

The Paranoid Style in Liberal Politics

The left's obsession with the Koch brothers

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Wichita

David Koch's secretary told him the news. This was in February, during the rowdy standoff between Wisconsin governor Scott Walker and demonstrators backing 14 Democratic legislators who'd fled to Illinois rather than vote on a bill weakening public employee unions. Koch's secretary said that an editor for a left-wing website, the *Buffalo Beast*, had telephoned the governor posing as David Koch and recorded the conversation. And Walker had fallen for it! He'd had a 20-minute conversation with this bozo, not once questioning the caller's identity. But then how could Walker have known? Sure, David Koch was a billionaire whose company had donated to his campaign. But Koch (pronounced "Coke") had never talked to Walker in his life.

Yet here were the media reporting that he and his brother Charles were behind Walker's push against public employees. Anger washed over David like a red tide. He'd been victimized by some punk with a political agenda. "It's really identity theft," he told me a month later, during an interview at Koch Industries' headquarters. "And I think it's extremely dishonest to misrepresent yourself. I think there's a question of integrity. And the person who would do that has got to be an incredibly dishonest person." Up until Walker's showdown with the Democratic state senators, Koch had never seen a photograph of the governor. He didn't know him at all. But now the protesters occupying the Wisconsin state capitol were calling Walker a "Koch Whore."

Why? Because the Koch Industries PAC had given \$43,000 to Walker's campaign. That was less than one half of one percent of Walker's total haul—but still enough for the left to tie Koch Industries to the battle royal in Wisconsin. David found the whole affair disturbing. "One additional thing that really bothered me," he said, "was that the press attacked *me* rather than the guy who impersonated me! And I was criticized as someone who's got a death grip on the governor and his policies. And that I control him—I mean, that's *insane!*"

Ah, but such is life when you and your brother are suddenly two of the most demonized men in American politics. For decades David and Charles have run Koch Industries, an energy and manufacturing conglomerate that employs around 50,000 people in the United States and another 20,000 in 59 other countries. Depending on the year, Koch Industries is either the first- or second-largest privately held company in America—it alternates in the top spot with Cargill, the agricultural giant—with about \$100 billion in revenues. David and Charles are worth around \$22 billion each. Combine their wealth and you have the third-largest fortune in America after Bill Gates and Warren Buffett. Like most billionaires, the brothers spend a lot of time giving their money away: to medical and scientific research, to educational programs, to cultural institutions, and to public policy research and activism.

That last part has caught the attention of the left's scouring eye. For unlike many billionaires, the Koch brothers espouse classical liberal economics: They advocate lower taxes, less government spending, fewer regulations, and limited government. "Society as a whole benefits from greater economic freedom," Charles wrote in a recent *Wall Street Journal* op-ed. Judging by the results of the 2010 elections, there are millions of Americans who agree with him.

Over the years the Kochs have flown beneath the radar, not seeking publicity and receiving little. But then the crash of 2008 arrived, and the bailouts, and the election of Barack Obama, and pretty soon the whole country was engaged in one loud, colossal, rollicking, emotional argument over the size, scope, and solvency of the federal government. Without warning, folks were springing up, dressing in colonial garb, talking about the Constitution, calling for a Tea Party. Some of them even joined a group called Americans for Prosperity—which the Kochs helped found and partly fund.

For progressives confused at the heated opposition to their do-gooder agenda, the Kochs became convenient scapegoats. Invoking their name was a way to write off opposition to Obama as the false consciousness of racist rubes stoked by greedy businessmen. In the liberal imagination the Kochs ascended from obscurity to infamy in record time. Starting in the spring of

2009, whenever you turned on MSNBC or clicked on the *Huffington Post* you'd see the Kochs described in terms more applicable to Lex Luthor and General Zod.

As last year's midterm elections approached, the White House singled out the Kochs for attack. President Obama relied on innuendo: "They don't have to say who exactly the Americans for Prosperity are," he said in August. "You don't know if it's a foreign-controlled corporation. You don't know if it's a big oil company, or a big bank." Obama's lieutenants were more direct. Also in August, an administration official, later identified as the economist Austan Goolsbee, delivered a background briefing to reporters in which he falsely alleged that Koch Industries paid no corporate income tax. (An inspector general is now investigating whether anyone in the Obama administration accessed confidential tax information prior to the attack.) The Kochs, former White House adviser David Axelrod wrote last September, are "billionaire oilmen secretly underwriting what the public has been told is a grass-roots movement for change in Washington."

But that was just for starters. Liberals in the media turned into Koch addicts. They ascribed every bad thing under the sun to the brothers and their checkbooks. Pollution, the Tea Party, global warming denial—the Kochs were responsible. The liberals kneaded the facts like clay until the Kochs resembled a Lovecraftian monster: the Kochtopus! Its tentacles stretched everywhere. "Their private agenda is really the eradication of the federal government in almost all of its forms, other than the parts of it that protect personal rights," *New Yorker* writer Jane Mayer told NPR's Terry Gross. Anonymous, the hackers' collective, accused the Kochs of attempting to "usurp American Democracy." The Koch brothers manipulated the Tea Partiers, according to Keith Olbermann, by "telling them what to say and which causes to take on and also giving them lots of money to do it with."

