

# THE Nation.

## *Independent and Principled? Behind the Cato Myth*

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It began as a fairly straightforward story about a [shareholder lawsuit](#): The Koch brothers, Charles and David, who together own 50 percent of the libertarian Cato Institute, filed suit to recover a 25 percent stake held by longtime chairman William Niskanen, who died last autumn and whose widow has yet to relinquish those shares.

Cato's shareholder's agreement is "pretty clear," according to legal writer [Alison Franke](#): shareholders cannot sell or transfer their shares without first offering them back to the Institute and then to the remaining Cato shareholders. But there's one legal ambiguity: Cato's shareholder agreement "doesn't specifically address what happens when a shareholder dies."

What started as a rather arcane legal dispute between the Koch brothers and their longtime lieutenant, Cato president Ed Crane, quickly transformed into a PR-manufactured Washington melodrama: the famed and revered (in some quarters) Cato Institute has turned against its Dr. Frankenstein, Charles Koch, attacking its maker with the full range of PR-weaponry that has served Cato effectively over these past four decades. The same pundits who only yesterday fell over themselves defending the billionaire Koch brothers as principled libertarians now denounce their benefactors as venal Republican Party warmongers out to crush the Cato Institute's "nonpartisan" "independent" "scholarship" for the crime of being, yes, principled libertarians.

It would all be good for a laugh, if the spin hadn't succeeded in conning the media and confusing the public, even roping in some well-meaning progressives like [Common Cause](#), who defended Cato's "independence."

But in order for progressives and others to make an honest and practical assessment about the Cato Institute and its battle with the Kochs, we need to first set the record straight about some of the claims being spun.

**Cato Claim #1: The Cato Institute was one of the earliest and most principled critics of the Bush Administration's wars abroad and attacks on civil liberties at home ([here](#) and [here](#)).**

**Fact: The Cato Institute's actual record during the Bush administration years was anything but principled and far from heroic.**

John Yoo, author of the notorious "[torture memo](#)," served on the [Cato editorial board](#) for *Cato Supreme Court Review* during the Bush presidency. At the same time, Yoo was writing the Bush administration's legal justifications for waterboarding,

Guantánamo, warrantless wiretapping and more. Yoo also contributed [articles](#) to *Cato Supreme Court Review* and a chapter to a Cato book titled [The Rule of Law in the Wake of Clinton](#) criticizing President Clinton's "[imperial presidency](#)."

The "Cato Policy Report" attacked progressive critics of Bush's "War on Terror" as "[Terrorism's Fellow Travelers](#)" in its November/December 2001 issue. Former Vice President of Research Brink Lindsey wrote, "Most of the America haters flushed out by September 11 are huddled on the left wing of the conventional political spectrum."

Another Cato executive, [Ted Galen Carpenter](#), former VP for defense and foreign policy studies, enthusiastically supported Bush's "war on terror" and called on Bush to [invade Pakistan](#).

The Cato Institute advised the 2002–04 Republican-dominated Congress to commence military strikes in Pakistan in its [Cato Handbook for Congress](#) arguing, "Ultimately, Afghanistan becomes less important as a place to conduct military operations in the war on terrorism and more important as a place from which to launch military operations. And those operations should be directed across the border into neighboring Pakistan."

Another Cato Institute executive, [Roger Pilon](#), vigorously supported Bush's attacks on civil liberties. Pilon, Cato's VP for legal affairs and founding director of the Cato Institute's "Center for Constitutional Studies," supported expanded FBI wiretapping in [2002](#) and [called on Congress](#) to reauthorize the Patriot Act as late as 2008.

While it's true that compared to other pro-Republican think-tanks, Cato did have periods when it was critical of Bush's wars and attacks on civil liberties, those attacks weren't consistent and showed every sign of being subordinated to the Cato Institute's political demands. The most obvious example of this came in 2005, when Cato suddenly called a halt to its growing criticisms of Bush's "war on terror" and fired one of its most ardent anti-interventionists (another resigned), sparking a backlash from some prominent non-Cato libertarians like antiwar.com's Justin Raimondo, who [wrote](#): "Now that the majority of Americans have turned against this war, the Cato bigwigs are lining up with the neoconservatives who want to 'stay the course.'" In 2006, with Bush's presidency in tatters, Cato restarted its criticism in earnest.

**Cato Claim #2: The Cato Institute is [independent of the Republican Party](#) establishment and often as much in opposition to the GOP as to the Democrats.**

**Fact: In reality, the Cato Institute has been one of the leading Republican Party policy and propaganda factories since at least the early 1990s.**

In 1995, the [LA Times](#) described the Cato Institute as the Republican revolution's favorite hangout, "the hottest think tank in town. On any given day, House Majority Whip Tom DeLay of Texas might be visiting for lunch. Or Cato staffers might be plotting strategy with House Majority Leader Dick Arme, another Texan, and his staff. Cato's constitutional law briefs cross the desks of conservative Supreme Court justices and their clerks."

