

## Kitzhaber and Hayes: “Greens” vs. Transparency

*How do environmentalist politicians protect themselves from being held accountable?*

By Steven J. Allen

**Summary:** *In Parts 1 and 2, we reported on the tangled web of power-hungry and greedy special interests—environmentalists, business people, and government officials (including White House advisors and governors of other states)—that was exposed in the scandal that forced the governor of Oregon, John Kitzhaber (D), to resign. In this final installment on the Kitzhaber-Hayes affair, we examine the ways the scandal is tied to key goals of the environmental Left. One key goal: making it much, much harder for voters to hold “green” politicians accountable for the disastrous results of their policies.*



In 2013, British Columbia Environment Minister Mary Polak, Oregon Gov. John Kitzhaber, Washington Gov. Jay Inslee, and California Gov. Jerry Brown signed a pact on “climate change.”

This month, in Part 3 of our look at the scandals that forced Oregon Gov. Kitzhaber to resign, we examine a trip to Shangri-La (well, Bhutan) ... the ways in which billionaires want to measure your happiness ... how British Columbia took a “climate” stand, along with Schleswig-Holstein and Thuringia ... how Walmart cashed in on paper-drying ... and how Oregon First Lady Cylvia Hayes, after being advised on how to avoid the appearance of impropriety, just couldn’t take a hint.

### Warming is coming. Run!

In last month’s issue of *Green Watch*, we were introduced to Kate Gordon, who was listed as a board member of the Clean Economy Development Center (the shadowy group that provided a “fellowship” to Oregon’s then-First Lady Cylvia Hayes). Gordon links billionaire environmentalist Tom Steyer to the concept of the Genuine Progress Indicator (GPI), which we’ll get to in a moment.

Some background: To the “green” Left, cost-benefit analysis is a problem. Even some environmentalists admit that many supposed anti-Warming measures would do real harm to the economy, especially to poor and working-class people—greater harm than the Warming itself. To get around that problem, activists have worked to build up the current and future threat of Warming. It’s been blamed for everything from the spread of AIDS to the future extinction of coffee beans and red-headed humans, from bumpy plane rides to the loss of people’s sex drives to a rise in the pitch of the croak of the coqui frog of Puerto Rico. [See *Green Watch* August 2014.] Sen. Bernie Sanders (I-Vt.) said in a recent Democratic presidential debate that “In fact, climate change is directly related to the growth of terrorism.”

Summing up all the Warming harm is hard work, and work to which billionaire Steyer has turned his attention. In Feb-

ruary 2014, Anne C. Mulkern of *E&E* [Energy and Environment] reported:

High-profile billionaire and environmental activist Tom Steyer held center stage at an event here [in Santa Barbara, California] . . . In his final minutes, Steyer announced that he planned to launch an effort to quantify what inaction on climate change could cost the country. When a reporter afterward raced for Steyer, he begged off questions, waving for his aide, Kate Gordon.

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Sitting in the near-empty auditorium after the event, Gordon explained the plan. . . . The study was her idea, one she had long waited to put into action. “I’ve wanted to do this for five years, and I never felt like I was in the right place to do it until working with Tom,” Gordon said.

Steyer’s San Francisco-based non-profit policy shop, Next Generation, offered the perfect perch to launch the effort, she said, because “we’re not in Washington. We’re not an environmental group. We’re not identified as having a particular dog in the fight.” That study on climate inaction now is underway. Called Risky Business, it’s headed by Steyer, former New York City Mayor Michael Bloomberg (I) and George W. Bush administration Treasury Secretary Henry Paulson. Gordon, 40, is the Risky Business executive director.

. . . Before joining Steyer’s nonprofit, she spent a decade crafting reports and analyses that several people said influenced state and federal policies, including the green jobs movement and elements of President Obama’s stimulus package, the American Recovery and Reinvestment Act. Over the past 20 months, Gordon has guided Steyer as he’s emerged as a political force. . . . The magazine *Campaigns & Elections* in November included Gordon on its list of the 50 influencers to watch ahead of

the 2014 election cycle, citing her role in the Risky Business study on climate change costs. “She understands how the game is played, how power is exerted and how to pull the right levers,” said Adam Browning, co-founder of advocacy group Vote Solar and an activist who has worked with Gordon on green issues. . . . Gordon helped recruit the effort’s new Risk Committee, which features several well-known names. There are three people from former President Clinton’s Cabinet: Secretary of Housing and Urban Development Henry Cisneros, Treasury Secretary Robert Rubin, and Secretary of Health and Human Services Donna Shalala. Two Republicans are on board: former Sen. Olympia Snowe of Maine and Reagan administration Secretary of State George Shultz. . . . In addition, she’s now part of a group of advocates conferring on ways California, Oregon, Washington and British Columbia will move forward together on actions to combat climate change [i.e., the Pacific Coast Collaborative; more on this project below].

Gordon, who served as co-director of the Apollo Alliance [about which, see *Green Watch* November 2012 and our sister publication *Foundation Watch*, October 2009], is considered one of the leaders of the “green jobs” movement and was highly influential in the creation of President Obama’s disastrous “stimulus” program. (Apollo Alliance, by the way, later merged with the BlueGreen Alliance, a union/environmentalist partnership started by the United Steelworkers and the Sierra Club, which now includes the Service Employees International Union (SEIU), the Union of Concerned Scientists, the American Federation of Teachers, and other organizations.) Gordon met Steyer in 2011 when she was the vice president in charge of the energy program at the Center for American Progress, headed by John Podesta, who is currently campaign chairman for Hillary Clinton.

