences onto students, think tanks and even elected officials. Another form of help is actually promoting Koch's trademarked business strategy: Among the Johnson Center's stated goals is "infusing free-market ideas and market-based management (MBM) principles into Troy University's existing professional programs, such as the MBA." Koch created market-based management, "the foundation of [Koch Industries'] approach."

A Conservative, Political Center at a Public University

Crowley helped found the Johnson Center with millions from CKF, the foundation of BB&T Bank, and Manuel Johnson, a consulting partner who has held posts at the Federal Reserve System's board of governors and the U.S. Treasury. Lo and behold, Johnson taught economics at GMU for 17 years as the "Koch Chair in International Economics."

Troy's staff handbook states that "no University employee shall use University resources, time, or property for or on behalf of any political candidate, campaign, or organization, or for any contribution or solicitation of any contribution to a political campaign or organization ... the Board wishes to guard against actions that are illegal and improper as well as those that may create the appearance of impropriety."

Johnson Center faculty are, at the very least, toeing the line between academic work and political advocacy. They have devoted themselves to researching Alabama state policy and doing their best to influence legislation. At the APEE conference, where he spoke on a panel called "Being an Intellectual Entrepreneur," Crowley boasts of his recent study for the Mercatus Center that promotes lowering state taxes and raising and enacting new taxes on goods and services, which would increase the tax burden on low-income people, and a "state diagnostic" on Alabama policy written by his colleagues Dove and Smith, also published at Mercatus, which recommends lower taxes, privatization and deregulation.

On an APEE panel titled "Being a Liberty-Advancing Academic," Miller said, "We've actually met a couple times with different groups of legislators and they're very, very interested in what we do." He also said,

"We have a campus in Montgomery. Well, Montgomery is the state capital. We opened up offices in Montgomery last month. We hired a policy analyst there; we're hiring another policy analyst. This is our chance to actually be more directly involved in state politics. And it's already started to pay off."

Listed under the minimum requirements for the policy analyst position is education or experience in a number of areas, including pension reform.

Troy professors are affecting federal policy as well. Hogan is on leave from Troy, serving as the chief economist for the U.S. Senate Banking Committee, appointed by Alabama Sen. Richard Shelby (R).

Despite the controversy over Johnson Center professors' comments, the center's stated mission, which focuses on "the moral imperatives of free markets and individual liberty," still includes "making contributions on the frontiers of political economy through distinctive research agendas" and "transforming state and national policies through Johnson Center-related research and programs."

A Johnson Center core initiative is still "policy debates," and the center's description of the initiative could easily have come from chief tax and regulation critic Charles Koch himself:

Rapid increases in state and federal spending, coupled with higher taxes, increased regulation, and loose monetary policy make it necessary for a return to the sound application of basic economics in public policy debates. The Johnson Center is well positioned to be a leading research center informing these debates by advancing our understanding and appreciation of economic freedom.

One such debate is Alabama's state pension system, which Professor Dan Smith has set out to destroy.

"Bringing Down" the Alabama Pension System

After their Mercatus study was published, Crowley informed the crowd at the APEE conference, Dove and Smith actually went to the state capital and briefed the governor's staff on their work. One part of the diagnostic criticizes the current state pension plan, a "defined benefit" system in which employees pool their money together and receive a fixed pension, and recommends a privatized system, a "defined contribution" plan, where workers invest individually in private accounts and subject their retirement funds to market forces.

Huntsville, Alabama firefighter and union member David Harer explained to AlterNet that "with a defined benefit plan, you know exactly what you'll get." But in a defined contribution plan, based on market value, "you can end up with nothing, or a lot." Management and investment fees in the private system could be 3 to 15 percent higher than the current plan, Harer says.

Harer, a 42-year old and 13-year veteran of the Huntsville Fire Department, and colleague Geoff Statum, 51, with nearly 26 years on the job, set up the popular Facebook page "Save our RSA retirement" in 2011, where users share information on the Alabama pension fight.

