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The Koch Brothers' Designs on Cato

Political gift giving, whether in support of candidates for public office or ideologically active nonprofit organizations, is fraught with the risk that activists of a different stripe (or journalists who are themselves of a different stripe) may take offense and retaliate.

Such has been the experience of the wealthy Koch brothers, Charles and David, two long-time funders of libertarian policies, politicians, and organizations who have been attacked without surcease by activists and journalists for about two years.

In part, of course, attacks on them have happened because they're easy targets. As politically active billionaires, the Kochs quite naturally attract attention, and for all its intellectual strengths, libertarianism is a long way from being the "people's choice."

Additionally, the Kochs have borne some of the brunt of the criticism that's accompanied the Supreme Court's correct undoing, in its *Citizens United* decision, of aspects of the McCain-Feingold Act. From that time to this, advocates of campaign finance "reform" have been shrilly condemning PACs, and particularly those, like the Koch-controlled Americans for Prosperity, that favor Republicans.

The motives of their critics aside, there have long been aspects of the Kochs' philanthropy that are tiresome. Take, for instance, Koch Industries' and the Koch Foundation's embrace of what they call "Market-Based Management," a management philosophy developed by Charles Koch, and one that, it's claimed, "can provide great value to non-profit organizations."

A thing of some complexity – MBM features 10 "Principles" and five "Dimensions" – it can seem like about nine principles and four dimensions too many when pushed on grantees.

Now, though, comes the remarkable news that the Kochs have [filed](#) a lawsuit against the venerable Cato Institute, something that goes beyond the merely annoying to the virtually incomprehensible. In a word, they want to take over Cato and fire its president and co-founder, Ed Crane.

To be fair, the Kochs have an important history with Cato. Like Crane, Charles Koch was also a founder of the think tank, and the Koch Foundation has given millions to Cato over the years. So if this were simply a management issue – that they wanted to replace Crane with someone else, or put new people on the Board – they'd clearly have the right to propose the idea, and whatever the merits of it, it wouldn't be seen as an impossibly chowderheaded scheme.

Alas, issues with management are *not* the apparent reason for their lawsuit. Instead, the Kochs' designs on Cato seem to be a desire to more closely align the think tank's policy analyses with the Kochs' partisan political efforts, through such as Americans for Prosperity.

Taking advantage of the unusual fact that the nonprofit Cato has "shareholders" with the authority to select members of Cato's board, the Kochs have lately been attempting to gain a majority among the directors (they already have seven of 16).

In a blog published on the *Volokh Conspiracy* on March 3, a senior fellow at Cato [provided](#) some background by revealing what was said at a meeting in November of last year between a Koch delegation and the chairman of Cato, 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.... They've frequently complained ... that Cato 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.

During a recent interview, Crane expressed contempt for those of the Kochs' critics whose motive is political or ideological, even as he spoke of the "insanity" in the Kochs' attempt to turn Cato into a partisan outfit. "Were they to do it," he said, "it would undo overnight 35 years of work and hard-won respect."

Even though he personally would be a certain casualty if the Kochs succeed in their takeover attempt, Crane betrays little concern about that aspect of the battle at hand. One might suspect that this is because, after 35 years at the helm of Cato, he's had a good run, or because, like many of us, he's reached an age where, professionally speaking, he can see the tunnel at the end of the light. Or maybe he's just confident that the Kochs won't prevail.

Whatever, a few things are clear. It's been on Crane's watch that Cato has grown into a leading U.S. think tank, along the way becoming one of the stoutest defenders of free speech in the country. And none of that would have been possible if Cato had been perceived as a political front group.

One of Market-Based Management's "Principles" is humility, described this way: "Practice humility and intellectual honesty. Constantly seek to understand and constructively deal with reality to create value and achieve personal improvement."

One wonders how much the Kochs thought about this Principle before they embarked on such an intellectually dishonest and destructive campaign.