



Can this man make libertarianism hip?

Jane Mayer's much-discussed [New Yorker profile](#) of the Koch brothers is a useful look at how money can buy an outsized voice in our democracy. But a lot of what she paints as nefarious activity is simple business sense. And anybody who's spent time talking to Charles Koch, as I have, comes away with the conviction that with this man, business is personal and the personal *is* political. He's the kind of guy who can fund the right-wing Cato Institute and hope that its mantra of lower taxes, inviolate property rights and personal responsibility will somehow reverse decades of increasing central-government power. (For the record, it hasn't.)

For Midwestern entrepreneurs of his generation, there's nothing wrong or even unusual about thinking the New Deal was a colossal mistake, and spending money in a futile effort to roll it back. Mayer quotes a purported friend of the Koch brothers saying they have "a distrust of the U.S. government, and seeing its expansion, beginning with the New Deal, as a tyrannical threat to freedom." That's straight out of Friedrich Hayek's *Road to Serfdom* and while not to the taste of most New Yorker readers, barely qualifies as conservative compared to the Wisconsin farmers I encountered in my first newspaper job. They considered zoning to be the vanguard of the Communist revolution (I am not exaggerating).

To understand why the Kochs spend their money the way they do (and David has committed some \$600 million to charity in addition to libertarian groups committed to blowing up the welfare state), [you need to travel to Wichita](#) where Charles Koch presides over his rapidly

growing business empire from within a nondescript black-glass office building on the outskirts of town. He runs the company like an elaborate experiment in social engineering, requiring managers to bargain with each other over limited capital and deducting “taxes” from their unit profits to cover overhead. Koch is a big believer in “creative destruction,” or tearing apart existing businesses to create newer and more valuable ones. He operates on the premise of constant change. Government is part of that equation.

It is true he inherited a modest refining business from his father, and yes, his father made money building refineries for Stalin in the 1930s. But that’s not as ironic as it sounds. The reason Koch Senior went to Russia, according to Charles, is the U.S. oil giants sued him into submission here in a successful effort to keep him from exploiting technology that made smaller refineries more efficient. That was slowing the consolidation of the industry. The sons learned from that experience that entrepreneurs can be threatened from both sides: overzealous regulators *and* overly concentrated capitalists.







Mayer waves aside the objection that billionaire [George Soros](#) spends as much, or more, on political organizations as the Kochs. Soros has given \$2 billion to his left-leaning [Open Society Institute](#) so far, which funds all manner of “education” and “community organizing” groups as well as low-profile organizations like the [Tides Foundation](#) that push pro-union policies and helped prepare the ground for Obama’s healthcare campaign. Soros doesn’t give money to organizations that support his financial interests, we are told. That may be true, but Soros also runs a global hedge fund that can skip from asset to asset and country to country, one step ahead of the regulators and the tax collectors.

The Kochs are wedded to solid assets like refineries and paper mills. They employ tens of thousands of people. They are subject to a profusion of regulations, not all of which they agree with, or would even make sense to an ordinary citizen. Is there anything untoward about hiring lawyers and lobbyists to try and change the regs? Was the New York Times silent as Congress consider the [libel tourism bill](#) signed into law earlier this month?

The New Yorker article never makes a definitive tie between the Kochs and the Tea Party movement, only that they've been cheering them on. The article does suggest the movement might finally represent mass acceptance of the Kochs' libertarian ideas. Maybe so. But Charles Koch is generally better at making money than winning converts. He once tried to convince his managers it was in their interest to bargain over everything they might need from each other, down to office supplies. That idea faded away, and last time I checked the EPA and the Social Security Administration were alive and doing well.

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