



## Five Myths About the Koch Brothers — And Why It Matters To Set Them Straight

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Not long ago, many Americans, including Washington, DC, insiders, had never heard of Charles and David Koch — now known as “the Koch brothers” — and were not aware of their vast political operation. That changed after a slew of investigative reports started to appear in 2010 — most famously Jane Mayer’s “Covert Operations” in *The New Yorker* that June, one of several pieces that have led to her recent book, *Dark Money*.

One after another, meaty reports from journalists and public interest groups revealed how the two multibillionaire brothers, industrialists Charles and David Koch, were conducting an all-out offensive against President Barack Obama and congressional Democrats, deploying huge sums of secret money to block Obama initiatives like cap and trade and health reform and setting the stage for electing Republicans in 2010 and 2012. The Kochs were convening twice-yearly conclaves of super-wealthy conservative donors to fund a web of efforts aimed at winning what Charles Koch dubbed “the mother of all wars” against liberalism and its latest champion, President Obama.

Since 2010, Democrats have tried to demonize the humongous political spending orchestrated by Charles and David Koch, even as journalists and some scholars have learned a lot more about their network. By now, the politically active Koch brothers are highly visible, no longer obscure actors in US politics. Charles sits for media interviews and pens op-eds, and journalists and bloggers regularly report on the latest Koch fundraising goals and election maneuvers after attending parts of the network’s meetings.

But even as much more information flows, myths about the Koch network persist. Invariably, myths take off from real facts, but end up painting pictures that overall are misleading. Here we draw on ongoing [research](#) to finger the most important misconceptions flowing from partial understandings of the Koch network. Setting the record straight is important not just for observers of US politics, but for democratic reformers who need to know exactly what they are up against — now and likely for years to come.

***Myth # 1:***

***The Koch network is a recent reaction to the Obama presidency.***

Even though the political activities of the Koch brothers gained national visibility only after Barack Obama moved into the White House, Charles and David were no neophytes. They had been at work for decades trying to reshape American politics and public policies. Starting in the 1970s, Charles and David Koch founded and provided sustained funding for an array of free-market and libertarian think tanks and academic research entities, including the Cato Institute and the Mercatus Center at George Mason University. David Koch became active in Libertarian Party politics and even ran for vice president on the party ticket in 1980.

After making little headway through a minor party, the Koch brothers expanded their giving to include new, more conventional lobbying groups that could use both insider tactics and public campaigns to press preferred policies on Congress and the states. They funded groups like Citizens for a Sound Economy and the 60 Plus Association to push against business regulations, energy taxes and new social spending, while also promoting the privatization of Medicare and Social Security.

The Kochs' third — and by far most ambitious — burst of organizational activity got going during the administration of Republican President George W. Bush, as Charles and David became disillusioned with this supposedly conservative president's embrace of certain regulations and new social spending on a Medicare drug program. As Charles Koch put it, "In 2003, because of what the Bush administration was doing, we said, 'Gosh, we've got to get involved in politics'" — by which he meant that the Kochs were about to fund and direct a full array of political party-like activities, including organizations that could operate in the states and mobilize grassroots activists along with paid operatives.

The year 2003 was the very moment when the brothers launched those twice-yearly convenings of wealthy conservative donors. As we will elaborate below, these "Koch seminars" have grown to channel huge streams of funding to all of the network's political organizations — including the Kochs' largest effort, a nationwide political federation called Americans for Prosperity (AFP), founded in 2004.

By the end of 2007 — a year before the 2008 presidential elections that would bring President Obama and large Democratic congressional majorities to power — Americans for Prosperity already had 58 paid staffers, including national and regional managers and paid directors in 15 states encompassing almost half the US population. AFP and other Koch-directed organizations have grown dramatically since then, but it is clear that the large-scale construction of the current network was underway well before Obama even accepted his party's nomination in the summer of 2008.

***Myth #2:***

***The Koch network is a personal pet project of the brothers themselves.***

Much media attention has focused on David and Charles and on the controversial history of their family. After the recent release of Jane Mayer's *Dark Money*, many outlets focused on such titillating details as family patriarch Fred Koch's investments in oil refineries in Nazi Germany and Stalinist Russia, and the maneuvers undertaken by Charles and David to force their brother Frederick to give up his financial stake in the family company. Even the coverage of current political efforts by the brothers has tended to rivet attention on their personalities and beliefs. Typically, the *PBS Newshour* posed the question, "How much money do Charles and David put into politics — and what motivates them?"

