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\$5 million to California university from billionaire Charles Koch sparks an uproar

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A Nobel laureate decries the “hate speech.” The university president accuses faculty critics of seeking to stifle academic freedom. Professors tar each other as “disingenuous,” spreading “baseless lies and accusations.”

The normally tranquil Orange County campus of Chapman University is in the throes of a bitter controversy — all due to a \$5 million donation from the Charles Koch Foundation.

The gift from the conservative billionaire helps fund a program in “Humanomics,” which the university defines as “reintegrating the study of the humanities and economics.”

The question at hand: Are political strings attached to the money?

“No other donor would be allowed to pre-select professors based on their ideology,” said Tom Zoellner, an English professor. “Appointments were hustled through without due process or necessary transparency.”

Last fall, the English department voted to reject two candidates for tenured professorships partly funded by the Koch donation. The two literature scholars were later hired by the business school for the interdisciplinary program, but only after the head of an economics hiring committee resigned in protest, citing “a lack of objectivity.”

This spring, more than 50 faculty members attended a forum to debate the Koch gift. And the Chapman University Young Democrats, a student group, sponsored a talk by a co-founder of the national activist group [“UnKoch My Campus.”](#)

At the faculty forum, in newspaper interviews, and in a May 20 [op-ed in the Wall Street Journal](#), Chapman President Daniele Struppa forcefully defended the Koch donation.

“I don’t think there is an ideological component,” he told the Register. “We can hire whoever we decide to hire.”

Faculty objections are “politically motivated,” Struppa suggested. “The Koch brothers are detested by much of liberal academia... People think they want to control the world.”

Koch’s academic push

Charles Koch, CEO of Koch Industries, the Kansas-based oil and chemicals conglomerate, and his brother David are ranked by Forbes as the 8th richest people in the world, with a net worth of \$60 billion each.

The brothers are best known for spending hundreds of millions of dollars to elect conservative Republicans to public office, and to dispute the impact of fossil fuels on the global climate.

Less known is that Charles Koch's foundation has become one of U.S. academia's largest private funders. In recent years, it has given an estimated \$200 million to colleges and universities, much of it to advance a free-market, anti-regulatory, tax-cutting agenda through think tanks, professorships and conferences.

In 2016, \$50 million of the foundation's \$77 million in gifts went to 249 institutions of higher learning, nearly double the amount of the year before. Overall giving rocketed to \$120 million in 2017, with donations to more than 300 colleges, according to the foundation.

"The Koch foundation is just one example of a politically motivated donor," Rudy Fichtenbaum, president of the American Association of University Professors, wrote in the Chronicle of Higher Education last month.

Cuts in government funding, Fichtenbaum contended, have created an opening for "cash-rich corporations, wealthy individuals, and philanthropic foundations to remake public universities into entities that better serve their narrow political and economic objectives."

Protests have erupted over Koch donations at public universities such as Florida State, Montana State, Arizona State, George Mason University, the University of Utah, the University of Kentucky, the University of Kansas, the University of Arizona, and Western Carolina University.

But private institutions are also vulnerable to government funding cuts and eager for Koch support. Faculty and students at Wellesley College, Wake Forest University and Catholic University have pushed back against the foundation's gifts, claiming it seeks to exercise ideological influence on faculty hiring.

Faculty and students at George Mason University protested against the Charles Koch Foundation outside a Virginia courthouse in April 2018. A campus group affiliated with UnKoch My Campus filed a lawsuit which forced the university to disclose confidential contracts with the Koch foundation. (Courtesy of UnKoch My Campus)

Questionable contracts?

In April, a student lawsuit forced the disclosure of confidential agreements between the foundation and Virginia's George Mason, the recipient of some \$50 million in Koch gifts. The documents show Koch officials exercised a say in the hiring and performance reviews of the professors who benefited from the donations.

University President Angel Cabrera apologized for contracts that "fall short of the standards of academic independence I expect any gift to meet" and ordered a review of donor policies.

Liberal donors such as the Russell Sage Foundation, the Soros Foundation and the Ford Foundation also give to U.S. academia, but not on the same scale as the Kochs and their allies, according to the news outlet “Inside Philanthropy.”

