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Billionaire Boys Club

‘Sons of Wichita,’ by Daniel Schulman

By Nicholas Lemann

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In 2010, two of the Koch brothers, Charles of Wichita, Kan., and David of New York, rather suddenly became the top-of-mind conservatives for American liberals. That was partly because at that moment the Democratic Party controlled the White House and both houses of Congress, so there wasn't a dominant conservative politician to focus on; partly because of a wave of news media attention, notably an influential story on the Kochs' political activities by Jane Mayer in *The New Yorker*; and partly because of the rise of the Tea Party movement, of which the Koch political apparatus was a primary backer. The conservative victories in the Congressional elections that fall looked like conclusive proof of the Kochs' power. The very first television ads the Obama re-election campaign ran in 2012 were attacks on the Kochs, not on the Republican Party.

Daniel Schulman, a senior editor in the Washington bureau of *Mother Jones* magazine, undertook “Sons of Wichita” during that wave of intense liberal interest in the Kochs, and if Barack Obama's re-election, which the Kochs fervently tried to prevent, made them look a little less puissant, that opens up some room to consider them outside the tight frame of their present-day maneuverings in Washington and the state capitals. Schulman has taken advantage of this opportunity to produce a book that is closer to a family saga than a political exposé. There are four Koch brothers, not two, and they have been feuding, intermittently but operatically, for many decades.

The founder of the family dynasty, Fred Koch, born in 1900, grew up middle class in a small town just east of the Texas Panhandle and rose quickly. A few years after graduating from M.I.T., he helped found an engineering firm in the oil industry that did well enough to make him rich by the time he was in his early 30s. He met his wife, Mary, a Kansas City debutante, at a polo match, and was able to hire a private plane to carry her extensive luggage on their honeymoon. The Kochs set themselves up on an estate in Wichita, and Koch Industries prospered. Their four sons — Frederick, Charles and the twins David and William — were all sent first to boarding schools and then to Harvard (Frederick) or M.I.T. (the other three).

It would be hard to think of a rich oilman in the Southwest who wasn't right-wing during Fred Koch's midcentury heyday, but Koch seems to have been especially so. A period spent doing

business in the Soviet Union in 1930 left a deep impression on him. In 1938 he wrote to a friend that Germany, Japan and Italy were “the only sound countries in the world.” In 1958 he became one of the founders of the John Birch Society. In 1960 he published a pamphlet called “A Business Man Looks at Communism,” in which he wrote: “The colored man looms large in the Communist plan to take over America.”

The eldest son, Frederick, a collector and patron of the arts, didn't get along with his father and never worked in the family business. His three younger brothers did. Charles has been running it since 1967, when Fred Koch died. Both Charles and David inherited some variant of their father's conservatism, but they have devoted themselves mainly to libertarian causes rather than to the Birch Society and its descendants. Charles was one of three founders — the one with the money — of the libertarian Cato Institute, in 1977. David ran for vice president of the United States on the Libertarian Party ticket in 1980, thus opposing Ronald Reagan. William Koch is possibly more liberal than his brothers, and definitely more flamboyant (which, in this family, is saying a lot). He spent the entire 1980s and '90s waging war on Charles and David, often enlisting Frederick as his ally. He started his own company, filed multiple lawsuits against his brothers and became the leading purveyor of dirt about the Koch empire. These activities won William and Frederick very large, and spectacularly spent, financial settlements from Charles and David. Schulman tells us that Charles, David and William did not sit down for a meal together for nearly 20 years, until May 2001, when a carefully negotiated truce finally began to take effect.

The Obama campaign's ad called the Kochs “secretive oil billionaires.” That captures both the allure and the difficulty of writing about them. Koch Industries is America's second-largest private company (after Cargill, the Minnesota grain giant), and that's substantially because Charles and David Koch don't want to disclose as much about their business as publicly held companies have to. Schulman tells us he collected “hundreds of interviews” for his book, but a great majority of the material on the page comes from public sources — mainly news accounts and legal documents produced during the brothers' battles. At the very end there is a brief, tantalizing direct encounter with Frederick Koch, in a grand Upper East Side mansion where he keeps some of his art but doesn't live, but it ends with Frederick demanding that Schulman sign a document giving him the right to approve everything Schulman writes about him, and Schulman refusing. Otherwise all the principal characters in the story are inaccessible.

Schulman has ably assembled everything known about the Kochs into a single, straightforward, understandable account, marred by occasional lapses into cheesy wording (“Scantly clad women danced poolside and gyrated on the tennis court”) or mixed metaphors (“The brothers' opponents seemed to miss the forest for the trees as they strained to find evidence of the Kochs' hidden hand at work, a smoking gun that proved the governor of Wisconsin's marching orders came straight out of Wichita”). He is inescapably a prisoner of the available material, so there's a great deal here about lawsuits and government investigations, but less than you would want to know about exactly what Koch Industries — whose revenues, Schulman tells us, increased from \$70 million in 1960 to \$90 billion in 2006 — does and how it became so successful. Still, it's some combination of poignant and fun to get at least a peek inside the life of a family whose misadventures have taken place against a lush backdrop of grand homes, yachts, priceless paintings, messy romances, private investigators and armored limousines. (From what little

Schulman is able to tell us, the members of the third generation of the Koch dynasty seem thus far to be content to live a lot more quietly and less luxuriously than the second generation.)

“Sons of Wichita” may strike some readers as surprisingly pro-Koch. Although Schulman leaves out no confirmable damning detail, especially about Koch Industries’ deadly indifference to environmental and safety matters, he grants Charles and David two key concessions: They have sincere political views that go beyond being just a cover for their companies’ interest in lower taxes and fewer regulations, and many of their political activities have been right out in the open, rather than lurking in the shadows. He seems to be almost in awe of Charles, the most mysterious of the brothers, who runs Koch Industries by a system he devised called Market-Based Management. Summarizing, but not dissenting from, the views of Charles’s employees, Schulman calls him “a near-mythic figure, a man of preternatural intellect and economic prowess,” adding: “He is unquestionably powerful, but unfailingly humble; elusive, but uncomplicated; cosmopolitan, yet thoroughly Kansan.” It’s noteworthy, Schulman argues, that for decades the Koch family was definitely not welcome in the Republican Party. That they came to stand for Republicanism, at least in the minds of liberals, in 2010 and 2012 is testament to their persistence, to the weakening of the traditional party structures and to their success in making libertarianism a mainstream rather than a fringe ideology. “It’s a brilliant, extraordinary accomplishment,” Schulman quotes Rob Stein of the liberal Democracy Alliance as saying about the Kochs’ rise to influence.

If Schulman winds up denying his readers the satisfaction of believing that if only two malign figures can somehow be beaten back, American conservatism would be crippled, that’s probably a good thing. Even the Tea Party movement is not entirely dependent on intravenous feeding from the Kochs or that other favorite liberal villain, Fox News. And elements of Koch-style libertarianism, connected to the interests of major donors, now live within the Democratic Party too — not just on social issues like same-sex marriage, but on economic and regulatory ones too. “Sons of Wichita” reminds us that political outcomes depend far more on ideas and organization, and the energy and persistence devoted to them, than they do on the balance of power between good guys and bad guys.

SONS OF WICHITA

How the Koch Brothers Became America’s Most Powerful and Private Dynasty

By Daniel Schulman

Illustrated. 424 pp. Grand Central Publishing. \$30.