

# Inquiring Minds topic – 13 January 2017

Adair Heath, Moderator

## Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right by Jane Mayer

Although I highly recommend this book (all 449 pages), I am attaching a review by Bill McKibben in the New York Review of Books as a jumping off place for a discussion about the ramifications of the Republican Party's takeover of most State governments and soon to be all branches of the Federal Government – House, Senate, and in a few days the Presidency and soon thereafter the Supreme Court.

### **Possible discussion points might be:**

1. What happened while the Democratic Party slept? How did the Democrats let this happen?
2. While the Koch brothers and some of the mainstream Republicans did not support Trump in the election, are they, like Mitt Romney, going to make up and work together?
3. What do these developments portend for our system of government built on a system of checks and balances and the dynamism of two political parties?

# The New York Review of Books

## The Koch Brothers' New Brand

[Bill McKibben](#) - [March 10, 2016 Issue](#)

### [Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right](#)

by Jane Mayer (Doubleday, 449 pp., \$29.95)

In 2011, a blogger impersonating billionaire David Koch got through the switchboard at the Wisconsin State Capitol and was connected to Governor Scott Walker, who took time out from battling with the union protesters besieging Madison to truckle before what he thought was the great man. The recording of their conversation is a hard-to-listen-to blend of obsequiousness and braggadocio; at one point the faux Koch urges Walker to “bring a baseball bat” to negotiations with the state’s lawmakers.

“I have one in my office; you’d be happy with that,” Walker says. “I got a Slugger with my name on it.”

“I tell you what, Scott: once you crush these bastards I’ll fly you out to Cali and really show you a good time,” “Koch” says.

“That would be outstanding,” the governor responds. “Thanks, thanks for all the support and helping us move the cause forward, and we appreciate it. We’re, uh, we’re doing the just and right thing for the right reasons, and it’s all about getting our freedoms back.”

And then he adds, “Thanks a million!”

Walker was understating the case by at least three orders of magnitude. Jane Mayer’s remarkable new book makes it abundantly clear that the Kochs, and the closely connected group of billionaires they’ve helped assemble, have spent thousands of times that much over the past few decades, and that in the process they’ve distorted American politics in devastating ways, impairing the chances that we’ll effectively respond to climate change, reducing voting rights in many states, paralyzing Congress, and radically ratcheting up inequality.

In this election cycle, for instance, the Kochs have publicly stated that they and their compatriots will spend \$889 million, more than either the Republican or Democratic parties spent last time around. According to a recent analysis in *Politico*, their privatized political network is backed by a group of several hundred extremely rich fellow donors who often meet at off-the-record conclaves organized by the Kochs at desert resorts. It has at least 1,200 full-time staffers in 107 offices nationwide, or three and a half times as many as the Republican National Committee. They may be the most important unelected political figures in American history.

As a result, Jane Mayer’s *Dark Money*—a detailed accounting of their rise and rise—is absolutely necessary reading for anyone who wants to make sense of our politics. Lay aside the endless punditry about Donald’s belligerence or Hillary’s ambition; Mayer is telling the epic story of America in our time. It is a triumph of investigative reporting, perhaps not surprising for a journalist who has won most of the awards her profession has to offer. But she had to cut through the secrecy that these men have carefully cultivated, unraveling an endless list of front groups. And she had to do it despite real intimidation; apparently an arm of what some have called “the Kochtopus” hired private investigators to try to dig up dirt on her personal and professional life, a tactic that failed because there wasn’t any. She’s a pro, and she’s given the world a full accounting of what had been a shadowy and largely unseen force.

Mayer begins at the beginning, detailing the origins of the great fortunes—the Kochs, the Scaifes, the Olins, the Bradleys, and others—that became the source of this right-wing network. Many are the Gatsbyesque stories of unhappy plutocrats: Richard Mellon Scaife, raised in an enormous Pennsylvania mansion dubbed Penguin Court because his mother liked the birds and had rookeries built in the shape of igloos where the slabs of ice were

changed daily. By the time he was sent to Deerfield Academy at age fourteen he had a drinking problem severe enough that his parents had to build a new dormitory to ensure his graduation. Even their money couldn't keep him from getting expelled from Yale, so he graduated instead from the University of Pittsburgh, where his dad was chairman of the board, and entered the family business, Gulf Oil.

The origin story of the Koch brothers, however, is like something out of a Robert Ludlum novel, connected to most of the darkest forces of the twentieth century. Their father, Fred Koch, had invented an improved process for refining crude oil into gasoline. The Russians sought his expertise as they set up their own refineries after the Bolshevik Revolution—at first he said he didn't want to work for Communists, but since they were willing to pay in advance he overcame his scruples and helped Stalin meet his first five-year plan by building fifteen refineries and then advising on a hundred more, across the Soviet Union.