"They have an interest that is hard core ideological, hard core conservative. And dad's money to pursue that agenda, it turns out, goes a long, long way," said Rachel Maddow. Another left-wing radio host, Mike Papantonio, called them "inheritance babies who don't want to pay taxes." "The billionaire Koch brothers spent millions to have a seat at the Republican table in Washington," said Ed Shultz, also of MSNBC, "and let's be upfront about this now, folks. Now, they *are* the table." For Paul Krugman, "What the Koch brothers have bought with their huge political outlays is, above all, freedom to pollute." Frank Rich called them "fat cats." Howard Dean was blunt: "We don't want the right wing buying elections." The Kochs, wrote a group of liberal bloggers, are "the billionaires behind the hate."

By the time the rhetoric trickled down from the president of the United States to MSNBC talking heads to anonymous email writers, any pretense to civility or actual fact had vanished. The emails that showed up in Melissa Cohlmya's inbox each morning were unhinged. Cohlmya is director of corporate communication for Koch Industries. Every day when she arrived at work, the first things she'd read were emails with subject lines like "This is the result of the hate you've been spewing," "Corrupt Polluting Scum," "I am boycotting Koch Industries," "Treason," and "Eat s—t you jerks."

Koch Industries has a target on its gargantuan back. The brothers are the latest victims of the left's lean, mean cyber-vilification machine. Cohlmya spends her time trying to debunk the falsehoods being spread about her bosses and her company. It may be a losing battle. There's just too much junk. And every so often Cohlmya has to stop and wonder: How on earth did it come to this?

Market Science

The Kochs' grandfather, Harry, immigrated to the United States from the Netherlands in 1888. He settled in Quanah, Texas, where he bought a newspaper and printing company. His son Fred was born in 1900.

Fred Koch graduated from MIT, where he studied engineering. In 1925 he moved to Wichita. There he developed an oil refining process that led to bigger yields and helped smaller, independent oil companies. This made him few friends in the industry. Instantly, the major companies sued. Koch spent years fighting 44 different lawsuits. He won all but one—and that verdict was overturned when it was revealed that the judge had been bribed.

With the big firms working against him, Fred looked to opportunities overseas. He found them in, of all places, the Soviet Union. Stalin, engaged in a massive program of industrialization, was hiring capitalists to assist him. Between 1929 and 1931 Fred Koch built 15 oil-cracking plants in the USSR. The experience changed him irrevocably. The Soviet Union, he wrote in his book *A Businessman Looks at Communism*, was "a land of hunger, misery, and terror." During one of his trips, his handler was an old Bolshevik named Jerome Livshitz. "In the months I traveled with him he gave me a liberal education in Communist techniques and methods," Fred wrote. Fred began to fear what would happen if communism spread. "Many of the Soviet engineers he worked with were longtime Bolsheviks who had helped bring on the revolution," Charles Koch told me during an interview in his office. "As a matter of fact they would tell [my father] that some day they were going to destroy him. And then for them to be purged, to be killed by Stalin, it was *shocking*, because they had been totally dedicated to [Stalin's] cause."

After he returned to America, Fred started a family. Charles, the second of four sons, was born in 1935. David followed five years later. Fred tried to instill in his boys the lessons he'd learned overseas. "He was a very conservative Republican and was not a fan of big government," David said. Conversations at the kitchen table often revolved around the Communist threat. "He told me that once there were a couple of engineers [from Russia] in the office here in Wichita," Charles said, "and the KGB

came looking for them, and he hid them in the bathroom. Later the engineers were going back to the Soviet Union, and one of them supposedly jumped out of a hotel window and committed suicide.” Fred smelled foul play. “He was always convinced that they pushed him out,” Charles said.

Fred was a member of the John Birch Society. The Birchers, famously drummed out of the conservative movement by William F. Buckley Jr., believed that Communist infiltration spread all the way to the top of the U.S. government, including the Eisenhower presidency. Fred Koch’s conspiratorial worldview, in other words, anticipated the manner in which liberal writers would describe his sons decades later.

Fred was a towering personality. “My father was a man of enormous integrity, and he wanted his children to grow up to be great men, and fine, honest, decent people,” David said. Charles and David attended their father’s alma mater and studied his chosen field. When Charles graduated, he stayed in Boston. He found a job with the consulting firm Arthur D. Little, where he worked in business development and management services. Life was good. Then in 1960 he got a call from his father: *My health is failing*, Fred told him. *You need to come back and work for the company and succeed me.* “I said, ‘God, I’m doing great here, so I’d rather stay here,’” Charles said. Which he did.

A year later Fred called Charles again. *Return home and work for me*, Fred said, *or I’ll sell the company.* Charles complied. “He was very strong, and Dutch, and one of his favorite sayings was, ‘You can tell the Dutch but you can’t tell them much,’” Charles said. He took over the company after his father’s death in 1967. In the years since Charles Koch went to work for Fred, Koch Industries has grown more than 2,600-fold. The notion that Charles and David are “inheritance babies” is nonsense.

David joined the company in 1970 and became president of Koch Engineering nine years later. These days he runs the Koch Chemical Technology Group from his home in New York City. It is Charles, though, who oversees the whole operation from the headquarters in Wichita. It is Charles who developed the theories behind the company’s management practices and politics. The same philosophy drives Charles’s business, philanthropy, politics, and personal conduct. And the key to that philosophy, more than anything else, is a passionate belief in free markets.

