

Murray Rothbard on the Kochtopus

by [David Gordon](#)

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The influence of Charles and David Koch on the Tea Party Movement and their connections with the Governor of Wisconsin have been much in the news lately. The efforts of the Kochs to gain political influence began long ago; and students of what Sam Konkin aptly called the Kochtopus will inevitably be reminded of the Koch brothers' involvement in Ed Clark's campaign for President on the Libertarian Party ticket in 1980. Indeed, David Koch was Clark's running mate; his being on the ticket freed him from the monetary limits normally imposed on donors. Differences of opinion on the campaign, among other matters, led to a breach between the Kochs and Murray Rothbard. For understanding that breach, we have an invaluable tool. Rothbard wrote about the conflict numerous times in [Libertarian Forum](#), a newsletter that he edited from 1969 to 1984.

Rothbard's articles, read in the order of their composition, reveal his growing sense that the Koch-dominated Cato Institute had cast aside libertarian principle. The ideological betrayal, for him, was made all the worse by the attempt of Charles Koch and Ed Crane, the President of Cato, to suppress his dissent.

Rothbard revealed the basic standpoint behind his criticism of the Koch forces before the split occurred. He praised a 1977 strategy resolution of the LP's National Committee, saying of it: "With this statement, the LP now sets itself firmly against all forms of preferential or obligatory gradualism, against the sort of surrender of principle that says we should not cut Tax A by more than X%, or that we should not repeal statist measure B until we can repeal C." Precisely his criticism of the Clark campaign was that it embraced the gradualism Rothbard here rejected.

A first sign of impending trouble can be found in the May-June 1978 issue. This announced the formation of the Radical Caucus, with a basic set of principles that called for the LP "to avoid the quagmire of self-imposed, obligatory gradualism." Not only was Rothbard a member of the Radical Caucus's Central Committee, so also was Bill Evers, at the time Rothbard's principal ally in LP politics and the editor of the Cato-sponsored *Inquiry* magazine. There was as yet no claim that Koch, Crane, or anyone else connected with them had violated these principles; but the formation of the Radical Caucus cannot

have been to Crane's liking. He wanted to have all issues connected to LP politics under his control, and he deplored the public disclosure of dissent.

Rothbard's quarrel with the Koch forces, though, did not first manifest itself in the Clark campaign. In the July-August 1979 issue, Rothbard called to account two influential libertarians funded by Koch: Roy Childs, the editor of *Libertarian Review* and Milton Mueller, the head of Students for a Libertarian Society. Both Childs and Mueller had, under the influence of Berkeley medical physicist Dr. John Gofman, called for shutting down the nuclear power industry. Why, Rothbard asked, had they abandoned the proper libertarian policy of privatizing the industry? "The answer is all too clear. It is because, in seeking allies and recruits from leftists and liberals on college campuses, SLS has found that a free market position, a stance that is neither for nor against nuclear power, is not 'politically potent,' as one SLS leader admitted." The same issue carried a letter signed by nineteen libertarians, including Rothbard and Evers, protesting the anti-nuclear policy.

Rothbard soon extended his charges of undue compromise. Faced with the conflict over nuclear power between Rothbard and Evers, on the one hand, and Childs and Mueller, on the other, Crane and Koch wanted to stifle the dispute. One wonders, further, whether the fact that ending nuclear power would benefit the oil industry had altogether escaped their notice. Rothbard in the November-December 1979 issue directly addressed this policy. Though he did not mention Crane by name, he unmistakably accused him of Stalinist tactics. "The temptation is to hide, blur over, and compromise on principle in order to attain: media respectability, votes, business support, support on campus, or whatever.... There are two basic ways to push one's ideological 'line' within a party. One is by open airing of differences, and through persuasion and conviction, to build up a cadre of people within the party dedicated to one's own viewpoint. The other is to operate in secret and behind closed doors, to paper over differences, and to build up a bureaucratic political machine dedicated to the achievement and perpetuation of one's political power.... And, if the first method, that of cadre building, can be smeared as 'Leninist,' then the second may far more justly be termed 'Stalinist.'" As if the reference to Crane were not clear enough, Rothbard later in his article said that only the Radical Caucus could defeat the "Crane-Koch pro-[political] professional forces."