Next, he turned to another autocrat with busy expansion plans, Adolf Hitler, traveling frequently to Germany where he “provided the engineering plans and began overseeing the construction of a massive oil refinery owned by a company on the Elbe River in Hamburg.” It turned into a crucial part of the Reich's military might, “one of the few refineries in Germany” that could produce “the high-octane gasoline needed to fuel fighter planes.” And it turned the elder Koch into an admirer of the regime, who as late as 1938 was writing in a letter to a friend that “I am of the opinion that the only sound countries in the world are Germany, Italy, and Japan, simply because they are all working and working hard.” Comparing the scenes he saw in Hamburg to FDR's New Deal, he said it gave him hope that “perhaps this course of idleness, feeding at the public trough, dependence on government, etc., with which we are afflicted is not permanent and can be overcome.”

Fred met his wife at a polo match in 1932, when his “work for Stalin had put him well on his way to becoming exceedingly wealthy.” They built a Gothic-style stone mansion on the outskirts of Wichita, with stables, a kennel for hunting dogs, and the other paraphernalia required for pretend gentry, and in the first eight years of their marriage they had four sons: Frederick, Charles, and a pair of twins, David and William. The first two were raised by a German governess who “enforced a rigid toilet-training regimen requiring the boys to produce morning bowel movements precisely on schedule or be force-fed castor oil and subjected to enemas.” Luckily for the twins, she left for home when they were born, apparently because “she was so overcome with joy when Hitler invaded France she felt she had to go back to the fatherland in order to join the führer in celebration.”

Of those four sons, Charles became the dominant force, and one of the twins—David—his close colleague. Eventually, by Mayer's account, they essentially blackmailed the eldest brother, Frederick, out of his share of the family business by threatening to tell their father that he was gay. Bill, too, later parted ways with his brothers, parlaying his share of the inheritance into a lucrative oil business and then using the proceeds to, among other things, fund opposition to wind energy off Cape Cod. But Charles was always the crucial Koch. His father, despite or because of the original source of his fortune, became a fervent anti-Communist and one of the eleven founding members of the John Birch Society. One of the figures in its orbit, Robert LeFevre, became Charles's original guru, opening a “Freedom School” in Colorado Springs in 1957, where he preached not just the Birchers' anticommunism but also an adamant opposition to America's government.

“Government is a disease masquerading as its own cure,” LeFevre insisted, and by 1966 Charles was a trustee of the school, where he eventually stumbled on the work of Austrians Ludwig von Mises and Friedrich Hayek, and through them the world of more orthodox libertarianism. By the mid-1970s he'd founded the Center for Libertarian Studies in New York, and written a paper “on how the fringe movement could obtain genuine power,” notable among other things for its endorsement of secrecy. “In order to avoid undesirable criticism,” he wrote, “how the organization is controlled and directed should not be widely advertised.” At first he worked through the Libertarian party, persuading David to be its vice-presidential candidate in 1980, apparently because he could self-fund his candidacy, avoiding campaign finance laws, but their poor showing—only one percent of the vote—convinced him they needed to work behind the scenes, supplying the “themes and words for the scripts,” as one colleague put it, for a revolution.

Mayer patiently describes the patient, decades-long creation and deployment of think tanks, such as the Scaife effort to launch the Heritage Foundation or the Koch role in the start of the Cato Institute. She also describes the funding of university research centers that became the intellectual backdrop of this new radical right wing, including for instance the Mercatus Center at George Mason University. She interweaves the political story with the ongoing saga of the various businesses that produced the fortunes on which it was built. Several striking themes emerge.

One is that the various moguls were almost all angry at the government because it insisted on prosecuting their most egregious oversteps. John Olin, for instance, who would fund an unprecedented effort to push his libertarian philosophy on campuses across America, was constantly embroiled in defending egregious pollution at his chemical plants across America. The company was pouring mercury into the Niagara River, and turning a Virginia town so toxic that it became one of the first names on the EPA's "Superfund" list of especially dirty sites.

The Kochs were no pikers either. Charles constantly disparaged government regulations as "socialistic," perhaps because they were costing him money—not nearly as much money as his polluting plants were making him, but enough to sting. In 2000, for instance, Koch Industries paid what was then the largest fine in history (\$30 million) for violating the Clean Water Act; in 2012, they were listed as the largest producer of toxic waste in the nation. Even the minor players in this saga conformed to this rule. John Menard Jr., for instance, the richest man in Wisconsin and a member of the Koch donor network who helped back Scott Walker, ran a home improvement chain that paid \$1.7 million in fines for illegally disposing of hazardous waste and "in one memorable instance, [Menard's] company reportedly labeled arsenic-tainted mulch as 'ideal for playgrounds.'"