Last May, Gordon was named “Vice Chair, Climate and Sustainable Urbaniza-

tion” of the Paulson Institute, founded by former Treasury Secretary and Goldman Sachs CEO Hank Paulson.

### **Demos, GPI, and that trip to Bhutan**

If you exaggerate the Global Warming threat sufficiently, any measure to prevent Warming can be made to appear reasonable and, as the President likes to say, “common sense.” In the grand scheme of things, how much should we care about some lost economic growth, considering what’s at stake? Besides: If government policies can be judged as failures merely because they have negative effects on the economy, then—as the Left sees it—it’s time to change how we measure the effects of government policies.

Thus, the Genuine Progress Indicator (GPI). As defined by various environmental groups, “GPI is designed to take fuller account of the health of a nation’s economy by incorporating environmental and social factors which are not measured by GDP [Gross Domestic Product]. . . . The GPI is used in green economics, sustainability and more inclusive types of economics by factoring in environmental and carbon footprints that businesses produce or eliminate.”

Thus, using GPI, the cost of Global Warming policies can be waved away, offset by the amount of supposed damage from Warming that environmentalists speculate has been or will be prevented. And a tax on the use of natural resources might not be considered a tax at all, but merely an effort to “internalize externalities,” to make companies compensate the government for what environmentalists call “negative eco-impacts.” A similar proposed measure of well-being is called HPI, for “Happy Planet Index.”

Left-wing economist Zachary Karabell ridiculed GDP in a 2014 interview on PBS: “GDP is extremely good at measuring how much stuff we make, and how much stuff we consume, full stop. It’s an extremely good number to measure output, and in that sense, it’s a good number for 1950s economies, when you had more closed systems, high trade barriers, local

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manufacturing, particularly for the United States, where most of the stuff the U.S. consumed in 1950 was made in America.”

“The GDP is a truly terrible measure of things that really matter,” said Gus Speth, a distinguished senior fellow at the left-wing think tank Demos. (Speth, as noted last issue, was founder of the World Resources Institute.) “Finally, there’s a broad consensus on this point. For the first time there’s a chance that this concern will move out of academic and research circles and become a real policy question.”

GPI is a major project for Demos. In 2013, Lew Daly, the organization’s director of policy and research, invited Kitzhaber and Hayes to accompany him to a meeting on GPI in Bhutan, a Buddhist Himalayan kingdom once labeled in a PBS documentary as “The Last Shangri-La.”

Hayes was encouraged to attend the meeting by John de Graaf, a board member of the Earth Island Institute and an advisor to what de Graaf called “Bhutan’s U.N. happiness initiative.” He wrote of the trip: “In April 2013, Hayes and Kitzhaber traveled to Bhutan for an international meeting on alternative measures of progress, and to learn about the policy tools adopted by the small Himalayan nation whose former king famously declared, ‘Gross National Happiness is more important than Gross National Product.’”

Oregon journalist Nigel Jaquiss wrote, “The novelty of a governor flying to a small Himalayan nation during the middle of a legislative session to study economic theory made national news—it was the kind of publicity a wonky non-profit such as Demos couldn’t buy.”

Harry Esteve of the *Oregonian* reported:

Kitzhaber’s and Hayes’ conference and travel costs are being paid by the German Ministry for Economic Co-operation and Development, which is helping organize the meetings. The weeklong conference is at the Naktse Resorts, Paro, Bhutan, a tiny Himalayan nation all but surrounded by China, India and Nepal. Photos

show a woody, high-end establishment high in the mountains.

The German government paid for the trip as a leading supporter of the GPI or “Beyond GDP” campaign. Backers include the European Parliament, the World Wildlife Fund (co-founded by Julian Huxley, who, at the time of WWF’s founding, was president of the British Eugenics Society), the OECD (Organisation for Economic Co-operation and Development, a 34-nation group that was founded to administer the Marshall Plan), the [Communist] Chinese Academy of Social Sciences, and the Club of Rome [about which, see *Green Watch*, August 2015], along with “media partners” including the Reuters news agency and the Inter Press Service, which mostly covers poor countries.

The month after the Governor and First Lady got back from Bhutan, she received a \$25,000, five-month contract from Demos to promote GPI. The original agreement called for Hayes to work in Oregon, but after Hayes consulted with a Kitzhaber staff attorney, a later version “dropped ‘Oregon’ and changed to scope to nationwide,” Laura Gunderson reported. Demos’ Daly “told the *Oregonian* late last year that he and Hayes tweaked the contract after recognizing that it could appear to present a conflict of interest.”

Demos [profiled in the July 2014 issue of our sister publication, *Organization Trends*], is a far-left group that supports restrictions on freedom of speech and opposes measures to prevent vote fraud. President Obama is a former board member. Its current board includes Van Jones, the self-described “revolutionary communist” who served as the Obama administration’s Green Jobs Czar until he was caught supporting the “9/11 truth” movement, which claims that George W. Bush knew about the September 11 attack in advance or staged the attack. The Demos board is chaired by Amelia Warren Tyagi, daughter of Sen. Elizabeth Warren (D-Mass.).

According to Laura Gunderson of the *Oregonian*:

In a dozen emails spanning April 2013 to April 2014 . . . [Hayes] orchestrates work on the new policy, an alternative economic measure called the Genuine Progress Indicator. Hayes sets the agenda for meetings with top state officials. She outlines the job description for the new policy’s director. She spells out her own role, writing: “I expect to provide the following pieces to this effort myself.” That wording was in an Oct. 10, 2013 email to Michael Jordan, director of the Department of Administrative Services, at a time when Hayes was also being paid by Demos. Hayes tells Jordan, one of the state’s highest officials, she expects to “build stakeholder participation and support within and beyond state government and assist with communications”—the same jobs she was doing for Demos.

