

Inside Charles Koch's Plot To Hijack Universities Across America And Spread His Radical 'Free-Market' Propaganda

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The public is starting to catch up with the reality that Charles Koch is not only a major spender on building his own ideological institutions. Over the past decade, Koch has funded colleges and universities to bend them in his direction, often funding “free-market” academic centers. Mostly through his personal foundation, Koch gave \$108 million to 366 colleges and universities from 2005 to 2014 and still more since then: for example, \$10 million for George Mason University's School of Law, which will be renamed after late Supreme Court Justice Antonin Scalia; \$2 million to Western Carolina University to establish a free-market center; and over \$4.1 million approved for future payment to several schools according to the foundation's 2014 990 tax form.

Some of these grants come with strings attached. At Florida State University, the initial memorandum of understanding between the Charles Koch Foundation (CKF) and the school's economics department gave the foundation control over hiring decisions and the curriculum.

With his grants, Koch is installing libertarian-minded economics professors at hundreds of universities, so how do these professors coordinate their free-market agenda?

In April, activist group UnKoch My Campus attended the latest conference of the Association of Private Enterprise Education (APEE), self-described as “an association of teachers and scholars from colleges and universities, public policy institutes, and industry with a common interest in studying and supporting the system of private enterprise.” Left out of this description are details about who these figures really are: Koch-funded academics, “experts” from Koch-funded think tanks and big business representatives.

The Koch academic network has “nearly 5,000 scholars,” according to Ryan Stowers, Vice President of CKF. Hundreds flock to the APEE conference very year.

The group heralds its ability to facilitate “communication and cooperation between university and business communities,” encourage “the creation of chairs and centers of private enterprise in colleges and universities” and “serve in advisory capacities to governmental bodies dealing with economic policy, taxation, and other issues on national, state, and local levels.”

APEE is based out of the University of Tennessee at Chattanooga, overseen by J.R. Clark, the school’s Probasco Chair of Free Enterprise and APEE’s secretary and treasurer. The university received a \$27,000 grant from CKF in 2012.

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What we know from conference recordings — #Kochileaks — by UnKoch senior researcher Ralph Wilson and UnKoch collaborator Jerry Funt is striking: This network of Koch-funded, laissez-faire-minded professors, think tank researchers and big-business representatives meet every year and share how to take over university departments, establish free-market centers and divert university and state resources into free-market programs.

“Basically, to run a center or to be a person on a campus that has impact, you have to be viewed as, kind of, a version of a gorilla,” said Peter Boettke, a deeply embedded Koch-funded academic at George Mason University, on a panel called “Being a Liberty-Advancing Academic,” moderated by Debi Ghate, director of academic investments in higher education at CKF. “Either from a tiny gorilla to, like, the big eight hundred pound gorilla. And the more you’re the eight hundred pound gorilla the more you’re able to, like, get your way.”

A Tangled Web of Money: Billionaires, Cash Funnels, National Policy Groups and State-Based Think Tanks

According to the Center for Media and Democracy, CKF gave APEE almost \$260,000 from 2006 to 2013. Five employees of CKF or the Charles Koch Institute (CKI) participated in the 2016 conference as moderators, presenters or panelists. Other major funders include the John Templeton Foundation, the Pierre F. and Enid Goodrich Foundation and the Earhart Foundation.

A smaller donor is the John William Pope Foundation (JWPF), led by North Carolina-based Art Pope, a conservative mega-donor and close ally of Koch and his brother, David. JWPF gave APEE \$15,000 from 2007 to 2009, according to tax documents. Jane Shaw, the former president of the JWPF-funded John William Pope Center for Higher Education Policy, was president of APEE from 2003 to 2004. Her husband, Richard Stroup, has taught at multiple Koch-funded universities and is co-author of a K-16 economics teacher-training program, pushed by Koch-funded schools, that advocates “sacrificing lives for profits.”

The conference program, provided by Wilson, lists one of conference’s two “supporting organizations” as the DeVoe L. Moore Center at Florida State University, which has received funding from the CKF. Florida State has received over \$2.3 million from CKF since 2007. Offering “program support” was CKF, and participating organizations include CKF, CKI and many other free-market think tanks, academic centers and national policy networks, which receive consistent funding from one or more of the various Koch foundations. These groups include the American Legislative Exchange Council (ALEC), the Ayn Rand Institute, the Cato Institute, the Heritage Foundation, the Independent Institute, the Institute for Humane Studies (IHS) at George Mason University (GMU), Learn Liberty (a project of IHS), the Mackinac Center for Public Policy, the Mercatus Center at GMU and the State Policy Network. CKI, another “charitable” nonprofit focused on education, has also donated to many of these organizations including the Cato Institute and the Ayn Rand Institute. CKI’s partner organizations are many of these same groups as well.

