

# **The Kochs and Clean Energy Jobs**

## **Figures on the Billionaire Brothers' Financing Attacks Against Workers and the Environment**

International Forum on Globalization  
A Special Preliminary Report by the

October 2012

1009 General Kennedy Avenue, #2  
San Francisco, CA 94129  
[www.ifg.org](http://www.ifg.org)



# The Kochs and Clean Energy Jobs

## Executive Summary

This IFG Special Report, “The Kochs and Clean Energy Jobs,” documents spending by the world’s two biggest billionaires intent on dealing a deathblow to green energy jobs and a low-carbon future.

Bloomberg’s Billionaire Index recently ranked Charles and David Kochs’ combined net worth as higher than that of the world’s richest man, Carlos Slim. The oil baron brothers are America’s single largest source of private money for attacks against clean energy, clean air, clean water, and other aspects of environmental protection. They are also the major force financing attacks against protections for workers, who are increasingly a decisive political force for advancing environmental issues due in part to their growing support for clean energy jobs.

**World’s Wealthiest People**

1. Charles & David Koch	\$76.4 B
2. Carlos Slim Helu	\$75.3 B
3. Bill Gates	\$63.8 B
4. Amancio Ortega Gaona	\$51.3 B
5. Warren Buffet	\$47.4 B

Bloomberg 10/1/12

## Koch Funded Attacks Against Labor and Environment On the Rise

IFG’s report reveals that the Kochs are today’s single largest funder of anti-environment and anti-worker activities, including:

At least \$643M in spending to block or rollback legal protections for the clean air, clean energy, clean water, and other environmental issues through sketchy scientific research, lobbying lawmakers, contributing to electoral candidates’ campaigns, media manipulation etc.

At least \$12M in spending to weaken the labor movement’s power through attacking collective bargaining rights, weakening worker protections, and stopping the financing for labor unions’ political activities.

## Weakening Workers’ Rights Undercuts Progress on Clean Energy

Severe setbacks for clean energy jobs could result from weakening the rights of workers, who have over the past decade built a shared agenda with environmentalists that forms the power base for the transition to a just and sustainable economy. Clean energy companies could become a formidable political force advancing the clean energy economy, their undefined political orientation and inchoate organizational infrastructure still limit their political capabilities significantly.

This dynamic is especially apparent when compared with their fossil fuels counterparts, whose wealthy oil donors are making more political contributions given new rules requiring no disclosure or spending limits. The same billionaire funders seeking to silence the voice of working families have a dual agenda to attack workers rights and environmental laws. The single largest source of funding for attacks against workers and the environment makes clear why we need to reduce the role of private money in policy making.

## Overview

### Secret Spending by Big Oil's Two Top Billionaires

The carbon billionaires' combined net worth *quintupled* from \$10B in 2005 to \$50B in 2011, then jumped another 24% to \$62B from last year, according to Forbes. Meanwhile, since the Recession, median American net worth has fallen 40%.

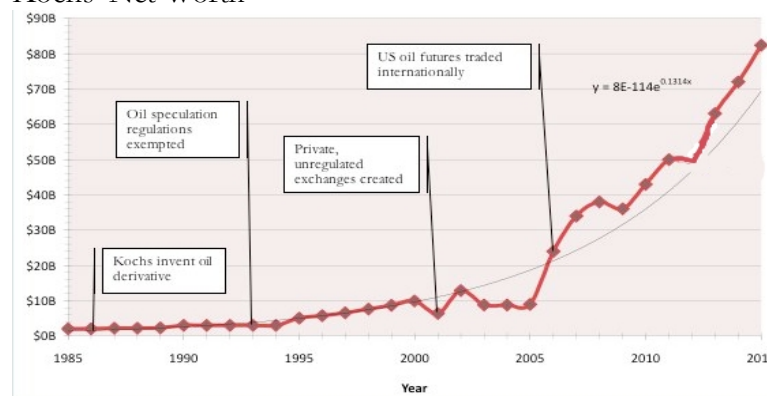
Oil derivatives appears to be driving their exponential growth in net worth, enabled by market manipulation via their ability to influence the supply of oil, gas and other commodities. The resulting economic inequity has empowered the Kochs to move untold amounts of money to flood today's political system from all angles.

The Kochs' funds flow to front groups advancing a particular policy agenda uniquely designed to defend their world-record wealth, which is built almost entirely on fossil fuels.

The Kochs embody a new form of concentrated power emerging as a result of globalization's extreme concentrations of wealth, providing today's most poignant example of extreme wealth being used against the public interest. Ultra-High-Net Worth Individuals are now able to exert undue influence beyond the power of even the biggest corporations and industry groups to roll back hard-won rights for workers and the environment while deeply damaging democratic institutions and processes.

