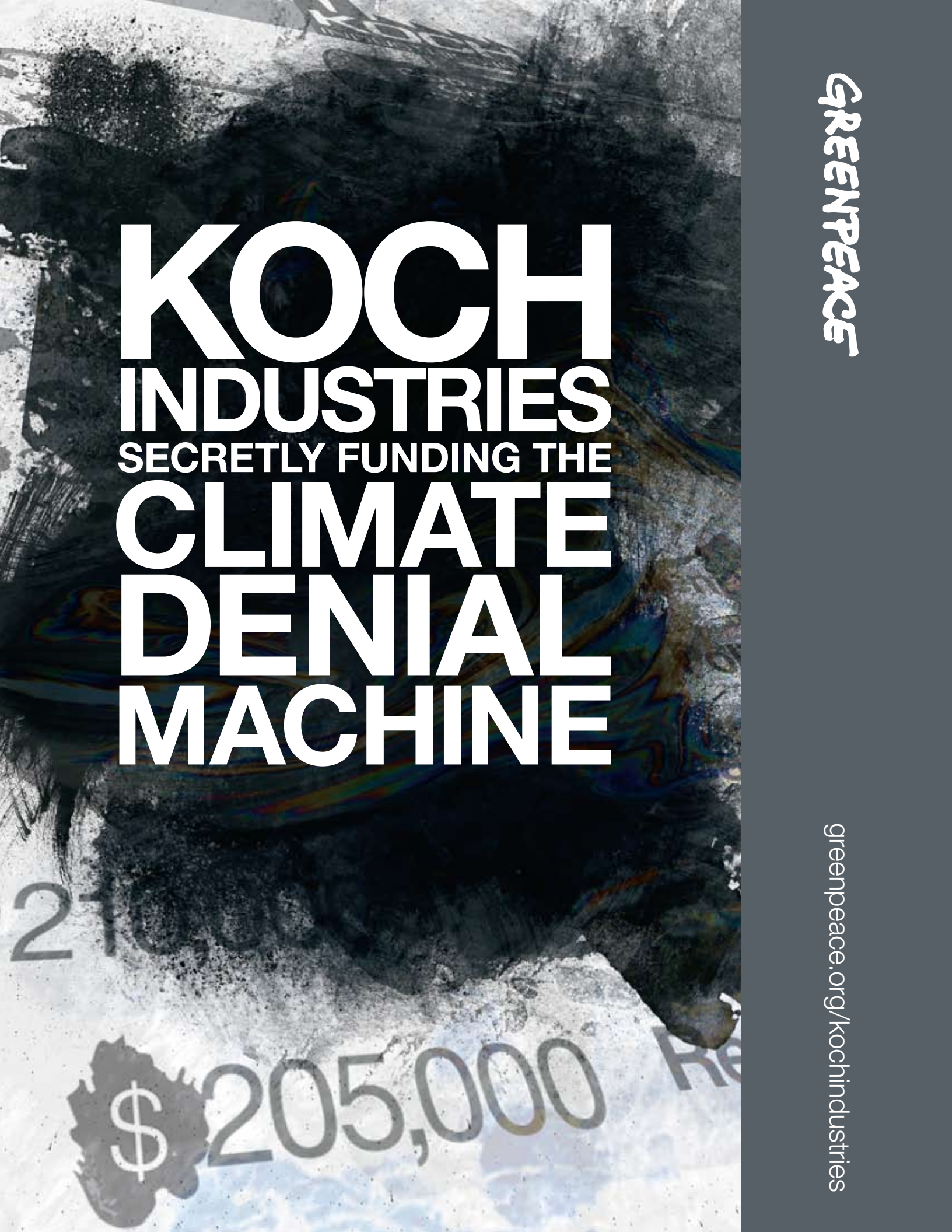


GREENPEACE

KOCH INDUSTRIES SECRETLY FUNDING THE CLIMATE DENIAL MACHINE

greenpeace.org/kochindustries



GREENPEACE

Greenpeace is an independent campaigning organization that acts to expose global environmental problems and achieve solutions that are essential to a green and peaceful future.

