



A “tragic family story”: Inside the Koch brothers’ past — and uncertain future

The libertarian billionaires are more complicated than you think, the author of a new family biography tells Salon

Elias Isquith
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Because they’ve been such major players in American politics throughout the Obama years, it can be easy to forget just how little we really know about the Koch brothers, the billionaire fossil fuel magnates and libertarian activists who, more than any other two people, are considered to be the financial engine behind the Tea Party movement. Countless pages have been written about fellow right-wing members of the 1 percent like Roger Ailes, Rupert Murdoch and Richard Mellon Scaife — but the Koch brothers, richer than all of them put together, remain a mystery.

Enter Daniel Schulman, senior editor in the Washington bureau of Mother Jones, and his new book, “[Sons of Wichita: How the Koch Brothers Became America’s Most Powerful and Private Dynasty](#),” an in-depth look at the Koch brothers (all four of them — including the lesser-known Bill and Frederick), their parents, their business, their politics and the many years they spent in court suing one another for control of the Koch Industries empire.

Recently, Salon called Schulman to discuss the book, his experience trying to report on this infamously secretive family, and whether the brothers’ decision to spend [\\$400 million on the 2012 campaign](#) was a last-gasp effort to stop President Obama or a sign of more things to come. The interview follows, and has been lightly edited for clarity and length.

What made you want to write this book?

When I really started this project and started thinking about it in the 2010-2011 time frame, these guys were really coming on people’s radars more and more. They were starting to be villainized as if they were Oz behind the curtain of every act of conservative wrongdoing, and I just thought that they were sort of — it was sort of a caricature. I started doing a little bit of research and it was interesting to me that we only heard about David and Charles Koch and those were “the Koch brothers” but, of course, there are *four* Koch brothers. I read a little bit about them, and I heard about this feud that played out in the ’80s and ’90s, and that’s how my interest got piqued

with these guys, and that's how I came to learn they had a phenomenally interesting, and in some ways kind of tragic, family story.

To that point, you can't really tell the story of the Koch brothers without talking about their father, Fred, who comes off in the book as a pretty difficult person to have as a parent.

It was not necessarily very easy to be his son — at the same time, the brothers very obviously loved their dad and revered him in certain ways. But everybody says he was sort of a John Wayne-like character, a fairly gruff guy, very driven, very ambitious, clearly had very high expectations for his sons. He grew up in the panhandle of Texas in a very poor town, a frontier town ... Because by the time he was in his early 30s he was a millionaire ... I think his own rise made him fear what that money could do to his sons if he just kind of coddled them. So he worked them extraordinarily hard around their property and on the family's ranches. He just really did not want them to feel like they were wealthy in the least bit. An interesting story I heard from one of their cousins is that when David and Bill Koch used to visit this town in Texas where the family's from ... they were just bowled over by the fact that their uncle had a charge account at the local pharmacy — they didn't even know what that meant, because the other thing about Fred Koch is that he was extraordinarily averse to debt, paid for a lot of stuff in cash. So you can see some of that mentality playing out in stuff that the brothers advocate for: major reductions to government spending and things of that nature.

So how much of the Koch brothers' political worldview can be traced back to their father?

I really think quite a bit. To put this in context, Fred Koch's political views were formed basically after he ends up going into business, and the story that the company tells is of the bootstrapping oil engineer — which he was — who developed this novel oil refining process. But what they leave out is that he went into business with two engineers who'd worked for a company called Universal Oil Products. Universal Oil Products had developed the predominant oil refining techniques of that time, a process that was called thermal cracking, and it was new and it was able to break down oil into its individual hydrocarbons and squeeze more gas out of each barrel of oil. Now, this was a patented process and they were selling it on a royalty basis around the Midwest, around the country and in Europe, so Fred and his partners ... start selling a process that was very, very similar. So it was really no surprise when this company lashed out at his firm with litigation ...

Koch was driven out of the U.S. market and had to look for other clients to stay in business, and this was at a time when the Soviet revolution had recently happened and the Russian oil industry had been decimated. [The Soviets] were looking to modernize their oil industry for the first wave of industrialization in the USSR and at a time when the U.S. did not even have diplomatic relations with the fledgling Soviet Union, Fred's firm ended up taking contracts to help modernize 15 refineries there. He spent two months over there doing that, and he was horrified by what he saw there in terms of the oppression. He had a Soviet minder who was telling him about the plans of the Communists to basically infiltrate the U.S., so he returns and he's basically committed to do everything he can to stop the threat of Communism.

