

# Brad DeLong

## Grasping Reality with the Invisible Hand

### Fair, Balanced, and Reality-Based

*March 05, 2012*

## *The Kochtopus vs. Those Individuals Now Seized of the Cato Institute; or, No Libertarians in Foxholes Department*

The Kochs' point of view is simple: since William Niskanen's death the shareholders' agreement says that they own a majority of the shares of Cato, and it is their property with which they can do as they wish. It is hard to see how any true libertarian could possibly disagree, and seek to do anything other than to vindicate the Kochs' liberty interest in what is their property. But...

I count fifteen strongly opposed to the Kochtopus, four of much lesser weight--Erick Erickson, Thomas DiLorenzo, Daniel Foster, and Robert Wenzel--climbing on the gravy train, and three--Arnold Kling, Walter Olson, and Jonah Goldberg--damning themselves to eternally chase the banners in the antechamber of hell as a result of their refusal to take sides.

From my perspective, of course, the delicious irony is that the arguments against the Kochtopus--powerful and convincing arguments--are not libertarian but rather Burkean, communitarian, and social democratic ones, and thus arguments that no true libertarian could ever possibly make...

Jane Mayer:

[News Desk: Kochs vs. Cato, Round Two](#): It's really interesting to watch libertarians' rising sense of disbelief and outrage over the Koch brothers' attempt to take over the Cato Institute.... Suddenly, many former defenders of the Kochs are beginning to question the intellectual integrity and political purity of their benefactors.... [M]any libertarians who have long been funded by the Kochs genuinely believe that their cause is about promoting individual liberty and peace.... Suddenly, however, they are confronted with the news that the Koch brothers, who control half the seats on Cato's board, have, as the Cato Chairman Bob Levy told the Washington Post, been choosing "Koch operatives," their goal being to align the institute more closely with the Republican

Party... to transform Cato into an “ammo” shop, manufacturing whatever ordnance it takes stop President Obama from getting re-elected next November...

### **Against the Kochs:**

Jerry Taylor, a senior fellow at the Cato Institute, writes about a meeting last November between, on one side, David Koch and several Koch functionaries, and, on the other, Cato Chairman Bob Levy: "They told Bob that they intended to use their board majority to remove Ed Crane from Cato and transform our Institute into an intellectual ammo-shop for Americans for Prosperity and other allied (presumably, Koch-controlled) organizations.... [A]ccording to Taylor, the Koch faction's complaint about Cato was that he "wasn't doing enough to defeat President Obama in November and that we weren't working closely enough with grass roots activists like those at AFP."... Taylor declares that the Kochs' insistence that they are merely insuring that Cato hews to its principles, is, in a word, "dishonest."

Gene Healy, a vice president at Cato, fired off "An Open Letter to Koch Program Alumni" on Monday. In it, he notes that he owes his career to Charles Koch, but says, "On Thursday, Charles G. Koch told the press, 'We are not acting in a partisan manner, we seek no "takeover" and this is not a hostile action.' With all due respect, Mr. Koch, that is not true."...

Julian Sanchez, a research fellow at Cato, wrote what he termed a "pre-resignation" letter, effective if the Kochs' efforts succeed. "I'm in no great hurry to leave a job I enjoy a lot—so I'm glad this will probably take a while to play out either way," Sanchez said. "But since I'm relatively young, and unencumbered by responsibility for a mortgage or kids, I figure I may as well say up front that if the Kochs win this one, I will.... I suspect I wouldn't be the only one looking for the door under the administration they seem to be envisioning, and my hope is that saying this publicly now might encourage someone in the Koch empire to reconsider whether they can win this particular prize without damaging it."...

Jonathan Blanks, a researcher at Cato, wrote a critical post of his own about the situation in which he said, "Just because we support legalized prostitution doesn't mean we want to live it."...

Bruce Bartlett, a conservative economist who was drummed out of the National Center for Policy Analysis for criticizing President Bush, told me yesterday, "This is not all together surprising. It happened at the American Enterprise Institute to David Frum. Staying on the good side of the Republican Party was more important than maintaining its integrity. The conservative right-wing Republicans who fund all these places now see they can serve their own agenda of paying no taxes, and screwing the hell out of the poor. They've drunk their own Kool-Aid on Obama. They see the guillotine around the corner, and they want to do anything they can to stop it."

Don Boudreaux:

[Cato and the Kochs](#): I applaud, loudly, the work that Cato has done during its 35-year history. And I sincerely hope that it will continue to operate under Ed Crane's principled leadership to further this work.

