

# CAPITAL RESEARCH



## THE ILLUSION OF WEATHER DEPENDENT ELECTRICITY ALTERNATIVES PAGE 41

### ALSO IN THIS ISSUE:

**5**

The Tides  
Foundation's  
Legal Money  
Laundering

**14**

Special Report:  
What You Don't  
Know about Trump's  
"Dirty Dossier"

**33**

Atlantic  
Philanthropies  
and their "Dark  
Money" Groups

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# CONTENTS



## COMMENTARY

Hey, Zuck,  
Cambridge Analytica  
Wasn't the First  
of Its Kind

*By Scott Walter*

*Capital Research* is a monthly publication of the Capital Research Center (CRC), a nonpartisan education and research organization, classified by the IRS as a 501(c)(3) public charity.

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CRC was established in 1984 to promote a better understanding of charity and philanthropy. We support the principles of individual liberty, a free market economy, and limited constitutional government—the cornerstones of American society, which make possible wise and generous philanthropic giving.

### CAPITAL RESEARCH CENTER

1513 16th Street NW  
Washington, DC 20036  
202.483.6900

**CapitalResearch.org**

Contact@CapitalResearch.org

Internship inquiries are welcome.

Publisher, Scott Walter  
Editor-in-Chief, Kristen Eastlick  
Editor, Christine Ravold  
Photo Editor, Gayle Yiotis

Cover images: Oleg Atbashian



## 5 FOUNDATION WATCH

### Tides' Legal Laundering

*By Hayden Ludwig*



## 14 LABOR WATCH

### Dues Skim: How Unions Tried to Capture Taxpayer Funds

*By F. Vincent Vernuccio*



## 20 SPECIAL REPORT

### What You Don't Know About the "Dirty Dossier"

*By Dr. Steven Allen*



## 33 ORGANIZATION TRENDS

### Dark Money Ascendant: How Atlantic Philanthropies Weaponized Social Welfare Groups

*By Matthew Vadum*



## 41 GREEN WATCH

### Unsustainable, Unreliable, and Inflexible

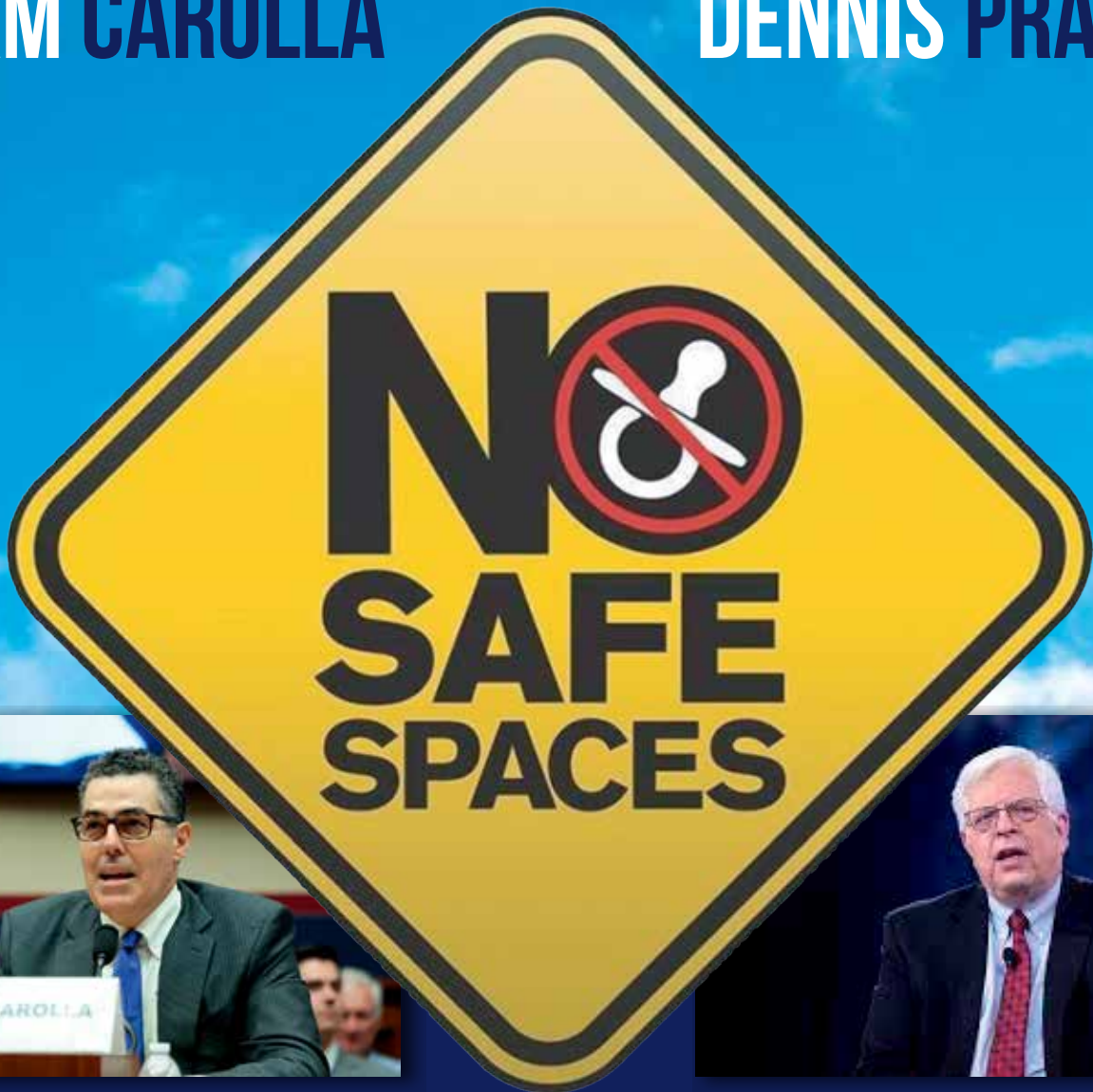
*By Kenneth Haapala*



*A project of CRC's Dangerous Documentaries*

**ADAM CAROLLA**

**DENNIS PRAGER**

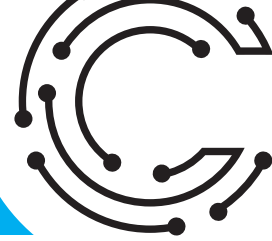


*No Safe Spaces*, a film starring Adam Carolla and Dennis Prager and a project of CRC's own Dangerous Documentaries, will expose the safe space culture that is undermining American universities. *No Safe Spaces* will expose the sad state of free speech, the unwillingness of students to be challenged by new ideas, and "the grievance culture" of "safe spaces" that are undermining the intellectual foundations of American higher education.

Carolla—a well-known stand-up comedian, podcaster, and radio personality—and Prager—a syndicated radio talk show host who has been on the air for more than four decades—will travel to college campuses across the country interviewing students, professors, and commentators from both sides of the political spectrum.

*No Safe Spaces* is set to release in 2018. It will be directed by Justin Folk and produced by Mark Joseph. Scott Walter and Jake Klein are executive producers.

**NOsafespaces.com**



## HEY, ZUCK, CAMBRIDGE ANALYTICA WASN'T THE FIRST OF ITS KIND

By Scott Walter

A flailing Mark Zuckerberg, CEO of Facebook, appears to hope that he can defend his embattled company with a post that reinforces the hot new media narrative that President Trump's election is tainted because of misdeeds by Cambridge Analytica (CA), a UK firm with ties to Steve Bannon and the Mercer family who supported Trump's presidential bid.

The story Zuckerberg is feeding oxygen assumes that CA used Facebook to acquire data on about 50 million American users of the social network, and then helped the Trump campaign get inside those people's heads and win their votes.

Countless people left and right are laughing at Zuckerberg's latest comment. Even before he "spoke," lots of observers had already noted (1) that Facebook's business model allowed many groups to exploit its users the way CA allegedly did; and (2) that one of those groups was Barack Obama's 2012 presidential campaign, as a senior campaign official confessed.

What's overlooked is that exploiting data to get your guy elected was old hat for the left, even by 2012, and it didn't start with Facebook.

Before we look at that history, let's be clear on points (1) and (2). Regarding how many groups have hoovered up Facebook data, the only mystery is whether the number has three, four, five digits or more. Sandy Parakilas, a Facebook employee who quit in disgust over this issue and has been helping reporters break the story, told Britain's *Guardian* he thinks "tens or maybe even hundreds of thousands" of developers have grabbed data.

As for the 2012 Obama campaign, the same media who are shocked, shocked that the Trump campaign may have used



Credit: Facebook F8 2017. License: <https://goo.gl/3yuUKu>.

*A flailing Mark Zuckerberg appears to hope that he can defend his embattled company with a post that reinforces the hot new media narrative that President Trump's election is tainted because of misdeeds by Cambridge Analytica (CA).*

Facebook data are ignoring their own past reporting. "So far in the presidential election of 2012," CNN gushed at the time, "there is only one campaign that is doing cutting-edge work with data," namely, Obama's.

"The Romney team used a far less sophisticated version of the technology," *Time* noted. "The depth and breadth of the Obama campaign's 2012 digital operation," POLITICO observed, "makes the president's much-heralded 2008 social media juggernaut...look like cavemen with stone tablets."



*Liberal journalist Sasha Issenberg wrote a 2012 book on the "secret science" of exploiting data and articles on "how Democrats became the party of effective campaigning."*



Credit: Book Catalog License: <https://goo.gl/MJSu4F>

*The story Zuckerberg is feeding oxygen assumes that CA used Facebook to acquire data on about 50 million American users of the social network, and then helped the Trump campaign get inside those people's heads and win their votes.*

Liberal journalist Sasha Issenberg even wrote a 2012 book on this “secret science,” as well as articles on “how Democrats became the party of effective campaigning—and why the GOP isn’t catching up anytime soon.”

Obama’s 2008 social media juggernaut was powered by a little-known entity that my organization, the Capital Research Center, has reported on extensively: a for-profit (therefore non-disclosing) data firm named Catalist.

Catalist is arguably the professional Left’s best-kept secret. The company was started in 2006 by two Clinton operatives



*Today Catalist brags it has “data on over 240 million unique voting-age individuals” in every state.*

with \$1 million in seed money from George Soros. Because Soros and groups like the Tides Foundation keep Catalist well-funded, it can apparently afford to sell its political services to Democratic campaigns at below-market rates, which led to complaints being lodged with the Federal Election Commission in 2015, claiming Catalist violated campaign collusion laws.

This data giant enjoys close ties to the Democracy Alliance, a network of the biggest donors in left-wing politics. In-house Democracy Alliance strategy slides obtained in 2014 by the *Washington Free Beacon* show how the “legal firewall” separating campaigns from outside nonprofits can be bypassed by friendly “data, analytics, and research LLCs” like Catalist (and by political “investors”).

How effective is this data? Today Catalist brags it has “data on over 240 million unique voting-age individuals” in every state. According to Catalist’s analysis of the 2008 election, the firm’s data helped “progressive organizations, the Obama campaign, and federal party committees” work to contact “more than 106 million people,” including “37 percent of all the people who voted in the 16 battleground [states].”

The Service Employees International Union, a Catalist client and by far the largest institutional political donor in America, agreed. Using a Catalist “targeting model” in Indiana, the union reported its 2008 voter contacts “increased vote share for Obama by about 1 percent to 4 percent,” flipping a state that Obama won by just over 28,000 votes.

In short, don’t buy the story that Zuckerberg and the mainstream media are peddling. It’s just untrue that one political outfit uncorked a genie in 2016 that no one had ever seen before.

Even the *New York Times*’ reporting strongly suggests that CA didn’t even use “psychographics” in its Trump campaign work, and that all CA’s efforts, now so feverishly discussed, achieved very little.

But boring little truths like those won’t help Mark Zuckerberg deflect heat when he’s testifying before the Federal Election Commission, or the Senate Judiciary Committee, or the British Parliament, or the EU. ■





## TIDES' LEGAL LAUNDERING

*Profiling the Tides Foundation, one of the Left's leading dark money groups*

By Hayden Ludwig

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**Summary:** *The Tides Foundation is the philanthropic Left's best-kept secret. From Greenpeace to the anti-Israel J Street, there's hardly a left-wing group that hasn't taken Tides money. Using a sophisticated funding model, Tides has grown into the leading platform for laundering away ties between wealthy donors and the radical causes they fund—while generating hundreds of new organizations along the way.*

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“When is a foundation not a foundation?” notes the conservative website Activist Facts. “When it gives away other foundations’ money.”

If you haven't heard of the Tides Foundation, you've almost certainly experienced their handiwork. For nearly half a century, Tides and its web of subsidiaries have funded hundreds of organizations on the professional Left with tens of thousands of grants. Collectively, Tides forms one of the largest “pass-through” organizations in the United States—operating a legion of specialized funds designed to maximize the flow of donations to far-left nonprofits while minimizing donors’ public exposure to the fruits of their largesse.

This vast shroud has earned Tides a reputation as a “dark money” heavyweight (dark money being defined as donations that cannot be traced back to the original donor) and rightly so. Since the mid-1970s, Tides has brokered billions of dollars between left-wing philanthropists and groups that fund the “social justice” agenda. Over the years, Tides has weaponized its 501(c)(3) IRS tax-exempt status to “incubate” hundreds of organizations, many of which underpin the Left's political infrastructure today.

Tides is a well-funded machine with numerous interlocking parts; but this enormous consortium has its humble origins in the anti-war movement of the 1970s.

### Enter Drummond Pike

Drummond Pike is the son of a San Francisco Bay Area investment banker, a lifelong political activist, and the architect of the Tides Foundation. Pike entered the political scene



Credit: SOCAP 11. License: <https://goo.gl/qVWawi>

*Drummond Pike, a lifelong political activist and architect of the Tides Foundation, entered the political scene in the late 1960s as an anti-Vietnam War protester at the University of California, Santa Cruz.*

in the late 1960s as an anti-Vietnam War protester at the University of California, Santa Cruz.

In 1970, Pike was made associate director of the Youth Project, then a newly formed group in Washington, D.C., that acted as a channel for wealthy donors to support left-wing activism. According to the right-of-center website Discover the Networks, the Youth Project's founders were closely associated with the Center for Community Change, another activist funder founded in 1968 by Jack T. Conway, a veteran labor union activist and anti-war protester who previously headed the grantmaking arm of President Lyndon B. Johnson's War on Poverty. (The influential Conway later served as president of Common Cause, a pro-Democrat nonprofit, and then as executive director of the mega-union American Federation of State, County and Municipal Employees, or AFSCME.)

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*Hayden Ludwig is a research analyst at CRC.*

As a political activist, Drummond Pike has played a key role in founding many organizations that support left-wing causes. In 1980, Pike helped found the National Network of Grantmakers (NNG), a network that united some 400 progressive donors and staff to funnel grants towards political activist groups. NNG envisioned the United States as a fundamentally racist country and sought to establish “systemic change...in order to create an equitable distribution of wealth and power,” according to its mission statement. Throughout its existence, NNG maintained close ties to the Tides Foundation, and had a Tides representative on its board. NNG appears to have shuttered around 2009 as its documentation ends around that time, though its ultimate date remains obscure. This writer believes the organization was likely rolled into the newer National Network of Consulting Grantmakers, which calls itself “a Tides Center project” founded in 2006.

In 1985, Pike and a handful of wealthy liberal philanthropists founded Working Assets (rebranded CREDO in 2007), a for-profit telephone service provider headquartered in San Francisco. The firm is characterized for its strong financial support of left-wing groups including Planned Parenthood, Rainforest Action Network, Greenpeace, Democracy Now, Oxfam America, Amnesty International, and the American Civil Liberties Union. CREDO brags that, as of 2016, it has given \$85 million in donations to “key issues such as women’s rights, the environment, peace and social justice”—money, of course, that’s funneled through the Tides Foundation. Among other things, CREDO advocates a staunchly progressive platform: they opposed the Keystone XL oil pipeline, the 2010 Supreme Court Citizens United decision, Tea Party candidates, and the Iraq and Afghanistan wars; while supporting single-payer healthcare and get-out-the-vote efforts for Democratic candidates.

Drummond Pike has numerous ties to other left-wing organizations. He has served as an officer or board member of many organizations, including the Democracy Alliance, the Threshold Foundation, the Environmental Working Group, the Institute for New Economic Thinking, the Sierra Fund, and others. He is a notable Democrat, and regularly gives to Democratic Party candidates, including Barack Obama, Barbara Boxer, Nancy Pelosi, Elizabeth Warren, John Edwards, John Kerry, Russ Feingold and Sherrod Brown.

## Washing With Tides

In 1976, Pike collaborated with Arca Foundation president and R.J. Reynolds Tobacco Company heiress Jane Bagley Lehman to form the Tides Foundation in Sausalito, California. As CRC president Scott Walter notes: “Pike’s use of the



*Tides bills itself as “a one-stop shop for donors, activists, and organizations in the social justice movement.”*

concept of the donor-advised fund is supposed to have originated when a New Mexico couple asked him to help them make anonymous grants to several environmental groups.”

But whatever its origins, Tides’ purpose was clear: to work with “community-based nonprofit organizations and the progressive movement through innovative grantmaking.” It even bills itself as “a one-stop shop for donors, activists, and organizations in the social justice movement.”

From the beginning, Tides was set up to be a prominent “donor-advised fund” (DAF), a nonprofit structure pioneered by Pike that intentionally obscures the connection between donors and grantees.

In a DAF, an IRS-registered 501(c)(3) nonprofit sponsors a fund that individual donors can contribute to, while recommending to the fund’s manager which organizations they’d like their money to support. While DAFs have existed since the 1930s, they didn’t receive a legal structure from Congress until 1969. Without a doubt, the success of the Tides Foundation has encouraged their proliferation in philanthropy.

DAFs are one of the fastest-growing philanthropic giving vehicles in the country, reporting over \$23 billion in contributions in 2016 alone. According to the nonprofit National Philanthropic Trust, DAFs hold combined assets of \$85 billion concentrated in four states: Massachusetts, California, Pennsylvania, and New York. Those states also house over half of the 285,000 individual DAFs in the U.S.

For donors who don’t wish to create private foundations of their own (or who seek to avoid being seen funding politically active groups while maintaining 501(c)(3) tax write-offs) DAFs are very useful. This legal veil is the key to Tides’ success. Unlike traditional foundations which are tied to the wealth of a particular family or entrepreneur—the Ford, Packard, and Rockefeller Foundations, for example—Tides has always been a “pass-through” organization designed to scrub away the connection between donor and dollar.

While IRS rules require Tides to disclose its grantees, it isn’t required to report where individual donors’ grants go. This obfuscation led the conservative website Activist Facts to call Tides less of “a philanthropy than a money-laundering enterprise.” It insulates politically motivated grants from the



public eye, exactly what Tides wants. As Drummond Pike put it in the *Chronicle of Philanthropy*, “Anonymity is very important to most of the people we work with.”

Information on who funds the Tides Foundation remains obscure. The website Foundation Search reports \$620.5 million in 2,731 grants to the organization between 2001 and 2015. Tides’ federal filings for 2015 show revenues of nearly \$158 million, expenses topping \$166 million, and net assets of \$187 million.

According to this data, the group’s biggest grants have historically come from the California Endowment (\$51 million since 2001), the Vanguard Charitable Endowment Program (\$39 million since 2007), the Chicago Community Foundation (\$40 million since 2004), and the Novo Foundation (\$51 million since 2006). Other notable funders include the M.A.C. Global Foundation, the Wallace Global Fund II, the New Field Foundation, the Annie E. Casey Foundation, the Open Society Foundations, and the Fidelity Investments Charitable Gift Fund (also a donor-advised fund).

Disturbingly, during the Clinton administration, the Tides Foundation received nearly \$8 million in grants from federal agencies—including the Department of Interior, Environmental Protection Agency, Department of Housing and Urban Development, Department of Agriculture, Department of Energy, Small Business Association, Department of Health and Human Services, and the Centers for Disease Control and Prevention. Data from the website USASpending shows \$23 million in further federal agency funding to the Tides Center (a subsidiary) from 2008-2017 in the form of contracts and grants.

Tides also sucks in money as part of its pass-through services, keeping a percent of donations made to its donor-advised fund for itself. It has quietly benefitted from donations from various left-wing “save the Earth” campaigns, including \$56,500 from the Ben & Jerry’s Foundation, these funds raised as part of the ice cream producer’s Rainforest Crunch-flavor charity drive.