During college Charles had a revelation. “I became convinced that it was an ordered universe,” he said. The natural world was governed by laws that could be understood by rational men. But not only nature—organizations, economies, entire societies operated according to the same fundamental principles. “How well a society followed these laws determined the extent to which it would have peace, prosperity, and progress,” Charles said. He began reading everything he could get his hands on: economics, philosophy, history, psychology, anthropology, the philosophy of science. His studies consumed his spare time. One day he came across the Austrian school of economics. Von Mises, Hayek, F.A. Harper, Sowell—these free market thinkers were his gurus. He read *Maslow on Management*. He read Michael Polanyi. He would take insights from one author, attach them to insights from another, and try to make everything fit together.

What Charles was studying, he later concluded, was the “science of human action.” The concepts behind free market and liberal societies, he believed, could be applied in every sphere of life. In his quest to apply them, he made Koch Industries his laboratory. “I had to do trial and error,” he said. “That is, experiment with capturing the benefits and finding the mechanisms in an organization that would create the same power that private property, free exchange, the rule of law does in a society.” Building a business wasn’t about short-term profit. It was about creating long-term value. It was an intellectual odyssey. “And that’s really what the development of Market-Based Management involved,” Charles said.

Market-Based Management: The words cast a spell on Koch Industries employees. The coinage is Charles’s. A Koch Industries website defines Market-Based Management (MBM for short) as “a holistic approach to management that integrates theory and practice and prepares organizations to deal successfully with the challenges of growth and change.” MBM does this “by applying the principles that allow free societies to prosper.” It’s hard to get more specific than that, however. Sometimes it seems as though Market-Based Management is whatever Charles Koch says it is. “He’s a teacher,” Rod Learned, director of internal communication for Koch Industries, told me. “He’s trying to get people to understand there are principles in life, like in engineering.”

At its heart, Market-Based Management seems to be about trial and error, about turning employees into entrepreneurs, about devolving power so that individuals in a project team or on the factory floor ask questions, make decisions, and feel like they have a stake in the company. And what a company: By the time Charles published *The Science of Success* in 2007, Koch Industries had expanded to include 10 major business groups containing hundreds of different entities and employing tens of thousands of people. There was also the Matador Cattle Co.—the descendant of Fred Koch’s ranches—and a venture capital group called Koch Genesis. The scope of the enterprise was mind-boggling.

During the course of four decades Charles had transformed Koch Industries from a company that processed and transported oil and natural gas into a manufacturing giant. What employees called Koch’s “legacy industries” were still there—refining, chemical production, asphalt, pipelines, fertilizer, engineering equipment—but a slew of new businesses—polymers, paper, finance—had been overlaid on top. “Our various companies are good at operating large, complex plants that require lots of

technology to process some sort of commodity, typically a liquid or solid,” Steve Feilmeier, Koch Industries’ executive vice president and chief financial officer, told me. “And then we combine that with a trading and marketing capability.”

In 2004 Koch Industries acquired Invista from DuPont, giving Charles and David ownership of Lycra, Stainmaster Carpet, Antron, Dytek, and other polymer brands. The following year Koch Industries acquired Georgia-Pacific in a \$21 billion deal. Angel Soft, Soft ‘n Gentle, Dixie, Brawny, Mardi Gras, and many other paper goods brands came with it. The one thing Koch Industries doesn’t do, in fact, is drill for oil. “Our roots are in refining,” Rod Learned said, “but it isn’t accurate to describe us as a major oil company.” No, not at all. Koch Industries is much bigger than that.

You wake up in the morning and turn on a light using electricity generated by oil and natural gas that Koch Industries discovered, sold, refined, and delivered to the power plant. You get out of bed and your feet touch a carpet made from Koch polymers. You drink from a paper cup manufactured by Koch. You use a Koch paper towel to clean up water spilled from the cup. You get dressed in Lycra products made by Koch. You leave the house, built from materials that in all likelihood have at some point intersected with a Koch company, and get into a car powered by gasoline made by Koch Industries. You drive to the airport where you get on an airplane using fuel refined at a Koch facility. If the airplane is Air Force One, when you get thirsty you have some coffee from the Koch-produced official presidential coffee cup. You hijack the plane and demand that the pilot take you to a country where there is no Koch presence, no Koch employee, no Koch brand. But he can’t. He just stares into space. Because there is no escape.

It’s enough to make you a conspiracy theorist.

The Man in Black

Back when Charles was first captivated by free markets, the luminaries of the Austrian school of economics were in political exile. Despite their trenchant analysis of credit and the business cycle, the Austrians hadn’t done enough econometric modeling to be taken seriously by the mainstream. Keynesianism reigned supreme. Market-oriented professors preferred Milton Friedman and the Chicago school. Few people read *Human Action* or *The Counter-revolution of Science*.

In the 1960s Charles got to know F.A. “Baldy” Harper, the Cornell economist who founded the Institute for Humane Studies. Taking a cue from Hayek’s *Intellectuals and Socialism*, Harper and Koch wanted to advance the careers of young academics interested in free enterprise. The trouble was that they’d hold a seminar and maybe six professors would show up. “No one was familiar with these ideas,” Charles said. He’d have to build an intellectual infrastructure to spread the word.