“Barely a month goes by when we don’t hear news of another large conservative gift going to fund conservative and libertarian thinking on university campuses,” wrote Inside Philanthropy’s Mike Scutari in an article on the Chapman gift and the Koch network. “We can’t think of any progressive donors that fund on a comparably wide and systematic level.”

The Koch foundation declined to respond to requests for comment.

The Chapman donation, like many of Koch’s grants, funds an academic center focused on economics, but one aimed at drawing liberal arts majors into courses exploring the moral underpinnings of capitalism. It is the foundation’s largest gift to a California institution so far, according to its tax returns.

The new \$15.18 million Smith Institute for Political Economy and Philosophy is jointly named for Adam Smith, the 18th century economist whose influential work, “The Wealth of Nations,” extolled laissez-faire capitalism, and for Vernon Smith, a Chapman economist who won a 2002 Nobel Prize.

Chapman University’s Smith Institute for Political Economy and Philosophy. (Photo by Margot Roosevelt, Orange County Register/SCNG)

The institute’s interdisciplinary research will “provide intellectual support for how liberty and markets make us both prosperous and ethical,” according to the proposal given to donors.

“Koch has been a force in a number of institutions that are champions of freedom,” economist Smith said in an interview, adding that he first met Charles Koch in the 1970s and later served with him on the Koch-funded Mercatus Center, George Mason’s influential conservative think tank.

“Koch wants to create people who are better informed intellectually to go into government jobs.”

Humanomics

The money, disbursed over five years, will help pay to hire 11 professors, five post-doctoral fellows, visiting academics and conferences. They are to include scholars in economics, politics, philosophy and literature.

Smith said he first approached the Koch foundation in late 2015 to find matching donors for an anonymous \$5 million challenge grant from an Orange County investor.

Koch officials agreed to contribute \$5 million, and they obtained a third major gift from Gavin Herbert, Smith said. Herbert is a founder and former CEO of the pharmaceutical giant Allergan Inc. and a member of the Koch brothers’ political network.

Adam Smith and the Morality of Markets” with students on the Orange campus. (Photo by Cindy Yamanaka, Orange County Register/SCNG)

Before coming to Chapman, Smith had received Koch grants in 1999 to move his academic group from the University of Arizona to George Mason University, money that was raised by Struppa, who was then George Mason's Dean of the College of Arts and Sciences.

At Chapman, Smith's chair was endowed with \$3 million from William Dunn, a Florida financier who has given tens of millions of dollars to libertarian causes and has served on the boards of the Koch-funded Reason Foundation and Cato Institute.

"When you look at the idea of combining economics and humanities, it sounds benign," said English professor Ian Barnard. "But most if not all the Koch hires have the same libertarian politics. Is this a coincidence?"

"My students expressed horror," Barnard added. "They said: The Koch foundation already has economics and business (majors) and now it wants to get to the English majors who are seen as liberal. That is the nefarious side."

The texts in Chapman's Humanomics course last fall were "The Bourgeois Virtues: Ethics for an Age of Commerce," a defense of capitalist ethics by Dierdre McCloskey, a self-described "Christian libertarian," and Matt Ridley's "The Rational Optimist," which posits markets as the driver of human progress.

Hate speech?

Last month, following a spate of Koch-related articles in Chapman's student newspaper, The Panther, Smith dismissed the critics. Writing in the paper's comments section, he said "getting adequate support for our ambitions for Chapman is not aided by people exercising their right to hate speech."

In the same thread, faculty president David Pincus accused critics of "baseless lies and accusations" in asserting that strings were attached to the donation.

Chapman's Koch grant, although it was mentioned in a December 2016 announcement of the institute's creation, might have gone unremarked but for an uproar in the English department last fall.

The department was asked to hire two tenured professors to teach institute courses, but after examining their credentials, two-thirds of the department voted against the candidates.

Some faculty felt their expertise was not in areas the English department needed. Others thought they lacked strong qualifications. And others questioned whether they were chosen more for ideology than for scholarship.