## Tides Grantees

Data from the website Foundation Search reveals a staggering \$1.24 billion in some 28,000 grants from the Tides Foundation to non-Tides entities between 1999 and 2015. Tides’ website claims it made \$158.4 million in domestic grants and \$65.2 million foreign grants in 2016. These grants fund a broad array of “social justice” activities in six continents, the majority of which is concentrated in the United States and Europe.

Tides’ grantee list runs the gamut of the professional Left. A list of some of Tides’ more prominent grant recipients includes:

- Citizens for Responsibility and Ethics in Washington (CREW)
- Council on American Islamic Relations (CAIR)
- Center for Reproductive Rights
- Greenpeace
- Amnesty International
- Center for American Progress
- Astraea Lesbian Foundation for Justice
- Catalist
- American Civil Liberties Union (ACLU)
- Natural Resources Defense Council (NRDC)

Tides funneled some \$2 million to kickstart Republican-turned-Clintonista David Brock’s Media Matters for America (MMfA), which was founded with help from the Center for American Progress in 2004 to “fact-check” (translation: attack) conservatives. According to MMfA’s application for IRS nonprofit status:

It is common for news and commentary by the press to present viewpoints that tend to overly promote corporate interests, the rights of the wealthy, and a conservative, Christian-influenced ideology.

During the George W. Bush administration, Tides money aided groups like the left-wing website MoveOn.org to oppose the Iraq War by financing the Iraq Peace Fund and a Peace Strategies Fund. (MoveOn featured two ridiculous commercials at the time that portrayed President Bush as Adolf Hitler, saying that “what were war crimes in 1945 is foreign policy in 2003.”)

The Tides Foundation was a key funder of the Associations for Community Organizations for Reform Now (ACORN), the federally funded, 400,000 dues-paying member strong pressure group that engaged in numerous voter fraud and other schemes for 40 years. According to journalist Trevor Loudon writing for Capital Research Center, Tides gave grants to “ACORN (\$100,000), ACORN International (three grants totaling \$134,000), ACORN Institute (three grants totaling \$84,793), [and] ACORN’s voter mobilization arm Project Vote (11 grants totaling \$845,000).”

ACORN, shuttered in 2010 with the loss of government funding after investigative journalists James O’Keefe and Hannah Giles recorded ACORN employees offering them advice on how to start up a prostitution ring. (It’s worth



Credit: Tides Momentum. License: <https://goo.gl/HfBx87>.

*ACORN founder Wade Rathke (left) was a Tides Foundation board member with ties to Big Labor, having founded the Service Employees International Union Southern Conference.*

noting that ACORN's voter fraud spinoff Project VOTE employed Barack Obama in the early 1990s.) Meanwhile, ACORN continued to aid left-wing politicians with funding from George Soros's Open Society Foundations through Obama's 2012 reelection campaign until closing in August 2017, when the group was "ultimately forced to admit that our current model had become unsustainable."

In July 2008, Dale Rathke, the brother of ACORN founder Wade Rathke, was discovered to have embezzled over \$948,000 from ACORN. A month later, the *New York Times* reported that Drummond Pike—described as a friend of the Rathkes—had "agreed to buy the promissory note that required the Rathke family to repay ACORN the money." Wade Rathke was a Tides Foundation board member with ties to Big Labor, having founded the Service Employees International Union Southern Conference, and served on the union's executive board.

Another Tides grant recipient is the Alliance for Global Justice (AfGJ), an obscure, Arizona-based nonprofit that acts "as a conduit, keeping funds flowing to radical and anti-American groups that terrorize conservatives on campus" (Foundation Watch, August 2017). AfGJ is an unabashedly anti-capitalist organization and a key funder of the so-called anti-Trump "Resistance." Early last year, the Daily Caller exposed AfGJ for funneling \$50,000 to Refuse

Fascism, the group responsible for the riot that shut down conservative activist Milo Yiannopoulos's planned speech at the University of California, Berkeley, in February 2017. Since 2004, AfGJ has received over \$200,000 from the Tides Foundation.

Tides has funded the Ruckus Society to the tune of \$457,000 since 1999. The Ruckus Society comes out of the radical environmentalist movement of the 1980s; its founders, Mike Roselle and Howard "Twilly" Cannon also founded the anarchist group Earth First! and the domestic terrorist entity Earth Liberation Front (ELF). Those groups rose to infamy for inflicting eco-terrorist violence and property damage on logging companies; FBI reports tally over 600 criminal acts causing \$43 million in damages committed by ELF and the related Animal Liberation Front (ALF) since 1996.

The National Lawyers Guild (NLG) is another Tides Foundation grantee. Founded in 1937 in New York City, the group was intended to act as a counterweight to the then-conservative American Bar Association; but it was later exposed by historians and the House Un-American Activities Committee as a close ally of the Soviet Union that "faithfully followed the line of the Communist Party

on numerous issues...an important bulwark in defense of that party, its members, and organizations under its control." The NLG was so extreme, in fact, that it ceased opposing the Allies in World War II as "imperialist" only when Nazi Germany broke its alliance with the Soviet Union and invaded that country on June 22, 1941. Along with the Communist Party USA, the NLG quickly lent President Roosevelt its "unlimited support to all measures

necessary to the defeat of Hitlerism"—while preserving the tacit goal of aiding international communism.

CC —————  
*Tides role in incubating new organizations is arguably its greatest achievement for the Left and the Democratic Party.*

## An Incubator for the Left

Its vast mountain of money has made the Tides Foundation a powerhouse in left-wing politics, but its role in incubating new organizations is arguably Tides' greatest achievement for the Left and the Democratic Party.

Almost since its inception, Tides has worked to develop new infrastructure for the activist Left through "fiscal sponsorship" of new groups. Over time, those activities—funding and incubating—were split between the Tides Foundation and its 501(c)(3) subsidiary, the Tides Center.

The San Francisco-based Tides Center has supported hundreds of fledgling left-wing organizations since it was formally incorporated in 1996. Until that time, it had been a “projects” program of the Tides Foundation, eventually separating to provide a legal safety net for both entities. Today, the Center provides the day-to-day office support that grants alone cannot: It offers legal and administrative consultation, helps groups apply for grants, conducts public relations, assists in payroll and budget management, and advises on compliance with government regulations. Tides Shared Spaces is one such project; it operates two Thoreau Centers for Sustainability (renovated, low-rent offices) in Manhattan and in San Francisco’s Presidio National Park that together house some 70 nonprofits.

The Tides Center’s ample funding stream stands revealed by the latest available federal filings from 2015. They divulge revenues exceeding \$104 million, functional expenses of \$99 million, and assets of \$80 million. Foundation Search data reveals \$638 million in 5,296 grants to the Tides Center between 1999 and 2016—the smallest of which was \$500,000. A list of the biggest funders over this 17 year period reads like a who’s who of leftist philanthropies: Tides Foundation (\$54 million in 658 grants between 1999 and 2014, to the Center’s various projects); the California Endowment (\$70.6 million); the Chicago Community Trust (\$24.8 million); the Ford Foundation (\$22 million); the Pew Memorial Trust (\$17.7 million); the Union Square Foundation (\$17.7 million); the Lumina Foundation (\$15 million); the W.K. Kellogg Foundation (\$13.7 million); the Bill and Melinda Gates Foundation (\$11.1 million); the Novo Foundation (\$10.7 million); the Blue Shield of California Foundation (\$9.6 million); the David and Lucile Packard Foundation (\$7.75 million); the California Community Foundation (\$5.6 million); and, of course, George Soros’s Foundation to Promote Open Society (\$4.53 million).

The California Endowment (a behemoth 501(c)(3) private foundation with \$3.5 billion in assets and primary Tides Center funder) sprang to life via a deal struck in 1996 between the state of California and the Blue Cross of California, when that organization became a for-profit entity. Between 1999 and 2016, the California Endowment gave a staggering \$2.5 billion in 18,813 grants to various community-based organizations, including the Tides Center and Foundation. According to the Daily Caller, the California Endowment was also a major funder of the pro-Obamacare campaign “Health Happens Here” in 2012. To that end, it launched a January 2013 video called “California Teens Demand a Plan to End Violence” in which children “demand a plan” for gun control—a typical example of leftist agitprop. Nevertheless, a California Endowment staffer later

told the Daily Caller reporter that the tax-exempt foundation doesn’t take a position on legislation of any kind.

## Tides Center Projects

Tides Center’s primary function besides aiding left-leaning groups is “fiscal sponsorship.” This means using its nonprofit status as a legal umbrella for left-wing groups that have not or cannot apply for tax-exempt status with the IRS. The Tides Center does not directly fund these infant groups; instead, it operates as a feeder, accepting outside donations and redirecting them towards its numerous “projects” with the goal of developing them into standalone organizations. According to the right-of-center website Discover the Networks, “the Tides Center served as a fiscal sponsor to some 677 separate projects with combined revenues of \$522.4 million” between 1996 and 2010—and managed almost 200 projects in 2010 alone. Those projects often apply to the Tides Foundation for grants, CRC noted in 2010; of course, the Foundation “makes the dubious claim that ‘no preference is given.’”



Credit: Brookings Institution. License: <https://goo.gl/bnQkKt>.

*In 1981, television magnate Norman Lear’s new anti-“religious right” group, People For the American Way (PFAW), became a Tides project with the blessing of Drummond Pike.*

The Center excels as “a surrogate father,” in the words of nonprofit tax lawyer and activist Stanley Weithorn, “shielding each project under [Tides’] tax exemptions” according to IRS law. In 1981, television magnate Norman Lear’s new anti-“religious right” group, People For the American Way (PFAW), became a Tides project with the blessing of Drummond Pike. According to Weithorn, a PFAW advisor, Tides—despite having a smaller staff and payroll—played the “surrogate” role to PFAW while the group waited for the



IRS to approve its nonprofit tax-exempt status: “People For The American Way became a project of Tides and operated as such without a hitch,” Weithorn said.

Meanwhile the Citizens for Constitutional Concerns [another Lear project] application for tax exemption worked its way through the IRS and was approved after eight months. Upon receipt of the approval the Tides project was terminated. Everything was transferred out of Tides and into Citizens for Constitutional Concerns. The name was then changed to People For The American Way.

People For the American Way remains one of Tides’ most successful ventures. The group continues to endorse political candidates in 2018 who can “engage with Trump voters while maintaining progressive values.”

The Tides’ surrogate brood covers the gamut of left-wing issues. At least three former Tides Center projects—the Social Venture Network, Women Donors Network, and Grantmakers for Effective Organizations—promote fundraising strategies for liberal causes and the Democratic Party. Other major Tides Center projects-turned-spinoffs are the Natural Resources Defense Council (founded with a large grant from the Tides Foundation), Environmental Working Group, and Environmental Media Services.

Environmental Media Services (EMF) was a 501(c)(3) nonprofit created in 1994 by former Environmental Defense Fund chief Arlie Schardt in Washington, D.C. EMF sprouted up like a mushroom under the Tides umbrella with help from Fenton Communications, a left-wing public relations firm started in 1982 by spin-master David Fenton. Fenton’s firm bills itself as the “largest public interest communications firm in the country.” His other spinoffs include the Death Penalty Information Center (anti-capital punishment group), Climate Nexus (global warming agitators), and J Street (an anti-Israel Jewish organization).

During its 11 year run EMF aligned with the interests of Fenton’s environmentalist clients, 350.org, Environmental Working Group (whose board included Drummond Pike),

the Sierra Club, Earth Justice among others, and hosted the climate change website RealClimate. It merged with the Science Communication Network in December 2005.

According to Activist Facts, the conservative website, at least 36 of Fenton’s clients are Tides grantees, and another ten have used Tides as a pass-through to fund other groups—some of which are also Fenton’s clients.

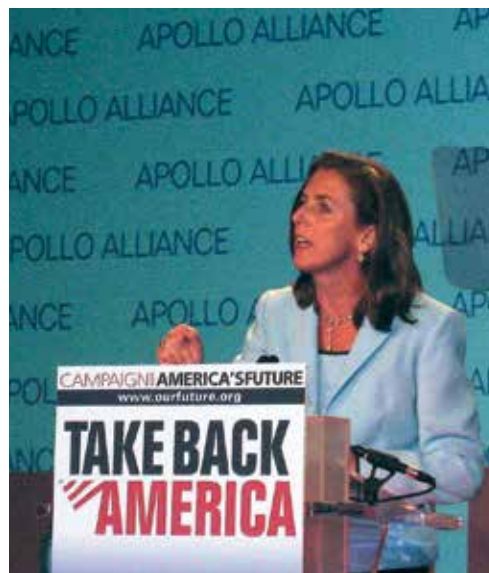
Tides spinoffs aggressively push for broader state control of industry. The Natural Resources Defense Council and Environmental Working Group, for example, masterminded reports that led to the “Great Apple Scare” of 1989 by claiming that apples sprayed with the chemical Alar—a powder used to prevent the pre-harvest rotting of apples—could give people cancer. The NRDC claimed that “the average pre-schooler’s exposure was estimated to result in a cancer risk 240 times greater than the cancer risk considered acceptable by [the Environmental Protection Agency] following a full lifetime of exposure.” Those reports were further proliferated in the media by Fenton Communications.

These claims were massively exaggerated. A lab study conducted by the American Council on Science and Health ten years later showed that a consumer would need to consume over 5,000 gallons of Alar-laced apple juice per day to reach the NRDC’s terrifying cancer risk claims. Dr. Richard

Adamson, director of the National Cancer Institute’s Division of Cancer Etiology, put it bluntly: “The risk of eating an apple treated with Alar is less than the risk of eating a peanut butter sandwich or a well-done hamburger.”

Nevertheless, the EPA banned Alar in 1989, causing inestimable damage to the apple industry—particularly to the financial well-being of its numerous small producers.

“Structural racism” is a common theme hovering over many Tides Center projects. The Center for Social Inclusion (seeded in 2002 with \$75,000 from George Soros’s Open Society Institute) advocates for a federally sourced “Racial Equity fund” to “eliminate structural racism” in local governments. It also criticizes white people for seeing “themselves as supporting racial equality...while actually maintaining racial hierarchy and



Credit: Keith Lucy License: <https://goo.gl/8dIE1Z>.

*“The Apollo Alliance has been an important factor in helping us develop and execute a strategy that makes great progress on these goals and in motivating the public to support them,” remarked former Majority Leader Harry Reid. (Pictured is Kathleen McGinty.)*

legitimizing white privilege.” The Philanthropic Initiative for Racial Equity, another Tides Center project, is a social justice organization funded by the W.K. Kellogg, Annie E. Casey, and Marguerite Casey Foundations, that seeks to “establish a shared understanding of race and racism” among grantmaking foundations that will result in an “agreement on racial justice as a core part of...mission, goals, and strategies.”

The Tides Center helped pass Barack Obama’s Patient Protection and Affordable Care Act, or Obamacare, in 2010. Much of the public relations and media campaign prior to Obamacare’s passage was conducted by Health Care for America Now (HCAN), a massive 501(c)(4) advocacy organization that acts as a coalition for roughly 1,000 groups on the Left, primarily funded by the Bermuda-based Atlantic Philanthropies. Its 501(c)(3) affiliate, Health Care for America Now Education Fund, is a project of the Tides Center. Unsurprising, given that the Tides Foundation has called universal healthcare one of its “fundamental principles.” Tides reportedly gave HCAN \$3.6 million and its members another \$1.9 million to push Obamacare legislation in 2009.

## The Apollo Alliance

One of the Tides Center’s (a subsidiary of the Tides Foundation) lesser-known projects, the Apollo Alliance, started in 2004 in Washington, D.C., to “catalyze a clean energy revolution in America”—this, according to text taken from Apollo’s now-defunct website.

From the start, Apollo set about gathering labor unions, environmentalists, and social justice activists under one banner. It quickly earned the requisite endorsements from the AFL-CIO, Working Families Party, AFSCME, Service Employees International Union, International Brotherhood of Teamsters, Greenpeace USA, the Sierra Club, the League of Conservation Voters, the Union of Concerned Scientists, ACORN, and the NAACP. Van Jones, the Obama era “Green Jobs Czar,” described the group’s mission as “sort of a grand unified field theory for progressive left causes.” Then-Congressman Jay Inslee (now the governor of Washington state), a member of its national advisory board, called Apollo “an opportunity for a bold new energy policy that can free us from our over-dependence on Middle East oil, expand the economy, and address environmental challenges.”

The project’s leadership reveals deep connections to the professional Left. Phil Angelides, a wealthy real estate developer, former California state treasurer, and the unsuccessful Democratic 2006 gubernatorial nominee, chaired the Apollo Alliance. Former National Wildlife Federation

chair Jerome Ringo, an outspoken global warmer and union leader, was its president. Van Jones ran the group’s California chapter and served on its steering committee. Jeff Jones (no relation to Van Jones) directed the New York state chapter; left unmentioned on his official Apollo Alliance biography was his leadership role in Bill Ayers’ 1970s terrorist troop Weather Underground. The group’s national advisory board consisted of roughly two dozen important left-wing political players, such as Julian Bond (NAACP chair), Rep. Jesse Jackson Jr. (legally-challenged son of the famous reverend), Carl Pope (Sierra Club executive director), and Art Pulaski (California Labor Federation secretary-treasurer).

The Tides Foundation was a major funder of the Apollo Alliance. Google, well-known for supporting Democratic politicians, was also a key funder, along with the massive utility company Pacific Gas & Electric (PG&E).

Apollo managed to impact U.S. politics substantially over the course of its brief reign. In late 2008, during the height of the financial crisis, the organization crafted the Apollo Economic Recovery Act (AERA)—a measure containing environmentalist policy prescriptions such as \$110 billion for “green jobs” programs. AERA later found a place in the American Recovery and Reinvestment Act of 2009, known more popularly as the stimulus bill, passed by the Democrat-controlled Congress. Apollo became so influential in passing the legislation and influencing its “green” elements, the group got a shout-out from Senate Majority Leader Harry Reid: “The Apollo Alliance has been an important factor in helping us develop and execute a strategy that makes great progress on these goals and in motivating the public to support them,” Reid said.



*Van Jones, the Obama era “Green Jobs Czar,” described Apollo’s mission as “sort of a grand unified field theory for progressive left causes.”*

Apollo and its program recommendations maintained deep connections in the Obama administration. Enter Brian Deese, a former senior economic policy analyst for John Podesta’s Center for American Progress and a 2008 Hillary Clinton campaign staffer. Deese later served as a senior advisor to the President in the Obama administration, first as deputy director of the National Economic Council and later as deputy director of the Office of Management and Budget

(2013–2015). In 2009, he masterminded the Car Allowance Rebate System, or “cash for clunkers,” a \$3 billion wealth redistribution program favored by Apollo that was aimed at promoting fuel-efficient cars for low-income earners. Besides promoting the Left’s anti-oil agenda, the program helped stimulate the flagging U.S. auto industry alongside the federal bailouts that followed. It was so effective in the eyes of many on the Left that in 2009 the New York Times described the then-31 year old Deese as “one of the most influential voices” in the Obama administration’s bailouts of General Motors and Chrysler.

In August 2009, Fox News host Glenn Beck identified the Apollo Alliance as a professional attempt at further solidifying labor unions, social justice activists, and environmentalist groups under one, well-coordinated aegis. “This is the head...this is at least a main player of what’s going on in America,” Beck said, identifying Apollo as a key “porthole” into the political schemes on the Left. And with Van Jones so close to the President, Apollo was on-track to accrue billions of dollars in federal funding.

But Beck’s revelations about Jones’ background as a devotee of “communism” and “anarchism” (in 1992 Jones founded a radical socialist organization called Standing Together to Organize a Revolutionary Movement, or STORM) who blamed President Bush for the September 11, 2001, terrorist attacks proved fatal to the White House career of the rising “green jobs czar.” As Americans for Prosperity Foundation’s Phil Kerpen noted, Jones left the Obama administration for a job at the Center for American Progress.

