

Charles Rowley's Blog

A Classical Liberal Political Economy Perspective

Koch Brothers force Ed Crane out of CATO

The Cato Institute and billionaire brothers Charles and David Koch reached an agreement yesterday that ends their legal dispute for control over the nation's pre-eminent libertarian think tank. The agreement dissolves the controversial stockholder arrangement that seemingly fell under Koch control following the death of William A. Niskanen in 2011. The price for the agreement are the heads of Ed Crane and Bill Niskanen's widow, Kathryn Washburn, both of whom will exit the Cato Board of Directors and of Charles Koch, whose formal board role is now accomplished. Ed Crane will also retire from the presidency of Cato within six months, while still at the peak of his performance.

The agreement unquestionably downgrades the independence and long-term intellectual integrity of the Cato Institute. I know from close personal experience, both at the Institute for Humane Studies, and at George Mason University's Mercatus Center, that when the Kochs gain control over any program they abuse their power. Intellectually, they may consider themselves to be supporters of individual liberty. Practically, they behave as dictators, ruthlessly manipulating the agencies that they control in pursuit of fluid objectives of their own.

The new President of Cato, former BB & T chief executive, John Allison, has promoted free market thinking through a variety of charitable endowments. Intellectually, he is unproven, a successful banker rather than an accomplished thinker. He offers to the Cato Institute the freedom of the boat without a compass – except that David Koch will assuredly have both hands on the tiller and big brother's guiding voice in his ear.

Prior to the announced changes in board composition, Cato was evenly balanced between Koch and non-Koch board members. Details of the new board are not yet available. Almost certainly, the new members will be appointed after the departure of Crane, Washburn and Charles Koch from the board. David Koch, now returning as a Cato donor after years of donation drought, will play an influential role in making appointments. The Board of Directors will fall firmly under Koch control. And the Cato Institute will quickly learn – just as the Institute for Humane Studies learned in the late 1990s, and just as GMU's Mercatus Center learned during the late 2000s – that the Koch Brothers rule, not through the invisible hand of the market, but through the very visible boot of crude politics.

Let me close this column by saluting Ed Crane and his wonderful Cato team. They have served this nation well over several decades. Scrupulously honest, and of the highest integrity, Ed Crane and his team have demonstrated that it is possible to live in close

proximity to the center of government while maintaining the highest standards of scholarship.

Eternal vigilance is the price of liberty!

BRAVO!