

## The President's Utility

*Crony capitalism in Chicago turns "green" into greenbacks*

By Ed Lasky

**Summary:** *Exelon has made countless millions off its political connections and stands to make a fortune off Obama administration energy policies. Its story brings together the President's former campaign director, his former chief of staff, and others who operate "the Chicago way."*

"We are proud to be the President's utility." — Elizabeth Moler

A gaffe, they say, is when someone in politics accidentally tells the truth. When Elizabeth Moler, the chief lobbyist for utility giant Exelon, said in 2009 that Exelon is proud to be the President's utility, she threw a spotlight on the ties between Barack Obama and a company that stands to make billions off the President's environmental policies.

Those ties include Obama's campaign chief David Axelrod, who worked for Exelon, and the President's first chief of staff at the White House, Rahm Emanuel, who negotiated the merger that created the company. An Exelon board member, John W. Rogers, was described by the *New York Times* as "a friend of the president's and one of his top fund-raisers." The President's mentor in the Illinois State Senate, Emil Jones, was described by the *Washington Examiner* as "wrapped around [Exelon's] finger."

Even the late Thomas G. Ayers, who served as Exelon's president and CEO, plays a role in this story. (Ayers, you may recall, was the father of terrorist Bill Ayers and the father-in-law of terrorist Bernardine Dohrn. See the sidebar on page 7.)



**Chicago's culture of extremism and corruption is reflected in the mugshots of terrorists Bill Ayers and Bernardine Dohrn, former Rep. Dan Rostenkowski, and former Gov. Rod Blagojevich.**

### The Chicago way

Axelrod and Emanuel, like Obama, are veterans of the famously amoral politics of Chicago. Axelrod, a former writer for the *Chicago Tribune*, is a political consultant whose clients have included Chicago Mayors Harold Washington and Richard M. Daley. Emanuel was a member of Congress and head of the Democratic Party's congressional campaign committee, and succeeded Daley as mayor of the Windy City.

As journalist John Fund explains, the political machine once headed by Richard M. Daley's father, Mayor Richard J. Daley, "evolved over 60 years from a patronage-rich army of worker bees into a corporate state in which political pull and public-employee unions dominate." To get the flavor of Chicago politics, consider that Emanuel's predecessors in his congressional seat, save for a single-term Republican, were Dan Rostenkowski

and Rod Blagojevich, both of whom went to jail. (When Blagojevich ran for governor, one of his "key advisors," according to *Politico*, was State Senator Barack Obama.) Counting Blagojevich, four of the past seven governors of Illinois went to jail. A University of Illinois study concluded that almost a third of Chicago's aldermen (city council members) during the period 1973-2012 were convicted of corruption, and that, across Illinois between 1976 and 2012,

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corruption convictions came at a rate of about one a week.

Axelrod, Emanuel, and Obama are practitioners of a kind of politics that combines extremist ideology with old-style influence peddling in a way that many see as Saul Alinsky crossed with Al Capone. “We have a sick political culture, and that’s the environment Barack Obama came from,” warned Jay Stewart, the executive director of the Better Government Association, in 2008. BGA has fought corruption in Chicago since Prohibition.

Movie buffs remember a line from 1987’s *The Untouchables*: “He pulls a knife, you pull a gun. He sends one of yours to the hospital, you send one of his to the morgue. That’s the *Chicago* way!” Mr. Obama echoed that line while campaigning in 2008, when he said of Republicans, “If they bring a knife to the fight, we bring a gun.” He suggested in comments aimed at Latinos that politics is a way to “punish our enemies” and “reward our friends.”

Today, most Americans suffer under heavy burdens of taxation and regulation, but crony capitalists are thriving. The poster-child for Chicago-style crony capitalism is a company that is poised to greatly benefit as a result of Barack Obama’s policies: Exelon.

### Colossus

Exelon is America’s largest power generator, with a long pedigree. It was created

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through a merger in 2000 of Peco Energy Company and Unicom. Commonwealth Edison (ComEd), based in Chicago, was owned by Unicom. In 2012, Exelon merged with Constellation Energy to grow even larger and now operates in 47 states.