Drummond Pike soon stepped in. In July 2010, a crazed shooter and convicted felon named Byron Williams was arrested by police for driving erratically in Oakland, California. Williams later claimed he wanted to kill “people

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*Kriss Deiglmeier, veteran left-leaning philanthropic activist, noted wealthy left-wing nonprofits need to pressure major companies into progressive compliance.*

of importance at the Tides Foundation and the ACLU,” and the incident was blamed by many on Beck’s reporting. In an October 2010 open letter, Pike blamed Fox News for promoting “hate speech,” and asked major advertisers to yank their ads from the network. He demanded that Fox News

fire Glenn Beck for inciting violence against “the charitable, nonpartisan programs we run” at Tides. His efforts fell short. Beck continued his reporting on Apollo.

At some point during the latter half of the Obama administration, the Apollo Alliance quietly left the political stage. The group was rolled over into the BlueGreen Alliance, a similarly structured organization still in operation.

## The Tides Network

Drummond Pike established the Tides Network in 2001, a master corporation that layers yet another umbrella atop the swelling Tides empire operating in multiple countries.

In 2000, left-wing Canadian philanthropist Carol Newell co-founded Tides Canada, which has reportedly given over \$158 million “in support of environmental and social change” to Canadian-based initiatives, largely through its 200-odd donor-advised funds.

Tides Canada funded activists who opposed the Keystone XL project, a pipeline that would link Canadian and North Dakota oil exports with refineries in the southern U.S., donating over \$8.4 million in 2009 and 2010 to halt the project. Vivian Krause, a blogger in British Columbia, reported that in twelve years U.S. dark money groups (most prominently Tides entities) poured \$300 million into Canadian allies that opposed projects like Keystone. Her investigation ultimately led the Canadian government to yank \$8.3 million in government funding from Tides Canada.

The Advocacy Fund, Tides’ 501(c)(4) lobbying arm, advertises itself as enabling “progressive donors and activists to run high impact legislative and political campaigns” on “issues of social justice, environmental sustainability, human rights and economic inequality.” Its federal filings in 2015 reveal grants to the Sierra Club (\$1.1 million), the voter mobilizing Sixteen Thirty Fund (\$77,724), the League of Conservation Voters (\$2.1 million), and many others for a total of \$10.2 million in functional expenses and \$9.6 million in annual revenues.

The Advocacy Fund claims “Tides does not subsidize The Advocacy Fund in any way.” However, data from their IRS form 990 filings in 2010, 2011, 2013, and 2014 reveals \$6,210,549 in 33 grants from the Tides Foundation to the Advocacy Fund. These grants range from \$1 million in 2010 for the “Reform immigration for America fund” to \$10,113 in 2010 for “We are America alliance action fund’s evaluation project.” In keeping with a pass-through operation, many of these grants are earmarked for Advocacy Fund projects like the Alliance for Citizenship, a 2013 coalition



of illegal immigration advocates, a twin of the infamous National Council of La Raza (now UnidosUS).

While donations from 501(c)(3) public charities like the Tides Foundation to 501(c)(4) social welfare organizations are allowed under IRS law, the Advocacy Fund's claim that it isn't funded by the former is misleading at best, and blatantly dishonest at worst.

## Meet the Tidesters

Drummond Pike stepped down as CEO of the Tides Foundation in late 2010 after serving 34 years with the nonprofit. Pike went on to join Equilibrium Capital Group as a principal, a San Francisco-headquartered "sustainability-driven" private equity firm. Through its many buzzword-rife reports ("risk, resilience, and returns from sustainability"), Equilibrium details its role in helping investors "make decisions, including divestment from carbon-intensive investments, particularly in Europe" and understand "the surge of green bonds issued internationally to support sustainable development initiatives." Pike left the company in 2014 to chair the Sustainable Technology and Regulatory (STAR) Council at Ultra Capital LLC, a San Francisco real estate investment firm.

Pike's successor at the Tides Foundation, Kriss Deiglmeier, a veteran left-leaning philanthropoid, had previously served as founding executive director for the Stanford University Center for Social Innovation. In an interview shortly after her Tides appointment, Deiglmeier referenced the need for wealthy left-wing nonprofits to pressure major companies into progressive compliance: "Shining light on bad behavior is one thing," Ms. Deiglmeier says, "but it's also important to get Walmart to drive sustainability in its supply chain."

Like Pike, Deiglmeier is a creature of the slick corporate "greens" world. She has penned a number of publications with titles like "Social Innovation through Corporate Social Responsibility"—code for progressivism in the boardroom. It's a model that masks 20th century corporatism behind a veil of free market environmentalism using meaningless 21st century "greenspeak." Take this line from a June 2017 interview with Deiglmeier:

...I think [Tides is] a unique jewel in the sector. And what we focus on...is to accelerate the pace of social change, working with innovative partners for a world of shared prosperity and social justice.

What does this signify, besides more leftist gobbledygook?

The rest of Tides Foundation's board consists of a number of development and legal experts from liberal foundations, government, and companies known for funding left-wing groups. One of these is Salesforce, a \$4 billion cloud computing firm based in San Francisco. In 2015, Salesforce's CEO, Marc Benioff, cancelled programs requiring employees to travel to Indiana after that state passed religious freedom legislation he considered "discrimination." Meanwhile, Benioff saw no irony in his organization maintaining offices in communist China, a country the U.S. State Department classifies as "of particular concern" for jailing and torturing its religious citizens.

## Conclusion

It's safe to say that the Tides consortium will remain the Left's favorite funding tool as radical new groups continue to proliferate in 2018 and beyond.

On March 1, 2018, the Huffington Post announced the creation of Black Futures Lab, the brainchild of Black Lives Matter co-founder Alicia Garza "aimed at helping black communities achieve greater political power." Garza makes no bones about her extremist views:

We have a president that is openly supportive of white nationalist groups and working alongside his administration to dismantle the tatters of what was left of a safety net in this country and also working hard to dismantle organizations that work for the end of economic and political and emotional support of black people.

Black Futures Lab is funded by Color of Change, Third World Organizing, Demos, and—you guessed it—the Tides Foundation. Tides, it seems, has no shortage of donors eager to bankroll the leftist social change revolution.

We can be certain of one thing: the future of the American Left will be generously underwritten by the Tides Foundation. ■

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## DUES SKIM: HOW UNIONS TRIED TO CAPTURE TAXPAYER FUNDS

*Stop states from skimming money from those taking care of our most vulnerable citizens and giving it to unions*

By F. Vincent Vernuccio and Jeremy Lott

**Summary:** *In over a dozen states union-friendly politicians skim vast sums every year off people taking care of low-income children and disabled loved ones; the money is then given to unions. This scheme, which the Supreme Court curtailed in a ruling saying unions could not force providers to pay them, is still functioning in some states.*

Labor unions in these states work in conjunction with politicians in a scheme that many critics describe as a “dues skim.” The skim feeds off two different groups—home healthcare providers and daycare providers—the framework for the skim exists in the following states: California, Connecticut, Illinois, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New York, Oregon, Rhode Island, Vermont, and Washington. In a scheme to put Medicaid and other federal monies directly into the unions’ pockets, these states are deducting dues from benefit checks earmarked for these workers and passing this revenue directly to unions, often without the knowledge of the workers themselves.

Here is how the dues skim works: Federal money is sent to the states in question to pass on as subsidy checks to homecare providers—mostly friends and family members taking care of sick relatives, or daycare providers taking care of low income children, many of whom are also relatives. But union-friendly lawmakers and governors claim that since the subsidies emanate from the state, these providers can be considered public employees. And as public employees, they can be unionized which means the state can automatically deduct dues which will then be sent directly to the union. The union has an election (of which many of the providers are not aware) and dues money starts bleeding from their subsidy checks.

In some cases, beneficiaries are completely blind to the deductions; in others, the union makes it extremely difficult to stop the process. And in a few cases, recipients allege outright fraud on the part of the Unions.

These skimmed sums are not trivial amounts to any struggling individual; the aggregate total when added up is mind-boggling. One study by the Washington Freedom



Credit: Mariano Cuijao. License: <https://goo.gl/ygl3z>.

*Federal money is sent to some states to pass on as subsidy checks to homecare providers—mostly friends and family members taking care of sick relatives, or daycare providers taking care of low income children, many of whom are also relatives.*

Foundation’s Maxford Nelsen estimates unions collect up to \$250 million a year in the thirteen affected states.

Perhaps as impressive an achievement, from the union point of view, is that they still manage to extract this money even after the 2014 Supreme Court case, *Harris v. Quinn*, said that these providers cannot be forced to pay them.

Yes, homecare providers have won the right to stop paying union dues. Unfortunately, state governments have worked overtime to help unions skirt the law, to keep the dues skim going. Because providers’ benefits begin as federal money, the skim could be ended by legislators or regulators in Washington. Congress or the U.S. Department of Health

*F. Vincent Vernuccio is a senior policy adviser for State Policy Network. Jeremy Lott is a former editor of Labor Watch.*

and Human Services might stop the automatic deduction of dues from benefit checks with a bill or regulatory action. Then, if some providers who support the union still wanted to pay, they could simply write a check.

Ending the dues skim would prove enormously popular. One national survey commissioned by the State Policy Network and reported on their website, [www.protectproviders.com](http://www.protectproviders.com), cites 12 to 1 support for a federal solution to end the dues skim. The survey also found that two-thirds of Americans find that current byzantine, union-friendly rules actively hinder affected individuals from opting out.

## How This Became a Federal Case

Even to call home healthcare providers “workers” misses the point: They work hard, but their work is a labor of love and tears, of family ties, and personal sacrifice.

Sam Adolphsen, in his Mackinac Center for Public Policy Brief on the subject of ending the dues skim, tells the story of Robert and Patricia Haynes of Michigan: The Haynes take care of their two adult children who suffer from cerebral palsy and receive a Medicaid stipend to cover the costs of care.

“In 2005,” Adolphsen writes, “the Haynes were unknowingly forced into becoming SEIU ‘members.’ The SEIU was certified as their bargaining representative even though only about 20 percent of election ballots were returned.” Michigan then automatically started deducting \$30 a month from the Haynes’ Medicaid stipend—money automatically sent to the SEIU.



*If some home healthcare providers who support the union still wanted to pay, they could simply write a check.*

Adolphsen’s brief goes on to quote Robert Haynes on the skim: “We’re not even home healthcare workers,” Haynes said. “We’re just parents taking care of our kids...basically six-month-olds in adult bodies. They need to be fed and they wear diapers. We could sure use that \$30 a month that’s being sent to the union.”

Thankfully, after state administrative fixes, legislation, and a union backed failed ballot proposal, the skim is over in Michigan. This is good for Robert and Patricia but providers



Credit: Illinois Policy (YouTube screenshot). License: <https://goo.gl/P7v6Mi>.

*Pamela Harris receives government funds to care for her severely developmentally disabled son Joshua who suffers from a rare disorder called Rubenstein-Taybi Syndrome. The syndrome renders him intellectually disabled, non-communicative, and unable to control his body.*

in their situation in the thirteen states that still allow the skim are not as fortunate.

Like the Haynes, home healthcare providers are usually parents, siblings, children, or close friends of the disabled people they serve. Meanwhile, daycare providers are often relatives of a low-income child they provide for, or small business owners running daycare centers out of their homes.

As previously mentioned, the federal government disburses grants to states which then send benefit checks to providers who are “employed” by the beneficiaries. Healthcare providers are paid with funds out of Medicaid; daycare providers with funds from the Child Care and Development Fund and Temporary Assistance for Needy Families—both programs designed to help the truly needy and poorer Americans. This system actually saves taxpayers money: it would cost much more to care for recipients in institutionalized settings. Keeping care in or near the home is a win for everyone.

Consider Pamela Harris, an Illinois homemaker who receives government funds to care for her severely developmentally disabled son Joshua, 25-years-old at the time her case went to the Supreme Court. Joshua suffers from a rare disorder called Rubenstein-Taybi Syndrome, which renders him intellectually disabled, non-communicative, and unable to control his body. The \$721 Joshua receives every month from the federal government helps Pamela defray the costs



of being her son's fulltime caregiver. Every month, she takes him to several physical therapists and medical professionals.

Officially, Joshua's Medicaid subsidy goes to "employ" his mother as a home healthcare worker, but only technically. Of course, this technicality engenders a truly bizarre interpretation of her status: As Sean Higgins reported in the *Washington Examiner* in January 2014, "Because of this arrangement, Illinois has decided that not only is [Harris] a state employee, but that it has compelling interest that she join a union. Harris still doesn't know why. It's not like she ever plans to go on strike against her son."

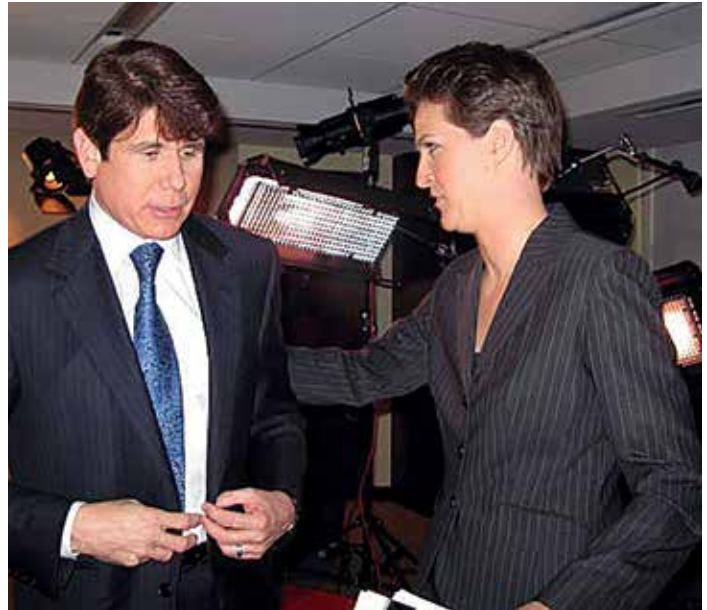
As it turned out, Harris is someone unions will remember for quite some time; her case to stop the forced skim litigated all the way to the Supreme Court, ended with a decision in her favor, giving her the right to choose to pay the union or not. On the eve of oral arguments, Harris explained her persistence to Higgins: "I kept asking, 'What's the benefit to me?' I could never get an answer." Union organizers came to Harris's door and tried to get her to sign up, her personal information having been provided gratis by the state of Illinois. "They said they could get me extra money," Harris continued, "but I know the program is capped."

Harris's case was eventually taken up, pro bono, by the National Right to Work Legal Foundation. SCOTUS handed down a favorable decision to stop forcing union dues being paid as a condition to taking care of her son—but she stresses the case was about a lot more than money. "My primary concern," she said, "was that someone else would be telling me how to best care for my son."

Joshua's care was a challenge assumed by Pamela not because she needed a job but because he is her son. Still, both the government of Illinois and its public employee unions decided it would be appropriate for unions to skim off her assistance check.

In their 5–4 decision SCOTUS clearly stated that "personal assistants are quite different from full-fledged public employees." Extending the requirement to pay union dues for "partial-public employees, quasi-public employees, or simply private employees would invite problems." If the requirement "extended to those who are not full-fledged

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*Pamela Harris, the Illinois homemaker who objected paying union dues to take care of her son, is someone unions will remember for quite some time.*



Credit: Andrew Dallos. License: <https://goo.gl/TtLnKg>

*The unionization of Illinois' home healthcare workers was made possible by disgraced former governor Rod Blagojevich (D), currently in prison for trying to sell newly-elected President Barack Obama's vacated Senate seat to the highest bidder.*

public employees," the court concluded, "it would be hard to see just where to draw the line and we therefore confine [the requirement] to full-fledged state employees."

## State-Level Monkey Business, Before the Ruling

The unionization of Illinois' home healthcare workers was made possible by disgraced former governor Rod Blagojevich (D), currently in prison for, among other things, trying to sell newly-elected President Barack Obama's vacated Senate seat to the highest bidder.

In 2003, Blagojevich declared that home healthcare workers for the physically disabled were state employees. In 2009, then-Gov. Pat Quinn (D), of "*v. Quinn*" fame, broadened that to include home healthcare workers for the disabled. However, they were a weird kind of state employee, newly classified as "non-employee employees." "Tellingly," explained the *Washington Examiner*, "both declarations stated that they were not public employees for the purposes of state pensions, health benefits, or protections from civil liability. Just unionization."

Nor was Illinois the only state to engage in such sophistry to enable the union dues skim: In *National Review*, Center of the American Experiment Vice President Kim Crockett tells

the story of Minnesotan Kris Greene. Like Joshua Harris, Greene's youngest daughter Meredie also suffers from the debilitating Rubenstein-Taybi Syndrome.

In 2011, representatives for the Services Employees International Union (SEIU) doorbelled Greene and tried to sell her “aggressively” on union membership. They wanted her signature on a card triggering a unionization election. Greene found this effort confusing, since her workplace is her home and her technical employer her disabled adult daughter. She did some digging and learned that Gov. Mark Dayton (D) had “issued an executive order declaring home-care providers ‘state employees’ but only for the purpose of collective bargaining.”

The unionization of home healthcare workers portended costly consequences for Greene: the least she would have deducted from her check was an “agency fee” set at 85 percent of dues. She challenged the governor’s order in court and won, only to see the legislature pass, and the governor sign, legislation that amounted to the same thing. The SEIU then managed to win a low-turnout unionization election and subsequently set dues at 3 percent, or up to \$948 a year.

Before this legislation, Greene had received regular increases in compensation from the federal government in the form of cost-of-living increases passed on by the state of Minnesota. Also, the state had provided additional assistance in the form of specialized training by healthcare professionals regarding how to best care for her daughter. Now the SEIU has taken over all training. And instead of increases in compensation, Greene has seen the union “bargain” for a few PTO days and holiday pay—“absurd benefits,” as Crockett observes, “when you are caring for a family member at home.”

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*The SEIU “bargains” for PTO days and holiday pay—“absurd benefits when you are caring for a family member at home,” writes Kim Crockett of the Center of the American Experience.*

The only way in which Harris and Greene differ from the many home healthcare and daycare workers in America is in the extent of their activism. They went after the unions and won.

Here’s another case: Ben and Tammy Olson are caregivers for their son Sean. “Having the union take our money was a real hardship on us,” they said. The Olsons noted that



Credit: Gage Skidmore. License: <https://goo.gl/2Z4U8>.

*Cathy McMorris Rodgers, current chair of the U.S. House Republican Conference, takes to heart any legislation affecting the care of those afflicted with developmental and other disorders: Her son Cole has Down syndrome.*

the dues skim ran to \$2,000 annually and pointed out that this money might have been better spent on “gas, groceries, and medical bills.” Their bottom line? “The union has never helped us.”

Or consider Brad Boardman from Washington State, who cares for his sister-in-law “seven days a week.” In 2014, he told the Freedom Foundation: “Her Medicaid reimbursements help me care for her. For 11 years, the union has been taking money from her reimbursements without permission.”

## After Harris, Still a Struggle

After *Harris v. Quinn*, it’s fair to say that some state legislatures and administrations have been hostile to reform. Even when technically compliant, unions have managed, with the help of union friendly politicians, to make it very difficult to opt out. They often set narrow windows, in some cases only two-weeks once a year when people can exercise their rights to stop paying the union.

Unions in some of the dues skim states still subject people who want to become home providers to pressure sessions where they are cajoled into joining and then paying union dues. And in yearly training sessions mandated by some states, they get another shot at making their sales pitch.

Meanwhile, Republican Congresswoman Cathy McMorris Rodgers has indicated she will introduce legislation at the national level to stop the dues skim. McMorris Rodgers, from Spokane, Washington, former minority leader of the Washington State House of Representatives, is current chair of the U.S. House Republican Conference and is personally

connected to this issue: Her son Cole has Down syndrome; she takes to heart any legislation affecting the care of those afflicted with developmental and other disorders. Also, her home state is ground zero for resistance to the dues skim.

According to the Freedom Foundation, the state's union skim, currently running at about \$20.6 million a year was facilitated and perpetuated by two misleading voter initiatives: Initiative Measure No 775 kicked things off in 2001; Initiative Measure No 1501 passed in 2016. Both initiatives used the excuse of protecting older, vulnerable Washingtonians to perpetuate the skim.

Specifically, in 2001, the ballot promised to “create a ‘home health care quality authority’ and to establish “qualifications, standards, accountability, training, referral and employment relations for publicly funded individual providers of in-home care services to elderly and disabled adults.” Lost in the feel-good messaging in support of the initiative is a single startling fact: I-775 would create the framework for unionization.

