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## **Cato and the Power of Ideas**

An outside look into the Koch–Cato feud and what it can teach us.

By Steven F. Hayward

Reading Richard Cohen’s squalid column last week about Andrew Breitbart (“A Bombthrower Without Ideas”) somehow put me in the frame of mind to think about the . . . Koch-Cato feud. You’ll need to bear with my circuitous route for a moment to work this out.

Cohen, who is sometimes worth reading for his occasional departures from the liberal reservation, joined the Left in braying about Breitbart’s supposed shortcomings. Cohen writes that “a good deal of [Breitbart’s career was] revolting and some of it unethical or sloppy,” though the main example he cites of Breitbart’s sloppiness is inaccurate. But more egregious was Cohen’s precious comparison of Breitbart with James Q. Wilson, who died the day after Andrew.

“Wilson was my kind of conservative,” Cohen says, because Wilson was a genteel ideas man. (By the way, I can’t find any place where Cohen wrote about Wilson and his ideas before this, supporting my thesis that for a liberal, the only good conservative is a dead conservative.) But Breitbart, you see, wasn’t about ideas at all — he was about power and “winning.” Says Cohen in his wrap-up: “In Breitbart I can find nothing of value. He thought politics was like war. Wilson thought it was about ideas.”

Would that the world worked according to Cohen’s simplistic dichotomy. Breitbart understood something that Cohen either can’t or won’t perceive: Much of the Left, in fact, is motivated by power rather than ideas. If the Left were only and purely interested in ideas, then they could indeed be countered with extended seminars on Plato and John Locke and Friedrich Hayek. Conservatives are fond of Richard Weaver’s slogan that “ideas have consequences.” Indeed they do, but try that on a union goon prizing a checked ballot from an intimidated worker, or a

faculty mob denying tenure to someone on ideological grounds — or a federal bureaucrat imposing an arbitrary and burdensome rule on a small business. If the political fight between Left and Right were only a contest of ideas, we could keep plugging away, our only obstacle being the stupidity of the Left. But that's not the whole problem. To turn the phrase on its head, sometimes ideas *don't* have consequences — that is, aren't an adequate defense — at least not when those ideas are up against a pure will to power. Breitbart understood that the Left's will to power meant that it had to be fought like a martial enemy.

Of course, the world of pure ideas and the world of political power don't diverge as neatly and cleanly as Cohen supposes. In the real world of human institutions, one needs a certain amount of power to put ideas into practice. (Indeed, the "will to power" was itself elevated into an idea, nowhere more powerfully than by Nietzsche, but let's leave that for another day.) The strong-arming union goon probably thinks he is advancing some notion of egalitarianism, if he thinks at all. Thinking on the relation of ideas to power in the real world brings up the problematic quality of *ambition* — a trait that can be unlovely in private life and positively ugly in politics. Yet in a democratic system in which only self-selecting people participate, it is impossible to function without ambition. Ambition is a central trait of all leading political figures, from Lincoln to Churchill, up through Reagan, who perhaps concealed it slightly better than others.

The relationship between ideas and power, along with the necessary ingredient of human ambition, may be the best way for outsiders to evaluate the public feud between the Kochs and the Cato Institute. It is impossible for outsiders to know all that has passed between the Koch brothers and Cato's management over the years that contributes to the current impasse, let alone the legal issues of today's litigation. As such, it is difficult to pass judgment on the legal and management issues that have surfaced. But that does not mean certain important institutional and ideological questions cannot be dilated.

On the surface it is easy to dismiss the drama as a simple case of an irresistible force meeting an immovable object. The Kochs have been spectacularly disciplined in building one of the most successful private corporations in the world, and this kind of success doesn't come without vision, persistence, drive, and —

let's not sugarcoat it — some ruthlessness along the way. Show me any successful person or [business](#) where this isn't true and I'll show you a parallel universe where human nature has changed. (Though I should add here that I've had several small independent oil producers in the Midwest tell me that Koch Industries is a first-choice refinery, because Koch always honors the contract terms promptly and fully, with no funny business after the fact. Thus, you can see how the Kochs' insistence on following precisely the original shareholders' agreement is not out of character.)

