



The Koch Brothers

What You Need to Know About the Financiers of the Radical Right

Tony Carrk April 2011

Center for American Progress Action Fund



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Introduction and summary

Any attempt to understand the modern conservative movement will eventually lead to billionaire brothers Charles and David Koch. Using their vast wealth and connections, the Koch brothers are key players in bankrolling right-wing political action groups, think tanks, and individual politicians, using this array of political power to advance their ideological agenda of limited government and less regulation. Chances are they are part of any recent right-wing attack you have seen lately.

The Koch brothers, leaders of a vast family oil-and-gas conglomerate, use this political network to pursue their right-wing agenda at nearly every level of government. Whether they are contributing millions in campaign contributions, spending millions on lobbying, or investing millions in right-wing think tank and advocacy groups, the Koch brothers' influence is pervasive.

Charles and David Koch would prefer to keep their influence behind the scenes but recent reporting by the Center for American Progress Action Fund's Think Progress and a variety of media and advocacy organizations shed light on the enormous breadth and reach of their network. This report will showcase the players involved in the Koch network, where they operate, and the vast amounts of money involved. The report also exposes the Koch right-wing ideological agenda that often protects their business interests at the expense of everyone else.

But cutting to the chase, here is a brief summary of the report's findings:

- The Koch brothers, whose wealth, when combined, is the fourth highest in the nation, run one of the largest private companies in the country. Koch Industries is involved in industries ranging from oil and gas, refining and chemicals, minerals, fertilizers, forestry, consumer products, polymers and fibers, and ranching. They have operations in 45 states.

- The Koch brothers use their considerable wealth to bankroll the right wing, including the Tea Party. This serves the purpose of furthering not only their right-wing ideology but also their bottom line. Koch Industries has a lot to gain from gutting government oversight and electing candidates who oppose government regulation, especially in the oil-and-gas industry.
- Chances are the Koch brothers are part of any recent right-wing attack as of late as they have fought health reform, Wall Street reform, collective bargaining rights, and efforts to curb climate change, to name just a few.
- We have identified at least \$85 million the Koch brothers have given to at least 85 right-wing think tanks and advocacy groups over the past decade and a half.
- Their main advocacy group, Americans for Prosperity, has chapters in 32 states and spent \$45 million in the last election, predominantly to help elect Republicans.
- The Kochs donated directly to 62 of the 87 members of the House GOP freshman class.
- The Koch brothers are active at the state level, spending \$5.2 million on candidates and ballot measures in 34 states since 2003. They donated directly to 13 governors that won election last year.
- The Kochs are not going away. In fact, they have already pledged to raise \$88 million for the 2012 election and have started scheduling events for potential Republican presidential candidates.

As this report will demonstrate, the Koch brothers' network works hard to advance a right-wing ideological agenda that helps their businesses reap more profits at the expense of our environment, our economy, and the American middle class. Understanding how they operate is the first step in countering their efforts to reshape our nation's laws to benefit the wealthy even more than they do today.

The Koch brothers' issue agenda

A list of the top policy issues in which the Koch brothers are engaged

Issue	Koch brothers fighting?
Repealing health reform	<u>Yes</u>
Denying climate change	<u>Yes</u>
Fighting Wall Street reform	<u>Yes</u>
Dismantling collective bargaining rights	<u>Yes</u>
Fighting reductions in carbon emissions	<u>Yes</u>
Keeping corporate money in elections	<u>Yes</u>
Fighting Internet neutrality	<u>Yes</u>

Who are the Koch brothers and Koch Industries?

Forbes magazine ranks Charles and David Koch the fourth-richest people in the world, with a combined net worth of \$44 billion. Charles is the chief executive of Koch Industries, Inc., the family's oil-and-gas conglomerate started by their father, Fred C. Koch. David is vice president of the company.

The billionaire brothers joke that Koch Industries is the “biggest company you never heard of,” but it is now the second-largest private company in the United States with an estimated \$100 billion in sales. It owns numerous companies in industries ranging from oil and gas, refining and chemicals, minerals, fertilizers, forestry, consumer products, polymers and fibers, and ranching. Koch Industries and its subsidiaries have operations in 45 states (see map on page 6) and a presence in 60 countries. Some of the companies include:

- Flint Hills Resources, LP
- Koch Supply & Trading, LP
- Koch Pipeline Company, LP
- Georgia-Pacific
- INVISTA B.V.
- Koch Chemical Technology Group, LLC
- Koch Mineral Services, LLC
- Matador Cattle Company

Each of these units of the Koch business empire profits from the two brothers' ideological agenda, which is why a quick but detailed look at each of them is important.

Flint Hills Resources, LP

Flint Hills Resources is a Wichita, Kansas-based refining and chemical company that has a combined crude oil processing capacity of more than 800,000 barrels of oil per day. Flint Hills has expanded its operations through capital projects and acquisitions

worth more than \$5.3 billion since 2002. It markets a full slate of petroleum products, including asphalt, base oils, gasoline, jet fuel, diesel, and heating oils.

The Koch unit operates refining complexes in Alaska (North Pole), Minnesota (Pine Bend Refinery in Rosemount), and Texas (Corpus Christi). In addition, Flint Hills Resources also operates the Wisconsin pipeline, which carries products from the company's Twin Cities-area refinery to terminals in Junction City, Waupu, Madison, and Milwaukee, and operates the MSP Airport line that delivers jet fuel to the Minneapolis/St. Paul airport. In Texas, the unit operates the Texas Pipeline system, which runs from Corpus Christi to the San Antonio, Austin, Bastrop, Waco, and Dallas/Fort Worth markets, and the DFW Airport line that delivers jet fuel from the Fort Worth-area terminal to the Dallas/Fort Worth airport.