Fifteen years later, facing the prospect of mass defection of home healthcare workers after *Harris v. Quinn*, another vague initiative helped to keep those workers in the dark about their *Harris* rights. The state's official voter pamphlet for I-1501, aimed at “seniors and vulnerable individuals,” explains that the law “would increase the penalties for criminal identity theft and consumer fraud targeted at seniors or vulnerable individuals; and exempt certain information of vulnerable individuals and in-home caregivers from public disclosure.”

But the pamphlet failed to inform voters regarding the real point of the law: to make it hard for groups like the Freedom Foundation to reach home healthcare workers with the good news they no longer had to pay union dues. Another weapon (obfuscation) in the ongoing campaign to keep the union dues skim going strong.

## A *Harris* Workaround in Washington State

In March 2018, in an effort to circumvent *Harris v. Quinn*, the Washington state legislature passed a bill that would privatize homecare providers.

Since the Supreme Court gave these partial public employees the ability to stop paying union dues, the legislature enacted a *Harris* workaround (tagged in the two chambers SB 6199 and HB 2963) that would privatize homecare providers.

A February 2018 op-ed by the *Seattle Times* editorial board explained “The bill proposes outsourcing employment of roughly 34,000 individual care providers to a private vendor.”

The *Times* went on to note that unlike typical pushes for privatization this effort would actually cost the state millions. “[V]endors told DSHS they will spend 40 percent more than the state to provide the service.... The state would end up spending at least \$22 million more per biennium once the change is made. That’s money that could be spent increasing services for those in need.”

Ironically the SEIU, generally opposed to privatization, came out strongly in favor of the bill. Even more ironic were the actions of Washington State Rep. Eileen Cody (D-West Seattle), who sponsored another bill, HB 2361 in 2009. In a Freedom Foundation blog post, Maxford Nelson pointed out that HB 2361 “effectively did the exact opposite of what Cody now seeks to do with SB 6199.”



*Ironically the SEIU—generally opposed to privatization—came out strongly in favor of the bill that would privatize homecare providers.*

The 2009 bill was introduced and passed before the *Harris* ruling and according to Nelsen was a workaround for “caregivers who were related to their clients [so they] could choose to work through a privately-operated home care agency.” Before HB 2361, providers “contracting directly with the state were required to financially support SEIU 775. However, because several of the home care agencies were not unionized, family caregivers wishing to avoid association with SEIU 775 could simply work through one of the nonunion agencies.” But HB 2361 requires all caregivers to go through the state which forced them to pay dues to SEIU 775.

So why the change of heart?

Since Washington is not a right-to-work state, private sector workers cannot opt-out of paying unions. *Harris* applied to providers that were “partial public employees” receiving money from the state (that started as federal dollars) and gave them the freedom to stop paying their union, albeit



with difficulty. If providers were now considered working for an agency they would be outside of the protections of *Harris* and as private sector “employees” would now be forced to pay the union.

With all that’s going on in her own backyard, it’s no wonder that Rep. McMorris Rodgers is considering bringing the federal government into this dispute.

Yes, with *Harris v. Quinn* SCOTUS offered a firm opinion, national in scope. Republicans’ federalist instincts might normally incline them to allow more leeway to implement such a decision slowly, at the state level. But when state governments fight tooth-and-claw to preserve the union advantage over the needs of people taking care of their loved ones it’s only natural that proponents of *Harris* rights will eventually ask the federal government to step in and make the law of the land, well, the law of the land. Don’t forget we’re talking about federal tax dollars here.

In Pamela Harris’s own backyard, Illinois Gov. Bruce Rauner (R) is also pushing the federal government to step in: Both Rauner’s general counsel and the director of the Illinois Department of Healthcare and Family Services co-signed a January 18, 2018 letter addressed to HHS, which oversees Medicaid. This letter questions whether the union dues skim is legal under the Medicaid Act.

These representatives of the Illinois governor’s office explain that by law the act requires any state-run Medicaid plans must ensure that “no payment under the plan for any care or service provided to an individual shall be made to any-one other than such individual or the person or institution providing such care or service.” The Act then went on to enumerate the only exceptions to this rule; the state taking out money for union dues wasn’t one of them.

Under the Medicaid Act, HHS has the authority—and some would say even the duty—to unilaterally end the dues skim for home healthcare providers. Whether coming from Congress or the HHS, such a move would instantly improve the lives of care recipients and caregivers, in other words, the people who have been working long hours for little pay for a very long time.

As Pamela Harris said before the Supreme Court heard her case, “I don’t want to be the face and name associated with an anti-union campaign, but this is at its heart a mother doing what she thinks is right for her son.... I don’t see this as a union issue, but the current administration in Illinois”—(which has now been replaced by a more reform minded one)—“has an unhealthy relationship with public sector unions.” ■

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## WHAT YOU DON'T KNOW ABOUT THE "DIRTY DOSSIER"

*An edited transcript of Dr. Steve Allen's CPAC presentation*

By Dr. Steven Allen

**Summary:** Just over one year ago, the Trump-Russia dossier was published. Since then, many have wondered whether Donald Trump is a Russian spy. Is he a "Manchurian candidate" put in the White House by America's enemies? But what if the "Dirty Dossier" was just an excuse to spy on a presidential candidate despised by the so-called "mainstream" media? At the Conservative Political Action Conference in February 2018, Dr. Steven J. Allen, author of the forthcoming book REVOLT OF THE DEPLORABLES: Inside the Greatest Upset in American Political History, delivered a speech about the entire Russian investigation and how it remains unsubstantiated. What follows is a version of that presentation edited for print.

The story of the dirty dossier actually starts in October 1978 when the Clintons were a young power couple. Bill Clinton was three weeks away from being elected governor; he had a 30-point lead. And when you're the first couple of Arkansas people want to give you money. Among those wanting to give money to the Clintons was a big chicken company, Tyson Foods, which is now the largest meat processing company in the world. And they are the biggest polluters at this point in the state of Arkansas. Tysons needs to have the governor in their pocket, so they set up a fake commodities account through which Tysons laundered one hundred thousand dollars in 1978 money—about four hundred thousand dollars today. Hillary put in a thousand dollars and she walked away with about a hundred-thousand-dollar profit in money laundered from Tyson Foods. Someone calculated that the chance of her being able to do this honestly was one hundred thousand times *less than* that of winning



## The Dirty Dossier

By Dr. Steven J. Allen (J.D., Ph.D.)

Vice President & Chief Investigative Officer,  
Capital Research Center, Washington, DC

the Powerball. This picture [figure 2] is Hillary at her pretty-in-pink press conference (as it was called in the '90s). The Tyson records suddenly came out and she had to explain the situation. Of course, you'll be surprised to learn that the media simply took her explanation, didn't check it out, and ran with it. The Clintons were fine after that.

In November 2016, CRC published "The Clinton Method" on our website. It reveals various techniques that the Clintons use methodically to get away with the bad things that they do. You see payoffs from people who have business with the government which leads to a scheme to hide the payoffs, the



Figure 2

*Dr. Steven J. Allen is CRC's vice president & chief investigative officer. He is the author of the forthcoming book REVOLT OF THE DEPLORABLES: Inside the Greatest Upset in American Political History.*

innocent explanation, a lie to cover it up. Then when the cover up is exposed, they have a second lie, and a third lie to cover that lie. The whining and diversion—“oh my gosh, you’re attacking me because I’m a woman,” or “you’re attacking me because I’m trying to do good things for people.” The use of experts and friendly reporters to assure the public that nothing is amiss, the granting of pardons and immunity to people who know things, the withholding or loss of records, even parties to shred records in the old days. Or today, you smash smartphones and computers with hammers or use BleachBit. This is the kind of thing the Clintons have been doing all along, and it’s the same pattern over and over.

Hillary Clinton, I’ve said sometimes, is the Henry Ford of political corruption. Henry Ford did not invent the automobile, he just figured out how to mass-produce it. That’s what Hillary Clinton did with political corruption.



Figure 3

Now that Hillary has this \$400,000 in today’s money that she made from the fake commodities deal, she doesn’t want to pay taxes on it. So she looks for a tax shelter. She goes to a Democratic Party operative named Jim MacDougal [Figure 3] who sets up the Whitewater Development Corporation, which is a real estate scam. He diverted money from a savings and loan to cover the Whitewater losses. MacDougal ended up dying in prison.

Susan McDougal, who was married to Jim MacDougal during the scam, was convicted of fraud and conspiracy, and served 18 months in jail until Bill par-

doned her. By the way, she was in jail, in contempt, because she refused to say whether Bill had lied in the Whitewater case. Bill Clinton’s successor as governor, Jim “Guy” Tucker, also went to jail; he was succeeded, by the way, by his lieutenant governor, Mike Huckabee, who you may have heard of. *[Laughter]* A total of 15 persons were convicted of 40 crimes in connection with Whitewater, and Bill Clinton pardoned four of them. The Whitewater records had been sought for the entire time these cases were being prosecuted; two years later, they mysteriously showed up at the White House with no explanation.



Figure 4

Next is Filegate. In 1996 it turned out that hundreds of raw FBI files on Republicans—employees of the Reagan and Bush 41 administrations—somehow ended up at the Clinton White House. And the fall guy for this was Craig Livingstone [Figure 4] who was White House personnel security chief.

Bill Clinton said that it was just an honest mistake. He said it appears to have been a completely honest bureaucratic snafu. That’s often the explanation that the Clintons have when something like this comes out: It’s an honest mistake, it’s just something that happened, nobody had any kind of evil motive.

Then there is the Monica Lewinsky scandal which wasn’t really about Monica but about conspiracy, perjury, witness tampering, and a smear campaign against Clinton enemies. All over sexual harassment by Bill and the cover up by Hillary. Famously, Hillary went



Figure 5

on The Today Show [Figure 5] to say that Bill had been framed by a “vast right-wing conspiracy.” Along the way the Clintons picked up operatives; these people will be very important as you study the Clintons’ career right up to the dirty dossier.

One of those operatives was Terry McAuliffe [figure 6]. Terry McAuliffe was finance chair of the Democratic National Committee under Bill, then he was the chair of the DNC, then he was governor of Virginia. He’s so close to the Clintons that he was reportedly on the phone with Bill about every ten minutes on election night in 2016.

Robby Mook, who was Hillary’s campaign manager in 2016, also managed McAuliffe’s campaign in 2013 when he ran for governor. In the 1990s McAuliffe set records raising money for the Clintons. Congressional investigators later uncovered a Chinese government scheme to funnel money to the Clinton operation through a number of business people—including a man named Charlie Trie.



Figure 6

Some of the people who gave the maximum legal contribution of the Clinton campaign turned out to be Buddhist nuns and monks who had taken vows



of poverty. Ninety-four people either refused questioning, pled the fifth amendment, or left the country during that period. McAuliffe helped a company named Loral Space get seats on official trade missions and reportedly with McAuliffe's intervention the Clinton administration overruled national security officials to approve a Loral deal that gave Communist China critical missile technology.

Loral's CEO became the largest donor to the Democratic National Committee while Terry McAuliffe became chairman in 2009. As McAuliffe was preparing to run for governor of Virginia he got \$5 million from the taxpayers of Mississippi to build a plant for building electric vehicles, in the manner of golf carts. But that turned out to be really a front for what's called an EB-5 visa program. Believe it or not, there's a program where businesses can essentially sell visas to people who bring investment money to the United States. In this case, it was used to get at least 31 Chinese affiliated with the Communist regime into the country. McAuliffe's partner in this effort was someone named Anthony Rodham—you may guess from his last name that he's Hillary's brother.

Those relationships paid off. When McAuliffe ran for governor of Virginia, he received a \$120,000 donation from a member of the Communist legislature in China. Anthony Rodham is the godfather of the grandson of Aslan Abashidze, a former official in the former Soviet nation of Georgia who partnered with Rodham in a hazelnut business. Abashidze was removed from office in 2004 after allegedly stealing \$57 million and murdering a former deputy. (He was given asylum in Moscow by Vladimir Putin.) That's the Clinton organization: money and political power coming together in business deals involving some of the world's most corrupt people.



Figure 7

More recently, McAuliffe funneled almost \$700,000 to the state Senate race of Jill McCabe, the wife of Andrew McCabe, who we will hear about soon.

At the end of his time in office, Bill Clinton issued a number of pardons and commutations that were controversial, 12 Puerto Rican terrorists, two Weather Underground terrorists, a man who had laundered \$19 million for the Cali drug cartel, one person who was a cocaine trafficker, and a man who had committed mail fraud perjury and other offenses. They paid Hillary's other brother Hugh Rodham \$200,000 each to help them receive clemency.

Mark Rich [figure 7] was reputedly the biggest tax cheat in American history; he was facing 325 years in prison, and he had dealt with some of the world's worst dictators (including violating the Iran sanctions). Rich was pardoned by Bill Clinton on Clinton's last day in office. Prior to the pardon, Rich's ex-wife Denise had given more than \$1 million to the Democrats including more than \$100,000 to the Hillary Clinton campaign for the U.S. Senate and \$450,000 to the Clinton Foundation. But don't worry...the case was thoroughly investigated by one of Clinton's own U.S. Attorneys and then by James Comey who found no wrongdoing.



Figure 8

I should mention that John Podesta [Figure 8], then White House chief of staff, was lobbied at least seven times for the Rich pardon by his own former lawyer Peter Kadzik. Podesta once said Kadzik "kept me out of jail in the Monica Lewinsky case."

Kadzik was later the assistant attorney general in charge of the Lois Lerner IRS investigation in which President Obama's adversaries were targeted by the IRS. He said Kadzik believed that there was no evidence that any IRS official acted illegally because "poor management is not a crime." Later, Kadzik was in charge of the Huma Abedin email investigation.

Even after the Clintons left the White House, documents kept disappearing. Take the case of Sandy Berger, Bill Clinton's national security advisor. In 2004, he went to the National Archives before he's supposed to testify before the 9/11 Commission.

He stuffed a bunch of documents in his socks and in his pants, and then after exiting the building he hid them under a construction trailer so he can come back later and retrieve them. He was caught and punished severely; they took away his security clearance for three years. He even earned the nickname Sandy Burglar.

The Clinton Foundation, to carry forward this great record, was founded in 2001. We can see the pattern that was quickly established. This is drawn in part from the work of Peter Schweizer and his team, the folks behind *Clinton Cash*.

Bill arrives in a third world or developing nation, a poor country with valuable natural resources run by a dictator. Often Bill comes with a good friend someone with business interests in that country. Bill and the local big shots have photo ops, then go behind closed doors to discuss business. There are legislative or bureaucratic hurdles that must be cleared or approvals that must be granted. Many are decisions on which Senator Clinton, or later Secretary Clinton, or soon-to-be President Clinton, would have or will have great influence. Often Hillary at first opposes the deal, or perhaps she says nothing, considering carefully what to do. The various interests pony up, promising to donate or contribute to the foundation or its adjuncts, or paying Bill inflated fees for speeches, or both. Hilary eventually delivers, and the money rolls in. After Hillary left the State Department, sometimes she would be the one giving the speeches for ridiculous fees.

The Associated Press looked at the two years for which records are available and found 55 percent of the non-government people with whom Secretary Clinton met or had private phone calls were Clinton donors. We're not talking about \$10 a month either. The median was about \$100,000 and the average was \$1.8 million to get this special attention from the Secretary of State.

That doesn't count 16 governments that gave money to the Clinton Foundation, about \$170 million total.

The Clinton Foundation signed an agreement with the Obama White House to disclose its donors as a condition for Hillary becoming Secretary of State. But the Bloomberg News Service found that some 1,100 were undisclosed donors and foreign donors, and the *Boston Globe* found even more. Someone once said, "the business of politics consists of a series of unsentimental transactions between those who need votes and those who have money; it is a world where every quid has its quo." Who said that? The head of Tyson Foods who got Hillary the commodities deal.

There are several examples of the Clinton method at work. Some involve the Sultan of Brunei who said he considered himself a family member of Bill. They wanted to have a family dinner with the Clintons. It's just so sweet, the guy who kills gay people and oppresses women wants a family dinner. Then there's Bill's \$500,000 for a 90-minute speech sponsored by Renaissance Capital which pushed for the Uranium One deal. Officers of the KGB or the FSB (the Federal Security Service of the Russian Federation) at Renaissance Capital included the executive director, the deputy general director, the former vice president, and the fellow who was head of security when he was indicted in the U.S. last year.

Let's look at the Uranium One case. Bill Clinton traveled to Kazakhstan where the dictator Nazarbayev [Figure 9] tortures opponents and promotes human trafficking. Kazakhstan has the world's richest uranium deposits. Bill flies there with Frank Giustra, a Canadian businessman who has a company that is interested in buying uranium. During the three-day bash Bill effectively endorses Kazakhstan as the head of the Organization for Security and Cooperation in Europe (OSCE). Giustra, to the shock of the mining industry, gets his deal, Kazakhstan gets the OSCE chair, and then the Clinton Foundation gets \$145 million dollars from people who had a stake in the uranium deal. It's a win-win for all concerned, especially when Russia's state energy company gets control of Uranium One, and 20 percent of U.S. uranium, which has to be approved by the Committee on Foreign Investment in the United States, which is supposed to prevent us from losing technology and strategic minerals to the bad guys. But Hillary Clinton was "on it" so, no problem. That deal was approved even though the FBI, under Robert Mueller at the time, had an informant in the deal who reported widespread extortion bribery and other forms of corruption.

So, what's with the Hillary emails? First, think of the risk that Hillary took with regard to national security when she put her emails on her homegrown server in her basement [Figure 10].



Figure 9





Figure 10

Mike Flynn, former head of the Defense Intelligence Agency in 2015, said the odds were very high, likely, that Russia and other countries would likely break in, and former deputy CIA director Mike Morell agreed. Others who discussed the likelihood of Hillary's emails falling into Russian hands back in 2015 included economist Larry Kudlow [*Editor's note: as of printing, Kudlow is the Director of the National Economic Council*], columnist Sean Hannity, and Katie McFarland (who was then with Fox News). In January 2016, former Secretary of Defense Robert Gates said he agreed on the odds of the Russians and the Chinese, etc., getting the emails. In February 2016, former CIA director Michael Hayden said, "I would lose all respect for the whole bunch of foreign intelligence agencies if they weren't sitting back paging through the emails."

Now, this is an important point—remember that everybody knew the Russians most likely had Hillary's emails. This will come back in the story.

Why would Hillary take that chance? Because she had a lot to hide, and because the Obama administration would look the other way. Government officials are supposed to preserve their documents when they engage in communications. Those documents are supposed to be kept for purposes of the Freedom of Information Act and for Congress to see—totally proper requests for information. But under the Obama Administration, emails regularly went missing.

There is Lois Lerner [Figure 11] who ran the IRS effort against the Tea Party movement—her laptop crashed, and everything was lost. What happened to the backups? According to an Inspector General report—when perhaps

24,000 emails went missing—the IRS didn't look at the two sources of backup tapes, and the IRS media management midnight unit located in Martinsburg, West Virginia, magnetically erased 422 backup tapes, despite an agency-wide order to preserve them and a congressional subpoena.

At the EPA, a regional administrator was forced to resign after he was caught conducting government business through an email account with an environmentalist group.

Lisa Jackson, the EPA Administrator, got caught using a fake account in the name of Richard Windsor, named after her dog and her hometown. Richard Windsor, despite never existing, was awarded six EPA certifications in cybersecurity and ethics.

Jackson's successor as EPA Administrator, Gina McCarthy, simply deleted each and every one of thousands of text messages she sent on her EPA phone, claiming they were all personal. That includes the ones she could be seen sending while seated at congressional hearings at the Justice Department.



Figure 11

Attorney General Loretta Lynch used the name of her grandmother for her fake email account, and her predecessor Eric Holder used Lew Alcindor. (That's the original name of Kareem Abdul-Jabbar.)

It seems that word went out to everyone in the Obama administration that officials didn't have to follow the law requiring messages be preserved. That's not right-wing conspiracy theory, that's from, for example, this exchange between the FBI lovebirds Peter Strzok and Lisa Page. Paige said the FBI's Technology Director was proposing that officials just stop following the procedures. OMB told them to capture text but Page writes:

...but we're the only org (I'm told) who is following that rule. His point is, if no one else is doing it why should we...I'm told—thought [sic] I have seen—that there is an IG report that says everyone is failing. But one has changed anything, so why not just join in the failure.