Last year the Alabama state legislature formed a joint committee on Alabama public pensions, and over six months, the Pew Charitable Trusts and the conservative Alabama Policy Institute frequently presented. According to Statum, both organizations valued Troy professors' work over that of the Retirement Systems of Alabama's (RSA), which by law must be accurate. The

Institute has actually published a Troy professor's work on pension reform. But Smith reportedly used faulty calculation methods to conclude that the RSA is underfunded. The committee voted to recommend a "cash balance" system, a plan that incorporates elements of the defined contribution model and which the RSA opposes, and a vote on it will likely come next year. A study by the International Association of Firefighters found that under the proposed plan, workers' pensions would be drastically lower than under the current system.

The Laura and John Arnold Foundation, which pushes for pension privatization around the country, donated almost \$5 million to Pew for its pension reform work and has committed another nearly \$5 million through 2019. The foundation also gave as close to \$80,000 from 2014 to 2015 to the Alabama Policy Institute for similar work.

"Every negative analysis of the state pensions presented to the legislative committee originated from Dan Smith," said Statum. Smith has three more papers under review praising privatized state pensions, two of them co-written by Dove, as well as op-eds that do the same. Crowley told a laughing crowd of APEE attendees, "Dan Smith has kind of taken it upon himself to try to bring down the state pension system," one of the lines that the dean of Troy's Sorrell College of Business took issue with.

The Consequences of Leaked Recordings

After media including AlterNet reported on UnKoch's leaked audio from Crowley in late June, the Troy chancellor's executive assistant Tom Davis sent a June 30 letter on behalf of the chancellor and Sorrell College of Business Dean Judson Edwards to the Board of Trustees. The letter expressed their disapproval of statements made at the APEE conference and introduced "a 'refocus' of the [Johnson Center] faculty to concentrate solely on teaching and academic research and service," a "90-day moratorium on public policy pronouncements/opinion writing or any other activities that can be construed as political activism," and the cancellation of the planned appointment of Crowley, "who made the comments that brought about this controversy," as chair of the Department of Economics and Finance. The letter went on to address more statements made by Crowley, disputing his characterization of the university as "third-class" and denying that Troy faculty have tried to "bring down" the state pension system.

Crowley regrets his comments, which he alleges were only "a poor choice of words," and said his "bringing down the pension system" line was merely a joke.

Some criticized Edwards' move and Lawson resigned from the Johnson Center board, so Edwards sent a July 7 memo to business school faculty clarifying the earlier letter, reported by Inside Higher Ed. Edwards wrote that he doesn't want to change the center's mission at all, but wants to shift public outreach from a focus on policy to "student success, service and academic research." He reversed course on the 90-day moratorium, reaffirming professors' total academic freedom. "However, Troy's policy regarding academic freedom requires that faculty speaking

publicly use good judgment and be respectful of the opinions of others,” wrote university spokesman Clif Lusk in an email to AlterNet.

Edwards announced to faculty a 90-day review of the center’s public outreach. “It’s our hope,” wrote Lusk, “that the Johnson Center’s public outreach can be conducted in a manner that is constructive to healthy public discourse and results in a better understanding of the Center and its mission.” Edwards maintained that Crowley will not become the next chair the Department of Economics and Finance.

Lusk wrote that CKF “has no influence on the design of academic courses or the hiring of faculty members at Troy University. The Koch Foundation has completed its \$1.2 million commitment from 2010.” Asked to provide a copy of Troy’s memorandum of understanding between the Johnson Center funders, he did not, writing that this request must go through the university’s attorney. UnKoch’s Wilson has submitted a request and was told Troy is “searching for the records.”

“Though we appreciate parts of the proactive approach originally taken by the administrators,” wrote Wilson, “the problem will persist as long as the donors continue to be allowed to give money with strings attached.

“A moratorium would not fix the problem as we understand it. The real problem lies in the proposal and agreement between Troy and the donors. Furthermore, if professors were constrained to their classrooms, they still serve the donors’ political efforts through their training and recruiting efforts.

“We do support the administration's interest in redefining the mission of the center and asserting the institution's integrity over the donors' intent.”