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UnKoch My Campus Briefing on Jane Mayer's "Dark Money"

[martinkich](#) / [January 27, 2016](#)

BY CONNOR GIBSON

New Yorker reporter Jane Mayer's new book [Dark Money](#) includes details that bolster concerns publicized by [UnKoch My Campus](#), and [students and professors](#) across the United States who have blown the whistle on Charles Koch's cooptation of higher education programs.

[Universities are at the heart of Charles Koch's lobbying model](#), which after four decades of finance has grown into an integrated network of professors, public relations agents, lobbyists, pundits, and politicians. Starting in 2005, Koch foundations started investing in campuses at an exponential pace.

From 2005-2014, Koch spent \$109.7 million on 361 distinct campuses, according to IRS data analyzed by Greenpeace USA.

Charles Koch has long advocated for universities to advance the corporate interest. Universities offer a sense of prestige and trust to Koch's lobbying, serving to influence both current and future policy and regulation efforts. Universities complement Koch's efforts to influence a long-term change in American culture, to increase the ideological appetite for a low-regulation economy where negligent companies like Koch Industries are hard to hold to account.

This report highlights some of Mayer's most significant research on Charles Koch's controlling investments in college and university programs and how it builds upon existing research.

KOCH'S INTENT:

KOCH PHILANTHROPY = WEALTH INHERITANCE TAX DODGING

Jane Mayer discovered that the Koch brothers' sprawling philanthropic operations are a result of arrangements to inherit their father's wealth without being taxed: "To minimize future taxes, Fred Koch took advantage of elaborate estate planning. Among other strategies, he set up a "charitable lead trust" that enabled him to pass on his estate to his sons without inheritance taxes, so long as the sons donated the accruing interest on the principal to charity for twenty years. To maximize their self-interest, in other words, the Koch boys were compelled to be charitable. Tax avoidance was thus the original impetus for the Koch brothers' extraordinary philanthropy. As

David Koch later explained, “So for 20 years, I had to give away all that income, and I sort of got into it” (42).

ALLFORKOCH & KOCHFORALL! IDEOLOGY AND SELF INTEREST

Charles Koch’s interest in education is an extension of his interest in propagating the ideas he was taught as a young man at The Freedom School, an early private retreat for White Libertarians. This ideology has convinced Koch and other wealthy citizens that the public interest equates with their own private interests, period.

To Mr. Koch, advancing his own business opportunities and investments are good, and impact on other people in the process need not be considered (as illustrated by Koch Industries’ history of pollution coverups, unionbusting, and fights against wage and benefit improvements). This simple belief and the obvious paradox posed by Koch’s inheritance of a large company and hundreds of millions of dollars helps to explain how Mr. Koch has justified his [disregard for academic freedom](#) and the role of university faculty in shared governance.

KOCH’S ROAD MAP:

CRUSHING THE COMMIES WITH CAPITALISM

Charles Koch followed the lead of his father, Fred Koch, and corporate lawyer turned Supreme Court Justice Lewis Powell, both of whom believed that communists had secretly taken over the campus (39). Like his father, Fred, Charles Koch was affiliated with the John Birch Society, an organization with an overtly racist history that included resistance to the Civil Rights movement.

Mr. Koch was particularly outspoken. He cited Lewis Powell by name in a [1974 speech](#) he gave as chairman of the Institute for Humane Studies, in which he urged that there be more control on campus: “[W]e have supported the very institutions from which the attack on free markets emanate. Although much of our support has been involuntary through taxes, we have also contributed voluntarily to colleges and universities on the erroneous assumption that this assistance benefits businesses and the free enterprise system, even though these institutions encourage extreme hostility to American business. We should cease financing our own destruction and follow the counsel of David Packard, former Deputy Secretary of Defense, by supporting only those programs, departments or schools that ‘contribute in some way to our individual companies or to the general welfare of our free enterprise system.’”

