

# The Koch Brothers vs regulation and responsible government

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They aren't elected; they don't even run for office. But they have more influence than any significant combination of elected officials. That's the billionaire Koch brothers, David H. and Charles G.

The brothers have built a fortune around their empire, Koch Industries; Charles, chairman and chief executive, ranks fourth in the nation's top ten billionaires, at \$36 billion, and David, executive vice president, shares the spot. Koch Industries has oil, timber, chemical and other energy interests and is the second-largest privately-held company in the United States. Evidently, the empire is expanding into vital industries like food, water and personal technology (according to Christopher Leonard in Fortune Magazine (January, 2014).

They do their best to keep their cover, creating one organization after another to advance their causes but doing their best to keep their names and faces out of the public eye; they provide huge cash infusions to other organizations and individuals who measure up to their demands for right-wing, radical orthodoxy, Koch-style.

They provided much of the money behind last year's government shutdown, did you know? And, they've been actively involved in planning and financing the overall effort to thwart the implementation of the Affordable Care Act.

One of their creations, for example, Americans for Prosperity ('Whose prosperity?' you may well ask) spent millions on ads fighting health reform and it was particularly interested in doing what it could do to delay the act once it became law.

Of late, the brothers are financing an aggressive, early assault in the mid-term elections. Americans for Prosperity, alone, spent some \$20 million on television advertising in an effort to defeat House and Senate Democrats, by name, for supporting the Affordable Care Act. Their spending on insurgent conservatives seeking to pull the Republican Party to the right has far exceeded spending by the party establishment.

Their influence was manifest this past week as the Boehner-led Republicans were forced to give up on their plan for comprehensive immigration reform. The battle was lost virtually before it began thanks to the onslaught of Koch-supported groups determined to prevent it from seeing the light of day. Immigration reform? Not on their watch!

The brothers deploy funds to serve their corporate interests and political views and they appear to have a supply of money that is as unlimited for this purpose as their ideology is rigid. Their playbook is followed by their ultra-rich colleagues and by Tea Partiers, among others, including the folks they've secured in Congress. There is no way they are going away. Their philosophy, such as it is, goes back to their father, Fred Koch, one of the founders of the virulently anti-communist, anti-Soviet, John Birch Society.

An ardent and consistent Koch follower, New Jersey's own Steve Lonegan, former candidate for the U.S. Senate and about to be carpet-bagger as he seeks a House seat, heads the NJ chapter of Americans for Prosperity and in that capacity venomously argued against any federal aid to NJ in the wake of Hurricane Sandy. Seriously. Here is the lowdown.

The extent of the Koch reach is at least partially revealed in tax filings. It's 'clearinghouse' for money and message strategy, Freedom Partners, functions, conveniently, as a trade or business association, a "business league" (501 (c) 6), in order to keep secret the donors who, along with the Koch brothers themselves, fund their organizations of choice. Donors, called members, can make contributions that in many cases are--you guessed it--tax deductible as "business expenses." In 2012, some 200 or so donors, excuse me, "members," managed to cough up \$250,000,000 for the effort.

We may not get to know who *gave* the money but we do know, thanks to Politico, who *got* the money. The list includes the following:

- Center to Protect Patient Rights, a group that vehemently opposes Obamacare: a total of \$115 million, from three grants;
- Americans for Prosperity, an organizing and advocacy group that is courted by Republican presidential candidates: \$32.3 million;
- The 60 Plus Association, a free-market seniors group that also opposes Obamacare: \$15.7 million;
- American Future Fund, an Iowa group that spent a lot of money on ads in 2012, many for Mitt Romney: \$13.6 million;
- Concerned Women for America Legislative Action Committee, which gets involved in a number of social policy debates: \$8.2 million;
- Themis Trust, a Koch-based voter database that is made available to other conservative organizations: \$5.8 million;
- Public Notice, a fiscal policy think tank: \$5.5 million;
- Generation Opportunity, a group for "liberty-loving" young people: \$5 million;

- The LIBRE Initiative, which targets a free-market message to Hispanic immigrants: \$3.1 million;
- The National Rifle Association: \$3.5 million;
- The U.S. Chamber of Commerce: \$2 million;
- American Energy Alliance: \$1.5 million;
- And several groups — including the State Tea Party Express, the Tea Party Patriots and Heritage Action for America got less than \$1 million each.

Members are drawn from the Koch brothers' semiannual conferences, a 10+ year-old tradition that includes conservative activists, donors and top politicians--including, last August, 2013, House Majority Leader Eric Cantor (R-Va.) and House Budget Committee Chairman Paul Ryan (R-Wis.).

Many seminar attendees also give directly to Koch-approved groups. The Freedom Partners' funds, by the way, do not include the Kochs' many gifts to various so-called think tanks at universities.

