



CAPITAL RESEARCH



EXTINCTION REBELLION: UNABOMBERS WITHOUT BOMBS

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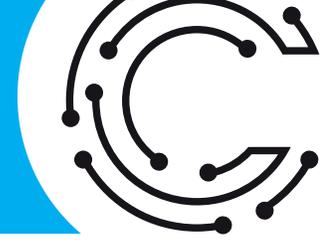
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DONOR ADVISED “DARK MONEY”?

By Hayden Ludwig

It is often argued that donor-advised funds are a “dark money” ploy to funnel money without proper oversight—but are they really so nefarious?

One complaint often raised by liberals is that donor-advised funds (or DAFs) are “dark money” tools for mega-donors to funnel cash to advocacy groups with virtually no IRS oversight.

In Nonprofit Chronicles, Marc Gunther warns of the “billions of dollars” flowing into DAFs, which he labels “the black boxes of philanthropy.” Likewise, the left-wing opinion site Sludge has accused commercial DAF providers like Fidelity Charitable Gift Fund of giving millions of dollars to Southern Poverty Law Center-designated “hate groups,” including “one radical traditional Catholic group.” Mother Jones bemoans the conservative DAF provider DonorsTrust for “avoid[ing] any real scrutiny”—unlike its left-wing counterpart, the Tides Foundation.



Marc Gunther warns of the “billions of dollars” flowing into DAFs, which he labels “the black boxes of philanthropy.”

Some, like Gunther, have denounced DAFs as a “sham.” Others have attacked DAFs as the favored tools of right-wing “dark money” funders like Charles and the late David Koch. Still more have suggested a swathe of IRS regulations on donor-advised funds as a “solution,” from setting annual payout requirements to delaying tax-deduction benefits to capping management fees paid to DAF providers.



Credit: Marc Gunther/Screenshot. License: <https://bit.ly/2UdDPis>.

Some, like Marc Gunther, have denounced DAFs as a “sham.”

But consider that donor-advised funds are instruments of free speech for donors big and small. As CRC’s Michael Hartmann has written, calling them “dark money” machines is nothing more than acceding to the Left’s political word-play attacking anonymous speech.

Dropping down the IRS’s hammer on these lightly-regulated vehicles would only serve to restrict philanthropy to huge foundations and the ultra-rich.

DAFs date back to 1931, but they became popular in the 1990s after strict new IRS regulations made forming and maintaining foundations too expensive for most donors. It was the IRS’s decision not to inflict costly regulations upon DAFs that made them attractive to modest givers: setting up a DAF is fast and cheap, whereas a new foundation can cost upwards of \$15,000 in startup costs alone. As a result, donor-advised funds have invited huge numbers of five-figure

Hayden Ludwig is a research analyst at CRC.

philanthropists into a sphere once reserved for mega-donors and multi-million-dollar foundations.

Moreover, donor privacy is protected. Donors can cut a check to a DAF provider, receive their tax-deduction, and then direct the funds to another tax-exempt nonprofit without revealing their names. Access to DAFs ensures that this new wave of donors may support charities free from hostile scrutiny by “watchdogs” with an axe to grind, like the Southern Poverty Law Center.

But keep in mind that privacy is cherished by wealthy donors on both the Left and the Right, who use DAFs to channel grants to politically-minded groups. Such services are the mainstay of both DonorsTrust and the Tides Foundation, two of the biggest ideological DAF providers in America. As Tides founder Drummond Pike put it in the *Chronicle of Philanthropy*, “Anonymity is very important to most of the people we work with.”

“Anonymity is very important to most of the people we work with.” —Drummond Pike, founder of the Tides Foundation

In a single year Tides paid out 134 percent more in grants through its nonprofit network than Donors Trust—which does not have an incubator or a lobbying arm. If the Left’s argument against DAFs is their use by the Right, they should consider that Schwab Charitable, a commercial provider, paid out a staggering \$1.6 billion in grants



Tides Foundation founder Drummond Pike.

in 2017—nearly 15 times as much as Donors Trust. And Schwab Charitable’s top five recipients included those left-wing mainstays, Planned Parenthood and the ACLU.

Finally, would-be regulators should remember the law of unintended consequences: it was encroaching regulation of foundations in the 1960s and 1980s that largely spurred the growth of lightly-regulated donor-advised funds. This popular giving vehicle should be celebrated for broadening America’s base of philanthropists—on both the left and the right. And, as before, who knows what might come from more IRS regulations. ■

*This article originally appeared in *Philanthropy Daily* on August 12, 2019.*

Like many nonprofits, CRC receives some of its contributions through donor advised funds.

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EXTINCTION REBELLION: UNABOMBERS WITHOUT BOMBS

By Ken Braun

Summary: *Another environmentalist group is hard at work, disturbing the peace and proselytizing a new world order destined to save the environment. All that's needed to solve the problem is to abandon economic systems that lift nations out of poverty and to accept a dramatic decrease in the global standard of living. Meet Extinction Rebellion.*

In *Industrial Society and Its Future* (the so-called “Unabomber Manifesto”), anarchist serial killer Ted Kaczynski argued industrial capitalism is destroying humanity and that only a return to a pre-industrial state of nature will save us. If one accepts his “technology is inherently evil and enslaving” premise, then it isn’t a stretch to get sucked into his “ends justify the means” ethic of killing those who unwittingly feed the monster. However flawed, the Unabomber’s violent moral dilemma is so compelling that it is shared by the heroes of *The Terminator* film franchise that has raked in \$1.8 billion.

Kaczynski is many unpleasant things, but insane isn’t one of them. Students at Alabama’s Huntingdon College found this out when he became their pen pal for a class project in 2010. After a series of back-and-forth letters, one undergrad grasped the frightening potential behind the man and his message: “*If he were on the Internet, he would have millions of followers on Facebook.*”

True enough. Had Kaczynski begun his attacks thirty years later, “Facebook Ted” may have put aside the violence of snail mail bombs and instead weaponized an army of social media followers to help him hobble the economy of a major city. This alternative is easy to imagine because it’s already happening in the form of a capitalism-hating, anarchist tribe born from the radical-left parentage of Occupy Wall Street and Earth First! Unlike the Unabomber, these activists preach non-violence, but their mostly identical desire to vandalize and ultimately obliterate the global economy is no less sincere.

By April of this year, Extinction Rebellion (“XR” for those adopting the trendy moniker) was already strong enough to deploy thousands of demonstrators onto the streets of



Credit: FBI. License: <https://bit.ly/2Li4Nux>.

In Industrial Society and Its Future (the so-called “Unabomber Manifesto”), anarchist serial killer Ted Kaczynski argued industrial capitalism is destroying humanity and that only a return to a pre-industrial state of nature will save us.

London. In the process, they invaded a handful of major traffic thoroughfares, blocked them, and held them for eleven days. The uprising snarled traffic, required the deployment of 10,000 police officers, tallied up more than \$45 million in lost economic and policing costs, and led to more than 1,100 arrests.

Early into the disturbance Extinction Rebellion announced its goal to “shut down London.” As its mobs began to demonstrate this lofty objective was attainable, the XR Twitter feed turned up the heat and called for reinforcements: “*This movement is the best chance we have of bringing down capitalism. Get on board...*” That last, perhaps too-revealing tweet was later deleted. But it wasn’t the only example of XR’s big picture planning for revolution against the free market. And they promised their April attack on the economy of London was just the beginning.

Ken Braun is a senior investigative researcher at the Capital Research Center.

Another April entry from the XR Twitter account quotes an opinion piece from the *Guardian*: “Our choice comes down to this. Do we stop life to allow capitalism to continue, or stop capitalism to allow life to continue?”

And speaking to Amnesty International, Extinction Rebellion co-founder Roger Hallam sounded every bit the radical and inflexible revolutionary: “We are going to force the governments to act. And if they don’t we will bring them down and create a democracy fit for purpose. And yes, some may die in the process.”

Extinction Rebellion seeks to ramp up its efforts in the U.S., though (so far) its trans-Atlantic efforts haven’t escalated to the level of the London disruptions. On July 12 the *Chronicle of Philanthropy* reported Rory Kennedy (daughter of the late Robert F. Kennedy) and Aileen Getty (granddaughter of billionaire oilman J. Paul Getty) had already raised more than \$600,000 to assist XR in paying for its disruptive tactics and legal fees, with plans to raise much more from U.S. philanthropic foundations. Two weeks later 17 members of XR were arrested for blocking and gluing themselves to the doorways of tunnels leading from legislative offices to the U.S. Capitol building.

When not momentarily high on mob action and spouting like Bolsheviks on the cusp of world revolution, Extinction Rebellion promotes three official goals. In predictably uncompromising fashion, the agenda is expressed as “demands” to which XR expects governments to surrender.

The most significant demand calls for a reduction of greenhouse gas emissions to “net-zero” by 2025. In practical terms, this means forcing an abrupt halt to 84.7 percent of Earth’s energy use within just six years (what we currently derive from using coal, oil, and natural gas). It would mean almost certain, unprecedented, and irreversible suicide for the global economy, quickly triggering mass poverty, starvation, disease and more for all but the wealthiest 7.7 billion of us. (Surely that’s an extinction worth rebelling against?)

The U.K. think tank Policy Exchange published an extensive report evaluating XR that was co-written by the former head of the London Metropolitan Police Counter-Terrorism Command. The analysis shows the radical group vaguely acknowledges the damage that the “net-zero” policy would cause, but ignores the severity of it.

“This idea we can keep having economic growth—these global goals that all look great with economic growth stuck in the middle of it—don’t make any sense to me,” said Extinction Rebellion co-founder Gail Bradbrook, according to Policy Exchange. “We have to de-growth the economies



This movement is the best chance we have of bringing down capitalism. Get on board . . .” This too-revealing tweet from Extinction Rebellion was later deleted.

of the West, and in fairness and allow the economies of other countries to grow.”

Similarly, co-founder Roger Hallam is quoted saying “you’re going to have to be honest with the public and say, ‘we are going to have a reduction in living standards.’”

On May 1—“May Day” on the communist calendar and just weeks after conclusion of the April disruptions in London—the U.K. Parliament caved in to the simplest of Extinction Rebellion’s demand and passed a motion declaring a “climate emergency.” Even this capitulation did not prevent XR from launching a “Summer Uprising” in several U.K. cities during July.