What happened next was crucial to the development of American libertarianism. In the 1970s Charles got to know Ed Crane, the chairman of the national Libertarian party, with whom he’d discuss politics and strategy. They had the idea of setting up a think tank “to take these concepts and apply them to public policy issues,” Charles said. The Cato Institute was founded in 1977 with money from the Charles G. Koch Foundation. The intellectual engine was up and running. Then Charles met Richard Fink.

Fink was an economics Ph.D. at New York University. He’d been offered a teaching job at Rutgers, where he’d earned his bachelor’s degree. He wanted to set up a research center devoted to the Austrians. The department told him he could do whatever he wanted as long he raised the money himself. So Fink went to work. He called two donors but both turned him down. The third donor he called was Charles Koch. Try as he might, however, Fink couldn’t get through to Koch directly. He kept calling until one day Charles picked up the phone himself. The billionaire told Fink to fly to Wichita and deliver his proposal. Fink was elated: This was his chance!

There was just one hitch. Fink didn’t own a suit. He was a grad student with long hair and a wild beard and a gold chain, and he had to impress one of the richest men in the country. What to do? He and his wife went to a store in Manhattan that was having a fire sale. He picked out a black polyester suit with white piping, a black and white checkered shirt, and a bright blue tie.

On the day of his trip to Kansas he put on his clothes, appended his Phi Beta Kappa pin to the azure tie, and looked in the mirror: *Nice threads!* When he got off the plane in Wichita he noticed people staring at him and assumed they were impressed with his outfit. This was the seventies, after all. Fink told me, “I thought I was hot stuff.”

When the man in the black polyester suit arrived at Koch Industries, Charles offered him a drink. Fink turned it down. “Good,” Charles told him, “because we don’t have any alcohol.” Fink asked Charles if he’d read the proposal. Charles said he hadn’t. He picked it up from a pile and read it quickly while Fink sat there. The meeting was brief. Fink spent the plane ride back to New York thinking he’d bombed. But Koch called a few days later: He was willing to fund Fink’s project.

In 1980 academic politics forced Fink to relocate to George Mason University in suburban Virginia. There, with Koch’s support, he founded the Center for the Study of Market Processes. Years later Fink asked Charles why a badly dressed hippie economics Ph.D. had been given all this money. “I like polyester,” Charles told him. “It’s made of petroleum.”

In 1999 Fink’s think tank was renamed the Mercatus Center. By then Fink had become a fixture in Koch Industries,

coordinating business ventures, philanthropy, and activism and becoming Charles Koch's intellectual sounding board. "There are a lot of people who have ideas but they don't know to get it done," Charles said. "Rich always had a sense for how to get something done and make it effective." And Fink has plenty to keep him busy: He's executive vice president and board member at Koch Industries and chairman and CEO of Koch Companies Public Sector LLC. He sits on the board of the Mercatus Center, the Charles G. Koch, Claude R. Lambe, Fred C. and Mary R. Koch charitable foundations, the Institute for Humane Studies, the Market-Based Management Institute, and the Americans for Prosperity Foundation.

The Kochs' politics didn't match traditional categories. Republicans, in their view, were just as implicated in big government as Democrats. To this day the Cato Institute calls for a much smaller defense budget, a noninterventionist foreign policy, and liberal positions on social issues. Some of these views have made movement conservatives uneasy. In June 1979 *National Review* went so far as to publish an essay critical of Cato Institute libertarians by Lawrence V. Cott. The title of the piece was "Cato Institute & the Invisible Finger." The finger in question belonged to Charles Koch.

The intraconservative friction was evidence that Charles was becoming influential. In 1980 David Koch ran for vice president on the Libertarian party ticket. As a candidate, David could use his fortune to educate the populace about the free market. Yet it isn't quite accurate to say, as many have, that David was running to "Reagan's right." Yes, the Libertarians wanted to shrink government. But they also believed it was important to distinguish themselves from Chamber of Commerce, "family values" Republicans. Ed Clark, the party's presidential nominee, described himself as a "low-tax liberal."

There must not have been many of those. Libertarians got 1 percent of the vote in 1980. But David and Charles were pleased nonetheless. "Compared to what they'd gotten before," Charles said, "and where we were as a movement or as a political/ideological point of view, that was pretty remarkable, to get 1 percent of the vote."

It would take more than 1 percent to turn their vision into reality. Voters didn't have access to all the nifty ideas being cooked up inside Cato and Mercatus. "No one was bringing it down to the average citizen," Fink said. So in 1984 Charles and David established Citizens for a Sound Economy (CSE). Richard Fink was its first president.

CSE was an exercise in community organizing. It rallied grassroots voters in support of reduced spending and lower taxes. "What we needed was a sales force that participated in political campaigns or town hall meetings, in rallies, to communicate to the public at large much of the information that these think tanks were creating," David said. "Almost like a door-to-door sales force that some of the cosmetics organizations have." CSE was an innovation in interest group politics, marrying business practice and libertarian ideology: Mary Kay meets von Mises.

Citizens for a Sound Economy's greatest success came in 1993, when it sponsored rallies and ad campaigns opposing President Clinton's proposal for a BTU energy tax. Yet the victory was diminished by controversy within Koch Industries. The nineties were a difficult time. Charles and David's brothers, Freddie (the eldest) and William (David's twin), attempted to take over the company. William ensnared Koch Industries, Charles, and David in a web of litigation. Making matters worse was a series of industrial accidents and environmental violations that drew the attention of Clinton's EPA.

