

## **The Biggest Company You Never Heard Of**

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OAKLAND, California, Jan 4 (IPS) - In a move that does not auger well for the environment, the Wichita, Kansas-based Koch Industries recently finalised its 21-billion-dollar buyout of forest products producer Georgia Pacific Corporation, making Koch the United States' largest privately held company.

Georgia-Pacific, one of the world's leading manufacturers and marketers of tissue, packaging, paper, building products and related chemicals, will keep its name and continue to operate from its Atlanta headquarters as a privately held, indirect wholly-owned subsidiary of Koch Industries.

Koch Industries is controlled by the Koch boys of Kansas. They are smart, incredibly wealthy, and politically savvy and well-connected, having spent years funding their libertarian and free-market agenda through millions of dollars in contributions to far right causes, candidates and organisations in the U.S.

One of the most remarkable aspects of the Koch story is how little the general public knows about either the brothers or the company itself.

"Koch is a huge company -- bigger than Microsoft -- but few people have heard of it," Bob Williams, a project manager at the Centre for Public Integrity (CPI), and the co-author of a report entitled "Koch's Low Profile Belies Political Power: Private Oil Company Does Both Business and Politics With the Shades Drawn," pointed out shortly after the Georgia-Pacific deal was announced. "Despite its size and political largesse, Koch is able to dodge the limelight because it is privately-held, meaning that nearly all of its business dealings are known primarily only by the company and the Internal Revenue Service," wrote Williams and Kevin Bogardus, co-author of the CPI report.

Koch Industries, Inc. owns a diverse group of companies that are engaged in trading, operations and investments worldwide. It has a presence in 50 countries in such industries as petroleum, chemicals, energy, fibres, resins, fertilisers, pulp and paper, ranching, securities and finance.

The Koch brothers "are ideologues who are now in a position to permit Georgia-Pacific to further rape and pillage the public's lands", said Scott Silver, the executive director of Wild Wilderness, an Oregon-based environmental group.

"The think tanks they support promote the free-market ideal when it serves their interests to do so, but in reality, they are firmly committed to enriching private interests at an enormous direct cost to the American taxpayer."

According to "Axis of Ideology", a 2004 report by the National Committee on Responsive Philanthropy, Charles and David Koch have "a combined net worth of approximately four billion dollars, placing them among the top 50 wealthiest individuals in the country and among the top 100 wealthiest individuals in the world in 2003, according to Forbes."

The Koch (pronounced "coke") brothers, Charles, David, William and Frederick are sons of Kansas. Thirty-eight years ago, Charles took over the company from his father, founder Fred Koch. According to a recent piece in Business Week, Charles, 70, and David, 65, now "own the bulk of the company after elbowing out their other brothers... in 1983", buying out William and Frederick for 470 million dollars and 320 million dollars, respectively.

In 1940, Fred Koch founded the company as an oil refiner. A graduate of MIT, he was an original member of the anticommunist ultra-conservative John Birch Society, founded in 1958. The sons did not fall far from the tree: Both Charles and David graduated from MIT and have been deeply involved in right-wing politics.

Between 1999 and 2001, they gave more than 20 million dollars to a host of conservative organisations, "most of their contributions go[ing] to support organisations and groups advancing libertarian theory, privatisation, entrepreneurship and free enterprise", "Axis of

Ideology" pointed out.

Charles Koch co-founded the Cato Institute in 1977, while David helped launch Citizens for a Sound Economy [now FreedomWorks] in 1986. Over the years, they have given more than 12 million dollars to each, according to the NCRP report. George Mason University is also a well-funded recipient of Koch largesse, receiving more than 23 million dollars from the family's foundations between 1985 and 2002.

The company "has spent nearly four million dollars on direct lobbying on more than 50 pieces of legislation before Congress, helping shape the debate on everything from limiting class action lawsuits to repealing the estate tax", William and Bogardus pointed out.

During the late 1980s and early 1990s, Congress investigated Koch Industries over allegations that they had stolen over 30 million dollars worth of oil from Indian tribes in Oklahoma.

In January 2000, the Environmental Protection Agency leveled "the largest civil fine ever imposed on a company under any federal environmental law to resolve claims related to more than 300 oil spills from its pipelines and oil facilities in six states", according to a Justice Department press release. The fine was severely reduced after George W. Bush became president and appointed John Ashcroft as his attorney-general.

"Amongst the most important, visible and powerful proponents of public lands privatisation are the Cato Institute, the Property and Environment Research Centre (formerly known as Political Economy Research Centre) and the Reason Institute," said Scott Silver. "And Koch funds have played a major role in the operation of each of these organisations."

Over the past several decades, "their money created an extensive infrastructure of libertarian and free-market think tanks from which President Bush has drawn to staff the highest rungs of the land management agencies", Silver noted.

The acquisition of Georgia-Pacific, which "does extensive logging on public lands" and "is a heavily subsidised form of corporate welfare", could accelerate the trend toward the

privatisation of national forests, Silver argued.

"Logging companies such as Georgia-Pacific strip lands bare, destroy vast acreages and pay only a small fee to the federal government in proportion to what they take from the public. They do not operate in the free market when they log public forests."

Koch has a history of polluting the environment. In the 1990s, Koch's defective pipelines were the cause of more than 300 oil spills in five states. In Minnesota, the company was fined eight million dollars for discharging oil into streams.

In the months leading up to the 2000 presidential elections, the company faced a 97-count federal indictment charging it with concealing illegal releases of 91 metric tonnes of benzene, a known carcinogen, from its refinery in Corpus Christi, Texas.

After Bush took office in 2001, 88 counts were dropped. Two days before the trial, then-Attorney General Ashcroft agreed to a plea bargain. Koch pled guilty to falsifying documents, all major charges were dropped and the company settled the lawsuit for a small part of the possible 350 million dollars in fines.

The acquisition of Georgia Pacific "completes the circle", Wild Wilderness' Scott Silver pointed out. "The ideologues that are running the land management agencies are the product of the think tanks created by, and funded by, the Koch family."

Bill Berkowitz is a longtime observer of the conservative movement. His WorkingForChange column "Conservative Watch" documents the strategies, players, institutions, victories and defeats of the U.S. Right.

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