Any effort to make sense of the success of right-wing politics can't be understood without paying attention to who pays. As best as one can judge, it's business people motivated by ideology. And, they support an unflinching brand of libertarian conservatism. Some lobby against environmental regulation, or seek to undermine public perception of the threat of climate change; others battle taxes, trade unions and, as noted, Barack Obama's healthcare reforms.

The Koch brothers and their feeders and followers can't be dismissed as fringe players by any means because their well-funded efforts are not only affecting elections and thwarting governance, they are hurting human beings by seeking to deprive them of unemployment benefits, a fair wage, food stamps and insurance coverage, of course, but also by compromising the safety and health of their environment. Efforts on both state and national levels to resist regulation and to lobby against funds for regulatory agency oversight--monitoring and inspection--may well have led to the actual loss of lives.

Firefighters walk near burned out apartment building near fertilizer plant in West,  
TexaxHuffington Post

Take West, a small town in Texas, for example. With the explosion of a fertilizer plant, West experienced the fall-out from the "economic freedoms" so beloved by the Koch brothers and the forces in their empire. Here is what that absence of regulation produced: Fourteen dead, 180 injured, and destruction of a major part of the town where the fertilizer plant that held a stockpile of ammonium nitrate, a fertilizer so volatile it's been used by terrorists to build truck bombs, exploded.

Flag-draped coffins of victims of fertilizer explosion and fire. Photograph by Stephen Crowley,  
New York Times

One of the worst industrial disasters in Texas history, it took out three of its four public schools as well as a nursing home; units in a 50-unit apartment complex sustained major damage or were destroyed. Half of West's 700 homes had minor or major damage. The town lost 65 percent of the revenue it generates from water usage, and 35 percent of its property tax base.

Dozens of tons of ammonium nitrate were stored in flammable wooden containers. There was no sprinkler system and no fence around the property to keep out intruders. No buffer zone. The ABQ Journal summarizes it well.

At the time accounts of the tragedy appeared on the front page of newspapers all over the country, the New York Times had a column about how Charles and David Koch were holding one of their seminars for like-minded industrialists and wealthy libertarians who oppose regulation, love the Tea Party, and do what they can to reduce the size and functions of government, including its critical regulatory function. The Kochs and their ilk want much less oversight of industry and little or no environmental regulation. Why? Their views dovetail with--guess--their corporate interests!

But, effective regulations and mandatory inspections might have made the difference, saving lives, in West, Texas.

Even after that tragedy, with 104 facilities with 5 tons or more of ammonium nitrate located in the state, only voluntary safety efforts are underway. A state website now lets users type in their ZIP code and see if there's a facility nearby. That's new. Still, the general sentiment seems to be captured by a storage facility owner who said that he feared:

*"Texas would overreact by rushing to pass new rules or laws that would drive up his costs and possibly push him out of business."*

Not really, not in Texas, that's Koch country.

A train carrying crude oil derailed and exploded in Lac-Mgantic, Quebec, in July, killing 47. Mathieu Belanger/Reuters

More recently, a series of train accidents involving crude oil, particularly in North Dakota, has led political leaders to seek improved railroad safety regulations with some even urging a slowdown in drilling until safety solutions are found. You can imagine how well that sits with the oil industry.

Executives in the oil industry have objected to the Transportation Department's safety alert about the potential volatility of Bakken crude, which is of high quality and rich in natural gas liquids that may make it more prone to ignite at lower temperatures than other crudes. The oil industry says that it is a problem with the train cars carrying the crude, not with the oil.

The oil industry sees it as a stroke of bad luck that the fire in Casselton, North Dakota, occurred while the Pipeline and Hazardous Materials Safety Administration was considering new rules. The railroads and the shippers were said to be waiting for the shoe to drop from the Department

of Transportation. Well, it dropped at the end of January. According to these recommendations, by the National Transportation Safety Board and the Transportation Safety Board of Canada, oil carried on trains should be treated the same way as other dangerous materials like explosives or toxic materials. In those cases, rail carriers perform a more detailed security and safety analysis and look for alternative routes to avoid highly populated areas, iconic buildings, landmarks or environmentally sensitive regions.

How about that?

Well, the U.S. announced at the end of last month that it was looking to improve the safety of those freight trains and that it was doing so because of *“the spate of fiery accidents in recent months.”*

I guess that’s what it takes.

And with thousands without water for days in West Virginia--in Charleston, the state capital, and nine surrounding counties--after an industrial chemical used in coal processing seeped into the water system, some 5,000 gallons to be precise, people are beginning to wonder whether they are sufficiently protected by state and federal regulations. With a federal emergency declared, a ban not only on drinking tap water but on cooking with it and bathing in it, schools closed, restaurants locked their doors and hotels refused reservations and people were urged not to panic.