Down on Massachusetts Avenue, one finds a parallel in Ed Crane, who is, above all others, responsible for building the Cato Institute into the powerhouse it has become. As Charles Murray [argued on the Corner](#) the other day, by the Lockean principle of property rights derived from the mixing of labor and capital (a concept dear to libertarians), the ownership of Cato changes from year to year, depending on the people who are currently mixing their time and treasure to keep Cato going.

A clash between the Kochs and Crane over personalities and business principles is not hard to imagine. In my very limited exposure to Charles and David Koch, I have found them to be thoughtful and genuinely pleasant people, and nothing like the Dr. Evil caricatures the Left has created. On the other hand, while Crane has always been courteous and decent to me, even when we were pitted in debate against each other, I can also see how Crane can make Steve Jobs look warm and cuddly by comparison. (I suspect Ed will regard this as a compliment.) If this were a simple personality contest, it might be easy to come down on the side of the Kochs. Yet it would be a great tragedy if Cato comes apart chiefly over a personality clash.

Fortunately it is not necessary to decide the issue in order to get at aspects of the problem of power and ideas that this controversy has raised. Even if there is truth to the charges each side is making against the other — that the Kochs wish to control or change Cato, or that Cato's management is dismissive of the legal structure of Cato's shareholders — this axis of the dispute does not get to the deeper issues of the dilemmas of power and ideas faced by every institution and philanthropist.

In public statements the Kochs say their only motivation is to ensure that Cato becomes “increasingly effective” and that the “original intent and vision for the organization” is preserved, adding that “they feel the shareholder structure is

important to preserve donor intent.” A memo to Koch program alumni compares Cato’s disregard for the shareholder framework to President Bush’s claim that he had to abandon free-market principles in order to save the free market in the banking crisis of 2008, and, further, that they want to prevent Cato from the kind of ideological corruption that transformed the Ford Foundation, the Pew Foundation, and “others that have strayed when they deviated from their founding principles.”

But contesting a peculiar shareholder agreement because it would now allow remaining shareholders to appoint a majority of board members uncongenial to incumbent management hardly seems on par with the corruption of Pew and Ford, or President Bush’s casual abandonment of free-market principles. If a company’s management is performing poorly, appointing board members uncongenial to the incumbent management is of course perfectly reasonable in the private sector. But where is the evidence, aside from the legal dispute, that Cato’s management is performing poorly and needs to be corrected by hostile directors? And especially on the *substance* of Cato’s intellectual work, is there any indication that Cato is degenerating or betraying the libertarian tradition? No examples are given.

I once heard Milton Friedman say privately what he also said publicly (meaning his public statement was no mere polite flattery), that he was only wrong about one thing in his life: his prediction that the Cato Institute would “go native” in Washington, D.C., when it moved there from San Francisco in 1981. But perhaps we should consider the possibility that Milton Friedman was wrong after all — and that Cato did in fact go bad 30 years ago, and not lately over a shareholder agreement. There are some hard-shell libertarians — (cough, cough) Murray Rothbard — who argued that the Cato Institute’s libertarianism is not true or pure libertarianism. Stories of Rothbard being turfed out of the Cato world more than 30 years ago (and somehow having his founding shares stripped from him) are still the stuff of legend around libertarian bonfires. You can read a detailed account of it, including the Kochs’ role, in Brian Doherty’s fine history of libertarianism, *Radicals for Capitalism*. Rothbard went well beyond Cato’s stance with his critique, charging that Friedrich Hayek was not only *not* a true libertarian, but was actually evil because so many people considered him a leading libertarian thinker. And Rothbard found Milton Friedman “fundamentally and basically mistaken and wrongheaded.” Well now: The main auditorium at Cato is named for Hayek, and Cato gives a large prize in the name of Milton Friedman every two years. Splitters!

