

## 3 Lessons from ‘Kochland’ for Higher Ed Progressives

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What might higher ed progressives learn from reading *Kochland*?

There is no little irony in the idea that the most important book that those who wish for strong public investment in postsecondary education should read is a biography of Koch industries.

For many IHE readers, I suspect that Koch Industries - and the political organizations and think tanks that its profits fund - are antithetical to the values of this community.

The creation of vast riches from owning one of America’s most profitable private companies has enabled the Koch brothers to funnel hundreds of millions of dollars into libertarian and right-wing think tanks and political organizations, such as the Cato Institute and Americans for Prosperity.

Whatever one’s belief in the anti-regulatory, anti-tax, and anti-government policies that Koch Industries supports through its generous funding, it is clear that the libertarian ideology that underlies investments has moved from the margins to the center of American political thinking.

*Kochland* is an indispensable guide to how Koch Industries developed and grew to a place where the profits from the companies it controls were converted into currency in the marketplace of ideas, and ultimately into political and policy decisions that impact every American.

What are some of the lessons detailed in *Kochland* from which those who believe in higher education as a public good might learn?

Lesson #1 - The Necessity of Long-Term Thinking:

Critics of modern capitalist practices will find much to admire in Koch Industries. As described in *Kochland*, Koch Industries operates in ways that are opposite to the short-term thinking of most modern corporation. Koch Industries makes long-term bets in industries where patient investment is likely to yield steady returns.

As a private company owned and controlled by the Koch family, Koch Industries is under no pressure to satisfy the demands of stockholders. Where public companies must report earnings each quarter, Koch Industries thinks in decades when measuring return on investment.

*Kochland* unpacks the workings of Koch Industries to explain how the company developed, and can afford to adhere to, its long-term strategy. The in-depth reporting and persistent fact gathering that Christopher Leonard demonstrates in unpacking and explaining the history and corporate structure of the Koch empire is deeply impressive. For decades, Koch Industries and

the Koch family have shunned both transparency and publicity. Leonard gets inside the company to tell its story.

The main takeaway from a public investment in higher ed standpoint is the need for patience. Charles Koch did not expect his ideas about limited government involvement in labor and environmental regulations to come to fruition quickly. He patiently built a political organization and an idea-generating infrastructure that could develop and support these goals over the long-run.

Countering those ideas, at least as they manifest in public support for public higher education, will require an equally long-term approach.

Lesson #2 - Focus on Ideas:

We might strongly disagree with the libertarian worldview that animates the funding of political organizations and think tanks made possible by the money generated from Koch industries. Or maybe part of our IHE community are more sympathetic to, and aligned with, the ideas espoused by Charles Koch and the organizations that he funds. (After all, IHE is a diverse intellectual community).

Whatever our ideological and political beliefs, we should all admire the willingness of Charles Koch to invest in the creation and dissemination of ideas. If we disagree with those ideas, our best course of action is probably not to disparage Charles Koch and the scholars that Koch Industries funds, but instead to develop and nurture our own set of ideas.

Over many decades, the Koch brothers have invested in an intellectual case against government growth and for organizing society around the principles of the market.

If we believe that the public has a role in creating economic opportunities for all citizens through public education, then we need to make that argument.

If we think that the state has a role in knowledge creation (basic research) and that the market should not be the sole determinant of economic and social change, then we need to develop ideas and frameworks that bolster this case.

How often do those of us who work in private institutions of higher learning stand up to make a case for community colleges and other public institutions?

What proportion of the budgets of wealthy private institutions is devoted to supporting the idea of public higher education?

Lesson #3 - Be Flexible in Tactics, But Consistent in Vision:

It is hard not to come away from *Kochland* without developing a grudging admiration for Charles Koch, and the organization that he built into one of the world's largest private companies.

Under Charles Koch, Koch Industries has achieved this economic success by having a consistent vision (Market-Based Management or MBM), and flexibility of tactics. Koch Industries was among the first big oil refiners to leverage the power of big data to improve operations and efficiency.

During recessions, when most companies laid-off workers and retrenched, Koch would expand and invest. Koch moved aggressively in adjacent industries to energy, such as fertilizer and paper products and commodities trading, building on core competencies while simultaneously ensuring the resilience of the enterprise during cyclical economic swings.

Over the decades that Charles Koch has controlled Koch Industries, the company has continually invested for the long-term while constantly reinventing its structure. What has never wavered are the ideas of supporting market mechanisms over government regulation.

Our higher ed community has not been nearly as consistent in developing a vision for the future as the Koch family. Higher ed thinkers seem to talk more about “innovation” and “disruption” than a vision of generous public investment in our institutions of higher learning.

*Kochland* is an essential read for anyone curious about the economic and political underpinnings of a society in which the wealth is concentrated and public goods, from education to infrastructure, is left to erode.

Can higher ed be a counterforce to the ideas that can be nurtured from the vast wealth created by a company such as Koch Industries?

What books can you recommend on the material basis of ideas?

*What are you reading?*