Finally, XR demands the formation of a “Citizens’ Assembly” to plot the course to attaining the “net-zero” policy. The ominous—but perhaps inevitable—totalitarian details of this demand were spelled out in a May 10 statement from XR, which linked to an article about the group’s “anti-capitalist politics” and added the comment: “When we have forced governments around the world to meet our demands, your local #CitizensAssembly advised by natural and social scientists who #TellTheTruth will determine the role of capitalism...”

Unlike the Unabomber, Extinction Rebellion seeks to bring down industrial capitalism with what it professes to be non-violent civil disobedience. Hallam regularly compares the group’s tactics to those of the U.S. civil rights movement of the 1960s, even though (as demonstrated below) the analogy fails in both theory and in practice. Hallam was described by the *Guardian* as an “academic from King’s College” whose specialty is “social change and protest.” *The Times* of London has portrayed him as a “former organic farmer, who claims that extreme weather destroyed his business a decade ago.”

Hallam’s theory is that at some point, with a movement large enough, XR will overwhelm the public safety and economic resources of nation states, leaving governments with no choice but to surrender.

“The police will go to government and say, ‘We’re not doing it anymore,’” Hallam told the BBC. “They’re not there to start arresting 84-year-old grannies or ten-year-old kids, there has to be a political solution.” During a November 2018 London road blocking by XR—a precursor to the April 2019 disturbances—Hallam told the *Guardian*, “They can’t do anything about it unless they start shooting people, and presumably they won’t do that.”

Similarly, Gail Bradbrook told the *Guardian* that “large-scale economic disruption” was needed to “rapidly bring the government to the table to discuss our demands.”

In an interview with the UK’s *Evening Standard*, Bradbrook described herself as having been active in left-wing U.K. politics since age 14 when she joined the Green Party, and confessed to still owning (but feeling guilty about) a diesel-engine vehicle she says was purchased when “they were supposed to be green.”

Another re-evaluation of her left-wing tactics occurred during a psychedelic drug experience she had during a 2016 “deep retreat” in Costa Rica. “You throw up and get all this noise in your head,” she said of the drug use. “It’s frightening. But you know it’s coming. I had a conversation with my left and right brain.”



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She credits the Costa Rican conference within her cranium as causing the collaboration with Hallam that led to the creation of Extinction Rebellion.

The Policy Exchange report from the counter-terrorism expert also examines the recruiting pitches often used by Bradbrook and Hallam. It depicts numerous examples of Doomsday warnings of human extinction, starvation, rape, world war, and even fascism if the demands of Extinction Rebellion are not fought for.

“At two degrees centigrade you can’t grow grains at scale in the center of continents,” said Hallam, in one example from February 2019. “It means economic collapse. That means mass starvation. Many people won’t die from lack of food, they’ll die from the secondary effects; the slaughter of global war, mass mental breakdown, mass torture, mass rape. You all know this, it’s all connected. It’s the end. It’s over.”

Speaking to media in November 2018, Bradbrook warned the end was near: “we are at severe risk of food supplies collapsing in the next few years, and of societal collapse.”

This rhetoric—along with their overt hostility to the global market economy—is obviously not aimed at winning over politically-moderate nature lovers who might toss spare dollars in the direction of preserving a wildlife habitat. Instead it’s an alter call from a millennialist cult looking for converts willing to push out the acceptable frontiers of the far left.

One of Extinction Rebellion’s first public disruptions was, oddly enough, an uninvited takeover of the London offices of Greenpeace. “Occupiers call on Greenpeace to show leadership in tackling the

Credit: Extinction Rebellion/Screenshot. License: <https://bit.ly/2L0S5Bo>.

real and present threats of the ecological crisis,” stated XR’s news release, which also said Greenpeace needed to “up their game.”

Greenpeace opposes the use of oil, gas, coal, and even zero-carbon nuclear energy—collectively that’s almost all (89.1 percent) of the fuel used to run the world’s economy. Greenpeace also opposes advances in agricultural technology that help feed the world. And they’re infamous for using illegal methods to attain their policy objectives. In 2015 Greenpeace activists illegally boarded and occupied an offshore oil drilling rig owned by Shell, proclaiming it a “platform for people power.” And in 2011 Greenpeace vandals in Australia destroyed a crop of wheat that had been genetically modified to boost nutritional value and increase bowel health.

It’s difficult to imagine how much more radical and obnoxious Greenpeace must become in order to “up their game.” But it’s crystal clear that Extinction Rebellion intends to become and remain the global standard for disruptive troublemaking on the capitalism-hating, far-left fringe.

As such, it should come as no surprise that XR’s brand of supposed “non-violence” explicitly allows for malicious property destruction. According to the website: “We have resorted to breaking windows in a couple of campaigns, this is called an “escalation strategy” and it is necessary to create the drama to focus attention on an issue.” They even sent out a news release boasting of smashing the glass entry



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According to Hallam, “Many people won’t die from lack of food, they’ll die from the secondary effects; the slaughter of global war, mass mental breakdown, mass torture, mass rape. You all know this, it’s all connected. It’s the end. It’s over.”

doors of the Shell oil company headquarters during the April 2019 disruptions.

The mass shutdown of a major city implicitly endangers lives and public order. When those 10,000 London police were tied down dealing with a left-wing mob, they were not available to counter other threats to public safety. Jammed and snarled traffic will impede ambulances and private vehicles rushing to and from hospitals for medical emergencies. Needless harm and worse will be the inevitable result. This is “non-violence” only until somebody gets hurt or killed.

The XR “escalation strategy” also allows for threatening passenger airliners. For the summer of 2019 Extinction Rebellion had planned to fly toy drones within the airspace of Britain’s Heathrow Airport, aiming to ground air travel. Law enforcement officials responded to this suggestion with a predictably severe lack of good cheer, saying “a drone has the potential to cause great harm” to airplanes and that “endangering the safety of an aircraft can result in a life sentence.”

Hallam reportedly instigated the proposal for the drone attacks on the airport, according to *The Times* of London, and Bradbrook seemed to eagerly endorse the idea as well, saying “They’ve said ok there’s this exclusion zone around Heathrow where you can’t fly drones and we’ve gone oh that’s interesting because what we’re about is breaking the rules.”

The drone plot was opposed by cooler heads within Extinction Rebellion who believed targeting airliners was putting the organization’s non-violent reputation in jeopardy. Eventually XR officially shelved the drone plot, but perhaps only temporarily, as they issued a statement that the airport remained part of the group’s “strate-

Credit: Steve Eaton. License: <https://bit.ly/2ZnrrrB>.



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XR is asking nearly everyone on Earth to surrender most of their prosperity and security and is proving it through disruptions and destructions caused specifically to drain away our time, money, and patience. Their blueprint is to inundate governments with escalating and more costly vandalism until they surrender.

gic planning.” This stand-down order did not prevent a lone XR protester from running onto the runway during a U.K. airshow in July, disrupting the event for at least 20 minutes while authorities chased him down and arrested him.

The cavalier attitude toward destructive and dangerous stunts exposes the lie to Extinction Rebellion’s claim to be replicating the non-violent tactics used by American civil rights pioneers, Gandhi, and others. It also suggests an ominous answer to the obvious question about how far they will go with the “escalation strategy.”

When Rosa Parks refused to surrender her bus seat, she wasn’t seeking to smash industrial capitalism, but instead to participate equally *within it*. The tactics she used neither damaged the bus nor impeded anyone’s use of it. She threatened nothing except white America’s racial hypocrisy. To succeed, she didn’t need an “escalation strategy” that

embraced property destruction, the deliberate exhaustion of public safety to its breaking point, or threats against passenger airliners.

Hallam, Bradbrook, and Extinction Rebellion cannot claim to be descended from this legacy because a purely non-violent role model cannot work for them. XR is asking nearly everyone on Earth to surrender most of their prosperity and security and is proving it through disruptions and destructions caused specifically to drain away our time, money, and patience.

Extinction Rebellion’s blueprint is to inundate governments with escalating and more costly vandalism until they surrender. No sovereign state in the industrial west, and certainly not the American government, would idly tolerate this behavior if it were inflicted on their cities by a foreign adversary. To the degree XR succeeds, the damage they’re

inflicting will increase the need—and the public demand—to respond to them with more coercive measures.

This has already begun to happen. In June 2019 XR tried to do to Paris what it did to London in April. No strangers to public unrest, the Paris police responded with riot shields, pepper spray, and swiftly ejected at least 90 (perhaps as many as 200) people who were trying to block one of the city's bridges. The French interior ministry matter-of-factly defended the police behavior (which included pepper spraying the faces of some participants) as “necessary to restore traffic circulation.” And in a snarky rebuttal to XR's strategy of clogging justice systems, not a single arrest was needed.

While the London disruption was taking place in April, NBC-TV4 in New York City reported an Extinction Rebellion mob of 300 “swarmed” the Big Apple's city hall, tried to block streets, and hung a banner on the Brooklyn Bridge. In this case, the “they can't arrest us all” game plan failed to account for the reaction speed and jail cell capacity of the American criminal justice system. The NYPD “moved in quickly” and shut down the XR circus by rounding up and arresting one-third of them.

Even in London the so-called “Summer Uprising” scheduled for several U.K. cities in July appears to have gone off as far less of a disturbance than the April event or even the November 2018 smaller practice run before it.

A February 2019 manifesto on the Facebook page of XR's host organization begins as follows: “A Rebellion does not ask permission from the police; it understands that the police are a fascist organisation who are enforcing a racist, patriarchal neoliberal system.”

Even during their successful takeover of London streets for nearly two weeks in April, smashing windows and interfering with the flights of passenger airliners were already ideas sketched within Extinction Rebellion's “escalation strategy” playbook. So, if vandalism and worse were being contemplated when the street blockades were working, then what tactics might XR consider if proactive policing continues to keep the streets clear?

The Unabomber wasn't behaving as a violent man when he began his crusade against industrial capitalism. First, in the early 70s, Kaczynski moved to a remote cabin in the Montana wilderness, planning to live peacefully cut off from

the modernity he detested. But he found he couldn't run from the future—it literally put a road through his favorite patch of wilderness. So, he began acts of petty local sabotage, such as vandalizing vacation homes, snowmobiles and logging equipment—like Extinction Rebellion, he had his own “windows” to smash.