Rothbard had by now made manifest that he thought the issues between him and the Crane-Koch forces of vital significance, but he hesitated before an outright declaration of war. Although Rothbard and his allies had not fared well at the 1979 LP Convention held at the Bonaventure Hotel in Los Angeles, he still had suggestions for Ed Clark's presidential campaign. The gist of his advice will occasion no surprise: compromise on principles must at all costs be avoided.

Writing in the March-April 1980 issue, he argued that Clark's strategy must be "to stick to and be proud of libertarian principle: to hold aloft and then to select the most vital issues of the campaign, and then to deliver the message with all the drama and excitement that these issues deserve." In particular, the campaign ought to stress opposition to war

and to Reaganite conservatism. Instead of asking that taxes be reduced, why not propose their outright abolition? Clark should promise that, if elected, he would pardon anyone convicted of failure to pay taxes.

By the next issue, (May-June 1980), the break had become total.

The Clark campaign, under Crane's direction, espoused exactly the compromising approach that Rothbard rejected. Rothbard found especially galling that Clark supported the Childs-Mueller view of the nuclear power industry. An anti-nuclear brochure issued by the campaign had not been approved by the campaign publications review committee, of which Rothbard was a member. Proceeding in this way broke an explicit promise that publications had to be approved by the committee: "But now the Clark campaign has violated all of these solemnly pledged guidelines, in procedure and in content. The brochure glorifies Gofman, quotes his antinuclear views (with pictures yet), and then these views are seconded at length by Clark himself." Rothbard called the antinuclear power views of the pamphlet "a betrayal of libertarian and free-market principles in a transparent and cynical attempt to suck in liberals (especially in the media) and leftists (especially on the campus) to support the LP and the Clark ticket." Rothbard's temper was not improved by Childs's suspension of his column in *Libertarian Review*. Rothbard sharply responded that he did not regret this: "LR has, in recent months, become windy, flatulent, and boring."

Once Clark's presidential campaign had concluded, Rothbard advanced a detailed and comprehensive criticism of it. In the September-December 1980 issue, he concluded: "The Clark/Koch campaign was a fourfold disaster, on the following counts: betrayal of principle; failure to educate or build cadre; fiscal irresponsibility; and lack of votes." Instead of a forthright defense of libertarianism, Clark offered a "Back to Camelot" program. "Ed Clark reiterated the theme. 'We want to get back to the kind of government that President Kennedy had in the early 1960s....' And here I had thought for two decades that Kennedy was one of the Bad Guys! Live and learn!" Rothbard found the Kennedy theme "arguably the single most odious aspect of the Clark campaign." Clark, amazingly, supported only a "gradual dismantling of the draft," and called for a mere 30% tax cut. Clark's waffling, furthermore, resulted from pressure by Crane. Clark had early in the campaign acknowledged that libertarians wish to eliminate the state. This disclosure made Crane "livid at this disclosure of truth to the media and to the public; how can they be conned into liking us if they know our real views? And because of Crane's pressure, Clark was never allowed – or perhaps never even felt tempted – to stand up for basic libertarian principles ever again." He concluded that "Never Again" must the LP abandon principle in a futile quest for acceptability to the mainstream.

Koch and Crane had no adequate answer to Rothbard's devastating indictment. They responded instead by attempting to remove him from the Cato Institute Board of Directors. The Board was completely under Charles Koch's sway; if it did not do his bidding, he could call a stockholders' meeting and replace the Board. Naturally, this state of affairs was not publicized. Koch and Crane demanded that Rothbard surrender his own shares of stock in Cato; when he refused, they illegally took them from him.

