



American politics

Democracy in America

Money and politics

The Koch brothers and the progressive master narrative

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I'VE been waiting for an article like [Matthew Continetti's new reported piece in the *Weekly Standard*](http://www.weeklystandard.com/articles/paranoid-style-liberal-politics_555525.html?nopager=1) (http://www.weeklystandard.com/articles/paranoid-style-liberal-politics_555525.html?nopager=1) on the villainised brothers Koch, Charles and David (pictured), and their villainising left-leaning detractors. Mr Continetti more or less impartially recounts the history of Koch Industries and the role the Koch brothers have played in building the modern libertarian and



free-market conservative movements. The piece is a useful corrective to the feverish Koch conspiracy theorising that came in the yellow wake of [Jane Mayer's *New Yorker* profile](http://www.newyorker.com/reporting/2010/08/30/100830fa_fact_mayer?currentPage=all) (http://www.newyorker.com/reporting/2010/08/30/100830fa_fact_mayer?currentPage=all) . Nevertheless, the brothers come off more than a bit nutty on the subject of Barack Obama, especially David Koch, who makes rather too much of the influence Mr Obama's socialist Kenyan father had on his son. [Glenn Greenwald offers an appropriately tart retort](http://www.salon.com/news/opinion/glenn_greenwald/2011/03/27/koch) (http://www.salon.com/news/opinion/glenn_greenwald/2011/03/27/koch) to the Koch brothers' apparent belief that Mr Obama's corporatist politics are well-described as those of a "dedicated egalitarian" who has "internalized some Marxist models." Mr Continetti concludes his article illustrating the discomfort of long-time Koch Industries employees who have, rather suddenly, found themselves cast by Koch-deranged liberal activists as equivalent to lackeys of Sauron labouring for the greater glory of Mordor. I have to admit, the anti-Koch campaign has been weird for me, too. Though I've happily moved on, both occupationally and ideologically, I've spent most of my professional life in libertarian institutions founded or supported by the Kochs. So let me tell you something about that.

When I was at the Institute for Humane Studies and then the Mercatus Center, Charles Koch was chairman of the board for both organisations, and Koch Industries-style "market-based management" methods were actively taught. While there, I worked on a few projects with folks from the Charles G. Koch Charitable Foundation. The Koch presence was rather less palpable at the Cato Institute, where I was a fellow from 2004 to late last year. Charles Koch founded the Cato Institute in 1977 with Ed Crane and Murray Rothbard, an iconoclastic "anarcho-capitalist" economist and political theorist. Rothbard [was pushed out of Cato early on](http://www.lewrockwell.com/gordon/gordon37.html) (<http://www.lewrockwell.com/gordon/gordon37.html>) , and Messrs Koch and Crane had some sort of quarrel (the available details may be found in Brian Doherty's fascinating book "[Radicals for Capitalism](http://www.amazon.com/gp/product/B002ECEW10/ref=as_li_ss_tl?ie=UTF8&tag=theflybottle-20&linkCode=as2&camp=1789&creative=390957&creativeASIN=B002ECEW10)" (http://www.amazon.com/gp/product/B002ECEW10/ref=as_li_ss_tl?ie=UTF8&tag=theflybottle-20&linkCode=as2&camp=1789&creative=390957&creativeASIN=B002ECEW10)") leading Mr Koch to more or less withdraw support from Cato. However, David Koch has been on Cato's board for a number of years, but as far as I could tell, he had very little to do with the

affairs of the institute. Cato has always been mainly Ed Crane's shop.

I don't think many people understand how little these institutions depend on the Kochs' continued generosity. Of the brothers, Charles is the ideas man, and his idea has always been to build a set of complementary institutions which, once mature, can thrive without his (or his brother's) financial help. That said, I have no doubt that these institutions either would not have existed, or would have existed in a very different form, were it not for the Kochs' institution-building philanthropy. Having committed about a decade of my life to a few of these institutions, I'd like to think that those labouring within them have had *some* affect on American culture and politics—have had some small success in increasing awareness of and strengthening the public case for the value of individual rights, free markets, limited government, and peace. I don't think there's been a *huge* effect, but surely there's been an effect.

In this sense, the left is smart to target the Kochs. They have been absolutely essential in the libertarian project to create a set of institutions that together constitute a mild countervailing force against both progressive and conservative statism in America's economy of political influence. However, progressives seem to me to neglect this channel of influence compared to much less important ones, such as campaign spending, rendering their favoured account of the effects of money on democratic politics badly incomplete.

In a recent post on "[Common mistakes of left-wing economists \(http://marginalrevolution.com/marginalrevolution/2011/03/in-which-ways-do-left-wing-economists-deny-or-refuse-to-recognize-science.html\)](http://marginalrevolution.com/marginalrevolution/2011/03/in-which-ways-do-left-wing-economists-deny-or-refuse-to-recognize-science.html)", the first item on Tyler Cowen's list of mistakes is:

“ 1. *Suggesting that money matters in politics far more than the peer-reviewed evidence indicates.* ”

Kevin Drum's response (<http://motherjones.com/kevin-drum/2011/03/14-mistakes>) to this was charmingly human:

“ *I think the peer-reviewed evidence is wrong. It simply isn't able to capture all the dynamics of money in politics.* ”

I too find peer-reviewed evidence that fails to line up with my ideology suspect. But I'm sure there's a sense in which Mr Drum is right. The peer-reviewed evidence has yet to account for the medium-to-long-term political effects of money spent building ideological institutions and the "market" demand for ideological talent they create. However, this seems less interesting to progressives than, say, David Koch's relatively paltry \$43,000 donation to Scott Walker's Wisconsin gubernatorial campaign. I find this puzzling.