Some of it worked, for a bit—he told an interviewer the snowmobiles ceased running near his neck of the woods. But eventually the market-driven, technological world kept coming, and even the more aggressive stuff (i.e., killing a neighbor's dogs and booby-trapping a motorcycle trail) didn't fend it off. From there, it was on to putting a bomb on a passenger airliner, and eventually the bombing deaths of three faraway symbols of industrial capitalism: a timber industry lobbyist, a computer store owner, and an advertising executive.

“We are going to force the governments to act,” said Roger Hallam, back when Extinction Rebellion's street shutdowns were working. “And if they don't we will bring them down...”

Similarly, Gail Bradbrook said: “I'm not organising protests, I'm organising a rebellion against my government.”

What happens when the would-be world revolutionaries conclude no tactic so peaceful as Rosa Parks defiantly taking her place on a city bus will succeed? Or that the police they've branded as “fascist” won't allow them to create the “large-scale economic disruption” central to their strategy? Or that breaking even more windows or flying drones to shut down airports doesn't get the job done either?

The Unabomber and Extinction Rebellion share a similar ideology aimed at shutting down and reversing the effects of industrial capitalism. The fundamental difference between them is that in his crusade for the cause Kaczynski slowly graduated from non-violent vandalism to overt terrorism—and eventually murder.

The most important difference may yet turn out to be that Ted simply has the benefit of more battlefield experience. He literally spent years in the wilderness finding out that what Extinction Rebellion is doing today will not work, and that he needed to deploy an “escalation strategy.” ■

Read previous articles from the Green Watch series online at CapitalResearch.org/category/green-watch/.



THE GREAT GREEN PENSION HOLD-UP

By Neil Maghami

Summary: American environmentalists have long promoted political cooperation with labor organizations. There's at least one issue, however, where cooperation between the two sides proves problematic—and that concerns green demands for public sector pension plans to divest from fossil fuels. Those environmentalist campaigns leave some union members with an uneasy feeling about the future of their pensions—while also making taxpayers nervous.

**Stop eating red meat... Don't have too many kids...
Buy an electric car... Don't fly (or use air conditioning)
unless it's absolutely necessary... Celebrate Earth Day...
Support the Green New Deal...**

The tax-exempt organizations and foundations that power the environmentalist movement keep coming up with new commandments. One of its newer rules to live by: if you have a workplace pension, make sure the pension isn't invested in anything to do with “fossil fuels”—that is, sources of energy such as coal, oil and gas. Not only are such investments immoral, the divestment campaigners say, but those holdings also are poised to become worthless, as the world switches over to “green” sources of energy like solar and wind.

Across the U.S., Big Green is fighting to push public sector pension plans to “divest” themselves of shares in companies such as Exxon Mobil, and move the funds freed up into “renewable” energy investments.

According to findings published earlier this year by the Pew Trusts' Public Sector Retirement Systems researchers, “US state and local public retirement systems held \$3.8 trillion in assets in 2016, the most recent year for which comprehensive data are available...[About] 19 million current and former state and local employees” are counting on these systems for income while in retirement.

Many of these public retirement systems are carefully managed and, even after the financial cataclysm of 2008, in relatively good shape—such as in South Dakota, Tennessee, and Wisconsin. Some are in very poor shape. The Illinois



Credit: Jeremy Buckingham. License: <https://bit.ly/34grFD5>.

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state pensions face more than \$130 billion in unfunded liabilities, for example. Kentucky's public pensions have, by one measure, just 12.9 percent of the financial assets they need to cover known future benefits payable to the state's retired public-sector employees.

The very real prospect of a taxpayer-funded bailout of these troubled pensions looms larger as their financial woes grow. Critics of the green divestment campaign argue that the last thing ailing pensions need is for their investments to become politicized—when what they need is to concentrate on maximizing investment returns to restore their financial health. The opponents include the Institute for Pension

Neil Maghami is a freelance writer and regular contributor to CRC publications.

Fund Integrity, a small but vocal think-tank promoting higher standards in public sector pension governance, and the website DivestmentFacts.com, a project of the Independent Petroleum Producers of America.

This report will look at the public pension divestment movement and how it got off the ground—including its support from key philanthropic foundations. Using examples from Vermont, New York, and California, we'll also look at the movement's current playbook in action—before concluding with some prognostications of what tactics these crusaders may adopt in future.

Did It Really All Begin at Swarthmore?

In environmentalist mythology, the divestment movement's Concord Bridge moment came in 2010, when students at Swarthmore College in Pennsylvania called on the school to divest from coal.

A mighty grassroots movement grew from that single seed, the story goes, through a tax-exempt group called 350.org, reaching first across the U.S. and then around the world, representing a spontaneous, bottom-up demand that universities and other institutions sell off any fossil-fuel-related holdings in their endowments.

As Swarthmore's own website puts it:

The [2010] fossil fuel divestment campaign, picked up and expanded by 350.org and others, has become one of the best-known organized responses to climate change.

350.org (the name denotes a goal of reducing carbon dioxide in the atmosphere to 350 parts per million, or PPM) is a U.S.-based non-profit that started in 2008. It calls itself “a planet-wide collaboration of organizers, community groups and regular people,” all focused on harnessing “people power to dismantle the influence and infrastructure of the fossil fuel industry.” Its main organizing tools are social media posts, shareable videos, etc., all tailor-made for contemporary audiences that first go to the Internet as a source of information, especially about contentious political issues.

That's one version. Another version emerges, however, if one reviews an assortment of relevant filings with the IRS. The grass-roots, bottom-up part of the story is a little less convincing after adding up the cumulative donations to 350.org from the Rockefeller Family Fund, for example—hardly a bastion of populist outrage. In 2012 alone, 350.org, a 501(c)3 and its Action Fund affiliate, a 501(c)4, received

nearly \$300,000 of Rockefeller money. Another \$225,000 followed in 2013, and \$250,000 in 2015.

As recounted in an earlier CRC piece looking at 350.org, the tight funding relationship between Rockefeller funding and 350.org has inspired some critics to refer to Bill McKibben's group as a “RINGO” or “Rockefeller Initiative NGO.” (For more details, see: *Obama's Keystone Decision: How Green Groups Got Their Way*, March 2012 Green Watch, as posted to CRC's website.)

This high-level patronage suggests an alternative theory for the emergence of the divestment crusaders—that they are really one more example, as demonstrated time and again in CRC's publications, of the skillfully-guided top-down evolution of the environmental movement—including through timely grants of support from its paymasters among the large tax-exempt foundations.

You could call it the “Big Green-Old Money” alliance, united around a shared belief that, in the words of George Perkins Marsh, a 19th century American proto-environmentalist, that “humans themselves” are “the natural menace to nature.” (For more on Marsh, see: *The Triumph of Environmental Alarmism: Science 'Czar' John Holdren and the Woods Hole Research Center*, October 2009 Organization Trends, via CRC's website.)

The divestment activists are looking with renewed gusto at U.S. public retirement systems. In April of this year, for example, the Labor Network for Sustainability published an updated version of its divestment how-to guide for union members, entitled “Should Your Union's Pension Fund Divest from Fossil Fuels?” The Network works to unite labor and environmentalists around the Green New Deal, among other causes.



In the words of George Perkins Marsh, a 19th century American proto-environmentalist: “humans themselves” are “the natural menace to nature.”

The guide makes a number of arguments falling on the affirmative side of the question. Fossil fuels are going to be “phased out eventually,” potentially by government fiat, so anyone who holds on to shares in oil companies, for example, will eventually lose money. The Network's guide also implies that the funds freed up by divestment can be shifted to “climate-protecting development” projects that will

“create many more jobs than the present fossil fuel-based economy.” Like most utopian visions, the document is heavy on rhetoric and light on detail.

To help union members convince their pension managers to divest, the guide includes pages of suggested pressure tactics, including how to push back on anti-divestment arguments. Interestingly, the guide favorably quotes Arabella Advisors, which CRC profiled earlier this year for its “fiscal sponsor” activities on behalf of a variety of radical causes. (See Hayden Ludwig’s extensive series of articles on Arabella, as posted to www.capitalresarch.org).

Arabella has for several years produced an annual update on the world-wide progress of the fossil fuel divestment movement. The 2018 iteration of the Arabella divestment report makes passing note of what it calls the “front groups” and “misinformation” being spread by divestment’s opponents—which it tries to dismiss as entirely consisting of oil companies or their lackies. The report also included acknowledgement of help from such stalwarts of the divestment cause as the Sunrise Project, Greenpeace, Rockefellers Brothers Fund, Wallace Global Foundation, and 350.org.

The Vermont Example

The state of Vermont is home to Middlebury College, which has a long association with 350.org founder Bill McKibben. It was at Middlebury that McKibben took some of his early steps as a green activist. So no one should be surprised that



Credit: Northwest Access TV. License: <https://bit.ly/30LkBMB>.

Guy Page was a consultant for Divestment Facts, the national educational campaign about the impact of fossil-fuel divestment. At present, he is the editor/publisher of the Chronicle of the Vermont State House newspaper and online news sites Vermont State House Headliners and Vermont Water Cooler.

Vermont became, from 2013 to 2017, one of the first states to face a prolonged fossil fuel divestment campaign targeting its public employee retirement system.

Guy Page, a longtime journalist and public affairs consultant based in Berlin, Vermont, recalled that the campaign began with “climate change activists making an argument to the Vermont legislature that the state could lead the nation by signaling its commitment to the transition from fossil fuels to renewable power—and mandate that the state pensions divest from fossil fuel holdings. The activists presented this as a simple, easy thing to do, that everyone who is concerned about climate change should do.” 350.org was heavily involved with that campaign.

During the divestment push, Page was a consultant for Divestment Facts, the national educational campaign about the impact of fossil-fuel divestment mentioned earlier. At present, he is the editor/publisher of the *Chronicle of the Vermont State House* newspaper and online news sites *Vermont State House Headliners* (<https://www.pagecommunicationsvt.com/>) and *Vermont Water Cooler* (<https://www.vtwatercooler.com/>).

Page went on to say:

A large minority of climate change-minded legislators agreed with the idea, but they did not have enough votes to pass divestment legislation. The retirees who depend on Vermont’s public pensions—which hold about \$4 billion in assets—expressed their strong concerns about how this move might hurt the pension system’s investment returns. Vermont’s pension system has a multi-million-dollar deficit, which represents a huge issue for the state budget. In terms of demographics, Vermont is already the third-oldest state after Maine and New Hampshire.

