

The Story of the Kochs — A Portrait of America's Most Influential Oligarchs: Part 2

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The Continuing Rise of the Brothers and the Rivalry Among Them

In 1966, Fred turned the control of Rock Island over to his second eldest son Charles, as his eldest son, Frederick, had opted to attend Yale and study drama rather than go to M.I.T. and study engineering, as had his father and brothers, resulting in an estrangement between him and his father. Frederick would later move to Monaco and divide his time between collecting rare books and manuscripts, restoring historic buildings around the world, and pouring money into arts organizations such as the Royal Shakespeare Company, the Metropolitan Opera, and the Film Society of Lincoln Center.

The following year, Fred Koch died of a heart attack, and Charles, having inherited his father's fortune, enterprise, and connections, along with his brothers renamed Rock Island to Koch Industries.

In 1968, Koch Industries, under the leadership of Charles, bought out the Great Northern Oil Company and its Pine Bend Refinery, located near Minnesota's Twin Cities. As a result, Koch Industries was able to rapidly branch out into such markets as chemicals, fibers, polymers, asphalt, petroleum coke, and sulfur. As the company's wealth grew, they expanded further, becoming involved in global commodity trading, gas liquids processing, real estate, pulp and paper, risk management and finance.

At the turn of the decade, David Koch joined Koch Industries as a technical services manager, and over the next nine years, worked his way up to president of Koch Engineering. In 1970, Charles Koch put forth a grant to a group of libertarian M.I.T. alumni for them to purchase a sporadically circulated, typewritten, mimeographed student newsletter called Reason, the chief publication of the Reason Foundation, a research organization founded in 1968 that claimed to be dedicated to "advancing a free society" but over the course of the 1970s published propaganda articles denying the Holocaust, promoting South African apartheid and privatization in Great Britain under Margaret Thatcher, and advocating tricking well-meaning but gullible liberals into sympathizing with right wing ideals. Charles and David Koch still provide a great deal of funding for Reason, and David is on the Reason Foundation's Board of Trustees.

In 1974, Charles Koch founded another think tank, the Charles Koch Foundation, which would be renamed in 1976 as the Cato Institute, also with the purpose of promoting individual liberty,

free markets, and limited government. Over the years, this organization has drawn criticism from the political left for its denial of global warming and stance against a public healthcare option.

In 1980, David Koch ran as the running mate to Ed Clark in the 1980 Presidential election, pledging a large part of his personal fortune toward the campaign. From that point forward, Charles and David Koch established and funded other think tanks such as Citizens for a Sound Economy (later renamed FreedomWorks), Americans for Prosperity, Freedom Partners, the Competitive Enterprise Institute, and the youth mobilization effort Generation Opportunity.

More recently, the Koch Brothers have funded the campaigns of Republican candidates such as Kentucky Senator Mitch McConnell, 2012 Presidential candidate Mitt Romney, and House Speaker John Boehner.

Despite Charles and David expanding the fortune they inherited from their father, there had been a long-standing personal and political rivalry between them and the other Koch brothers, Frederick and William. According to a biography by Mother Jones senior editor Daniel Schulman, Charles, trying to coerce his brother Frederick into selling his shares of Koch Industries stock, attempted to blackmail the latter about his homosexuality. William thought that his older brother Charles' libertarian ideals were bad for business, and in 1986, he and eldest brother Frederick tried to take over the company from Charles and David. The attempt proved unsuccessful, and William sold out his shares in Koch Industries for \$470 million but believed he had not been paid a fair price, resulting in bitter litigation between the two pairs of brothers that lasted until 2001.

Though the relations among the four are better these days, neither Frederick nor William are as politically active or as influential as Charles and David, although William did donate \$750,000 toward Mitt Romney's 2012 Presidential campaign.

According to *Vice*, the \$889 million that the Kochs plan to spend on the 2016 election will likely be put through the think tanks that they own and operate such as Americans for Prosperity and Freedom Partners, but because of campaign finance laws, it is unclear how much of the money will come directly from the Koch Brothers themselves.

Image credits: *Huffington Post* (Charles Koch), *Crain's* (David Koch), *New York Post* (Frederick Koch), WPTV.com (William Koch)