As Rothbard recounted the story in the January-April 1981 issue, Crane informed him by letter that his personal antagonism toward Crane required him to leave the Cato Board. "Crane concluded that, because of the alleged antagonism, 'we believe it would be difficult, if not impossible, for you to objectively evaluate ongoing and future Cato projects as a Board member.' In other words, disagreement with Crane robs one of 'objectivity'; unfailing agreement and lickspittle fawning upon Crane is the only way to make sure that you are superbly and consistently 'objective'." Not only was Rothbard a founding member of the Cato Board and an original stockholder: he had suggested the name "Cato" for the Institute. But none of this mattered to Crane and Koch.

Rothbard nevertheless appeared at the Cato Board meeting held on "Black Friday," March 27, 1981, in San Francisco. He argued that his disputes with Crane over LP policy should not affect his standing on the Board. "So since the Cato Institute, as a tax-exempt institution...is not supposed to have anything to do with partisan politics, how dare Crane make my stand within the LP a criterion for my continued shareholder or board membership at Cato?"

Koch and Crane, of course, rejected Rothbard's claim. "Crane, aided and abetted by Koch, ordered me [Rothbard] to leave Cato's regular quarterly board meeting.... The Crane/Koch action was not only iniquitous and high-handed, but also illegal, as my attorneys informed them before and during the meeting. They didn't care. What's more..., in order to accomplish this foul deed to their own satisfaction, Crane/Koch literally appropriated and confiscated the shares which I had naively left in Koch's Wichita office for 'safekeeping,' an act clearly in violation of our agreement as well as contrary to every tenet of libertarian principle."

Rothbard naturally took the opportunity to reflect on the causes of the crisis. The crisis stemmed, he thought, from two principal factors. First, Crane conducted business in a secretive, not to say paranoid fashion. His management of Cato was little short of disastrous. "It became all too clear that the dominant spirit at the Cato Institute was one of paranoia, intense hatred, back-stabbing, and endless crises. At first the crises, all revolving around relations between Crane and the other Cato executives, occurred only once every few months. But soon the frequency accelerated, until crises occurred every week, then every day or two.... What neither Crane nor his mentors seem to understand is that if you treat everyone *as if* they are eternally plotting against you, pretty soon by God they *will* start such plotting.... When I first got to Cato in 1977, I was told by a top Cato officer and Crane crony that Crane despised intellectuals and libertarian theorists and that he read practically nothing, whether books, magazines, or newspapers. At first I resisted the charge, but it turned out to be all too true."

The other factor was more fundamental; we have discussed it already but now Rothbard elaborated on it in more detail. Crane and Koch, in a quest for political power, wished to compromise with libertarian principle. This process did not begin with the Childs-Mueller view of nuclear policy. Rather, the first deviation came about when David

Henderson, a supporter of the Chicago School rather than Austrian economics, received an appointment to Cato, over Rothbard's strong opposition. "The Sarajevo of the Cato Institute was a seemingly simple act: the hiring of Dr. David Henderson as his policy analyst and economist."

Crane and Koch planned to remove Rothbard from any decision-making role and to fire his ally Bill Evers. "That, said our intrepid defector [from Cato], was the plan, and it was being carried out. Evers would eventually be kicked out, and I [Rothbard] would be quietly shifted from any decision-making role to being exploited as a resource person and general totem."

Naturally Rothbard did not go quietly but responded with continual criticism of Crane for mixing Cato business with LP politics. It was this that led to the decision to oust him. "Though my own rift with Crane began in the spring of 1979, no effort was made to oust me from the Cato Board until this spring [of 1981]. To me it is clear that the real cause of the ouster was not the *Lib Forum* article [criticizing the Clark campaign] but the success which I and others had at the November [1980] board meeting in beginning to call Crane to account."