So in terms of the [Koch brothers'] collectivist vs. individualist ideology, that very much was something that seeped in during dinner table conversations and things like that and influenced the politics of Charles and David. I also found a lot of stuff that [Fred Koch had] written back in those days, and he was absolutely against the welfare state and things of that nature.

To focus for a bit on Charles Koch, I wanted to bring up an Op-Ed he wrote for the Wall Street Journal a few months back. It was ostensibly a response to various unnamed critics, although it was pretty obvious to everyone that he was thinking in particular of Senate Majority Leader Harry Reid. Anyway, when I read the Op-Ed, I was genuinely a bit surprised by the language Koch used, the kind of hardcore libertarian phraseology he'd use to describe his foes as —

Collectivists.

Yes, “collectivists” is a good signifier for the whole worldview. To that point, I'm wondering, how much of the Kochs' political activities are about furthering their business and how much do you think is about a genuinely held ideology?

I think to understand where they're coming from and where their overarching business philosophy comes from is that it's an Adam Smithian worldview in which by pursuing your self-interest you believe you will benefit society as a whole. And we could, of course, debate whether or not that's true, but I certainly came away believing these guys are very much true believers and their identity is so wrapped up in the business, too, that it can be difficult to separate these things. But I don't think these guys are advocating this stuff to line their pockets; they really don't need any more money. If you look at the way Charles lives, he certainly has a really nice home in Wichita, a really nice home out in Palm Springs, that sort of stuff; but he could be living a lot higher on the hog if he really wanted to, but it's not really about that for him. The other way I would answer that question is just like, it's definitely not a good business model to come out as aggressively and overtly politically as they have, and become these conservative boogeymen that are trying to take down Obama. That's a terrible idea if you're in business.

You note in the book that when Bill tried to wrest control of Koch Industries away from Charles, one of his complaints was that Charles was using company funds for his political side projects.

In that case you have David Koch out on the campaign trail railing [as the Libertarian Party's 1980 vice presidential nominee] against the Department of Energy, calling for its eradication at the very moment when it's investigating Koch Industries for violating price controls on oil.

Clearly, then, these beliefs are not new for them. So why is it that they only really went all in on politics during the Obama era? Why not before?

You have to look at what happened during the Clinton era. Koch Industries at that point was absolutely under siege by environmental regulators who were pursuing criminal and civil investigations for oil spills and a variety of other things, including an explosion of an oil pipeline in Texas that killed two Texas teenagers and led to the largest wrongful death jury award in the

nation's history at that point. (It was \$296 million.) Then the Clinton administration's parting shot was a 97 count felony indictment targeting managers and executives associated with the Corpus Christi oil refinery. I think when the Obama administration came into office, [the Kochs] got pretty freaked out that this was a repeat of the Clinton years, maybe even worse. They decided that they needed to really fight back. I'm not convinced that they actually knew what they were getting into by coming out as publicly as they did; you sort of saw them at first with, [the Tea Party group] Americans for Prosperity, not really knowing how to handle that sort of attention.

How much did it matter that the new Democratic president was a man named Barack Hussein Obama who also happened to be mixed-race? After all, by this point, Kochs have become sort of synonymous with a movement against Obama in which the archetypal figure is a wealthy old white guy who feels the country he's known his whole life is fading away.

I think the issue of them getting older is almost a more important one [than race] because Charles has been — much more so than David — has been on a lifelong mission to change the political culture in the United States and to mainstream the libertarian views that he genuinely believes are the best course for America to follow. Charles is 78 years old; he's sort of in the twilight of his life; his mission is not yet finished. I think, under Obama, they saw any free-market gains they might have made under the Bush administration potentially getting rolled back.

What was it that made them decide to embrace the Republican Party? Back in '80, of course, David was running as a libertarian; so why did they end up hitching their wagon to a party they no doubt thought was too statist?

They were not fans of the Republican Party at all; their goal in the '70s was to demolish the two-party system. But more than anything, what's important to Charles and David is having an effect, and the fact of the matter is that the libertarian movement of that era — after David ran for vice president in 1980, the libertarian movement really fractured. Part of it was actually because he and his running mate ran a campaign that libertarian die-hards felt diluted the libertarian message too much. The presidential candidate [Ed Clark] had said in one interview, when asked to define libertarianism, he said it was low-tax liberalism, and libertarian die-hards went absolutely crazy. So the libertarian movement basically implodes.

