

## Covert Operations(Part II)

Written by shabait Administrator

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The billionaire brothers who are waging a war against Obama.

By Jane Mayer

After the 1980 election, Charles and David Koch receded from the public arena. But they poured more than a hundred million dollars into dozens of seemingly independent organizations. Tax records indicate that in 2008 the three main Koch family foundations gave money to thirty-four political and policy organizations, three of which they founded, and several of which they direct. The Kochs and their company have given additional millions to political campaigns, advocacy groups, and lobbyists. The family's subterranean financial role has fuelled suspicion on the left; Lee Fang, of the liberal blog Think Progress, has called the Kochs "the billionaires behind the hate."

Only the Kochs know precisely how much they have spent on politics. Public tax records show that between 1998 and 2008 the Charles G. Koch Charitable Foundation spent more than forty-eight million dollars. The Claude R. Lambe Charitable Foundation, which is controlled by Charles Koch and his wife, along with two company employees and an accountant, spent more than twenty-eight million. The David H. Koch Charitable Foundation spent more than a hundred and twenty million. Meanwhile, since 1998 Koch Industries has spent more than fifty million dollars on lobbying. Separately, the company's political-action committee, KochPAC, has donated some eight million dollars to political campaigns, more than eighty per cent of it to Republicans. So far in 2010, Koch Industries leads all other energy companies in political contributions, as it has since 2006. In addition, during the past dozen years the Kochs and other family members have personally spent more than two million dollars on political contributions. In the second quarter of 2010, David Koch was the biggest individual contributor to the Republican Governors Association, with a million-dollar donation. Other gifts by the Kochs may be untraceable; federal tax law permits anonymous personal donations to politically active nonprofit groups.

In recent decades, members of several industrial dynasties have spent parts of their fortunes on a conservative agenda. In the nineteen-eighties, the Olin family, which owns a chemicals-and-manufacturing conglomerate, became known for funding right-leaning thinking in academia, particularly in law schools. And during the nineties Richard Mellon Scaife, a descendant of Andrew Mellon, spent millions attempting to discredit President Bill Clinton. Ari Rabin-Havt, a vice-president at the Democratic-leaning Web site Media Matters, said that the

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Kochs' effort is unusual, in its marshalling of corporate and personal funds: "Their role, in terms of financial commitments, is staggering."

Of course, Democrats give money, too. Their most prominent donor, the financier George Soros, runs a foundation, the Open Society Institute, which has spent as much as a hundred million dollars a year in America. Soros has also made generous private contributions to various Democratic campaigns, including Obama's. But Michael Vachon, his spokesman, argued that Soros's giving is transparent, and that "none of his contributions are in the service of his own economic interests." The Kochs have given millions of dollars to nonprofit groups that criticize environmental regulation and support lower taxes for industry. Gus di Zerega, the former friend, suggested that the Kochs' youthful idealism about libertarianism had largely devolved into a rationale for corporate self-interest. He said of Charles, "Perhaps he has confused making money with freedom."

Some critics have suggested that the Kochs' approach has subverted the purpose of tax-exempt giving. By law, charitable foundations must conduct exclusively nonpartisan activities that promote the public welfare. A 2004 report by the National Committee for Responsive Philanthropy, a watchdog group, described the Kochs' foundations as being self-serving, concluding, "These foundations give money to nonprofit organizations that do research and advocacy on issues that impact the profit margin of Koch Industries."

The Kochs have gone well beyond their immediate self-interest, however, funding organizations that aim to push the country in a libertarian direction. Among the institutions that they have subsidized are the Institute for Justice, which files lawsuits opposing state and federal regulations; the Institute for Humane Studies, which underwrites libertarian academics; and the Bill of Rights Institute, which promotes a conservative slant on the Constitution. Many of the organizations funded by the Kochs employ specialists who write position papers that are subsequently quoted by politicians and pundits. David Koch has acknowledged that the family exerts tight ideological control. "If we're going to give a lot of money, we'll make darn sure they spend it in a way that goes along with our intent," he told Doherty. "And if they make a wrong turn and start doing things we don't agree with, we withdraw funding."

The Kochs' subsidization of a pro-corporate movement fulfills, in many ways, the vision laid out in a secret 1971 memo that Lewis Powell, then a Virginia attorney, wrote two months before he was nominated to the Supreme Court. The antiwar movement had turned its anger on defense contractors, such as Dow Chemical, and Ralph Nader was leading a public-interest crusade against corporations. Powell, writing a report for the U.S. Chamber of Commerce, urged American companies to fight back. The greatest threat to free enterprise, he warned, was not Communism or the New Left but, rather, "respectable elements of society"—intellectuals, journalists, and scientists. To defeat them, he wrote, business leaders needed to wage a long-term, unified campaign to change public opinion.

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Charles Koch seems to have approached both business and politics with the deliberation of an engineer. "To bring about social change," he told Doherty, requires "a strategy" that is "vertically and horizontally integrated," spanning "from idea creation to policy development to education to grassroots organizations to lobbying to litigation to political action." The project, he admitted, was extremely ambitious. "We have a radical philosophy," he said.

In 1977, the Kochs provided the funds to launch the nation's first libertarian think tank, the Cato Institute. According to the Center for Public Integrity, between 1986 and 1993 the Koch family gave eleven million dollars to the institute. Today, Cato has more than a hundred full-time employees, and its experts and policy papers are widely quoted and respected by the mainstream media. It describes itself as nonpartisan, and its scholars have at times been critical of both parties. But it has consistently pushed for corporate tax cuts, reductions in social services, and laissez-faire environmental policies.

When President Obama, in a 2008 speech, described the science on global warming as "beyond dispute," the Cato Institute took out a full-page ad in the Times to contradict him. Cato's resident scholars have relentlessly criticized political attempts to stop global warming as expensive, ineffective, and unnecessary. Ed Crane, the Cato Institute's founder and president, told me that "global-warming theories give the government more control of the economy."

Cato scholars have been particularly energetic in promoting the Climate gate scandal. Last year, private e-mails of climate scientists at the University of East Anglia, in England, were mysteriously leaked, and their exchanges appeared to suggest a willingness to falsify data in order to buttress the idea that global warming is real. In the two weeks after the e-mails went public, one Cato scholar gave more than twenty media interviews trumpeting the alleged scandal. But five independent inquiries have since exonerated the researchers, and nothing was found in their e-mails or data to discredit the scientific consensus on global warming. Nevertheless, the controversy succeeded in spreading skepticism about climate change. Even though the National Oceanic and Atmospheric Administration recently issued a report concluding that the evidence for global warming is unequivocal, more Americans are convinced than at any time since 1997 that scientists have exaggerated the seriousness of global warming. The Kochs promote this statistic on their company's Web site but do not mention the role that their funding has played in fostering such doubt.