Hillary Clinton stole 66,000 government documents, destroyed roughly half of them, and confessed to the acts involved. I think people are a little confused because it's email, and they think it's somehow different. Another way to think of it: imagine if Hillary had pulled up a big U-Haul to the State Department, loaded it with State Department documents, and stored

the documents and filing cabinets in her basement. We wouldn't be talking about Hillary's filing cabinet scandal, or how she had improperly used filing cabinets, we'd be talking about how she stole 66,000 documents. That's what she did. But in the email case, James





Figure 12

Comey was not about to take on Hillary Clinton. The Clintons always make sure that people are in place in the Justice Department and the intelligence agencies to protect the Clintons and go after their enemies.

Let's talk about Russia [Figure 12]. The Clinton-Obama policy largely leaned heavily in Russia's favor. Remember the reset button that Hillary presented that was actually mistranslated. The one that actually said "overcharged" on it? That got a big laugh from the Russians. Then there was President Obama telling a sidekick of Vladimir Putin, "Just tell Vladimir that after the elections over I'll be more flexible." (There's a longer transcript of this hot mic incident that's even more incriminating than the part you may have heard.) Then there's the 2012 Presidential Debate when Mitt Romney said he thought Putin was the greatest geopolitical threat to

the United States. Remember Obama replied, "Well, the '80s called, and they want their foreign policy back."

In Skolkovo, Russia's Silicon Valley for which Hillary helped round up support, she said, "We have 40,000 Russians living in Silicon Valley in California; we would be thrilled if 40,000 Russians were working in whatever the Russian equivalent of Silicon Valley is providing global economic competition, taking the internet and technology to the next level."

On the other hand, you have Donald Trump [Figure 13]. Now when Donald Trump entered the Presidential race in 2015, he expressed skepticism about many of the policies that had been pursued by both Democrats and Republicans over the years. He was a critic of what he saw as unnecessary wars. He said that NATO, which was created to fight

the Cold War, had outlived its original purpose and needed to find a new direction. He said he was tired of member countries in NATO not paying their dues (countries are supposed to spend 2 percent of their GDP on national defense, and only about five of the 28 countries were actually doing that).

With regard to Russia, he said a Trump administration would get along with Russia. He said he praised Putin for being a stronger leader, a better leader of his country than Barack Obama was of the United States. (Which, of course, was interpreted as Trump admiring Putin, but it was actually an insult aimed at Obama.) Meanwhile Putin praised Trump—well not really. Putin said Trump was a successful businessman, which is true, and that Trump was "brilliant." But that was a mistranslation. The word "brilliant" was actually "colorful," as in a colorful celebrity. Yet the critics immediately reacted, "Putin just loves Trump because he thinks that he's brilliant, he's smart." (By the way Trump fell for this too.) Trump, Clinton, and countless others all thought Putin said Trump was "brilliant."

Today, we would think this is ridiculous, with Jim Mattis the Secretary of Defense. Just the other day [February 23, 2018], we killed either dozens or maybe a couple of hundred of Russian mercenaries in Syria. Nobody in their right mind thinks that we have gone soft on our Russia policy, but that's where the panic came from. People said: "Oh my gosh, Trump is going to get rid of NATO, and we're not going to support our commitment to our allies," and so forth. That started the thinking that led to the dirty dossier.

Let's walk through the events that led to the Dossier. On March 7, 2015, five days after the email scandal breaks, Virginia Governor Terry McAuliffe met with Andrew McCabe [Figure 14] of the FBI and his wife Jill, who was contemplating running for Virginia



Figure 13



Figure 14

state Senate. On March 12, Mrs. McCabe announced her candidacy to run against state senator Dick Black, a top conservative in Virginia. She would get \$467,500 from McAuliffe's PAC, totaling almost \$700,000 from that PAC and from other Democratic funds controlled by McAuliffe. (She lost.) In July 2015, the FBI opens an investigation into Hillary's emails.

In August 2015 (before any primary election), there's a joint agreement between the Clinton campaign and the Democratic National Committee that gives the Clinton campaign effective control of the DNC, including veto power over hiring; basically the fix is in. Hillary is essentially declared the nominee, and the campaign hasn't even really started.

Around October 2015, Fusion GPS enters the picture. The Washington Free Beacon, a website primarily funded by Republican donor Paul Singer who's

supporting Sen. Marco Rubio and edited by Matthew Continetti (Bill Kristol's son-in-law), hires Fusion GPS to conduct opposition research on primarily Donald Trump. This funding would continue until Trump was the presumptive nominee, which was on May 3, 2016. (On February 1, 2016, Andrew McCabe becomes Deputy Director of the FBI.)

After funding is cut off from Republican sources, it was taken over by Perkins Coie [Figure 15]. This is one of the most well-connected law firms in the country, with current or former clients that include Microsoft, Google, Amazon, Starbucks. Perkins Coie represented Al Franken when he stole the 2008 Senate race. Bob Bauer, who headed its political practice, was White House Counsel for President Obama, and he's married to Anita Dunn, the former White House communications director. Dunn famously said that her two favorite political philosophers were Mother

Teresa and Chairman Mao. Bauer was followed in his position at Perkins Coie by Mark Elias.

According to Donna Brazile, who ran the DNC during the fall campaign, Mark Elias received a copy of the operating agreement that effectively gave the Clinton campaign control of the Democratic Party. He received it when it was signed, that was in August 2015. Again, this was five months before the first contest between Hillary and Bernie, thus utterly unethical. While Perkins Coie was representing the DNC, it also represented the Sanders campaign. Now WikiLeaks, right before the Democratic National Convention, revealed that the party bureaucracy was backing Hillary when it was supposed to be neutral. When the story came out five top officials at the DNC including the chairman resigned. In short, Hillary stole the nomination. We don't know what happened in Iowa; the records were destroyed. (This is not crazy conspiracy theory; if you think back to 2012, Mitt Romney was declared the winner in Iowa because it was so chaotic. It turned out later that Rick Santorum had won.) Something like that happened to the Democrats in Iowa in 2016, and, while I can't say for sure, I think there's a good chance Bernie won. The person in charge of counting the votes was a woman who had a license plate on her car that read, "HRC 2016." Not exactly a neutral person. Bernie went on to win in New Hampshire, ending up with 46 percent of the non-super delegate delegates. (I think if he had won in Iowa and then won in New Hampshire, then maybe another Democrat would have gotten in the race, because they would have had to save the party from the prospect of Bernie being the nominee.) If she had lost in Iowa, Hillary most likely would not have won the nomination.

From what we know now, there's a good chance that Hillary actually did lose in



Figure 15





**Figure 16**

Iowa, and the party putting its thumb on the scales had made the difference. So, the Bernie people have every right to be angry; and one of the reasons that there had to be this demonization of Donald Trump is because of his position on things like trade and immigration that appeal to blue-collar workers, and to a lot of the same people who were attracted to Bernie. The Democrats had to keep the Bernie people in the tent, and one of the ways they did so was by making Trump the biggest monster there ever was in the history of American politics.

Back to Perkins Coie—the law firm made two notable hires in 2016. One was CrowdStrike, the computer security firm that claimed to have proven Russians were behind the Democratic National Committee hack. (I should note that CrowdStrike was funded with a reported \$100 million from Google, overseen by Obama advisor Eric Schmidt.) The other Perkins Coie hire was Fusion GPS. Interestingly, there was later a congressional hearing in which John Podesta, Hillary’s campaign chairman, was asked if he knew who paid Fusion GPS. He said he did not know. Sitting next to him was his lawyer Mark Elias; Elias had paid Fusion GPS and never said anything.

This is Podesta and Elias after leaving one of the hearings [Figure 16]. Here’s Glenn Simpson [Figure 16], the famous co-founder of Fusion GPS, which supposedly represents the fusion of journalism with business intelligence. He has a long record, I’ve known him for a long time. He was behind, to a great degree,

that fake story about Newt Gingrich getting in trouble with the IRS, of which Newt was eventually completely cleared, but after going through a horrible experience. Simpson worked against Mitt Romney in 2012.

Fusion GPS came up with the report showing that Planned Parenthood was really innocent regarding those videos that showed people from Planned Parenthood talking about selling body parts, and techniques that were less crunchy, and all those horrible things. Fusion GPS was behind the report that all the media cited, proving that, “oh, no, those videos were doctored and that never happened.”

Basically, Fusion GPS is a scam operation in terms of politics. Guess what else Fusion GPS worked on...smearing Bill Browder, the principal proponent of the Magnitsky Act. That’s really important and we’ll get back to that in a moment.

Now, we’re up to March 29, 2016—Paul Manafort [Figure 17] is hired to run the convention operation for the Trump campaign. He helped run the convention operation for Gerald Ford in 1976, so I stuck in a little picture of me at the ’76 convention. Yes, I had hair then, and I was working on the opposite side from Manafort, so I actually remembered him.

Manafort is a gun-for-hire lobbyist in Washington who has reportedly made well over a \$100 million. Many Trump supporters were concerned when he was hired for that very reason, especially because he had worked for the pro-

Russian side in Ukraine’s presidential election. Dick Morris—Bill Clinton’s campaign consultant now working for Republicans—helped the anti-Russian side in the same race. But Morris worked for free, and at least according to Morris, Manafort made \$30 million. It’s important to note in his Ukraine work, Manafort teamed up with the Podesta Group. That is the group founded by Hillary’s 2016 campaign chairman John Podesta and run by his brother Tony Podesta.

In 2017, the Manafort indictment involved Manafort not registering as a foreign agent. To be specific, his indictment was about Manafort and his work with the Podesta group. It’s in the indictment.

Tony Podesta later stepped down from his company, his successor left, and the firm went under. The involvement of the Podesta group was hardly mentioned in the media. Why not, because if you’re selling the idea that this proves the connection between the Trump campaign and the Russians, but Manafort, in doing this, was working with Hillary’s campaign manager, it kind of makes it hard to sell that version of the story. [Editor’s note: In April 2018, the *Wall Street Journal* published



**Figure 17**



a detailed account of the implosion of the Podesta Group and the role of the Ukraine work in the group's downfall.]

In early spring 2016, Fusion GPS is paid an estimated \$1.2 million for its research on Trump and engages Orbis Business Intelligence.

Their guy is a former British spy named Christopher Steele. On April 19, Mary Jacoby, the wife of Fusion GPS founder Glenn Simpson, visits the White House—we don't know why. Sometime in May/June, Peter Strzok changes James Comey's May draft language about Hillary, changing "grossly negligent" to "extremely careless." That's critical because even though those two terms mean exactly the same thing, one automatically triggers legal proceedings. So, the change was just a way of getting Hillary out of trouble.

Let's introduce George Papadopoulos [Figure 18]. He's not much more than a glorified intern in the Trump campaign; someone who's supposed to be a foreign policy adviser, but who seems to have little special knowledge outside the realm of Turkey, Cyprus, and Israel's natural gas holdings and a few things related to that.

Now to be fair, the Trump campaign did list him as an advisor; they deserve to be in trouble for this. Trump mentioned his name vaguely to reporters as a "great guy" on his team, and Papadopoulos had his picture taken sitting at a table with other advisers. But that was when the campaign was under a lot of fire for not having experts working for them, and frankly, they had a hard time getting people to sign up because experts knew if you signed up with the Trump campaign, of course, he was going to lose. You would be humiliated, and you would probably never work in Washington again; so the campaign



Figure 18

had a really hard time. In fact, by the end of the campaign, there were only 174 academics and writers who endorsed Trump in the whole country.

So, why do I say that Papadopoulos was a glorified intern? Because the *Washington Post* characterized him, roughly speaking, that way in

April 2016. The *Post* pointed out his lack of expertise and noted that he had—believe it or not—listed being a Model UN delegate on his résumé. That was one of his main qualifications. If you watch *The Simpsons*, that's the thing that Lisa Simpson is really proud of being involved in. (By the way, Papadopoulos was bragging about it, and it wasn't true at all.)

Later, during the campaign, when Papadopoulos is hanging around the office and doing things, he would pester campaign people with his idea of setting up a meeting between Trump and Putin, because that would just nail the election for Trump, he thought. The campaign officials kept telling him to forget it, don't associate the campaign with this crazy idea. But Papadopoulos went off to meet with Russian contacts, nonetheless, and he eventually pled guilty to the FBI for lying to the FBI about those contacts. (Here's one of the critical moments—when the word came out about the problems with the Carter Page FISA warrant, which we'll get to in a minute. The *New York Times* went and said: no, that wasn't when the investigation of the Trump campaign started, it was earlier in mid May 2016.)

Papadopoulos has an encounter with a Bill Clinton crony, and here's the *New York Times* account:

During a night of heavy drinking at an upscale London bar in May 2016, George Papadopoulos, a

young foreign policy adviser to the Trump campaign, made a startling revelation to Australia's top diplomat in Britain. Russia had political dirt on Hillary Clinton. About three weeks earlier, Mr. Papadopoulos had been told that Moscow had thousands of emails that would embarrass Mrs. Clinton, apparently stolen in an effort to try to damage the campaign. [That's the guy, that's Bill Clinton's friend we're talking about.] Exactly how much Mr. Papadopoulos said that night at the Kensington Wine Rooms with the Australian, Alexander Downer, is unclear. But two months later, when leaked democratic emails began appearing online, Australian officials passed the information about Mr. Papadopoulos to their American counterparts, according to four current and former American and foreign officials with direct knowledge of the Australians role.

This may be hard to follow, but think about it: This means that months later, after the Clinton campaign started accusing Trump of working with the Russians, this guy Alexander Downer would come forward with his Papadopoulos story, and this story would supposedly launch the investigation. You see the problem? First, what's the chance of running into one of Bill Clinton's cronies in some wine garden in London... Okay, maybe that's not so unlikely. [Laughter] The big problem is, as I noted earlier, everyone in the political world knew the Russians almost certainly had the missing Hillary Clinton emails. The ones that she destroyed presumably because of their incriminating nature. And how had Papadopoulos heard about this—well, he met with a professor with connections to Russia for breakfast at a London hotel, and the professor said he heard about it on a trip to Russia. That means:



Figure 19

Clinton buddy Alexander Downer says he remembers from a couple of months earlier that a drunk guy who worked in the Trump campaign told him that he had heard three weeks before that there were embarrassing Clinton emails in the hands of the Russians which was told to him by a professor who said he had met with high-level Russian officials who told him that they had dirt on Hillary. I mean if that's not grounds for spying on the opposition party's political candidate I don't know what would be. *[Laughter]*

On May 23, 2016, Nellie Ohr, former CIA and the wife of associate Deputy Attorney General Bruce Ohr, applies for a ham radio license—hey, one in 400 people in the United States has a ham radio license. Maybe she's trying to communicate with somebody, I don't know, but she goes to work for Fusion GPS. In that capacity she will bring in her husband, who will meet with the folks at Fusion GPS.

Remember an FBI guy also goes and meets with the folks who are working for the Clinton campaign, CrowdStrike. That's the security firm hired by Perkins Coie. At this point, CrowdStrike comes out and says the Russians hacked into the DNC computer. (Some argue with that or allege some of it, at least, was done by disgruntled Bernie Sanders supporters.)

On June 9, Donald Trump Jr. holds a meeting at Trump Tower. Publicist Rob Goldstone emailed Trump Jr. saying that the Russian government had dirt

on Hillary Clinton. So, Trump, Jared Kushner, and Paul Manafort [Figure 20] met with Kremlin-connected lawyer Natalia Veselnitskaya. Now think back to what I said about Fusion GPS and its work related to the Magnitsky Act. Sergei Magnitsky [Figure 19 right], a Russian tax accountant who investigated fraud by tax officials, was imprisoned, denied medical treatment, and beaten to death. The Magnitsky Act was intended to punish Russian officials who were thought to be responsible for his death. The main guy involved in this was named Bill Browder [Figure 19 left]. Browder testified that Fusion's work against him was a "smear campaign," and he tweeted that Glenn Simpson had repeated "old and false Russian government attacks on me and Sergei Magnitsky." Browder wrote that "Simpson whitewashes his accused Russian money launderer clients who received money from the crime that Sergei Magnitsky was killed over."

So, Fusion's Glenn Simpson was working for Russian interests. Working with Fusion was that Russian lawyer Natalia Veselnitskaya who had had that meeting with Donald Trump Jr. At that meeting, Trump Jr. was supposed to be provided documents and information that exposed Hillary's ties to Russia, but actually the meeting was about the Magnitsky Act, and the Russians being cut off of American adoptions. That was retaliation for the Magnitsky Act. Remember Trump Jr. seemed confused when he talked about it—why in the world would they suddenly start

talking about adoption? Because that's how the Russians retaliated for the Magnitsky Act.

The Trump campaign we are told, which was secretly doing the bidding of the Russians, set up a meeting to get information that would expose Hillary's ties to the Russians. But the meeting was with the woman working with Fusion GPS, the firm assembling, from Russian sources, the dirty dossier intended to finish off Donald Trump.

Fox News reported that hours before the Trump Tower meeting, Fusion GPS co-founder Glenn Simpson met with Veselnitskaya and then, after the meeting, he met with her again [Figure 20]. Now, if I were a crazy conspiracy theorist, I would think that the meeting, the Trump Tower meeting, was a setup to make it look like the Trump campaign was colluding with the Russians. A setup by the Russians, but that would be crazy. It's obviously just a really-big coincidence. *[Laughter]*

It's at this point that Christopher Steele comes up with the key item everybody remembers from the dirty dossier. During a visit to the Ritz-Carlton in Moscow, Donald Trump stays in a room that had been occupying the Obamas. Trump had prostitutes urinate on the bed to defile it. This was recorded by Russian intelligence and



Figure 20





Figure 21

used to blackmail Trump into working for the Russians, into being a Russian spy. Now, Trump was repeatedly over years profiled as a germaphobe. There were even articles that explained how Trump was really really going to have to work on shaking hands with people if he's ever going to run for office because he's just such a germaphobe. But we're supposed to believe the story that's in the dirty dossier.

On June 26, Bill Clinton has a 30-minute meeting with Attorney General Loretta Lynch at Phoenix's Sky Harbor International Airport—they talked about their grandchildren. [Laughter]

On July 2, the FBI, including Strzok, interviews Hillary. No video is made, no audio recording is made, there is no transcript. On July 5, Steele meets with an FBI agent in London; around this time, he provides information to David Corn of the *Nation* magazine. On that same day, James Comey [Figure 21] announces no charges against Hillary. (He later admits that he had changed the description of the FBI's work from "investigation" to "matter," to match up what the Clinton campaign was saying.) Then, on July 19, Steele alleges that Carter Page, formerly Merrill Lynch's VP in Moscow and another minor, so-called advisor to the Trump campaign (Page actually never met Trump and apparently never communicated with him), becomes the next person accused of being a Russian spy.

Page supposedly was offered a bribe to get rid of the sanctions against the Russians, and the bribe was a broker-

age fee on an \$11 billion transaction. So, this was a bribe somewhere in the neighborhood of a billion dollars to this guy who essentially no one ever heard of. That makes perfect sense. [Laughter]

During the Democratic Convention, to step on their publicity, Donald Trump remarks about Hillary's emails. He says: "Russia if you're listening, I hope you're able to find the 30,000 emails that are missing. I think you'll probably be rewarded mightily by our press." You could not be more sarcastic than for Donald Trump to say the press would be glad to have Hillary's emails. But rather than sarcasm, there are hundreds of citations from the media saying Donald Trump was urging the Russians to hack into our systems. Of course, you would need a time machine; these are the emails that had already been destroyed. Trump was saying to the Russians: "You know, I heard you guys had copies of all those emails from Hillary; maybe you should return the stolen property that you have."

The media go berserk.

One of my favorites: Robert Costa from the *Washington Post* was on a PBS program and he said, "Reporters were stunned to hear Trump say what he said, it was a jarring moment, we sat there with our jaws open, we couldn't believe that a presidential candidate was encouraging a foreign power, an adversary, to meddle in an election." Total nonsense. At this point the Steele dossier gets to the desk of Peter Strzok [Figure 22]. Strzok says at one-point "F Trump."



Figure 22

(Lisa) Page: "Maybe you were meant to stay where you are because you're meant to protect the country from that menace." [...]

