

GEORGIA-PACIFIC DEAL: THE BUYER

Koch knows its way around Washington

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Washington - When Koch Industries needed a lobbyist last year, the oil and gas giant hired away President Bush's deputy director of political affairs.

"I'm excited to join the Koch team," Matt Schlapp said when he left the White House to become the executive director of federal government affairs for the privately owned conglomerate.

Koch - pronounced "Coke" - knows how Washington works.

"They have a very specific legislative agenda. They're concerned about environmental issues, tax policy, energy policy," said Larry Noble, executive director of the Center for Responsive Politics, a nonpartisan group that monitors campaign financing. "They want to make sure they have a place at the table when these matters are discussed by Congress and the administration."

Through individual, corporate and political action committee contributions, the Koch family has already given \$229,000 to federal candidates and political parties thus far in the 2006 election cycle, with 94 percent going to Republicans, Noble said. That makes them the leading political contributor in the oil and gas industry.

In the 2004 election cycle, the Koch family gave \$845,000, with 84 percent going to Republicans, he said, putting them second behind ExxonMobil Corp. in the oil and gas industry.

This week, Kansas-based Koch announced it is buying paper products giant Georgia-Pacific Corp. for \$21 billion, which will make it the nation's largest private company in terms of revenue.

The firm is also a powerful player in national politics - but, as in business, it wheels and deals in relative obscurity.

"Koch Industries could be the biggest oil company you have never heard of - unless, that is, you hang around the halls of Congress," investigator Bob Williams wrote in a report for the Center for Public Integrity.

As in commerce, Koch "prefers to operate in private when it comes to politics and government," according to the report for the private, nonpartisan government watchdog organization.

The Koch brothers, David and Charles, own virtually all of Koch Industries and share a libertarian ideology. They contribute both to organizations and members of Congress. Both brothers have contributed \$25,000 to the Republican National Committee this year, for instance.

However, while mostly supporting Republicans, Koch sometimes gives to fiscally conservative Democrats. For instance, Kochpac, the political action committee for Koch Industries, gave \$5,000 to the Blue Dog Political Action Committee, which supports the Blue Dog Democrats, a group of moderate, mostly Southern, House members. U.S. Reps. Sanford Bishop and John Barrow of Georgia are among the Blue Dog Democrats.

David Koch also contributed \$2,000 to the 2004 campaign for Sen. Johnny Isakson (R-Ga.), and Kochpac gave \$1,000 to the campaigns of Georgia Republican Reps. Jack Kingston and Nathan Deal.

Charles and David Koch are following in the ideological footsteps of their father, Fred, an independent oil field innovator and early member of the conservative John Birch Society.

Charles Koch helped found the Cato Institute, and David Koch helped start Citizens for a Sound Economy, research and policy centers that continue to receive their support.

The Cato Institute is considered the capital's leading voice of libertarianism, and David Koch was the Libertarian Party's candidate for vice president in 1980.

"My overall concept," he told the National Journal, "is to minimize the role of government and to maximize the role of private economy and to maximize personal freedoms."

Cato's stated purpose is "to broaden the parameters of public policy debate to allow consideration of the traditional American principles of limited government, individual liberty, free markets and peace."

Citizens for a Sound economy says it "fights to preserve and restore America's liberty by promoting lower taxes, a limited government, and greater economic freedom."

According to the report by the Center for Public Integrity, "Koch's chief political influence tool is a web of interconnected, right-wing think tanks and advocacy groups funded by foundations controlled and supported by the two Koch brothers."

The Koch family channels support for various groups through three foundations - the Charles G. Koch Foundation, the David H. Koch Charitable Foundation and the Claude R. Lambe Charitable Foundation.

"We've studied their charitable giving," said Jeff Krehely, deputy director of the National Committee for Responsive Philanthropy. "A large part of their philanthropy is in their self-interest."

For instance, the Koch foundations give to groups that research and advocate "anti-environmental regulations" that could help their business, he said.

The causes are not necessarily Republican, however. The Cato Institute did not support the U.S. invasion of Iraq nor the Patriot Act, for instance.

The Charles G. Koch Charitable Foundation says its missions are to support "research and education into free societies, in particular how they advance the well-being of mankind" and to "develop market-based tools that enable individuals, institutions and societies to survive and prosper."

Koch's influence has also been cited in the "revolving door" between government and industry. For instance, a former Koch in-house lobbyist, Elizabeth Stolpe, is now an associate director of the White House Council on Environmental Quality, according to the report, titled "Koch's Low Profile Belies Political Power."

Another former Koch executive, Alex Beehler, works in the Pentagon as the assistant deputy undersecretary of defense for environment, safety and occupational health.

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