

‘Kochland: The Secret History of Koch Industries’

SEEN FROM SEASIDE

R.J. MARX



Kochland: The Secret History of Koch Industries and Corporate Power in America,” is a story that cuts close to home.

Koch’s Georgia-Pacific has nine facilities in Oregon; the company’s paper mill stands as the largest employer in Clatsop County.

In 2018, the fortune of brothers Charles and David Koch (David Koch died in August) was worth more than \$120 billion, larger than that of Amazon founder Jeff Bezos or Microsoft founder Bill Gates.

How did the Koch family accumulate companies to dominate the nation’s energy sector and natural resources?

“The Koch brothers derived their wealth through a patient, long-term strategy of seizing opportunities in complex and often opaque corners of the economic system,” author and Wall Street Journal business reporter Christopher Leonard writes, “protected by a thick wall designed to be legally impenetrable.”

Market-Based Management

Wichita, Kansas, is the unlikely capital of the Koch Industries empire, where chemical engineer and entrepreneur Fred Koch founded the company and passed it along to his sons.

Koch Industries’ headquarters are described as a “fortified kingdom,” with impenetrable security, a tower with black windows and dark granite.

Employees are trained in Charles Koch’s philosophy, “Market-Based Management” — “MBM” in Kochspeak — and communicating in their own vocabulary.

The theory of MBM is impressed on every recruit and new hire, Leonard writes. “The financial success of Koch Industries only reinforces the idea that what they are doing is right and that the tenets of MBM are indeed



Christopher Leonard, author of “Kochland.”

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the key to proper living.”

While other companies yearned to harvest big paydays with public offerings, Koch Industries remained steadfastly private — part of a long game inherent in the corporate philosophy.

In one industry after another — oil refineries, transport, chemicals, pipelines — Koch Industries quietly outperformed their rivals.

Charles Koch “had a specific, clear vision of how to run his company, and he didn’t want Wall Street investors to interfere.”

Georgia-Pacific

Local readers may be particularly interested in the author’s rich and fascinating history of Koch Industries’ purchase of Georgia-Pacific, a business case study for the 21st century.

The \$21 billion purchase would be financed by debt, on the shoulders of the new created Georgia-Pacific Holdings, a private company.

“Drastic change came quickly,”

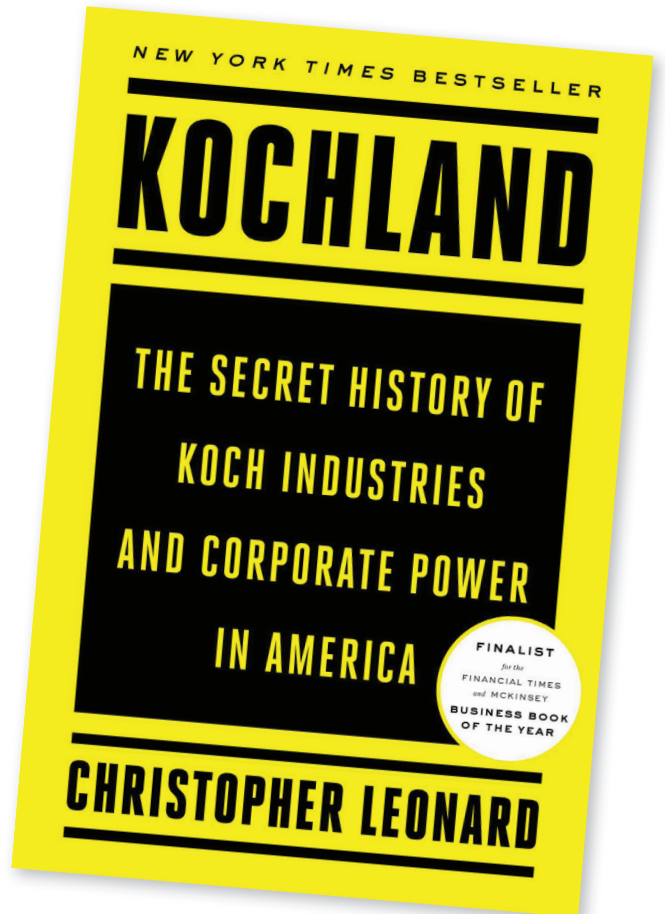
the author writes, with the dawn of what Charles Koch labeled the “Labor Management System.”