While Koch was outspoken, he was not immediately active on a large scale. According to Mayer, it was chemical magnate John M. Olin who first began widespread investment in campuses for political purposes. After helping launder money for the U.S. Central Intelligence Agency (104), Olin’s philanthropic foundation used the same methods to inject his ideological preferences into college departments. Olin started with the Ivy League school Cornell University, in reaction to an armed occupation of the school by black student protesters in 1969 (93).

The Olin Foundation’s top operative on the campus strategy, James Piereson, noted that “the foundation needed to ‘penetrate’ the most elite institutions, ‘because they were emulated by other

colleges and universities of lesser stature” (103). James Piereson called this the “Beachhead” strategy. Another top Olin official, William Simon, noted the role of the campus in their broader strategy: “The Olin Foundation’s executive director, William Simon, explained at the time [1978] how longterm funding of the Beachhead schools would pay off later, in the form of better political capital. ‘Ideas are weapons—indeed the only weapons with which other ideas can be fought.’ He argued, ‘Capitalism has no duty to subsidize its enemies.’ Private and corporate foundations, he said, must cease ‘the mindless subsidizing of colleges and universities whose departments of politics, economics and history are hostile to capitalism.’ Instead, they ‘must take pains to funnel desperately needed funds to scholars, social scientists and writers who understand the relationship between political and economic liberty,’ as he put it.” (102, 392).

CHARLES KOCH MOBILIZES

Two years later, Koch began investing in earnest to develop this strategy. At a conference he paid to convene in New York City in 1976, Koch suggested he and his peers “focus on ‘attracting youth’ because ‘this is the only group that is open to a radically different social philosophy” (56).

At the conference, Nazi Germany’s model of campus indoctrination was suggested by one of Koch’s colleagues: “In support of building their own youth movement, another speaker, the libertarian historian Leonard Liggio, cited the success of the Nazi model. In his paper titled “National Socialist Political Strategy: Social Change in a Modern Industrial Society with an Authoritarian Tradition,” Liggio, who was affiliated with the Kochfunded Institute for Humane Studies from 1974 until 1998, described the Nazis’ successful creation of a youth movement as key to their capture of the state. Like the Nazis, he suggested, libertarians should organize university students to create group identity.” (56)

The Institute for Humane Studies later moved to George Mason University, where it remains chaired by Charles Koch. George Mason, the IHS and the Mercatus Center took over \$77.6 million of the \$109.7 million Koch spent on 361 campuses from 2005-2014. The IHS and Mercatus Center both play pivotal roles in Koch’s political network, sparking controversy among academics scrutinizing how the IHS vets its students for ideological obedience: “Sharing a building with the Mercatus Center was the heavily Kochfunded Institute for Humane Studies, chaired by Charles Koch. . . . The aim of the IHS was to cultivate and subsidize a farm team of the next generation’s libertarian scholars. Anxious at one point that the war of ideas was proceeding too slowly, Charles reportedly demanded better metrics with which to monitor students’ political views. To the dismay of some faculty members, applicants’ essays had to be run through computers in order to count the number of times they mentioned the freemarket icons Ayn Rand and Milton Friedman. Students were tested at the beginning and the end of each week for ideological improvement. The institute also housed the Charles G. Koch summer internship program, a paid fellowship placing students who shared the Kochs’ views in like-minded nonprofit groups, where they could join the libertarian network.” (150)

The Charles Koch Foundation even [requires professors to share student contact information](#) with the foundation and Koch’s Institute for Humane Studies in order to qualify for future Koch grants. This sparked [student privacy concerns](#) at the College of Charleston.

KOCH POLICY, INC: UNIVERSITIES > THINK TANKS > POLITICIANS

Jane Mayer notes the three-step plan that the Koch network uses to manufacture policy change.

The “Structure of Social Change” was [drafted](#) by Koch executive Richard Fink. Academia (step 1) serves as the basis for policies created at Kochfunded think tanks (step 2), policies which are pushed by Kochfunded groups (step 3):

“With Cato and the Institute for Humane Studies, the Kochs checked off the first item on Fink’s shopping list for social change— institutions that could hatch scholarly ideas in line with their own thinking. The Mercatus Center checked off the second item, a more practical organization aimed at promoting these ideas into action. (153) . . .

