



Cato Goes to War

The Koch brothers have launched an extraordinary campaign to take control of America's most respected libertarian think tank. Will they destroy it?

By [David Weigel](#) | Posted Monday, March 5, 2012, at 6:00 AM ET

On Friday afternoon, as the Washington offices of the Cato Institute were emptying out for the weekend, the libertarian think tank's president sent an e-mail to all staff. The subject was the Koch brothers crisis.

"Catoites," wrote Ed Crane, "You are all probably aware by now of the unfortunate development with Charles and David Koch. They are in the process of trying to take over the Cato Institute and, in my opinion, reduce it to a partisan adjunct to Americans for Prosperity, the activist GOP group they control."

His fellow Catoites were waiting for this. On Thursday morning, the *Washington Post* published news of a lawsuit the Kochs had filed against the 35-year-old libertarian think tank, claiming that they could buy the controlling shares held by the late co-founder and chairman William Niskanen. A "[Save Cato](#)" page materialized on Facebook; Cato staffers, on their public pages, were telling friends to join. On Friday, before he sent out the e-mail, Crane summoned some of his top scholars for a special briefing on the Koch crisis. Attendees described it as a "war meeting," with Crane pledging to stay on and fight the lawsuit as long as it could be fought. This was basically what Crane would say in his all-Cato e-mail.

"Cato is the gold standard of libertarian organizations around the world," wrote Crane. "We are respected and admired for our commitment to libertarian principles, integrity, independence and non-partisanship. That respect encompasses traditional liberals and conservatives. That would all end with a Koch takeover, despite Charles Koch's protestations to the contrary."

How did this happen, and why should anyone outside of the libertarian sphere care about it? The first question has a complicated answer. The second question answers itself.

Charles and David Koch [have been putting some of their hard-won oil wealth into libertarian causes since the 1970s](#). A lot of the money has gone to theoretical, academic research—Cato, the [Mercatus Institute](#), internship programs for college students. Charles Koch had helped to found Cato in 1977, but in 1991, he bolted; the think tank wasn't producing his kind of results. [David joined Cato as Charles left](#), becoming a minority partner, present but not really policing the think tank's work.

In 2009, after Barack Obama's Democrats passed health care legislation and tried to pass a cap-and-trade energy tax, the Kochs stepped up their political activism. Americans for Prosperity, a grass-roots organizing group chaired by [David Koch, helped build the Tea Party movement](#) with conferences, bus tours, and punditry; its budget grew from \$7 million pre-Obama to \$40 million in 2010.

The Cato Institute had never been so directly involved in politics. Its scholars had criticized Republicans when they were in power; they criticized Democrats when they started ruining things their own way. But if other Koch-connected organizations were at war with Obama, Cato largely sat it out. When the Occupy Wall Street movement began, Americans for Prosperity denounced its "violent rhetoric." Jim Harper, director of information policy studies at Cato, [blogged a Venn diagram](#) and wrote that "to the extent the substance of [Occupy Wall Street's] grievance is, or can be turned to, corporations' use of government power to win unjust power and profits for themselves, that's a grievance I can sit in a drum circle for." In 2011, according to Cato chairman of the board Bob Levy, the think tank got no money whatsoever from the Kochs.

On Oct. 26, 2011, Niskanen passed away. Within days, Crane learned that the Kochs would be coming after the Cato shares held by Niskansen's widow, arguing that they were not hers to hold. A win would give them complete control of the think tank, with a supermajority to make key hiring decisions; that, Crane was led to believe, would end his 35-year tenure as president. In early November, David Koch met with Bob Levy, chairman of Cato's board of directors, at Dulles International Airport. They were joined by Richard Fink, Koch's chief adviser, and Kevin Gentry, a vice president of Charles Koch's charitable foundation who'd been put on Cato's board of directors. (Former Americans for Prosperity President Nancy Pfotenhauer had joined the board after the same meeting.)

"They said that a principle goal was to defeat Barack Obama," remembered Levy. "The way David [Koch] put it was, 'We would like you to provide intellectual ammunition that we can then use at Americans for Prosperity and our allied organizations.' AFP and others would apply Cato's work to advance their electoral goals."

Levy asked them: "What gives you the impression that [Cato isn't] providing intellectual ammunition?" He says now: "I never got a satisfactory answer."

The only answer that makes sense was that Cato needed to be more responsive to their needs. We would take closer marching orders. That's totally contrary to what we perceive the function of Cato be."

Cato's leadership didn't respond to this directive, nor did they change anything about the think tank. The Kochs began to change it for them. In [February](#), they nominated 16 people for four slots on Levy's board. Levy and others were aghast at some of the names. One nominee, Tony Woodlief, a former leader of several Koch-funded groups, [had blogged](#) in the past about "sanctimonious libertarians" who refused to get serious about policy. "Libertarianism in practice largely consists of a homogeneous group of people talking to one another about a narrow set of things that matter most to them (legalized drugs, lower taxes), and hoping that the rest of America will wake up and elect them to office," he sneered in a 2002 post. "The majority of Americans are not, in fact, 'live and let live' types." John Hinderaker, a lawyer and founder of the blog PowerLine, [had backed the Iraq war](#) and called George W. Bush a "man of extraordinary vision approaching to genius."

In the end, [the board chose](#) the four members that horrified libertarians the least. The four new members were Judge Andrew Napolitano ("the only one of these nominees who actually is a libertarian," says Levy), former solicitor general Ted Olsen, Koch Industries shareholder Preston Marshall, and Charles Koch himself. Both brothers were now on the board. They or their close allies held seven of 12 seats. Two more, and they would have the three-fourths majority needed for full control. That would end Cato as Washington knows it. "You think I'd WANT to stick around a partisan propaganda farm?" [tweeted Julian Sanchez](#), a Cato research fellow, on Friday. "The Kochs are making me root for that asshole Ed Crane," [tweeted Will Wilkinson](#), a scholar with some liberal leanings [who left the think tank](#) in 2010, sparking a now-quaint round of speculation about Cato's politics. "I don't think there's anybody, maybe with the exception of Charles and David Koch and their employees, who believes that Cato's better off being governed by the corporate and political interests of the Kochs," said Bob Levy. "Maybe they will wake up to the fact that this is destructive for everybody. It seems obvious. What is the purpose of doing this? What is there about Cato's activities that requires redirection? What is there that they're not satisfied with?"

The Kochs haven't explained themselves yet. (I e-mailed the Kochs' representative over the weekend, and I will print any reply.) The money speaks loudly enough. In 2010, AFP and the Kochs' own donations went to support Republicans running for Congress. (AFP's spending was "educational," so most ads gently suggested that voters should call Democrats and explain why they were wrong.) In 2012, the Kochs [talk about steering \\$200 million](#) to conservative candidates. If they're successful, Republicans will win the total control of Washington that they had from 2001 to 2007. Of course, even in those years, the Cato Institute produced some of the most consistent, passionate, and predictive attacks on Republican

policies. One example: In December 2001, a Catoite grew worried that the Bush administration would expand the "war on terror" to Iraq.

"The Bush administration should not follow a successful prosecution of the war in Afghanistan with another war in Iraq," he wrote, "unless it presents evidence, at least credible enough for Tony Blair, that Saddam helped finance, organize, or implement the Sept. 11 attacks or that he has supplied weapons of mass destruction to a terrorist group. No such evidence has been presented to date."

The author: [William Niskanen](#). 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. The think tank's response: total war, ending either with victory or with Ed Crane's libertarians salting the earth as they retreat.