Tracing the company back through generations of mergers and acquisitions to its beginnings as Commonwealth Edison, the ultimate founder of Exelon is Samuel Insull, who served as an aide to Thomas Edison and was a founder of General Electric. Insull, one of the real-life moguls on whom *Citizen Kane* was based, used his political connections to create the model of a regulated, monopoly utility—a business that accepts (and eventually co-opts) government regulation and that receives a government-guaranteed profit and protection from competition. It’s a model used frequently over the past century in such fields as telephone service and electricity generation. Under the President’s healthcare rationing scheme, Obamacare, the model is now being applied to health insurance providers.

Commonwealth Edison was created in 1907 as the result of a crony capitalist deal: The city council decided to sell the city’s 50-year franchise to the highest bidder, but only after Insull had secured the rights to the equipment of every major U.S. electricity manufacturer, thus making himself the only person in a position to bid. For his \$50,000 bid, he got control of the Chicago market. Later, he engineered the creation of the Illinois Commerce Commission, to regulate utilities (and prevent the rise of any competition).

Insull’s ComEd is the core of the company today known as Exelon. After the mergers that created the new company, Chicago was Exelon’s headquarters, Chicago executives ran the company, and ComEd’s agenda became Exelon’s agenda.

That agenda included the expansion of nuclear power in America. Commonwealth Edison had for years focused on building and operating nuclear power

plants. The company is renowned for its ability to extend the life of its reactors. And it has many of them. If Illinois were a country it would have the 12th-largest number of nuclear reactors (with 11), behind China but ahead of Sweden. Exelon owns all those nuclear reactors and six more scattered about other states.

In 1979, *Forbes* magazine noted that ComEd’s commitment to nuclear power had brought the company to its “worst financial crisis” in the 41-year career of its then-chairman, Thomas G. Ayers. That’s because nuclear power was seen at the time as a losing proposition, in the wake of the Three Mile Island incident that effectively shut down the expansion of nuclear power in the U.S. “Some of these days,” *Forbes* reported in 1979, “Tom Ayers must almost find himself hoping for another Arab oil embargo to make his customers aware how fortunate they are to be living in an area that has all that nuclear power to fall back on.” Ayers and ComEd/Exelon never got their wish for another oil embargo, but—well, if a crisis in carbon-based fuels is necessary to restore the company’s fortunes, perhaps such a crisis can be created.

To paraphrase a line from *Citizen Kane*: *You supply the nuclear power, and I’ll supply the energy crisis.*

### Axelrod’s Astroturf

Utilities are not popular among consumers. Usually monopolies, they charge what are perceived to be high prices. They are regulated by various levels of government, which obliges company executives to curry favor with politicians. Exelon has played the political game skillfully, as skillfully as the company runs its reactors, but with a different type of juice.

This is where David Axelrod enters the picture—or doesn’t, given that he operates invisibly most of the time.

Axelrod was the chief campaign strategist for Obama’s 2004 senatorial campaign as well as Obama’s presidential runs in 2008 and 2012. When the new president moved into the White House in 2009, Axelrod

became his senior advisor. Axelrod received media attention for his political work, but few members of the public were aware that, when he wasn't on the public payroll, the former newspaperman also worked his magic for corporations such as ComEd/Exelon.

In 2006, ComEd wanted a big rate hike and needed the support of state legislators. Its strategy was to create a new organization, Consumers Organized for Reliable Electricity (CORE). CORE ran ads warning of an impending "California-style energy crisis" if the rate hikes were not approved. Higher prices were justified as a way to improve the creation and distribution of electricity in Illinois.

CORE was presented to the public as a grassroots group—according to its website, just "a coalition of individuals, businesses and organizations" working together for a better Illinois. In fact, it was what political observers call "Astroturf" (fake grassroots). Created for ComEd's benefit by ASK Public Strategies, Axelrod's "consulting/lobbying" firm, its entire \$15 million budget came from ComEd.

When CORE was exposed as phony, the work of Axelrod and his associates, the public reacted with outrage at CORE's creators and at the legislators who supported the rate hike. Michael Isikoff reported in a 2008 *Daily Beast* column that ASK was located in the same office as Axelrod's political firm and that it was later hired by Cablevision, owner of Madison Square Garden, to create a similar Astroturf group to block a proposed stadium in New York City for the New York Jets.

*BusinessWeek* reported in 2008: "The Obama campaign's chief strategist is a master of 'Astroturfing' and has a second firm that shapes public opinion for corporations. . . . ASK's predilection for operating in the shadows shows up in its work. On behalf of ComEd and Comcast, the firm helped set up front organizations that were listed as sponsors of public-issue ads." A Chicago politician called

ASK "the gold standard in Astroturf organizing. This is an emerging industry, and ASK has made a name for itself in shaping public opinion and manufacturing public support."