The first two steps of Fink’s plan were now complete. Yet the Koch brothers concluded that these steps were still not enough to effect change. Freemarket absolutism was still a sideshow in American politics. They needed the third and final phase of Fink’s plan—a mechanism to deliver their ideas to the street and to mobilize the public’s support behind them. . . .

“Even great ideas are useless if they remain trapped in the ivory tower,” Charles noted in a 1999 speech. David put it differently. ‘What we needed was a sales force.’” (156)

The end goal for Koch is a narrow, privately funded “sales force” for policy contrasts starkly with Koch’s purported commitment to [“diversity of ideas”](#) and [“free and open debate,”](#) as documented by Mayer and many other journalists, although Mayer’s research contains a particularly spicy source: “Clayton Coppin, who taught history at George Mason and compiled the confidential study of Charles’s political activities for Bill Koch, describes Mercatus outright in his report as ‘a lobbying group disguised as a disinterested academic program.’ The arrangement, he points out, had financial advantages for the Kochs, because it enabled Charles ‘to have a tax deduction for financing a group, which for all practical purposes is a lobbying group for his corporate interest’” (150).

LYING TO THE PUBLIC: HOW KOCH SELLS ITS OWN SHADOW

Using examples spanning from the 1960s to 2014, Jane Mayer shows that Kochfunded operatives and professors know they are in the business of deceiving others. At a conference of Koch donors in June, 2014, a Kochfunded professor describes how he tricks his progressive colleagues into supporting a Kochfunded indoctrination campaign on human “wellbeing”: [A] speaker explained to the donors just how deliberate and politically disarming the term was. James Otteson, a conservative professor of political economy at Wake Forest University, called it ‘a game changer.’ In fact, he told the donor group that he was planning to build a ‘wellbeing’ center at Wake Forest, where he already was executive director of the BB&T Center for the Study of Capitalism. . . . One anecdote, he said, illustrated “the power of framing” freemarket theories as a movement to promote wellbeing. He recounted that a colleague, whom he described as a prominent ‘left wing political scientist’ who ‘rails’ against Republicans and capitalism, had been so entranced by the idea of studying the factors contributing to human wellbeing that he had said, ‘You know, I’d even be willing to take Koch money for that.’ Upon hearing this, ‘the

donors laughed out loud. ‘Who can be against wellbeing? The framing is absolutely critical,’ Otteson exclaimed.” (363)

This was not a unique instance in Mayer’s research. One of Charles Koch’s closest advisors was even more explicit as early as 1976: “[Koch advisor George Pearson] suggested that libertarians needed to mobilize youthful cadres by influencing academia in new ways. Traditional gifts to universities, he warned, didn’t guarantee enough ideological control. Instead, he advocated funding private institutes within prestigious universities, where influence over hiring decisions and other forms of control could be exerted by donors while hiding the radicalism of their aims. . . .As [former George Mason University professor Clayton] Coppin summarized Pearson’s arguments, ‘It would be necessary to use ambiguous and misleading names, obscure the true agenda, and conceal the means of control. This is the method that Charles Koch would soon practice in his charitable giving, and later in his political actions.’” (56)

Another key figure in wrangling money from Olin, Koch, and others for campus indoctrination was even more frank. Mayer quotes James Piereson of the William E. Simon Foundation and the Manhattan Institute: “The key, Piereson explained, was to fund the conservative intelligentsia in such a way that it would not ‘raise questions about academic integrity.’ Instead of trying to earmark a chair or dictate a faculty appointment, both of which he noted were bound to ‘generate fierce controversy,’ he suggested that conservative donors look for like minded faculty members whose influence could be enlarged by outside funding. . . . To overtly acknowledge ‘preordained conclusions’ would doom a program. Instead of saying the program was designed to ‘demonstrate the falsity of Marxism’ or to promote ‘free enterprise,’ he advised that it was better to ‘define programs in terms of fields of study, [such as the] John M. Olin Fellowships in Military History.’ He wrote, ‘Often a program can be given a philosophical or principled identity by giving it the name of an important historical figure, such as the James Madison Program [in] American Ideals and Institutions at Princeton University.’” (103-104)