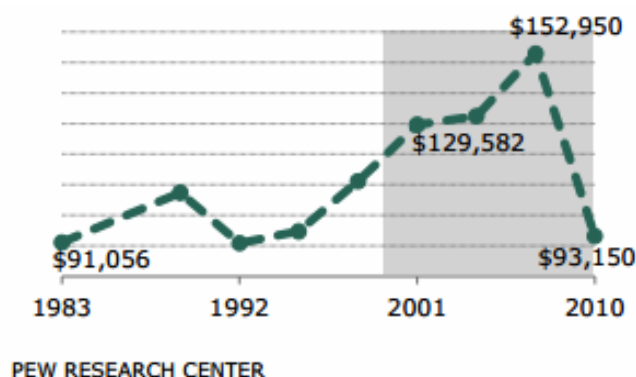
Citizens United, the 2010 Supreme Court decision that freed wealthy donors from spending limits and disclosure requirements, has tilted the electoral playing field even more.

Kochs' Net Worth



Forbes

American Median Net Worth



PEW RESEARCH CENTER

## Koch Attacks Against the Environment

\$8.4M for Congressional candidates' campaigns	Top oil and gas contributor to Congressional candidates' campaigns. Spending level now matches Exxon-Mobil
\$400M bundled in a \$1B "blitz" on 2012 elections in Republican races for President, Senate, House, State Legislators, Courts, etc. (also counted in Labor)	Supported candidates who agree to exclude EPA's regulation of carbon while expanding drilling, fracking and tarsands (by building the Keystone XL pipeline)
\$69M in direct lobbying expenses	Leading lobbyist (by expenditures) against Clean Air Act, Clean Water Act, and climate legislation
\$110M for Americans for Prosperity	Funding national ads and bus tour to eliminate loans for clean energy companies while arguing against the Wind Energy Tax Credit
<a href="#">Untold amounts</a> (due to lack of disclosure laws) to fund the American Legislative Exchange Council's (ALEC) efforts to reduce the role of government at the state level	Supporting legal attacks against Renewable Energy Standards in 18 states
\$55M from Koch family foundations	Top donor to "climate denial science" that casts doubt on policy proposals to reduce emissions
\$1M from Kochs' oil refining subsidiary, Flint Hills Resources, to 2010 California ballot initiative Prop 23	Major donor to rollback California's landmark law on Global Warming Solutions Act

Additional details on the points above:

- \$1M to overturn California's climate laws in 2010 via Prop 23, the 2010 ballot proposition to rescind California's landmark Global Warming Solutions Act<sup>i</sup>
- \$400M bundled with contributions from other conservatives for a \$1 billion blitz in the 2012 elections to unseat the President, take control of the Senate, and capture more House Seats for Tea Party representatives.<sup>ii</sup> As articulated in the first two Presidential Debate, the first of five planks in Republican nominee Romney's Economic Plan are precisely the Kochs' top policy priorities: building the Keystone XL Pipeline, freeing restrictions on fracking, and excluding carbon from EPA's authority
- \$8.4M in contributions since 1998 for Congressional candidates campaigns,<sup>iii</sup> with \$1.9M in the 2011-2012 cycle,<sup>iv</sup> putting the Kochs and Exxon in a tie as the largest gas and oil contributors. Most of their money goes to legislators leading the committees overseeing energy and environment issues, as well as financial regulation which could curb the Kochs' main source of profits: unregulated oil derivatives
- \$69M<sup>v</sup> in direct lobbying expenses since 1998, including their leading efforts to kill climate legislation in 2010, when Democrats controlled all three branches of the US government, paralyzing prospects for a global climate accord. Koch PAC outspent ExxonMobil, Chevron, BP, and

ConocoPhillips between 2006-2010, despite Koch Industries’ revenue being only one-third of the largest oil company (ExxonMobil)<sup>vi</sup>

- \$55M from Koch family foundations for funding “climate science denial” between 1997-2009 to cast doubt on scientific projections of the catastrophic impacts of increasing greenhouse gas emissions and consequent global climate disruptions<sup>vii</sup>

- \$110M for Americans for Prosperity,<sup>viii</sup> the Koch political flagship organization, who has made ending loan guarantees for clean energy companies one of four key messages for its cross-country bus tour.<sup>ix</sup> While AFP does not disclose its donors, Koch family members are on the board of directors.<sup>x</sup> AFP has also recently come out in opposition of an extension of the federal wind production tax credit<sup>xi</sup>