Flint Hills also operates ethanol plants in Menlo and Shell Rock, Iowa, that produce 220 million gallons of ethanol annually. It is a leading producer of chemicals and related products with manufacturing facilities in Illinois, Michigan, and Texas. And it has an interest in a base lube oil facility in Louisiana as well as interests in a biodiesel feedstock development company in California. According to its website, Flint Hills produces fuels that power most of Texas, the Midwest, and the Alaska interior. The asphalt it produces is used across the Midwest and Alaska.

Koch Supply & Trading, LP

Koch Supply & Trading provides risk management in crude oil, refined petroleum products, natural gas, and other commodities. The company is an indirect subsidiary of Koch Industries. Koch Supply & Trading has locations in Houston, New York City, and Wichita as well as London, Geneva, Singapore, India, and the Netherlands. According to its website, products traded by Koch Supply & Trading include: crude oil; refined products and derivatives; natural gas liquids; natural gas, power, and emissions; metals; financials including foreign currency, interest rates, and exchange-traded commodities; and freight.

Koch Pipeline Company, LP

Koch Pipeline Company is an indirect, wholly owned subsidiary of Koch Industries. Many of the pipelines and terminal facilities it operates are owned by Flint Hills Resources. Koch Pipeline owns or operates 4,000 miles of pipeline to

transport crude oil, refined petroleum, natural gas liquids, and other chemicals. It operates proprietary and common carrier crude oil pipelines that deliver to refining centers in the Midwest and Texas.

Koch Pipeline operates the 540-mile South Texas system, which moves domestic crude oil to Corpus Christi. And units of the Koch subsidiary own pieces of other pipelines. For instance, the Koch Alaska Pipeline owns 3 percent of the Trans-Alaska Pipeline System, and another Koch company owns 28 percent of the Colonial Pipeline Company.

Georgia-Pacific

Georgia-Pacific became a wholly owned subsidiary of Koch Industries in 2005 after the two brothers paid \$21 billion to take over the company and take it private. Georgia-Pacific is a manufacturer and marketer of “tissue, packaging, paper, pulp, and building products and related chemicals.” Georgia-Pacific’s North American brands include: Quilted Northern (toilet paper), Angel Soft (toilet paper), Brawny (paper towels), Sparkle (paper towels), Soft ‘n Gentle (toilet paper), Mardi Gras (paper towels), Vanity Fair (paper napkins), and the Dixie brand of tabletop products.

Georgia-Pacific has facilities in 27 states, including 25 in Georgia; 18 in Florida; 14 in Mississippi; 13 in California and Oregon; 10 in Arkansas and North Carolina; nine in Texas; eight in Alabama, South Carolina, and Wisconsin; seven in Virginia; five in Michigan and Tennessee; four in Ohio; three in Iowa, Pennsylvania, and Washington; two in Illinois, Indiana, Kentucky, Louisiana, New Jersey, and New York; and one in Massachusetts, Oklahoma, and West Virginia.

INVISTA B.V.

INVISTA, formerly DuPont Textiles and Interiors, is an independently managed but wholly owned subsidiary of Koch Industries. Koch subsidiaries acquired INVISTA from E.I. du Pont de Nemours and Company in 2004 and it was combined with Koch affiliate KoSa. INVISTA is a producer of nylon, spandex, and polyester polymers and fibers. The materials go into clothing, carpets, luggage, plastic bottles, and car interiors. Its products include LYCRA fiber, STAINMASTER carpet, ANTRON carpet fiber, and COOLMAX fabric.

acres, and support 15,000 cattle in production herds. It operates three ranches: Beaverhead in Montana, Matador in Texas, and Spring Creek in Kansas.

Given the array of industries in which Koch Industries is involved, from energy to agriculture to timber, all of which fall under government oversight, what agency is in charge of regulation and what regulations are enforced are of great importance to the companies' bottom line. Since Koch Industries deals in commodity trading, for example, they have a business interest in whether the Commodity Futures Trading Commission has the resources to ensure oil speculators play by the rules. And given its oil-and-gas interests, they have a business interest in whether the Environmental Protection Agency has the resources to crack down on polluters to ensure public health.

How can two of the richest billionaires in the country influence government regulators of these industries? The next sections explore this question in detail.

Bankrolling the right wing

Charles and David Koch are not newcomers to the right-wing ideological movement. Their father, Fred Koch, was an original member of the ultra-conservative John Birch Society. For decades, the vast Koch wealth financed and built the right-wing movement in America. In 1977, Charles Koch co-founded the Cato Institute. David Koch was the 1980 vice presidential candidate for the Libertarian Party. In 1984, David Koch created Citizens for a Sound Economy, an advocacy group established to pursue the Koch agenda.

In 2004, Citizens for a Sound Economy split into two entities: FreedomWorks and Americans for Prosperity Foundation. The Kochs remain active with Americans for Prosperity Foundation. Americans for Prosperity Foundation, along with its sister organization, Americans for Prosperity, pursues the right-wing ideological agenda through education efforts, and holds rallies and events across the states as well as runs television ads and other voter mobilization efforts. FreedomWorks is a similar organization that is now headed by former Rep. Dick Armey (R-TX).

But the Cato Institute and Americans for Prosperity are not the Koch brothers' only avenues to pursue their ideological agenda. Not by a long shot. Indeed, the Koch contributions read like a “who's who” of the right-wing movement (see table on pages 9-10). An examination of the Koch nonprofit organizations records show they have given at least \$85.9 million to more than 85 different right-wing organizations over the past decade and a half.¹ These donations are a conservative estimate and just the tip of the iceberg, but the number of groups reflect the vast reach of the Koch money.

Not only do the Koch brothers fund the right-wing intellectual movement but they also help organize fellow deep-pocket donors at conferences “to review strategies for combating the multitude of public policies that threaten to destroy America as we know it,” as Charles Koch wrote in a letter. The conferences are intended to organize the right wing, coordinate message, attract more donors, and mobilize voters to pursue their ideological agenda.