Her contract with the advocacy group ran from June 1 to Nov. 30, 2013. In another email to Jordan and other senior officials, Hayes calls a meeting on the Genuine Progress Indicator, or GPI, at Mahonia Hall, the state-owned governor’s mansion. Hayes set the meeting for May 13, 2013, three days after she signed her initial contract with Demos. The contract was later tweaked and the start date changed to June 1, but Hayes dated her first \$8,333 invoice to Demos on May 10, 2013.

That invoice, signed by Hayes, from her consulting firm 3E Strategies, was for \$8,333 (one-third of the \$25,000 she was paid by Demos). It covered “Consulting services delivered through the Beyond GDP / GPI in the States project as described in the Surdna Foundation grant agreement.”

A spokesman for the Surdna Foundation, funder of the GPI project, said Hayes was listed in a proposal for a \$200,000 grant covering the period April 2013 to April 2014. He wrote in an e-mail that Demos “indicated to Surdna, in their grant proposal material, that they would be funding a fellow who is the first lady of Oregon.”

Surdna promotes environmentalist and other left-wing causes, as well as the work of “community organizers” in the tradition of radical Saul Alinsky, as noted in our sister publication *Foundation Watch*, January 2014.

An undated memo from Hayes to Kitzhaber’s chief of staff, Curtis Robinhold, detailed the nature of her arrangement with Demos. “In exchange for my service, Demos will pay me \$25,000 in three installments and reimburse for reasonable pre-approved travel expenses,” she wrote.

She described the state’s GPI project, “currently under development in a partnership between Demos, Portland State University, the Center for a Sustainable Economy, and Institute for Policy Studies.” Hayes was to “play an active and strategic liaison role between Demos, other stakeholders, and Oregon government representatives . . . connecting Demos and other partners with key public officials, and representing Demos and partners in official meetings and in discussions with non-governmental stakeholders.”

The Center for a Sustainable Economy, one of the partners on the GPI project, seeks, according to its website, a “swift transition to a New Economy” that “measures progress by improvements in well-being and not expansion of the scale and scope of market economic activity” and “replaces brutal and wasteful competition between nations, businesses, and individuals with one that binds us together in cooperative frameworks for solving civilization’s most urgent problems.” Its “partners and clients” include the Wilderness Society, the United Nations Industrial Development Organization, the Washington State Department of Ecology, and the Climate Action Coalition (for “Technical and advocacy support in opposition to fossil fuel export projects in Oregon”).

The Institute for Policy Studies, another partner on GPI, was founded in 1963 with seed money from the Samuel Rubin Foundation, which received its endowment from the Fabergé cosmetics fortune. Throughout the remainder of the Cold

War, it was one of the most of the extreme and influential think tanks in Washington, D.C., representing the Soviet point of view in world affairs. Its funders include the Ford Foundation, the (Ted) Turner Foundation, the John D. and Catherine T. MacArthur Foundation, and George Soros’ Open Society Institute.

According to *Northwest News Network*, Hayes attended four events on GPI with officials of neighboring Washington State. The meetings were held in the office of Gov. Jay Inslee (D), one of Kitzhaber’s partners in the Pacific Coast Collaborative.

On June 14, 2013, Hayes attended a summit on GPI hosted by Gov. Martin O’Malley (D-Md.), who’s currently running for president. The summit, in Baltimore, featured a discussion, moderated by Hayes, between O’Malley and Jeffrey Sachs, the left-wing economist and director of the Earth Institute at Columbia University.

At that time, O’Malley’s office bragged that “Maryland is the national leader in the development and use of the GPI.” The state had adopted GPI as a measure of well-being in 2010. Vermont and Hawaii followed.

In October 2013, Hayes submitted a \$125,000 proposal for an “Oregon GPI Team” that included Sean McGuire (who had developed GPI for O’Malley in Maryland), Demos, and Hayes, along with a group called Ecotrust, a Portland environmentalist organization founded by a former president of the Nature Conservancy International Program.

Nigel Jaquiss of *Willamette Week* reported:

After relocating to Oregon, McGuire worked with Hayes and Demos to pitch the GPI to Washington State. Now, McGuire needed a job and Hayes wanted the state to have a GPI director on staff. Hayes arranged for Jordan and McGuire to meet. When Jordan didn’t immediately hire McGuire, Kitzhaber himself got involved, sending Jordan an email with an unmistakable message. “The best

person to do this [GPI] work is Sean McGuire and we need to find a way to bring him on,” Kitzhaber wrote in a Dec. 30, 2013 email to Jordan. McGuire soon joined the state payroll at a \$65,000 salary.

### **Across state and national boundaries**

Another key concept underlying the Kitzhaber-Hayes scandal is the importance to the Left of multi-jurisdictional efforts. The Left understands that politics isn’t just fought at the national level, or at any one level, but at all levels: neighborhoods, wards, cities and counties, states and provinces, countries, continents, and the world. You can lose at one level or two or three, and still win the game.

Which brings us to the effort to unite the West Coast under the green banner. One Hayes contract was with a nonprofit organization called Rural Development Initiatives. In February 2011, Kitzhaber’s office announced that Hayes would go to work for RDI. Hayes said, “I have stepped back from my consulting work and chosen to route my work through this really credible not-for-profit organization to avoid any potential conflict of interest—and as many of the perception challenges as possible,” she told the *Bulletin* newspaper.