Other major sources of funding for these groups are the linked DonorsTrust and Donors Capital Fund, which constitute an important money funnel for the Kochs as well as for other conservative billionaire families such as the DeVoses and the Bradleys. The Knowledge and Progress Fund, for which Charles Koch, his wife Elizabeth and son Chase are directors, was the biggest funder of the linked Donors groups (\$13.6 million from 2005 to 2013, according to

the Center for Media and Democracy, and CKF has pitched in as well). With huge annual revenues on account of the Kochs and their wealthy friends, the two Donor groups dish out millions of dollars to many of the same organizations to which the Kochs personally donate through their foundations and which participated in the 2016 APEE conference: ALEC, the Heartland Institute, the Independent Institute, the Mackinac Center, the Mercatus Center, and the State Policy Network, among others.

CKF's most recent available tax return, from 2014, lists \$4.1 million in approved future payments. As it turns out, conference participants from many of these schools and a think tank were well represented at the 2016 APEE conference. CKF reported this approved future spending:

\$2.3 million to West Virginia University (on top of \$239,000 paid that year), which sent 14 participants to the conference

\$832,000 to Arizona State University (on top of \$231,000 paid that year), which sent two participants

\$500,000 to the Cato Institute (on top of over \$1.1 million paid that year), which sent three participants

\$266,000 to Florida State University (on top of \$626,000 paid that year), which sent 11 participants

\$78,000 to George Mason University (on top of \$11.8 million paid that year), which sent 58 participants

\$75,000 to Texas A&M University (on top of \$84,000), which sent three participants

\$29,000 to Troy University (on top of almost \$300,000 paid that year), which sent five participants

Just these six universities and think tank (Cato Institute), among many others that Koch is actively funding, sent 98 students, professors and “fellows” to the conference, nearly one-quarter of the 423 total participants. Five of these universities host free-market centers funded by Koch, who founded the Cato Institute.

The vast majority of domestic colleges and universities and think tanks represented at this year's APEE conference have received Koch funding.

A Professor Network Just as Entangled as the Money Flow

Many of the same academic characters who spoke at APEE have positions at other participants' Koch-funded free-market centers. Some hold leadership roles at their own centers while serving on the “network of scholars” or the “academic advisory council” of others.

Take Boettke, who earned his doctorate in economics from George Mason University, the school that's raked in by far the most money from CKF. As a student in the 1980s, he received a research fellowship from one of the Koch family foundations, the Claude R. Lambe Foundation. He's received additional grants and fellowships from other major funders of APEE: the Earhart Foundation and the Templeton Foundation. And there's more: He received a "Charles Koch Distinguished Alumnus" award from IHS, which is also heavily funded by CKF, and multiple awards from APEE. In 2012, he received an honorary doctorate from Guatemala's Universidad Francisco Marroquin, the president of which is current APEE Vice President Gabriel Calzada.

Now vice president of the Mercatus Center, housed at George Mason, director of the center's F.A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics, and a BB&T Professor of Economics, Boettke serves on the academic advisory board of Troy University's Manuel H. Johnson Center for Political Economy, founded in part with at least \$720,000 from CKF and more from Johnson and the BB&T Foundation. Boettke is an academic advisory council member of Arizona State University's Center for the Study of Economic Liberty, founded with \$3.5 million from CKF in 2014 and now receiving direct annual funding from the state of Arizona. He's also on the board of the Bastiat Society, a participating organization at the 2016 APEE conference and recipient of CKF funding.

A whopping 58 students, professors, and researchers from George Mason University—14 percent of the 423 participants—took part in the conference, including 26 from the Mercatus Center. In all, Koch foundations have given GMU at least \$87.7 million since 2005.

Five Troy University academics participated in the 2016 conference, including George Crowley, who was a Charles G. Koch doctoral fellow at West Virginia University, which has received at least \$1.3 million from CKF since 2005, before joining the faculty at Alabama-based Troy, where he helped establish the Johnson Center. Troy has received over \$1.1 million from CKF since 2010.