The Koch brothers' influence empire

A list of right-wing action groups and think tanks

This list of organizations is long but they have one common thread: promoting an antitax, antiregulatory ideology that will ultimately gut government's ability to ensure markets functioning properly for everyone and protect consumers against abuses in the system. In addition to promoting this right-wing ideology, some of the groups on this list, such as the Competitive Enterprise Institute, seek to undermine the science behind climate change. Indeed, many of the policies these organizations promote not only further a right-wing ideology but they also increase profits for Koch Industries.

Cato Institute—\$13,887,640	Pioneer Institute for Public Policy Research—\$300,000
Citizens for a Sound Economy ² —\$12,356,712	Environmental Literacy Council—\$287,516
George Mason's Mercatus Center—\$9,674,500	Property and Environment Research Center—\$258,144
Americans for Prosperity Foundation—\$5,610,781	Center for Equal Opportunity—\$240,000
Heritage Foundation—\$4,115,571	Institute for Energy Research—\$237,000
Institute for Humane Studies—\$3,630,091	Atlas Economic Research Foundation—\$221,100
Bill of Rights Institute—\$3,070,909	Ethics and Public Policy Center—\$190,000
Youth Entrepreneurs of Kansas—\$2,617,842	Citizens for Congressional Reform Foundation—\$175,000
Institute for Justice—\$2,615,000	Frontiers of Freedom Institute—\$175,000
Reason Foundation—\$2,516,521	Texas Public Policy Foundation—\$174,500
National Foundation for Teaching Entrepreneurship—\$2,481,786	The Phillips Foundation—\$165,000
Federalist Society—\$2,058,999	John Locke Foundation—\$134,472
Institute for the Study of Human Origins—\$2,035,912	Fund for American Studies—\$133,650
American Enterprise Institute & Brookings Joint Center for Regulatory Studies—\$1,979,400	James Madison Institute—\$121,924
Manhattan Institute—\$1,575,000	John W. Pope Center for Higher Education Policy—\$120,086
Washington Legal Foundation—\$1,457,500	Young America's Foundation—\$107,500
Foundation for Individual Rights in Education—\$1,400,000	Leadership Institute—\$101,500
Foundation for Research on Economics & the Environment—\$1,385,500	American Council on Science & Health—\$101,000
Competitive Enterprise Institute—\$700,499	Laffer Center for Global Economic Growth—\$100,000
National Center for Policy Analysis—\$672,000	Association of Private Enterprise Education—\$98,500
American Legislative Exchange Council—\$668,858	Commonwealth Foundation for Public Policy Alternatives—\$93,903
Capital Research Center—\$665,000	Center for Independent Thought—\$92,500
Tax Foundation—\$637,369	National Federation of Independent Business (NFIB) Legal Foundation—\$88,000
Independent Women's Forum—\$485,000	Carbon Dioxide & Global Change Center—\$85,000
International Foundation for Research in Experimental Economics—\$440,000	Mackinac Center for Public Policy—\$84,151
Acton Institute—\$416,250	Market Based Management Institute—\$82,500
Fraser Institute—\$373,721	Media Institute—\$80,000
Pacific Research Institute—\$370,000	Heartland Institute—\$77,578
American Council for Capital Formation—\$325,000	Goldwater Institute—\$75,000
George C. Marshall Institute—\$310,000	Institute for Research on the Economics of Taxation—\$65,000

The Koch brothers' political-influence empire

A list of right-wing action groups and think tanks

Libertarian Review Foundation—\$60,000

Americans for Tax Reform—\$60,000

Students in Free Enterprise—\$30,000

Buckeye Institute for Public Policy Solutions—\$55,946

Center for Excellence in Education—\$27,500

Center for Freedom & Prosperity Foundation—\$54,266

Ayn Rand Institute—\$25,000

National Tax Limitation Foundation—\$50,000

International Policy Network—\$25,000

North Carolina Institute for Constitutional Law—\$50,000

Becket Fund for Religious Liberty—\$20,538

Free Enterprise Education Institute—\$45,000

Atlantic Legal Foundation—\$20,000

South Carolina Policy Council—\$45,000

Institute for Political Economy—\$20,000

Center for Individual Rights—\$40,000

Media Research Center—\$15,005

Texas Justice Foundation—\$40,000

Future of Freedom Foundation—\$10,000

Foundation for Economic Education—\$38,267

Pacific Legal Foundation—\$10,000

National Taxpayers Union Foundation—\$37,500

Foundation for Human Development—\$5,000

Institute for Policy Innovation—\$35,000

American Spectator—\$4,500

Critical Review Foundation—\$33,000

Galen Institute—\$3,590

Hudson Institute—\$32,650

Source: Tax records for the Claude R. Lambe Charitable Foundation, David H. Koch Charitable Foundation, and the Charles G. Koch Charitable Foundation, available at guidestar.org for 2009 and compiled on Media Matters Action Network website for prior years.

Last year, for example, guests of the conferences included heavyweight conservative figures such as:

- Supreme Court Justices Antonin Scalia and Clarence Thomas
- Govs. Haley Barbour (R-MS) and Bobby Jindal (R-LA)
- Sens. Jim DeMint (R-SC) and Tom Coburn (R-OK)
- Reps. Mike Pence (R-IN) and Paul Ryan (R-WI)
- Media figures Rush Limbaugh and Glenn Beck
- Major Republican donor Fred Malek, a founder of the American Action Network

These top-shelf conservative leaders mingled with Koch Industries executives as well as oil industry executives from Aspect Energy, LLC; Murfin Drilling Co., Inc.; Anschutz Company; and GeoPark Holdings Ltd.; alongside several members of Koch's various subsidiaries.

The list of influential attendees itself is another example of how influential the Koch brothers are in the right-wing movement, and it shows that the rest of the right wing shares that feeling. They are a force organizing and coordinating the right-wing movement, both at the grassroots level and the financial level.

