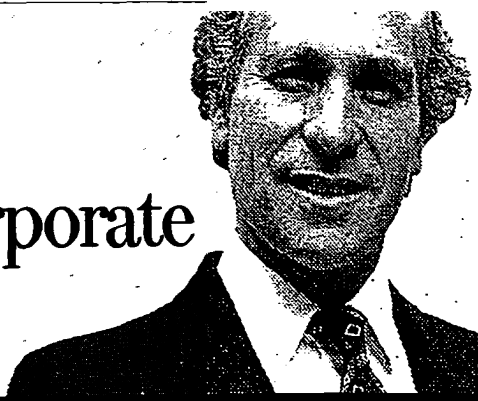


Clinton saved by men who hate him

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Gregory Palast Inside corporate America



ONCE upon a time, the investigation into President Bill Clinton's secret affairs was less about his sexual peccadilloes and more about allegations that he accepted illegal campaign contributions. But Clinton was saved from this far more threatening inquiry by two of the US's wealthiest industrialists, Charles and David Koch.

They had not set out to rescue Clinton. Far from it: the Koch brothers despise Clinton with a passion. But by a byzantine route they ended up helping the man they hate.

Their company, Koch Industries, is the biggest you've never heard of — and their owners like it that way. Estimates of its turnover, at \$35 billion (£21bn) a year, make it bigger than Microsoft or

Boeing. We can only estimate because Koch [pronounced 'coke' like the cola] is a private corporation, the second-largest in the US. David and Charles Koch own nearly all of it.

The Koch clan's fortune originated in Russia, where their father, Fred, built oil refineries for Stalin's regime. In 1946, Koch returned from the Soviet Union to Wichita, Kansas, and founded the ultra-right wing John Birch Society. David and Charles have backed even more extreme right-wing causes. In 1980, as a Libertarian Party candidate, David campaigned against Ronald Reagan.

Secrecy is the Koch trademark. From headquarters in Wichita they operate the nation's only private, secure telephone network outside

the CIA: it controls their core business as America's largest purchaser of oil and gas from small farmers and Indian reservations.

Theirs is a private company, so the Kochs face no questioning at shareholders' meetings. And while other US corporations throw a few million dollars into the political arena in the hope of obtaining favours, the Kochs have spent close to \$100 million on changing the entire tone of political discourse in America.

And they have succeeded. With \$21m spent to establish the Cato Institute of Washing-

The Koch brothers run a private company said to be bigger than Microsoft or Boeing

ton DC, \$30m to start the Council for a Sound Economy and tens of millions more for think tanks, political action committees and the like, they constructed a nonpareil policy apparatus that reinvigorated the anti-government movement with a new intellectual legitimacy backed by fearsome political clout.

From Cato and the Koch machine came Newt Gingrich's

Contract for America and the funds to put Gingrich in power.

Not that the Kochs don't call in favours.

In 1989, the US Senate Special Committee on Investigations reported: 'Koch Oil, a subsidiary of Koch Industries, is the most dramatic example of an oil company stealing by deliberate mismeasurement and fraudulent reporting.' An expert on Indian tribes calculates that \$1.5bn of Koch's wealth comes from pilfered oil. Koch denies all the allegations.

Yet action against Koch Oil was stalled until 1995 when an FBI agent on the Senate

investigation, Richard Elroy, claimed in a letter to the Justice Department that criminal prosecutions had been decided against 'for political reasons' during the Bush presidency. Clinton's Justice Department, quickly following up the FBI's evidence, filed civil lawsuits charging Koch industries with 315 wilful acts of pollution — and set up two grand juries to con-

sider criminal indictments.

But the government's case will collapse if one clause of the Contract for America, the Regulatory Reform Act, becomes law. In other words, the Kochs' escape could depend upon the success of a political project to which they have given their backing.

Passage of the legislation, still before Congress, has depended on the Republicans holding their majority in Congress. In the 1996 election cycle, Republican control was in jeopardy. Crucial to their ultimate narrow victory was a multi-million dollar television advertising blitz in key districts, paid for by the Coalition for Our Children's Future, a registered charity. The action was extraordinary for a child protection society — as was its choice of candidates to assist. Only weeks before CCF purchased the advertising slots, every one of the incumbent congressmen it helped, all Republicans, voted to abolish food stamps for the children of the poor.

The politicians supported by the charity had something in common besides an antipathy for free meals for youngsters: their districts contained Koch operations.

US law prohibits corporate

payments in aid of political campaigns. Some months ago, Senate investigators located bank records linking the children's charity and other political front groups to Triad Management, a operation controlled by the Kochs.

Democratic senators threatened to subpoena Koch Industries' chiefs to question whether they funded Triad. Democrats could drag the tycoons before the same public tribunal on campaign finances that was skewering Clinton.

So what happened? According to a key Senate insider, Republicans then offered a straightforward trade, 'a truce: you don't do Triad — we don't do Clinton'. Other sources confirm that the Republicans, rather than risk exposure of the Kochs' web of funding operations, agreed to end the entire investigation and let Clinton off the hook.

The true, unreported, reason for the collapse of the inquiry against Clinton reveals the ultimate measure of Koch influence — that Republicans sacrificed their case against the President to keep their secret benefactors under wraps.

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