



American billionaires: David and Charles Koch

By Wolf D. Fuhrig

In 1888, a Dutch immigrant by the name of Hotze “Harry” Koch arrived in the United States and settled in Quanah, Texas, where he started the local Tribune-Chief [newspaper](#). He was the father of Fred Koch (1900-1967) who became a chemical engineer and founded the oil refinery that later became Koch Industries, now the second-largest privately held company in the United States.

Fred developed a new cracking method for the refinement of heavy oil into gasoline. True to his conservative [political](#) orientation, he also became one of the founders of the John Birch Society.

Based in Wichita, Kansas, Koch Industries developed subsidiaries in manufacturing, trading and investments. The company came to own Invista (producing polymers and fibers), Georgia-Pacific (producing forest products), Flint Hills Resources (refining petroleum), Koch Pipeline, Koch Fertilizer, Koch Minerals and the Matador Cattle Co. Koch Industries also went into the production of chemicals and chemical equipment, energy, pulp, paper, ranching, finance and commodities trading. The combined conglomerate currently employs some 50,000 people in the U.S. and another 20,000 in 59 other countries. These data can also be found in [film](#) maker Robert Greenwald’s documentary “Koch Brothers Exposed.”

Among Fred Koch’s four sons, Charles (born 1935) became chairman of the board and chief executive and David (born 1940) executive vice president of Koch Industries. They also operate a \$25 billion oil company that annually earns some \$750 million, two huge refineries, 37,000 miles of pipelines and 450,000 acres for cattle ranching. Koch Industries has more revenues than any privately held U.S. company except Cargill. The wealth of Charles and David is estimated to exceed \$2 billion — not million — for each.

The brothers provided the initial funding for the Cato Institute and are major supporters of the Federalist Society. They also have joined and support the Mercatus Center and the Institute for Humane Studies at George Mason University, the not-for profit Institute for Justice, the conservative [Alexis](#) de Tocqueville Institution, the tax-exempt Institute for Energy Research, the Foundation for Research on Economics and the Environment in Bozeman, Montana, the conservative Heritage Foundation, American Enterprise Institute, Manhattan Institute for Policy Research, George C. Marshall Institute, and American Enterprise Institute, also the Reason Foundation, which opposes Social Security, the American Legislative Exchange Council, and the

Canadian Fraser Institute. Since 2011, David Koch has been sitting on the board of directors of the Cato institute, the Reason Foundation, and the Aspen Institute.

Members of the Koch family have given millions of dollars to conservative and Libertarian advocacy groups, including Americans for Prosperity, and FreedomWorks (activists fighting for more individual freedom, less government, and lower taxes). All of them have links to the tea party movement.

David Koch and his brother Charles own 84 percent of Koch Industries' \$115 billion "with interests in oil pipelines, refineries, building materials, paper towels and even Dixie cups." David was a top donor to the Republican Governors Association in 2013, giving \$1.25 million to the cause. Together the brothers, the richest siblings in the world, are spending millions to help the U.S. Senate Republicans win in the 2014 midterm elections. Senate majority leader Harry Reid accused them of "actually trying to buy the country."

David Koch was a Libertarian vice presidential candidate in 1980. He advocated the abolition of social security, the FBI, the CIA, and public schools. He poured \$500,000 of his own money into his electoral campaign, but he and Ed Clark, his presidential running mate, won only 1.1 percent of the vote. Nevertheless, that was the best Libertarian showing in a presidential race to date. In 1984, David left the Libertarian Party, because he found so many of the hard-core Libertarian ideas to be "unrealistic."

David Koch donated \$100 million for the cancer research center at the Massachusetts Institute of Technology and another \$100 million for the Koch Theater next to [the Metropolitan Opera House](#) in New York City. A total of \$31 million have so far been given to The Charles Koch multi-purpose arena, popularly known as "The Roundhouse," on the campus of Wichita State University

The Koch brothers have persistently opposed the Dodd-Frank Wall Street Reform and Consumer Protection Act, particularly its tighter regulation of the marketing of energy derivatives. They would profit from the law's repeal. For [financial](#) reasons, they also oppose rules curbing climate change, reducing air pollution, and increasing energy efficiency.