

The Arca Foundation

By Matthew Vadum

Summary: Few outside the world of philanthropy have heard of the nearly 60 year old Arca Foundation but that doesn't mean it hasn't been effective. Founded by a tobacco heiress, Arca has been on the cutting edge of radical left-wing causes, embracing Fidel Castro's Cuba, the Palestinian cause, Saul Alinsky-inspired community organizing, and the never-ending social justice campaigns of the Left.

The fact that *Nation* magazine editor Katrina vanden Heuvel adores the Washington, D.C.-based Arca Foundation ought to serve as a red flag for conservatives. Arca is “one of the most interesting small progressive foundations working today, with a commitment to social justice at home and abroad that spans over 50 years,” says vanden Heuvel, a well-connected and stylish leftist who used to serve on the Arca board of directors.

If by “interesting” vanden Heuvel means having a knee-jerk antipathy toward mainstream American politics, then's she absolutely right.

In 1952 Arca started out as the Nancy Reynolds Bagley Foundation when it was founded by its namesake, who was the last surviving child of the founder of the R.J. Reynolds Tobacco Company. In 1953 she divorced her husband Henry Walker Bagley. After a subsequent marriage and divorce she reverted to the name Nancy Susan Reynolds. She died at age 74 in 1985. Reynolds had what Arca calls “her own ideas — some decidedly modern ideas for a Southern woman, a wife



and a mother of four — about what the world should and could be.”

Upon founding the philanthropy she wrote,

“I have been troubled and dissatisfied with the manner in which I have given to charitable enterprises. Each cause may be worthy in itself, but such isolated giving does not achieve the results that the same amount could realize if concentrated in one field or a few related ones. Foundations do not work in such a haphazard fashion. The natural diversity of opinion found in any group leads to more thorough planning and eventually achieves more continuity and sustained interest.”

In 1968 Reynolds changed the foundation's name to Arca, the Latin word for *treasure chest* and the Italian work for *ark*, a vessel that provides safety and protection. She felt that charitable foundations should blaze a trail instead of merely substitute giving for government. And what a trail Arca blazed.

Arca trustees take educational journeys to troubled lands to see strife up close. Yet when

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they visit countries like El Salvador, South Africa, the former Soviet Union, Cuba, or the Middle East they seem to consistently draw the wrong conclusions. Throughout its 59 year history Arca has advocated solving problems at home and abroad by denigrating markets and economic freedoms and by celebrating the benefits of revolutionary political change and government coercion.

Arca's mission statement is stuffed with conventional liberal rhetoric that cloaks the radicalism of its grantmaking:

The Arca Foundation is dedicated to advancing social equity and justice, particularly given the growing disparities in our world. The Foundation believes that a vibrant democracy requires an organized and informed citizenry that has access to information and free expression.

In pursuit of these principles, Arca supports innovative and strategic efforts that work to advance equity,

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accountability, social justice and participatory democracy in the US and abroad. While the Foundation's areas of focus evolve over time, we achieve our fundamental purpose by supporting efforts that affect public policy.

In practice what this means is that Arca is committed to funding the policy priorities of the Left. It gives grants to radical environmentalists, anti-corporate activists, and friends of the Communist regime in Cuba and the former Communist regime in Nicaragua. Unsurprisingly, Arca praises figures such as filmmaker Michael Moore and Democratic politician Howard Dean. Arca is a member organization of both the far-left Peace and Security Funders Group (profiled by John J. Tierney, *Foundation Watch*, August 2009) and the International Human Rights Funders Group (IHRFG).

For many years a favorite Arca cause has been Communist Cuba. While Cuba is rightly denounced for its repression of dissidents, Arca makes grants to groups that denounce the U.S. trade embargo against the island nation. Cuba remains on the State Department's list of state sponsors of terrorism, alongside Iran and Syria, but Arca continually calls for dialogue and understanding. Before six-year old Elian Gonzales was forcibly returned to Cuba in 2000, he and his father were the guests of Arca president Smith Bagley at a dinner party held in their elegant Georgetown home.