To be sure, Charles and David are extraordinarily wealthy — individually tied for fifth on the *Forbes* magazine's list of the 400 richest Americans in 2015 — and the brothers do contribute large amounts from their own fortunes to political causes. But to think of the "Koch network" as a personal pet project funded by these two is to miss the forest for the trees. In fact, Charles and David have succeeded in rallying hundreds of other wealthy conservative families to support their strategic political operation. For years, many wealthy donors — including husbands with their wives — have gathered at swank resorts for the twice-a-year Koch seminars, where they listen to presentations about conservative politics and ideas and pledge funds to support the Koch political organizations. Available data, which we have pulled together, indicates that these meetings have grown from about 17 participants in 2003 to around 500 in early 2016. Regular attendees must now pay annual dues and shell out contributions in Koch-approved directions amounting to at least \$100,000 per year.

Most donors clearly give a lot more than that. One member of the hotel staff serving participants at the winter 2011 seminar claimed he heard donors standing up to make pledges in increments of \$5 million. According to estimates from journalists and tax records from the Koch operation itself, the seminars went from raising just shy of \$100 million in 2008 to just under \$300 million in 2014, and the Kochs' organized donors plan to raise somewhere between \$700 and \$900 million for the current 2016 election cycle.

The explosive growth of the seminars shows just how important it is to think about the Koch network as the joint project of many super-wealthy conservatives determined to reshape US politics and public policy in libertarian and anti-government directions. A huge and growing slice of America's conservative-minded billionaires and multi-millionaires are now organized into a self-righteous movement to take charge of our government and politics.

***Myth #3:***

***The Koch network is little more than a corporate front.***

Especially on the left, there is a strong tendency to view the Koch network as merely a political front for their privately owned corporate conglomerate, Koch Industries, headquartered in Wichita, Kansas. Or else the network is portrayed as a somewhat broader front for many companies represented by participants in the Koch seminars. Liberal activists and researchers are

quick to notice any time the policies backed by the Koch network might feed Koch Industries' bottom line. According to the environmental group Greenpeace, the Koch brothers "direct a web of financing that supports conservative special interest groups and think-tanks, with a strong focus on fighting environmental regulation, opposing clean energy legislation and easing limits on industrial pollution."

That stance, the group argues, is because the brothers "have a vested interest in delaying climate action: they've made billions from... an oil corporation that is the second largest privately-held company in America (which also happens to have an especially poor environmental record)." Echoing the same logic, the National Committee for Responsive Philanthropy argues that it is not surprising that philanthropic giving directed by the Koch brothers often goes to "nonprofit organizations that do research and advocacy on issues that impact the profit margin of Koch Industries."

There certainly are complementarities between political organizations created and supported by the Koch brothers and their own corporate operations. Koch Industries executives and managerial methods have been loaned to the political operation, and the full array of Koch for profit and nonprofit groups concur on certain basic tenets of free-market conservatism, such as opposition to environmental regulations and unions. However, Koch political advocacy goes beyond mere corporate self-interest. As philosophically committed libertarians, Charles and David support or encourage many causes far beyond opposing environmental and labor-market regulations. Koch leaders and organizations seek a radical reduction in the role of the government in American society; they aim to dismantle not just Obama's achievements but most federal government activities dating back to the Progressive Era.

Corporate self-interest, for instance, cannot explain the fierce opposition of the Koch network to Medicare, Social Security and even the efforts of GOP governors to tap federal health reform funding to expand market-oriented forms of Medicaid in their states. Ongoing Medicaid civil wars in the GOP pit the Koch network against local and regional chambers of commerce and medical associations that have teamed-up with Republican governors to push for acceptance of this part of Obamacare. After all, Medicaid expansion promises to infuse local economies with billions of dollars in federal funding, boosting profits and revenues for hospitals, medical businesses and health care providers. The Koch political network has also come out strongly against many other kinds of subsidies for private sector businesses — including some that Koch companies collect for themselves. The network has pushed GOP legislators in Congress to discontinue the Export-Import Bank and has opposed business-friendly tax breaks and infrastructure funding strongly supported by the US Chamber of Commerce.