At one point, Mayor Richard M. Daley, a longtime Axelrod client, was pushing for the construction of a new Children's Museum in Grant Park. *BusinessWeek* noted:

ASK is counseling the museum, which reports annual revenue of more than \$11 million, including government grants, on its message strategy. It is also writing ads, including a 60-second radio spot that stresses how the new quarters would blend into Grant Park and be more accessible. [The ASK spokesman] won't say how much ASK is receiving, joking that it's "about 30¢ per hour." Consultants at other PR firms say corporate clients pay monthly retainers of up to \$25,000, though nonprofit groups usually pay less. In addition, firms typically get 15% of whatever clients spend on advertising.

By March 2008, the Obama presidential campaign had received roughly \$182,000 from ComEd/Exelon, more money than from any other company in the candidate's home state.

When President Obama appointed Axelrod to be his senior advisor, with an office very close to the Oval Office, he took a payout of \$3 million from his political and media consulting firms, after making \$1.5 million in salary and partnership income for his work in 2008.

In connection with his new appointment, Axelrod was compelled by law to identify other clients. As Lynn Sweet reported in the *Chicago Sun-Times*, the disclosures "revealed for the first time ASK Public Strategies clients including the Chicago 2016 Committee, vice chaired by Valerie Jarrett, now a top White House advisor; the University of Chicago Medical Center, where First Lady Michelle Obama worked as a vice president, and the Chicago Children's Museum, promoted

by Mayor Daley. Obama sponsored a \$1 million earmark in 2007 to help build the Children's Museum in Grant Park, a project facing opposition over the question of whether it was appropriate use of downtown park land."

Your tax dollars at work.

### **Rahm's reward**

Rahm Emanuel began his political career as a fundraiser for politicians, a master of shaking the money tree. He was chief fundraiser for Richard M. Daley's 1989 mayoral race and director of the finance committee for Bill Clinton's 1992 presidential campaign. Upon Clinton's election, he moved over to the White House, where he served as the Assistant to the President for Political Affairs and as the Senior Advisor to the President for Policy and Strategy. In 1998, he resigned to work for the investment bank Wasserstein Perella & Company. He got the job at Wasserstein Perella despite having no previous education in finance, no MBA or law degree, and no experience in investment banking. What he did have was a long list of names of friends in Washington.

According to the *Times*, "Confidants of Mr. Emanuel's said he decided to try his hand at business because he wanted financial security for his family, before eventually returning to public service. 'He had a number in his head to make enough for the family,' said Ezekiel J. Emanuel, one of Rahm's two brothers and a prominent bioethicist at the National Institutes of Health." (Ezekiel Emanuel later became famous for his support of Obamacare and his advocacy of a healthcare rationing scheme that would target older people and infants for denial of care.)

In a manner typical of well-connected members of the political elite, Rahm Emanuel quickly achieved his goal of financial independence; he obtained the riches necessary to let him spend the rest of his life seeking political power, freed of the money concerns that burden regular people. Putting his list of contacts to good use, he made more than \$18 million in two and a half years.

A large part of Emanuel's big haul was funded by Exelon. As Michael Luo wrote in the *New York Times*:

Mr. Emanuel's biggest transaction came in late 1999 when he landed an advisory role for Wasserstein in the \$8.2 billion merger of two utility companies, Unicom, the parent company of Commonwealth Edison, and Peco Energy, to create Exelon, now one of the nation's largest power companies.

John W. Rowe, the former chief executive of Unicom who now holds the same position at Exelon, sought out Mr. Emanuel after he went to Wasserstein. Mr. Rowe said he believed Mr. Emanuel would offer a different dimension, providing wisdom on what might pass muster at the governmental level.

"You can't understand utility transactions without thinking about whether they'll play or not play in legal and political circles," said Mr. Rowe, who was first introduced to Mr. Emanuel by Lester Crown, the billionaire scion of Chicago's influential Crown family.

The *Times* also noted that "One of Mr. Emanuel's major deals was the purchase in 2001 of a home alarm business, SecurityLink, from SBC Communications, the telecommunications company that was run by William M. Daley, the former secretary of commerce in the Clinton administration and the brother of Chicago's mayor." Daley, former president of the union-owned Amalgamated Bank (see our sister publication *Labor Watch*, June 2013), succeeded Emanuel as White House chief of staff and is now running for governor of Illinois.