Elian's mother died in trying to bring her son to America. But Arca agreed that he should be returned to Cuba. Said a spokesman for the anti-Castro Cuban American National Foundation, "Arca is a walkup window for free checks passed out to any and all comers with an ideological ax to grind against U.S. policy on Cuba." In 2000 Arca gave \$5,000

to the General Board of the United Methodist Church for travel and related expenses associated with the legal representation of Gonzalez's father. (See <http://www.cubanet.org/CNews/y00/may00/09e11.htm>.)

Arca has also given grants to the Cuba Policy Foundation (\$350,000 in 2001), Medical Education Cooperation with Cuba (\$467,050 since 2000), the Lexington Institute (\$375,000 since 2000), a conservative group favoring changes in U.S.-Cuba policy; and Persephone Productions (\$150,000 in 2001) to produce a program for the PBS show "To the Contrary" about U.S. policy toward Cuba. A \$75,000 grant in 2001 went to the John F. Kennedy Center for the Performing Arts in Washington, D.C., to bring the Ballet Nacional de Cuba to the Kennedy Center stage.

Arca prides itself on giving money to groups that focus on "international affairs, foreign policy, international human rights, public policy, and research." It supports higher funding levels for failing public schools, higher taxes on the rich, socialized medicine, and wealth redistribution. Arca also funded the Illinois Death Penalty Education Project which takes credit for convincing then-Illinois Gov. George Ryan to put a moratorium on capital punishment in 2000, a move that saved the lives of more than 160 death row inmates.

With her inheritance, Nancy Reynolds Bagley and her husband Henry bought a 600-acre estate in Georgia and named it Musgrove. According to DiscoverTheNetworks, the property "is used as a retreat for what the Arca Foundation calls 'policy-makers, influential thinkers and progressive activists from around the world.' President Jimmy Carter held his first pre-inaugural Cabinet meeting in the seclusion of Musgrove."

Members of the Bagley family remain

involved in Arca's affairs. Until he died in January 2010, Smith Bagley (son of Nancy Reynolds Bagley) served as the foundation's president. His daughter Nancy R. Bagley succeeded him as president.

Nancy R. Bagley is also editor-in-chief of *Washington Life*, a glossy "lifestyle" magazine that chronicles the balls and galas attended by what passes for the social set in the nation's capital. She is also a trustee on the board of the Z. Smith Reynolds Foundation, named for Nancy Reynolds's brother. It focuses its liberal advocacy on the people of North Carolina. Earlier, Bagley worked on the Clinton-Gore presidential campaign and then on HillaryCare when she took a position in the Clinton White House.

Finances and Grantmaking

Arca is not a large foundation. FoundationSearch ranks it 2,072th in asset size among U.S. foundations. Even in the District of Columbia it ranks 51st in asset size with a reported \$48 million in 2009. Arca's income (mostly on investments) was \$14.7 million.

But what the foundation lacks in size it more than makes up for in the focus and intensity of its giving to radical organizations. Arca funds groups such as the Institute for Policy Studies (\$584,200 since 2001), a stronghold of Marxist thinking; the Center for Constitutional Rights (\$115,000 since 2001), a public interest law firm that looks for opportunities to defend anti-American radical activists; and Amy Goodman's "Democracy Now" (\$40,000 in 2004), a daily program of leftist news stories broadcast on 900 radio and television stations nationwide.

Arca has a special affinity for making grants to activist media outlets that tend to portray conservatives as irrational zealots. Among these organizations are Media Matters for

America (\$150,000 since 2004); Common Cause Education Fund (\$1,395,000 since 2000); Institute for America's Future (\$625,000 since 2000); US Action Education Fund (\$245,000 since 2002); People for the American Way Foundation (\$650,000 since 2001); Working America Education Fund (\$200,000 since 2008); Nation Institute (\$100,000 since 2004); Leadership Conference on Civil Rights Education Fund (\$225,000 since 2003); Center for Public Interest Research (\$300,000 since 2003); Drum Major Institute (\$250,000 since 2007); League of Conservation Voters Education Fund (\$250,000 since 2004); Center for Independent Media a.k.a. American Independent News Network (\$250,000 since 2008); and the anti-Israel J Street Education Fund (\$50,000 in 2009).

Arca also funds Saul Alinsky-inspired community organizing networks including the Center for Community Change (\$350,000 since 2003) and the Gamaliel Foundation (\$325,000 since 2004), which used to employ Barack Obama as a trainer. It gives large grants to the Tides Foundation and Tides Center (\$940,000 since 2001), which support and nurture many small and obscure radical groups. Arca even gave a \$25,000 grant in 2003 to the eco-terrorist Ruckus Society.