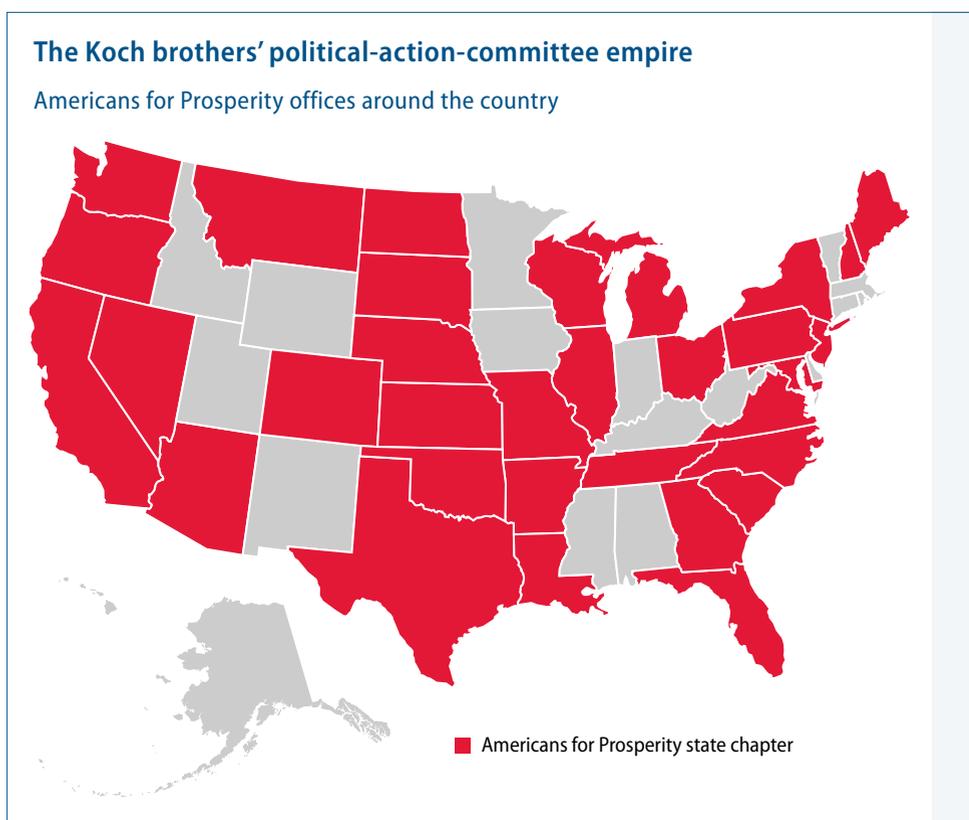
This web of influence spun by the Koch brothers through these nonprofit organizations and conferences around the country serve to get their message out in as many ways as possible. But the two brothers also make sure they are pursuing their ideological agenda at the grassroots level, too, which is the subject of our next section.

Using Americans for Prosperity to “stimulate” the Tea Party

When the Koch-created Citizens for a Sound Economy split into two organizations—FreedomWorks and the Americans for Prosperity Foundation—David Koch remained chairman of the Americans for Prosperity Foundation and the organization continues to receive funding from the Koch brothers. The Americans for Prosperity Foundation and its sister organization, Americans for Prosperity, work to educate and mobilize conservatives on a range of issues, from the budget to health care and workers’ rights.

Americans for Prosperity holds rallies and events across the nation and spends millions of dollars on television advertising and voter mobilization efforts. Last year, it spent roughly \$45 million for the midterm elections. And its membership is growing. In April 2009, there were roughly 23 state chapters, but now Americans for Prosperity touts chapters in 32 states (see map at right).

Charles and David Koch used Americans for Prosperity to “stimulate” the Tea Party movement that arose over the past two years. Americans for Prosperity was one of the organizations that helped plan dozens of the first national Tea



Source: Americans for Prosperity, www.americansforprosperity.org/state-chapters.

Party rallies back in April 2009. Americans for Prosperity staffers organized events from making reservations, to providing talking points and signs, to calling activists to encourage them to participate. One employee said their role was to “educate” Tea Partiers and give them “next step” training at their rallies.

Think of Americans for Prosperity as the voter-organizing arm of the Koch empire—a formidable political machine that plays a role in all the key electoral states. They have the ability to organize events, mobilize voters, and run television ads. These ads promote their right-wing agenda and force elected officials to respond. This is but one way the Koch brothers use their considerable finances to influence elections. Another way is through direct contributions to candidates at the national and state level, which is the subject of our next section.

Bankrolling and influencing the U.S. Congress

Charles and David Koch and their company, Koch Industries, do not limit their political donations to right-wing think tanks and advocacy groups. They also donate millions directly to candidates. Since 1990, the Koch network has donated \$11 million to federal candidates, \$9.8 million, or 89 percent, of which went to Republicans.

The Koch network spent \$2.1 million on last year's midterm elections, almost \$2 million, or 93 percent, of which went to Republicans. The 2010 elections ended with an emboldened Republican Party that won the majority in the U.S. House of Representatives and made gains in the U.S. Senate. Koch Industries PAC donated to 62 of the 87 members of the House Republican freshman class and to 12 of the new members of the U.S. Senate. One could argue these donations give Charles and David Koch considerable access to Congress. David Koch, for example, attended the swearing-in ceremony for Speaker of the House of Representatives John Boehner (R-OH).

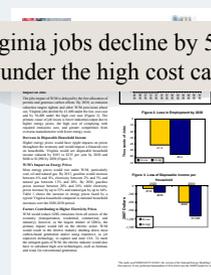
The Kochs have contributed significantly to the House Energy and Commerce Committee. In fact, they are the single-largest oil-and-gas donor to members of the committee, giving \$279,500 to 22 Republicans on the committee and \$32,000 to five of its Democrats, according to the *Los Angeles Times*. Tim Phillips, the head of Americans for Prosperity, even co-authored an op-ed with chairman Fred Upton (R-MI), detailing how Congress could stop the EPA from ensuring a cleaner environment.

