

Dear Lew,  
Dear Board members,  
Dear friends,

Last week we have learned that Tom DiLorenzo and Karen de Coster have been put on “administrative leave” and, by all appearances, are about to be fired, even though they are currently still listed on the faculty page (<https://mises.org/faculty-staff>). We have also learned that the fundamental reason for their “leave” are disagreements between them and other staff members about the current and future management of the Institute.

We write to you to share our assessment of the situation, along with a call for you to act without delay.

Since we are not involved in the daily business of the Institute nor in any discussions about vision and strategy, whether on the Board level or among the Institute’s employees, we do not wish to weigh in on the current disputes one way or another. However, we should like to remind you that the exact same problem (disagreement between the President and other employees) has already led to the departure of the previous President a mere three years ago. In our eyes, and this is the main point to which we should like to draw your attention: *the root cause of the problem is an inappropriate set-up of responsibilities.*

This problem can be best illustrated in considering the role of Joe Salerno. For many good reasons, he is a key person at the Institute, not least for his competence and undisputed loyalty to our cause. Of all people, he is closest to the Institute’s founder and chairman, Lew Rockwell. So special is Joe’s standing that he is both an employee (Academic Vice-President of the Institute), in which capacity he is subordinate to the Institute’s President, and at the same time a permanent Board member. Inevitably, this brings about an awkward state of affairs. Even though Joe is formally an employee of the Institute, in fact, materially, he is the Vice-Chairman and therefore the hierarchical superior of the President.

This not only entails a conflict of interest for Joe, whenever the Board has to deal with matters that affect his own compensation or his operational responsibilities. It also brings about conflicts between him and any President, no matter who that President may be.

When Lew Rockwell was leading the Institute such conflicts did not materialise, because Lew fully trusted the lead academic (Murray Rothbard until 1995, then various other people) and never bothered to get involved in any academic issues. However, it should be emphasised that, being the President, Lew *could have* weighed in on academic issues. As the Institute’s founder, he had the moral and juridical standing to take matters into his own hands. At all times, he did not only keep full control of all financial matters, but he also could have changed the in-house academic director. He never did this, but he could have done it, and nobody would have been able to fire him for that.

Now compare this to the more recent period, during which Lew had stepped back, became chairman of the Board, and entrusted the operational leadership of the Institute to a President. It is unavoidable that the President, whoever he may be, cannot fail to tread on Joe’s ground. It is unavoidable that this entails various frictions. In any functioning organisation, the ordinary solution to such conflicts is that the President prevails and that

all the subordinate officers comply with his orders. But in the case at hand, it seems to us, things are different. Whenever Joe is in fundamental disagreement with the President over any issue that Joe considers important, he can bypass the chain of command and weigh in directly with the supreme authority (the Board and, especially, Lew). Hence, he is in a position to defy, challenge, and overcome virtually any sitting President. And this state of affairs does not only impact his own relationship with the President. It cannot fail to also undermine the relationship between the President and all other employees. Indeed, a President who cannot prevail on his senior executives is bound sooner or later to lose the respect of the other employees. Eventually, intrigue, rebellion and mutiny become acceptable reactions in response to his orders.

We clearly recognize the importance of filling the Board with competent and loyal persons. Of course, we also wish that the Institute have competent and loyal employees. But *only one* employee of the Institute can be allowed to simultaneously sit on its Board, namely, the President (it is debatable whether the President should have voting rights). All other employees may not and must not become Board members. (For this very reason we also consider the recent decision to appoint Ryan McMaken to the Board as unfortunate.) And the President, once elected, must have the authority to decide on all matters. He may choose to delegate some of his powers, but in principle his own decision must be final. And the Board has the duty to back the President up through good and bad times and relieve him of his duties only in case of manifest malfeasance, fraud or treachery - but not because of some mere “differences of vision” between him and other staff.

In short, there must be unity of leadership. A house divided against itself cannot stand. There cannot be two leaders of the Institute. In the current situation, therefore, there seem to be only three solutions:

1. Joe is appointed to the presidency. He assumes formal responsibility, and the relationship between him and the other executives is clarified.
2. Joe steps back from his current role as Academic Vice-President, ceases to be an employee of the Institute, but remains a permanent member of the Board.
3. Joe steps back from the Board, but remains Academic Vice-President, under the leadership of the President.

We hope you will read these lines as we intend them: not as any sort of indictment of Joe, but as a call to redress a grave organisational problem which just happens to concern Joe quite directly. Joe is presently trying to help out on all ends, which is all to his credit. However, the situation in which he has become involved must come to an end. Joe (and all others who may come to find themselves in a similar situation) should be confined to the one role where they can be most helpful to our cause.

We would not have written this letter without a sense of alarm and urgency. We do not take this lightly, and neither should you. The problem that we have brought to your attention has the potential to ruin the Institute. It has cost us already two presidents. It has embittered Doug French, it has embittered Jeff Deist and we fear it will embitter Tom Dilorenzo. It has entailed great hardship on Karen de Coster, who has given up her previous job in order to serve the Institute under the promise that this would be her last job. These problems will not stop here. Eventually, it will become impossible to find candidates for the hot seat of

the President. It will sow widening discord among our scholars. It will alienate our donors and all other people of good will who look at us from the outside as a beacon of freedom.

The problem must be solved urgently and completely. It has to be solved by the Board. You may rely on us and others for counsel, but ultimately this is a Board matter. It has to be solved by you, and we count on you to get the job done.

August 20<sup>th</sup>, 2025

Hans-Hermann Hoppe

Jörg Guido Hülsmann