Another source of income for Emanuel was his service on the board of the government-sponsored Federal Home Loan Mortgage Corporation, the infamous "Freddie Mac," where well-connected politicians made fortunes without regard to their level of expertise in the mortgage business. As reported in 2009 by Brian Ross of ABC News:

President-elect Barack Obama's

newly appointed chief of staff, Rahm Emanuel, served on the board of directors of the federal mortgage firm Freddie Mac at a time when scandal was brewing at the troubled agency and the board failed to spot "red flags," according to government reports reviewed by ABCNews.com.

According to a complaint later filed by the Securities and Exchange Commission, Freddie Mac ... misreported profits by billions of dollars in order to deceive investors between the years 2000 and 2002.

During his brief time on the board (2001-2002), Emanuel made \$260,000. When he left the board to run for Congress, Freddie Mac's Political Action Committee gave his campaign \$25,000. Later, during the financial crisis, Freddie Mac and its sister organization, Fannie Mae, were bailed out by taxpayers at a cost that works out to approximately \$4,000 for each family of four in the U.S.

In 2002, Emanuel was elected to Congress, quickly rising to a key position, head of Democrats' efforts to take control of the U.S. House. Emanuel's strategy was to recruit seemingly moderate candidates, presenting them as evidence of the Democratic Party's return to the center. The plan helped Democrats win the House in 2006, making leftist Nancy Pelosi the Speaker.

#### **A tony townhouse**

During his time in the House, Emanuel was involved in a controversy involving a famous energy company.

Washington, D.C. has some of the highest rents in the country. Today, it's estimated that a person has to make \$62,000 a year to afford a two-bedroom apartment in the city, and rents on Capitol Hill are much higher than average for the city. A tiny 252-square-foot house on Capitol Hill was recently offered for rent at \$1,200 a month.

In Congress, Emanuel avoided the burden of paying rent by staying at the tony Capitol Hill townhouse of a fellow mem-

ber, Rosa DeLauro (D-Conn.). Emanuel didn't even have to report his rent-free residence as a gift because House rules allowed one member of Congress to make such a gift to another member without public disclosure. ("Hospitality between colleagues," it's called.) If Emanuel had been forced to report the transaction, someone might have noticed that the co-owner of the home, DeLauro's husband, was Stanley Greenberg, the pollster who worked for Emanuel's congressional campaign and for the Democratic Congressional Campaign Committee (which Emanuel headed). The DCCC alone paid Greenberg's firm approximately \$240,000 in 2006 and \$318,000 in 2008.

Another Greenberg client: the oil company known as BP. In fact, Greenberg's firm was a major architect of the company's public relations strategy under which it dissociated itself from its history as British Petroleum, shortened its name to BP, and characterized itself as a "green" company that had moved "*Beyond Petroleum*." BP strongly supported environmentalist causes, spending at least \$200 million on a campaign that some observers ridiculed as "greenwashing." The company was also a major contributor to the 2008 Obama campaign; Obama was the PAC's largest money recipient in 20 years. It made enormous research grants to a project headed by Stephen Chu, who became Obama's first energy secretary. Indeed, some believe that the company's political connections helped it get away with a long string of safety violations leading up to the infamous Deepwater Horizon oil spill. ABC News, for instance, found that before the spill BP had "one of the worst safety track records of any major oil company operating in the United States."

Emanuel left Congress in 2009 to become White House chief of staff, then left that job to pursue what he described as his "dream job," mayor of Chicago. Despite serious questions about his apparent lack of legal residency in the city, a court allowed Emanuel to run for mayor in 2011, and he won easily (55% to 24% for his

top opponent). “You sure know how to make a guy feel at home,” he told supporters on election night, mocking the legal challenge to his candidacy.

As mayor, he appointed Exelon officials to key positions in government, such as two Exelon board members to the city’s seven-member school board; one of them is now the board’s vice president.

And he forced Chicago’s two coal-fired power plants to shut down. Who benefits from the deal? The plants’ competitor, Exelon.

### **Exelon and Obama**

The relationship between Exelon and Barack Obama deepened as Obama began his political ascent. Eric Lipton in the *New York Times* noted this history last year:

Exelon’s top executives were early and frequent supporters of Mr. Obama as he rose from the Illinois State Senate to the White House. John W. Rogers Jr., a friend of the president’s and one of his top fundraisers, is an Exelon board member. . . . [T]he relationship between Mr. Obama and Exelon has been mutually beneficial.