### Koch Attacks Against Workers’ Rights

\$11M to the Republican Governors Association and to the Wisconsin Chapter of Americans for Prosperity to defeat the recall of Gov Walker	Workers’ collective bargaining rights threatened in Wisconsin
\$4M to the American Future Fund to support the 2012 California ballot initiative Prop 32, would limit political activity for unions	Prohibit the deduction from worker’s payrolls, money for political purposes
<u>Untold amounts</u> (due to lack of disclosure laws) to fund the American Legislative Exchange Council’s (ALEC) efforts to reduce the role of government at the state level	Workers’ collective bargaining rights in Wisconsin, Ohio, and eight other states
\$400M bundled in a \$1B “blitz” on 2012 elections in Republican races for President, Senate, House, State Legislators, Courts, etc.	Supported candidates who would rollback workers’ rights like collective bargaining, minimum wages

Additional details on the points above:

- \$3 million contributed by Koch Industries since 2012 to the Republican Governors Association,<sup>xii</sup> who supported Scott Walker in the Wisconsin 2012 Gubernatorial race with \$9.5 million, and the Americans for Prosperity added another \$10 million to support Walker.<sup>xiii</sup> RGA spent \$5 million in support of Walker in 2010.<sup>xiv</sup> While AFP does not disclose its donors, IRS filings of the donor organizations leads to Donors Trust, an organizations led by a former director of development at the Cato Institute, and the Claude R. Lambe Foundation with Koch family members on the board of directors.<sup>xv</sup> Donors trust and Claude R. Lambe foundation has given a combined \$8 million to AFP since 2010.<sup>xvi</sup> Walker passed Act 10 in March 2011, legislation aimed at collective bargaining and other labor rights. The act has since been struck down in court.<sup>xvii</sup>

DONOR SIDE: \$11 million (to RGA and AFP)

SPENDER SIDE: \$24.5 million (from RGA and AFP)

- \$4 million recently donated by American Future Fund to support proposition 32, a California ballot initiative to prevent the use of payroll deducted money for political purposes, which would limit political activity for unions.<sup>xviii</sup> The American Future Fund received \$11.7 million in 2011 from the secretive PO-box group Center to Protect Patients' Rights run by Sean Noble.<sup>xix</sup> Noble has been labeled as a 'Koch operative'<sup>xx</sup> and the CPPR funneled over \$44 million to conservative groups including the Koch's own Americans for Prosperity and Club for Growth<sup>xxi</sup>, a group with clear leadership ties to the Kochs.<sup>xxii</sup>

DONOR SIDE: \$4 million (CPPR to AFF to CA Future Fund for Free Markets)

SPENDER SIDE: \$4 million (California Future Fund for Free Markets)

- \$11 from The Republican Governors' Association spent million in 2011 to re-elect Governor John Kasich<sup>xxiii</sup> who championed Senate Bill 5 – a bill that would limit collective bargaining rights and health and pension benefits for public workers.<sup>xxiv</sup> Kasich, an ALEC alumni, also received \$563,000 from ALEC member corporations in 2010.<sup>xxv</sup>

DONOR SIDE: \$1 million (Koch ind. 2010 to AFF don't double count)

SPENDING SIDE: \$11.5 million (RGA + ALEC member corporations)

## Conclusion

This IFG preliminary report has outlined a number of ways that the Koch Brothers political spending threatens labor and environmental leaders' shared agenda to grow the clean energy economy.

Record spending of the Kochs' fossil fuels fortune to rig the rules in their own favor, including the elimination of legal protections for workers and the environment, is aimed at crushing any significant challenges to their abilities to further shape public policies.

Efforts to advance policies for promoting clean energy jobs are jeopardized by the Kochs' deliberate attacks on workers' rights, and could deal a big blow to the political power base of the alliance between environmentalists and labor to expand the clean energy economy.

Trends indicate that the reach of the Kochs undue influence is expanding.

IFG believes that it is in the joint interest of Labor and environmentalists to unify in strenuous opposition to the financial forces organizing against them, and to work together to protect and enhance each others' political capabilities for the long term-common good.

This IFG report previews a series of other in-depth IFG policy briefs on the Kochs' political spending, particularly in the regulation of carbon emissions, financial market reform, and cancer treatment research.