The site, newly acquired by Freedom Industries, was last inspected in 1991. The state only requires inspection for processing plants not for storage plants! Good grief! Why so lax? Evidently, the coal and chemical industries that drive much of West Virginia's economy are the powerful forces in that state's politics and they resist regulation. That crowd has pushed back against tight federal health, safety and environmental controls.

It’s yet another one of those enterprises that gets those curiously inappropriate-in-context names. Sarah Silverman credits conservatives with being deviously clever at naming things. *“Citizens United,”* she says. *“What sounds more beautiful than that?”* Or Americans for Prosperity? Or Freedom Partners? The better to obscure, to mislead and imply that there are “grass roots” involved. Give the boys credit. They’re experts at spin.

And, now, we have Freedom Industries. Maybe the title has something to do with being able to operate virtually regulation free? And, well, what do you know, maybe because of this: Freedom Industries buys and stores chemicals from companies including Eastman Chemical, an international \$12 billion business, and Georgia Pacific Chemicals, a unit of the Koch brothers’ Georgia Pacific, one of the world’s paper product giants.

How tight the web they weave.

It’s not a first for West Virginia. An explosion at a chemical plant in 2008, killed two employees. And, there were others. And now this. Companies that pollute state waters are rarely fined. And, evidently, state officials ignored a 2011 proposal from the federal Chemical Safety Board that urged the adoption of new rules to prevent industrial accidents and spills. That recommendation

came after the 2008 explosion. Yet, still, there is resistance to regulation (and, evidently, to providing information when it is most urgently needed, after an explosion, after a leak; “enforcement ethics” leave something to be desired.)

And, now Freedom Industries is looking for government protection, under the bankruptcy laws. What do you know: a purpose for government!

Can anyone seriously wonder why there is a growing distrust of government? Like Texas, West Virginia has an entrenched culture, friendly to the oil and chemical industries and very wary of regulation. But now? A *New York Times* story (January 19, 2014), “Chemical Spill Muddies Picture in a State Wary of Regulation,”; following up on the leak and the history of serious problems, lax oversight and limited regulation, finds an emerging sense among residents that maybe, just maybe, something more is needed. The column concludes with this quote from a cabdriver:

*“Everybody here makes money from coal. It just to see them play by the rules and make sure there are rules.”*

Additional concerns have arisen in recent days with the discovery of formaldehyde in Charleston’s water supply. The fear is that additional chemicals may be involved in the compound that leaked into the water.

#### *In New Jersey and Around the World: The Kochs, Chemicals and Politics*

Here, in New Jersey, safety and security at chemical plants are major concerns. Home to some of the country’s biggest chemical plants which process poisonous materials and gases including known carcinogens, millions are at risk from accidents. Accordingly, the New Jersey Public Interest Research Group has called for increased regulation.

With so many accidents and the potential for more, the prospect of increased regulation looms on the national horizon as well. The Toxic Substances Control Act has not been substantially updated since it was passed in 1976. It may be now.

Last November, the Congressional Research Service identified 2,560 facilities that could each put more than 10,000 people at risk in the event of an accident. Last year, 1,270 people died in more than 30,000 chemical spills and accidents alone. While a push for new, and to toughen existing regulation is anticipated, so is industry push-back.

On the scene will be the Koch brothers with a variety of means at the ready. They underwrite a huge network of foundations, think tanks, and political front groups including their own political action committee, Americans for Prosperity, as noted, and their brothers-in-arms at the Club for Growth, the Heritage Foundation, the Cato Institute and so on and so forth.

And they have a collection of other entities, principally family foundations including the following family member foundations: Charles Koch Foundation; Koch Family Foundations; and

one, too, for William Koch.

But then there are also organizations like Freedom Partners through which they funnel their aid. And, besides running interference for unregulated petroleum, they invest in attacks on public education, social programs, worker salaries, business regulations, and the environment, all the reasons why Charles Koch has been dubbed the scariest man in America.

His brothers are clearly close seconds.

How insidious it all is is captured in a number of journal accounts including this one.

In a *New Yorker* (August, 2010) profile of the brothers, Jane Meyer identified their company as the “kingpin of climate science denial” and referred to a Greenpeace report showing that, from 2005 to 2008, the Kochs vastly outdid ExxonMobil in giving money to organizations fighting legislation related to climate change. Indeed, the brothers have funded opposition campaigns against so many Obama Administration policies—from health-care reform to the economic-stimulus program—that, in political circles, their ideological network is known as the *Kochtopus*.

Parallel to this, of course, is the Koch Brothers’ desperate fight against government regulation of industry, especially their primary one, petroleum, which underlies their constant campaign against the science of global warming.