Rep. Henry Waxman (D-CA) noted the Koch influence over the Republican Party, saying that "it apparently no longer matters in Congress what health experts and scientists think [on energy]. All that seems to matter is what Koch Industries thinks." Indeed, one could argue the House Energy and Commerce Committee is really the "Committee from Koch" given its outsized influence. It can be argued, however, that the Republican members of Congress in general are also wholly owned subsidiaries of Koch Industries (see table).

The Koch network in action

A Koch-funded group produces report showing 56,000 jobs lost from clean energy bill

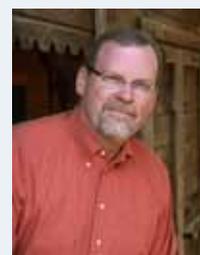
Virginia jobs decline by 56,400 under the high cost case.



Americans for Prosperity use the 56,000 jobs number in an ad targeting Rep. Boucher



Koch gave money to Boucher's opponent, Morgan Griffith



Griffith won

The Koch brothers' congressional empire

A list of political donations made to freshman members of congress in 2010 from Koch PAC

Name	Amount	Party	State	Freshman
House				
Adams, Sandy (R-FL)	\$5,000	Republican	Florida	Y
Barletta, Louis J. (R-PA)	\$5,000	Republican	Pennsylvania	Y
Benishek, Daniel J. (R-MI)	\$5,000	Republican	Michigan	Y
Berg, Rick (R-ND)	\$5,000	Republican	North Dakota	Y
Black, Diane Lynn (R-TN)	\$2,500	Republican	Tennessee	Y
Canseco, Francisco (R-TX)	\$2,500	Republican	Texas	Y
Chabot, Steve (R-OH)	\$10,000	Republican	Ohio	Y
Denham, Jeff (R-CA)	\$5,000	Republican	California	Y
Dold, Robert (R-IL)	\$5,000	Republican	Illinois	Y
Duffy, Sean P. (R-WI)	\$10,000	Republican	Wisconsin	Y
Duncan, Jeff (R-SC)	\$2,500	Republican	South Carolina	Y
Farenthold, Blake (R-TX)	\$5,000	Republican	Texas	Y
Fincher, Steve (R-TN)	\$10,000	Republican	Tennessee	Y
Flores, William (R-TX)	\$2,500	Republican	Texas	Y
Gardner, Cory (R-CO)	\$10,000	Republican	Texas	Y
Gibbs, Bob (R-OH)	\$5,000	Republican	Ohio	Y
Gowdy, Trey (R-SC)	\$5,000	Republican	South Carolina	Y
Griffin, Tim (R-AR)	\$7,500	Republican	Arkansas	Y
Griffith, Morgan (R-VA)	\$5,000	Republican	Virginia	Y
Guinta, Frank (R-NH)	\$5,000	Republican	New Hampshire	Y
Hanna, Richard L. (R-NY)	\$5,000	Republican	New York	Y
Harris, Andy (R-MD)	\$10,000	Republican	Maryland	Y
Hartzler, Vicky (R-MO)	\$5,000	Republican	Missouri	Y
Hayworth, Nan (R-NY)	\$5,000	Republican	New York	Y
Heck, Joe (R-NV)	\$10,000	Republican	Nevada	Y
Herrera, Jaime (R-WA)	\$5,000	Republican	Washington	Y
Huelskamp, Tim (R-KS)	\$7,500	Republican	Kansas	Y
Huizenga, Bill (R-MI)	\$2,500	Republican	Michigan	Y
Hultgren, Randy (R-IL)	\$5,000	Republican	Illinois	Y
Hurt, Robert (R-VA)	\$5,000	Republican	Virginia	Y
Kelly, Mike (R-PA)	\$5,000	Republican	Pennsylvania	Y
Kinzinger, Adam (R-IL)	\$5,000	Republican	Illinois	Y
Lankford, James (R-OK)	\$5,000	Republican	Oklahoma	Y
Long, Billy (R-MO)	\$1,000	Republican	Missouri	Y
Meehan, Patrick L. (R-PA)	\$7,500	Republican	Pennsylvania	Y
Mulvaney, John Michael "Mick" (R-SC)	\$5,000	Republican	South Carolina	Y
Noem, Kristi Lynn (R-SD)	\$5,000	Republican	South Dakota	Y
Nugent, Richard B. (R-FL)	\$2,500	Republican	Florida	Y
Palazzo, Steven (R-MS)	\$5,000	Republican	Mississippi	Y

The Koch brothers' congressional empire

A list of political donations made to freshman members of congress in 2010 from Koch PAC