Politics fell by the wayside as Charles and David worked to maintain their positions and comply with federal requirements. "We had some problems," Charles said. It took a massive effort to right the ship. "There's no question we had some tough issues," Jim Mahoney, Koch Industries' executive vice president for operations excellence and compliance, told me. "But I would say two things happened. Number one, we took responsibility for it, and number two, we learned from it."

In David's case the legal rigmarole was accompanied by personal trauma. In 1991 he was the only passenger in first class to survive when his US Airways 737 collided with a commuter jet on a runway at Los Angeles International Airport. The following year he was diagnosed with prostate cancer. "I had a terrible panic attack," David said. "I thought I was going to die." He underwent radiation at Sloan-Kettering, surgery, hormone therapy—each time the cancer came back. "Once you get that disease," David said, "and I've had it for 20 years almost, you become a crusader to try to cure the disease not only for yourself but for other people."

David poured himself into his philanthropy. Most of his money went to medical research and cultural institutions. His multimillion-dollar gifts went to MIT, Johns Hopkins, Lincoln Center, the American Museum of Natural History, the National Museum of Natural History, the Metropolitan Museum of Art, and elsewhere. None of these places is known for right-wing politics. "Probably the least area in terms of my overall contributions is public policy," David said. The difference is in the hundreds of millions of dollars.

Things had settled down by the time George W. Bush was inaugurated president. The election of a self-described compassionate conservative did not allay the Kochs' fears for the future of economic liberty. Charles and David quickly found themselves disappointed in Bush. "What he did led to the current administration," Charles said. Charles's favorite presidents were George Washington, Grover Cleveland, and Calvin Coolidge. "Harding was very good too," he said, "but he had some other issues." It's been downhill since Hoover.

Bush wasn't all bad: He was personally a nice guy, he made some excellent appointments to the Supreme Court, and he was

business friendly. His foreign policy, the invasion of Iraq in particular, was a different story. “Boy, that’s cost a lot of money, and it’s taken so many American lives,” David said. “I question whether that was the right thing to do. In hindsight that looks like it was not a good policy.”

In 2003 Charles Koch and Richard Fink had an idea for a seminar that would educate donors in the importance of economic freedom. “It was obvious we were headed for disaster,” Charles said. Something had to be done to stop the coming fiscal collapse. The plan was to organize people interested in market issues, explain what was at stake, and suggest ways the participants could promote free enterprise. The first seminar was held in Chicago. Fifteen people attended.

The seminars gained momentum during Bush’s second term. Soon the meetings were held twice every year, and by the winter of 2011 they were attracting around 300 people. The Kochs hosted big-name speakers: Antonin Scalia, Eric Cantor, Clarence Thomas, Paul Ryan. “We’re not a bunch of radicals running around and saying strange things,” said David. “Many of these people are very successful, and occupy very important, respected positions in their communities!” At the end of each seminar the participants would pledge money to conservative groups. One attendee told me the Kochs were among the best political fundraisers he’d ever seen. “They’re almost as good as AIPAC,” he said, referring to the American Israel Public Affairs Committee.

Around the time the seminars began, there was an internal shake-up at Citizens for a Sound Economy. The group split into FreedomWorks, chaired by Dick Armey, and Americans for Prosperity (AFP). David Koch chairs the AFP foundation. “I see AFP as having a huge number of boots on the ground,” David said. Its ranks have swelled to upward of 1.6 million people.

Charles and David sensed that Bush’s failure would drive Americans into the arms of Barack Obama. The wars in Iraq and Afghanistan and the financial crisis of September 2008 made a toxic brew, and Americans turned to the young Democratic senator who promised hope and change. Change is what they got. Ask Charles Koch what he thinks about Obama and he looks like he’s just bit into a lemon. “He’s a dedicated egalitarian,” Charles said. “I’m not saying he’s a Marxist, but he’s internalized some Marxist models—that is, that business tends to be successful by exploiting its customers and workers.”

David agreed. “He’s the most radical president we’ve ever had as a nation,” he said, “and has done more damage to the free enterprise system and long-term prosperity than any president we’ve ever had.” David suggested the president’s radicalism was tied to his upbringing. “His father was a hard core economic socialist in Kenya,” he said. “Obama didn’t really interact with his father face-to-face very much, but was apparently from what I read a great admirer of his father’s points of view. So he had sort of antibusiness, anti-free enterprise influences affecting him almost all his life. It just shows you what a person with a silver tongue can achieve.”

The silver tongue promised to build a “New Foundation” for America based on greater federal government involvement in health care, education, and energy. Taxes would be raised, regulations increased, mandates imposed to guarantee a more equitable distribution of wealth. Charles and David agreed with none of this. The larger government grows, they believed, the worse off societies become. Obama had to be stopped.

The Kochs weren’t the only ones opposed to the president’s vision. Within months of Obama’s inauguration, the Tea Party had begun. “The way it’s grown, the passion and the intensity, was beyond what I had anticipated,” Charles said. It was beautiful—a sight to behold. But there was one other thing the Kochs didn’t expect: the buzz saw of the contemporary left.

Addicted to Koch

A few years ago Richard Fink told Charles and David to prepare for the worst. The brothers were raising their political profile, Fink said, and that would come at a cost. There would be a lot of name-calling. Their opponents would impugn their beliefs, characters, and business. Charles understood what Fink was talking about. “I believed that when we were considered effective we would be attacked,” he said. Before Obama’s election, those who were aware of the Kochs’ political activities tended to assume they were tilting at Austrian windmills. The Kochs had an exotic philosophy, but few took them very seriously.