Mayer illustrates this deceptive birth of corporatefunded academics using the field of “Law and Economics,” an entire discipline that was created with funds from John M. Olin. The field continues to be financed by Koch, and was one of the trojan horse programs that James Piereson candidly describes: “Piereson, however, admitted that the beauty of the program was that it was a stealth political attack and that the country’s best law schools didn’t grasp this and therefore didn’t block the ideological punch it packed. ‘I saw it as a way into the law schools—I probably shouldn’t confess that,’ he told the *New York Times* in 2005. ‘Economic analysis tends to have conservatizing effects.’ . . . ‘If you said to a dean that you wanted to fund conservative constitutional law, he would reject the idea out of hand. But if you said you wanted to support Law and Economics, he would be much more open to the idea,’ he confided. ‘Law and Economics is neutral, but it has a philosophical thrust in the direction of free markets and limited government. That is, like many disciplines, it seems neutral, but it isn’t in fact.’” (108)

Koch uses Piereson’s exact model today, [financing neutralsounded operations on dozens of campuses](#) receiving six, seven and eightfigure donations from Koch and its donors partners.

As suggested by Piereson, Koch officers use relationships with individual professors to get the Kochfunded operations started. At the 2015 “Western Civilization Summit” at the Kochfunded

Texas Public Policy Foundation (TPPF), the Charles Koch Foundation's director of higher education policy said: "I think what's important is to when a university is coming to solicit, or when you're having those conversations with a university, as I was suggesting earlier to push really deep on what the programs they have in place that do talk about these kinds of ideas. Or, is there even one professor who does that. And then, talk with that person, with that professor, and learn more about what they're doing so don't allow the university to just paint in broad strokes 'we're all about diversity, we're all about this, we're all about that.'" [[Footage here at 0:53:10](#)]

KOCH'S IMPACT: TURNING STUDENTS AND PROFESSORS INTO LOBBYISTS

Koch-funded operatives have admitted the unpopularity of their manipulation in college classrooms, urging the need to sell their unpopular ideas with soft language. Koch's tactic of selling used cars in this case, an ideology of virtue in an unregulated, belligerent pursuit of personal wealth has been tested and refined for decades.

Mayer looks at Brown University as an example of Koch's longterm investments in action: "At Brown, which is often thought of as the most liberal of the Ivy schools, Charles Koch's foundation gave \$147,154 in 2009 to the Political Theory Project, a freshman seminar in free-market classics taught by a libertarian, Professor John Tomasi. 'After a whole semester of Hayek, it's hard to shake them off that perspective over the next four years,' Tomasi confided 'slyly,' according to a conservative publication. Charles Koch's Foundation gave additional funds to Brown to support faculty research and postdoctoral candidates in such topics as why bank deregulation is good for the poor." (155)

In the process of influencing the thinking of "millions" of students, Koch officers have boasted to other political donors about their university "talent pipeline" for training future lobbyists. As Koch Industries and Charles Koch Foundation executives explained to the Koch donor network, the Charles Koch Foundation and Institute for Humane Studies pull students into paid internships at Kochfunded advocacy groups, teaching them Koch's preferences along the way.

Mayer cites a [recording](#) obtained by The Undercurrent's Lauren Windsor, as published by the [Center for Public Integrity](#): "At the June summit, [Charles Koch Foundation executive Ryan] Stowers stressed to the donors that this 'investment' in education had created a valuable 'talent pipeline.' Assuming the thousands of scholars on average taught hundreds of students per year, he said, they could influence the thinking of millions of young Americans annually. 'This cycle constantly repeats itself,' he noted, 'and you can see the multiplier effect it's had on our network since 2008. In summation, [Kevin] Gentry stressed to the donors, 'So you can see, higher education is not just limited to an impact on higher education.' The students were 'the next generation of the freedom movement,' he said. 'The students that graduate out of these higher-education programs populate the statebased think tanks and the national think tanks.' And, he said, they 'become the major staffing for the state chapters' of the 'grassroots' groups. Those with passion were encouraged to become part of what he called the Kochs' 'fully integrated network.' At this point, he paused and said, 'I got to be careful how I say this.' He paused again. 'They populate our program.'" (365366)