The solvency of those pension plans therefore assumes additional political importance for Vermont’s population.

Undaunted, 350.org and its allies such as the Vermont chapter of the Sierra Club pressed on, holding events, issuing press releases, and bringing public pressure on State Treasurer Beth Pearce, who oversees the Vermont public pensions, to support divestment.

In response, the argument that Page and others made could be summarized as: “Divestment will hurt the Vermont public pensions’ investment returns, while also likely increases the costs of running the pensions. Given the relatively small size of the Vermont pensions, divestment of their fossil fuel holdings will do very little to reduce carbon emissions—while possibly hurting retirees, their families, the state budget and state economy.”

With the opposition expressed by retiree groups weighing heavily in the minds of lawmakers, the divestment push in the legislature stalled. In his 2016 State of the State address, Peter Shumlin, then-Governor (and political ally of Bill McKibben) upped the ante by calling for Vermont to join hands with California and other states by legislating divestment of its public pensions from coal and oil holdings.

And then, Page said, “a very remarkable thing happened. Governor Shumlin began publicly questioning why the State Treasurer, Beth Pearce—who Shumlin had appointed to office, by the way, in 2011—wouldn’t get on board with divestment.” Pearce and Shumlin are both Democrats.

Later in 2016, a special committee was formed to study the effects of divestment on Vermont’s public pensions. Pearce also commissioned an independent report by a pension consulting firm on divestment and possible impacts on both retirees and the state. That study, released in February 2017, found that divestment would not be “in the best interests of [Vermont] pension beneficiaries, and conflicts with [Vermont public pensions] governance structure.”

That study, after it was made public, put the final nail in this particular divestment campaign’s coffin. Vermont would not throw its pensioners under the bus, or sacrifice the state economy, Page said, for the dubious distinction of “leading the nation and setting an example” on climate change.

Page shared one further observation about the divestment campaigners:

If carbon emissions need to be reduced, why don’t the activists talk more about how emissions-free nuclear power can assist in that? Or planting more trees? From my perspective, peeling back their rhetoric, I think many of these campaigners are using reducing carbon emissions as a kind of camouflage. The real problem in their minds isn’t in fact carbon, but rather *consumption*. Their utopia is an America of people living in small houses, in highly centralized, urbanized areas, with very little access to cars and so on. If controlling consumption is your objective, then limits on carbon emissions represent a very powerful tool to achieve your goal.

Attempted Divestment in the Empire State

With more than \$210 billion in assets, the New York State Common Retirement Fund is the third largest U.S. public pension, investing on behalf of the more than one million individuals belonging to the New York State and Local Retirement

Systems (NYSLRS). In terms of governance, the elected New York State Comptroller serves both as sole trustee for the Fund, and as administrative leader of NYSLRS.

The incumbent Comptroller, Thomas DiNapoli, has for about two years now been on the receiving end of a noisy public lobbying campaign by 350.org and its co-thinkers, such as Fossil Free New York. The goal: to push DiNapoli to use his influence over the Common Retirement Fund to divest its holdings from fossil fuels. This has included e-petitions, a steady drip of news releases, protesting crowds—as well as mocking statements by 350.org’s founder Bill McKibben, who once observed the Comptroller “is threatening to become inertia’s avatar” for “clinging to the old normal” and not embracing the divestment agenda. McKibben has also compared DiNapoli’s efforts to engage with the oil industry to the hero of the *Charlie Brown* comic strip, who was perpetually falling prey to another character’s offer to hold a football for him to kick, only to pull it away at the last moment.

The pressure on DiNapoli to go along with this campaign has only been increased by the fact that New York state’s Governor, Andrew Cuomo (D), and the Mayor of New York, Bill De Blasio (D), are both proud political allies of Big Green, and eager supporters of divesting public pensions of fossil fuel-related holdings.

DiNapoli, so far, has dared to defy the calls for divestment. Citing New York State’s Constitution, he and his Fund colleagues have repeatedly asserted that their primary legal obligation is to be “focused on generating returns to provide for benefits owed to the members of the retirement system”—and not tailoring the Fund’s investment approach to please this or that activist group. (A very similar argument helped defeat a divestment push led by 350.org in 2017, focused on the Seattle City Employees Retirement System; despite bringing political pressure, including from Seattle’s Mayor, to give into 350.org’s demands, the system’s board held firm to



This debate about divestment is not just about the fate of polar bears—it’s about the fiduciary responsibility of the public sector pensions to earn their required return on investments.” —Dan Levler, president of the Suffolk Association of Municipal Employees

its primary responsibility to put the needs of system members and retirees first.)

Indeed, in April, the Fund pointed out how divestment would imperil its ongoing efforts to keep investment costs low for plan members (and taxpayers). “The vast majority of the Fund’s public equity holdings are invested passively—that is, by replicating index funds,” a Common Fund representative said in testifying to the state legislature. Divesting from specific energy-related holdings would mean transferring “hundreds of millions of dollars from the [Fund’s] beneficiaries into Wall Street’s hands by forcing the Fund to customize everything it does and straying away from low cost passive strategies. There will also be trading costs in millions of dollars incurred as a result of both selling these companies and also buying stock to replace them.”

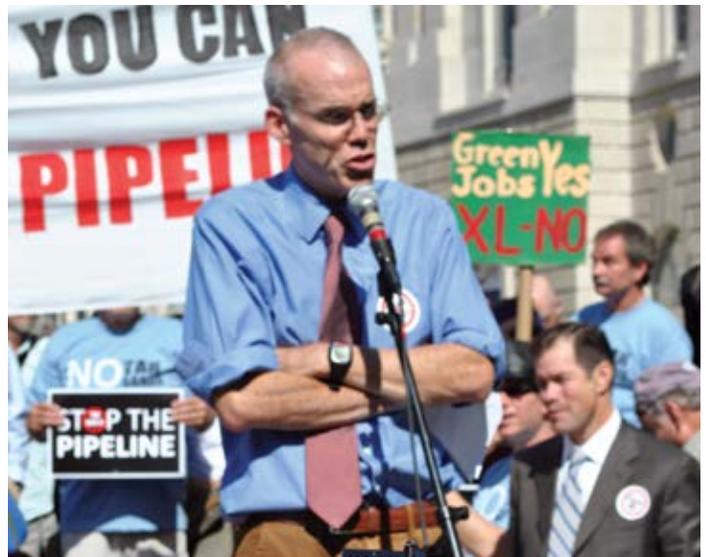
An irony of 350.org’s campaign is that, divestment aside, DiNapoli has been very “green” in other aspects of his oversight. Under his leadership, for example, the Common Retirement Fund has used its proxy voting rights to push for greenhouse gas emission reductions, analysis of climate risks and so on at nearly 70 of the companies in which the Fund owns shares. DiNapoli has defended his “shareholder engagement” approach as good for the environment while also consistent with his duty to Fund beneficiaries, but this isn’t good enough for 350.org.

In late April 2019, the New York state legislature was set to begin hearings on a bill requiring the Fund to divest from fossil fuels over the next five years. A month prior to the hearings, to help build momentum for the legislation, supporters held a public gathering at the Legislative Office Building in Albany. In addition to the elected officials who spoke in favor of the bill, Bill McKibben of 350.org and Lisa DiCaprio from the Sierra Club also spoke.

“Around the world institutions of all kinds are realizing that the time has come to break with the ruinous industries of the past... The Empire State has always provided the world’s financial leadership, and we hope this will be no exception,” McKibben said via video link from his home in Vermont.

Timed with the start of the hearings in April, one labor organization decided it was an opportune moment to inject some hard facts into a discussion where heated rhetoric often takes center stage.

The Suffolk County Association of Municipal Employees (AME), based on Long Island, commissioned a study entitled *The Cost of Divestment*. Authored by Foster & Foster, an independent national actuarial consulting firm, the study provided a sobering look at the potential costs to New York City and New York State public pension plans by shifting



Credit: Bill McKibben. License: <https://bit.ly/2Zro0DX>.

The state of Vermont is home to Middlebury College, which has a long association with 350.org founder Bill McKibben. It was at Middlebury that McKibben took some of his early steps as a green activist. So, no one should be surprised that Vermont became one of the first states to face a prolonged fossil fuel divestment campaign targeting its public employee retirement system.

fund assets from fossil fuels holdings into “green energy” investments.

One scenario examined in the study forecast shortfalls requiring “up to \$33.4 billion in additional contributions to the state fund and up to \$18.9 billion in extra contributions for the city’s pension system. That would mean slashing pension benefits or massive cuts to vital government services or large tax hikes to make up for the shortfalls,” the association noted in an April 29th press release.

The study provided another perspective on the divestment debate. It represented a bottom-line reminder that, when a public sector plan has lower than expected returns from its investments, any persistent shortfall will have to be made up, at someone’s expense. One way is either through contribution increases or benefit reductions that fall on the plan members. On the taxpayer side, an underfunded public pension obligation at the city or state level can translate into both higher taxes and fewer services, as funds are re-directed to cover the deficit.

Needless to say, the study was funded by Suffolk AME’s own resources, and not through donations via the various Rockefeller philanthropies or the Tides Foundation.

“I represent about 6,000 active municipal employees and 4,000 retirees, and I felt we had to find out the impact of divestment on their public pensions by commissioning a

formal, objective study,” explained Dan Levler, Suffolk AME President. “After we saw the data about the impact of divestment, we shared it with other unions and decided to make the information public.”

In taking a public stance, Levler said, “we always knew that, if the data was referenced in media articles, for example, [the pro-divestment side] would make some implication against me.” And they did. In a statement to the New York *Daily News* that appeared in an April 30th article, a 350.org organizer named Richard Brooks dismissed the Suffolk study as follows:

It’s a last-ditch effort by folks who are speaking on behalf of the fossil fuel industry. This isn’t just about the politics or the ethics, it’s about the financial risks and doing what’s right for the pensioners and moving away from a risky industry.

Commented Levler: “I wish they hadn’t so quickly gone for the low blow like that, claiming that I work for someone else—when, in fact, I’m focused on working for the diverse working people who make up Suffolk Country AME’s membership.”

The Suffolk AME study helped catalyze a coalition of New York municipal labor groups as well as uniformed public sector employees. The study became a useful educational tool that helped both leadership and membership to better understand the stakes of the divestment debate. It was complemented by additional tactics, including an online petition, a dedicated website that portrayed the danger divestment poses to pensions as an attack on working families’ economic well-being, and so on.