The ties go back at least to Mr. Obama’s tenure in the Illinois State Senate, when he befriended an Exelon lobbyist named Frank M. Clark. Exelon’s employees, including Mr. Clark, were among the biggest financial supporters of Mr. Obama’s United States Senate campaign, with donations also from [John] Rowe, then the company’s chief executive, and others in the executive suite, campaign finance records show.

Exelon’s employees have contributed at least \$395,000 to Mr. Obama’s federal campaigns. By far the strongest link is with Mr. Rogers, the Exelon board member and family friend. A college classmate of Michelle Obama’s brother, he was co-chairman of Mr. Obama’s inauguration committee and still occasionally plays basketball with Mr. Obama.

He is one of Mr. Obama’s biggest campaign donation bundlers, having raised more than \$500,000, and has co-hosted several fund-raisers, including one in March [2012] that featured a performance by the Grammy-winning musician John Legend.

John Rogers was a co-chair of Obama’s 2008 Illinois finance committee and a bundler, and served in the same roles in the 2012 campaign. For 2012, he raised more than \$1.5 million for Obama’s re-election campaign, making him the second largest fundraiser. (By the way, Rogers’ ex-wife, Desiree Rogers, was social secretary at the Obama White House until she got caught up in an incident involving gate-crashers at a state dinner.)

Another Exelon bundler was William A. Von Hoene Jr., who oversaw Exelon’s legal and lobbying efforts. He has been a generous supporter of Barack Obama for years, according to the contribution monitor Open Secrets. The Center for Responsive Politics reported that Exelon employees were Obama’s sixth-largest corporate donor group in 2008.

### **Exelon and the War on Coal**

Politics as an investment, as a path to profits, with the skids greased by campaign donations and other forms of support for politicians and their allies—this is the foundation of crony capitalism.

John Rowe, Exelon’s CEO, not only masterminded the mergers that created his company, but figured out how to use the company’s political connections to give Exelon a bright future. Rowe was one of the first utility executives to jump on the “climate change” bandwagon. His company was to become less and less reliant on burning carbon fuels to generate electricity (he sold most of the company’s coal plants after the merger in 2000 with Peco Energy) and has instead focused on boosting its nuclear energy capacity. These were deft moves considering who was elected President in 2008.

Exelon has been an advocate for harsher

regulation and higher taxes on carbon-based energy. Those regs and taxes, of course, force competitors to raise their electricity prices as coal-generation costs increase. The market price for electricity rises, while Exelon’s costs, based on its heavy investment in nuclear power, remain relatively stable. *Forbes* magazine characterized this as “Exelon’s Carbon Advantage.”

Jonathan Fahey of *Forbes* wrote that the company views its spending on lobbying for such regulation “almost like a capital expense.” The aforementioned Obama bundler William Von Hoene described carbon legislation as Exelon’s big growth opportunity: “It’s an investment we are making that will result in substantial shareholder value.” Never mind the lay-offs, bankruptcies, higher utility prices, possible brownouts and blackouts, and other effects of efforts to make carbon-based energy too expensive to use!

In 2008, then-Senator Barack Obama agreed that, under his energy plan, “electricity prices would necessarily skyrocket,” and “if somebody wants to build a coal-powered plant, they can. It’s just that it will bankrupt them.” Thwarted in his effort to impose a cap-and-trade scheme, the President now uses the regulatory power of the Environmental Protection Agency and other agencies to accomplish the same goals.

For instance, the President has used his executive power to seal off vast areas of federal land from coal mining. As for coal-fired plants, which produce about half the nation’s electricity, new EPA rules will force more than 280 generating units across 32 states to shut down.

Even prior to the expansion of EPA rules to include existing coal power plants as well as new ones, consumers were in trouble. The *Chicago Tribune* reported in 2011:

Consumers could see their electricity bills jump an estimated 40 to 60 percent in the next few years.

The reason: Pending environmen-

tal regulations will make coal-fired generating plants, which produce about half the nation's electricity, more expensive to operate. Many are expected to be shuttered.

The increases are expected to begin to appear in 2014, and policymakers already are scrambling to find cheap and reliable alternative power sources....

One company that expects to benefit from the changes is Chicago-based Exelon Corp., which has a large fleet of nuclear power plants that have low emissions and are cheap to run compared with coal plants.

