



The Koch Network's Integrated Strategy for Social Transformation

October 29, 2018

(Open Secrets) In a media landscape that has come to feel dominated by nationalists and progressives, one could forgive conservatives and libertarians for feeling they lack a platform. But although economic libertarianism is not as fashionable as it was in 2010, its champions continue to promote its ideals with stunning scope and efficiency.

Enter the Koch brothers, political mega-donors best known for their web of politically active nonprofits and super PACs. In the heyday of its notoriety, the Koch network was associated with the wave of fiscally conservative politicians swept into Congress to oppose President Barack Obama. It was also tied to the Tea Party movement. Some go so far as to say the Koch network bankrolled the whole affair with the help from Rupert Murdoch, astroturfing a movement to counter Obama's grassroots appeal. While it is reductive to chalk the entire Tea Party up to Koch money, there is some truth to the idea.

According to an article written by former president of the Charles Koch Foundation Rich Fink, growing a grassroots movements like the Tea Party is part of a three-tiered strategy aimed at bringing about "social transformation."

"At the higher stages we have the investment in the intellectual raw materials, that is, the exploration and production of abstract concepts and theories," Fink writes in the article originally published in *Philanthropy Magazine*. "These still come primarily (though not exclusively) from the research done by scholars at our universities ... In the middle stages, ideas are applied to a relevant context and molded into needed solutions for real-world problems. This is the work of the think tanks and policy institutions... But while the think tanks excel at developing new policy and articulating its benefits, they are less able to implement change. *Citizen activist or implementation groups are needed in the final stage to take the policy ideas from the think tanks and translate them into proposals that citizens can understand and act upon.*"

"Citizen activist or implementation groups" are the tip of the spear in the integrated strategy the Koch network uses to inject their political philosophy into the discourse. And even more important are the friendly think tanks, media outlets and universities that espouse Koch-aligned ideas for the citizen groups to champion.

"In 2011, interest peaked in what they were doing politically," said Samantha Parsons, a founding member of UnKoch My Campus in a phone interview with OpenSecrets. "But the Koch network is so big and so broad and there's so many different organizations, universities, think-tanks and grassroots or astroturf organizations that oftentimes you don't know whether an organization you might be paying attention to at the state level or the local level is indeed a part of the Koch network."

Many groups that make up the middle part of the network's integrated strategy, between academics and grassroots agitation, fall under the umbrella of the State Policy Network, a coalition of state-level think tanks. In tax documents, the SPN says it aims to "create a robust movement of leaders advancing free-market ideas in the states." An SPN document from 2016 lists a more specific goal, to "defund and defang one of our freedom movement's most powerful opponents, the government unions" and to "deal a major blow to the left's ability to control government at the state and national levels."

The names of many groups in the SPN make benign reference to the local cultures of their states of residence. Kentucky has the Bluegrass Institute For Public Policy Solutions, Michigan has the Mackinac Center for Public Policy and Ohio has the Buckeye Institute for Public Policy

The State Policy Network's "associate" groups include the Charles Koch Institute, Americans for Prosperity Foundation, American Legislative Exchange Council, Federalist Society, FreedomWorks, Heritage Foundation, Cato Institute, Reason Foundation and the Mercatus Center at George Mason University. Bridgett G. Wagner, Heritage Foundation's vice president for policy promotion, is on the State Policy Network's board of directors. Heritage Foundation has also received funding from the Claude R. Lambe Foundation, a Koch connected group.

Charles and David Koch co-founded the SPN associate Cato Institute with noted libertarian writer Edward Crane in the late 70s. They named the think tank after Cato's Letters, an English essay-series written in the 18th Century espousing the virtues of individual liberty and limited government. A conflict between Crane and the brothers would result in two lawsuits (both of which were eventually abandoned) and both parties stepping back from Cato in 2012. Between Cato's founding and the lawsuits, the Koch network gave more than \$30 million to the think tank.

"Mr. Koch's actions... represent an effort by him to transform Cato from an independent, nonpartisan research organization into a political entity that might better support his partisan agenda," said Crane of Charles Koch's efforts to exert greater control over Cato's board of directors. "We view Mr. Koch's actions as an attempt at a hostile takeover..."

Crane resigned as chief executive, and the Koch network's influence on the board of directors was diluted. Neither of the brothers currently sit on Cato's board.

At Reason Foundation, David Koch still sits on the board or trustees (alongside Drew Carey of "The Price is Right"). Reason Foundation is behind Reason.com, Reason Magazine, ReasonTV and other internet libertarian outlets. According to tax returns, since 2012 the Reason Foundation has received around \$49.3 million in grants and contributions, roughly \$11.6 million of that in the fiscal year ending in Sept. 2017. But according to Katherine Mangu-Ward, Reason's editor-in-chief, Reason does not stay afloat thanks to grants alone.