In 2005, a [Washington Post](#) article observed, "Nowadays, Cato alumni are everywhere in the Bush administration." Among Cato figures in the Bush administration named in the article: Andrew Biggs, Derrick Max, Charles Blahous, Leanne Abdnor and Carolyn Weaver, who helped launch Cato's war on Social Security back in 1979.

President Bush's high-priority Social Security privatization plan was all thanks to lobbying by Cato president Ed Crane and Cato executive José Piñera, a former Pinochet official who heads Cato's Social Security privatization project.

**Cato Claim #3: The Kochs are staging an unprecedented GOP takeover of the Cato Institute by staffing it with Republican Party operatives and backers ([here](#) and [here](#)).**

**Fact: The Cato Institute's board of directors and staff have always been stacked with Republican Party supporters, donors and operatives.**

Rupert Murdoch was a Cato board member, serving at least through the [early 2000s](#). When Murdoch first joined Cato's board, Ed Crane [hailed](#) the News Corp chief as "a strong advocate of the free market and a committed civil libertarian."

So was Murdoch's longtime US partner, John C. Malone of Liberty Media, whom Al Gore once reportedly [called](#) the Darth Vader of cable. Malone is a [major GOP donor](#) and the [largest private landowner](#) in the United States.

Stephen Moore, longtime Dick Arme sidekick and author of the 2004 hagiography [Bullish on Bush: How George W. Bush's Ownership Society Will Make America Stronger](#), was director of Cato's Fiscal Policy Studies and remains a senior fellow.

Other major GOP sponsors on the Cato board before the Kochs' recent "coup" include [K. Tucker Andersen](#), [Howard Rich](#) (funder of the term-limits movement) and [Ethelmae C. Humphreys](#), who along with her son has "doled out hundreds of thousands of dollars to Republican candidates."

Republican operatives in Cato are numerous and include former Phil Gramm staffer and Bush HUD deputy assistant secretary [Mark Calabria](#), director of Cato's Financial Regulation Studies; and former [Senate Republican Policy](#)

Committee analyst Michael Cannon, director of Cato's health policy studies and adviser to Florida Republican Governor Rick Scott. Cannon's "independent scholarship" includes his famous November 2008 Cato blog post: [Blocking Obama's Health Plan Is Key to the GOP's Survival](#). That's before Obama took office.

**Cato Claim #4: Cato's employees are "independent" scholars free from the corrupting influence of "special interests."**

**Fact: The Cato Institute is one of the leading manufacturers of toxic corporate propaganda, cynically undermining science and scholarship to serve the interests of tobacco companies, oil and gas, chemicals, health insurance, financial industry and other Cato donors.**

Cato chairman Robert Levy, who today accuses the Kochs of turning Cato into "a mouthpiece of special interests," once faithfully served the tobacco industry as a leading tobacco-death denialist. In his article, ["Lies, Damn Lies & 400,000 Smoking-Related Deaths"](#), Levy claimed, "children do not die of tobacco-related diseases" and "there is no credible evidence that 400,000 deaths per year—or any number remotely close to 400,000—are caused by tobacco." (In fact, tobacco use kills more than 5 million people a year worldwide.)

Greenpeace [labeled](#) Cato a "Koch Industries climate denial front group" that is "focused on disputing the science behind global warming and questioning the rationale for taking action." Among Cato's anti-science propagandists: [Patrick J. Michaels](#), called "a serial deleter of inconvenient facts" by ThinkProgress and [Steven Milloy](#), a onetime Cato adjunct scholar on the payroll of Philip Morris, oil companies and others.

Philip Morris listed Cato VP David Boaz as one of its ["National Allies"](#) in a 2000 memo.

In 2001, a British-American Tobacco executive sent a thank-you letter to Levy and the Cato Institute, noting: "I was also pleased to learn after our meeting that our subsidiary company, Brown & Williamson, provided the Cato Institute with funding in 2000."

So there you have it: a brief look at the Cato Institute's factual record, which reads nothing at all like the heroic fairytales spun by Cato and its allies about its principled opposition to the Bush Administration's imperial presidency, or its opposition to the Republican Party, or whatever else Cato's minions tell us to win our hearts rather than our minds.

In fact, it's hard to know what, if anything, to believe about Cato—PR and spin are so ingrained in their thinking and their breathing, one wonders if Cato's own flaks can tell the difference themselves between reality and spin. Lately, they seem to have a hard time keeping track of their numerous and rather careless flip-flops, particularly when it comes to how they characterize their longtime benefactors, the brothers Koch. Most of the same libertarians who attacked the Kochs as unprincipled GOP usurpers of the Cato Institute only yesterday defended the same Kochs as principled patrons of purist libertarian scholarship.

