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Citizen Koch Goes to Tampa

Meet the left's public enemy number one.

BY MICHAEL BARONE

Not even the most experienced reporter is likely to recognize him as he takes his seat in the New York delegation or struggles to make his way through the jostling crowds on the floor of the Republican National Convention this week in Tampa. David Koch (the name is pronounced like the soft drink) is likely to stand out only because he's taller (6′5″) than most people. But he's become a key figure in liberal Democrats' demonology, as one of the two Koch brothers, David and Charles, who are supposedly using their vast wealth to make Republican politicians jump like marionettes. Earlier this month, for example, Americans for Prosperity, which the brothers founded many years ago, launched a $25 million advertising campaign against Barack Obama.

David Koch

But most of that money comes from other sources, and David Koch, interviewed in his Manhattan corner office, becomes more animated when the talk turns to things other than politics. Like membrane filtration. Or cancer research. Or a new façade for the Metropolitan Museum of Art. On Koch's list of things he spends time on, business and family come first, he says, followed by philanthropy ranging from medical research to the American Ballet Theatre to the dinosaur exhibit at the American Museum of Natural History. "I grew up falling in love with dinosaurs," he says. Politics comes in somewhere around fifth.

Business, of course, means Koch Industries, of which Manhattan-based David, 72, is executive vice president and his older brother Charles, 76, operating out of headquarters in Wichita, Kansas, is chairman and CEO. Their father, Fred Koch, majored in chemical engineering at MIT in the 1920s and invented a superior method for converting heavy oil to lighter elements. Oil refineries were the original Koch Industries business; after Fred's death in 1967, Charles and David, both also chemical engineering majors at MIT, expanded the business to oil pipelines, fertilizer, financial trading, artificial fibers, and lumber. *Forbes* says Koch Industries is the nation's second-largest privately held firm (behind Cargill Inc., which offers agricultural, financial, and industrial products and services), with annual revenues over $100 billion. David says it is "very profitable." *Forbes* pegs David's and Charles's net worth at $25 billion each. Bloomberg estimates that each is worth $36.4 billion.

The Koch brothers' wealth thus seems not to come from reaping the profits of a longstanding monopoly but owes much to technological advances. Most of the businesses they are in are highly competitive and subject to disruption by technological innovation. Take membrane filtration, about which David Koch speaks with boyish enthusiasm. It means purifying liquids with films or filters. "It's a $2 billion a year business," Koch says. "We have the best technology of any membrane company, competitive with Siemens and General Electric, based on research in Boston, started by professors at MIT." Koch says he subscribes to "all the technical magazines" and reads them, searching for new ideas that have "the biggest potential" for profit. Koch lights up when he talks about how membrane filtration means "we can purify water, take the salt out, purify human sewage." He's upbeat about the potential for saving lives and advancing public health—and about the profit potential in huge markets like India and China.

Koch says he takes a similar approach to cancer research. In 1992 he was diagnosed with prostate cancer, and he has had radiation treatment, surgery, hormone treatment, and most recently oral treatment in a clinical trial. He has donated $40 million for cancer research to Memorial Sloan-Kettering, $30 million to the M.D. Anderson Cancer Center, $35 million to Johns Hopkins, and $120 million to create the David H. Koch Institute for Integrative Cancer Research at MIT. The idea is to generate cooperation between engineers and biological scientists, with life scientists defining problems and engineers trying to find solutions, such as using nanoparticles

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to target chemical toxins directly at cancer cells. MIT researchers say Koch has stayed closely involved with their research, and is willing to invest in commercial offshoots.

Koch grins as he describes his cancer research philanthropy, never more than when he shows a picture of the "brilliantly well-designed" building housing his institute at MIT. If he seems to have a zest for engineering problems, he also has an aesthetic impulse. He's proud of having hired David Childs—whom he remembers as "a quiet guy" a year behind him at Deerfield Academy and now considers "America's greatest architect"—to design buildings he has funded. He describes with gusto how he convinced his fellow members of the Metropolitan board that the venerable museum needed a friendlier façade, with fountains flanking the entrance and spectacular lighting—and how he agreed to pay for it all himself.

This is not the milieu in which the Koch brothers grew up. Fred Koch raised his sons on a farm near Wichita, with horses, cows, and pigs. "When I got to be 10 he put me to work," David recalls. He worked summers as a field hand there or, during one memorably hot summer, near Durant, Oklahoma. From public school in Kansas he was sent to Deerfield in Massachusetts; though he was "unmercifully teased" as a hayseed, he has since made the largest gift ever to the elite boarding school (upwards of $50 million for an 80,000-square-foot facility for the study of science, math, and technology). At MIT, he found that the veneer of prep school sophistication gets you only so far when you major in chemical engineering. After college he worked in Cambridge and New York designing petrochemical plants and lived on an annual salary of $8,000. He joined Koch Industries in 1970, after his father's death, but stayed in New York, while Charles ran the firm in Kansas.

It was Charles, he recalls, who prompted him to seek the Libertarian party nomination for vice president in 1980. Their father had worked in the Soviet Union in the late 1920s, selling his refining process, and had come to detest the Communist regime and to fear it would take over Europe and the United States. David and Charles shared his support of free enterprise and opposition to big government (though not his support of the radical John Birch Society). Koch admits that he was nominated for VP because candidates could spend unlimited amounts—"we spent $3 million, I put in $2 million"—and notes that he campaigned for 14 months in 27 states. But the Libertarian ticket got only 1 percent of the popular vote, and later in the 1980s, when he posed for a photo with George H.W. Bush, Bush was surprised to learn that Koch had run against him for vice president.

"The Libertarian party got a little too radical for us," Koch says. Instead, he and Charles started creating and funding institutions to further their ideas. These include the Cato Institute, where they recently settled a dispute over control with longtime president Edward Crane, and Citizens for a Sound Economy, later renamed Americans for Prosperity. This was the beginning of "the Kochtopus," a term David uses himself, and of the twice-a-year Koch Brothers conferences, where attendees hear progress reports on their attempts to promote their ideas through political activity, public advocacy, think tanks, and academic programs. The conferences have grown from a dozen people a decade ago to "an amazing number of people" who want to attend now. But "you'll never find a senior executive of a publicly held company. They're afraid the government is going to punish them" if they go.

The Kochs don't reveal how much money they give to these organizations, but David insists that Americans for Prosperity and its 34 state chapters have involved some 2 million activists, many of them driven by Tea Party-type opposition to the big government policies of the Obama administration. AFP says it has 90,000 contributors, and Koch says the amount he and his brother contribute is "very small, around 10 percent." This is in line with my own observation, having spoken to two AFP chapters and at two Koch Brothers conferences, that institutions the Kochs gave birth to and incubated have attracted mass followings. The brothers have also attracted mass opposition, from liberal commentators and politicians and from the president of the United States. "It does not feel good," Koch says. "He has the ability to influence bad people to go after the people he attacks." There have been multiple death threats, and Koch and his family have security guards. When he held a fundraiser for Mitt Romney at his Southampton beachfront house, Occupy movement people came up from the beach and did "all the vulgar things."

He sounds offended, but the sunny mood soon returns. David Koch did not marry until he was 56. He and his wife Julia, now 50, have three children aged 6 to 14. He has been battling cancer successfully for 20 years, but he is also thinking about what he will some day leave behind. "I like to engage where my part makes a difference," he says, speaking of those dinosaur halls. "I have a point of view. When I pass on, I want people to say he did a lot of good things, he made a real difference, he saved a lot of lives in cancer research." Next to that, being a delegate to the Republican National Convention—and getting jostled by the packed crowd on the floor—is not such a big deal. ♦