A second, and related, motif involves perhaps the greatest single issue of our time, climate change. "Coal, oil, and gas magnates formed the nucleus of the Koch donor network," Mayer writes. "Guest lists for the [annual donor summits they organized at California desert resorts] read like a Who's Who of America's most successful and most conservative fossil fuel barons." As a result, they had a strong vested interest in making sure that nothing was done about global warming.

Those of us fighting this battle have long known that the Kochs were our adversaries (I make a cameo appearance in an amped-up documentary about them, *Koch Brothers Exposed*, that was released in 2012).<sup>2</sup> But Mayer describes precisely how their network, among other things, poured tens of millions of dollars "into dozens of different organizations fighting climate reform." Increasingly the various moguls hid their contributions through outfits like DonorsTrust, closely linked to the Kochs and focused not on conducting research to disprove climate change (a difficult task in a warming world) but on raising doubts about it wherever and however possible, a tactic borrowed from the tobacco industry (and in fact pursued by some of the very same operatives). She describes, in particular, the scurrilous attack on leading climate scientist Michael Mann, pursued by various groups with deep ties to the Kochs and Scaife.

But Mann held his ground. The really sad story is about Republican Congressman Fred Upton, a moderate who took global warming seriously until, in 2010, he wanted to be chair of the House Energy and Commerce Committee. Then, to appease the Kochs—who had donated to the campaigns of twenty-two of the panel's thirty-one GOP members—he undertook what one political reporter called a "naked belly crawl" into the cave of climate denial, coauthoring an Op-Ed with the head of the Koch's Americans for Prosperity (AFP) and promising to subpoena EPA head Lisa Jackson so frequently that, in Mayer's paraphrase, "she would need her own congressional parking space."

Taken together, these two themes make clear a third, overwhelming point. The Kochs and many of their billionaire colleagues talk at length about their passion for liberty and freedom, acting as if their political activity were disinterested and they were merely following their sense of the common good. But in fact their ideology benefits their businesses at every turn, from the attacks on government regulations to their opposition to a price on carbon to their demand for lower tax rates on the wealthy. Almost all of them have made money off

big government contracts; none of those described in Mayer's book turned down the massive subsidies offered to, say, fossil fuel companies, and the politicians they funded voted to keep those gifts flowing.

Mayer mostly avoids editorializing, concentrating on the revelations she's uncovered with her prodigious reporting. But in the last pages she notes:

It was impossible not to notice that the political policies they embraced benefited their own bottom lines first and foremost. Lowering taxes and rolling back regulations, slashing the welfare state, and obliterating the limits on campaign spending might or might not have helped others, but they most certainly strengthened the hand of extreme donors with extreme wealth.

Sometimes the hypocrisy ran so deep that it almost seemed like an inside joke. In 2009, Americans for Prosperity ran a TV ad attacking environmental laws featuring "a louche-looking young man, plucking away at a plate of canapés." He identified himself as Carlton, the wealthy eco-hypocrite. I inherited my money and attended fancy schools. I own three homes and five cars, but always talk with my rich friends about saving the planet. And I want Congress to spend billions on programs in the name of global warming.

As Mayer points out, it was David Koch, founder of AFP, who had inherited hundreds of millions, gone to Deerfield, owned four homes including an eighteen-room Park Avenue duplex, and drove a Ferrari.

What makes this book more than a study in sociology and history is the effectiveness of these billionaires in dominating our political life. They merged three forms of political spending—campaign dollars, lobbying expenditures, and philanthropy at think tanks, universities, and media properties—into a juggernaut. Mayer highlights the strategic insight of the effort in several ways. She describes, for instance, how various think tanks had worked for years to lay the groundwork for the *Citizens United* and *SpeechNow* decisions, which made it far easier for big donors to influence elections.

Among those leading the fight for the *SpeechNow* decision, which overturned limits on individual contributions to PACs, was the lawyer Bradley Smith, a product of the various institutes and think tanks that this donor network has patiently built. He'd been a scholar at Charles Koch's Institute for Humane Studies, and used the patronage of the Koch-funded Cato Institute to win a post at the head of the Federal Election Commission. After the ruling, Karl Rove, among others, quickly appreciated its meaning, telling a group of wealthy Dallas oilmen that "People call us a vast right-wing conspiracy, but we're really a half-assed right-wing conspiracy. Now it's time to get serious."