"The upside to Exelon is unmistakable," CEO John Rowe said last year. "Every \$50 per megawatt-day as a change in capacity prices, translates to almost \$350 million of additional capacity revenue for Exelon in 2014 and subsequent years."

Rowe said energy prices are also expected to rise if coal plants are retired and replaced with other energy sources, like natural gas. "These changes add up quickly," he said. "A \$5 per megawatt-hour increase in energy prices would be \$700 million to \$800 million of incremental annual revenue to Exelon on an open basis. We expect that at least some of that upside will be realized in the next two to four years."

Again, Eric Lipton in the *New York Times* last August:

White House records show that Exelon executives were able to secure an unusually large number of meetings with top administration officials at key moments in the consideration of environmental regulations that have been drafted in a way that hurt Exelon's competitors, but curb the high cost of compliance for Exelon and its industry allies.

In addition, Exelon, which provides power to more than 6.6 million customers in at least 16 states and the District of Columbia, was chosen as one of only six electric utilities na-

tionwide for the maximum \$200 million stimulus grant from the Energy Department. And when the Treasury Department granted loans for renewable energy projects, Exelon landed a commitment for up to \$646 million allowing it, on extremely generous financial terms, to finance one of the world's largest photovoltaic solar projects....

"I would like to get some treatment in Washington like that," said Ken Anderson, general manager at Tri-State G&T, a Colorado-based power supplier that has been at odds with Exelon over environmental regulations. "But Exelon seems to get deference that I can't get."

Earlier this year, Exelon counseled shareholders to be patient for higher returns to come as coal-fired plants shut down rather than make costly, federally mandated environmental upgrades. In May, Exelon released a statement that the company was "positioned for unparalleled upside from improving [i.e., more expensive] power markets, coal plant retirements and other factors."

In June, President Obama proposed sweeping steps to limit emissions from coal-fired plants. Previously, the Obama administration had only proposed controls on new plants. The EPA has now been ordered to "work expeditiously" to create carbon emission standards for both new and existing plants.

Many people seem mystified by the President's support for nuclear power, which is anathema to many of his environmentalist supporters. Yet when much of the world panicked after the earthquake and tsunami that crippled a Japanese nuclear plant, when many countries announced plans to shut down or limit nuclear power, Obama called nuclear power an "important part" of his energy agenda.

His 2012 budget called for an additional \$36 billion in U.S. loan guarantees for new nuclear power plants, disproportionately benefiting Exelon.

Obama's support for the Exelon agenda is of a piece with the rest of his "green energy" program—loans, loan guarantees, grants, special tax breaks, and mandates designed to benefit wind, solar, and battery projects that include a long string of failures such as Solyndra and Fisker.

According to Hoover Institution fellow Peter Schweizer, four out of five "renewable" energy companies backed by the Department of Energy were "run by or primarily owned by Obama financial backers." In his 2011 book *Throw Them All Out*, Schweizer wrote about the department's Section 1705 program:

In the 1705 government-backed-loan program [alone], for example, \$16.4 billion of the \$20.5 billion in loans granted as of Sept. 15 went to companies either run by or primarily owned by Obama financial backers—individuals who were bundlers, members of Obama's National Finance Committee, or large donors to the Democratic Party. The grant and guaranteed-loan recipients were early backers of Obama before he ran for president, people who continued to give to his campaigns and exclusively to the Democratic Party in the years leading up to 2008. Their political largesse is probably the best investment they ever made in alternative energy. It brought them returns many times over.

Once upon a time, Exelon executives invested in a politician with great promise at an early stage in his career. That politician then dedicated himself to bankrupting industries based on coal, including mining and coal-based utilities, and one company above all stands to benefit greatly from his agenda: Exelon.

That is how Barack Obama rewards his friends.

*Ed Lasky is co-founder and news editor of The American Thinker. GW*

# All in the family: Tom Ayers and his famous son and daughter-in-law

By Steven J. Allen

A key link between Exelon and the Obama circle involves Thomas G. Ayers, who was president (1964-80) and CEO and chairman (1973-80) of Commonwealth Edison. Ayers was one of the most powerful civic leaders in the history of Chicago. He served as vice president of the city's school board; as board chairman of the city's symphony, its Urban League, and its Community Trust; and on the board of Sears, G.D. Searle, General Dynamics, the *Chicago Tribune*, and the Chicago Cubs.