Not anymore. During the fight over health care and cap and trade in 2009 and 2010, liberals went looking for baddies against whom to mobilize public opinion. The Kochs’ wealth and political involvement made them an obvious choice. Reflecting on the ferocity of the onslaught that ensued, Charles told me, “I didn’t anticipate the hatred, the advocacy of violence.” He must not have been paying attention.

Back in 2005, when Republicans controlled the federal government, liberals had asked themselves, Where do we go from here? They’d long studied what they called the “counter-establishment,” the array of conservative foundations, think tanks, and media. These institutions, liberals concluded, had pushed America to the right. What the left required was the mirror image of the Olin and Bradley foundations, the Heritage Foundation and American Enterprise Institute, The Weekly Standard and *National Review*, talk radio and Fox News Channel. The left needed to build a “counter-counter-establishment,” a “vast left-wing conspiracy” to combat the “vast right-wing conspiracy” that had impeached Bill Clinton and elected George W. Bush.

Since most of America’s preeminent intellectual and media organizations already tilted left, the activists could focus on

energizing the grassroots. A rich liberal could fund talk radio—Air America. Moveon.org became the leader of the antiwar movement. MSNBC transitioned from CNN-lite to Fox News for Democrats. The Brookings Institution may have been the most famous think tank in America, but it lacked Heritage's political pull. The new Center for American Progress would have a separate entity—the Center for American Progress Action Fund—devoted to turning its ideas into law.

This institution-building coincided with the rise of the blogosphere. Over the last decade the left took to the Internet like conservatives at a gun show: They felt right at home. By 2006 the progressive bloggers (the term "liberal" had too many negative connotations) had become a powerful force. They called themselves the Netroots, organized conferences, pooled resources, and played a key role in forcing Joe Lieberman out of the Democratic party. The Internet served as a virtual community for liberals who'd lacked a sense of belonging. The web's immediacy allowed writers to connect, comment, propose, report, fact-check, and update in real time. No utterance from a Republican, no matter how banal, went unexamined.

By the time the Tea Party was getting started in 2009, the left-wing counter-counter-establishment was a juggernaut, investing vast energy in destroying the reputations of its favorite targets: Sarah Palin, Michele Bachmann, Rush Limbaugh. Inside this Death Star were legions of twenty-something writers, most of them fresh out of college, tapping furiously at their keyboards, discoursing on the subtleties of macroeconomics and the depravity of American conservatives. An hour or so spent on Google was research enough to write a blog post that would be read by producers for Keith Olbermann and editors at the *New York Times*. Seemingly random accumulations of fact would be presented breathlessly in purple prose: *Look at what the bastards are doing now!* In a matter of hours attacks that originated in the bowels of the Center for American Progress Action Fund would traverse heaven's ladder and reach White House speechwriters.

What happened to the Kochs was a classic example. A young researcher at the Center for American Progress noticed that some Tea Party rallies had been organized by Americans for Prosperity. On April 9, 2009, he wrote up his discovery and posted it on a Center for American Progress Action Fund blog under the headline "Spontaneous Uprising? Corporate Lobbyists Helping to Orchestrate Radical Anti-Obama Tea Party Protests." Here was the definitive proof, he wrote, that the yokels in tricorns were only pawns of moneyed interests. A little googling revealed that Charles and David Koch had been active in politics for decades, that they'd given money to all sorts of conservative causes, that they operated—this was almost too good to be true—an energy company that had had run-ins with the EPA. Sound the alarm! Rachel Maddow is on line one!

Other sharks caught whiff of the chum. In March 2010 the environmentalists at Greenpeace released a report titled "Koch Industries: Secretly Funding the Climate Denial Machine." Its authors contained their fury long enough to conclude, "Koch Industries has become a financial kingpin of climate science denial and clean energy opposition." In the liberal mind, Koch had displaced ExxonMobil on the Top Ten Enemies of Gaia list.

Koch addiction became a left-wing pandemic. In August 2010 the *New Yorker* published Jane Mayer's "Covert Operations: The billionaire brothers who are waging a war against Obama." Mayer drew heavily from the writings of the Center for American Progress Action Fund, the Greenpeace report, and public tax records. For several thousand words, relying on interviews with anonymous sources, Democratic operatives, a disgruntled conservative, a historian of libertarianism, and the author of "A Pagan's Blog," Mayer unspooled a fantastic tale of manipulation and malpractice.

She reported ominously that "many of the organizations funded by the Kochs employ specialists who write position papers that are subsequently quoted by politicians and pundits." She unironically quoted former Democratic congressman Dan Glickman, who told her that before the voters in Wichita threw him out in 1994, "I'd been in Congress 18 years. The Kochs actually engaged against me and funded my opponent." The impertinence! The outrage! "With the growing prominence of the Tea Party," Mayer wrote, "and with increased awareness of the Kochs' ties to the movement, the brothers may find it harder to deflect scrutiny."

How right she was. "Covert Operations" became a sort of Rosetta Stone for Koch addicts. It was the template for any liberal wanting someone to blame for all the trouble in the world. Mayer had unlocked the secrets of the Kochtopus.