Getting serious meant, among other things, funneling completely unprecedented amounts of money into the 2010 midterm elections—\$200 million or more from "Republican-aligned independent groups." All over the country absurd attack ads were going after incumbents—Congressman Bruce Braley of Iowa and Bob Etheridge of North Carolina were each accused of wanting to build a "mosque at Ground Zero." Republicans gained sixty-three seats in the House, putting them firmly in control.

Even more importantly, they gained 675 seats in state houses across the country, giving the GOP control of the redistricting process as the new census was released. This was the careful culmination of a dream called REDMAP, funded by, among others, the North Carolina variety store magnate Art Pope, a kind of junior Koch, and it all but guaranteed that conservatives would dominate American political life at least through the next census in 2020. Mayer describes the endless fundraising for REDMAP, "especially at honeypots like the Koch summit."

Mayer devotes considerable space to demonstrating that the Tea Party emerged in large part from the Koch network—it may have begun more or less spontaneously, but within days the various state chapters were being effectively coordinated by groups like AFP, who quickly introduced new themes like opposition to cap-and-trade legislation into the mix.

In truth, though, the various Koch initiatives seem to do less well the more public and noisy they become. In the

backrooms of Congress their operatives are skillful at getting tax breaks after regulatory concessions, and in low-turnout off-year elections, or in local and state contests, their money is often crucial to winning races where few are paying attention. (One result is that the “bench” of progressive politicians moving up to higher office is thin.) But their initiatives fare badly out in the open. Mitt Romney, after all, was only enunciating the Koch line that stretched back to the patriarch in the 1930s when he explained that 47 percent of Americans would never vote for him because they were freeloaders who “believe that government has a responsibility to care for them, who believe they are entitled to health care, food, to housing, you name it.” It turned out that people didn’t like being called moochers—polls showed within days that 80 percent of the country knew about the remark, and the presidential race was effectively over.

In the current election cycle, both Donald Trump and Bernie Sanders seem to be profiting from public distrust of shadowy big money influencing elections—Trump’s racism has gotten most of the attention, but his message that no one can buy him may be resonating at least as effectively. (Last August he tweeted “I wish good luck to all of the Republican candidates that traveled to California to beg for money etc. from the Koch Brothers. Puppets?”) The brothers’ apparent favorite candidate Scott Walker dropped out after finding virtually no support, and though Ted Cruz has appeared at many Koch functions, Charles Koch signaled in January that he didn’t necessarily support his plans to “carpet-bomb” ISIS. (It would, he pointed out in a genial interview with the *Financial Times*, be difficult to bomb every Muslim nation on earth.) Even before his strong third-place showing in Iowa, there were at least subtle signs that the Kochs and others in their donor networks were beginning to rally around Floridian Marco Rubio as the most electable “establishment” GOP candidate. As for Sanders, if every American were to somehow decide to devote the coming months to reading Mayer’s book, it seems a safe bet his argument about “the millionaires and the billionaires” would find even more adherents.

Perhaps realizing that forty years of heavy spending had failed to make their ideas popular (though often successful nonetheless), the Kochs, Mayer reports, are undergoing a branding makeover, launching a PR campaign designed to appeal to the “middle third” of voters who are neither conservative or liberal. The effort to produce a “positive vision” resulted in, among other things, a “Well-Being Forum” sponsored by the Charles Koch Institute in Washington, where the founder quoted from Martin Luther King Jr. The most substantive part of this image-building has been a drive for criminal justice reform, in partnership with many progressive and minority leaders concerned about mass incarceration who advocate reform of sentencing. But late last fall the coalition began to falter, with many complaining that the Kochs were pushing changes to the criminal code that would make it even harder to prosecute corporate crimes—the very crimes that, as Mayer shows, most of the biggest players in their network have regularly engaged in.

In any event, the lasting contribution of the Kochs to our history will almost certainly be the introduction of truly huge money into the political process, vast funds coming from the tiniest sliver of the population. With each election cycle the resources they’ve assembled have grown, and this year, as I’ve said, they’ve announced plans to spend \$889 million. About \$300 million of that is slated to go directly into campaigns; the rest will pay for get-out-the-vote operations, their voter data project, and the like. “We’ve had money in the past, but this is so far beyond what anyone has thought of it’s mind-boggling,” Fred Wertheimer, the longtime head of Common Cause, told Mayer. “This is unheard of in the history of the country. There has never been anything that approaches this.” Thanks to Mayer, we are, at least, fully warned.