Charles pulls his money from certain operations that he was funding at that point because what he wants is to mainstream libertarian ideas, he wants to give them an aura of respectability, and the fact of the matter is that the libertarian movement of that time had a lot of radical folks associated with it who often couldn't agree on a single thing, so after 1980 it was really a slow process for them. They have had an uneasy relationship with the Republican Party because there's a quite narrow set of ideas that they can actually agree on with the Republicans and this is just free-market, anti-regulatory stuff; because on social issues, on military intervention, that sort of stuff, their views are much more liberal.

How much do they really care about the social or foreign policy issues, though? That's what I often wonder about libertarians, since it varies from person to person.

Well, they're not willing to put their money where their mouths are on those things, clearly. OK, you were against the Iraq War? It's fine to say that, but you didn't do anything about it. I guess that's not completely true because Cato Institute ... David was funding the Cato Institute and Cato of course was anti-Iraq War and has been a voice of non-interventionism, so there is that. David is also pro-gay marriage but you don't see him really out there funding that, at least not visibly. I haven't seen it.

Well, if you haven't seen it, it's probably not happening.

But Paul Singer, who's a member of their network, absolutely is [pro-marriage equality]. So it's not outside the realm of possibility that you might see that happen; but I think at this point, the Kochs have had such an uneasy relationship with the Republicans over the years, they might not want to rock the boat right now. They're at the pinnacle of their influence within the GOP, they might not want to start highlighting areas where they don't agree. And I know, in fact, that at the Republican National Convention in Tampa, when David — who's actually known within the company for spouting off sometimes and sort of being a loose cannon — told ... that he was for gay marriage, you had this situation where the Kochs political advisers sort of cringed because it was not the time to highlight the places where there was daylight between the Kochs and the Republican Party. I mean, think about it this way: The day before that had happened, the GOP had just settled on a plank in its platform that was calling for a federal ban on gay marriage or something along those lines.

Let me ask you a hypothetical: Say it's 2016 and the Obama presidency is winding down with Obamacare still in place, as well as the financial regulations of Dodd-Frank. Let's also assume that reports of the White House plan to unveil a major new regulation of power plants are true, so Obama leaves office having struck a major blow for environmental regulations, too. Do you think, in this scenario, the Kochs would see their political efforts as failures, or would they take more of the George W. Bush line that only historians will be able to fairly judge?

I think they view the 2012 election as a pretty colossal failure, and a quite embarrassing one, frankly, because Charles and David were out there telling their friends and all these wealthy contributors what their money was going to do, and in fact it didn't do very much at all; a lot of it just went to consultants and that sort of thing. There wasn't much bang for the buck, and for a company that relentlessly measures effectiveness, you didn't see that reflected in their response to the 2012 elections. So now they've been in a sort of learning process of trying to figure out what went wrong and identifying weaknesses and regrouping. If the Republicans do not take the Senate in 2014, you're going to see a fairly large reckoning within the Koch political apparatus, particularly targeting Americans for Prosperity, which is kind of the tip of the spear.

But ... there have been certain gains. They managed to derail — they and other allies managed to derail — the climate bill and the Employee Free Choice Act. They have sort of in some ways shifted the conversation on government spending and things of that nature. So I think, in general, over the course of the Obama administration, they probably view it as something of a mixed bag. And I'm sure there's also a thing like, "If it wasn't for us, can you imagine the socialist hellscape we'd be living in right now?"

Last question: What was your experience like while writing the book? Did you get [the Jane Mayer treatment](#) from the Koch network — stonewalled, followed, discredited, etc. Or were they more accommodating?

It's funny because I actually did have a brief conversation with David at the Republican National Convention [in 2012], and he basically said, "I hope you write a fair book," more or less. When Jane did her story, I think the company was kind of shell-shocked and I don't think they were prepared for the attention they had started receiving, so they had this bunker mentality. By the time that I came around, I think that their P.R. operation might have gotten a tad savvier. I had interactions with members of their communications team and others at the company throughout the process and I met with them out in Wichita and in D.C. They sent people — the general counsel from Koch Industries actually came to New York to meet with the publisher, to meet with my editor, and someone else at the publisher. So I think that they were thinking, "My god, what is this Mother Jones reporter gonna write about us?" But I think they tried to be as helpful as I think they thought they could be. I honestly think this would have been a better and more interesting book if Charles and David had sat down and chatted with me. I mean, what's the worst thing that's going to happen? I ask a question you don't like and you end the interview? I mean, that's the *worst* thing. But these guys just do not want to engage unless it's a much more controlled setting.