Two academics from Arizona State University participated. Two members of the Bastiat Society participated.

Boettke was president of APEE from 2013 to 2014 and has been on its board of academic advisors since 2000. At the 2016 APEE conference, Boettke participated in numerous panels.

This is the web surrounding just one Koch-funded academic. With Boettke so entrenched in the Koch academic network, and 423 people taking part in the 2016 conference, just imagine the thousands of overlapping connections between Koch-funded academics, Koch-funded think tank researchers and big business.

Wilson of UnKoch, who's been studying Koch's influence in higher ed since CKF's contract with Florida State University became public in 2011, told Alternet, "After spending so long studying how professors work with the Koch foundation, the State Policy Network and ALEC to

further the Koch network's political agenda, it was surreal to simply walk into a room and hear our findings—and fears—explicitly confirmed and exceeded.”

The Troy Takeover

Free-market centers typically come to life through the work of academics who owe their career to Koch money. Here's one example.

In addition to studying at West Virginia University and teaching at Troy, Crowley has been a faculty lecturer IHS seminars numerous times, published at the Mercatus Center and has participated in DeVoe Moore Center events. All five of the references on his CV teach at Koch-funded schools, and three participated in the 2016 APEE conference.

Remarkably, the Johnson Center's nine faculty members earned their doctorates, many fairly recently, at just four universities, all of which have received Koch funding. Four on the faculty studied at George Mason University; two at West Virginia University; two at Suffolk University (which recently split with CKF); and one at Mississippi State University. The center's academic advisory council is a who's-who of Koch-funded academics.

At an APEE panel called “Being an Intellectual Entrepreneur,” Crowley discussed how he and Scott Beaulier established a popular economics program at Troy's Johnson Center. After establishing economics majors at both the business school and the college, “We actually at a later point were able to kind of take over the finance major as well,” said Crowley.

In answer to a question from panel moderator Brennan Brown, a program officer for education at CKF and an adjunct economics professor at Northwood University, to which CKF has donated at least \$88,000, Crowley said, “We've been very lucky at Troy. We had a big gift that let us hire a whole bunch of people all at once, and we kind of were able to take over, for lack of a better term ... ”

Once established, centers collaborate with other Koch-funded centers, often trying to influence government policy.

Crowley has worked on numerous Mercatus-funded research projects. In the panel, he described how Troy professors have collaborated with the Mercatus Center to impact state policy. Crowley references his new study extolling the virtues of lowering state tax rates and raising rates and enacting new taxes on goods and services (effectively shifting the tax burden to lower-income people) and a “state diagnostic” on Alabama written by Profs. John Dove and Dan Smith (who both presented at this year's APEE conference) and published at Mercatus. “... Smith and Dove—when their policy study got released—they went to [Alabama state capital] Montgomery and actually briefed the Governor's staff on it.”

“Dan Smith has kind of taken it upon himself to try to bring down the state pension system,” Crowley said to a laughing audience.

And a Troy professor has also entered into federal policy: Alabama U.S. Sen. Richard Shelby (R) appointed Thomas Hogan, who got his PhD from George Mason, as chief economist for the U.S. Senate Banking Committee; he's currently on a leave of absence from Troy. Other "scholars" in the Koch network, often from Mercatus, have earned government appointments or have been nominated for such posts.

The Master Plan

Koch and right-hand man Richard Fink devised the "Structure of Social Change" in the late 1970s, a plot to turn America into a libertarian utopia free from taxes and regulation. The first step in this plan was to fund higher education to conform it to their ideology. But was it more about libertarian principles or higher profits?

With his ever-growing, dedicated squadron of academics and think tank "scholars," the billionaire industrialist has helped found or fund dozens of free-market academic centers that publish peer-reviewed work supporting the business interests of his family company. As Koch Industries polluted the environment, committed corporate crime, and evaded taxes, Koch created this giant network of interconnected libertarian academics who collaborate, shuffle between centers, promote each other's work and make policy recommendations to lawmakers, surely to many from the ranks of Koch-backed politicians at the local, state and national level.

The tax-slashing and regulation-killing policies that become law may align with libertarianism. But, conveniently, they boost Koch Industries' profits, leading to the combined \$87 billion possessed by Charles and David Koch.

This article is part one of a two-part investigative series on the Association of Private Enterprise Education. Stay tuned for part two, which will take a deep dive into these closely connected characters' strategy for founding free-market centers at universities across the country.