“This debate about divestment is not just about the fate of polar bears—it’s about the fiduciary responsibility of the public sector pensions to earn their required return on investments. The more restrictive an approach you take to what the funds can invest in,” Levler observed, with tongue in cheek, “and the more attached you become to what I call the investment ‘fads of the day,’ well—you might just restrict yourself to investing in apples!”

“But pensions cannot be turned into policy experiments—and when you rank symbolic statements over performance, it isn’t in anyone’s best interest,” Levler said.

Suffolk AME’s “just-the-facts” approach, and rapid action both on-line and off-line, seems to have carried the day. Despite all the bluster of the state Senate hearing, the divestment legislation died in committee. That doesn’t mean 350.org and its political allies won’t try again.

A final observation about 350.org’s personal attacks on Dan Levler and Tom DiNapoli: In 2015, the National Associa-



Credit: maisa nyc. License: <https://bit.ly/2Za3jHt>.

The incumbent New York state Comptroller, Thomas DiNapoli, has for about two years now been on the receiving end of a noisy public lobbying campaign by 350.org and its co-thinkers, such as Fossil Free New York. The goal: to push DiNapoli to use his influence over the Common Retirement Fund to divest its holdings from fossil fuels.

tion of Scholars (NAS) published a 300-page examination of the divestment movement, tracing its development and emergence as a force on many college campuses. The report was entitled: “*Inside Divestment: The Illiberal Movement to Turn a Generation Against Fossil Fuels.*”

Inside Divestment’s introduction makes this searing assessment: the divestment crusaders represent “an assault on the heritage of American political theory,” in part because of how they “sidestep real debates about energy and environmental policy and scorn discourse as needless delay” but also because “[t]he campaign smears opponents and bullies dissenters.” The report goes on: “[A]nyone who disagrees with divestors [is] a mercenary of the fossil fuel industry...”

Four years after NAS released its study, not much has changed.

California, Here They Come!

On the West Coast, a similar story is unfolding, where union members are becoming more vocal in expressing their concerns about Big Green’s fossil fuel divestment push. The California Public Employees Retirement System (CalPERS) has experienced a multi-year pressure campaign by pro-fossil fuel divestment environmentalists. With more than \$370 billion in assets as of June 30, 2019, the fund is a prime target for the greens. It is the largest defined benefit pension organization in the U.S. and a trend-setter for the rest of the sector. CalPERS has nearly 2 million members, and also administers health benefits for many members’ families.

No doubt that, in the greens' thinking, divestment by CalPERS (like New York's Common Retirement Fund) would have something of a domino effect on other public retirement systems. A group of CalPERS retirees in 2016 created a 501(c)3 organization, Fossil Free California, to call for divestment, working at times closely with the wider 350.org apparatus.

Last year, Jason Perez, a sergeant with the Corona, California, Police Department ran for a board seat on the CalPERS Board of Administration. A vocal skeptic regarding divestment, he faced off against incumbent Priya Mathur, a 16-year veteran of the board who had positioned herself as a champion of embedding "ESG" (environmental, social, and governance) factors in the system's investment approach.

Perez had previously served as a detective, patrol officer, and motorcycle officer. He had been motivated enough by his concerns over the political pressure being brought to bear against CalPERS to divest from various investments to show up periodically at public meetings of the organization's board and speak out.

In 2017, for example, Perez appeared before the CalPERS board to deliver a plea to focus on strengthening investment returns, versus pursuing further divestments. "Politics and pensions just don't mix," he said.

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In 2017, Jason Perez asked the CalPERS board to focus on strengthening investment returns versus pursuing further divestments. "Politics and pensions just don't mix," he said.

Officially, Fossil Free California took no direct position on Perez's candidacy, citing its 501(c)3 designation as requiring it to avoid endorsing anyone. That said, we know from a September 24, 2018, email made public by the City of Palo Alto that Vanessa Warheit, a climate campaigner who has been active with the League of Conservation Voters and 350.org, personally urged eligible CalPERS members to vote for Mathur while citing Fossil Free California's positive comments about Mathur's devotion to ESG.

(Perez has also been open about his beliefs in what he has called the "sanctity of life"—and was smeared for that in pro-Mathur campaign materials.)

Perez's campaign message was simple: "Foolish and irresponsible" investment decisions have hurt CalPERS investment

returns over time, such that the system is about 71 percent funded. Worse, instead of focusing on fixing this, his opponent had been "travelling around the world [and] "living the lifestyle of the rich and famous" while delivering speeches about socially responsible investing. To protect the interests of its members, CalPERS needs to return to prioritizing prudent "investment decisions and investment returns."

Having defeated Mathur and now on the CalPERS board, Perez has made it a priority to push for CalPERS management to conduct a thorough examination of divestment in general, including the cumulative costs to the system associated with potential divestments.

In March 2019, a chorus of pro-divestment advocates rose to speak at a public meeting of the CalPERS board, including several Fossil Free California representatives. Also speaking was Dane Hutchings, a representative of the League of California Cities. The cities that make up the League pay into CalPERS as employers of local government workers, and are therefore very interested in ensuring the system is well-run. If CalPERS payments need to be increased on the employer side, this translates into either higher local taxes or reduced services.

In his brief remarks, Hutchings reiterated, as he has done several times at past CalPERS board meetings, what he sees as the real stakes in the divestment debate. His clear statement and stark warning deserves to be reprinted here:

I think I'd start off just by saying that from the League's perspective it is your charge to continue to be laser focused on returns. It is not your charge to modify State and federal policy that regulates these industries [targeted for divestment].

I'm just doing a quick rundown. Folks that sort of perhaps may have a better charge of that would be the U.S. Department of Environment, the Environmental Consortium, [the] Environmental Protection Agency, Department of Natural Resources, the California EPA, the California Natural Resources Board, [t]he California Coastal Commission, and maybe the California Resources Board as well.

I think those are all better suited for what we should be doing or not doing with fossil fuels. CalPERS should be focused on maximizing their returns for the folks who are relying on their retirement...

When it comes to retirement security, there are no moral victories. We have to understand what our charge is here, protect the active employees, and protect the retirees, and protect the employers who

can employ these folks that can provide services to the public.

[It] is beyond the scope of this Board, to decide how to change the world. I swear if we could invest in rainbows and unicorns, and we can make money, I would be all in. But right now, we are at a critical juncture. We talk about the next 15 years of our planet. I'm talking about the next 10 to five years where cities are going to be going bankrupt [due to various financial pressures], and they absolutely need your assistance to be able to provide employees, retirees, and those folks with their retirement security and their health care benefits.

Conclusion

In June, a collection of labor and environmental organizations known as the “BlueGreen Alliance” release its “Solidarity for Climate Action” policy plan. Not to be outdone by the backers of the “Green New Deal,” or the activists behind it, the Sunrise Movement, BlueGreen’s plan calls for the creation of “a new economy” by devising “a new plan to create jobs and protect the environment... [and that responds] to the climate crisis on the scale that science demands, while simultaneously addressing inequality in all its forms.”

Follow our vision, BlueGreen says, and we can build a better, cleaner, richer and more fair America. The group brings together an army of national political power players—from the United Steelworkers, Service Employees International Union, American Federation of Teachers, and other large unions to green outfits such as the Sierra Club, Natural Resources Defense Council, Union of Concerned Scientists and the League of Conservation Voters.

Blue Green’s steady stream of public statements and reports over the last ten plus years speak to a high level of political compatibility between the environmentalist movement and the House of Labor.

There are limits, however, to that compatibility, as the examples of the divestment campaigns in Vermont, New York, and California suggest. There are some residents of the House of Labor that, whatever aspects of the environmentalist movement they may personally agree with, wisely do not want Big Green to influence the management of their retirement funds.

What the environmentalists will do next, in response to this opposition, remains to be seen.

The movement has the financial resources, for example, to focus its efforts more into litigation against the public sector

retirement systems to force them to change their investment approach—perhaps citing a combination of climate change research, the interests of “future generations,” and some (invented) “right” of individuals to “challenge” investment decisions taken by institutions.

Student activists twice attempted this with Harvard College’s endowment, in 2014 and 2015, for example, and were defeated both times—failures that still gained invaluable publicity for their cause.

A more extreme next step was outlined by John Feffer of the far-left Institute of Policy Studies, in a July 30, 2019, blog published by TomDispatch.com.

Rather than piecemeal campaigns by 350.org and its allies targeting individual pensions, why not think far bigger, at the global level, about ways to mandate *everyone* and *all institutions* to embrace the broader green agenda, including divestment?



Why not think at the global level about ways to mandate everyone and all institutions to embrace the broader green agenda, including divestment?

—John Feffer, director of foreign policy at the Institute of Policy Studies

Feffer’s piece argued that if “ordinary parliamentary and congressional procedure” cannot rapidly bring about the “radical change” needed to protect the environment, then activists will turn to “a far more basic form of democracy: people in the streets engaged in actions like school strikes and coal mine blockades. This is the kind of pressure that progressive legislators could then use to push through a mutually agreed-upon Green New Deal capable of *building a powerful administrative force that might convince or coerce everyone* into preserving the global commons” (emphasis added).

If this is the road to the green utopia, then many people—not just those pay into the public sector pensions—are going to want to stop the car and make an immediate U-turn. ■

Read previous articles from the Labor Watch series online at [CapitalResearch.org/category/labor-watch/](https://www.capitalresearch.org/category/labor-watch/).



BIG MONEY IN DARK SHADOWS

Arabella Advisors' Half-billion-dollar
"Dark Money" Network

Hayden R. Ludwig

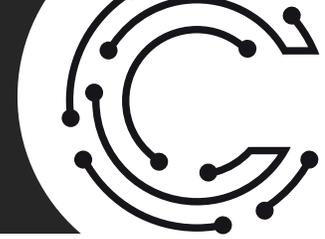
According to media personalities and politicians, nameless, faceless donors wield outsized influence over the American political process due to the so-called "dark money" they use to fund think tanks and advocacy groups. But that's far from the whole story. "Dark money" exists on both sides of the aisle. In fact, the Left seems to have deeper and darker pockets of cash than anyone suspected.

Learn more about liberal "dark money" in CRC's original report.