Her story contained four main lines of argument. The first was that the Kochs used Americans for Prosperity to control the Tea Party. For anyone remotely familiar with the history of the Tea Party, the assertion was laughable. In one guise or another, AFP had been around for 25 years before Obama showed up and brought the Tea Partiers out of hiding. What had taken so long?

Did the Kochs order Keli Carender to organize the first "porkulus" protest in Seattle in February 2009? Did they direct Rick Santelli to call for a Tea Party live on CNBC a few days later? The suggestion was absurd. "I see these people on TV, and they're interviewed, and it's obvious no one's pulling their strings," Charles said. Neither brother has attended a Tea Party. If anything it was the Tea Partiers who used Americans for Prosperity: They would have invented it if it hadn't already existed.

The second charge was that the Kochs' talk about free markets was merely cover for economic self-interest. But if that were true, why doesn't every major corporation full-throatedly support limited government? Are we really to believe that Koch Industries is the only self-interested corporation in America? The reality, of course, is that an easier way to advance corporate self-interest is the one taken by most giant companies: securing monopolies, bailouts, tariffs, subsidies—the opposite of free enterprise. "It'd be much safer economically to sit on the sidelines or curry favor with the Obama administration," said Richard

Fink.

It was impossible for the liberal activists to acknowledge that libertarians might actually operate from conviction. Charles and David believed in low taxes, less spending, and limited regulation not because those policies helped *them* but because they helped *everybody*. “If I wanted to enhance my riches,” said David, “why do I give away almost all my money?”

Particularly outrageous was Mayer’s claim that David used his position on the National Cancer Advisory Board to lobby against classifying formaldehyde as a carcinogen. David was on the board for almost seven years. Not once did he hear formaldehyde discussed. Koch Industries’ position on the status of formaldehyde, he told me, was totally separate from his being a cancer patient and medical philanthropist. “That chemical is used in thousands of different applications,” David said. “And we of course rigorously, religiously follow all those regulations and rules about its use.” It was a perfect example of the tortured logic omnipresent in the blogosphere. *David Koch has prostate cancer. David Koch sat on a cancer board. David Koch’s company doesn’t think formaldehyde, which the human body produces naturally, should be regulated as a carcinogen.* Conclusion: *David Koch is abusing his position!*

It was more than passing strange for Mayer to use the “self-interest” canard. In “Covert Operations” Mayer trotted out a spokesman for George Soros, the liberal billionaire and political activist, who “argued that Soros’s giving is transparent, and that ‘none of his contributions are in the service of his own economic interests.’” Six years earlier, however, in a profile of Soros for the *New Yorker*, Mayer had written differently. The hedge fund king told her how he’d once established a think tank in England “which had at first looked like a fruitless venture”—right up to the minute his connections opened a door into the British bond market. “I made many millions,” Soros told Mayer. (The pound sterling wasn’t as lucky.)

The Kochs’ chief heresy, according to Mayer, was their dismissive attitude toward global warming alarmism. Charles and David were deemed “anti-science.” The brothers—both of whom held master’s degrees from MIT and ran successful companies that refined oil, produced chemicals, and manufactured polymers—scoffed at the accusation. “These people aren’t interested in science,” Charles said. “Science isn’t about consensus. Science is about skepticism, about challenging the status quo.” The Kochs believed the cost of a carbon-free economy would be too high. “There’s a direct correlation between the energy use of a country and its standard of living,” David said. “If your energy use is massively reduced, it’s going to damage your standard of living.” The available data didn’t justify the cost. “With the uncertainty and the politicization of the science so far,” Charles said, “to go spend trillions of dollars a year changing the whole world economy to satisfy something this uncertain, because you have some religious zealots like Al Gore going around preaching this—it doesn’t make sense.”

Mayer’s final line of attack also had to do with the environment. Koch Industries’ record wasn’t spotless. In the 1990s in particular the Kochs had to settle several lawsuits with the government. Oil had spilled and leaked from pipelines into bodies of water. Two teenagers had been killed when an underground butane pipeline ruptured. An employee at the Corpus Christi refinery had covered up illegal discharges of benzene. The repercussions were severe. “The only time I’ve ever seen Mr. Koch upset is when we had a misstep around compliance,” Koch Minerals president Steve Tatum, who’s been with Koch for 27 years, told me.

In order to avoid further violations, Koch Industries adopted the goal of “10,000 percent compliance”: 100 percent of personnel acting in accordance with regulations 100 percent of the time. What bothered Koch employees was that the left’s attacks were devoid of context. Many of the criticisms were simply a function of Koch Industries’ long history and size. “You’ve got 74 years of opportunity to talk about fines or spills or what have you,” said Rod Learned, the internal communications director. “If you look at industry averages and look at Koch, we compare very favorably.” It’s true, for example, that Koch is one of the largest emitters of greenhouse gases in the country—as you’d expect from one of the largest companies. “The investment banks, they don’t pollute very much, because they don’t make anything,” said Tatum. “We make stuff.”

Koch employees felt as if they’d entered a parallel dimension. There was a whole other side to the history of the company that the media totally ignored. “We suffer from folks recycling things that happened many years ago, and who haven’t looked at our performance since then,” Sheryl Corrigan, senior vice president at Koch subsidiary Flint Hills Resources, told me. Since the disasters in the 1990s Koch had been praised for its compliance—by Democratic administrations.