There's a stereotype of radical children rebelling against their "establishment" fathers, but it doesn't apply to Tom Ayers and his radical son, Bill. "Our father always stood by us," said Bill's brother John. He was an establishment guy. But he believed in us. He believed in change."

Bill Ayers was the leader and co-founder of the Weather Underground organization (WUO), which terrorized America during the 1960s and '70s. A Marxist counterpart to the Ku Klux Klan, WUO was closely allied with the violent, racist Black Panther Party and strongly supported the Vietnam War—not the U.S. side; the North Vietnamese side. Ayers called on young people to "kill the rich people" and "kill your parents."

The WUO conducted a bombing campaign that hit more than two dozen targets, including the U.S. Capitol, the Pentagon, and New York City police headquarters. According to Ayers, the group also "cased the White House." Some 50 police officers were injured, and three officers and a security guard were killed.

After his girlfriend and two other WUO members were killed in the premature explosion of a nail bomb intended for soldiers at Fort Dix, Bill Ayers became a fugitive along with fellow terrorist Bernadine Dohrn. At a 1969 meeting, Dohrn had praised the followers of Charles Manson, who committed nine murders in an effort to spark a race war; she gave a three-fingered salute to the Manson Family in reference to a fork that was stuck into the stomach of one of their victims.

During their time on the lam, Dohrn issued a "Declaration of a State of War" against the United States and spent three years on the FBI Most Wanted list.

The couple eventually married, had two children of their own, and raised the child of two other members who were in jail for murder. They eventually turned themselves in, but due to legal technicalities, Ayers served no jail time, and Dohrn served only a few months for refusing to cooperate with a murder investigation. Incidentally, one of Dohrn's lawyers was general counsel of the *Chicago Tribune*, where Tom Ayers was a board member, and another was counsel to a *Tribune* subsidiary, the *New York Daily News*.

With the presumed intervention of Tom Ayers—a member and, for a decade, chairman of the board of trustees at Northwestern University—Dohrn joined the faculty of Northwestern's law school. Despite an 18-year gap in her legal career and the fact that she was denied admission to the bar in New York, Dohrn was hired by the Sidley Austin firm to work at its Manhattan office. (Eventually, she moved to the Chicago office, where she met a young associate, the future Michelle Obama.) Sidley Austin was the longtime outside counsel to ComEd. Howard Trienens, the firm's managing partner in 1984, said in 2008 that he arranged the job for Dohrn as a favor to Tom Ayers.

As for Bill Ayers, he became a professor of education at the University of Illinois in Chicago. (When he retired in 2010, Ayers was denied "professor emeritus" status. The reason: Ayers once co-wrote a book that was dedicated to a group of supposed "political prisoners" that included Sirhan Sirhan, assassin of Robert F. Kennedy, and the school's board of trustees was headed by RFK's son Christopher.)

It was a measure of the moral sickness of high society in Chicago that Ayers and Dohrn became respected members of the community without ever being brought to justice or even renouncing their crimes.

Prior to Timothy McVeigh, Dohrn was the most famous terrorist in America, yet the Ayers-Dohrn residence became a key location for political gatherings, including a 1995 event at which State Senator Alice Palmer introduced her hand-picked successor, Barack Obama, and a 1996 fund-raiser for the Democratic Party's first Internet-based organization, "Democrats Online."

Obama served with Ayers on the board of the Woods Fund, appeared on academic panels with the terrorist, wrote a blurb for a book by Ayers, and was a summer associate at the law firm that hired Dohrn. Most importantly, Obama distributed money from a \$100 million charitable fund that Ayers had put together. That connection allowed the rising politician, who was not personally wealthy, to paint himself as "philanthropist Barack Obama," as a local newspaper called him at that time.

Astonishingly, liberal commentator Michael Kinsley defended the embrace by Chicago high society of the monstrous Ayers and Dohrn on the ground that, well, everybody does it: "If Obama's relationship with Ayers, however tangential, exposes Obama as a radical himself, or at least as a man with terrible judgment, he shares that radicalism or terrible judgment with a comically respectable list of Chicagoans and others—including Republicans and conservatives—who have embraced Ayers and Dohrn as good company, good citizens, even experts on children's issues." Thus is evil normalized and made banal.