Mayer notes that this may be a violation of IRS tax law for Koch-controlled “charities” involved: “The reason Gentry had to be careful was that the Kochs described their educational activities to the IRS as nonpolitical charitable work, qualifying them for tax breaks and anonymity. Yet what Gentry was describing could scarcely be more political. It was a fullservice political factory. As he addressed the donors, cajoling them to ‘invest’ more, he couldn’t resist adding further detail. ‘It’s not just work at the universities with the students,’ he went on. ‘It’s building the state based capabilities, and election capabilities, and integrating this talent pipeline. So you can see how this is useful to each other over time. No one else has this infrastructure. We’re very excited about doing it!’” (366)

At times, Koch-funded professors have played overtly political roles, engaging directly in lobbying on issues that affect Koch Industries’ business. “At West Virginia University, the Charles Koch Foundation’s donation of \$965,000 to create the Center for Free Enterprise came with some strings attached. The foundation required the school to give it a say over the professors it funded, in violation of traditional standards of academic independence. The Kochs’ investment had an outsized impact in the small, poor state where coal, in which the Kochs had a financial interest, ruled. One of the WVU professors approved for funding, Russell Sobel, edited a 2007 book called *Unleashing Capitalism: Why Prosperity Stops at the West Virginia Border and How to Fix It*, arguing that mine safety and clean water regulations only hurt workers. ‘Are workers really better off being safer but making less income?’ it asked. Soon, Sobel was briefing West Virginia’s governor and cabinet, as well as a joint session of the Senate and the House Finance Committees. The state Republican Party chairman declared Sobel’s antiregulatory book the blueprint for its party platform. (154155)

These lobbyist professors continue to teach classes, affecting the ways that students are taught to prioritize information: “Students complained that the Koch influence was nefarious and omnipresent. Jerry Funt, an undergraduate, said that in the public university’s introductory economics course, ‘We learned that Keynes was bad, the free market was better, that sweatshop labor wasn’t so bad, and that the handsoff regulations in China were better than those in the U.S.’ Their economics textbook, he said, was cowritten by Russell Sobel, the former recipient of Koch funding at West Virginia University who had taught that safety regulations hurt coal miners. The textbook, which Funt described as arguing that ‘climate change wasn’t caused by humans and isn’t a big issue,’ had been given an F by an environmental group. But when critics raised objections, the Kochs defended their purchase of influence over public universities as merely providing ‘fresh’ college thinking. (365)

Academics, reporters and activists have gone to great lengths to document more instances of [Koch’s explicit use of campuses for political lobbying](#). Ms. Mayer dug up more examples, which are sure to be of interest to the academic community.

The Mercatus Center at George Mason University lobbied for the infamous Enron loophole deregulation scheme, after hiring Enron executive Wendy Gramm (154155). Mercatus also leveraged attacks on President Obama’s stimulus package, the plan to spend the economy out of recession (171).

SUPPLANTING THE PEER REVIEW BARRICADE

Koch and its predecessors like Olin and Bradley have discovered how out of touch most Americans are with the (ideally) rigorous academic process of peer review. While professors and other academics are familiar with assessing the validity of varying publishing bodies, the public and the media they rely upon often do not require exhaustive vetting of information before accepting it. This has allowed Kochfunded professors to publish reports incapable of passing a true peer review-using universities names in order to bolster the credibility of their advocacy: Without the rigorous peer-reviewed standards required by prestigious academic publications, the Olin Foundation was able to inject into the mainstream a number of works whose scholarship was debatable at best.”

This has been illustrated as recently as 2015, with Koch-funded professors at Utah State University advocating against subsidies for competitors to Koch Industries: wind and solar companies.