Published March 2010 by

Greenpeace USA

702 H Street NW Suite 300

Washington, DC 20001

Tel/ 202.462.1177

Fax/ 202.462.4507

Printed on 100% PCW recycled paper

greenpeace.org

book design by andrew fournier

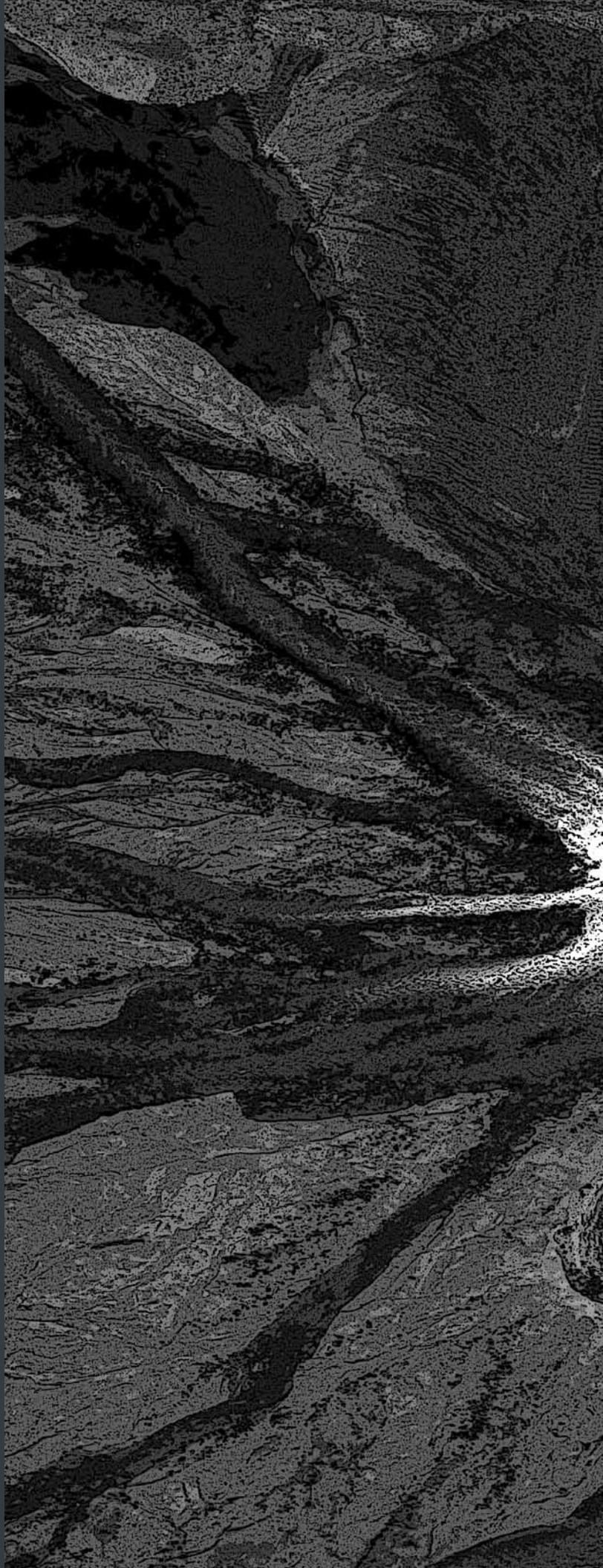


Table of Contents:

Executive Summary

pg. 6–8

Case Studies:

How does Koch Industries Influence the Climate Debate?

pg. 9–13

1. The Koch-funded “ClimateGate” Echo Chamber
2. Polar Bear Junk Science
3. The “Spanish Study” on Green Jobs
4. The “Danish Study” on Wind Power
5. Koch Organizations Instrumental in Dissemination of ACCF/NAM Claims

What is Koch Industries?