Name	Amount	Party	State	Freshman
Pearce, Steve (R-NM)	\$10,000	Republican	New Mexico	Y*
Pompeo, Mike (R-KS)	\$10,000	Republican	Kansas	Y
Quayle, Ben (R-AZ)	\$5,000	Republican	Arizona	Y
Renacci, James B. (R-OH)	\$5,000	Republican	Ohio	Y
Ribble, Reid (R-WI)	\$5,000	Republican	Wisconsin	Y
Rigell, Scott (R-VA)	\$5,000	Republican	Virginia	Y
Rivera, David (R-FL)	\$10,000	Republican	Florida	Y
Roby, Martha (R-AL)	\$5,000	Republican	Alabama	Y
Ross, Dennis (R-FL)	\$10,000	Republican	Florida	Y
Runyan, Jon (R-NJ)	\$5,000	Republican	New Jersey	Y
Schilling, Bobby (R-IL)	\$5,000	Republican	Illinois	Y
Schweikert, David (R-AZ)	\$5,000	Republican	Arizona	Y
Scott, Austin (R-GA)	\$5,000	Republican	Georgia	Y
Scott, Tim (R-SC)	\$2,500	Republican	South Carolina	Y
Southerland, Steve (R-FL)	\$5,000	Republican	Florida	Y
Stivers, Steve (R-OH)	\$10,000	Republican	Ohio	Y
Tipton, Scott (R-CO)	\$2,500	Republican	Colorado	Y
Walberg, Tim (R-MI)	\$10,000	Republican	Michigan	Y
Webster, Daniel (R-FL)	\$5,000	Republican	Florida	Y
Womack, Steve (R-AR)	\$2,500	Republican	Arkansas	Y
Woodall, Rob (R-GA)	\$2,500	Republican	Georgia	Y
Yoder, Kevin W. (R-KS)	\$10,000	Republican	Kansas	Y
Young, Todd (R-IN)	\$5,000	Republican	Indiana	Y
Senate				
Ayotte, Kelly A. (R-NH)	\$10,000	Republican	New Hampshire	Y
Blunt, Roy (R-MO)	\$10,000	Republican	Missouri	Y
Brown, Scott P. (R-MA)	\$5,000	Republican	Massachusetts	Y
Coats, Daniel R. (R-IN)	\$10,000	Republican	Indiana	Y
Hoeven, John (R-ND)	\$10,000	Republican	North Dakota	Y
Johnson, Ron (R-WI)	\$10,000	Republican	Wisconsin	Y
Kirk, Mark (R-IL)	\$15,000	Republican	Illinois	Y
Moran, Jerry (R-KS)	\$10,000	Republican	Kansas	Y
Paul, Rand (R-KY)	\$5,000	Republican	Kentucky	Y
Portman, Rob (R-OH)	\$10,000	Republican	Ohio	Y
Rubio, Marco (R-FL)	\$10,000	Republican	Florida	Y
Toomey, Pat (R-PA)	\$10,000	Republican	Pennsylvania	Y

Source: Center for Responsive Politics.

Bankrolling state politicians

The Koch brothers spread their largesse at the state level too. Data from the National Institute for Money in State Politics show that from 2003 to 2010, the Koch brothers, as well as their companies, employees, and affiliates, have donated \$5.2 million to state candidates and ballot measures in 34 states. \$3.4 million of those donations, or 65 percent, went to Republican candidates. Another \$1 million, or 20 percent, went to one ballot initiative: the effort to overturn California's clean energy law, AB 32.

The Koch brothers also donated \$1.2 million to elect governors last year, including \$1 million to the Republican Governors Association. Like new members of Congress, direct Koch donations helped elect or re-elect mostly right-wing governors (see table).

As the tables show, the Koch brothers predominantly support right-wing governors. Since taking office, these governors have been shifting the tax burden from the super rich to the middle class. For instance, not only did Wisconsin Gov. Scott Walker wage an intense fight with public-sector unions to take away their collective bargaining rights but he also proposed to raise taxes on seniors and lower-income families while cutting taxes for corporations. Or take Ohio Gov. John Kasich, who has proposed cuts to education and nursing homes while at the same time proposing to eliminate the estate tax, a tax that falls only on the superwealthy.

The Koch brothers' statehouse empire

A list of the 34 states in which the Koch brothers, their companies, and their employees made political contributions between 2003 and 2010

State	Koch Industries' contributions from 2003 to 2010
<u>Alabama</u>	\$43,500
<u>Alaska</u>	\$38,613
<u>Arizona</u>	\$5,000
<u>Arkansas</u>	\$60,500
<u>California</u>	\$1,149,500
<u>Delaware</u>	\$1,800
<u>Florida</u>	\$249,195
<u>Georgia</u>	\$500,355
<u>Idaho</u>	\$500
<u>Illinois</u>	\$11,000
<u>Indiana</u>	\$2,500
<u>Iowa</u>	\$131,150
<u>Kansas</u>	\$478,270
<u>Kentucky</u>	\$3,500
<u>Louisiana</u>	\$218,291
<u>Maine</u>	\$11,100
<u>Michigan</u>	\$1,500
<u>Minnesota</u>	\$98,160
<u>Mississippi</u>	\$163,600
<u>Missouri</u>	\$2,375
<u>Nebraska</u>	\$5,000
<u>Nevada</u>	\$6,000
<u>New Mexico</u>	\$26,500
<u>New York</u>	\$274,700
<u>North Carolina</u>	\$19,000
<u>Ohio</u>	\$56,050
<u>Oklahoma</u>	\$197,375
<u>Oregon</u>	\$141,863
<u>Pennsylvania</u>	\$39,000
<u>South Carolina</u>	\$20,700
<u>Texas</u>	\$740,570
<u>Virginia</u>	\$273,402
<u>Washington</u>	\$94,050
<u>Wisconsin</u>	\$160,185
Total	\$5,224,803

Source: "KOCH INDUSTRIES Overview Map," available at <http://www.followthemoney.org/database/natnoteview.phtml?u=1457&y=0&ince=1&incs=1>.

The Koch brothers and governors' mansions

A list of the governors who the Koch brothers, their businesses, and their employees contributed to in the last gubernatorial elections



Gov. Rick Perry (R-TX) received \$76,000 from the Koch network.



Gov. Mary Fallin* (R-OK) received \$5,000 from the Koch network.



Gov. Andrew Cuomo* (D-NY) received \$87,000** from the Koch network.



Gov. Terry Branstad* (R-IA) received \$5,000 from the Koch network.



Gov. Scott Walker* (R-WI) received \$43,000 from the Koch network.



Gov. Tom Corbett* (R-PA) received \$5,000 from the Koch network.



Gov. John Kasich* (R-OH) received \$22,000 from the Koch network.



Gov. Mike Beebe (D-AR) received \$4,000 from the Koch network.