Strzok: "I can protect our country at many levels, not sure if that helps [sic]"

He later writes, "I want to believe the path you threw out for consideration in Andy's office—that there is no way he gets elected—but I'm afraid we can't take that risk. It's like an insurance policy in the unlikely event that you die before you're 40."

Andy is apparently deputy FBI director Andrew McCabe. On August 26, Strzok writes in another text that he just went to a southern Virginia Walmart, "I could SMELL the Trump support," smell is in all caps. He also said earlier, regarding Jill McCabe losing the state Senate race in Loudoun County, that it was because of all the "ignorant hillbillies" who lived there. Loudoun County is the richest county in America by the way.

At this point, Harry Reid gets involved. He writes a letter to Comey saying that Comey should investigate. Steele briefs reporters for the *New York Times*, the *Washington Post*, CNN, the *New Yorker*, Yahoo News. Yahoo News writes an article and then that's presented with the FISA warrant application as if it were somehow confirming the information in the dossier when it was simply repeating the information in the dossier. By the way, Sidney Blumenthal

Later in a text from August 15, 2016, Strzok tells Page: "I want to believe the path you threw out for consideration in Andy's office" - an apparent reference to Deputy FBI Director Andrew McCabe -- "that there's no way he gets elected -- but I'm afraid we can't take that risk. It's like an insurance policy in the unlikely event you die before you're 40 . . . ." Page does not appear to have responded, according to records reviewed by CNN.





Figure 23

and Cody Shearer, two longtime Clinton operatives who are smear artists, also helped write the dossier. If anything, that tells you what a crooked deal this was.

In early October the news media made sure we understood that our election systems are secure, and that only crazy right-wing conspiracy theorists think our election can be rigged. The October 10th issue of *Time* magazine reads, “Russia wants to undermine faith in the U.S. election. **Don’t fall for it.**” (Emphasis in the original.)

Another ridiculous accusation in the dossier that Michael Cohen [Figure 23], Trump’s lawyer, helps connect the Trump team and Moscow traveling to places like Prague. His passport shows that he never went to Prague, and around this time David Corn, of the *Mother Jones* magazine, writes an article laying out the idea that the Russians have compromising information on Donald Trump.

One other thing to put in perspective is how the media were very surprised by the outcome of the election. Immediately after the election, you have John Podesta and Robby Mook [Figure 24], Hillary’s campaign manager, coming up with the Russia idea; they have meetings immediately after their loss to decide how they’re going to characterize the defeat, and who they’re going to blame it on. You had the NSA director go to Trump in Trump Tower and tell the president-elect something that causes the president-elect to move his transition operations out of Trump Tower and to his Golf Club in Bedminster.



Figure 24

John McCain [Figure 25] gets involved through a former State Department official; then John McCain is taking the dirty dossier and spreading it around town. After the election, President Obama imposes sanctions on Russia; he kicks out 35 Russians, he seizes some properties that are kind of minor, but the actions are an attempt to show he’s really serious now on the very thing that he said before the election nobody should take seriously. Later, we see the unmasking of various people who were spied on by Susan Rice [Figure 26 left], the national security adviser, and Samantha Power [Figure 26 right], the U.N. ambassador. They’re the primary people, apparently, who are doing the unmasking.

As you may know, the way they spy on people nowadays is, they don’t put wires on you. Everything is collected, and then, if it’s something they’re not supposed to hear—like Americans that they don’t have a warrant for—then those identities are masked. But government officials under certain conditions can unmask those people and essentially spy on them retroactively. That’s what they were doing.

Michael Flynn [Figure 27], former Army Lieutenant General who briefly served as National Security Advisor in the early Trump Administration, of course gets caught up in this. The FBI agents who interviewed him said they didn’t think he lied to them; later, he ends up having to plead guilty to lying to them, which is something we’re investigating right now.



Figure 25



Figure 26



Figure 27

Then, there’s Julian Assange [Figure 28] with WikiLeaks. CRC’s website has all of the various revelations that were in WikiLeaks that showed corruption in the Clinton campaign. That’s the one thing that you might say the Russians actually did do to meddle in the election. They exposed Hillary’s corruption. But are we saying that’s a bad thing? That’s an ethical problem that any reporter has when you’re given something you know is stolen. We know how the left thinks about it because when they had Donald Trump’s stolen tax return, Rachel Maddow [Figure 29] immediately went on the air with it. You had a *New York Times* columnist offering to publish any stolen tax returns, etc. So, many reporters used a double standard. Even Hillary’s cam-

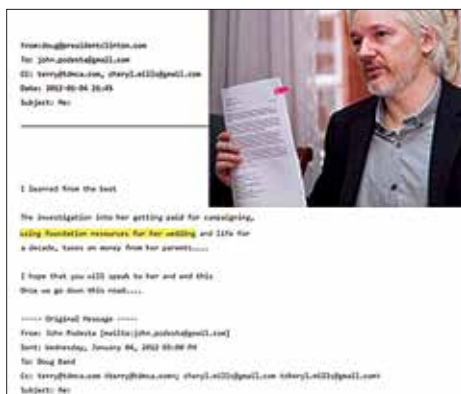


Figure 28

paigh had no problem getting information from Ukrainians that they thought would hurt Trump. So the idea that somehow you're not supposed to use information because it comes from bad sources—we could argue that point, but, based on the evidence, that's certainly not something that the media or the Hillary Clinton campaign believe.

By the way, these are some of the meddling social media ads [Figures 30 and 31]. As you can see, they're all over the place. Pro-Muslim, pro-gay, pro-Black Lives Matter, but also anti George Soros and anti-John McCain. There is an ad for gays for Bernie, and one that explains if you're against Satan, you're supposed to not vote for Hillary.

One thing I should mention—this is the one successful thing that the Russians did. It's a big rally that was held



Figure 29

after the election. (Fifty-six percent of this Russia spending was after the election, and, as for the spending before the election, very little of it was in states where that spending would make any difference.) But this rally actually was successful. You know why? CNN helped the Russians by promoting the rally! I guess they're Russian tools now, too.

The fact is that the Russians have been meddling in U.S. politics forever.

In 1956, President Eisenhower warns the Russians to stop meddling in American politics.

In 1960, the State Department does the same thing. Also in 1960, Adlai Stevenson, who is considering running for the Democratic nomination, is offered to have his campaign funded by the Russians.

In 1968, Hubert Humphrey, the Democratic nominee, is told by the Russian ambassador: we will fund your campaign, and Hubert Humphrey says, oh, it's enough that you support me.

In 1976, the Russians run fake letters trying to show that the anti-communist Democrat, Senator Scoop Jackson, who's running for President, is gay. Also in 1976, they have a spy in the Carter campaign.

In 1984, Democrats run the massive nuclear freeze campaign specifically to beat Ronald Reagan. They have U.S. Senators' wives involved in this, including Teresa Heinz, who was then married to a Republican Senator and would later be married to John Kerry,



Figure 30



Figure 31

a Democratic Senator. And this is interesting, *How Moscow Meddles in the West's Elections* by the Heritage Foundation, published in 1984. I can find no news stories that refer to this report because nobody cared about the Russians meddling in our elections.

One last thing, Angela Davis, who was the Russians' candidate for Vice President on the Communist Party ticket in 1980 and 1984, with Gus Paul as the presidential candidate, guess what—she was an honored guest at the big anti-Trump rally held the day after the inauguration, because, I guess, we don't really have a problem with Russia meddling. A bonus: guess who voted for her in the 1980 election, and for her running mate? Answer: John Brennan, the CIA director under Barack Obama.

I hope this puts everything in perspective! ■

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## DARK MONEY ASCENDANT: HOW ATLANTIC PHILANTHROPIES WEAPONIZED 501(C)(4) GROUPS TO SUPPORT THEIR LEFTIST AGENDA

By Matthew Vadum

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**Summary:** Armed with a large endowment from left-wing duty-free shopping tycoon Charles “Chuck” Feeney, the soon-to-dissolve Bermuda-based Atlantic Philanthropies invented a new way of using tax-privileged dollars to promote radical social change in America. The foundation mastered the subversive technique of funding 501(c)(4) action groups with tax-exempt money that, were it based in the U.S., couldn’t be used to underwrite political activity of any kind. Atlantic takes credit for the enactment of Obamacare and even for driving immigration-enforcement hawk Lou Dobbs off CNN.

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U.S. electoral politics isn’t supposed to be the playground of tax-exempt nonprofit corporations but in recent years the ever-resourceful Left has been bending the rules of the game in their direction.

Bermuda-based Atlantic Philanthropies, once a grantmaking foundation with billions of dollars at its disposal, has blazed a trail by exploiting a tax law loophole allowing it to spend philanthropic dollars on political activities. This practice allows the people who moan the loudest about the influence of money in U.S. politics to find new paths to power by injecting even more money clandestinely into the political process.

An agglomeration of non-profit and for-profit corporations mostly based overseas, Atlantic Philanthropies consists of The Atlantic Foundation (which shut down in 2015), The Atlantic Finance Co. Ltd., The Atlantic Charitable Trust, The Mangrove Foundation (all of which are based in Bermuda), The Atlantic Advocacy Fund, The Atlantic Foundation of New York (both based in New York City), and others. The Atlantic Philanthropies also includes Bermuda-based real estate developer General Atlantic Group Limited (GAGL) and its subsidiary, Exeter Associates Ltd. In 2000, Atlantic Philanthropies’ benefactor Chuck Feeney announced the fund would close by 2020, with the last grant to be awarded in 2016 (something we’ll explore at greater length below).

During Atlantic Philanthropies’ lifespan, it funded projects like the U.S. debate over Obamacare and pro-open-borders/anti-immigration-law enforcement efforts, to name just



Credit: atlanticphil. YouTube screenshot. License: <https://goo.gl/16ghgm>.

*In 2002, 20 years after establishing Atlantic Philanthropies, its founder Chuck Feeney decided to limit the philanthropy’s life, with the goal of shutting down grantmaking not later than 2020.*

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two. Notably, the organization continued plowing funds into 501(c)(4)s—in this case, its own—as it wound down its business.

As a result, The Atlantic Advocacy Fund (AAF) ranks in the top ten on the Center for Responsive Politics’ list of top “dark money” donor groups to politically active nonprofits. The AAF handed out \$42,692,000 in dark money between 2008 and 2012.

Atlantic Philanthropies achieved this exalted position in the dark money world through a very simple scam. Capital Research Center president Scott Walter hit the nail on the head with the following observation: the fund’s Bermuda location “means it never had to make public U.S. tax filings that would reveal its grants, as American foundations must do.”

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*Matthew Vadum is CRC’s senior vice president.*

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“Far more importantly,” Walter continues, “while American foundations almost never give money to (c)(4) groups because of the high legal hurdles that our laws erect, Atlantic Philanthropies, operating under Bermudan laws instead, has been able to pour hundreds of millions of offshore dollars into American (c)(4)s, with never a peep of criticism from the usual quarters, then or now.”

## The 501(c)(4) Nonprofit as Political Weapon

The 501(c)(4) nonprofit is central to the Atlantic Philanthropies’ admittedly inventive strategy. According to the IRS, this type of nonprofit is defined as “a social welfare organization,” and is required to “be operated exclusively to promote social welfare,” with its primary purpose the advancement of “the common good and general welfare of the people of the community (such as by bringing about civic betterment and social improvements).”

Donations to a 501(c)(3) nonprofit may be deducted from the donor’s income taxes; also, the nonprofit’s operations are tax-exempt. A 501(c)(4)’s operations are similarly exempt from taxation, but donations may not be deducted from the donor’s income taxes.

A social welfare organization can also be markedly more political in its activities than an ordinary 501(c)(3) (which is prohibited from influencing the outcome of an election) as long as political activities aren’t its primary focus and don’t cross the fuzzy line separating public-spirited advocacy from outright partisanship. A 501(c)(4) can engage in unlimited lobbying to change public policy—whether direct lobbying to legislators or grassroots lobbying that asks the public to contact legislators. That’s because pursuing legislation relevant to its programs “is a permissible means of attaining social welfare purposes,” according to the IRS. But promoting social welfare is not supposed to include “direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office.” (In plain English, a 501(c)(4) can’t coordinate with any political campaign to help someone or a particular party win—or lose—an election.)

The modern-day 501(c)(4) framework is perhaps best understood by tracing its history and development: According to scholars, the 501(c)(4) nonprofit structure appears to derive from the Revenue Act of 1913, also called the Underwood Tariff Act (see “The history of the 501(c)(4) exemption,” by Jacob Gershman, *Wall Street Journal*, Nov. 26, 2013).

“The legislative history of the Tariff Act contains no reason or explanation for the exemption,” explained Robert J.



Credit: Michael Wuerenberg. License: <https://goo.gl/uNSdLZ>.

*Hungarian-born George Soros created the Open Society Policy Center. OSPC describes itself as “a non-partisan and non-profit 501(c)(4) organization that engages in advocacy aimed at influencing U.S. government policy on domestic and international issues.”*

Desiderio, dean emeritus of the University of New Mexico School of Law. “The general belief is that [the] United States Chamber of Commerce pushed for the enactment of exemptions for both civic and commercial nonprofit organizations.”

According to legal scholar Laura B. Chisolm of Case Western Reserve University, “...the statute also sought to carve out exemptions for “organizations which could not qualify as charitable, educational, or religious, but whose activities somehow benefited the general public.”

Over time the IRS enlarged the exemption to cover more political territory, allowing 501(c)(4) groups to lobby and participate in a wider spectrum of activities: The “notion that the section 501(c)(4) social welfare organization category is an appropriate classification for politically active charitable organizations seems to have originated with the IRS in the 1950s,” Chisolm wrote, citing a 1955 IRS revenue ruling pertaining to the tax-exempt status of a group that urged government to “practice wise economy in public spending.”

The IRS found such a group’s “principal means of accomplishing these purposes is the printing and dissemination of literature devoted to advocating the principles which it supports. Occasionally, the literature may advocate or oppose pending legislation.”

The tax agency determined “that the above method is an indirect means of subsidizing the dissemination of the

literature produced by the M organization and constitutes in effect a contribution to the latter organization in support of its own purposes rather than a contribution to the recipients of the literature.”

The federal government formalized the policy a few years later, labeling as an “action organization” any group involved in the legislative process. According to Chisolm, it issued regulations allowing such action organizations to be considered social welfare organizations under section 501(c)(4).

In 1981, the IRS further muddled the waters by relaxing the rules governing political campaign activities, determining “[An] organization may carry on lawful political activities and remain exempt under section 501(c)(4) as long as it is primarily engaged in activities that promote social welfare.” Whatever that means.

What constitutes crossing the line into exemption-revoking political activities isn’t at all clear and has always been a difficult question to answer.

## What Is Dark Money?

The 501(c)(4) is one of three types of nonprofit organizations considered to be repositories and traffickers of “dark money” because they are entitled to take in unlimited donations from corporations, individuals, and labor unions. Unlike traditional political action committees (PACs), these (c)(4) groups can spend funds to influence elections (within some limitations), but they are not required to share the

source of the funds. The other two entities are labor unions, organized under section 501(c)(5) of the tax code, and business leagues, organized under section 501(c)(6).

According to the Center for Responsive Politics, “dark money refers to political spending meant to influence the decision of a voter, where the donor is not disclosed, and the source of the money is unknown. Depending upon the circumstances, dark money can refer to funds spent by a political nonprofit or a super PAC.”

Dark money, so says an increasingly loud chorus of hypocrites on the Left, poses a dire threat to the existence of the republic and is routinely denounced by Sens. Bernie Sanders (I-Vt.) and Elizabeth Warren (D-Mass.), as well as by a constellation of left-wing politicians, pundits, academics, journalists, and activists. But despite the drumbeat against it, dark money isn’t actually as big a factor in elections as one might think.

The Institute for Free Speech (formerly the Center for Competitive Politics) found last year that dark money funding fell to just 2.9 percent of all campaign spending during the 2016 election cycle. Moreover, dark money from nonprofit groups has never exceeded 5 percent of campaign spending in the last six election cycles and continues to fall.

More recently, CRC’s own researchers Michael E. Hartmann and Michael Watson examined three flows of money: to direct campaign contributions, to traditional public policy 501(c)(3) groups like think tanks, and to so-called dark money groups like 501(c)(4)s. Hartmann and Watson found that, since the Supreme Court decision *Citizens United v. the Federal Election Commission*, spending has increased in all three categories, but expenditures by superPACs and 501(c)(4)s still represents the smallest portion of campaign spending.

So dark money isn’t quite the threat it has been made out to be. Indeed, there *is* an upside to dark money: it can protect unpopular speech and hold government accountable for its policies and actions.

Being compelled to identify donors leaves those donors open to intimidation—or to what the Left calls “accountability” actions, in various forms, including naming and shaming, mob actions, and getting people fired from their jobs.

One doesn’t have to go far back in the nation’s history to see how state governments have tried to trample on civil rights by demanding the identities of activist group donors. In *NAACP v. Alabama* (1958), the Left rightly cheered when the U.S. Supreme Court found that Alabama’s demand for the NAACP’s membership lists was in conflict with the Fourteenth Amendment’s due process guarantees. But



*So-called “dark money” is routinely denounced by a constellation of left-wing politicians, pundits, academics, journalists, and activists. But despite the drumbeat against it, dark money isn’t actually as big a factor in elections as one might think.*

Credit: *Now This World*. YouTube screenshot. License: <https://goo.gl/qJH8gqK>.

left-wingers long ago lost interest in protecting free speech and due process rights. The ends justify the means in the minds of those schooled in the tactics of Saul Alinsky. Now they view money from anonymous donors as a threat. Such brazen hypocrisy regarding dark money, situational as it may be, is deeply galling to conservatives and libertarians, especially because left-wing philanthropies are much wealthier than their right-leaning counterparts.

## How Atlantic Came to Love Dark Money

Atlantic Philanthropies embraces the dark-money approach to fundamentally transforming America. It wants foundations, whose giving in this country dramatically skews to the Left, not to be afraid to give their tax-privileged money to 501(c)(4) organizations in order to pursue left-wing political objectives.

Atlantic Philanthropies created a template when it dropped \$27 million on advocacy groups, primarily Health Care for America Now (HCAN), to help force-feed the public the sclerotic bureaucratic monstrosity known as Obamacare. HCAN, a 501(c)(4) advocacy organization that worked with MoveOn, AFL-CIO, Organizing for Action, and the now-defunct Association of Community Organizations for Reform Now (ACORN), put together a pressure strategy that was instrumental in passage of the legislation in President Obama's first term. (HCAN was profiled in "How Liberal Activists Passed Obamacare," by Philip Klein, *Foundation Watch*, August 2010.) Enactment of the inappropriately named Affordable Care Act was "the culmination of a campaign" by Atlantic Philanthropies and its allies, crowed Atlantic's then-president, Gara LaMarche, long a George Soros operative and left-wing thought leader. LaMarche, now president of the Democracy Alliance, a left-wing billionaires' donor consortium, also previously bragged (with some justification) that President Obama's 2008 election represented the "coming to fruition" of investments "in building a progressive infrastructure."

Atlantic Philanthropies, an ordinary nonprofit corporation headquartered offshore in Bermuda, was able to money-bomb the health care issue because this foreign location neutralized rules governing U.S.-based foundations. In other words, American non-profit law privileges offshore foundations. Because Atlantic Philanthropies is based outside the United States, it is allowed to fund 501(c)(4) advocacy activ-

ities, a practice not allowed for American-based foundations. (American foundations may fund (c)(4) organizations, but the grants must be limited to educational activities, appropriately performed by the same type of charitable organization that is prohibited from influencing the outcome of an election.)

In recent years Atlantic Philanthropies also gave \$70.3 million "to support immigration reform." Most of that sum went to 501(c)(4) organizations (see *Advocacy and Policy Change Evaluation: Theory and Practice*, by Annette Gardner and Claire Brindis, Stanford Business Books, 2017).

Atlantic specifically credits its 501(c)(4) donations, which were handed out from 2004 to 2014, with helping to turn the tide in the public debate over immigration reform. In the media, "messaging was able to move from primarily defensive to offensive—a first for the field since pre-9/11" ("Advocacy, Politics & Philanthropy: A Reflection on a Decade of Immigration Reform Advocacy," available on Atlantic Philanthropies' website).