Perhaps I shouldn't make light of the disputes over ideological rectitude; they are by no means unique to libertarians. (I ought to know, as a student of Harry Jaffa, who might be thought of as the Murray Rothbard of the Straussian world.) The libertarian intramural argument can be viewed as merely one example of the general argument over prudence — what kind of concessions to “reality” are necessary to be politically effective, or to achieve meaningful change? My own critique of libertarian political philosophy and political practice is precisely that it is too *anti*-political, that is, disdain for the conventionality of the two parties (but especially the Republican party) causes many libertarians to adopt a pose or attitude of disdain toward all political life itself. It is not unlike the pose of the *soi-disant* “beyondists” who eschew “labels” or ideology, but is more frivolous in the case of libertarians precisely because they do have serious things to say about how we ought to be governed.

The irony is that Ed Crane was a central part of the effort to elevate the Libertarian party into a serious practical political force back in the late 1970s, culminating in the 1980 presidential campaign of my old hometown neighbor Ed Clark and his running mate . . . David Koch. But the subsequent path of Crane and Cato represents a move away from direct political action — the quest for power — and toward the pure world of ideas and analysis, embracing the think-tank model of building long-term institutions and propagating a body of ideas in order to create political change. What has Cato (or any other broad-spectrum think tank, like my own AEI) accomplished for all this effort? If you measure the answer according to a narrow ideological yardstick, you'd be tempted to say “nothing.” If you understand politics and historical change as the never-ending contest for public opinion, the answer will be more positive, though you could never arrive at objective metrics that would satisfy everyone. Beneath this question is the riddle offered by Machiavelli: Who is the truly more ambitious person — the practical politician (the man of power and action), or the thinker whose ideas may lead to “new modes and orders”?

To their great credit, the Kochs have always been both, investing not only in Cato, but in other long-term purely intellectual initiatives such as the Institute for Humane Studies and the Mercatus Center at George Mason University. (As is the custom these days, a disclosure: The Koch Foundation has provided some funding for academic ventures of mine.) They have also invested in action-oriented

initiatives like Americans for Prosperity, which tussle on the cutting edge of current political controversies and electoral contests.

In recent years, it appears the Kochs have become more ambitious for near-term results, and who can blame them? I have been complaining for a while now that conservatives and libertarians became complacent in the 1990s and under President Bush, and did not perceive how, to borrow a March Madness analogy, we lost the “possession arrow” of public sympathy for “market liberalism” (as Cato likes to call it). And now, under Obama, we find matters at a crisis point on all fronts. Meanwhile, changes in the media world — the rise of the Internet and the 24-hour news cycle — have changed the landscape for think tanks, as Hudson’s Tevi Troy has noted in [a widely noted \*National Affairs\* article](#) recently, and again in [the \*Washington Post\*](#) the other day. Where once upon a time a policy dispute between, say, Cato and the Center for American Progress would take several weeks to play out in letters to the editor and printed rebuttal papers, today’s insatiable, always-on internet and cable-news world means several rounds of an argument can be played out by noon. As such, even an academically inclined think tank with a long-term outlook has to take on some of the character of a campaign war room if it wishes to be heard in the growing din. It’s understandably compelling, and perhaps necessary, to become more like Breitbart and less like James Q. Wilson. There is no correct answer to this dilemma, in part because the distinction between politics and policy is incoherent and unsustainable in an era of total government like the one in which we live.

But the calculation of how to navigate these shoals ought to be up to the incumbent management of institutions, and their self-perpetuating boards, to decide. And it ought to be done directly, rather than through a proxy fight over [corporate](#)-governance structure.

One sad fact is clear: This modern-day reenactment of *Bleak House* looks likely to end in Cato losing its ability to balance the relation of ideas and power in a way that doesn’t bring discredit to otherwise noble ambition on both sides. That’s one thing Breitbart and Wilson would have seen eye-to-eye on.

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