



# Koconomics

## Rigging the System at the Local Level

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# Introduction and summary

Today, some five years after the end of the Great Recession, too many American families are still struggling to make ends meet and are living paycheck to paycheck. Millions of Americans find their cost of living soaring and face the sobering reality that their jobs are not paying enough to support their families. But while working and middle-class families are being squeezed, America's millionaires and billionaires,<sup>1</sup> rich CEOs,<sup>2</sup> and big corporations<sup>3</sup> are living a very different existence and are seeing their wealth, pay, and profits skyrocket.

This inequality is not the result of some luck of the draw or happenstance; it is by design. These millionaires and billionaires, CEOs, and big corporations use a wide array of tactics to make sure that the economic and political system works for them. The billionaire brothers Charles and David Koch are no strangers to this approach. They have used their immense wealth and considerable connections to build a network of political action groups, think tanks, issue advocacy organizations—most notably Americans for Prosperity, or AFP—and like-minded elected officials<sup>4</sup> to rig the system to benefit their bottom line, often at the expense of everyone else.

The Koch brothers have significant financial interests motivating them. Charles and David Koch are ranked as the fifth- and sixth-richest individuals in the world, with an estimated worth of more than \$52 billion each.<sup>5</sup> With Charles as CEO and David as executive vice president, the brothers oversee Koch Industries, Inc., America's second-largest privately held company, a business empire heavily invested in oil and gas, chemicals, transportation, and manufacturing.<sup>6</sup>

Over the years, the Koch brothers have used their vast network to attack government on multiple fronts and levels across multiple issues. But despite the fact the Koch network engages on a broad range of issues—from dismantling workplace protections and repealing the Affordable Care Act to discrediting climate change to opposing a zoo tax in Columbus, Ohio—these attacks have as their overarching purpose to sow discontent with and shrink government. Tim Phillips, head of the Koch-funded AFP, admitted as much when he explained

that his organization's attacks on the Affordable Care Act were really about reducing the size of government. "We have a broader cautionary tale," said Phillips. "The president's out there touting billions of dollars on climate change. We want Americans to think about what [the government] promised with the last social welfare boondoggle and look at what the actual result is."<sup>7</sup>

In the Koch's telling, the motivation for their actions is driven by a deeply held libertarian philosophy that the less government does, the better off people and businesses will be.<sup>8</sup> But taken to its logical conclusion, this anti-government agenda, if successful, results in a low-tax and low-regulation governing structure that further fattens the pocketbooks of the already wealthy Koch brothers while eliminating the essential government functions that we all benefit from.

Moreover, the Koch brothers' goal extends far beyond just influencing elections. As Phillips said, "It's a little frustrating when someone says, 'Oh, this is a political effort about the U.S. Senate.' They don't look at the totality of what Americans for Prosperity is doing."<sup>9</sup> As the *National Journal* reported, what Americans for Prosperity is doing is making sure that "every gear in the machine churns toward one objective: remaking the country in a fiscally conservative image—at the local, state, and federal levels. Its vision is a country with fewer taxes, less regulation, and the nearly unfettered right of individuals to do what they want without interference from a meddling government."<sup>10</sup>

In recent years, the Koch brothers have taken their anti-government, low-regulation lobbying efforts to the local level, wading into county tax debates, city transportation decisions, and even school district bond measures. As Eli Miller, director of the Ohio chapter of AFP, put it: "There is no issue we won't get involved in."<sup>11</sup> This local approach is an increasingly important prong in their multifaceted effort to limit government as much as possible, resulting in a system that benefits their business while in many cases negatively affecting everyday citizens.

These cases include a variety of advocacy efforts: some that have gained a broad spotlight for their incredulity, and others that are less newsworthy but just as illustrative of their goal. The instances below describe some of the ways in which the Koch network has operated at the local level to weaken all levels of government and the negative effects that push has on local residents. A partial list of Koch-funded efforts include:

- Putting politics over kids in Illinois school districts by working to defeat initiatives intended to update school facilities and avoid cuts to school staff positions and programs
- Ignoring the environmental consequences by investing in a local board election in Iron County, Wisconsin, to expand mining operations
- Mounting a campaign to defeat a tax increase for the popular Columbus Zoo, depriving this Ohio institution of a stable revenue source and the ability to grow
- Lobbying to ban a locally designed mass transit system in Nashville, Tennessee, that would improve the city's connectivity and reduce commuting times for residents
- Opposing a proposed 1.75 percent food and beverage tax increase in the tiny town of Fremont, Nebraska, that would fund emergency capital improvement projects
- Nixing a proposed 1 percentage point income tax increase in Gahanna, Ohio, meant to prevent cuts to public safety, save jobs, and keep community centers open
- Undermining public education in communities across the country by promoting school privatization and attacking teachers unions through local school initiatives and school board elections

Let's take a closer look at Kochonomics at work.

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