"We are lucky enough to have a large and diverse group of print subscribers, webathon donors, and supporters who help fund our work through the Reason Foundation," Mangu-Ward said in an e-mail interview with OpenSecrets. "This somewhat unusual structure has protected us from the turmoil that other publications have faced when a single wealthy owner loses interest or when a support from advertisers dries up."

Perhaps the most important and least visible element of the Kochs' integrated strategy is their influence within institutions of higher education.

According to the Center for Public Integrity, Ohio State University accepted \$100,000 from the Koch network in 2013, in part to pay for an economics department instructor. The instructor would teach roughly eight courses a year, and those courses would focus "on topics related to economic freedom and competitive markets, such as the history of thought, public finance, industrial organization, and micro and macroeconomic principles..."

At Texas Tech University, \$109,000 in Koch money was used to fund the "Free Market Institute" and the "Institute for the Study of Western Civilization," which according to its website believes "the activities of great men and women often drive history."

A list of schools supported by the Charles Koch Foundation can be viewed on their website.

At no other college is the influence of Koch money more pervasive than at George Mason University. In 2014, two Koch foundations contributed \$23.4 million to U.S. Colleges and Universities. The network gave to 216 universities that year, and George Mason University got \$16.8 million of the total.

Samantha Parsons said she first became aware of Koch-network influence at GMU when she was a freshman. Parsons was in GMU's Environmental Action Group, partially because of concerns related to mining and uranium in her home town of Hurt, Virginia. The group's faculty advisor brought the Kochs' involvement at GMU to Parsons' attention. When she asked the university for more information they responded by saying that, since the gift agreements were accepted by the George Mason University Foundation, a private 501(c)(3) tax-exempt nonprofit organization which accepts funding on behalf of GMU, the contributions were not technically the jurisdiction of the public university. The foundation cited donor confidentiality and turned her away.

In response, Parsons joined with fellow students to found UnKoch My Campus, a group that scrutinizes contributions made by Koch network groups to universities. Parsons filed the open records request that revealed that the Koch network had influenced the curriculum and hiring and review processes for faculty members in GMU's Mercatus Center.

The Mercatus Center was founded by Richard Fink as the Center for the Study of Market Processes, in 1977. Fink went on to serve as executive vice president of Koch Companies Public Sector and as president of the Charles Koch Foundation.

According to Parsons, a GMU professor who taught an environmental economics class around this time had a zero-tolerance policy for discussions about climate change. One of the textbooks used in this class was called *Global Warming and Other Eco-Myths*, published by the Competitive Enterprise Institute.

UnKoch My Campus also brought to light that Koch-adjacent groups have influenced GMU's law school. A group called the BH Fund, acting as a proxy for the Federalist Society, wielded influence on programs, faculty appointments and students, according to documents released by UnKoch. Leonard Leo, head of the Federalist Society, is also president of the BH Fund. The report from UnKoch alleges that the Federalist Society had "taken over" GMU's law school and that the judicial law clerk program has been re-purposed to help place conservative clerks in judge's chambers.

GMU's president admitted the contributions were problematic and promised to review its policies for accepting contributions.

“When I was in high school and learning how to do research, I would have teachers say ‘this is an academic article, it comes from a scholarly journal. We can trust that source,’” said Parsons. “But if it comes from a think tank or something you need to include a sentence in that report that says ‘this think tank has a bias’ or something. And that has always stuck with me, this concept that we’re supposed to trust what comes out of the hallowed halls of academia. And what we’re seeing that donors like the Koch brothers attaching these strings that are influencing what’s being researched, that are influencing who’s being hired.”

American Encore, formerly the Koch-backed Center to Protect Patient Rights, cited studies from GMU's Mercatus Center in a policy paper. Congressional budget bills have also cited Mercatus Center studies, according to the Center For Public Integrity.

In a statement, the Charles Koch Foundation said it was “committed to advancing a marketplace of ideas and supporting a ‘Republic of Science’ where scholarship is free, open and subject to rigorous and honest intellectual challenge.”

Compare that to Koch's speech to the Institute of Humane Studies in 1974, when he said businesses should support “only those programs, departments or schools that ‘contribute in some way to our individual companies or to the general welfare of our free enterprise system...’ Educational programs are superior to political action, and support of talented free-market scholars is preferable to mass advertising.”

The Koch network has even shown interest in the education of prisoners. A Koch foundation-funded program teaches inmates in Florida Koch-flavored civics lessons. The project is managed by a member of the State Policy Network-affiliated James Madison Institute. In the program, inmates read a book called *The Five Thousand Year Leap* by Cleon Skousen. The book suggests that the constitution is divinely inspired.

The Kochs will probably always be better known for their politically active nonprofits spending millions of dollars in elections than for their work with grassroots organizations, think tanks and universities. The former is more visible, and it is difficult to say exactly how effective the integrated strategy really is in changing minds and culture in the short term. Still, with Koch-friendly think tanks quietly operating throughout the country and Koch-money in the coffers of hundreds of universities, it may be that the network's soft power is actually its greatest asset.