The Labor Management System tracked workers with the same level of detail used to track pallets.

“Each worker was assigned what was essentially their own barcode,” Leonard writes. “The LMS system tracked them throughout their workday, their workweek and eventually their entire career. Every minute was recorded. Every minute was analyzed. Nothing was lost on the LMS.”

Day-to-day operations were no longer dictated by foremen and supervisors, Leonard writes; instead, they were run with the help of an algorithm inside a set of black boxes no one could see.

Employees were ranked and placed into three categories: the green zone, the yellow zone and the red zone. If they didn’t meet their goals and fell into the red zone, they could be “reprimanded



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or put on notice.”

Life at Georgia-Pacific became a scramble to stay out of the bottom third of the rankings.

The Labor Management System wasn’t just tiring workers out, Leonard writes. “It was turning them against each other.”

Cap-and-trade

Federal cap-and-trade policy, made famous under George H.W. Bush, created a system of pollution credits to combat acid rain. In 2009, Koch Industries’ lobbyists, citing free market trade, sought to detail carbon control efforts.

The American Clean Energy and Security Act of 2009 — known by its sponsors, Waxman-Markey — posed an “existential threat” to the Kochs, even as the energy industry received \$378 billion in government allotments.

Third-party studies financed by the Kochs through the National Association of Manufacturers proclaimed “cap and trade could significantly increase electricity bills, gas prices and American jobs.”

Koch was even more unpromising in fighting cap-and-

trade than Exxon, Leonard writes, whose lobbyists made it known they might support some sort of carbon emissions plan.

Koch Industries presented no such compromise.

The Koch-backed Americans for Prosperity could get people marching in the streets — and it could get them marching in the exact streets and zip codes of congressional districts where their marching would most effectively benefit their own strategic interests.

At their peak in Oregon, Americans for Prosperity had local chapters in Clatsop and 22 other counties in Oregon, the Institute for Research and Education on Human Rights, a nonprofit seeking social and economic justice reported. Americans for Prosperity abandoned Oregon in 2015.

A hefty 688 pages, the vast and sprawling “Kochland” remains a compelling work-in-progress, pointing to not only lessons from the past, but the direction ahead.

As the story unfolds, it is certain Koch Industries will be at the center of the tale.

Why I call my new gas oven ‘Brutus’

VIEW FROM THE PORCH

EVE MARX



The first thing that happened was the old stove croaked.

According to Consumer Reports, the average lifespan of any oven, dishwasher, washer, dryer, or fridge is now eight to 12 years. When we bought this house 2½ years ago, all the appliances were 15 years old. It should have come as no surprise when the oven died. I’ve already replaced the dishwasher and only last month the hot water heater went kaput.

The oven’s death was dramatic. The oven screamed bloody murder and then smoke billowed out. When it died, the “off” button ceased to work and for one fearful moment I thought we might have to call the fire department. Then Mr. Sax had the sense to flip the circuit breaker which turned the darned thing off. After the smoke cleared, I did a little research on line. The next morning I called J&S Appliance and Home Furnishings in Warrenton and ordered a new range.