In sum, while the interests of mainstream business and the Koch network are tightly aligned when it comes to reducing taxes, loosening government regulations and undercutting labor unions, the Koch network promotes a much more sweeping, ideologically inspired free-market agenda. Ironically, it might be a good thing for liberals if the Koch network really was an

industry front, because business interests are often willing to enter into legislative bargains. At times, corporations — and business associations — are willing to work with liberals on policies such as investments in infrastructure or education. Politicians can and do negotiate trade-offs on such issues. But liberals will have no such luck cutting deals with the ideologically driven Koch network or with most of the hardline Republicans it backs.

***Myth #4:***

***The Koch network scatters big money to hundreds of conservative groups.***

Journalists and pundits typically talk about the Koch network as a “secret bank” scattering money to hundreds of conservative groups across the political landscape. This understanding is best typified by the widely shared “Maze of Money” chart assembled by the Center for Responsive Politics, which traces circuitous routes through which hundreds of millions in funding tied to the Kochs flowed to dozens of organizations linked in what is called “far-reaching operation of unrivaled complexity.”

According to this portrayal, the Koch network encompasses groups as diverse as anti-abortion lobby Americans United for Life, the US Chamber of Commerce, the Heritage Foundation, the Club for Growth and the National Federation of Independent Business — pretty much the entire array of important organizations operating on the contemporary American right. However, by branding practically all major conservative groups as Koch affiliates, journalists and pundits obscure the real centers of action in the network. Our examination of IRS reports indicates that, even though Koch funding conduits like Freedom Partners dispense grants to dozens of groups, most of these grants are temporary and tiny. Take for instance the grant of \$3 million that Freedom Partners made in 2012 to the US Chamber of Commerce. That may seem like a large sum, but it was a mere drop in the bucket given the nearly \$200 million in revenues the Chamber collected that year. What’s more, of the \$236 million in total grants Freedom Partners dispensed in 2012, more than three-fourths went not to outside groups but to core, Koch-controlled political organizations.

The Koch network is better understood *not* as a labyrinthine tangle of funding flows, but as an evolving set of core organizations directly created and funded by the Kochs and run by their close associates. Our research has documented a complementary and tightly coordinated set of entities, each of which performs important functions in the overall Koch political operation.

To collect and dispense funds for the network, the Kochs have set up the Freedom Partners Chamber of Commerce, now tasked with running the twice-yearly seminars and directing the donations wealthy conservatives pledge during and between those meetings. Additional core members of the network include organizations recently established to reach out to specific constituencies — the Libre Initiative to engage Hispanics, Generation Opportunity to build networks among young adults and Concerned Veterans for America to mobilize military veterans and push for the privatization of veterans’ health care. To support election efforts, the Kochs

have built Themis/i360, which collects and analyzes voter data, and Aegis Strategic, which recruits and trains promising conservative candidates like Joni Ernst in Iowa.

At the very heart of the network, finally, is Americans for Prosperity, a nationwide federated organization that now has paid staff in 34 states and contact lists for millions of conservative activists nationwide. AFP leverages its large financial war chest and grassroots contacts to oppose Democrats, help to elect very conservative Republicans and conduct policy campaigns to push those lawmakers in Congress and the states to enact Koch-supported policies and block or dismantle policies the network opposes.

In short, far from being an impenetrable “maze of money” widely scattered to a cacophony of right-wing groups, the Koch network is a tightly interlocked set of organizations that the brothers and their closest advisors have developed over time into an integrated political machine of unparalleled clout.

***Myth #5:***

***The Koch network is virtually a third US political party.***

According to Kenneth Vogel at *Politico*, the Koch network has about three and a half times as many employees as the Republican National Committee plus GOP congressional campaign affiliates. And the network has pledged to spend between \$700 and \$900 million during the 2016 election cycle, more than double what the Republican committee apparatus spent in the previous election. Such juxtapositions have led some observers to bill the network as tantamount to an extra US political party. “It’s official,” stated one *Mother Jones* article, “The Kochs and their rich friends are the new third party.” Echoing that sentiment, *The New York Times* suggested that the network’s ambitious financial pledge for 2016 “effectively transforms the Koch organization into a third major political party.”