Charles Rowley:

[Koch versus Cato: unravelling the riddle « Charles Rowley's Blog](#): let me briefly glance at the backgrounds of a few of the new Koch-ordered board appointees. Kevin Gentry is a social conservative who is vice-chairman of the Virginia GOP. Nancy Pfotenhauer is a former spokeswoman for the 2008 McCain presidential campaign. Ted Olson is a Republican Party lawyer and former Solicitor General who has never identified himself as a libertarian. The one characteristic that they have in common is surely not that they are libertarians, but that they are loyal acolytes of Charles Koch, the Kochtopus who threatens to swallow up libertarian scholarship in order to regurgitate it as fodder for the social activist tail that seeks to wag the GOP dog in the 2012 elections. Readers should not expect many free market think tanks to speak out against the Koch assault. Too many of them benefit financially from the pocket money doled out by Charles and David Koch through their various well-funded foundations. That pocket money comes at a significant cost. I can assure you that there is no such thing as a free Koch luncheon.

Rod Dreher:

[Rod Dreher » CATO: From Libertarian to Republican?](#): I'm not a libertarian at all — in fact, my social conservatism is at times diametrically opposed to libertarianism — but it seems pretty clear to me that if the Kochs have their way, CATO will cease to be libertarian in any real sense, and will instead become yet another mainline GOP ideas factory. That would be a loss.

Andrew Sullivan:

[Strange Things At The CATO Institute - The Dish | By Andrew Sullivan - The Daily Beast](#): A libertarian institute? With a neocon and a culture-warrior on its board? Not encouraging for anyone on the right trying to resist the allure of war and politicized religion and their fusion at home and abroad. More worries about intellectual integrity here.

Jacob Grier:

[Koch vs. Cato](#): In the past I've defended the Koch brothers from charges that their political activities are motivated by narrow self-interest.... [T]his takeover attempt seems in no way compatible with the greater good of libertarian ideas. Whatever the legal merits of the Kochs' claim, the best outcome for the cause of individual liberty is that Cato continues to operate as an independent, non-partisan, respected think tank with a diversity of funders. There is currently no other libertarian organization fulfilling that role in such a high-profile way. In acquiring the asset the Kochs would inevitably decrease its value. This view is, from what I can tell, widely shared among libertarians.... I'm left

wondering about the internal institutions surrounding the Koch brothers.... If personal animosity is blinding them to the greater good of the causes they've spent decades supporting, is there anyone to tell them that?

Jonathan Adler:

[The Volokh Conspiracy » Koch v. Cato](#): Whatever the merits of the Kochs' claim, I cannot understand how their actions can, in any way, advance the cause of individual liberty to which they've devoted substantial sums and personal efforts over the years. Even assuming their legal claim has merit, a legal victory will permanently injure the Cato Institute's reputation. Many libertarian-leaning organizations receive money from the Kochs and their foundations and are attacked on this basis. Such attacks can be deflected, as financial support is not the same thing as control. But if the Koch brothers themselves represent the controlling majority of an organization's board, that organization is, by definition, a Koch-run enterprise. Progressive activists and journalists will have a field day with this. They will forevermore characterize the Cato Institute as "Koch-controlled" — and, as a legal matter, they will be correct. No efforts to re-establish the Institute's credibility or independence will overcome this fact.

Jason Kuznicki:

[Koch v. Cato – Some Further Thoughts — The League of Ordinary Gentlemen](#): The evidence speaks for itself. A socially conservative, hawkish Cato wouldn't be Cato anymore.... The real work that Cato does, above all of its specific issue advocacy, is to show that the ordinary constellations of opinion, both left and right, aren't necessarily so good.... What does Cato say that no other think tank says? Militarism is... the worst foreign policy for a free market. The War on Drugs is not only unnecessary in a free market, but ending it would be a straightforward implementation of free market principles. And the freedom to buy and sell is a sick joke without robust civil liberties for all. Conversely, most people want their civil liberties partly so that they can earn a living and enjoy economic opportunities. That is what Cato is about. That is also apparently why the Kochs are trying to destroy it.

Steve Chapman:

[The battle for the Cato Institute - chicagotribune.com](#): The Kochs should keep something in mind: It took decades to establish Cato's reputation. Wrecking it wouldn't take nearly so long.

Jonathan Blanks:

[The Blanks Slate: On the Koch/Cato fight](#): Thanks for the great summer, Uncle Charlie, but you're way out of line here. What always bothered me by the 'Koch-as-master-of-puppets' tripe was not just that it impugned my motivations and those of my colleagues, but that it couldn't be further from the truth. If Charles Koch had been calling the shots, none of this would be happening. Ed Crane would be gone, and maybe a few employees

go with him, but Cato would look mostly the same. Yet, I don't think anyone believes today's Cato will have anything in common with a Koch-run Cato other than the renovated building that bears the same name. I was deeply shaken when the story broke about the Kochs' actions. They are not only attempting to destroy the Cato brand by making it partisan and inherently less honest, but they are already sully the reputations of all of the other policy shops and publications they support that don't carry the Koch name.