She got her job through Gary Wolf, who had worked in Kitzhaber’s earlier administration and in the 2010 campaign and who was on RDI’s board. According to Nick Budnick of the *Oregonian*:

The plan was for Hayes to help raise \$450,000 for a clean economy project—including \$50,000 from Oregon that would require the support of her fiancé. The project was intended to align climate and energy policies in Oregon, California and Washington. That effort was supported by a spin-off of a left-leaning think tank called the Center On Wisconsin Strategies. The center didn’t fund any of Hayes’ RDI salary, but did provide technical support for her work and for the pitch for foundation funding.

At the time, the center had its own agenda in Oregon, not disclosed pub-

licly, that involved Kitzhaber. Working with national Service Employees International Union, the center supported 2011 legislation that would create a new state bank to advance public policy and local business goals. The legislation would have required Kitzhaber's endorsement.

Hayes worked at her \$5,000-a-month job for five months before it became apparent funding wasn't flowing as expected for the project.

When Hayes was working at RDI, she indicated that the collaboration project would require \$800,000 over three years, according to a description of the "West Coast Clean Economy Collaborative" that Hayes provided to Kitzhaber's chief of staff.

After stories began to surface in the media about Hayes' contracts, RDI issued a statement that "Ms. Hayes was hired by RDI Executive Director, Craig Smith, to explore clean economy options for rural communities. Her salary was paid from RDI's own unrestricted net assets. RDI's state revenue was not influenced by Ms. Hayes' employment. Ms. Hayes left RDI after five months." The concept of "align[ing] climate and energy policies in Oregon, California and Washington" was one on which Hayes and Kitzhaber would continue to focus.

As noted, the Energy Foundation paid Hayes \$40,000 for eight months in 2013, having previously provided \$75,000 of the \$118,000 that Hayes received from CEDC (\$30,000 in 2011, \$88,000 in 2012). One of the foundation's interests was the promotion of a multi-jurisdictional effort, the Pacific Coast Collaborative or PCC—the governments of California, Oregon, Washington, and Canada's British Columbia province, joined together to fight Global Warming.

The PCC is a big deal. The four jurisdictions in the PCC have a combined population of 54 million and a combined GDP of \$2.8 trillion, which, if counted separately, would rank it fifth among the nations of the world. As part of the pact announced in October 2013, Oregon and Washington agreed to join California and

British Columbia in enacting "carbon pricing" (for a cap-and-trade scheme or a carbon tax), and the four governments agreed to link their systems together "for consistency and predictability and to expand opportunities to grow the region's low-carbon economy." They agreed to adopt Low-Carbon Fuel Standards, expand the use of electric cars, subsidize/mandate "alternative" fuels, and by 2016 have zero-emissions vehicles make up 10 percent of new car sales. They also promised to support the EPA's "War on Coal" and back an international agreement on Global Warming.

Gov. Jerry Brown (D-Calif.) declared, "It's only the beginning. You just watch. Next year and the year after and the year after that, this will spread until finally we get a real handle and grasp on what is the world's existential challenge—the stability of our climate, on which we all depend." Added Gov. Jay Inslee (D-Wash.): "Along the West Coast, we have collectively recognized that a clean economy, energy efficiency, and green building provides the only path that we have to a sustainable future."

"Once again, the West Coast is leading the way," said then-Rep. Henry Waxman (D-Calif.). Frances Beinecke, president of the Natural Resources Defense Council, said, "This agreement will show the world that the Pacific Coast states aren't waiting for Congress or governments worldwide to tackle climate change."

Kitzhaber said the recession had given state and federal governments an excuse to avoid dealing with "climate change." "The good news is that British Columbia, California, Washington and Oregon have defied that trend for the last few years, retaining progressive political leadership that is committed to clean energy and maintains the belief that creating jobs and economic activity is not incompatible with long-term environmental stewardship," he said.

The Pacific Coast Collaborative isn't the only multi-jurisdictional pact that includes Oregon as well as California. Both states are party to the "Under 2 MOU" (Memorandum of Understanding)

which, according to a press release from the office of Gov. Jerry Brown, "aims to unite state and regional governments in reducing their emissions by 80-95% based on a 1990 baseline, or achieving a per capita emissions target of less than 2 metric tons by 2050." (The "Under 2" refers to radical environmentalists' two degrees Celsius "threshold"—the amount of global warming beyond which, they believe, the results would be catastrophic.)

Last month, Brown's office announced that, "with the addition of the Federal Republic of Germany, along with the German regions of Bavaria, Schleswig-Holstein and Thuringia and the Italian region of Emilia-Romagna to the Under 2 MOU climate agreement, the combined GDP of signatories and endorsers has surpassed that of the United States, the world's largest economy. . . . Collectively, 57 jurisdictions from 19 countries and five continents have now signed or endorsed the Under 2 MOU, collectively representing more than \$17.5 trillion in GDP and 572 million people."

Resource Media paid Hayes \$20,611, plus up to \$5,300 in travel expenses, apparently for ten weeks of work, although Hayes said later that it was for nine months. The contract started in February 2013. By one account, the pay was for her help coordinating a media campaign aimed at convincing Kitzhaber to block a proposed coal export terminal at the Port of Morrow. One part of her contract with Resource Media obliged her to "promote ocean and marine health as part of the Pacific Coast Collaborative."