A bit of irony: Obama came to Chicago as an organizer for the Developing Communities Project, with his salary paid by a grant from the Woods Fund, and Obama and Bill Ayers later served together on the Woods Fund board. The Woods Fund was founded by the family that owned the Illinois-based Sahara Coal Company, which provided coal to Commonwealth Edison.

# GreenNotes

Last month's *Green Watch* reported on efforts to pass a carbon tax. The **Tarrance Group**, a nationally known polling organization, has since polled Americans on the issue. "Would you be more likely or less likely to vote to re-elect your member of Congress if he or she votes in favor of a carbon tax?" 33% more likely, 50% less likely. "How much more, if any, would you be willing to pay each year for a carbon tax?" 9% would pay between \$401 and \$998; a total of 20% would pay \$100 or more; and 51% would be willing to pay *absolutely nothing*. (A tax sufficient to achieve a 60% reduction in carbon dioxide emissions has been projected to cost over \$4,500 per household per year.)

In August, the **U.S. House of Representatives**, by 237-176, passed an amendment by **Rep. Steve Scalise** (R-La.) to block the **Obama Administration** from imposing a carbon tax without the approval of Congress.

**Terrence Scanlon** of the **Capitol Research Center** and other leaders of free-market organizations have asked Congress to take a close look at the decade-long effort to construct a \$2.6 billion wind turbine farm off **Cape Cod**. The price works out to "approximately \$20 billion per turbine to generate energy for just 25 years" and "the electricity produced will be two to three times the price of that produced by conventional means," Scanlon and the others wrote. Even though utilities have been required to purchase the expensive energy, investors have refused to back the project, forcing the "**Cape Wind**" project to get financing from the **Bank of Tokyo** together with a loan guarantee from taxpayers.

What's a "green" energy conference good for? Political fundraising, of course! At the **National Clean Energy Summit** in **Las Vegas**—attended by businesses with a stake in "green" programs that rip off taxpayers, ratepayers, and consumers—"A smiling [**Senate Majority Leader**] **Harry Reid** (D-Nev.) walked with **Rep. Steven Horsford** (D-Nevada) through exhibitor booths touting solar power, electric cars and clean energy think tanks," the *Las Vegas Sun* reported. "Democratic **Treasurer** [of Nevada] **Kate Marshall** stood nearby, and **Rep. Dina Titus** (D-Nev.) made an appearance. . . . Democrats also decided to cash in on the plethora of sympathetic supporters in the audience. The **Democratic Congressional Campaign Committee** hosted a fundraiser down the hall from the conference for Horsford and [congressional candidate **Eric**] **Bilbray**." Reid also hosted a fundraiser at the conference venue.

Speaking of crony capitalism, **Kimberly Strassel** in the *Wall Street Journal* raised an interesting question about **Obama administration** favoritism. Each year, the **Environmental Protection Agency** issues regulations "telling refineries how much ethanol they must blend into the nation's [gasoline] supply. This quota, which grows each year, is becoming a horrific financial burden," costing hundreds of millions of dollars a year. Yet, out of 143 refineries, one—**Alon Energy's Krotz Springs** facility in **Louisiana**—received an exemption. Why? Perhaps, Strassel suggested, it has to do with the \$60,000 that Alon paid to a well-connected lobbying firm in Washington during the quarter for which it filed for an exemption, or with Alon's ties to the infamously bailed-out bank **Goldman Sachs**. We don't know for sure, she pointed out, because EPA refuses to explain itself.

Apparently, if you're an employee of the **Department of the Interior**, and you understand science, you'd better keep your mouth shut. In an agency-wide address to employees August 1, **Interior Secretary Sally Jewell** said, "I hope there are no climate-change deniers in the Department of Interior." (As we have noted previously, climate change is a natural aspect of climate that no one denies. The term "deniers" refers to people who use science to analyze the issue.) Jewell, by the way, is a 2009 recipient of the **National Audubon Society's Rachel Carson** Award, named for the woman whose false book on the environment led to a ban on DDT and millions of deaths from malaria.

On August 13, members of **Organizing for America**, the group that arose from the 2012 Obama campaign, fanned out across the country to lobby for legislation to "address climate change." One rally, at the **Georgetown** waterfront in **Washington, D.C.**, attracted zero participants. To be fair, it was raining. At a series of OFA events the previous week that aimed to build support for Obamacare, the response was slightly better. For example, a rally in the Washington suburbs attracted a single volunteer for the group's phone bank.

*CRC's Haller intern Paul McGuire contributed to this report.*