Jordan Bloom:

[The American Conservative » The Cato Putsch](#): A Cato with majority control in the hands of the Koch brothers is a Cato wholly given over to the politicization and prevarication that Rothbard saw (perhaps too sensitively) taking shape more than 30 years ago. The brothers Koch are already Obama's preferred demagogues, turning Cato into their personal think tank does no service to libertarianism or Cato. Sadly, it looks like they have a pretty strong case.

### **For the Kochtopus:**

Daniel Foster:

[Cato Scholar to Kochs: 'You Can't Probably Fire Me, I Sorta Quit!'](#): What ever happened to wait and see? The Kochs haven't made clear what changes they will or will not make to the way Cato operates should they succeed in their (at first blush, obviously justified) attempt to assert greater operational control. Admittedly, they would probably do well to say something on that score, if only to poke some rays of light through the cloud of doom that seems to follow them around. (Speaking of which, what is Sanchez here doing if not reinforcing the very "Kochs as supervillains" narrative he purports to reject?) The Kochs could be seeking to turn the great libertarian think tank into an arm of the Republican party. They could also be seeking to turn the Republican party into an arm of the libertarian movement.

Thomas DiLorenzo:

[Chicago Daily Observer » Blog Archive » Charles Koch Makes a Good Point On CATO Institute Fight](#): The word on the street (K Street, that is) is that Charles Koch's lawsuit against the CATO Institute is motivated by his desire to abandon what he once believed was a potentially successful Grand Strategy and replace it with a different institutional strategy.... The strategy was to use institutions such as George Mason to educate undergraduate and graduate students in free-market economics who would then work for various arms of the Kochtopus, for members of congress or the executive branch, or become journalists or elected officials.... Well, this strategy has had a 35-year run and is obviously a colossal failure. There has never been any single law or regulation that is known as the "CATO Rule," or the "CATO law to deregulate industry X," etc. The welfare/warfare state has exploded beyond the control of anyone over the past several administrations despite all those CATO conferences, all those rubber chicken lunches and

dinners, and all of the juvenile sniping at and gossiping/lying about the Rothbardians associated with the Mises Institute and LewRockwell.com who have done nothing but pursue an alternative educational strategy.

Erick Erickson:

[Libertarian Ed Crane Decides to Act Like a Liberal. Will It Destroy the Cato Institute? | RedState](#): Ed Crane wants this happening in the political season so he can take advantage of a liberal media predisposed to be against two of Barack Obama's political opponents. People on the right should frown upon those sorts of actions. If Cato is to die, it will be because of Ed Crane's leadership, not because of the Koch Brothers.

Robert Wenzel:

[EconomicPolicyJournal.com: The Cato Institute Gravy Train](#): Why the big battle against the Kochs by Cato insiders? Is it principle or fear of an end to the gravy train? The 2010 Cato IRS Form 990 filing shows the income of top Cato employees, many of whom would likely be fired if the Koch brothers gain majority control of the Institute.

**Damned forever to run about the antechamber of Hell chasing the banner out of a refusal to take sides:**

Arnold Kling:

[The Koch Cato Affair, Arnold Kling | EconLog | Library of Economics and Liberty](#): I am not emotionally invested in the control issue involving the Kochs, on either side.

Walter Olson:

[Koch v. Cato](#): As some readers will have heard, the Cato Institute, with which I'm affiliated, is the subject of a lawsuit filed last week over its governance structure. Given the legal ramifications I don't expect to employ this space to express opinions about the case while it's pending.

Jonah Goldberg:

[Thinking About the Battle for Cato - By Jonah Goldberg - The Corner - National Review Online](#): I've been asked by a bunch of readers what I think about the battle for Cato. My short answer is "I really don't know." Most of what we see in print is the version of the story offered by Ed Crane and his allies. They're probably telling it exactly as they see it. But emotions are running hot and it's entirely possible — and understandable — that some of the details, nuance, and good faith has fallen by the wayside.

Matt Welch:

[Koch Brothers Sue Cato in Ownership Dispute - Hit & Run : Reason Magazine](#): In a move that could have significant impact on institutional libertarianism, Cato Institute founder Charles Koch and his brother David (the latter of whom sits on the boards of both Cato and the Reason Foundation, which publishes this website), are suing Cato, Cato President Ed Crane, and the widow of recently deceased former Cato chairman William Niskanen in a dispute over Niskanen's ownership shares in the \$39 million libertarian think tank.... More analysis and commentary from David Weigel, Jonathan H. Adler, and Skip Oliva (whose Twitter feed has been full of related content).