

The Volokh Conspiracy

Koch v. Cato — David Koch Issues a Statement

Jonathan H. Adler • March 23, 2012 8:45 am

Koch Industries Executive Vice President David H. Koch has issued a [nine-page statement](#) regarding the Koch-Cato kerfuffle and directly responding to some of the [claims made by Bob Levy](#). As with [his brother's statement](#), more of the release consists of categorical statements or assertions, and there is relatively little in the way of verifiable detail, particularly when responding to Levy. Where the responses are most direct, they are beside the point, and respond to mischaracterizations or caricatures of Levy's claims (e.g. the statement denies that David Koch ever said Cato should work exclusively with or take direction from groups like Americans for Prosperity, when that is not what Levy claimed). While the statement references compromise proposals put forward by the Kochs, it also lacks the level of detail Levy offered without disputing his specific claims (e.g. the discussion of beginning the search and creating a timetable for Ed Crane's retirement).

The most interesting aspect of David Koch's statement is how much it makes clear that (from the Koch's perspective) this dispute is about Ed Crane, and that Crane's behavior and what David Koch characterizes a "rule or ruin" approach to Cato makes a peaceful resolution difficult if not impossible. The statement also claims Ed Crane was the "top Cato official" responsible for the quote in this paragraph from Jane Mayer's [infamous story](#) on the Kochs.

[Richard] Fink, with his many titles, has become the central nervous system of the Kochtopus. He appears to have supplanted Ed Crane, the head of the Cato Institute, as the brothers' main political lieutenant. Though David remains on the board at Cato, Charles Koch has fallen out with Crane. Associates suggested to me that Crane had been insufficiently respectful of Charles's management philosophy, which he distilled into a book called "The Science of Success," and trademarked under the name Market-Based

Management, or M.B.M. In the book, Charles recommends instilling a company's corporate culture with the competitiveness of the marketplace. Koch describes M.B.M. as a "holistic system" containing "five dimensions: vision, virtue and talents, knowledge processes, decision rights and incentives." A top Cato Institute official told me that Charles "thinks he's a genius. He's the emperor, and he's convinced he's wearing clothes." Fink, by contrast, has been far more embracing of Charles's ideas. (Fink, like the Kochs, declined to be interviewed.)

David Koch is indisputably correct that some Cato staff and partisans have levied unwarranted attacks on the Kochs' intentions and their influence on the libertarian movement — attacks they would have rejected had they been made by a journalist or progressive group several months ago. As I have tried to stress in all of my posts on this matter (beginning [here](#)), I am concerned about the consequences of making Cato subject to the control of the Kochs or any single interest, but not because I believe they will necessarily make Cato more partisan or less principled. I believe the Kochs have been principled supporters of libertarian ideas and have made immeasurable contributions to the fight for individual liberty — something most Cato supporters should also believe (and probably did until this conflict began). I also hope that there will be a resolution to this conflict that leaves the Cato Institute standing.