CAPITAL RESEARCH CENTER
AMERICA'S INVESTIGATIVE THINK TANK

DECEPTION & MISDIRECTION



KA-PAO! SILICON VALLEY'S STRIKE AGAINST CONSERVATIVES

By David Hogberg

Summary: *Social media and conservative viewpoints seem to go together like oil and water. Some blame the 2016 election. Others cite insular ideological bubbles for reinforcing liberal bias. But everyone can agree that there's growing dissonance between the Left and the Right in online environments. Vocal tech influencer Ellen Pao is prepared to make the rift worse by entrenching these social phenomena with her new nonprofit, Project Include.*

Introduction

Until a few years ago, social media was an environment of lively, if often unpleasant, public debate. Now, it is becoming a place of censorship. Social media giants like YouTube, Facebook and Twitter are increasingly imposing so-called “hate speech” codes and updating harassment policies on their platforms. More and more users wonder if their online communications will be suspended if not altogether banned from these platforms.

The censorship is one-sided, with primarily those on the political Right suffering suspensions and bans. This is, in part, the result of an upper management at these tech giants that is dominated by intolerant political leftists who are more likely to censor heterodox and conservative voices.

If Silicon Valley Influencer Ellen Pao and her nonprofit, Project Include, are successful, such ideological bias will be institutionalized for years to come. Working under the guise of “diversity and inclusion,” Pao and Project Include would entrench an already prevalent left-wing bias into the tech industry, while discouraging those with more moderate or conservative views.

Woke Liberals

Before examining Ellen Pao and Project Include, we should first consider the inclinations of those “woke” activists. This ideology is well summarized by libertarian columnist Cathy Young:



Credit: Christopher Michel. License: <https://bit.ly/2Z4d5Ht>.

Social media giants like YouTube, Facebook, and Twitter are increasingly imposing so-called “hate speech” codes and updating harassment policies on their platforms in ways that censor the Right....If Silicon Valley Influencer Ellen Pao and her nonprofit, Project Include, are successful, such ideological bias will be institutionalized for years to come.

At the center of this worldview is the evil of oppression, the virtue of “marginalized” identities—based on race, ethnicity, gender, sexuality, religion or disability—and the perfectionist quest to eliminate anything the marginalized may perceive as oppressive or “invalidating.” Such perceptions are given a near-absolute presumption of validity, even if shared by a fraction of the “oppressed group.” Meanwhile, the viewpoints of the “privileged”—a category that includes economically disadvantaged whites, especially men—are radically devalued.

In addition, these modern woke liberals differentiate themselves from traditional liberals in that they are usually dismissive of ideas they disagree with, eager to censor speech they find objectionable, and willing to use the government to impose their beliefs on others.

David Hogberg was previously a senior fellow for health care policy at the National Center for Public Policy Research and a senior research associate at the Capital Research Center. He earned a Ph.D. in political science from the University of Iowa and is the author of Medicare's Victims: How the U.S. Government's Largest Health Care Program Harms Patients and Impairs Physicians, available at Amazon.com.

CC ————— *Social media censorship is one-sided, with primarily those on the political Right suffering suspensions and bans.*

Woke liberals have a strong foothold in companies like Twitter, Google (which owns YouTube), and Facebook. For example, in June 2018, Project Veritas, an undercover journalism outfit, secretly recorded Twitter employees who admitted that Twitter's algorithms were heavily biased toward banning or eliminating conservative accounts as opposed to liberal accounts. Days after Donald Trump was elected president, Google executives aired their own biases in a meeting which was later leaked to the media. In that meeting, Sergey Brin, a co-founder of Google, claimed that he found the election result "offensive" and also claimed that most people at the meeting were "pretty upset and sad because of the election." Google CFO Ruth Porat, said that the result "felt like a ton of bricks dropped on my chest." Referring to those who supported Trump, Google Vice President Kent Walker asked how Google could "reach out to people whose perspective we have a hard time understanding." But, he later showed why he doesn't understand Trump voters:

The forces out there seem well beyond you—globalization, immigration, trade—and you're afraid and you're trying to look for answers. And that fear, I think, not just in the United States but around the world, is what's fueling...xenophobia, hatred, and a desire for answers that may or may not be there.

In Walker's worldview, support for Trump was irrational because it was based on fear. It never occurred to him that people might have voted for Trump because they had actually been affected by illegal immigration or a bad trade deal. It is the quintessential mindset of Silicon Valley's woke executives.

Ellen Pao

Ellen Pao is perhaps best known for her gender discrimination lawsuit against Kleiner Perkins, a well-known venture capital firm. She is also known for her brief stint as the CEO of the website, Reddit.

Pao joined Kleiner Perkins in 2005; Perkins fired her in 2012. Kleiner Perkins claimed her termination was based on performance, while Pao claimed she experienced discrimination because of her gender. In 2012, Pao filed a civil lawsuit against Kleiner Perkins for \$16 million in damages. In 2015, the case went to trial and the jury ultimately ruled against Pao.

Beginning in 2013, Pao spent over two years at Reddit and held the CEO job for the last eight months of her tenure. Here she displayed her growing distaste for free speech and a top-down management style that would ultimately lead to her ouster.

Billing itself as the front-page of the Internet, Reddit is a news aggregation and discussion website. Presently, it has over 300 million users. Users post articles on the site, and readers vote them up or down. The more "upvotes" a post receives, the more prominently it will be displayed on the Reddit website. Users create sites known as "subreddits" to discuss specific topics. Each subreddit is run by a volunteer known as a moderator.

Subreddits will often host guests in a forum called "Ask Me Anything," where users can ask the guests questions. Reddit employs a coordinator to help moderators with the Ask Me Anything feature. Victoria Taylor, at one time, held that position and proved to be very popular with the moderators.

In June 2015, Pao banned five subreddits that were routinely used to harass individuals. This was the first big change that Pao made without consulting any of the moderators. Shortly thereafter, someone posted a petition to the Change.org web-



Subreddits will often host guests in a forum called "Ask Me Anything," where users can ask the guests questions. Reddit employs a coordinator to help moderators with the Ask Me Anything feature. Victoria Taylor, at one time, held that position and proved to be very popular with the moderators.

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CC —————
Pao's biggest blunder came with the firing of Victoria Taylor, an employee popular among subreddit moderators. . . This caused a number of moderators to protest by temporarily shutting down their subreddits.

site, calling for Pao to resign. The petition soon had 10,000 signatures, though that was certainly not enough to oust Pao.

Pao's biggest blunder came with the firing of Taylor. While another executive was responsible for Taylor's ouster, Pao failed to communicate with moderators ahead of time. This caused a number of moderators to protest by temporarily shutting down their subreddits. Soon, the Change.Org petition had over 200,000 signatures.

Pao realized her mistake and soon wrote an apology on Reddit. "We screwed up," she stated. "We acknowledge this long history of mistakes. We are grateful for all you do for Reddit, and the buck stops with me." But, it was too little, too late. On July 10, 2015, Pao and Reddit's board of directors agreed it was best for her to step down.

Project Include

In 2015, Pao began developing the idea for Project Include after meeting with some of the women who sent her messages of support during her lawsuit against Kleiner Perkins. As she wrote in her autobiography, *Reset: My Fight For Inclusion and Lasting Change*:

Conversations with friends were encouraging. But I noticed that each time we met, we also relayed new stories attesting to the slow progress in tech diversity—and the ineffectiveness of the attempts to address it. It struck me how similar our stories were: seeing less-qualified men promoted over us, being stigmatized for having children, being left out of meetings and opportunities because we weren't part of the white-male in-crowd. The more my friends and I talked, the more we saw that the state of affairs was bleak and depressing.

In 2016, Pao, along with other leading women in the tech industry including Freada Kapor Kline, Tracy Chou, and Erica Joy Baker, founded Project Include. Pao claimed that she and the other founders "had come to realize that the whole tech system had exclusion built into its design. The men in power seemed determined to limit their interaction only to other rich men."

Project Include's website gives an antiseptic description of its mission. That mission "is to give everyone a fair chance to succeed in tech," and "to accelerate diversity and inclusion solutions in the tech industry." However, the effect of Project Include's efforts will likely be more pernicious, resulting in ideological conformity among the upper management of tech firms.

Project Include pursues a "get 'em while they're young" strategy. In her autobiography, Pao stated that she and the Project Include team "decided to focus our efforts on CEOs and management of early to mid-stage tech startups, where we believed change was possible and could have a broad impact even beyond the industry."

Project Include advises startups that diversity training is crucial because "being diverse and inclusive is not part of tech industry culture and requires a fundamental shift in behavior. Employees need training to learn how to be inclusive, what the norms are, and how to handle problems."

Project Include firmly believes in "additional training for managers." It also believes training employees and managers in diversity and inclusion "needs to be done properly to have a positive effect. It should be ongoing—not just a one-time onboarding event—for managers and employees."

While it sounds harmless, if not beneficial, James Damore, a former employee at Google, had a different perspective. While employed at Google, Damore wrote a memo that examined why only about 20 percent of employees in the tech industry are women. He cited research that examined biological and psychological differences between the sexes that explained some of the disparity. He also offered suggestions on how to bring and keep more women at Google given those differences. Eventually, his memo was leaked to Gizmodo, a well-known technology site, and went viral. Damore explained the goal of diversity training in an interview with podcast host Joe Rogan:

Rogan: What would they teach you?

Damore: You talk about unconscious bias, and...

Rogan: Oh no. So, like, you might be racist? You have to find the racism in you?

Damore: Yes. And there is a whole program that is trying to retrain your brain to think about race in a new way.

Rogan: So, it's just assuming you're guilty?

Damore: Pretty much.

In other words, such training assumes that people, especially white males, are automatically guilty of racism.

It isn't difficult to see what message this sends to employees who are more conservative or moderate in their politics and don't agree with such training. If they want to move up in the company, they will need to keep any objections about



Credit: Fox News/Screenshot. License: <https://bit.ly/2z69LKS>.

While employed at Google, James Damore wrote a memo that examined why only about 20 percent of employees in the tech industry are women. He cited research that examined biological and psychological differences between the sexes that explained some of the disparity. [Damore with lawyer Harmeet Dhillon]

such training to themselves. Nor can they question whether bias is the reason so few women and minorities are in the tech industry, as Damore did. If they can't keep quiet, then they might as well look for employment and promotion opportunities elsewhere. By contrast, employees who are already woke or quietly comply with such training will find it much easier to climb the ranks in such companies. Over time, diversity training weeds out folks who are conservative or moderate from the ranks of upper management, leaving an upper management that is ideologically uniform.

