

Koch brothers' effort to take over Cato Institute appears over

By Matt Pearce

June 25, 2012 7:04 p.m.

The Koch brothers' attempted takeover of the libertarian Cato Institute has come to an end, at least for now.

Charles and David Koch — the Kansas billionaires at the center of a network of conservative financial and intellectual influence sometimes derisively called “the Kochtopus” — have reached an agreement that changes the structure of the Cato Institute in exchange for its current chief executive, Ed Crane, stepping down.

So ends one phase of a power grab that had tossed one of the most famous think tanks in Washington into confusion.

Who wins here? Everybody, as the Cato Institute's [official release](#) on Monday would have it:

“For a majority of Cato's directors, the agreement confirms Cato's independence and ensures that Cato is not viewed as controlled by the Kochs. For Charles Koch and David Koch, the agreement helps ensure that Cato will be a principled organization that is effective in advancing a free society.”

The picture is, of course, more complex than the official party line.

“You could sum up the Cato case with two bullet points,” wrote Slate's [Dave Weigel](#), a sometime contributor to the Koch-tied Reason magazine, in describing the institution's perceived rebellion against the Koch takeover. “One: The Kochs wanted to hollow out a think tank and turn it into a political hack shop. Two: Nobody in the media would take the Kochified Cato seriously ever again. ‘Who the hell is going to take a think tank seriously that's controlled by billionaire oil guys?’ Crane asked.”

The Koch camp, Weigel says, was worried that Crane had lost his way in navigating the think tank through aggressive liberal attacks on the right. Crane's ouster clears the way for the institute, which is nonprofit, to be governed by a board of 16 directors rather than four shareholders.

The Cato Institute has historically prided itself on independence — not for espousing party-line Republican conservatism but for straight-up, small-government libertarianism, which occasionally meant sacrificing sacred GOP cows when it came to issues such as civil liberties. When the Kochs first [announced](#) they planned to sue — to essentially seize controlling shares of the think tank — Cato's institutional wiliness reared its head among some current staffers.

In March, Julian Sanchez posted a “resignation letter” in the event that the Kochs took over and made the institute a blunt-force political weapon. “I can’t imagine being able to what I do unless I’m confident my work is being judged on the quality of the arguments it makes, not its political utility – or even, ultimately, ideological purity,” he wrote.

According to the terms of the settlement, which puts the Kochs' lawsuit on hold, David Koch will be on the new 16-member board, but Charles Koch won't, and neither will Ed Crane. Weigel reports that 11 of the new members will be unaffiliated with the Kochs.

John Allison, former chief executive of BB&T bank, takes Crane's place at the helm.

"I have every confidence that John's leadership will enable Cato to reach new levels of effectiveness," Charles Koch said in a statement. "The alarming increase in the size and scope of government is undermining freedom, opportunity and prosperity for all. Effective action is required to limit government to its proper role."