The website SWIFT Washington reported that, according to the office of Washington's Governor Inslee, Hayes attended three PCC meetings in 2013 and 2014 at which Washington state officials were present. She advised attendees on "ocean health."

Oregon's participation in the Pacific Coast Collaborative was intended not as an end in itself, but as part of a wider effort. A ten-page e-mail from 2014, uncovered by Chris Horner of the Energy and Environment Legal institute, seeks

advice from allies in other governors' offices on how to launch "a nationally coordinated, multi-year 'states strategy' focused on driving outcomes contemplated by the president's climate action plan," to "spread climate coordination and collaboration." Kitzhaber's state budget for 2015-17 included \$200,000 in taxpayers' money—technically, from lottery funds—for the Collaborative.

### **Brazen**

Sometimes, self-righteousness blinds you to your own corruption.

Nigel Jaquiss of *Willamette Week* reported that Hayes "benefitted from \$35,000 spent by the Oregon Business Council—an advocacy group close to Kitzhaber—to provide her with a spokeswoman. The spokeswoman, hired in 2013, helped publicize Hayes' work on the Oregon Prosperity Initiative, a state program Hayes [led] on Kitzhaber's behalf."

The Oregon Business Council, which represents some of the state's biggest employers, received a \$500,000 grant from another nonprofit to promote the initiative. "Having a private lobbying firm finance a public official's agenda could violate state and federal laws, especially if the payments were a trade-off for political favors," Jaquiss wrote. However, the final version of the contract for the communications director, Therese Lang, said that she worked directly for the program, not Hayes.

The problem is that, according to recently released e-mails, Hayes e-mailed members of Kitzhaber's top staff seeking advice on what she should be looking for in the spokesperson. "Will you please take a look at the write up below of what I am looking for in the comms position and let me know your thoughts? Biggest question is do I want to hire one person to perform all of these components or do I want to contract several specialty Service Providers?"

The job description: "Focused, Proactive Support and Coverage of First Lady Activities: This may include help with speech-writing, photography and videog-

raphy, generating media coverage. This needs to be managed strategically both to best serve the goals of the Prosperity Initiative and to align with desired first lady brand."

In a September 13, 2013, e-mail, Hayes wrote the Council president, "The person I am contracting for this work is Therese Lang. She is cc'd here in case you need any additional information from her. Therese, as discussed, your contract will actually be with Oregon Business Council."

The draft contract matched up with Hayes' job description, in some places word-for-word, Jaquiss reported. Kitzhaber's staff attorney was shocked and wrote Hayes: "I'm trying to get my head wrapped around this. Do I have this right: A non-state non-profit entity (Oregon Business Council Charitable Institute) has received a private grant (from NW Area Foundation), which is going to be used to support the official duties of the First Lady through the hiring of a communications staff person (Therese Lang)? I'm just trying to get a handle on some of the issues we may need to work through, including the use of a non-state entity to do state work; public contracting issues since we are essentially bypassing the public contracting process and getting services donated; and whether the 'value of the services' that the state is getting for free is a 'gift.'"

Later that day, Reeves suggested a change in the contract wording so that, "instead of directing Therese to support you directly, we can get to the same outcome but it doesn't look like OBC is basically paying someone to support a state position." "That is not the case," Hayes responded, missing the point. "They are clear that this position is working for me, supporting our Oregon Prosperity Initiative." Ultimately, the change was made in the contract.

Yet the arrangement raises a big question that has gone unanswered: Why would the Northwest Area Foundation, headquartered in Minnesota, fund a spokesperson for Oregon's First Lady? True,

the group's goal is "helping communities reduce poverty for the long term," and Oregon is within the eight-state region the foundation covers. Still, \$500,000, of which \$35,000 went for the spokeswoman, might be considered a lot of money for such a project.

The money flow is less mysterious when you see that the boards of the Northwest Area Foundation and the Oregon Business Council have a member in common, William Thorndike Jr. of Medford Fabrication in Medford, Oregon. And a "William Thorndike Jr." is listed among the prominent citizens hosting the general election campaign kickoff in Medford, Oregon, May 26, 2010, of a former and future governor, John Kitzhaber.