Such comparisons rightly dramatize the size and scope of Koch endeavors, but it is a mistake to think of this network as operating outside of — or independently from — the GOP. That notion gets the relationship wrong and overlooks an important source of the Koch network’s political clout. Far from being independent of the GOP, the network’s operatives and resources are closely intertwined with the Republican Party. Forging this symbiosis, we believe, has been the whole point, a deliberate, long-term strategy to move the Republican Party to the far right. Koch honchos do not aim to displace the GOP; they want to capture and use it as a tool to radically cut back American government.

A biological analogy can help us understand what is going on. Consider how a parasite interacts with its host: the parasite cannot survive for long without the host, because it exploits the resources of the host to survive and grow. In a similar way, the Koch network has penetrated the GOP to advance its electoral and legislative priorities. It would be hard to imagine the Koch network achieving significant impact operating entirely outside of the GOP.

How many voters would cast their ballots for a fully independent third party visibly run in an oligarchical fashion by some of America's wealthiest families? Even if elected to Congress, could smatterings of Koch Party representatives and senators advance their own extreme legislation? A far better strategy is what the network actually does: work through the Republican Party to help elect officeholders and then inspire and push them to enact the Koch agenda.

On occasion, Koch leaders may disagree with actions taken by Republicans, but over time they are using their financial resources and organizational capabilities to draw GOP candidates and officeholders toward their preferred positions. GOP candidates and officeholders want and need Koch network resources — money, activists, publicity, access to donors — and in return they offer access and fealty to top Koch policy priorities, whether or not those priorities are popular with voters. The Koch network can leverage the institutional brand and resources the modern Republican Party has built up over the past century to win elections for network friends and influence legislative bodies in Washington, DC, and states across the country.

The evidence of GOP penetration by the Koch network is striking. Some top Koch leaders have previously worked for Republican presidents or party organizations and others have gone on to do the same after working for the Kochs. Also pertinent are the career paths followed by state directors in Americans for Prosperity. We have tracked all the state directors who have ever served in the first fifteen AFP state organizations (all set up between 2004 and 2007). Nearly seven in ten of these directors, we found, had previously held staff posts in GOP campaigns or in the offices of Republican elected officials; and three in ten went on to hold even more important GOP posts after their stints with AFP ended. Others worked in businesses servicing Republican campaigns. Clearly, the Koch network has woven strong connections with the Republican Party at the local, state and regional levels, and these relationships mean that Koch operatives know exactly how to lobby GOP officeholders to advance their free-market, anti-government agenda.

Like a parasite and its host, we cannot imagine the Koch network enjoying success without strong ties to the GOP, yet it is important to remember that the core network leaders, the Koch brothers and their close associates, are not themselves subordinated to the major political party they use and influence. In fact, some Republican leaders have openly worried about the Koch network's growing sway over their party. "I think it's very dangerous and wrong to allow a group of very strong, well-financed individuals who have no accountability to anyone to have control over who gets access to the [party resources]," bemoaned the Republican National Committee's chief of staff at one juncture. She has a point, but there does not seem to be much party officials could do even if they really wanted to reduce the network's influence. Koch organizations control resources too many Republican politicians need and want — and, by now, large numbers of GOP operatives are themselves alumni or close associates of the Koch network.

There is only one likely way the clout of the Koch network could suddenly dwindle: if the GOP itself goes into a tailspin or breaks apart. The emergence of loose cannon Donald Trump as the leading contender in the 2016 Republican presidential primaries suggests the sort of disruption

that can weaken the GOP host on which the Koch operation feeds. Ironically, although Trump is a billionaire, he has not so far paid obeisance to the Kochs or their agenda, as virtually all of the other 2016 GOP presidential candidates have done. Yet many voters in Republican primaries seem to approve of the very un-Koch-like policies Trump touts from time to time — such as limiting free trade, taxing hedge fund managers, preserving Social Security and deporting immigrant low-wage workers.

As this ironic situation suggests, the Koch network's very successes in drawing Republicans toward extreme free-market positions can potentially weaken their mass electoral appeal, opening the door to new contenders and threatening the future of the political party the Koch network uses to enact its radical agenda.