Democracy, clean air and clean water do not go better with Koch

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Koch Industries is one of the largest privately owned companies in the world. The conglomerate’s businesses include oil refineries, nitrogen fertilizer, microchips, paper products, fibers, building materials, greeting cards and derivatives trading. Annual revenues are larger than Facebook, Goldman Sachs and U.S. Steel combined. Charles and the recently deceased David Koch (pronounced Coke), who own 80% of Koch Industries, are worth about $120 billion.

The Koch brothers are best known, of course, for creating and funding a constellation of think tanks, university-based programs, a political proxy group (Americans for Prosperity) and lobbyists to protect and promote their interests and their philosophy of unfettered free market capitalism.

In “Kochland: The Secret History of Koch Industries and Corporate Power in America,” business reporter Christopher Leonard draws on dozens of interviews with current and former employees of Koch Industries, politicians, regulators, bankers and competitors, and internal company documents, legal transcripts and government records to provide an extraordinarily detailed, illuminating and, at times, terrifying account of the massive impact of a corporate industrial giant on American society.

“Kochland” is not without flaws. A skilled copy editor should have corrected Mr. Leonard’s grammatical mistakes and shaved the manuscript by at least 100 pages. And, at times, Mr. Leonard seems to accept at face value the claims of people he interviewed.

That said, “Kochland’s” examination of the culture, norms and practices of Koch Industries is a tour de force of investigative journalism. Mr. Leonard acknowledges that Charles Koch, chairman and CEO, is a brilliant businessman, willing to subordinate quarterly profits and revenue targets to a long view, with a management philosophy grounded in a reverence for free-market capitalism.

Most of the book, however, reveals the price our country has paid for the concentration of economic power in the hands of men like Charles Koch. Mr. Leonard documents how the company made millions in the 1980s by underreporting the amount of oil its gaugers removed from Indian reservations in Oklahoma.

He tells the story of Heather Faragher, a wastewater engineer at Koch Industries’ Pine Bend refinery, who tried to stop the company from violating limits on hazardous waste and water pollution. As she “saw firsthand how toxic a
workplace could become when everyone spoke the same language and thought the same way,” Ms. Faragher challenged the culture from inside, took her concerns to the Minnesota Pollution Control Agency, was shunned by management, negotiated a severance package, and never found another job in Minnesota, where she had hoped to raise her infant daughter.

Mr. Leonard reads into the record other incidents of lawbreaking (including illegal sales of electricity by Koch traders in collaboration with their counterparts at Enron), all of them caused by “a bias toward maximizing profits and by a general disdain for government.” He chronicles the decline of the once powerful Inland Boatman’s Union, whose leaders found they no longer had any leverage in contract negotiations with Koch’s lawyers. And Mr. Leonard provides statistical evidence of the dramatic increase in injuries (and its close correlation with a speedup in production) at Georgia-Pacific, a wood and paper products company acquired by Koch in 2003.

“Kochland” also includes an in-depth analysis of the company’s outsized influence on government legislation. To defeat the Waxman-Markey cap and trade bill, designed to limit carbon emissions, Mr. Leonard reveals, Koch lobbyists put pressure on moderate Republicans in the U.S. House and Senate by packing town hall meetings with angry constituents, who had been coached to shout that global warming was “a hoax.”

Five years after the bill died in the Senate, carbon dioxide levels in the atmosphere hovered around 400 parts per million, well above the levels needed to avoid destructive impacts on the environment. These days, Koch works closely with EPA staff to roll back regulations on greenhouse gases.

To defeat President Barack Obama’s Affordable Care Act, lobbyists coached town hall protestors to exclaim that the legislation allowed the federal government to plant microchips in the bodies of patients to allow officials to monitor the population. Although the ACA passed, Koch lobbyists continue their efforts in state legislatures, Congress and the courts to gut it.

Charles Koch, Mr. Leonard emphasizes, continues his battle to ensure that American society reflects his values. “Kochland,” however, makes a compelling case that, in contrast to the iconic ad for a carbonated beverage, things do not go better with Koch.

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