Fortunately, their effort to gain a foothold in the press has been unsuccessful--for now-- but the brothers “*are exploring a broad range of opportunities where we think we can add value.*” Good grief! The Tribune Company’s chain of newspapers may have been saved from acquisition by the Koch’s empire, but there will be other efforts, I’m afraid, we can count on it.

Their “*pathological avoidance of oversight,*” as the *Times* refers to it, leads them “*to fuel the Tea Party crazies*” and their “*brethren in corporate skin.*” As with many federal agencies charged with safeguarding the health and safety of the public, the Koch brothers and their arch-conservative poodles in Congress have been successful at hamstringing the effectiveness of OSHA by severely limiting its budget and, therefore, its ability to inspect for and enforce safety regulations.

The OSHA worker safety regulations that applied to the Texas fertilizer plant, for example, are some of those “*job killing regulations*” conservatives refer to. Of course, the failure to adequately regulate the plant had a very real and tragic “*people killing*” outcome.

It’s ironic, though, that immediately following the explosion, Rick Perry, the governor of Texas and former candidate for the nation’s presidency, he who brags about leading the charge in his state to eliminate federal job killing regulations, like the OSHA ones that could have prevented the explosion in the first place, showed no shame in reaching out to the federal government for disaster assistance funds.

Ronald Reagan, the conservatives' hero, said "*government is not the solution to our problems; government is the problem.*" The Koch brothers, evidently, have pledged strict allegiance to the view.

While rules may be guidelines for the unimaginative in some quarters, with respect to volatile, toxic chemicals, human health and safety, they are an essential activity of government. Why? Because some folks, quite simply, would have us exposed to hazards. It's that simple and that sad.

In another political world, maybe guidelines would be all we'd need but not in this one, not here, not now, not by a long shot. Not only does capitalism require regulation, but the combination of special interests, money, and politicians-for-sale requires no less than an active, regulating government acting assertively in the interests of its citizens. The Koch brothers and their empire and networks stand firmly against that proposition and with access to a significant trough of money, they work to thwart these protections and fuel anti-government bias.

Their nemesis, the president of the United States, is on the case, however. His Executive Order on improving safety and security at chemical plants was issued in August, 2013. Requiring federal agencies to coordinate and share information is long overdue. Anticipating resistance to effective rules for implementing the Order, goes without saying. But, the reaction to the past year's tragedies and environmental threats may provide an essential surge in will to get this done.

There are few reasons, however, to be optimistic about change in Texas.

This state, this Texas, with 86 major-disaster declarations from 1953 to 2011, the most of any state in the country, according to a 2012 report by the Congressional Research Service, still, after West, an explosion so powerful that it registered as a 2.1-magnitude earthquake, this state, with the nation's highest number of workplace fatalities — more than 400 annually — for much of the past decade, with fires and explosions at more than 1,300 chemical and industrial plants costing as much in property damage as those in all the other states combined for the five years ending in May 2012, this state still resists regulation and invites companies to come there to avoid it.

As Texans continue to sign a petition to leave the union, one can't help but observe, *'Fine, go, and leave us to our regulation, our safety, our future. Yes, go, and, better yet, why not take the Koch brothers along to wherever it is you think you're going? Just leave Austin behind along with the right-thinking folks who care about their well-being and that of their fellow citizens.'*

### *Good Government and Necessary Regulation*

Republicans, and particularly their Tea Party faction, would have us believe that government is the problem. They would frame the issue as one of small vs. large government, and, particularly, in these terms: The fewer the regulations, the better we--and the economy--are. But, it isn't size, it's scope, content and focus. It's effective and appropriate government. And, it's smart



government taking measured, intelligent steps to protect and secure even while weighing economic needs and political realities in the near and long term.

The government-bashing rhetoric rings particularly hollow when it comes to human health and protecting the environment. And so does the incessant repetition of fallacies.

Government's role is clear: to ensure clean air, water, and a poison-free environment. How to ensure it? Not by an industry free of any constraints, but by rules, based on science, that call for uniform standards, enforced by more aggressive state regulation and by the appropriate agencies of the federal government, notably the EPA and OSHA. No amount of false-hoods or rhetoric from industry-serving, spun as "grassroots" enterprises can hide the basic facts at issue here. Chemicals can pose hazards; we need to know what they are and be prepared to handle them safely. The Kochs can hide behind their creations; but we see their hand in play. Their view of the future, though, is not in the cards.

We can't detach ourselves from industrial and environmental hazards by distancing ourselves by ideology, by a misplaced faith in unfettered free enterprise, or by lack of interest or information. We need appropriate, effective government regulation to safeguard our present and future. That simple, that safe, that sane.