



BY ROBERT A. LEVY

“The Cato Institute will continue as a non-aligned, non-partisan source of libertarian views on public policy.”

## Chairman’s Message Cato Is History; Long Live Cato

October 1, 2012, marks a new chapter in Cato’s history, but also the end of an era. For 36 incredible years, Ed Crane has been Cato’s chief executive officer and guiding light. But on October 1, Ed will be stepping down. He’ll be succeeded by John Allison, the former CEO of BB&T—a celebrated businessman, committed libertarian, and recognized authority on management and public policy. That change arises from a compromise between the Institute’s directors on one hand and Charles and David Koch on the other. Central to the compromise is a new structure we believe will guarantee that the Institute will continue as a non-aligned, non-partisan source of libertarian views on public policy.

As you might guess, this protracted dispute diverted focus from Cato’s mission during a time when Cato’s vigorous advocacy is more critical than ever. Both sides—represented by a divided board—recognized that we had to find a resolution, and do so as quickly as possible. Like all compromises, no side got everything that it wanted. But we believe that we reached the best deal possible under the circumstances.

A key component of the settlement was a change in Cato’s structure. Cato will hereafter be governed by members; no longer will there be shareholders. The members will be the directors of the Institute and they will elect their own successors. Initially, the board will have 16 directors. Our 12 original pre-dispute directors, including David Koch, will continue to serve. They will be joined by John Allison and three others nominated by the Kochs.

Another key component of the settlement was a change in Cato’s leadership. For a number of years, Ed has said that he was planning on stepping down from his post as president. As part of the settlement, the timing of that transition and the selection of his successor were decided. For the rest of this year, Ed will be working closely with John Allison on transition and related issues. Thereafter, Ed will be a consultant to Cato on fundraising and other matters, as determined by John and Ed.

On Wednesday, the board voted to approve the settlement. Everyone at the board meeting

voted for the settlement. Everyone involved in the compromise is committed to Cato, its vision and its mission, and believes the settlement will help ensure that Cato can continue fulfilling its mission into the future.

That’s it, in a nutshell. A small group of people made this happen. But the two persons who were absolutely essential to the process were Ed Crane and John Allison.

Of course, Ed is the person most responsible for our enormous success over three and a half decades. Under Ed’s leadership, Cato has become a preeminent public policy research organization. His role in co-founding, managing, and growing the Institute has been, quite literally, indispensable. Ed is an icon in the libertarian community. He richly deserves that label.

John Allison started at BB&T in 1971; he was elected president in 1987 and CEO in 1989. Under his management, BB&T became one of the nation’s top financial holding companies. Its assets grew from under \$5 billion to \$152 billion. In 2009, after retiring as CEO, John joined the faculty at Wake Forest, where he’s Distinguished Professor of Practice in the School of Business. He holds six honorary doctorates, has been inducted in the North Carolina Business Hall of Fame, and was named one of the 100 most successful CEOs worldwide by the *Harvard Business Review*. John also serves on boards of five university-affiliated organizations. Most important for our purposes, John has earned the admiration and respect of Charles and David Koch and the entire Cato board of directors.

If Cato had sought the foremost exemplars of individual liberty and limited government as successive CEOs, we could not have found two people better qualified than Ed Crane and John Allison. Both are superstars; and that is why Cato’s past is prologue. We are proud of our achievements and confident that the Cato Institute will flourish over the coming years.

*Robert A. Levy*

# Holiday Gifts from the **CATO** INSTITUTE



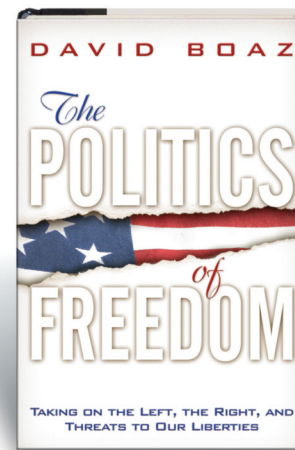
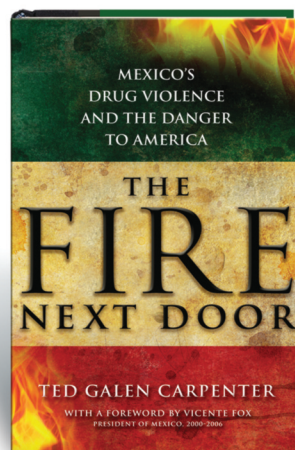
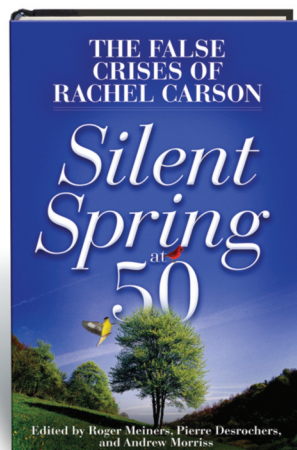
For yourself or as a gift—the Cato Online Store offers a vast range of merchandise. From Cato’s renowned Pocket Constitution and acclaimed books, to apparel, bags, and gift sponsorships, it’s the perfect way to support Cato and demonstrate your commitment to individual liberty.

Cato Sponsors receive a **35% discount** on all purchases (except Lands’ End). Become a sponsor when you check out of the Cato Store to immediately receive this discount off your entire purchase.

## CATO’S OWN LINE OF LANDS’ END PRODUCTS MAKE GREAT GIFTS

The Cato Institute and Lands’ End have joined together to provide you with a convenient online store for purchasing Cato-branded products. Nearly all of the merchandise on the Lands’ End site can be customized with the Cato logo. Show your Cato pride with style—and with high-quality Lands’ End products.

Visit [Cato.org/landsend](http://Cato.org/landsend)



For Cato clothing, books, and gifts, visit [Cato.org/store](http://Cato.org/store), or call 800-767-1241.