Donna Edwards: Community Organizer, Grantmaker, Member of Congress

Arca's staff is mostly comprised of committed but little-known activists. The current executive director, Anna Lefer Kuhn, is a former program officer at George Soros's Open Society Institute. However, Donna Edwards is a former executive director who is far better-known. Now a Democratic member of the House of Representatives representing Washington, D.C. suburbs in Maryland, Edwards's career trajectory illustrates how even the most radical leftist can achieve political power.

Edwards joined Arca in 2000, where she coordinated grantmaking before winning election to Congress in 2008. Prior to joining Arca, Edwards worked to enact the Violence Against Women Act (VAWA), a 1994 law that established a \$1.6 billion government program that focused on crimes against women. The law also created the Office of Violence Against Women within the U.S. Department of Justice. Subsequently, from 1996 to 1999, Edwards served as executive director of the National Network to End Domestic Violence, a group she co-founded.

Many critics regard VAWA as a well-intentioned law that is misconceived because it expands the definition of domestic violence, makes it a federal crime in some cases, and enhances the penalties for perpetrators committing acts of violence against women. Civil liberties groups on the Left and Right have expressed concern that the law defines the crime of domestic violence too loosely and gives police and courts too much power to suppress it.

The U.S. Supreme Court agreed, much to Edwards's chagrin. Like other political radicals, Edwards sees such matters as the separation of powers in the U.S. Constitution as an obstacle to social justice. In a 2000 case called *U.S. v. Morrison* the Supreme Court struck down the provisions in VAWA that gave victims of gender-related violence the right to sue attackers in federal court. The law's defenders argued that the Constitution's Commerce Clause gave the federal government the power to make legislation about what is usually considered a state matter. But the high court ruled that Congress had no power to regulate violence against women because, simply stated, violence isn't commerce.

From 1992 to 1994, Edwards was a lobbyist for Public Citizen's Congress Watch project,

and from 1994 to 1996, she was executive director of Center for a New Democracy, a group that pushed for so-called campaign finance reform and public funding of political campaigns.

A member of the radical Congressional Progressive Caucus, Edwards is so far left that in her first month in Congress, she couldn't bring herself to support a nonbinding resolution "recognizing Israel's right to defend itself against attacks from Gaza" and condemning Hamas for its attacks on Israel. The resolution passed 390 to 5. Edwards voted "present."

The left-wing group J Street is an Arca grantee, and it plays defense for Edwards. "We consider her to be extremely pro-Israel," said Jeremy Ben-Ami, executive director of J Street, which endorsed Edwards in her successful 2008 congressional run. "She is very interested in finding a way to bring peace to Israel through diplomacy."

Like Edwards, J Street has an odd way of showing its support for Israel, according to journalist Elliot Jager. Although J Street claims to support Israel's right to self-defense, "since its founding [it] has opposed every measure Israel has taken to defend its citizens."

Edwards and ACORN

Edwards is the new radical face of the Democratic Party. Patrick Gaspard, the former political director in the Obama White House, has championed Edwards. "Donna Edwards is, for us, the prototype of what a new Democrat in the new Democratic majority in Congress ought to look and sound like." Hard-left journalist vanden Heuvel sounds a similar note, praising Edwards as a progressive champion who will push the Democratic Party even farther to port. Her election was "a bellwether contest in the

fight for the soul of the Democratic Party," she has written.

Edwards has extensive ties to the world of Saul Alinsky-inspired community organizing. When Edwards worked as executive director of the Arca Foundation, it gave the ACORN network \$400,000.

As I report in my new book *Subversion Inc.* (WND Books), the leaders of ACORN thought they owned Edwards. ACORN's political action committee endorsed her enthusiastically and she reciprocated by hiring ACORN's affiliate, Citizens Services Inc. (CSI), to handle her get-out-the-vote effort for her unsuccessful congressional bid in 2006. The Edwards campaign paid CSI just under a quarter of a million dollars. ACORN was also instrumental in her successful 2008 campaign. (That year the presidential campaign of Barack Obama, another friend of ACORN, paid CSI around \$800,000 for campaign work.)