After his expulsion from the Cato Board, Rothbard counterattacked. "An Open Letter to the Crane Machine" in the June-July 1981 issue urged employees of Cato to abandon Crane. "Consider for a moment: surely you must know in your heart that your Boss [Crane] has contempt for you just as he has for the entire human race.... I don't care if your Boss is backed by a billion dollars. The libertarian movement and the Libertarian party are not a corporation or a military machine. They are not for sale.... Crane is not smart enough to even try to mask his contempt for his fellow libertarians and LP members, so people cotton to him very quickly. How can a person like that succeed in politics?"

In view of the importance of the Childs-Mueller deviation on nuclear power in causing Rothbard's break with Cato, it was ironic that, as noted in the August 1981-January 1982 issue, both Childs and Mueller were relegated to lesser positions in the Kochtopus hierarchy. "*Libertarian Review*, the star movement jewel in the Koch/Crane diadem, has been killed.... Roy A. Childs, Jr., editor of LR, has been 'warehoused' to become a 'foreign policy analyst' for Crane's Cato Institute.... Students for a Libertarian Society, the Koch/ Crane youth arm, has been cast adrift, its budget cut back from luxurious munificence to near nothing.... [F]ormer SLS youth leader Milton Mueller has been warehoused with a Kochian grant for an alleged book on something or other."

After the heat of battle had subsided, Rothbard offered in the last published issue of *Libertarian Forum* a retrospective analysis of the Kochtopus and its problems. Koch had established the Cato Institute to promote an ideologically consistent libertarianism. "The idea was that C.K. [Charles Koch] would (and indeed did) pour in millions in promoting institutions that would find and gather the best and the brightest of the libertarian movement, mobilized by the so-called organizing ability of Eddie Crane. The object was

to promote a consistent ideology of hard-core and uncompromising radical libertarianism, of which Misesianism was the economic arm."

Looking back, Rothbard thought that the "heady excitement" of the founding of Cato led people to be blind to two problems: "(1) A monopoly of any movement lacks the essential feedback and checks and balances that competition always brings...; (2) Almost comparably to government action, throwing lots of money at a problem doesn't always solve it. C. K. threw enormous amounts of money too fast at people (many who turned out to be turkeys) to people who scarcely deserved it."

Rothbard again drew attention to the "paradigm shift" of 1979 – the abandonment of libertarian principle. He now raised a deeper question: what accounted for this drastic change? "The key to the puzzle is not the inept, blundering Crane but the motivations of the Donor, C.K.... Charles's goals in all this have been unique and twofold.... What Charles demands above-all is absolute, unquestioning loyalty; and that is something that Crane, above all others, was equipped to give him.... Those few... who placed libertarian principle above going along with the latest twist and turn of the Kochtopusian program, have all been ruthlessly cast aside.... Control for C. K. also means the willingness of his top managers to speak to him an hour every day, to go over and clear with the Donor every aspect, no matter how minor, of the day's decisions."

Granted Koch's desire for control, though, how does this explain the paradigm shift? Rothbard argued that despite his immense wealth, Koch wanted the funding of libertarian groups to be undertaken by others. His initial grants were intended as seed money, and he hoped that others would take up the cause. Roy Childs persuaded Koch that abandoning principle for the paradigm shift would attract new money. "And so 1979 saw the beginning of the radical paradigm shift within the mighty Kochtopus, i.e., the accelerating abandonment of hard-core principle in order to attract outside funding."

Rothbard concluded his analysis with an account of the supplanting of Crane as Koch's chief political agent. Richie Fink proved even more able than Crane to attract outside funding. "The path was now cleared for young Richie, and the Great Kochtopusian Revolution now occurred, during the spring and summer of 1984. The baby Finktopus, son of the Kochtopus, was born.... Fink now heads up the lobbying-activist program, luring the masses into supporting the new activism. But to get the masses you can't be hard-core, at least so runs the Kochtopusian conventional wisdom.... Richie Fink is now in charge, not only of most scholarship... but also in charge of most Kochtopusian activism.... Crane is left in charge only of Cato." It only remains to add that Fink remains the key figure in the Kochtopus to this day.