Last October, David Boaz, Ed Crane's number two in Cato, defended the Koch brothers as [principled libertarians](#) under attack for "opposing a president who supports fiscal irresponsibility, the Patriot Act, the war on drugs, and secret wars." Five months later, Boaz [darkly warned](#) that the very same Koch brothers posed a "direct threat to the independence, nonpartisanship and libertarianism of the Cato Institute."

*Slate's* David Weigel—a libertarian graduate of the Kochs' *Reason* magazine and the Kochs' Institute for Humane Studies—defended the Kochs last year during the Wisconsin protests against Scott Walker: "How did the Kochs become the villains of Madison?" Weigel asked. "They have, for decades, bankrolled libertarian think tanks and programs, and they help put on conferences where conservative ideas are spread. Among the ideas they end up spreading are drug legalization and opposition to the Patriot Act." And last May, during the uproar over a donation by the Charles G. Koch Foundation—with strings attached—to Florida State University's economics department, Weigel defended the billionaires by way of [sneering](#): "The Koch pushback continues, as non-controversial donation after non-controversial donation is blown up into a controversy—a byproduct of the brothers' new fame."

Skip a few months, and the Koch brothers [circa 2012](#) are suddenly, implausibly, the very antithesis of the Koch brothers circa-2011: "If the Kochs win control of his shares, and the Koch-skeptics bolt, a much-less-credible Cato Institute will never be so rude to the Republican Party." Now, non-controversial donations are suddenly controversial—without explanation. Weigel never explains to his readers why owning 75 percent instead of 50 percent of Cato will turn the Koch brothers from last summer's principled libertarians into this spring's evil GOP neocons. His substitution of one unsupported message with its antithesis is confusing—to put it as kindly as possible.

Julian Sanchez is another Cato flip-flopper. Shortly after Jane Mayer's article on the Kochs appeared in *The New Yorker*, Sanchez rushed to their [defense](#): "as someone who's directly or indirectly benefited from Koch largess for most of my adult life—the Koch Fellowship as a student; gigs at Koch-funded *Reason* and Cato—I'd expect folks to be justly skeptical of anything favorable I might write about them. ...The idea that they've poured a hundred million and change into funding libertarian think tanks, advocacy groups, and educational programs over the years in order to line their own pockets or boost the corporate bottom line seems kind of bizarre."

That was autumn 2010, when the Kochs were still dreamy libertarians. A year and a half later, Sanchez is full of [righteous indignation](#) against those same, but now-unprincipled, Koch brothers: "I hereby tender my pre-resignation from Cato, effective if and when the Kochs take command. I'll be sad to go, if it comes to that, but sadder to see a proud institution lose its autonomy."

Without explaining his flip-flop, it's hard to take Sanchez's "presignation" announcement as little more than a PR stunt.

The more you get to know the real Cato Institute, the more you see a rank, powerful right-wing corporate front group deeply woven into the Republican Party machinery, as unprincipled and cynical in its relentless service of the 1 percent's interests as it is hostile to the progressive cause.

Ask Naomi Klein. In 2008, the Cato Institute unleashed a full-frontal PR attack on Klein in the form of a twenty-page brochure denouncing and belittling *The Shock Doctrine*, which offended Cato because it took on two of the think tank's golden calves: Milton Friedman and Augusto Pinochet, whose onetime labor minister, José Piñera, has been working for Cato since 1995 trying to strip Americans of their Social Security. The Cato attack against *The Shock Doctrine* was petty, bizarre and remarkably shallow even by PR hack standards—at one point, the Cato brochure attacked Klein for hosting blurbs by fiction writers on the jacket of *The Shock Doctrine* and implied that those blurbs were evidence that the book was itself fiction.

Klein was left understandably [bewildered](#): “The greatest challenge in responding to the Cato paper is the scope of its dishonesty,” she wrote.

More recently, since the killing of Trayvon Martin, the Cato Institute has been one of the [staunchest defenders](#) of the “[Stand Your Ground](#)” laws.

Remember that when you see Cato flaks squaring off against their onetime sugar daddies, the Koch brothers. Until we better understand what they do, and what sort of people they are, and how they've actually operated according to the record, rather than responding to what they're telling us without questioning it, the only sure thing about this Cato-Koch struggle is that whoever comes out on top, Ed Crane or Charles Koch, the rest of us are guaranteed to be the big losers.

Late note: Charles Murray, whose “[racial eugenics](#)” book *The Bell Curve* argued that blacks and Latinos are genetically inferior to whites, [has announced his support](#) for the Cato Institute. Murray, whose racist views [influenced John Derbyshire](#), disclosed, “Ed Crane is a close personal friend.” Murray has also “enjoyed a friendly acquaintance” with both Koch brothers “for more than twenty years.”