It is tempting to suggest that Pao is well-meaning, but misguided. In other words, it is not Pao's intent that her actions cause the upper management of tech companies to be dominated by a woke orthodoxy. A look at Pao's beliefs and attitudes, though, casts doubt on that.

Alternative Explanations

Pao loves to throw around statistics and studies that "prove" that the tech industry discriminates against women and minorities. But, when confronted with studies suggesting that the disparities are due to causes *other* than discrimination, she becomes dismissive.

Consider her response to James Damore. After Damore's memo went viral, Google fired him. Google CEO Sundar Pichai justified the firing: "To suggest a group of our colleagues have traits that make them less biologically suited to that work is offensive and not OK," Pichai said. That Damore never actually suggested women are biologically unsuited for certain work in his memo was apparently immaterial.

In an October 2017 interview with Recode, a technology news website, Pao stated that she agreed with Google's termination of Damore. When asked if Damore should be permitted to express such opinions without fear of losing his job and whether people should listen to his opinions, Pao responded, "I actually don't like giving him that much attention and credit." When pressed a bit more, she said, "I think, but why him? He's not a special person...why should we give him any attention? There's no reason to."

She also criticized the *New York Times* for running an article about Damore's firing: "But to use his name and to give him all that attention. I had a huge problem with *The New York Times* article, to present these ideas without any kind of context and to give him that platform I think was irresponsible."

Finally, she dismissed Damore as a "rando." Rando is short for random, but it can also mean "a person who is not known or recognizable or whose appearance (as in a conversation or narrative) seems unprompted or unwelcome." Either way, Pao was clearly not interested in engaging with the ideas in Damore's memo.



When asked if Damore should be permitted to express such opinions without fear of losing his job and whether people should listen to his opinions, Pao responded, "I actually don't like giving him that much attention and credit. . . He's not a special person . . . why should we give him any attention."

Pao also dismisses research that shows that women often take time off from work to bear and raise children, which can have a negative impact on their careers. For example, a recent study in the *American Sociological Review* found that women "who leave work to raise children often sacrifice more than the pay for their time off; when they come back, their wages reflect lost raises." An article in the *Harvard Business Review* stated that evidence "from a variety of countries reveals that the longer new mothers are away from paid work, the less likely they are to be promoted, move into management, or receive a pay raise once their leave is over." By contrast, women who have not taken time off to raise children are, on average, paid as much as men with similar jobs and experience.

Here is how Pao responds to that in *Reset*:

When tallies are taken, companies wind up wondering why 99 percent of their senior employees are white men. Then they blame us—accusing women, for instance, of having “opted out” to take care of their children. But in many cases I knew about, women left because they were sick of all the boorish [behavior]...not because they were seized by a sudden overpowering desire to take their babies to Gymboree class.

“Incels”

Woke executives in Silicon Valley have a number of arguments in favor of restricting free speech. One of the most common is that so-called “hate speech” ultimately leads to violence and that like violence, hate speech should not be tolerated. What actually constitutes hate speech is seldom specified, but you can bet that tech executives know it when they hear it.

Pao follows that logic in her crusade against “incels”, which is short for “Involuntary Celibates.” Pao describes incels as “an underground coalition of mainly men who complain about how society actively and unfairly deprives them of sex, often, they say, because they are too ugly or too fat.”

According to a tweet that Pao posted in May 2018, incels infest the tech industry. The tweet read, “CEOs of big tech companies: You almost certainly have incels as employees. What are you going to do about it?”

Pao followed up that tweet with a June 2018 op-ed on the tech website *Wired*. She warned that incels “share many values and tactics with white supremacist, men’s rights, and alt-right groups.” Incels have a “presence in our everyday lives, including our workplaces.” They “often work in the tech industry and in engineering—and because of tech’s long-standing, well-quantified lack of women and other underrepresented groups, it’s a natural fit.”

Pao’s first suggestion for dealing with incels is the same tactic she employed at Reddit: shutdown online forums where incels congregate:

We don’t allow groups of employees to congregate in person to hurt others; why would we allow it online? Why is it that when hate takes shape online, people automatically allow it as freedom of expression? Shouldn’t we respond to behavior that is intended to harm others, regardless of where and how it happens?

If an employee writes online that he hates women, that is reprehensible. However, it *is* free speech. As long as an employee does not bring that attitude into his workplace, he should suffer no repercussion from his employer. Now, if that same employee actively plans to harm a specific woman or group of women, then he is engaging in illegal behavior. In that case, his employer should respond with the appropriate disciplinary action.

Pao, however, blurs that distinction. For example, she laments that “hate groups have a huge advantage” in the tech industry because it is “an industry with predominately white men as employees and leaders, and a hands-off approach to monitoring speech and behavior.” She further states:

I’ve heard some leaders say that they’ll be perceived as making a value judgment about somebody’s politics if they confront these toxic groups. But incel culture isn’t a political belief; it’s an ideology of hate. We don’t accept open misogyny in our workplaces, and make no mistake: *That’s what incels promote.* [emphasis added.]

In Pao’s view, misogynistic speech online automatically leads to misogynistic behavior in the workplace. Because employers do not tolerate the latter, they should not tolerate the former.

This was not the first time that Pao displayed hostility to free speech. The day before the 2016 presidential election, she published an essay on the website *Medium*. She was alarmed that then-candidate Donald Trump was supposedly promoting hatred and violence by speaking out against illegal immigration.

In the essay, she complained of people who “define inclusion as requiring all people and views to be included—regardless of how they promote excluding others. We find this definition offensive and reject it.” She warned Trump supporters that, “As a society, we cannot have a productive dialogue around your ‘diverse opinions’ if you do not respect us—our opinions and our identities—and instead threaten us.”

Obviously, threats of violence are not conducive to dialogue and debate. The rest of that statement, though, is sheer nonsense. Consider the United States Congress, where Senators and Representatives debate each other regularly. Do all of the members of Congress always respect each others’ opinions and identities? Of course not! For example, Representative John Lewis (D-GA) once said of Republican legislation, “They’re coming for our children. They’re coming for the poor. They’re coming for the sick, the elderly and the disabled.” Senator Chuck Grassley (R-IA) once tweeted that President Obama



Credit: CNN/Screenshot. License: <https://bit.ly/2ZdmNUO>.

Most social media giants have policies against promoting violence. The left-wing Antifa movement not only promotes violence, but actively engages in it. But as of this writing, both Portland and Berkeley Antifa have Facebook pages, Boston and Hollywood Antifa have YouTube channels, and Antifa International and Antifa USA have Twitter accounts.

was “stupid” on matters of constitutional law. Disrespectful remarks like those are not uncommon on Capitol Hill.

She further asserted that “productive diversity of opinion cannot be based on principles of exclusion.” Presumably, “principles of exclusion” would include any view that we should exclude illegal immigrants from the United States. Exactly how a productive dialogue on immigration policy would be possible if it could not include views opposed to illegal immigration—views that many Americans agree with—is not clear.

But, for Pao and other woke executives, that’s the point. Such views are to be excluded because they are “hate speech” that leads to violence.

Forced Diversity

In *Reset*, Pao claims that Project Include was intended to “help CEOs and their teams build meaningful inclusion.” Those at Project Include “aren’t the diversity police,” she wrote. They “just offer a place to start and path to follow for CEOs who care about these issues but are overwhelmed by the choices.” In other words, the path to “diversity and inclusion” is voluntary.

But, after the state of California passed a law in September 2018 that forced publicly traded companies to include women on their boards of directors, Pao quickly cast aside any commitment to voluntary change. “Times are changing,” she wrote in the *Washington Post*, “And if you don’t, the government is willing to step in and make you.”

Like most woke ideologues, Pao is not content with trying to persuade others that her views are correct. If companies do not follow her recommendations, then forcing them to do so via government policy is necessary.

Whether California’s law was in any way needed is highly debatable. As Pao herself noted in her op-ed, only 26 percent of public traded companies in California have all-male boards. The 74 percent of companies that have at least one female suggests that the market is already moving in a direction she favors. Furthermore, having women on the board of directors makes no difference on company performance.

As Katherine Klein, a management professor, notes, “Rigorous, peer-reviewed studies suggest that companies do not perform better when they have women on the board. Nor do they perform worse.”

You can count on Pao dismissing such findings and plowing ahead with campaigns for more laws like California’s. She also wrote in the *Post* that companies “should consider the impact of intersectionality, where people with multiple underrepresented backgrounds suffer cumulative harm.” Companies need to go “beyond binary gender from the start, which often leaves women of color—especially those who are underrepresented in sexual orientation, immigrant status or socioeconomic background.” If companies don’t go beyond binary gender, it will only be a matter of time before Pao wants government to force them to do so.

“Times are changing,” Pao wrote in the *Washington Post*, “And if you don’t, the government is willing to step in and make you.”

The Invincible Fallacy

In *Reset*, Pao wrote, “Imagine if we achieved ethnic parity and age parity and all parity” in the workplace. Pao and other people who possess a similar mindset believe that if the U.S. population is about 50 percent female, then 50 percent of the jobs in the tech industry should be held by women. That women hold only about 20 percent of jobs in tech is proof that there is sexism throughout the tech industry, or, as Pao puts it, “the whole tech system had exclusion built into its design.”

However, the statistic that men occupy 80 percent of tech jobs is no more proof of sexism against women than the statistic that women hold over 80 percent of jobs in elementary education is proof of sexism against men. Pao is

guilty of what economist Thomas Sowell calls the “invincible fallacy.” It is “the belief that people would be, in the normal course of events, proportionally represented in various endeavors in the way they are represented in the general population. And if that doesn’t happen, it must be some kind of negative factor like either genetics or discrimination that is causing the deviation.” But, as Sowell notes, “you can read through reams of what scholars have written and find that nowhere is this norm [of equal representation] to be found.” In fact, the true norm is that almost all professions are not reflective of the population at large. Most will have gender, ethnic, and religious breakdowns that look nothing like the larger population.

There are numerous reasons for this, and Sowell admits that sometimes discrimination does play a role. But for the most part, discrimination is not a good explanation of disparities. In the case of men and women, women often earn less than men because they often have different priorities when it comes to employment. According to a recent working paper by Harvard economists, this occurs even in professions that are unionized, “where work tasks are similar, hourly wages are identical, and tenure dictates promotion.” The economists examined bus and train operators working in Massachusetts, and found that women earn about 89 cents for every dollar that men earned. What caused that disparity? For starters, women valued more time away from work and flexibility than men, taking more unpaid time off under the Family and Medical Leave Act. Women also tried to avoid working on weekends and holidays more than men. By contrast, men were much more likely to work overtime hours than women.