"This move from defense to offense signaled the beginning of an era in which pro-immigrant messaging was able to beat back anti-immigrant messaging, becoming more mainstream," states the Atlantic-commissioned report from 2016. Note how this rhetoric deliberately and dishonestly conflates (A) the public's entirely justified anger over illegal immigration and the government's refusal to combat it, with (B) opposition to immigration in general.

The report gloats that in 2009, "after much pressure from pro-immigration advocates and others, Lou Dobbs stepped down from his show and was released from his CNN contract, bringing an end to three years of nightly haranguing of immigrants."

Immigration reform advocates "transformed what was a very hostile environment into a public discourse with the space for the human rights of immigrants to be respected and the value of immigrants to be acknowledged," the reports states, repeating their rhetorical trick. This self-congratulation just keeps going: Atlantic's 501(c)(4) funding "enabled organizations to be engaged in political and electoral processes with the capacity to impact immigration reform." (Most of the \$70.3 million pro-immigration war chest came from The Atlantic Advocacy Fund (AAF), a 501(c)(4) nonprofit discussed in greater detail later in this piece.)



*Atlantic Philanthropies' Bermuda location "means it never had to make public U.S. tax filings that would reveal its grants, as American foundations must do," writes CRC president Scott Walter.*





Credit: Thomas Hawk. License: <https://goo.gl/pksuU>.

*Immigration reform advocates “transformed what was a very hostile environment into a public discourse with the space for the human rights of immigrants to be respected and the value of immigrants to be acknowledged,”—Advocacy, Politics & Philanthropy.*

“As a 501(c)(4), AAF is able to make grants that enable other social welfare organizations to more fully engage in the political process, including undertaking activities such as educating legislators and the public on issues related to their missions and expressing support for or in opposition to legislative proposals,” the report continued.

Getting to the heart of the matter, the report put it this way:

Although AAF did not permit its grants to be used for partisan activities, the funds it awarded for immigration reform provided greater opportunities for organizations working on this issue to have an impact by engaging directly with possible allies and organizing advocates both during and between elections. Having access to these funds provided advocates with a more comprehensive toolkit of options to engage with the opposition and pursue a strong legislative strategy. All three campaigns funded by Atlantic (CCIR, RI4A, and A4C) have used their 501(c)(4) designations to strengthen pro-immigration reform and to engage in a more sophisticated legislative battle.

CCIR is the acronym for “Coalition for Comprehensive Immigration Reform,” which received \$10 million from AAF. RI4A, “Reform Immigration FOR America,” took in \$5 million from AAF. A4C is “Alliance for Citizenship,” which accepted \$5.5 million from AAF. All three organizations made sub-grants to other advocacy groups.

Out of the \$70.3 million pool, \$49,815,250 went to “other organizations within” Atlantic Philanthropies “federal immigration reform strategy.” (See chart on page 39.)

Using the 501(c)(4) platform, Atlantic Philanthropies contributed more money than any other donors active in funding immigration reform efforts from 2004 to 2014—according to the “Advocacy, Politics & Philanthropy” report. This method of funding “allowed for a more defined and powerful legislative strategy.” According to an unidentified source quoted in the report, the 501(c)(4) funding worked wonders:

By mobilizing voters and being able to focus on electoral politics, 501(c)(4) funding enabled advocates to exert more influence over legislators in their districts.

Here is where that nearly \$50 million was spent:

The Advocacy Fund	\$ 15,209,750
American Civil Liberties Union	\$ 3,900,000
American Immigration Law Foundation	\$ 200,000
American Prospect	\$ 150,000
America's Voice	\$ 8,850,000
Applied Research Center, The	\$ 550,000
Brave New Films	\$ 200,000
Center for Community Change	\$ 1,950,000
Catholic Legal Immigration Network, Inc.	\$ 900,000
Center for Civic Action	\$ 400,000
Colorado Immigrant Rights Coalition Action Fund	\$ 400,000
Florida Immigrant Coalition	\$ 170,000
Grantmakers Concerned with Immigrants and Refugees	\$ 110,000
Heartland Alliance for Human Needs & Human Rights	\$ 4,300,000
Innovation Network, Inc.	\$ 678,000
Citizens for a Better Arizona	\$ 425,000
Gamaliel Faith and Democracy Campaign	\$ 300,000
Junta for Progressive Action, Inc.	\$ 75,000
Latino Victory Party	\$ 1,000,000
Leadership Conference on Civil and Human Rights	\$ 400,000
Leadership Conference on Civil Rights Education Fund	\$ 1,100,000
Mexican American Legal Defense and Educational Fund	\$ 450,000
National Council of La Raza	\$ 750,000
National Day Laborer Organizing Network	\$ 200,000
National Immigration Forum	\$ 60,000
National Immigration Forum Action fund	\$ 200,000
National Immigration Law Center–Immigrant Justice Fund	\$ 375,000
National People's Action	\$ 400,000
New Organizing Institute	\$ 100,000
New World Foundation	\$ 50,000
Oxfam-America Inc.	\$ 2,000,000
Pacific News Service/New America Media	\$ 1,900,000
Partnership for New American Economy	\$ 500,000
PICO Action Fund	\$ 200,000
Regents of the University of California at Berkeley	\$ 712,500
Sixteen Thirty Fund	\$ 650,000
<b>Total</b>	<b>\$ 49,815,250</b>

**Notes:** The Applied Research Center is now known as Race Forward: The Center for Racial Justice Innovation. National Council of La Raza is now known as UnidosUS. National People's Action is now known as People's Action.

(Source: "Advocacy, Politics & Philanthropy: A Reflection on a Decade of Immigration Reform Advocacy")

"The ability to be effective... comes from having [501(c)(4)] funding. One of the keys to our movement's success is that the political class is now convinced... that Latino, Asian, and [other] immigrant voters... care deeply about immigration.

Whether immigrant voters actually do care deeply about immigration is beside the point. In politics perception is reality, as the old adage goes.

The 501(c)(4) funding "was perceived by advocates as resulting in legislators taking them more seriously and listening more closely than they had previously," which helped make immigration reform "a gateway issue." The report continues:

Many advocates felt that the infusion of 501(c)(4) funding through the campaign pressured the key players in the immigration reform movement to come together and agree upon strategy. Having a comprehensive immigration reform strategy led to more focused messaging and communications and contributed to an overall increase in visibility of immigration reform in the U.S. Others felt that the perception of 501(c)(4) dollars gave the immigration reform advocates their greatest power. "It allowed them to play above their weight class in a way that [501(c)(3)] dollars wouldn't have allowed."

The 501(c)(4) monies "enabled advocates to leverage the power of the electorate to take a stronger stance and influence politics. Advocates were able to keep political pressure on elected officials through civic engagement activities designed to mobilize the Latino voter base. The combination of having a unified advocacy strategy, mobilizing the base, and getting the message out enabled the field to elevate the issue of immigration reform and change the public discourse."



## Shutting Itself Down

In 2002, 20 years after establishing the Atlantic Philanthropies, its founder Chuck Feeney decided to limit the philanthropy's life, with the goal of shutting down grantmaking not later than 2020 (see "A Donor Can Stand Up: Battling over donor intent at the Atlantic Philanthropies," by Neil Maghami, *Foundation Watch*, April 2015).

The organization explains its philanthropic thinking on the "giving while living" page of its website: "By devoting the majority of your wealth to philanthropy during your lifetime, you can experience the immense satisfaction of not only making a difference, but seeing it happen *now*."



*Whether immigrant voters actually do care deeply about immigration is beside the point. In politics perception is reality, as the old adage goes.*

"Giving While Living is an entrepreneurial approach to philanthropy by which you actively devote your money, skills and time to make a difference sooner rather than later. You can learn and make adjustments to get the biggest bang—and impact—for your buck."

What goes unmentioned is that giving away your personal wealth while you are still alive precludes the possibility of your wishes (or "donor intent") being subverted by someone with different ideas managing your money after you're gone. This is a common fate suffered by the estates of many politically conservative philanthropists: The deceased benefactor's financial legacy gets diverted to causes they would have despised; their donor intent is betrayed over time as original principles are forgotten or ignored. (CRC's senior fellow Martin Morse Wooster's new book *How Great Philanthropists Failed and You Can Succeed at Protecting Your Legacy* explores this issue at length.)

Atlantic Philanthropies trustees adhered to their pre-ordained schedule, draining their treasury by choosing the final grant recipients in December 2016 (final grant monies continue to be distributed). Driving home Atlantic's planned insolvency, its website warns, "Beware of email scam claiming to be from Atlantic, Charles Feeney or Christopher G. Oechsli." Over 35 years, Atlantic awarded \$8 billion in grants in 23 countries on five continents.

Still, the New York based Atlantic Advocacy Fund (AAF) arm of Atlantic Philanthropies has been very active in its last years. In 2014 alone, it funded many 501(c)(4) political advocacy groups, according to its IRS Form 990.

Some examples:

- It gave the Latino Victory Project \$1 million "to support comprehensive immigration reform through Latino civic engagement." Latino Victory Project is a PAC that conducts voter mobilization drives, describing itself as devoted to "growing Latino political power by increasing Latino representation at every level of government—from the school board to the Senate to the White House." The PAC "identifies, recruits, and develops candidates for public office while building a permanent base of Latino donors to support them."
- \$115,000 in grants flowed from the AAF to the far-Left Washington Office on Latin America for various causes, including improving U.S. relations with Communist Cuba and shutting down the terrorist detention facility at Guantanamo Bay, Cuba. \$1,250,000 in grants went to push immigration amnesty legislation to the Center for Community Change, a radical community organizing and lobbying organization. Its executive director is Deepak Bhargava, who used to be ACORN's legislative director. America's Voice received \$1.3 million to press for immigration amnesty.
- The Atlantic Advocacy Fund also created the Washington, D.C.-based Civic Participation Action Fund (CPAF) in 2015. CPAF is a 501(c)(4) group armed with a \$50 million grant for a "five year plan." The objective here was to advance Atlantic's left-wing policy agenda by building on its 501(c)(4)-oriented social change strategy by creating this legacy (c)(4) that will survive Atlantic Philanthropies and pursue its mission of encouraging other foundations to put money into (c)(4) outlets. Stephen McConnell, a Ph.D.-holding sociologist and former Country Director, U.S. Programs at Atlantic Philanthropies, became CPAF's president.

True to form, CPAF reportedly donated to at least three Democrat-aligned super PACs in 2016, including \$1.5 million for a get-out-the-vote program aimed at immigrant voters supporting Hillary Clinton.

According to the fund's website, its mission is "to promote racial equity, economic opportunity and democratic participation among low-income people of color through advo-





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*Since 11 million or more illegal aliens live among us, perhaps making those illegal aliens voters is part of CPAF's plan.*

cacy and civic engagement.” The group adds, “We want to make sure the electorate looks like America, and that our democracy is representative of all the people. Our goal is to see more people voting—particularly low-income people of color.”

Since an *electorate* is by definition the body of persons entitled to vote in an election, it isn't clear what exactly CPAF means when it claims to want “to make sure the electorate looks like America.” Since 11 million or more illegal aliens live among us, perhaps making those illegals voters is part of CPAF's plan.

Of course, CPAF demands more taxpayer-funded handouts for, well, everyone, as well as higher wages for “working families.” The group also wants to change the criminal justice system so poor people and minorities get special treatment before the law. The fund's 2015 IRS filing indicates it gave grants that year to Latino Victory Project (\$325,000), America's Voice (\$300,000), National Immigration Forum (\$85,000), and National People's Action (\$40,500). It also gave \$30,000 in membership dues to the Democracy Alliance and a \$25,000 grant to the latter's project, the Committee on States.

The Atlantic Philanthropies created Mangrove Foundation, another 501(c)(4) nonprofit. According to an IRS filing, the nonprofit organizations that it gave grants to in 2015 were

all 501(c)(3) groups: The foundation gave \$2 million to Green for All, a group founded by ousted Obama green jobs czar and admitted communist Van Jones.

Mangrove also gave to the Center on Budget and Policy Priorities (\$2,500,000), National Council of La Raza (\$75,000), George Soros's Open Society Foundations (\$5 million) and the related Open Society Institute (\$250,000), and the Sargent Shriver National Center on Poverty Law (\$175,000).

## Conclusion

The Atlantic Philanthropies leaves behind a partisan legacy of forced, inorganic, top-down social change driven by left-wing elitists. Its aggressive, strained interpretation of tax law allowed it to use 501(c)(4) social welfare organizations as a bludgeon in enacting Obamacare and become a major player in immigration reform. Given the overwhelming advantage left-wing foundations have long enjoyed over right-leaning institutional donors, Atlantic's startling legal innovation isn't likely to produce a world friendly to conservative principles. ■

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*Read previous articles from the Foundation Watch series online at [CapitalResearch.org/category/foundation-watch/](http://CapitalResearch.org/category/foundation-watch/).*



## UNSUSTAINABLE, UNRELIABLE, AND INFLEXIBLE

*Why weather dependent electricity generation fails civilization*

By Kenneth Haapala

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**Summary:** *In recent years, many politicians and promoters have claimed that wind and solar generated electricity are the obvious choices for the future. Yet, as sources of “alternative energy,” wind and solar are ultimately unreliable; both depend on the weather, which is changeable. Nevertheless, government entities have mandated the use of certain kinds of electricity generation over others, with no regard for which is the most efficient or practical. This article first examines the history of the most commonly accepted energy sources, then examines the current landscape of alternative energy sources. Even though activists and government agencies are rewarding wind and solar (particularly with subsidies), there are complex reasons why consumers should temper their excitement for long-term usability.*

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### How Current Energy Options Evolved

It's difficult to make sense of the current state of alternative energy options without a clear understanding of both existing energy options and basic electricity concepts. Both will have an indelible effect on the understanding of the challenges facing alternative energy.

Until the late 1800s, wood was the primary source of energy consumed in westernized nations, supplemented by muscle power, human and animal, and a few mills using water power. Although coal was mined for centuries, it was not until the 1800s that it superseded wood as the primary fuel in the U.S. Because of coal's greater heat value, it had almost completely replaced wood-derived charcoal in blast furnaces and wood in steam engines by the 1880s.

Coal fueled the Industrial Revolution, freeing large parts of the country from reliance on subsistence agriculture—a way of life which caused many to suffer, with entire populations always one poor harvest away from starvation. Meanwhile, the expanded use of coal rendered perishable agricultural goods easy to ship via fast rail from rural farms to urban areas. Many towns and cities fought to have a railroad stop built in their town. Animal power and commercial barges laden with goods and traveling over hand-dug canals, of critical importance for transport earlier in the century, were



Credit: Gilbert Mercier. License: <https://goo.gl/Xi1agY>.

*The federal government promotes “renewable energy” that once again puts humans back at the mercy of the elements.*

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gradually marginalized. Meanwhile, mountain ranges, deserts, rushing rivers, and other natural obstructions no longer presented great barriers to commerce.

Although oil was used in lamps for thousands of years (the first primitive oil wells were drilled in China in the 4th century; the first modern wells drilled in Baku, Azerbaijan, in 1848), the industry didn't come into its own until 1859. In that year, Edwin Drake drilled his famous well in Titusville, Pennsylvania, hitting oil. The oil industry exploded over the next few decades. Kerosene quickly replaced more expensive whale oil and smoky candles for home illumination.

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*Kenneth Haapala is president of the Science and Environmental Policy Project (SEPP), compiler of The Week That Was newsletter, which is distributed to over 30,000 scientists, engineers, and professionals worldwide, and a contributor to the NIPCC reports. He is an energy and economics modeler and past president of the oldest science society of Washington.*

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## *Coal fueled the Industrial Revolution, freeing large parts of the country from reliance on subsistence agriculture.*

In 1885, Robert Bunsen created a device that harnessed natural gas, mixing it with air in the appropriate proportions that allowed it to be used safely. Oil producers and the general public quickly realized the energy of the future lay in oil and natural gas.

In 1882, Thomas Edison opened the first coal-powered commercial central power plant—the Pearl Street Station—in Manhattan. Electricity-by-wire soon transformed the world, and, thus, is considered by many historians as one of the two most important contributions to modern civilization (second only to the printing press in the 15th century). This technological innovation transformed the world over the span of a single lifetime. Competition between types of electricity transmission favored alternating current (AC) over Edison's direct current (DC); other innovations in power generation quickly followed. Electrification became the mark of modern industrial civilization.

The energy innovations of the mid-1800s all happened without the influence of government subsidies.

### Government Involvement

Fast forward to the 1970s. The United States' involvement in the Yom Kippur War led to an oil embargo by the Organization of Petroleum Exporting Countries (OPEC), resulting in a massive gas shortage. (This was the same OPEC the U.S. State Department was involved in establishing!)



Credit: Roger W. License: <https://goo.gl/dN9iAR>

*In 1882, Thomas Edison opened the first coal-powered commercial central power plant—the Pearl Street Station—in Manhattan. Electricity-by-wire soon transformed the world, and, thus, is considered by many historians as one of the two most important contributions to modern civilization.*

Driven by a fear the world would run out of oil and the U.S. would run out of natural gas, the Carter Administration ushered in the era of federal subsidies for alternative energy sources—particularly wind and solar—and later requiring the use of biofuels in gasoline. Even after the turn of the millennium, policymakers believed the country was running out of oil and gas and responded by passing the Energy Policy Act of 2005 designed to provide extensive subsidies in the form of marketable tax credits for alternative energy sources (wind and solar power) and requiring the use of biofuels in gasoline.

Fortunately, independent oil and gas producers did not believe the politicians or the government's energy models. Today, the U.S. is a net exporter of natural gas and is on track to be a net exporter of oil within a few years. Yet, federal government policy continues to restrict the use of coal, oil, and natural gas, and favors the use of wind and solar to generate electricity that puts humans back at the mercy of the elements.

### Can Wind Be an Alternative to Thermal?

Wind has been used for thousands of years to propel sailing ships and, later, to turn wheels to grind grain and pump water. The first windmill to generate electricity in the U.S., called “the Brush” was constructed by Charles Brush of Cleveland in 1887-88. In this device, a large rotor driven by the wind, in turn, drives a generator with a vertical shaft. A few thousand such windmills generating electricity and pumping water were installed throughout the Midwest and West in the 19th and 20th centuries. But “the Brush” had outlived its usefulness by the time power from reliable centralized generation facilities became available.

Since the picturesque days of the Brush, there have been significant changes in wind machines attempting to generate electricity, intensified by the OPEC oil embargo of the early 1970s. These efforts have resulted in the modern wind turbine.

In 1919, physicist Albert Betz established a hypothetical limit to the energy that a wind machine can extract; he put this figure at about 59 percent of the kinetic energy of the wind passing through it. Today, the most efficient turbines feature aerodynamic designs with the kinetic energy of the wind captured by turbine blades on an axis that directly faces the wind. Safety features must be engineered into the design of the turbine to ensure that high wind gusts do not





*Modern wind turbines have just about reached their theoretical limits; a major technological breakthrough is now required to exceed these limits.*

cause the device to self-destruct. Additionally, wind turbines must produce usable electricity from a range of wind speeds. Changes in wind speed can result in unacceptable changes in the frequency of the electricity generated, requiring gear boxes to compensate for these changes

The net result of these limitations is a complex design, with the generator and gear box located along the axis of the blades (hub) in a housing, called a nacelle. With winds blowing at specified speeds, these wind turbines can reach 70 to 80 percent of the theoretical limits calculated by Betz long ago. Modern turbines can start generating electricity at 7 to 9 mph, with the rated capacity reached at 25 to 35 mph and a cut-off speed of 90 mph. These assume constant wind speeds, not gusts. Modern wind turbines have just about reached their theoretical limits; a major technological breakthrough is now required to exceed these limits.

The inconsistent energy generation isn't the only drawback to wind turbines.

What few people outside the limited circle of wind turbine engineers recognize is the massive amount of concrete required for the base of a wind tower. A standard 1.5 MW GE turbine and blade assembly weighing about 92 tons is placed on a tower about 210 feet above the ground. The torque generated by a large spinning turbine at a high rate of speed equals a school bus fixed to the end of a plank the length of a football field. Thus, the base must be very strong and thick; currently, such bases can contain more than 550 tons of concrete and 45 tons of reinforcing steel.

Additionally, when wind turbine blades pass the shaft, they set up low-frequency soundwaves; this sort of sound travels great distances and can be very disturbing to a small percentage of sensitive people, causing inner ear disorders and affecting their sense of balance.