The progressive master narrative is that inequalities of income and wealth are easily translated into inequalities of political power, and that the rich as a class exploit this unequal power to shape the basic structure of our public institutions to their permanent advantage, in effect disenfranchising the less-wealthy and leaving their rights and interests without the protection of authentically democratic institutions. I think the channel through which the Kochs have most influenced American politics illustrates several problems with this narrative.

First, money is not all that easily translated into effective political influence. Most rich people just thoughtlessly fling cash at causes and candidates they happen to like to little real effect. Indeed, a good deal of political spending is part of moneyed status-signaling games; whether the money makes a difference to anything but the donor's reputation is beside the point. In any case, much effort is devoted simply to neutralising the spending of opposed ideological teams, and the whole racket largely amounts to redistribution from the rich to somewhat less rich political consultants and nonprofit managers. The most interesting thing about the Kochs is not that they have spent so much of their fortunes on politics, because they haven't. What's interesting is that they seem to have spent their money so much more efficiently and effectively than most rich people interested in politics manage to do. And I suspect this is not unrelated to the farseeing strategic intelligence that has made Koch Industries America's largest privately-held corporation. This suggests, among other things, that some rich people are better than others at converting money into influence, and

that inequalities in wealth and inequalities in influence sometimes have a common cause.

Of the money the Kochs have spent on politics, broadly construed, the portion directed to campaigns really is negligible. Most of their money and attention has gone to ideological institution-building, and this form of spending has not been a traditional target of progressive regulatory zeal. Progressives often argue that restrictions on campaign spending are justified by the need to sustain the relative equality of "voice" or influence required for a fair and legitimate democratic process. However, few progressive have pursued the idea that limits must be placed on the amount wealthy individuals are allowed to spend building and supporting civil-society institutions meant to shape public opinion and politics over time. But why not? It is through this channel, not through lobbying or campaign spending, that the Kochs have most affected American politics. (I've asked a similar question in the past about the left's wariness of limiting [private media ownership \(http://www.economist.com/blogs/democracyinamerica/2010/09/progressives_and_corruption\)](http://www.economist.com/blogs/democracyinamerica/2010/09/progressives_and_corruption) , which, like institution-building, has hugely more to do with inequality of voice than does under-regulated campaign finance.)

Other than the proposal to end the tax-deductibility of certain classes of charitable gifts, progressives have shied away from proposing regulations on this kind of spending in the economy of influence. The reason this is so, I think, is that any move in this direction logically tends toward clearly unconstitutional, ideologically-loaded limits on speech.

Suppose I want to spend \$250m to start a conservative Christian college. Or suppose I want to donate \$10m to my *alma mater* to fund an endowed chair in sociology for study of the causes of American inequality. If you ask me, both of these count as political spending, in the broad sense. Suppose I want to spend millions on institutions that will aid the poor in my hometown. Will this not affect voter demand for overlapping taxpayer-funded public programmes? Is there any way of *neutrally* regulating large philanthropic gifts? I don't think so. Even a total ban is not really neutral; it simply redistributes power to those with the greatest influence over government spending, and I highly doubt this ends up redounding to the benefit of the lower and middle classes.

In the absence of any remotely intelligible or feasible proposal to limit the unequal ability of wealthy people such as the Koch Brothers or Peter Lewis or George Soros to affect opinion through ideological institution-building, progressive commentators at ideologically progressive institutions are left mainly with the opinion-shaping tools wealthy progressive patrons have put at their disposal. That's why, I think, we see very little principled criticism of ideological institution-building in general, but many breathless attempts to characterise Koch-style free-market, limited-government libertarianism as ideological cover for plutocracy or oligarchy or whatever. This stuff is about as serious as the idea that Barack Obama is some sort of crypto-Marxist, radical Kenyan anti-colonial egalitarian, but it serves its low purpose.

Although the premise that the wealthy conspire to promote their class interests is part of the progressive master narrative, many progressives—especially those in the can for the Democratic Party—don't act like they believe it. They act as if there are good, progressive rich folks and bad, anti-progressive rich folks. In most tellings of the master narrative, progressive commentators opportunistically use class-interest rhetoric to discredit the small minority of wealthy people who build and support institutions ideologically opposed to the causes favoured by the wealthy people who build and support progressive institutions. Those wealthy people and their expensive repudiation of class interest are honoured by going unmentioned.

A truly coherent telling of the progressive master narrative would reveal how the apparently hot antagonism between, say, the American Progress Action Fund and Americans for Prosperity conceals a deeper, perhaps-unwitting symbiosis by which the Koch brothers and John Podesta's mysterious billionaire paymasters in the [Democracy Alliance \(http://www.sourcewatch.org/index.php?title=Democracy_Alliance\)](http://www.sourcewatch.org/index.php?title=Democracy_Alliance) combine to secure their advantages and thereby the demise of true democracy. I would be pretty excited to hear about *that*.

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