On July 25, 2000, Clinton’s EPA sent a letter to Charles Koch congratulating his company on plans to reduce emissions at the Pine Bend and Corpus Christi refineries. “I appreciate that Koch took the initiative to work with EPA to develop an agreement that would advance the common interests of Koch, EPA, and the general public,” wrote Office of Regulatory Enforcement director Eric V. Schaeffer. “The Koch representatives were outstanding in their cooperation throughout the negotiation process.” None other than Janet Reno said she was “pleased” with the agreement. Koch’s cooperation, said then-EPA administrator Carol Browner (now President Obama’s climate czar), was “unprecedented.”

Koch made Herculean efforts to get ahead of the regulatory curve. The engineers lessened the amount of excess gas burned at Koch refineries—a practice known as flaring. “We’ve reduced the flaring at our refineries to almost nil,” Dave Robertson, the company’s president and chief operating officer, told me. In August 2003 the EPA selected Koch subsidiary John Zink Company for its prestigious National Environmental Performance Track program. Koch employees traveled frequently to

Washington for consultation with government officials. "I think we have a constructive relationship with EPA," said Jim Mahoney.

Koch's efforts continue to elicit notice. Since Obama's inauguration, Koch companies have been recognized more than 280 times by local, state, and federal agencies for safety and environmental stewardship. In 2009 Invista voluntarily agreed to a huge settlement with EPA. "Invista is making a clean start in a settlement that achieves significant environmental benefits," an EPA administrator said at the time. In October 2009 the EPA gave its SmartWay Excellence Award to Georgia-Pacific for reducing pollution in the freight industry. In October 2010 Flint Hills Resources agreed to a deal with the federal government over permitting rights at its Texas refinery. "The process we have agreed to with Flint Hills Resources is an excellent one," said EPA regional administrator Al Armendariz in a press release, "and we look forward to working with the company to complete the work to transition their permits."

Well, hold it right there, Mr. EPA regional director! Where's the Center for American Progress Action Fund when you need it? Someone explain to Al Armendariz: You never give the devil his due.

The New Puritans

No amount of contrary evidence was enough to dislodge the left's conviction that Charles and David Koch ran an empire hellbent on America's destruction. Koch addiction was too powerful. As the media campaign intensified, demonstrators started showing up at the Koch campus in Wichita. A left-wing blogger ambushed David when he traveled to Washington to see the 112th Congress sworn in. The liberal group Common Cause organized a protest at the most recent Koch fundraising seminar in Palm Springs. The lefties outside the hotel unfurled a white banner with the words "Koch Kills" printed in red. Drops of blood fell from each letter. "These people were very, very extreme," David said, "and I think very dangerous."

The imputation in February that Governor Scott Walker had brought Wisconsin to a standstill to further the interests of Koch Industries was of course ridiculous. But it also demonstrated the power of the left-wing vilification machine. As the assaults piled up Charles couldn't help thinking of Schopenhauer's "Art of Controversy." The German philosopher had noted that people who can't win an argument through reason attack their opponent's motivation. "I thought I was cynical enough," Charles said. "But that was pretty shocking, to see what we're up against, or what the country's up against: to have an element like this."

The left's inability to understand where the Kochs were coming from puzzled Charles and David. Wasn't it obvious that small government and free markets resulted in a better world? "Why don't we teach in schools things that make society more prosperous, and more peaceful, and people will respect each other more? It's a strange thing, isn't it?" said Charles. "It's unbelievable how they distort what your message is!" said David. The Kochs thought their aim was to increase the standard of living for everyone. The way to do this, they believed, was by applying to society the same methods that had grown their company.

To Charles, the call for bigger government was egalitarianism run amok. Liberals, he thought, fetishized equality of condition at the expense of personal liberty. "They cannot stand that some people are better off than others," Charles said. "I think part of it fits Mencken's definition of a Puritan: someone that's miserable because he knows that someone, somewhere, is enjoying himself. He cannot stand that. And I think they all slept through Economics 101."

The controversy surrounding the Koch brothers was a classic illustration of the saying that liberals think conservatives are evil while conservatives think liberals are stupid. For the engineer Kochs, devotees of the "science of human liberty," the answer to the social problem was as clear cut as a blueprint for an oil fractionation device. They assumed that if you educated people in the laws of economics, they would see the light. "I can't figure out how they can look at the data and not see the overwhelming benefits of the free market," said Richard Fink. "I just don't understand it." The Kochs' critics, it turned out, had no interest in the truth about them. What made the Kochs interesting was their usefulness as symbolic enemies: objects of the progressives' latest two minutes' hate.

The raw emotions and mindless smears left employees of Koch Industries hurt and befuddled. They kept searching for an answer. It was as if the universe had turned upside down. "All of us are given something, some more than others, and it's up to us to build on it," said Koch Minerals executive Steve Tatum. "Charles and David did. They built on what they inherited from their family. Hopefully, I have too. And I inherited nothing but a little help with college.

"What doesn't seem right is when a person works to get through college, gets a degree, works for 25 years to become successful—and now you're the bad guy," Tatum said. "And I think, that's the American dream, isn't it?"

Tatum reclined in his chair and extended his hands, palms up. "Isn't that what we want for everyone?"

Matthew Continetti is the opinion editor of The Weekly Standard and the author, most recently, of The Persecution of Sarah Palin: How the Elite Media Tried to Bring Down a Rising Star (Sentinel).

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