pg. 14–16

Company History and Background

Record of Environmental Crimes and Violations

The Koch Brothers

pg. 17–18

Koch Climate Opposition Funding

pg. 19–20

The Koch Web

Sources of Data for Koch Foundation Grants

The Foundations

Claude R. Lambe Foundation

Charles G. Koch Foundation

David H. Koch Foundation

Koch Foundations and Climate Denial

pg. 21–28

Lobbying and Political Spending

pg. 29–32

Federal Direct Lobbying

Koch PAC

Family and Individual Political Contributions

Key Individuals in the Koch Web

pg. 33

Sources

pg. 34–43

Endnotes



0
**Opposition
Groups**
\$24,888,282

\$9,247,500 **Mercatus Center**

\$5,176,500 **Americans for Prosperity**

\$1,967,000 **Institute for Humane Studies**

\$1,620,000 **Heritage Foundation**

\$1,028,400 **Cato Institute**

\$800,000 **Manhattan Institute for Policy Research**

\$655,000 **Washington Legal Foundation**

\$542,500 **Federalist Society for Law and Public
Policy Studies**

\$365,000 **Foundation for Research on Economics
and the Environment**

\$360,000 **Pacific Research Institute for Public
Policy**

\$325,000 **Tax Foundation**

\$290,000 **Independent Women's Forum**

\$283,125 **Texas Pubic Policy Foundation**

\$215,000 **American Council for Capital Formation**

\$210,000 **George C. Marshall Institute**

\$205,000 **Reason Foundation**

\$175,000 **Fraser Institute**

\$175,000 **Institute for Energy Research**

150,000 **Frontiers of Freedom**

\$130,000 **National Center for Policy Analysis**

\$125,000 **American Council on Science and Health**

\$113,800 **Atlas Economic Research Foundation**

\$110,000 **Capital Research Center**

\$100,000 **American Enterprise Institute**

\$85,000 **Independence Institute**

\$75,000 **American Legislative Exchange Council**

\$70,427 **Goldwater Institute**

\$70,000 **Property and Environment Research Center**

\$60,000 **Mackinac Center for Public Policy**

\$60,000 **Center for the Study of Carbon Dioxide and
Global Change**

\$40,000 **Americans for Tax Reform**

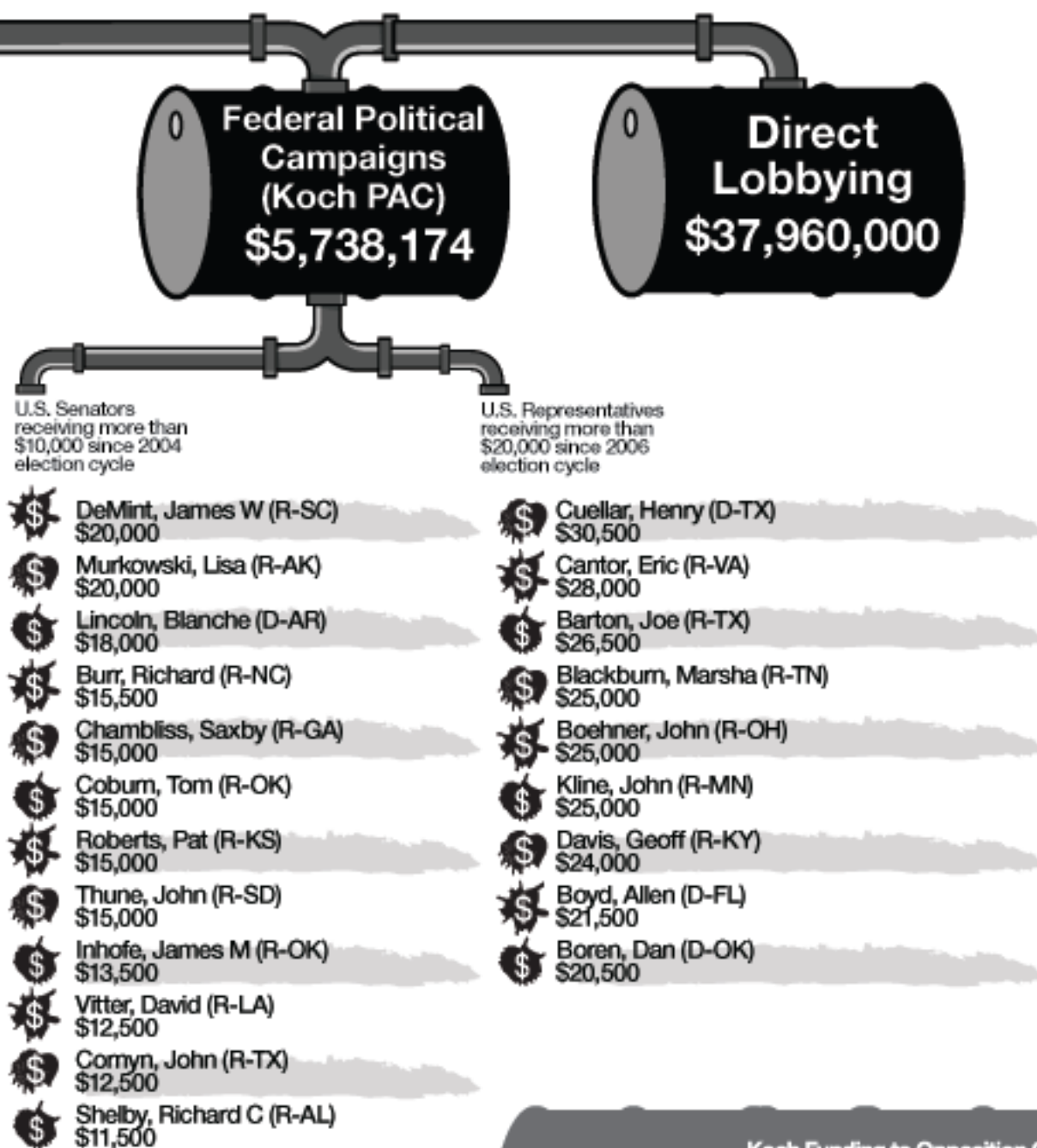
\$30,000 **State Policy Network**

\$14,030 **Media Research Center**

\$10,000 **John Locke Foundation**

\$5,000 **National Taxpayers Union Foundation**

Koch's Web of Dirty Money and Influence



Koch Funding to Opposition Groups

IRS 990 Tax Forms, Data compiled from years 2006 to 2008

Charles G. Koch Foundation, Claude R. Lambe Foundation, David H. Koch Foundation

<http://www.greenpeace.org/kochmoney>

Campaign Contributions and Lobbying Expenditures:

Center for Responsive Politics. <http://www.opensecrets.org/>

Executive Summary

Most Americans have never heard of Koch Industries, one of the largest private corporations in the country, because it has no Koch-branded consumer products, sells no shares on the stock market and has few of the disclosure requirements of a public company. Although Koch intentionally stays out of the public eye, it is now playing a quiet but dominant role in a high-profile national policy debate on global warming. Koch Industries has become a financial kingpin of climate science denial and clean energy opposition. This private, out-of-sight corporation is now a partner to ExxonMobil, the American Petroleum Institute and other donors that support organizations and front-groups opposing progressive clean energy and climate policy. In fact, Koch has out-spent ExxonMobil in funding these groups in recent years. From 2005 to 2008, ExxonMobil spent \$8.9 million while the Koch Industries-controlled foundations contributed \$24.9 million in funding to organizations of the 'climate denial machine'.