ACORN "felt like they had won the election for her and they wanted to collect," a highly placed ACORN source said in an interview.

Funders tend to be more business-like than the activists they finance. They shrink away from financial scandals. So it should surprise no one that Edwards tried to distance herself from ACORN after news of its embezzlement scandal broke in mid-2008. Dale Rathke, the brother of ACORN founder Wade Rathke, had stolen close to a million dollars from ACORN in 2000. When Wade Rathke's cover-up of the theft was exposed, ACORN's national board fired him.

Edwards was running for Congress when the affair became public, and she was eager to deny knowledge of anything concerning ACORN. But ACORN officials had made a

major investment in Edwards's political future and they wouldn't let go of her. ACORN executive director Steve Kest and Zach Polett, the head of Project Vote, ACORN's voter mobilization division, cornered Edwards at a social event. They were so aggressive that Edwards told friends the two were "stalking" her. I was told she threatened to obtain a restraining order to keep them at bay.

I've asked both Polett and Edwards face to face about the incident but have received no response. Polett played dumb, claiming to know nothing. Edwards abruptly turned away without saying a word.

Sources tell me that during the 2008 campaign, Mitch Klein, former head organizer for Maryland ACORN, was "throwing money up in the air like a one-armed piano player" in an all-out effort to elect her to Congress. Edwards's Democratic opponent was the incumbent Rep. Albert Wynn, who had grown increasingly cozy with business interests during his time in the House. Wynn was enraged that ACORN was using Edwards to wage an insurgent campaign against him.

Until news of the embezzlement broke, ACORN and Edwards had a mutual love affair. In her campaign stump speech she sang its praises, explaining that when she was broke after her divorce, she came to understand intimately the plight of the poor and why ACORN's presence in the community was essential. Edwards even appeared in an ACORN promotional video. "ACORN organizes low-income workers and there are just so few avenues for people who are some of the most vulnerable people in our communities to have a real voice in policy and a real voice in organizing and I think that's what makes it really special," she said.

During the time she was executive director Arca made extensive grants to groups favor-

ing improved relations and ties to Communist Cuba. It also made grants to ACORN affiliates Project Vote and the American Institute for Social Justice as well as to the Fund for Constitutional Government (\$565,000 since 2000), Center for Digital Democracy (\$279,200 since 2002), and Citizens for Responsibility and Ethics in Washington, a.k.a. CREW (\$950,000 since 2006).

Arca After Edwards

After Edwards left Arca, Anna Lefer Kuhn, an activist with longstanding ties to George Soros, took over as executive director in August 2008. In a press release welcoming Kuhn, Arca president Nancy R. Bagley lauded her new hire as a leader in philanthropy who “has worked to centralize the role of young people in social change movements.” As a program officer at the Open Society Institute, “Anna implemented a multi-year, multi-million dollar grantmaking initiative that ... raised the visibility of the progressive youth movement and helped to leverage significant resources for youth activism, youth organizing and youth media sectors.”

Kuhn has served on the advisory boards of Generation Change, a project of the Center for Community Change (headed by ACORN alumnus Deepak Bhargava). She also worked as “an independent consultant coordinating two funds developed by the Democracy Alliance that support youth voting efforts in the 2008 election cycle,” according to the press release. (The Democracy Alliance, a donors’ consortium of left-wing billionaires and millionaires, was most recently profiled by Matthew Vadum and James Dellinger in *Foundation Watch*, December 2008.)

Arca Board Members of Note

Arca’s board of directors contains several heavy hitters from the progressive movement.

The best known is **Margery Tabankin**, a New Left activist and Saul Alinsky devotee who protested the Vietnam War while studying at the University of Wisconsin. From 1977 to 1981 she directed the federal government’s old VISTA (Volunteers In Service To America) program that was subsequently folded into the Corporation for National & Community Service. Tabankin helped VISTA create a federal grant-making program that funneled taxpayer money to left-wing groups nationwide. According to a Heritage Foundation report, Tabankin used VISTA to develop a “nationwide network of radical organizations” that would “work towards more equitable distribution of income and opportunities.”

Since 1987 Tabankin has been executive director of the (Barbra) Streisand Foundation. Her Santa Monica, California-based consulting firm, Tabankin and Associates, serves “several private, progressive family foundations and individuals with their philanthropic and political giving.”