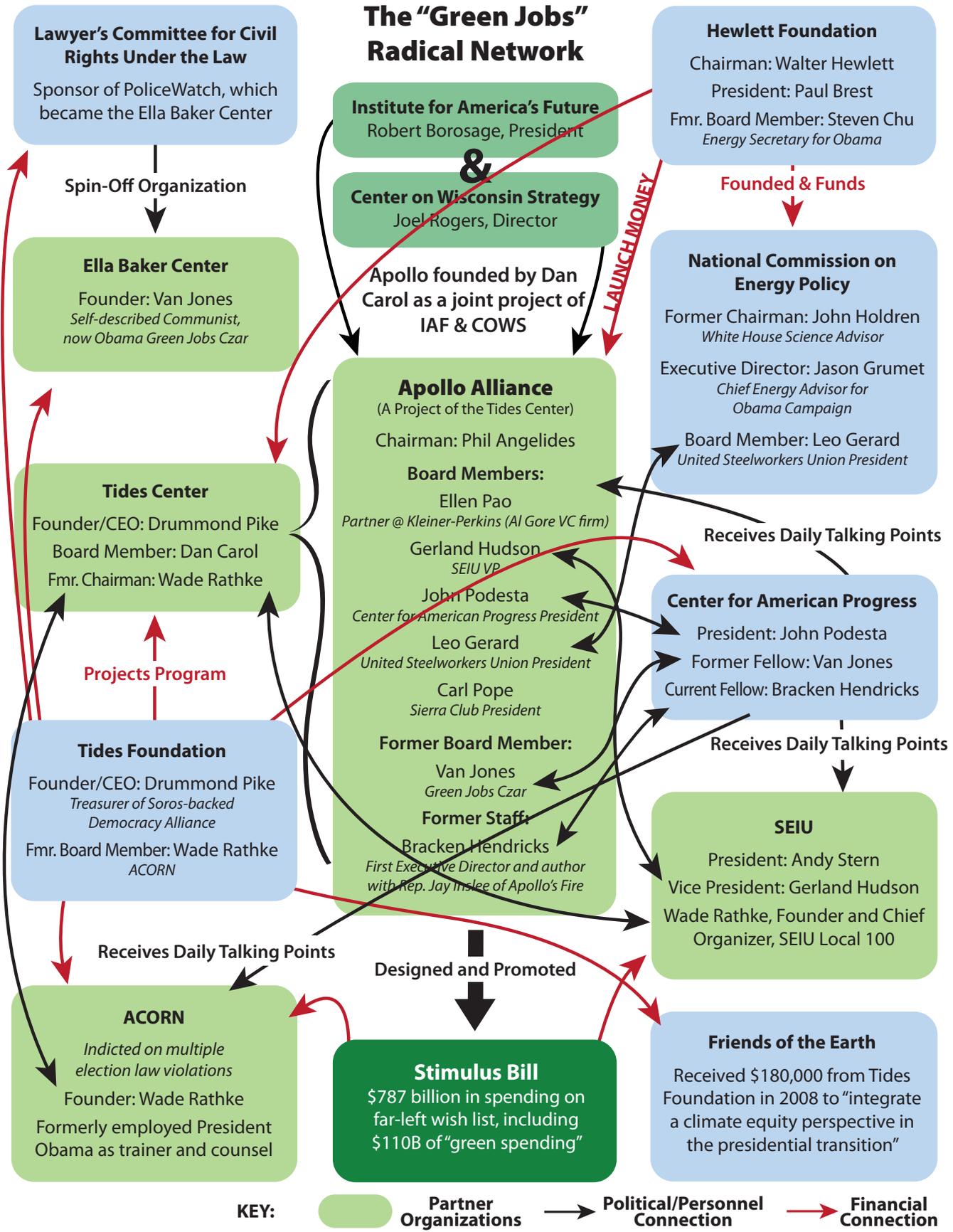
### **Special interests win**

One final environmental concept important to this story is that of the Low-Carbon Fuel Standard, or LCFS. Oregon has had an LCFS law since 2009, but it was set to expire in 2015 without reaching its long-term goals. Two attempts by Kitzhaber to eliminate the expiration date had failed. Then, in the aftermath of the Governor's resignation, lawmakers extended the program. It passed the state senate on the governor's last full day in office.

To no avail, Republicans called for a delay in considering the program, or for submitting it to the voters. The state Senate Majority Leader, Diane Rosenbaum (D), replied, "There is no link between Cylvia Hayes' contracts and the Clean Fuels program."

Extension was backed by Clean Fuels Work, a coalition that included environmentalists along with business people who hope to cash in on the program. Hillary Borrud, a state capital correspondent for Oregon newspapers, reported that the extension will effectuate regulations set to take effect in the new year.

The Oregon Environmental Quality Commission voted in January [2015] to adopt regulations that will require fuel importers and producers to reduce the carbon content of transportation fuels by 10 percent over the



This 2009 chart from Americans for Prosperity showed the connections between "green"/leftwing groups with respect to the "stimulus."

next decade, starting in January 2016. Fuel importers and producers have at least two options to meet the standard: blend more low-carbon ethanol and biodiesel into transportation fuels, or purchase carbon credits. The Oregon Department of Environmental Quality plans to set up a system for entities such as electric vehicle charging stations to generate carbon credits. The agency expects the fuel standard will reduce greenhouse gas emissions in Oregon by a total of 7.3 million tons over the next decade.

When spread over 10 years, that decrease is relatively small. In 2010, the latest year for which DEQ has data, vehicles in Oregon emitted 22.6 million tons of carbon dioxide. The average emissions decrease anticipated from the low-carbon fuels program would have translated to a 3 percent reduction in 2010.

State bureaucrats say that the program will add four to 19 cents' cost to a gallon of gasoline, but more realistic estimates put the cost much higher.

Both options available to fuel importers and producers are problematic. Even many environmentalists recognize that biofuels such as ethanol and biodiesel are harmful to the environment and drive up the price of food, including food for the world's poorest people. [See *Green Watch*, July 2015.] The other option, purchasing carbon credits, has its own negative effects, such as subsidizing the rich who can afford electric vehicles, and is highly susceptible to abuse.

Oregon officials are very much aware of the potential for abuse in such programs. An earlier program, the Business Energy Tax Credit, was so bad, so disastrous it was actually repealed. It allowed businesses to set up "green" projects and take huge tax breaks—50 percent, up to \$10 million, in the final, 2007 version of the credit. Worse, in the manner of cap-and-trade systems, companies could sell their credits, creating even more potential for corruption. For example, one paper mill earned energy credits by burning wood

and using the heat to dry the paper. The company sold credits to Walmart for \$2.3 million, which Walmart could then use to offset \$3.3 million in state taxes over five years—which, it turned out, Walmart was able to use even though the plant itself had shut down.