See more materials forthcoming at [www.KochCash.org](http://www.KochCash.org)

- 
- <sup>i</sup> See p. 3. “Koch Industries: Still Fueling Climate Denial”. Greenpeace USA. Report. Washington, DC: Greenpeace USA, 2011. <<http://www.greenpeace.org/usa/en/media-center/reports/Koch-Industries-Still-Fueling-Climate-Denial-2011-Update/>>.
- <sup>ii</sup> <http://www.politico.com/news/stories/0512/76849.html>
- <sup>iii</sup> Including contributions to non-incumbents.  
<http://www.opensecrets.org/orgs/toprecips.php?id=D000000186&type=P&sort=A&cycle=2012>
- <sup>iv</sup> <http://www.opensecrets.org/industries/indus.php?Ind=E>
- <sup>v</sup> <http://www.opensecrets.org/orgs/summary.php?id=D000000186&cycle=A>
- <sup>vi</sup> See p. 18. “Koch Industries: Still Fueling Climate Denial”. *Greenpeace USA*. Report. Washington, DC: Greenpeace USA, 2011. <<http://www.greenpeace.org/usa/en/media-center/reports/Koch-Industries-Still-Fueling-Climate-Denial-2011-Update/>>.
- <sup>vii</sup> “Koch Industries: Still Fueling Climate Denial”. Greenpeace USA. Report. Washington, DC: Greenpeace USA, 2011. <<http://www.greenpeace.org/usa/en/media-center/reports/Koch-Industries-Still-Fueling-Climate-Denial-2011-Update/>>.
- <sup>viii</sup> The Kochs claim that their donations to the AFP are less than 10% but AFP refuses to disclose its donor list  
<http://www.kansas.com/2012/10/13/v-print/2528807/the-kochs-quest-to-save-america.html#storylink=cpy>
- <sup>ix</sup> <http://www.ft.com/intl/cms/s/0/978c910c-0d70-11e2-97a1-00144feabdc0.html#axzz2971KrcIF>
- <sup>x</sup> <http://www.opensecrets.org/news/2012/03/energy-industry-trade-groups.html>
- <sup>xi</sup> <http://americansforprosperity.org/colorado/legislativealerts/afp-co-letter-of-opposition-extending-the-federal-wind-production-tax-credit/>
- <sup>xii</sup> [http://www.opensecrets.org/527s/527cmtedetail\\_contribs.php?ein=113655877&cycle=2012](http://www.opensecrets.org/527s/527cmtedetail_contribs.php?ein=113655877&cycle=2012),  
[http://www.opensecrets.org/527s/527cmtedetail\\_contribs.php?cycle=2010&ein=113655877](http://www.opensecrets.org/527s/527cmtedetail_contribs.php?cycle=2010&ein=113655877)
- <sup>xiii</sup> <http://www.politico.com/news/stories/0612/77007.html>, <http://www.cnn.com/2012/06/03/politics/wisconsin-recall-bus-tour/index.html>
- <sup>xiv</sup> <http://www.prwatch.org/news/2011/02/9964/cmd-special-report-scott-walker-runs-koch-money>
- <sup>xv</sup> <http://www.opensecrets.org/news/2012/03/energy-industry-trade-groups.html>
- <sup>xvi</sup> <http://www.opensecrets.org/outsidespending/contrib.php?cmte=Americans+for+Prosperity&cycle=2012>
- <sup>xvii</sup> <http://www.thenation.com/blog/169968/wisconsin-judge-rules-walkers-anti-labor-law-null-and-void>
- <sup>xviii</sup> <http://latimesblogs.latimes.com/california-politics/2012/09/group-with-koch-brothers-ties-gives-4-million-to-proposition-32.html>
- <sup>xix</sup> <http://www.opensecrets.org/news/2012/05/cppr.html>, [http://www.huffingtonpost.com/2012/05/29/huffpost-fundrace---secr\\_n\\_1554348.html](http://www.huffingtonpost.com/2012/05/29/huffpost-fundrace---secr_n_1554348.html)
- <sup>xx</sup> [http://www.politico.com/news/stories/0211/49303\\_Page2.html](http://www.politico.com/news/stories/0211/49303_Page2.html)
- <sup>xxi</sup> <http://www.opensecrets.org/news/2012/05/cppr.html>
- <sup>xxii</sup> <http://www.prwatch.org/news/2012/08/11729/club-growth-flexing-muscle-races-across-country-help-big-donors>
- <sup>xxiii</sup> <http://www.rga.org/homepage/rga-congratulates-governor-elect-john-kasich/>
- <sup>xxiv</sup> <http://truth-out.org/news/item/4232:special-report-outofstate-corporate-money-floods-ohio-battle-over-anticollective-bargaining-bill>
- <sup>xxv</sup> <http://truth-out.org/news/item/4232:special-report-outofstate-corporate-money-floods-ohio-battle-over-anticollective-bargaining-bill>