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FreedomWorks, Koch Brothers Clash Over Cato Institute Takeover Bid

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By **Paul Blumenthal**

WASHINGTON -- A split is opening up between two forces that helped to launch the Tea Party in 2009. FreedomWorks, a free market/limited government advocacy group, released a statement Thursday criticizing the move by billionaire industrialists Charles and David Koch [to sue for majority control](#) of the libertarian Cato Institute.

"As representatives of FreedomWorks, a grassroots organization that fights for constitutionally-limited government and individual freedom, we have grave concerns regarding the potential damage to the cause of liberty that will result from the dispute that has erupted between the Board of Directors of the Cato Institute and various parties at Koch Industries," says the statement from FreedomWorks' top three officials -- Chairman Dick Armey, the former congressman from Texas; Co-Chairman C. Boyden Gray and President Matt Kibbe.

FreedomWorks worked hand-in-glove with the Koch brothers-funded group Americans for Prosperity to help rally the Tea Party movement in 2009. The two groups teamed up to sponsor the Tea Party Tax Day Protest that followed a televised rant against government support for homeowners facing foreclosure by CNBC's Rick Santelli.

Thursday's statement calls the Kochs' move a "hostile takeover" of Cato, echoing words used by Cato President Ed Crane, who has vocally opposed.

Supporters of Cato suspect that the Kochs, who are shareholders in the institute, want to seize majority control to [pull Cato into their partisan political infrastructure](#). The fear is that this move will turn Cato away from its support for and research on positions outside the conservative mainstream, including issues of the war on drugs, civil liberties and militarism.

Bob Levy, chairman of the Cato board, [told Slate's Dave Weigel](#), "This is an effort by the Kochs to turn the Cato Institute into some sort of auxiliary for the G.O.P."

The FreedomWorks statement brings up this desire to maintain Cato's independence: "We don't always agree with individual Cato scholars, but that is precisely the point. They are independent, and their independence is their most valuable asset in the push and pull of the public debate."

In recent years, the two Koch brothers, long funders of libertarian and conservative organizations, have become the face of big money in politics as they have pumped millions into avowedly political groups that mobilize voters to campaign for conservative policies and politicians while running ads to oust progressives from office.

The full FreedomWorks statement below:

As representatives of FreedomWorks, a grassroots organization that fights for constitutionally-limited government and individual freedom, we have grave concerns regarding the potential damage to the cause of liberty that will result from the dispute that has erupted between the Board of Directors of the Cato Institute and various parties at Koch Industries. While we do not pretend to know all of the particulars of the dispute over ownership shares, it is clear that this hostile takeover bid, if successful, will do irreparable harm to the credibility of Cato, and equally important, will undermine our community's intellectual defenses at a time when the progressive left seems more committed than ever in their aggressive pursuit of government control of the American economy and the most personal decisions of its individual citizens.

One example was the willingness of Cato scholars to join with us in opposition of the bipartisan efforts of the Bush Administration and the Pelosi Congress to rush through a massive bailout of certain Wall Street banks -- the Troubled Asset Relief Program -- in October of 2008. It seemed obvious to us that this was bad public policy utterly contrary to the principles of freedom, free enterprise and individual responsibility. It was a constitutional breach of federal authority that very few so-called "free market" organizations stood up to oppose. But Cato was there, standing up at the very moment it was most difficult to stand on principle.

The work of the Cato Institute -- producing top quality intellectual ammunition unyielding in its defense of economic freedom and the unalienable rights of the individual over the encroachments of big government -- is clearly threatened by the decision of Charles and David Koch to file a lawsuit against the Institute and Bill Niskanen's widow, Kathryn Washburn. These actions put an internal governance dispute into the light of day, and the enemies of liberty are having a field day exploiting the distraction. We don't always agree with individual Cato scholars, but

that is precisely the point. They are independent, and their independence is their most valuable asset in the push and pull of the public debate.

It is our hope that the parties at Koch Industries will reconsider their ill-conceived actions so that Cato is there in the future, intact, aggressively holding both Democrats and Republicans to account for any and all efforts to grow the size and reach of government.

Dick Armey, Chairman

C. Boyden Gray, Co-Chairman

Matt Kibbe, President