Gov. Sam Brownback* (R-KS) received \$20,000 from the Koch network.



Gov. C.L. "Butch" Otter (R-ID) received \$500 from the Koch network.



Gov. Nathan Deal* (R-GA) received \$15,600 from the Koch network.



Gov. Mark Dayton* (D-MN) received \$250 from the Koch network.



Gov. Susana Martinez* (R-NM) received \$10,000 from the Koch network.

*Newly elected

** According to the New York State Board of Elections

Source: National Institute for Money in State Politics.

Adding it all up

In the previous sections of our paper, we've detailed the Koch brothers' vast business interests, their extensive funding of right-wing think tanks and political action committees to support the business needs of their empire and their ideological agenda, and their donations to specific politicians at the federal and state level in support of those same business and ideological needs. The Koch brothers insist that all of this political activity is related to their own individual political philosophy but a case can be made that the business and political interests of the Koch brothers are one and the same. How the two are inexorably intertwined is the subject of our next section.

The real Koch brothers' philosophy

Their profits over the middle class

The Koch brothers are a common thread financing the right-wing attack machine. They are key players behind the Tea Party movement; the assault on health reform, workers' rights, the Environmental Protection Agency, and Wall Street financial reform; and climate change deniers, to name just a few (see table).

The Koch brothers' political and charitable donations do fund organizations dedicated to their philosophy of limited government and deregulation but it is hard not to notice that this is not purely philosophical. There's no getting around the fact that the Koch ideology also helps the Koch bottom line, often at the expense of middle-class families. A 2004 report by the National Committee for Responsive Philanthropy made this very same point, stating: "These foundations give money to nonprofit organizations that do research and advocacy on issues that impact the profit margin of Koch Industries." Here are some examples of how the Koch brothers use their ideology to put their profit margin over the well-being of middle-class families.

Fighting collective bargaining

The Koch brothers have participated in the fight over collective bargaining taking place across the country. The Koch network donated \$1.2 million to help elect conservative Republican governors last year, including Wisconsin's Scott Walker and Ohio's John Kasich, both of whom are trying to take away collective bargaining rights. During the fight in Wisconsin, Americans for Prosperity ran an ad and orchestrated protests to support Gov. Walker's union busting and orchestrated pro-Walker protests. Americans for Prosperity also started a website urging people to "Stand with Governor Kasich."

Conservatives say these fights are all about balancing state budget, yet Americans for Prosperity-Michigan’s executive director gave a crowd of conservatives a different reason: “what we would like to see is to take the unions out at the knees so they don’t have the resources to fight these battles.” Weak labor unions make it easier for big corporations to enact their agenda. But that agenda often stands in contrast to good-paying jobs for the middle class.

Putting our economic security at the mercy of Wall Street

The Koch brothers’ pursuit of deregulation and limited government helps their bottom line but it can often come at the expense of everyone else. Two examples make this case.

First, the Koch brothers fought efforts to give the Commodity Futures Trading Commission more oversight over speculative trading, whereby companies can artificially inflate prices on things such as oil, during the Wall Street reform debate. One of the Koch companies—Koch Supply & Trading—takes part in oil and derivatives trading. We should point out that oil speculation has reached an all-time high at the same time gas prices continue to skyrocket.

Similarly, Americans for Prosperity supports the House continuing resolution that cuts spending by \$61 billion. Those cuts would reduce the budget for the CFTC by one-third. Make no mistake: Gutting the CFTC or limiting its authority would be a boon to Wall Street businesses that use complex financial instruments. But while the result is more profits for oil companies, it means everyone else pays more at the pump.

Another example of the Koch philosophy hurting middle-class families’ economic security is Social Security reform. Koch-financed groups such as the Cato Institute, Heritage, and Americans for Prosperity advocate for the partial privatization of Social Security. While this would be a boon for Wall Street, it would put retirement security at the mercy of the stock market. We should not forget that from September 2007 to May 2009, American 401(k) and individual retirement accounts lost a total of \$2.7 trillion.

Social Security may not be vital for billionaires but it is a lifeline for millions of Americans that is all that stands between paying their bills or slipping into poverty.

Tax cuts for them, more debt for everyone else

The Koch brothers use their advocacy group Americans for Prosperity to build support for eliminating the estate tax, a tax only the top 0.2 percent of Americans had to pay in 2009. Eliminating this tax would help the brothers, who together have a combined net worth of \$44 billion.

Eliminating the estate tax, however, would increase the federal budget deficit by \$1.3 trillion over 10 years. This revenue loss could force cuts to programs vital to middle-class families and would crimp investments in the long-term growth of our economy through vital education, innovation, and infrastructure programs.

Putting profits over public health

Koch Industries is one of the world's top greenhouse polluters, with a carbon footprint of roughly 300 million tons. Koch Industries refines high-carbon Canadian crude, maintains coal-burning plants, owns one of the largest oil pipeline networks in America, runs lumber mills, produces chemicals, and manufactures fertilizer.

Not surprisingly, the Koch brothers oppose efforts to protect public health by regulating these substances. They opposed efforts to cut harmful carbon emissions. The head of Americans for Prosperity, Tim Phillips, co-authored an op-ed with Rep. Fred Upton (R-MI), the chairman of the House Energy and Commerce Committee, detailing how Congress could stop the Environmental Protection Agency from ensuring a cleaner environment. One of the Koch subsidiaries, Georgia-Pacific, is urging lawmakers not to consider formaldehyde a human carcinogen, as it is a formaldehyde producer.