A Texas trucking company received 752 credits worth \$4.5 million, even though less than one percent of its runs were on Oregon roads. A tire recycling plant received \$3.4 million even though, after more than two years, it had yet to recycle tires. A New York company divided its wind farm into thirds, to qualify for three separate \$10 million credits, despite a state analysis that should have disqualified the scheme. And backers of a \$23.6 million project to install solar arrays at two colleges allegedly used forged documents to qualify for a \$11.8 million credit—one document, an invoice from a nonexistent contractor, and the other document, a letter supposedly signed by the president of a "renewables" company that was dated five days after he had resigned.

The long-term cost to the state: some \$1.3 billion, almost three-fourths of which accrued after the program was made more "generous" in 2007 and before it was repealed in 2010.

### **A new aristocracy**

Because these kinds of disasters regularly result from "green" policies, their advocates must find ways to avoid being held accountable for policy failure. One way is to change the way we measure success—hence, the use of a vague, easily manipulated "happiness index" such as the GPI, rather than, say, a harder-to-falsify measure of economic growth based on GDP. Another way is to create multiple layers of protection between the environmental/political elite and the voters—hence, the Pacific Coast Collaborative, the "Under 2 MOU," and other multijurisdictional pacts. (If it's impossible to figure out who's behind a government policy, no one can be responsible for the consequences of that policy. That's why Leftists love the European Union bureau-

cracy and see it as a model for, as they put it, "world governance.") Yet another way to block accountability is to hide the effects of policies by making them very complicated and convoluted—hence, the use of the Low Carbon Fuel Standard.

To elitists, democracy is a problem. In a democracy, elitists must persuade a lot of voters to go along with them, which isn't easy. *Constitutional* democracy, in which the government's powers are strictly limited, is especially problematic. As we reported in the January 2015 *Green Watch*, elitists express great admiration for totalitarian governments like that of Communist China, where, according to Obama advisor Jeffrey Immelt, "state-run communism may not be your cup of tea—but their government works."

That's why it's important to see the Kitzhaber scandal as a window into how the environmental/political elite thinks and how it works.

Some see the scandal as a story of a man who had everything, until he was led by a woman into temptation and ruin. That's a tale as old as Genesis. Writers of fiction call such a temptress "the vamp," and Cylvia Hayes seems to fit the role, as a woman who once married a prospective immigrant for cash; who once bought land for an illegal marijuana farm; who, at the age of 35, went on a trip to Europe with an 81-year-old man who then helped buy her house; and who used her romantic relationship with a powerful politician to accrue power to herself, until the day she brought him down.

But if you see the scandal as a personal one, you're missing the point, and your missing the point is exactly what the bad guys want. They want the Kitzhaber scandal to begin and end with Kitzhaber and Hayes and maybe a scapegoat or two among their staffers. They don't want the scandal to have any significant effect on government policies and on politics.

So far, the bad guys are winning.

Oregon's Low Carbon Fuel Standard—a scheme to drive up fuel prices and make

certain politically connected businesses rich at the expense of other businesses and of consumers—should have died, especially in the wake of Kitzhaber and Hayes. Yet it went right on through.

Rather than serving as an impediment to environmentalists and their political allies, the Kitzhaber-Hayes scandal may actually have helped the Left. Gov. Kate Brown (D) is seen as someone with a clean slate, without the baggage Kitzhaber had accumulated over more than three terms.

In addition to pursuing environmental policies along the lines pushed by Kitzhaber and Hayes, Brown has backed other left-wing ideas such as a new law under which people will be registered to vote automatically when they obtain or renew drivers' licenses or state ID cards. (Combined with the state's system of all mail-in voting, which effectively eliminates the secret ballot, automatic registration makes the state an easy target for efforts to deny people their voting rights by using fake votes, or votes cast under pressure, to cancel out votes cast legitimately.)

Meanwhile, the "reforms" that have been put forth in the scandal's wake have dealt with such matters as whether a governor's live-in partner comes within the scope of state ethics laws and whether an Oregon governor can be impeached. This personal focus has distracted people from the most important wrongdoing, namely, the policies Hayes promoted and the means by which she, Kitzhaber, and their allies sought to work under the table, outside of public view.

### **Clean power isn't clean**

Seen properly, the Kitzhaber-Hayes scandal reveals the intricate web of money and deceit that underlies the misleadingly named Clean Power movement. "Clean power" is not clean. It's not clean even in "green" terms, if one considers the effect of wind turbines on birds, the water usage of solar power plants, the destruction of rainforest to accommodate the biofuels business, the effect of hydroelectric dams

on submerged areas, and a hundred other ways in which the environment may be damaged by the use of alternatives to carbon-based fuels.

"Clean power" is especially dirty in terms of corruption. Most "alternative" energy is inherently inefficient—try running your solar panels at night or your wind turbines on a calm day—and requires, to be economically viable, the pickpocketing of countless billions of dollars from ratepayers and consumers in the forms of grants, loans, special-interest tax breaks, and worst of all, mandates that hide the costs and shift the blame. As electric utilities raise rates in order to do what the government requires—replace cheap electricity with expensive electricity—you can count on the politicians and bureaucrats and their media allies to blame the evil utilities. Conversely, if the climate fails to warm, that lack of warming will be credited to the actions taken bravely by leaders of the anti-Warming crusade.

People who think they're saving the planet easily become self-righteous. John Fund wrote in *National Review Online*, "As the Kitzhaber scandal in Oregon has shown, green-energy interests can be the most brazen of all because they believe their perceived good intentions will block needed scrutiny." In fact, the more money that goes into "Clean Power," the dirtier politics becomes, as increasing numbers of businesspeople realize the road to riches is paved with political contributions and influence peddling in support of "green" politicians.