Professors at the Koch-funded Institute for Political Economy at USU, and its off-campus, Koch-funded affiliate organization, Strata Policy, have [written dishonest opeds](#) and [testified in other states’ legislatures](#) to support Koch-backed campaigns against clean energy subsidies. Previously, professors at [Kansas University](#) and [Suffolk University](#) were financed by Koch to advocate for removal of clean energy subsidies, via reports that were not published in academic, peer-reviewed journals.

Koch’s use of professors for lobbying isn’t restricted to energy issues, nor state-level politics. George Mason University’s Mercatus Center has been cited repeatedly in the Congressional record, as [reported](#) by the Center for Public Integrity: “Congress is also paying more attention to the Mercatus Center, which from 1999 to 2008 was mentioned by name 32 times in either the Congressional Record or congressional committee reports. Since 2009, it’s been mentioned 93 times, often in reference to Mercatus Center faculty who were testifying before Congress. . . . This year, Congress even cited Mercatus Center research in the text of budget bills. House Concurrent Resolution 27 and Senate Concurrent Resolution 11 note that a Mercatus Center study “estimates that Obamacare will reduce employment by up to 3 percent, or about 4 million full-time equivalent workers.”

In North Carolina, the Mercatus Center [published a report cited by Koch’s flagship lobbying group](#), Americans for Prosperity, in a push against healthcare expansion.

In Arizona, a Kochfunded campus center has advanced the priorities of Governor Doug Ducey. The Kochfunded Center for the Study of Economic Liberty at Arizona State University appears to have [laid the groundwork](#) for Governor Ducey’s plan to [raid a state educational trust](#) and prematurely spend \$2 billion in savings. Ducey, a regular attendee of the Koch brothers Freedom Partners political summits, has ignored the warnings of defunded future education from Arizona’s state treasurer.

NOT JUST KOCH

As the research currently stands, Charles Koch was not the sole architect of purchasing universities for lobbying purposes, and today he is still not the only billionaire active in higher

education today. But he remains unique for the sheer amount of money he spends, the additional funds he coordinates from other donors, and the longterm focus on advancing his preferences through the campus.

Koch's network, coordinated via Freedom Partners Chamber of Commerce, includes many active cofinanciers of the Koch's campus network, building on the infrastructure that Olin, Bradley and Koch foundations have molded.

The Koch network's other "investors" are joining Koch in financing business and economics departments across the country. New examples of campus centers launched with funding from Charles Koch include:

Arizona State University's \$5 million [Center for the Study of Economic Liberty](#), cofinanced with the W.P. Carey Foundation.

University of Arizona's \$2.5 million [Center for the Philosophy of Freedom](#), cofinanced by Ken and Randy Kendricks and [Karl Eller](#).

University of Kentucky's \$12 million [Institute for the Study of Free Enterprise](#), cofinanced with Papa Johns CEO John Schnatter.

University of Louisville's \$6 million [Center for Free Enterprise](#), cofinanced with Papa Johns CEO John Schnatter in Kentucky.

University of Maryland at College Park's \$6 million [Center for Enterprise and Markets](#), cofinanced with Philadelphia Flyers owner Ed Snider.

Creighton University's \$4.5 million [Institute for Economic Inquiry](#), cofinanced with Gail WernerRobertson in Nebraska.

West Virginia University's \$5 million [Center for Free Enterprise](#), cofinanced by Ken Kendricks

At the university level more broadly, the need for private funding is no secret. This creates opportunities to implicitly hold control over university administrators charged with fundraising in an economy that is still squeezed by the Great Recession.

The opportunity to leverage large grants to university programs and endowments is no secret in the Koch network. One of Koch's partner donors, billionaire Home Depot founder Ken Langone, expressed his frustration frankly after a public finance scandal: "if it wasn't for us fat cats and the endowments we fund, every university in the country would be fucked." (14)

The question for professors, students and university administrators is what hoops they will have to jump through as a result of selling endowments and campus operations to private donors.