Koch Industries clearly has an incentive to gut environmental regulatory agencies: Many of their companies pollute and have faced significant fines. Greenpeace reported on some of the environmental violations, fines, and settlements ensnaring Koch Industries. In 2009, for example, Koch Industries' INVISTA unit agreed to pay a \$1.7 million penalty and spend \$500 million to fix environmental violations in seven states. Moreover, in December 2009, a Koch pipeline spilled 210,000 gallons of crude oil in Minnesota. Four years earlier, another Koch pipeline spilled 100,000 gallons of oil. In 2000, Koch Industries agreed to pay \$30 mil-

lion for 300 reported oil spills at Koch pipelines, which caused an estimated 3 million gallons of oil to spill into lakes and streams in six states.

An Environmental Protection Agency study found that concentration levels of carbon and other air pollutants are at unprecedented levels that have negative effects on public health as well as lead to higher levels of drought and harm to our water and food supplies.

Fighting quality health care for everyone

Americans for Prosperity was a key factor in activating opposition against the landmark Affordable Care Act, including pushing the August 2009 town hall meetings, as detailed earlier in our paper. The Koch brothers also have contributed to the National Federation of Independent Businesses Legal Foundation. NFIB is a plaintiff and picking up most of the tab to finance the multistate Florida lawsuit that, if successful, could overturn the law. The two brothers also fund conservative groups such as the Cato Institute, the Heritage Foundation, and the National Center on Policy Analysis, all of which have released reports purporting negative consequences of the new health law.

While they argue the law is about freedom, they want to repeal the law that gives millions of Americans more freedom and control over their health care, extends coverage to 32 million Americans, holds insurance companies accountable, cuts the deficit by more than \$1 trillion over the next two decades, and lowers costs for families.

Putting profits over science

The Koch brothers make their money from an oil-and-gas conglomerate that emits pollutants that contribute to climate change. It should not be surprising, then, that the Koch brothers are also major contributors to organizations denying the effects of climate change. As Greenpeace reported:

Although Koch intentionally stays out of the public eye, it is now playing a quiet but dominant role in a high-profile national policy debate on global warming. Koch Industries has become a financial kingpin of climate science denial and

clean energy opposition. This private, out-of-sight corporation is now a partner to Exxon Mobil, the American Petroleum Institute and other donors that support organizations and front-groups opposing progressive clean energy and climate policy. In fact, Koch has out-spent Exxon Mobil in funding these groups in recent years. From 2005 to 2008, Exxon Mobil spent \$8.9 million while the Koch Industries-controlled foundations contributed \$24.9 million in funding to organizations of the climate denial machine.

In addition to the serious public health risks climate change poses to the country, the Koch brothers' assault on climate-change science hinders our ability to move forward and create the jobs of the future. The Koch brothers fought the American Reinvestment and Recovery Act of 2009 that provided billions in investments to move our country to a green economy and create millions of jobs through high-speed rail and solar and wind energies. In a time of high unemployment, these jobs would greatly help middle-class families searching for work.

Fighting for corporate money in our elections

In addition to donating to executive and legislative leaders, the Koch brothers invest heavily in organizations that promote a conservative judicial philosophy such as the Federalist Society and the Cato Institute. These organizations played a role in promoting corporate money in our elections, drowning out the voices of everyone else. [Think Progress](#) reported:

When the Supreme Court took up the Citizens United case, Koch-funded front groups filed a series of amicus briefs arguing that unlimited corporate money in politics is protected by the First Amendment. For example, the Cato Institute, founded and financed by the Koch brothers, [submitted](#) a brief that called for “unfettered” corporate “speech” and the Institute for Justice, founded and financed by David’s brother Charles, [submitted](#) a brief claiming that campaign finance laws prohibiting unlimited corporate money “trump the First Amendment.” Koch-funded groups [later lobbied](#) aggressively to oppose efforts to provide transparency for the new tidal wave of corporate spending.

While unlimited amounts of corporate money in our elections may be good for the Koch brothers, who control one of the largest private companies in America, it will drown out the voices of millions of Americans. That means politicians and

elected leaders would be bombarded with millions in campaign donations and television advertisements that put the interests of the few over the interests of middle-class families and the rest of the country.

The bottom line: These public policy positions taken by Koch-funded organizations benefit Koch Industries and its two main shareholders, the Koch brothers, often at the expense of the American middle class. How they parlay this network in forthcoming elections will have equally meaningful consequences for the Koch brothers and middle-class families.

What's next?

The Koch brothers have already started preparing for 2012

The significant victories the billionaire Koch brothers chalked up for their ideological and business interests in the 2010 elections is only a precursor of what is to come. The Koch brothers have already pledged to raise \$88 million through their considerable network for policy and political projects for the 2012 election cycle.

We have already seen how crucial Republicans see the Koch brothers for their success next year. Sen. Scott Brown (R-MA) was recently caught on tape thanking David Koch for his support, saying “it meant a ton,” and asking for more support since he is up for reelection in 2012. David Koch also hosted one of the first fundraisers for former Massachusetts Gov. Mitt Romney’s possible 2012 presidential campaign.

Moreover, possible presidential candidates former Minnesota Gov. Tim Pawlenty and former Sen. Rick Santorum have agreed to participate in an Americans for Prosperity Foundation event in New Hampshire in April 2011. Other possible contenders such as Mitt Romney, Mississippi Gov. Haley Barbour, former Alaska Gov. Sarah Palin, former Speaker Newt Gingrich, and former Arkansas Gov. Mike Huckabee may join them as well.

This report is intended to be a guide to help progressives map out the vast network of influence the Koch brothers have built over the last decades. By exposing the Koch brothers’ agenda and shedding light on how they operate, progressives can force a public debate that will show that the Koch brothers are outside the mainstream of most Americans and that they are putting their self-interest and right-wing agenda ahead of middle-class families.

Endnotes

- 1 This is a conservative estimate of Koch giving through their charitable organizations. It does not include grants to universities or hospitals. Not every year since 1995 is reflected. It does not include their direct, personal contributions.
- 2 CSE split into FreedomWorks and Americans for Prosperity Foundation.

About the author

Tony Carrk is policy director of the CAP Action War Room.

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