

The Miami Herald

Koch 101: Some basics on the billionaire brothers

By Nancy Benac
August 25, 2014

A primer on the Koch brothers and their role in politics.

Q: Who are the Koch brothers?

A: Charles and David Koch, ages 78 and 74, are billionaire brothers who helped create a broad network of nonprofit groups that control hundreds of millions of dollars flowing into politics. Through their deep pockets, they are reshaping politics with an uncompromising agenda of reducing regulation, advancing libertarian ideas, promoting free-market Republican candidates and ousting Democrats. They have two other brothers, William and Frederick, who aren't involved in the effort.

Q: Where did they get their money?

A: The Kochs inherited their father's company in Kansas, and turned Wichita-based Koch Industries into the second-largest privately held company in the nation. The conglomerate makes a wide range of products including Dixie cups, chemicals, jet fuel, fertilizer, electronics, toilet paper and much more. William and Frederick cashed out in 1983 and no longer have a stake in the company.

Q: How rich are Charles and David?

A: With a fortune estimated at \$41 billion each, Charles and David tie for fourth on Forbes' list of the richest Americans, and tie for sixth on Forbes' worldwide billionaires list.

Q: What's their secret?

A: Charles, chairman and CEO of Koch Industries, attributes the company's success to his business philosophy, "Market-Based Management," which he's trademarked. Among its components: hiring and retaining people with the right values, and giving employees a bigger voice in decision-making. The company's growth strategy also includes reinvesting 90 percent of earnings.

Q: How much money do Charles and David put into politics?

A: That's the big question. It's unanswered because the Kochs channel lots of money into nonprofit groups that don't have to identify their donors. The Washington Post and the Center for Responsive Politics have calculated that the donor network organized by the Kochs took in at least \$407 million in the 2012 election cycle. However, not all of that money came from the Kochs themselves. David Koch's charitable giving has included \$58 million donated to nonprofits that could include groups such as Americans for Prosperity, the CATO Institute and the Heritage Foundation, according to company spokeswoman Missy Cohlma. In addition, the two brothers' direct political contributions to federal candidates and party committees totaled at least than \$2 million over the past two decades.

Q: What motivates them?

A: Family patriarch Fred Koch, who built refineries in the Soviet Union in the 1930s, became convinced of the evils of communism and instilled in his sons an aversion to government intrusion. As David said of their father in a 2012 interview with The Wichita Eagle newspaper in Kansas, he "was extraordinarily fearful of our government becoming much more socialistic and domineering. ... So from the time we were teenagers to the present, we've been very concerned and worried about our government evolving into a very controlling, socialist type of government."