One candidate, Duke University's Michael Moses, had been a contributing editor to Reason, the libertarian magazine. His new wife, Miami University's Katharine Gillespie, was to be a spousal hire, a common practice in academic recruitment.

Moses came recommended by Smith, who said they had met "years ago at a Liberty Fund colloquium." The fund is an Indiana-based free-market think tank.

When the English department turned down Moses and Gillespie, they were hired by the business school where Smith teaches, as does institute director Bart Wilson, also a former George Mason professor.

An ‘ideological component?’

That move, which some saw as an end-run around the English department’s scholarly judgment, touched off a broader university debate over academic freedom.

“It was not appropriate to hire them into the business school,” said economist Daniel Kovenock, who resigned as chair of a faculty review committee rather than accept the two hires.

“They were not economists. They were not doing work we would consider to be a reason to provide such an appointment.”

The Smith Institute has “an ideological component,” Kovenock added. “It sounds innocuous, but we know when you talk about expanding support for free markets, it means you are against regulations, such as pollution controls.

“Suppose your research finds regulations are effective, but a donation depends on a particular ideology. Then you have a conflict of interest not to report the results.”

Faculty critics note the Koch donation is to be doled out in \$1 million annual increments, and funding can be canceled by Koch with 30 days notice under its contract with Chapman – provisions they see as proof of implicit influence.

Meanwhile, the 11 new professors are funded for just five years, but the fact that many of them are hired with tenure guarantees the Koch influence will persist beyond the donation’s time frame, critics say.

Control may not be explicit, Kovenock said, “but it’s a wink and a nod.”

Struppa counters, “Termination clauses exist in every contract from every foundation.”

Moreover, he adds, the Koch money “is irrelevant. We have a \$400 million budget. This is a million per year donation. If the million dollars went away tomorrow morning, we wouldn’t even notice it.”

Students divided

And not all the hiring for the Smith Institute has been rocky. The philosophy department, without incident, brought on Bas van der Vossen from the University of North Carolina, a specialist in political philosophy and ethics, and co-author of the 2017 “Routledge Handbook of Libertarianism.”

“I hold libertarian ideas,” van der Vossen wrote in a Panther op-ed. “I believe that market economies generally make people better off, rich and poor. But... I am a philosopher first, and a philosopher’s job is to seek the truth, following the arguments wherever they might lead.”

Students seem divided over whether the Koch donation matters.

“This is a hot-button issue,” said Olivia Kellett, a music major from Rancho Santa Margarita. “You can tell strings are attached by the professors being hired and the ideology being taught.”

But Max Lopez, a political science major from Long Beach, said his Humanomics course last fall “was not telling us how to think...I’m pretty liberal. It offered me a different perspective.”

In May, responding to calls for transparency, Struppa allowed a Panther editor and the faculty president to view the university’s confidential contract with Koch. But the foundation insisted, and Struppa agreed, they could not take notes, photographs or quote directly from the document.

“I’m not going to break my relationship over a confidentiality clause,” Struppa said, adding that the contract has “nothing in violation of anything.”

Academic freedom

And if Koch critics view the issue as one of academic freedom, so does Struppa. “Vernon Smith has a freaking Nobel Prize,” Struppa said. “If I told him don’t take Koch money, that would violate his academic freedom. He’s not asking for money from the Mafia.”

Moreover, for Chapman, the Koch connection is lucrative beyond the \$5 million. In January, Struppa gave a half-hour talk on academic freedom in Indian Wells, at the Koch brothers’ annual summit for more than 550 wealthy donors in its political network.

“At least one person who was there made a significant donation to Chapman University after the speech,” Struppa said.

In July, Struppa will double down on his public relations offensive, giving a talk in Las Vegas at Freedom Fest, the annual libertarian confab. His title: “Antonio Gramsci and the Cultural Revolution: How Marxists Took Over Higher Education, and How to Take It Back.”

“My title is supposed to be catchy,” Struppa said, explaining that Gramsci was a founder of the Italian Communist Party whose ideas became influential in academia.

“But I don’t think one should go, as some have suggested, towards affirmative action for conservatives. That is a silly idea. What we should be doing is to ensure there is free speech.”