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David Koch Fires Back over Cato

By Patrick Brennan
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David Koch has released a new statement on the ongoing Koch-Cato affair, refuting some of the accusations of Bob Levy, chairman of the Cato board, and Ed Crane, president of the institute, and leveling some more of his own. One Koch supporter I spoke to asserted that their counsel has suggested that Kochs not engage in this back-and-forth PR battle, as it isn't helpful to their legal case, but they seem determined to explain their motives and reveal Crane's and Levy's true motives.

Bob Levy has asserted at various times that David Koch had told him that he wished to make Cato produce "intellectual ammo" for Americans for Prosperity, implying that a Koch-controlled Cato Institute would do so. Koch admits that he mentioned AFP to Levy, but suggests that he meant something quite different:

Last November I told Bob about my frustrations regarding the current direction of Cato. . . . I also told Bob that Cato could become much more effective in translating esoteric concepts into concrete deliverables to move the public policy debate at this critical juncture in our nation's history. I said Cato should be supportive of other organizations that are advocating public policies consistent with a free society. As an example, I mentioned a group with which I am involved — Americans for Prosperity. I believe AFP has done a good job of turning concepts into concrete deliverables, but it is just one example of such an organization. I never asserted that Cato should be directed by, or at the whim of, any other organization, or that they should aspire to advocate the way AFP does.

More dramatically, Koch accuses Crane of being an important source for the 2010*New Yorker* hit piece on the Koch brothers and their company. Referring to the current battle:

Sadly, we have seen [similar tactics] by Cato's management before. During the past decade, Charles and I gave more money to the Cato Institute — more than $13 million — than we had given in any previous decade. Notwithstanding all the wonderful things said about us when soliciting that support, in 2010, Ed became a source for Jane Mayer of The New Yorker, providing negative background on an article that was highly critical of Charles and me. This one-sided and politically motivated piece was driven by Obama supporters at the Center for American Progress as an attempt to prevent us from effectively opposing the Administration's anti-libertarian agenda. Bob also argues that because Charles and I are active in the political arena, our visible involvement with Cato jeopardizes its credibility. However, that visibility was exacerbated by Ed himself when he contributed to The New Yorker article. (He is the individual quoted as the "top Cato official.")

The PR battle, however, looks likely to continue. While one cannot exactly blame Cato partisans for taking the side they have, one should note that it has been obvious for a while that they are merely reinforcing the Left's narrative about the Kochs, as sinister corporationists.

Finally, on the substance of the conflict, in opposition to Levy's latest statement, in which he essentially admitted that the Cato partisans believe that the existingshareholder agreement should and must be dissolved, the Kochs say they are still open to negotiation:

Just as we provided Cato's management with concrete proposals in the past, we remain willing to discuss reasonable alternatives. If we could implement a plan that met our objectives of Cato being a non-partisan, independent institute whose practices, as well as advocacy, were consistent with libertarian principles, we would support differentcorporate structures. Under reasonable conditions, we would agree to binding mediation. Our goal in filing the lawsuit is not to seek control of Cato, or to ensure that the current shareholders' agreement remains in perpetuity. Our goal is to protect Cato from proposed structures that seek to consolidate control in current management and thereby diminish its effectiveness.