"Giving society cheap abundant energy is . . . like giving an idiot child a machine gun," claimed the prominent scientist Paul "Population Bomb" Ehrlich, whose frequent collaborator, John Holdren, is currently the science advisor to President Obama. How do you get rid of "cheap abundant energy"? You outlaw the cheap kind, and force people to buy the expensive kind, directly or through their tax dollars.

The President, as a candidate in 2008, declared that, under his plan, "If somebody

wants to build a coal-fired power plant, they can. It's just that it will bankrupt them." Under his plan, he said, "electricity rates would necessarily skyrocket."

In 2009, referring to his favored forms of energy as "clean" and "renewable," the President told Congress that "we need to ultimately make clean, renewable energy the profitable kind of energy." Later, he said his energy bill "will finally make clean energy the profitable kind of energy." He told the U.N., "We will move forward with investments to transform our energy economy, while providing incentives to make clean energy the profitable kind of energy."

So-called "clean" energy will be "the" profitable kind. Not "a" profitable kind, "the." In other words, it will be the *only* profitable kind.

When the government picks winners and losers, declaring that only certain businesses will be allowed to make a profit, the potential for corruption is virtually limitless. That's the real moral of the sordid story of John Kitzhaber and Cylvia Hayes.

*Dr. Steven J. Allen (JD, PhD) is editor of Green Watch.*

**GW**

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**Terrence Scanlon  
President**

# GreenNotes

Another sign of what's wrong with **Washington**: In December, Congressional leaders reached a bipartisan agreement on spending that failed to include a prohibition on U.S. funding of the so-called **Green Climate Fund** (GCF). "The GCF is a pot of public and private money designed to help poorer nations prepare for climate change," reported the Washington newspaper *The Hill*. "**Obama** pledged last year to spend \$3 billion on the fund by 2020, and he asked **Congress** to appropriate up to \$500 million for it in 2016." Now the President is expected to tap "discretionary funding streams"—taxpayers' money that he controls—for the GCF, which is essentially a slush fund for "alternative energy" interests and **Third World** dictators and kleptocrats.

Environmental economist **Richard Tol**, a lead author of a **U.N. Intergovernmental Panel on Climate Change** working group, said that his data show "climate policies" have made most people poorer while benefitting people who are in powerful industries or have political connections. (Tol was quoted by **Michael Bastasch** of the *Daily Caller*.) Climate policies, Tol said, have been more focused on "rewarding allies with rents and subsidies rather than emissions reduction." In this context, "rent" is wealth obtained without creating any new wealth, such as when one "robs Peter to pay Paul."

**Gina McCarthy**, administrator of the **Environmental Protection Agency**, may be able to escape giving a deposition in a lawsuit challenging the Obama administration's plan to "skyrocket" the price of electricity. The **Fourth Circuit Court of Appeals** has overturned a lower court ruling that would have forced her to testify. Backed by the governments of 26 states, **Murray Energy Corp.**, the country's top coal-mining company, is challenging the plan, and before the reversal, the company's CEO, **Robert Murray**, told the *Washington Times* he looked forward to the deposition because it would force McCarthy to defend policies that have devastated the economy in coal-mining regions. "I want to be looking at her the whole time," he said.

In 2008, former **New York City Mayor Rudy Giuliani**, then running for president, noted, "We have more coal reserves in the United States than they have oil reserves in **Saudi Arabia**." (The liberal "fact-checker" **PolitiFact** declared that "Giuliani's comparison is accurate. According to the U.S. **Energy Department**, the United States has 267.3-billion short tons of coal reserves, or 26.8 percent of the world total. Saudi Arabia has about 20 percent of the world's oil reserves.") Yet government figures indicate that fewer than 70,000 people now work in the coal-mining industry, down 20 percent from just five years ago. A different calculation, by **Duke University**, puts the loss of coal jobs at almost 50,000 between 2008 and 2012. The share of the country's electricity from coal is down from 70 percent to 40 percent in ten years. Coal, the EPA's McCarthy exulted last month in **Paris**, "is no longer marketable."

The effects of the **War on Coal** are rippling through the economy. The *Wall Street Journal* noted in an editorial: "Several coal companies are slouching toward bankruptcy, which could cause retirees and laid-off workers to lose health coverage. In May **Patriot Coal** filed for Chapter 11 for the second time in three years. Thousands of workers fear they'll be forced into Medicaid or the ObamaCare exchanges. The **United Mine Workers** multiemployer pension plan is edging toward insolvency. If the fund goes broke, the [federal taxpayer-funded] **Pension Benefit Guaranty Corporation** will pay retirees a maximum annual pension of \$12,870. Congress last year passed legislation allowing trustees of multiemployer plans to modify benefits to keep the funds afloat and prevent more severe cuts."

Just three days before the Global Warming summit in Paris at which his ideas would bear fruit, **Maurice Strong** died at age 86. The Canadian-born energy tycoon served as Under-Secretary-General of the U.N., created the infamous **Agenda 21** "sustainability" project, and is considered by some the father of the Global Warming movement. The first executive director of the **U.N. Environment Programme**, Strong described himself as "a socialist in ideology, a capitalist in methodology." After he was implicated in the **Oil-for-Food scandal** involving influence peddling, profit-skimming U.N. **Secretary-General Kofi Annan**, and **Iraqi** dictator **Saddam Hussein**, Strong moved to **Communist China**, although he claimed his move "just happened to coincide with the publicity surrounding my so-called nefarious activities."