Janet Shenk is a program officer at the Sausalito, California-based Panta Rhea Foundation, where she oversees “corporate accountability” grantmaking. She has worked for the pro-Castro North American Congress on Latin America. She too has been an Arca executive director as well as a special assistant to AFL-CIO president John Sweeney, and an editor at *Mother Jones* magazine.

Mike Lux is co-founder and CEO of Progressive Strategies LLC, a political consulting firm focusing on strategic political consulting for non-profits, labor unions, PACs, and progressive donors. Previously, he was senior vice president for political action at People For the American Way (PFAW), and the PFAW Foundation. During President Clinton’s first term he was a special assis-

tant to the president for public liaison. Lux served as an advisor on the Obama-Biden transition team.

Joseph Eldridge is University Chaplain at American University and founding director of the leftist advocacy group called Washington Office on Latin America (profiled by Ivan Osorio in *Organization Trends*, April 2007). WOLA’s glory days were the 1980s when it fought Ronald Reagan and championed the Sandinista cause in Nicaragua.

Conclusion

The Arca Foundation is not a major player in the foundation world. In some ways it might even be considered a plaything for left-leaning Georgetown socialites. But over a nearly 60-year history Arca has carved out a place for itself and it is using the power of the purse to achieve its mission. That’s no small achievement.

Matthew Vadum is Senior Editor at Capital Research Center and author of the recently published book, Subversion Inc.: How Obama’s ACORN Red Shirts are Still Terrorizing and Ripping Off American Taxpayers. This article relies to a significant extent on the research of DiscoverTheNetworks.org and KeyWiki.org.

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We need your help in the current difficult economic climate to continue our important research.

Your contribution to advance our watchdog work is deeply appreciated.

Many thanks.

Terrence Scanlon
President

PhilanthropyNotes

Nonprofits are preparing to take on President **Obama's** plan to fund his new jobs bill in part by restricting charitable deductions, the *Chronicle of Philanthropy* reports. The president has said he wants to limit how much affluent people can write off for charitable gifts, along with housing and medical expenses. Nonprofit leaders say that limiting deductions will discourage giving and point out that such write-offs make up a small portion of the money foregone by the U.S. Treasury because of deductions by the wealthy. The IRS reports that in 2009, 46.4 million taxpayers took advantage of the itemized deduction and that deductions for charitable donations totaled about \$158 billion, or 13 percent of all of itemized deductions claimed that year. Taxpayers claimed about \$442-billion in mortgage interest deductions and \$432 billion for state and local taxes and real estate taxes. "We feel strongly that the charitable deduction is different from all other deductions and it shouldn't be on the table," said **Andrew Schulz**, vice president for legal and government relations at the **Council on Foundations**. "We haven't personally gone to anyone to say would you sponsor something, but we'll be thinking about it."

President Obama has appointed **Jonathan Greenblatt**, the co-founder of **All for Good**, an online volunteer database, as the new director of the White House Office of Social Innovation and Civic Participation. Greenblatt follows **Sonal Shah**, who resigned in August directing the office that the president created in 2009. The social innovation office collaborates with the Social Innovation Fund, a grant program run by the **Corporation for National and Community Service** that was formed to help nonprofit groups expand effective programs. The office also is home to the White House Council for Community Solutions, a panel of nonprofit leaders who offer advice on ways to get Americans more active civic affairs.

State budget cuts are putting a strain on nonprofits, according to a new *Chronicle of Philanthropy* survey of foundation leaders. About 95 percent of 75 leaders responding said some of their grantees were affected by cuts, and 58 percent said most or all of them had been affected. About 25 percent said financial pressures forced some grantees to suspend operations – in some cases permanently. Foundation leaders said they don't expect state spending will rebound anytime soon. Four out of five say they expect state governments will continue seeing budget gaps until 2013 or later.

Goldman Sachs WATCH

Goldman predicts that the U.S. will soon become the world's top oil producer, the *Sunday Times* of London reported. U.S. oil production ought to hit 10.9 million barrels a day by 2017, about one-third more than the 8.3 million barrels the nation currently produces. A Goldman critic was more than skeptical. "Apparently Crystal Meth has become the trendy drug at Goldman," writes Sharon Astyk of ScienceBlogs.com.