## What About Solar?

The origin of solar energy innovation also dates back to the time of the Industrial Revolution. Photovoltaic (PV) technology was first demonstrated in the mid-1800s, but the first attempts were inefficient and provided only a weak electrical current. In 1921, Albert Einstein won a Nobel Prize in

physics for explaining the process by which light produces electricity, research which, in part, formed the basis of the later generations of the technology.

In this case, the government's involvement in advancing solar energy began through military research. After World War II, research conducted by the Naval Research Laboratory and the National Aeronautics and Space Administration helped pioneer the early PV technology.

Again, renewed interest in solar power is the result of the 70s energy crisis. Legislation passed in this era expanded the use of solar technology in federal buildings (President Jimmy Carter was the first president to install solar panels on the White House), and increased research budgets sought to make solar energy more affordable and available.

Despite the attractiveness of solar power, the logistics have proven challenging to overcome. For solar power to generate electricity at 60 percent capacity, which is pretty near peak, solar panels require cloudless skies and high sun. Even in one of the best areas for solar in the U.S. (Tucson, Arizona) solar photovoltaic panels generate electricity at 60 percent capacity only about 4 to 5 hours a day, depending on the season. The percentage of capacity drops quickly away from mid-day. Of course, they generate nothing between sunset and dawn.

Industrial solar thermal generation has been touted to overcome some of the limitations of solar panels. For example, the Ivanpah Solar Power in California, formally opened in February 2014, focuses mobile mirrors on centralized towers used to generate steam to drive steam turbines. Unfortunately, the system has been an expensive disappointment. It operates at an average capacity *less* than 21 percent of the time; according to planned capacity, it should achieve average capacity over 27 percent. Lack of data makes actual costs difficult to calculate, but they appear to be close to the costs of a modern new nuclear power plant which produces power 24/7. Further, the facility requires natural gas to start its boilers each morning. Future technology which generates power throughout the day via solar-powered centralized thermal generation might ameliorate the situation. No such technology exists at this writing.

## The Truth Behind the Subsidies

In claiming a need for government subsidies, advocates of wind and solar power have made much of historic subsidies provided to oil and gas producers; these claims come from misleading statistics produced by the private firm known as the International Energy Agency (IEA). Among IEA's worst statistical abuses was counting regulated low gas prices to citizens in petrostates as subsidies to oil companies. For

example, IEA counted government-imposed price caps on Venezuela's nationalized oil as a subsidy to oil companies. This market interference meant gasoline sold for as little as \$0.05 a gallon in Venezuela; this while gasoline cost about \$3.00 a gallon in the U.S.

In a five-year study covering 2011-16, Roger Bezdek, President of Management Information Services reported that solar, wind, and biomass received more than three times the federal incentives, subsidies, and cash payments, received by oil, gas, coal, and nuclear combined! (This report was part of a comprehensive study covering U.S. energy subsidies from 1950 to 2016, sponsored by the Nuclear Energy Institute.) Meanwhile, according to the U.S. Energy Information Administration, domestic energy production by source in 2016 added up to the following: Natural gas, 33 percent of U.S. energy production, petroleum (crude & natural gas liquids) 28 percent, coal 17 percent, renewables 12 percent (in which the EIA includes hydropower), and nuclear electric power 10 percent. Further broken down: Of the 10 percent renewables, biomass is 5 percent, hydro is 2 percent and other is 3 percent. Thus, the energy sectors supplying about 8 percent of U.S. energy production (biomass and other) receive more than three times the subsidies received by the sectors supplying over 90 percent of U.S. energy production. Also, U.S. energy production was about 86 percent of energy consumption. The balance came from imports, including electricity imports from Canada.

What makes up the small sliver of "renewable" energy? Biomass represents the largest component here, with 4.6 percent of energy consumption that consists of biofuels, wood, and biomass waste. Biofuels account for 2.2 percent of energy consumption, mandated by the Federal government, in the form of ethanol, to be mixed with gasoline. Wood adds up to the second largest component of biomass, at 1.9 percent of U.S. energy consumption, largely driven by the burning of waste wood at lumber and paper mills and the use of wood in home heating. Biomass waste accounts for 0.5 percent of energy consumption. Additional generation will require cutting trees for that purpose. Biogas from landfills, manure, sewage, is included in this total.

Hydroelectric power adds up to the second largest component of renewable energy, accounting for 2.4 percent. Wind power is the third largest component, accounting for 2.1 percent of energy consumption. Solar power figures a distant fourth, with 0.6 percent of consumption, about the same as biomass waste. Geothermal energy accounts for only 0.2 percent of consumption.

From these data, one quickly realizes that despite a great deal of press, wind and solar make up less than 3 percent

of U.S. energy consumption. The major sources of energy consumed in the U.S. are petroleum at 37 percent, natural gas at 29 percent, coal at 15 percent, and nuclear electric power at 9 percent.

## Why Do Weather Dependent Options Fail? The Grid

It's worth examining what it is about energy use that frustrates these alternative energy sources. In particular, the energy grid demands reliability that weather-dependent power alternatives can't provide.

First, the basics about the U.S. grid operations, including its origins, storage issues, and even some key misconceptions.

Formed in 2006, the North American Electric Reliability Corporation, oversees operation of the grid for the contiguous United States and the southern half of Canada. The lower 48 states of the U.S. are grouped into three major interconnections, the Eastern Interconnection, east of the Rockies, the Western Interconnection, and the Electric Reliability Council of Texas (ERCOT).

Sixty-six authorities in the U.S. balance supply with the demand, overseeing the load for their regions. The Eastern Interconnection consists of 36 balancing authorities: 31 in the United States and 5 in Canada. The Western Interconnection encompasses the area from the Rockies west and consists of 37 balancing authorities: 34 in the United States, 2 in Canada, and 1 in Mexico. ERCOT covers most, but not all, of Texas and is a single balancing authority. In terms of population, the largest balancing authority is the PJM Interconnection, serving 65 million people covering parts of 12 states from the coastal northeast North Carolina to Chicago.

These interconnections show that electricity reliability is a regional and international issue. What effects one locality may affect the entire region and perhaps the nation or international partners. Here's an example: In 1989 a solar storm caused a blackout of the Quebec electrical system, lasting about 12 hours. The blackout caused significant problems for electrical utilities in New York and New England.

The interconnections of the various electrical grids, plus the continuous need for load balancing, can create challenging problems for power engineers to provide reliable electricity. The addition of weather-dependent electrical generation exacerbates these problems. Providers of weather-dependent generation, such as wind power, aren't the only ones who have to worry about inconsistent power generation.

Great misconceptions exist regarding the electrical grid. Who owns it and the electricity on it? Supreme Court Justice Clarence Thomas called a brief concisely describing the operation of the grid written by a power engineer one of the few very useful “friend of the court” legal briefs he had encountered in his entire career. Utilities and other entities may own the wires, the poles, and the electricity generating facilities, but not the grid itself. The grid is an energized system owned by no one, available for all users.

One might picture the grid as resembling the human central nervous system. Parts may be lost to injury, but the system will still function. Of course, a severe shock can bring down the entire system. In this way, severe injury to the grid can cause it to fail, catastrophically, for everyone.

Regarding the grid, these shocks can come in the form of surges in power and, conversely, in sudden drops in power. Surge shocks to the grid can be caused by electrical storms, solar storms, or infusing it with too much generating capacity at any one time. Drops in power can come from loss of electrical lines, generating stations, and increases in consumption. Such shocks can blow transformers, capacitors, and other important equipment; the kind of damage that can take months to repair, with irate customers calling every day. To prevent this sort of electrical disaster, power engineers must adjust supply to meet demand and keep the grid energized within the narrow frequency of 60 hertz in the U.S. This critical task is called “balancing the load.” On the other side of things, unreliable and uneven weather dependent electrical generation can wreak havoc on the entire system.

Indeed, one often hears the proponents of wind claim that the solution for surplus wind power produced at night and insufficient power during the day can be solved by “smart grids.” These are power grids that cut daytime use while permitting nighttime use as mandated by the government. Such government mandates of electricity use have not succeeded in the past. One of the most basic challenges that would need to be addressed before the concept of “smart grids” is optimized: most of us prefer not to do household chores in the middle of the night.

## Resilience

The promoters of wind and solar do not discuss the need for resilience in the grid, the nervous system of modern civilization. From December 27, 2017, to January 8, 2018, the eastern U.S. was hit by a 12-day cold snap, called the Bomb Cyclone. The grid systems were tested, particularly the PJM Interconnection, the largest in the U.S. in terms of

population served. According to a report from the National Energy Technology Laboratory (NETL), during the intense cold and storms, coal-fired power plants increased electricity generation by 49 percent, providing 74 percent of the total increase needed. Oil provided 22 percent of the increase needed, gas, 2 percent, and nuclear, 1 percent. Total generation by renewables went down 4 percent and renewables were a drain on the system in time of need. Solar, if it existed, would have produced nothing.



*One might picture the grid as resembling the human central nervous system. Parts may be lost to injury, but the system will still function.*

The utilities in New England had to import oil from Europe (possibly from Russia) and utilities in New York—where politicians are denying construction of new natural gas pipelines—paid over seven times more for natural gas than utilities in Pennsylvania, and still needed oil from Europe.

Today’s modern civilization requires reliable, resilient electricity to operate its medical facilities, water purification and sewage treatment facilities, communications, stop lights, elevators, air handling systems, central heating, internet, cell phones, etc. This natural weather event demonstrates that reliance on unsustainable wind and solar is a threat to public safety.

## Storage on the Grid

For over a hundred years, engineers and utilities have long been trying to solve the problem of storing electricity and capturing waste heat. Thermal systems such as coal-fired power plants or latter-day nuclear power plants operate most efficiently at design capacity. Changing capacity, ramping up or down, results in excessive wear on the system and loss of heat—in other words, inefficiency. Utility companies have long recognized that electricity cannot be effectively stored in quantities needed for commercial operation. (Electricity *can* be stored in batteries, but the storage amount is tiny when compared with the enormous variation in the amount of electricity used daily.)

In 1924, Connecticut Light and Power pioneered a truly innovative system to use waste heat in the creation of electricity when needed, called pumped hydro storage. In such





Credit: Duke Energy. License: <https://goo.gl/dxkE8d>.

*In 1859, Edwin Drake drilled his famous well in Titusville, Pennsylvania, hitting both oil and natural gas. The oil and gas industry exploded over the next few decades.*

a system, excess heat is used to generate electricity to pump water from one reservoir to another at a higher elevation. When additional electricity is needed, the water is released through pipes downhill turning hydro turbines at the lower reservoir to generate electricity. Generally, the upper reservoir is purpose built, but the lower reservoir may be a lake or even the ocean.

The largest such facility in the world is in Bath County, Virginia, near West Virginia, with a nameplate capacity of 3,000 megawatts. The area features steep hills ideal for pumped hydro storage. The two reservoirs were constructed for the purpose and have a separation in elevation of about 1,260 feet. During operation, the water level of the upper reservoir may vary by over 100 feet and the lower reservoir by 60 feet.

Commissioned in 1985, the facility helps balance the electrical load and uses excess heat from a nuclear power plant and several coal-fired plants. It operates without difficulty and requires no additional water, except replacing evaporation loss from the reservoirs. According to available data, electric-

ity loss from such pumped hydro storage facilities is about 20 percent.

Unfortunately, proposals for similar facilities elsewhere, such as the Hudson River, have been stridently opposed by environmental groups. Ironically, the bitter opposition comes from the very same environmental organizations currently demanding the decommissioning of traditional oil and gas power plants. Wind and solar are falsely seen by many of these activists as the only viable alternatives.

Elsewhere, pumped-hydro has been tried in conjunction with wind or solar. But these experiments underestimate the duration for which the stored water must generate electricity. In the Canary Islands (see sidebar), wind combined with pumped hydro produces only about 40 to 45 percent of the electricity required for the island. The balance comes from diesel fuel, which the project was designed to totally replace. In general, pumped hydro is not available in the scale needed to supplement wind or solar.

## The Importance of Reliability and the Human Factor

The traditionally understood “fossil fuel” plants (otherwise known as oil, coal, and gas plants), along with nuclear energy plants, can be relied upon to operate 24/7, though they can be easily shut down for maintenance on a schedule determined by the owner. As explained above, with federal oversight, and with local government instructions, the grid operator usually chooses the suppliers of electricity to its consumers, encompassing homeowners, business, industry, and government.

The grid operator chooses the types of plants to meet daily and seasonal variations in demand for electricity, usually based on lowest costs. Naturally, human operators control these facilities. In the U.S., petroleum (diesel) is used occasionally—for emergency back-up only.

Typically, nuclear plants operate at over 90 percent of annual capacity, and seldom need to be shut down for maintenance. In some regions, hydro-power is seasonal and so nationally classified as “renewable,” in others it can operate year-round. Generally speaking, coal-fired plants need more maintenance and have to be shut down seasonally, when the demand for electricity is lower. Until recently, gas-fired plants have been expensive, used only when demand for electricity is greatest; this is called peak-shaving. In a few regions of the country dams have been built for peak-shaving; Pittsburg is served in this manner by Deep Creek Lake in western Maryland, which has timed water releases during the summer.

# The Failures of Wind Power

Activists may want renewable technologies to replace traditional energy sources, but unfortunately, there are already documented failures of these alternatives—particularly wind power.

## Integrating Offshore Wind in Denmark

Wind promoters often insist offshore wind is extremely reliable—this even as it has become apparent that onshore wind is fickle. Writing in *Energy Matters*, Roger Andrews examines the validity of the claim for the reliability of offshore wind from the world’s “wind nation,” Denmark—a small country situated on a peninsula surrounded by offshore wind farms. Andrews finds Danish claims specious and notes that they do not consider the added costs of repair occasioned by salt water corrosion and salt spray.

Finding solid data is always a problem for such studies, but Andrews succeeded in finding a Danish database that separated onshore and offshore wind energy production for three years, from 2014 to 2016.

Andrews finds that offshore wind has a capacity factor of 43 percent as compared with onshore wind of 25 percent. He also found that when wind dies onshore, it dies offshore as well. Both require back-up. Any weekend sailor of the waters off the U.S. Eastern Seaboard can attest to the unreliability of ocean winds, particularly in August.

Given that offshore wind costs twice that of onshore, wind power washes out as not much of an energy bargain.

## The Canary Island Experiment

In November 1997, the government of the island of El Hierro, in the

Canary Islands decided to power the island completely from renewables, making the island self-sustaining. In June 2002, a scheme was approved to use wind to generate electricity, with pumped hydro storage for a backup. The project was managed by Gorona del Viento El Hierro, S.A., with participation by the Island Council (60 percent), Endesa (30 percent), the Canary Islands Technological Institute (10 percent), and with a planned cost of 64.7 million euros.

CC —————  
*In the Canary Islands,  
wind combined with  
pumped hydro produces  
only about 40 to 45  
percent of the electricity  
required for the island.*

Off the coast of Africa, El Hierro island seemed to be an ideal location for such a project. It rises sharply above the Atlantic Ocean, reaching 4500 feet in elevation. The Canary Islands have long been noted for their wind. In colonial times, ships from Europe sailed south to the Canary Islands to pick-up the trade winds to the New World. More recently, El Hierro got their power from imported diesel fuel—about 6,000 metric tons, equivalent to 40,000 barrels of oil.

The Canary Island project came online in June 2015. Its total cost is still not clear. Fortunately, Red Eléctrica de España (REE), a partly state-owned/ partly privately-owned Spanish corporation, which operates the national electricity grid in Spain, has produced statistics for El Hierro. Roger Andrews of *Energy Matters*, followed the numbers carefully and reported that after two full years of operation the wind pumped hydro system supplied 39 percent of El Hierro’s electricity requirements and only 9 percent of its energy requirements.

There may have been significant confusion between the total energy the island required, as some claimed, and the far lesser amount of electricity the island required, as now claimed. That confusion aside, the system supplied more than 60 percent of the island’s electricity requirements for only two months out of a two year period—and fell far short of the energy requirements. During three of those months, the system supplied less than 20 percent of the island’s electricity requirements. On many occasions, the turbines generated little or no wind power. The entire electrical system on El Hierro is underserved by wind power and pumped storage. Among other issues, the upper water reserves needed for power when the wind fails are far too small to make up for the shortfall; keep in mind that wind fails frequently and for extended periods. The ability of wind to provide power 24/7 is always overestimated, even using the best backup system commercially available.



*Typically, nuclear plants operate at over 90 percent of annual capacity, and seldom need to be shut down for maintenance.*

Today, combined cycle natural gas power plants are among the lowest cost plants to build and operate. Today's federal regulations prevent the construction of high-efficiency coal-fired power plants, such as those being built in China and India. It is important to note that the winter-time smog in Asia, especially China, is the product of open air heating of residencies using coal, not from using modern coal-fired power plants.

Key to all these operations, is the human factor: The supply of electricity is controlled by human operators who supply the necessary electricity based on judgment and when demanded by consumers. However, over the past few years politicians have been replacing human control of electricity generation with systems that depend on the whims of nature.

## The Importance of Dispatchable System Control

Electrical generation systems that can be turned on and off, with intensity controlled as needed, are called "dispatchable." A dispatchable system can be controlled anytime; maintenance is performed when the system is not needed. A dispatchable system is reliable; a non-dispatchable system is not. As previously discussed, grid operators match electrical power supply with demand, varying daily and seasonally.

Power frequency remains critical to dispatchable power. Alternating current in the U.S. operates at frequency 60Hz while Europe operates at 50Hz. (This is why international travelers must use special adaptors for electrical devices.) Small changes in frequencies can have significant effects on electric motors and other equipment. Grid operators must keep the frequency of the power absolutely constant.

Unfortunately, wind and solar energies are not dispatchable—they do not always produce electricity when needed and may produce a surplus when not needed. Both dearth and surplus can be equally damaging. With thermal systems—coal-fired power plants or nuclear or hydro systems—the heat or water can be diverted so that the turbines do not produce electricity. This results in wasted heat or wasted water. But, the system is not dangerously overloaded with electricity.

## Surplus Electricity

In *Energy Matters*, Danish energy expert Paul-Frederik Bach describes the highly complex system of transmitting electricity in Europe. Bach speaks from a position of authority, having spent years working with grid issues in the Danish system which has many interconnections. What to do with surplus power when wind power over produces remains a serious problem in his view.

Unfortunately, the hope of planners for the rapid adjustment of consumption is not materializing. Until demand can be easily and rapidly adjusted, Bach sees future problems with surplus electricity, declining market prices for the surplus, and congested grids. These factors are leading to increasing prices for consumers.

## The Ultimate Failure of Subsidies, Then Mandates

In the long, complex history of energy production, innovation, storage, and maintenance, the thorny practice of allowing the government to pick winners and losers in acceptable energy practices is doomed to failure.

If environmental groups succeed in their policy objectives, the current preference for offering subsidies to these renewable energy sources will eventually give way to mandates. But, for



*A standard 1.5 MW GE turbine and blade assembly weighing about 92 tons is placed on a tower about 210 feet above the ground. Thus, the base must be very strong and thick; currently, such bases can contain more than 550 tons of concrete and 45 tons of reinforcing steel.*

Credit: Luis Abes. License: <https://goo.gl/uw91yn>.



multiple reasons, those solutions will fail to deliver the growing level of energy required for optimal efficiency. If the government requires operators to deliver a given percentage generated by wind power or solar power, they will no longer get the best price for the customer, but instead will be forced to meet the demands of government. The government interference will ultimately increase costs to the consumer.

By mandating a percentage of electricity from weather-dependent facilities, politicians and government entities greatly distort markets that deliver electricity at the lowest possible cost to consumers. By not assuring reliability and resilience in electricity, they endanger human safety. The only way out of this conundrum is to regulate the sun and wind—a power reserved to the gods in Greek myths. ■

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*In analyzing the difficulties besetting weather dependent generation, the author used recent, publicly available sources. Generally, the data referenced are sourced from government entities with a reputation for reliable collection, both in the U.S. and western Europe. When the inevitable issues regarding definitions required a choice of source (e.g., what is “renewable energy?”), available data from the U.S. Energy Information Agency (EIA)—widely considered a non-politicized reporter—is used to undergird our analysis.*

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