



July 3, 2012

## The Kochs v. Cato: Winners and Losers

Posted by [Jane Mayer](#)

So what was all that about? What does it mean that the politically potent Koch Brothers have agreed to drop their lawsuit against the Washington-based Cato Institute, and who won?

Earlier this week, an agreement was announced in the dispute over control of Cato, America's first, and largest, libertarian think tank. In exchange for the retirement of Cato's current C.E.O., Ed Crane, and acceptance from all sides of his replacement, the banker John Allison, Charles and David Koch agreed to end their litigation. They also agreed to abandon their effort to exert influence over the organization through an ownership arrangement that involved them holding shares rather than relying on the board of directors to pick top personnel. And they agreed that only David Koch, and not his brother Charles, would take a place on the think tank's board. Reduced to its simplest level, says Bruce Bartlett, a conservative economist and historian who briefly worked at Cato and who has fallen out with the Kochs, the dispute came down to control of the think tank's post-Crane future: "It was about making sure that when he left they would name his successor." Under Crane, Cato achieved a degree of intellectual independence, pushing not just the predictable anti-government, pro-business views of the Kochs but also some ideas that clashed with the Republican platform, including opposition to the use of torture during the Bush years and support for gay rights and drug legalization—both of which David Koch supports, but which he and his brother have not made priorities.

As Bartlett put it, "It's clear to me that the Kochs have abandoned libertarianism and essentially thrown in totally with the G.O.P. They are putting in place a structure that will gradually erode Cato's independence and move it closer to the American Enterprise Institute and Heritage Foundation."

Given this, what does the choice of Allison say about which side won in this libertarian showdown? Will Cato's libertarianism focus on personal freedom or corporate freedom? Will it hew to the G.O.P. platform or dare to deviate? It's hard not to conclude that Allison, who stepped down in 2008 after almost two decades as chairman and C.E.O. of the highly successful banking chain BB&T, appears to almost completely share the Koch vision.

As [Jonathan Chait notes](#):

Allison's ascension is in keeping with the general trend of the Washington libertarian movement to define itself mainly in economic terms. (The trend has been opposed by a handful of libertarian dissidents, the most prominent of whom have been purged.)

Allison idolizes Ayn Rand, the philosopher and writer who counted human greed as a virtue. That's not so unusual for a libertarian, but so intense is Allison's devotion to Rand's work that he has waged a crusade to force college students to read it, using the power of the BB&T Charitable Foundation and millions of dollars in donations to their schools to achieve his goal. Randians tend to hew closely to the Kochs' line. They focus on the glories of unbridled capitalism, rather than the civil-liberties issues that Cato had taken

up under Crane. Further, many Randians, as opposed to a significant number of those working at Crane's Cato, are hawks on foreign policy. In [a post on his blog](#), Jeremy Lott, a former Cato employee, makes this point, noting though that, "In his opening remarks to Cato scholars, Allison said that he did not want Cato's foreign policy to be the Republican Party's foreign policy. That's all to the good but this bears watching because the foreign policy work Cato does is important."

Up until now, Allison's mission has been to spread the gospel of Rand. He's done so by directing grants to schools that agree to teach her works, a practice that has stirred controversy in some schools, where faculty members have objected. In 2006, for instance, faculty at Meredith College, in Raleigh, North Carolina, forced the school's president to relinquish a four-hundred-and-twenty-thousand-dollar grant from the BB&T Charitable Foundation rather than accept the strings attached to the gift: a requirement that they teach "Atlas Shrugged." But many schools have evidently felt too strapped to say no. Guilford College, a Quaker school in Greensboro, North Carolina, took a five-hundred-thousand-dollar grant from BB&T's foundation to teach a class called "The Moral Foundations of Capitalism," in which students majoring in business or economics would, upon beginning their junior year, be given a free copy of "Atlas Shrugged." [Richard Zweigenhaft](#), a professor of psychology, wrote that, "This deal with BB&T was simply an egregious case of the college administration deciding to sell a chunk of the curriculum." Despite scattered protests, Allison's spreading of Rand's work through America's financially hard-pressed system of higher education has been almost as successful as the spread of BB&T's bank branches.

By 2008, BB&T's foundation had, according to the *Charlotte Observer*, given twenty-eight million dollars to twenty-seven different colleges in order to, in the *Observer's* words, "support the study of capitalism from a moral perspective." Seventeen of those colleges promised to make "Atlas Shrugged" required reading in a class. In several instances, Allison and the Kochs have supported pro-free-market curricula at the same schools, such as Florida Gulf Coast, a public university in Fort Myers, Florida, and Clemson, a public university in South Carolina.

What these programs and their donors share seems to be a veneration of society's haves as not only lucky and talented but also as virtuous, while the have-nots are less to be pitied than to be scorned for letting others carry their load. Government, meanwhile, is described as immorally aiding and abetting society's losers at the expense of its rightful winners. While many libertarians are fans of Rand, they are less ardent about her than Allison is. Lott points out that the difference may be in degree of fervor. The current leaders at Cato, he writes,

Are not associated with any of the at-times cultish organizations that serve as keepers of the flame. Allison is. If he brings a mass of Randians with him into Cato, that could pose a problem for those who do not buy all of what the famous novelist espoused, or the stridency with which she espoused it.

Ironically, while many libertarians embrace Rand, the admiration was not mutual. In fact, Rand herself was scathing about the libertarian movement. As Noah Kristula-Green wrote [at the Daily Beast](#), in 1971, Rand described libertarians as "the scum of the intellectual world of the left, which has given them up."

Association with such views may make Allison an odd choice to head a libertarian think tank. But his backing by the Kochs and others suggests that times have changed, and that libertarianism, like the Kochs, has moved closer to Rand. Given Allison's leanings, it's a shame that he can't change Cato's name, along with its leadership. But alas, while catchy, "Rand Corporation" is already taken.

*Photograph, of John Allison, by Andrew Harrer/Bloomberg/Getty Images.*