The company's tight knit network of lobbyists, former executives and organizations has created a forceful stream of misinformation that Koch-funded entities produce and disseminate. This campaign propaganda is then replicated, repackaged and echoed many times throughout the Koch-funded web of political front groups and think tanks. On repeated occasions documented below, organizations funded by Koch foundations have led the assault on climate science and scientists, "green jobs," renewable energy and climate policy progress.

This report focuses on activities by Koch Industries and its affiliates, as well as the family—and company—controlled foundations which fund organizations that spread inaccurate and misleading information about climate science and clean energy policies. Included is research on the company and the Koch brothers, two of the top ten richest people in the United States. The Koch brothers own the corporation and control its political spending. Also included are newly compiled funding connections from Koch foundations to a vast array of conservative and libertarian organizations and front groups. The report documents the Koch-funded funded groups' actions and the Koch legacy of climate denial and obstruction of environmental policy. Case studies contained in this report include:



- **ClimateGate Echo Chamber**—At least twenty Koch-funded organizations have repeatedly rebroadcast, referenced and appeared as media spokespeople in the story, dubbed "ClimateGate," of supposed malfeasance by climate scientists gleaned from a cache of stolen emails from the University of East Anglia in November 2009. These organizations claim the emails prove a "conspiracy" of scientists and casts doubt on the scientific consensus regarding climate change.
- **Polar Bear Junk Science**—In a 2007 published 'junk science' article on polar bears and Arctic climate impacts, the author acknowledged receiving research funding from ExxonMobil, American Petroleum Institute and the Charles G. Koch foundation. The paper, which appeared in the journal *Ecological Complexity*, was published as a "Viewpoint" piece, rather than new scientific research. It was not peer-

Executive Summary



© Nick Cobbing/Greenpeace

reviewed and was criticized by leading polar bear and Arctic ice scientists for containing “no new research” and drawing unfounded conclusions. Regardless, multiple Koch and Exxon-funded groups rebroadcast the article’s conclusions that polar bears were not endangered by climate change, through their websites and other media outlets. Additional Koch-funded groups and industry groups threatened to sue the Federal government for listing the polar bear.