Without going into a lot of details, let’s say choices were limited. This house was built in 1954; 18 years ago, someone gave it a major overhaul. Some would say this kitchen is ripe for redo. But it has a lot of nicely aged marble and attractive cabinetry that is unfashionably dark but still handsome. Only the slide-in, front-control range style



Eve Marx

Our new beast, a GE 30-inch slide-in front-control gas range.

would fit the cabinetry. Needless to say, these models tend to be more spendy. Also adding to the cost are “dual fuel” models where the oven is electric and the stove top gas. In the interest of saving money I went with full on gas. The last time I had a full on gas range was in a tenement apartment in Greenwich Village in 1970s. You needed a match to light the burners, and to light the oven, you had to crawl halfway inside and torch the pilot light. This often resulted in singed eyebrows and eyelashes.

They’ve come a long way with gas ranges. For starters, now

they’re electricity ignited. The model I chose has a steam-clean self-clean option. I called on a Monday morning. J&S ordered it and delivered and installed it on Thursday. Everyone was super nice. Even though it was a few days shy of their Black Friday sale, they gave me an excellent price.

Now back to the stove.

“I’m a little afraid of it,” I confided to my friend who lives in New York. We talk at least twice a week. “It doesn’t seem tame like the rest of my appliances. I know this sounds crazy, but it feels wild and alive.”

“It is alive,” she said. I could hear her chewing while we talked. I didn’t mind. “That’s why I won’t use the gas fireplace the last owner of my house installed. I can’t bear the idea of an always open flame.”

“Well, that doesn’t bother me at all,” I said. “We have two gas fireplaces. Our dryer runs on gas, as does our furnace. If I took it into my head to be leery of gas, I couldn’t live here.”

Meanwhile the new stove, a GE 30-inch slide-in front-control gas range, holds a commanding position in my kitchen. It does seem to be breathing. It makes a whooshing sound when you turn it on that for the uninitiated, sounds like something’s blowing up.

“Stove envy,” a friend commented when I posted its picture on social media. Other comments included, “Nice! Jealous!” and “I love the built-in griddle!” A friend in Gearhart recalled that for 27 years she cooked on a 1945 vintage GE Frigidaire electric stove. When she remodeled her kitchen, she went for gas. She was apprehensive because of an incident that happened just after her high school graduation when a group of friends rented a place in Cannon Beach. It had a gas oven. Unwittingly they took a match to the stove when they shouldn’t.

Oops. That said, I’m ready to shake those pots and pans. I was thinking of giving the range a name. I was thinking of calling it “Brutus.”

If you’re in the market for a new range, I totally recommend giving full on gas a shot. True, electric is better for baking but I don’t bake. I roast.

PUBLIC MEETINGS

TUESDAY, Dec. 3

Community Center Commission meeting, 10:30 a.m., Bob Chisholm Center, 1225 Avenue A, Seaside.

Seaside Library Board, 4:30 p.m., Seaside Public Library, 1131 Broadway.

Sunset Empire Park and Recreation District, board workshop, 5:15 p.m., Bob Chisholm Community Center, 1225 Avenue A, Seaside.

Seaside Planning Commission, 7 p.m., City Hall, 989 Broadway.

WEDNESDAY, Dec. 4

Gearhart City Council, 7 p.m., City Hall, 698 Pacific Way.

THURSDAY, Dec. 5

Seaside Parks Advisory Committee, 6 p.m., City Hall, 989 Broadway.

MONDAY, Dec. 9

Seaside City Council, 7 p.m., City Hall, 989 Broadway.

TUESDAY, Dec. 10

6:30 p.m. Gearhart City Council and Planning Commission, work session, county housing study, City Hall, 698 Pacific Way.

THURSDAY, Dec. 12

Seaside Convention Center Commission, 5 p.m., Convention Center, 415 First Ave.

Gearhart Planning Commission, 6 p.m., City Hall, 698 Pacific Way.

TUESDAY, Dec. 17

Union Health District of Clatsop County, 8 a.m., Seaside Providence Hospital Ed Center, Room B.

Sunset Empire Park and Recreation District Board of Directors, 5:15 p.m., Bob Chisholm Community Center, 1225 Avenue A, Seaside.

Seaside Planning Commission, work session, 7 p.m., City Hall, 989 Broadway.

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