For years, both openly and behind the scenes, ExxonMobil dominated the voice of climate science denial in the national global warming dialogue. However, after a decade of reputation-damaging public disclosures, as well as pressure from scientific organizations, shareholders and senators, ExxonMobil implemented a new public relations strategy under a new CEO, and has begun to moderate its public statements on climate change. ExxonMobil’s website declares:¹ “We have discontinued contributions to several public policy research groups whose position on climate change diverted attention from the important discussion on how the world will secure the energy required for economic growth in an environmentally responsible manner.”

In spite of publishing this statement and reducing funding to a number of prominent climate denial organizations over the past few years, ExxonMobil continues to support dozens of organizations who are part of the climate denial movement with millions of dollars in annual funding.² ExxonMobil has responded to public scrutiny by slightly reducing their support of climate denial, and Koch Industries is outpacing ExxonMobil’s funding activities while drawing very little public attention. As ExxonMobil’s silent partner in funding the climate-denial machine, Koch Industries often uses similar and sometimes more aggressive tactics.

Kansas-based Koch Industries is a conglomerate dominated by petroleum and chemical interests with approximately \$100 billion in annual sales, operations in nearly 60 countries and 70,000 employees. Most of Koch’s operations are invisible to the public, with the exception of a handful of retail brands such as Brawny® paper towels and Dixie® cups, produced by its subsidiary Georgia-Pacific Corporation. Koch Industries has been ranked as the first- or second-largest privately-held company in the United States in recent years, currently ranked second behind Cargill corporation.

Two brothers, Charles and David Koch, each own 42 percent of the company. Part of Koch Industries’ influence is channeled through three foundations, also controlled by the two brothers. This report documents roughly 40 climate denial and opposition organizations receiving Koch foundation grants in recent years, including:

- More than \$5 million to Americans for Prosperity Foundation (AFP) for its nationwide “Hot Air Tour”³ campaign to spreading misinformation about climate science and opposing clean energy and climate legislation.
- More than \$1 million to the Heritage Foundation, a mainstay of misinformation on climate and environmental policy issues.
- Over \$1 million to the Cato Institute, which disputes the scientific evidence behind global warming, questions the rationale for taking climate action, and has been heavily involved in spinning the recent ClimateGate story.
- \$800,000 to the Manhattan Institute, which has hosted Bjorn Lomborg twice in the last two years. Lomborg is a prominent media spokesperson who challenges and attacks policy measures to address climate change.

Executive Summary

- \$365,000 to Foundation for Research on Economics and the Environment (FREE) which advocates against taking action on climate change because warming is “inevitable” and expensive to address.
- \$360,000 to Pacific Research Institute for Public Policy (PRIPP) which supported and funded An Inconvenient Truth...or Convenient Fiction,⁴ a film attacking the science of global warming and intended as a rebuttal to former Vice-President Al Gore’s documentary. PRIPP also threatened to sue the US Government for listing the polar bear as an endangered species.
- \$325,000 to the Tax Foundation, which issued a misleading study on the costs of proposed climate legislation.

This is only part of the picture, because the full scope of direct contributions to organizations is not disclosed by individual Koch family members, executives, or from the company itself.

Contributions through Koch’s political action committee (PAC) are a matter of public record. Since the beginning of the 2006 election cycle, Koch’s PAC spent more on contributions to federal candidates⁵ than any other oil-and-gas sector PAC. For that period, Koch Industries and its executives spent \$2.51 million compared to next three biggest contributors: Exxon (\$1.71 million), Valero (\$1.68 million), and Chevron (\$1.22 million).

Koch executives and their families wield political influence in other ways too, including direct federal lobbying and campaign contributions. Over the last few years, Koch Industries, Koch employees, and Koch family members:

- Spent \$37.9 million from 2006 to 2009 for direct lobbying on oil and energy issues, outspent only by ExxonMobil (\$87.8 million) and Chevron Corporation (\$50 million).
- Spent \$5.74 million in PAC money for candidates, committees, and campaign expenditures since the 2006 election cycle.
- Contributed at least \$270,800 to federal political party committees since the 2006 election cycle.

The combination of foundation-funded front-groups, big lobbying budgets, PAC donations, and direct campaign contributions makes Koch Industries and the Koch brothers among the most formidable obstacles to advancing clean energy and climate policy in the US.

SINCE THE BEGINNING
OF THE 2006 ELECTION
CYCLE, KOCH’S PAC
SPENT MORE ON
CONTRIBUTIONS TO
FEDERAL CANDIDATES
THAN ANY OTHER OIL-
AND-GAS SECTOR PAC.



©Alexey Drovzhinin/Greenpeace