The different priorities that men and women have for their careers may go a long way to explaining why 80 percent of tech workers are men and over 80 percent of elementary school teachers are women. If, in general, women value being able to take time away from their careers to raise children, then a career in education is far more amenable than one in the tech industry. The tech industry is constantly changing, and to keep up with the advances in knowledge requires an employee to be on the job regularly. A woman who entered the tech industry and then took a few years off to raise children could find returning to the tech industry years later to be difficult. She would likely be way behind the curve.

Changes in the elementary education move at a much slower pace. For example, teaching second grade math will not be much different in five to ten years than it is now. It is much easier to return to a job as a teacher after taking time off to raise children than it is as a computer programmer. That may be why women dominate elementary education but are a distinct minority in the tech industry.

If the gender disparity in tech is due to different priorities among men and women and not sexism, then Pao and her fellow employees at Project Include are not likely to make much progress at making tech reflect the gender breakdown of the U.S. population. As they find themselves frustrated, expect them to push for more government intervention.

Conclusion

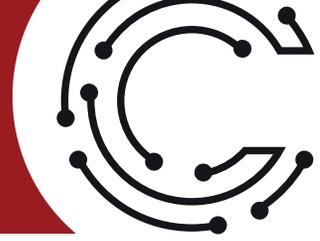
If Pao and Project Include succeed, woke executives will dominate the management ranks of more and more tech companies. To see what that future would be like, we only need to look at how the current social media giants treat conservative voices.

In the last few months, Facebook banned the accounts of conservative firebrands Alex Jones, Paul Joseph Watson and Laura Loomer. Twitter removed a parody account of U.S. Representative and self-described Democratic Socialist Alexandria Ocasio-Cortez and the account of conservative pundit David Horowitz (the latter was later reinstated.) YouTube demonetized the channel of conservative comedian Steven Crowder. It also continues to keep videos on the channel of the conservative PragerU under its “restricted mode.” (The restricted mode on YouTube enables parents to protect their children from objectionable content.) The restricted PragerU videos include titles, such as “Why America Must Lead” and “Is the Death Penalty Ever Moral?”

The bias against conservatives is also reflected in what these companies do not censor. Most social media giants have policies against promoting violence. The left-wing Antifa movement not only promotes violence, but actively engages in it. But as of this writing, both Portland and Berkeley Antifa have Facebook pages, Boston and Hollywood Antifa have YouTube channels, and Antifa International and Antifa USA have Twitter accounts.

Conservative groups have begun to fight back. PragerU, for instance, has filed lawsuits against Google, fighting the restriction of its videos. Yet, conservatives should gird themselves for a long struggle, for the future of social media is bleak if Pao and Project Include succeed. The companies that will eventually compete with and perhaps even replace companies like Google, Facebook, and Twitter will be dominated by woke managers eager to censor conservative voices. ■

Read previous articles from the Deception and Misdirection series online at CapitalResearch.org/category/deception-and-misdirection/.



FOUNDATION ADRIFT: THE AIMLESSNESS OF THE ANNIE E. CASEY FOUNDATION

By Martin Morse Wooster

Summary: *The Annie E. Casey Foundation influences much about how American policymakers think about child welfare. However, the policies promoted by the foundation leave many friends and colleagues of founder James E. Casey scratching their heads, wondering if the humble businessman would approve of the work his legacy now supports. Despite entrusting his foundation to employees of his company, which would theoretically establish a consistent culture for the Annie E. Casey Foundation, some feel it was not enough to protect Mr. Casey's legacy from the philanthropic sector's strong leftward drift.*

The Annie E. Casey Foundation is America's 30th-largest foundation, with assets in 2015 of \$2.6 billion and grants of \$118 million according to the Foundation Center. Its size makes it slightly smaller than the foundations created by Conrad Hilton and James Simons and slightly larger than the Susan Thompson Buffett Foundation, the largest foundation created from the wealth of Warren Buffett.

James E. Casey, the founder of United Parcel Service, and his family created the foundation in 1948. When Casey died in 1983, the foundation received the majority of his estate; a smaller portion went to Casey Family programs. The foundation's endowment doubled in 1999 when United Parcel Service raised \$5.47 billion from the largest initial public offering of the 20th century.

The Annie E. Casey Foundation specializes in programs that deal with children. It publishes *Kids Count*, an annual statistical reference that is widely cited by the media when they write about children. It also funds fellowships for journalists who write about children and families. It is the largest funder of research about children and families, and as such has a heavy hand in the debate about public policies towards children. In particular, it has called, throughout its history, for children to remain with their parents as long as possible, even if the parents are abusive.

Although funding programs for families and juvenile justice is the majority of what the Casey Foundation does, it is also one of the two largest foundations in Baltimore, awarding millions in grants each year to nonprofits in that city. The



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Some individuals who knew James E. Casey argue that he wouldn't recognize the agenda of today's Annie E. Casey Foundation. But the problems begin with the fact that Mr. Casey was a tight-lipped donor who kept most of the motivations for giving to himself. Thus, his views of philanthropy, other than a general desire to help children, remain unprovable.

foundation, collaborating with Johns Hopkins and the city of Baltimore, has been a partner in East Baltimore Development Inc., a project that existed since 2003 and that will not be completed in the near future. In 2016, the Casey Foundation launched Pittsburgh Yards, a development in Atlanta, where United Parcel Service has its headquarters.

The Casey Foundation also has its hand in areas that have little to do with social policy. Pick up a copy of *Washington Monthly*, the venerable liberal political magazine, and you'll find the publication has two official sponsors: the Casey and Gates Foundations. It's not clear what the Casey Foundation's

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sponsorship of the magazine entails or whether the foundation has any influence over the magazine's content.

Had Hillary Clinton won the 2016 presidential race, the Annie E. Casey Foundation might have been a major player, as Sen. Tim Kaine's wife, Anne Holton, was a consultant for the foundation for several years and won the foundation's life achievement award in 2014. (Instead of being Second Lady, Holton in 2019 was named interim president of George Mason University.)

The Casey Foundation originally focused its giving on programs to help orphans and other disadvantaged children, but it has become steadily more radical. Looking at its 2015, 2016, and 2017 IRS filings, one sees grants to such hard-left organizations as the Southern Poverty Law Center, the Institute for Policy Studies, and the Alliance for Justice, as well as \$4,965,000 in grants and \$925,000 in program-related investments to the Tides Foundation, the leading pass-through nonprofit for the Left, as well as \$6,713,000 for its spinoff, the Tides Center. In addition, the Casey Foundation has hired Fenton Communications, the go-to public relations shop for America's radicals, which has gotten contracts of \$820,000 in 2016 and \$1,090,000 in 2017.

The story of the Annie E. Casey Foundation is one about the consequences of donor silence. Some individuals who knew James E. Casey argue that he wouldn't recognize the agenda of today's Annie E. Casey Foundation. But the problems in determining whether the agenda of today's Annie E. Casey Foundation has drifted from its donor's intent begin with the fact that Mr. Casey was a tight-lipped donor who kept most of his motivations for giving to himself. Thus, his views of his philanthropy, other than a general desire to help children, remain unknown.

Who Was Jim Casey?

James E. Casey (1888-1983) was one of the greatest entrepreneurs of the 20th century. Casey's father tried to be a success in the 1898 gold rush, but he returned from the Yukon with no gold and in poor health. Just before his death in 1902, he told his teenage son, "Jim, you want to be a businessman. Never work with your hands."

Casey followed his father's advice and in 1907 started the American Messenger Company in Seattle, in which a corps of bicycle messengers delivered messages and packages in the Seattle area. Interviewed in the *Saturday Evening Post* in 1953, Casey couldn't remember the other messengers' names, but he remembered their nicknames: the Klondike

veteran nicknamed "Frozen Feet," and a guy nicknamed "the Paper Grinder" for the many ways he managed to get his clothes caught in the chains of his bicycle.

In 1913, the American Messenger Company changed its name to Merchants Delivery Service to reflect its shift to a package delivery company. Motorcycles replaced the bicycles. In 1919, the name changed for a third time to United Parcel Service.

The company's founders went through the Yellow Pages looking at possible names, and when they got to "United Fruit" James Casey's brother, George, said, "That's the name right there. United."

The founders decided to add "parcel" to their name because they were in the business of delivering packages, and "service" because, in the words of founder Charlie Soderstrom, "we are a service organization with nothing to sell but service. Service should be in our name."

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The Casey Foundation also has its hand in areas that have little to do with social policy. Washington Monthly, the liberal political magazine, has two official sponsors: the Casey and Gates Foundations.



Charlie Soderstrom is responsible for another of UPS's distinctive features: the brown color of its trucks. Soderstrom successfully argued that painting the trucks the color of Pullman railroad cars would make the trucks easier to clean. Ever since then, the company has been nicknamed "Big Brown."

Credit: Mike Mozart. License: <https://bit.ly/2m07mu>.

Soderstrom is also responsible for another of UPS's distinctive features: the brown color of its trucks. Jim Casey wanted yellow to be the company color, but Soderstrom successfully argued that painting the trucks the color of Pullman railroad cars would make the trucks easier to clean. Ever since then, the company has been nicknamed "Big Brown."

UPS began as a package delivery service for department stores, first in Seattle, then Oakland, and then in New York City. The company attracted business by convincing department stores that having UPS deliver packages was more efficient than having the stores do it themselves. UPS spent a great deal of time figuring out the most efficient way to deliver packages. (Among their discoveries: it was easier to deliver 40 packages to 40 homes than 40 packages in one apartment building, because of the time it took to go up and down elevators.)

An article in *Fortune* in 1942 explained that UPS drivers were supposed to be, in the words of UPS's official *Manual of Instruction*, "Businesslike Gentlemen." The drivers, *Fortune* noted,

must shave daily, button their jackets fully, wear their caps straight on their heads. They must not smoke or chew in the vicinity of a customer, scuffle or engage in loud talk, whistle or yell at people. In collecting packages from the stores they are enjoined, "When making a pickup, conduct yourself as a gentleman."

Fortune noted that another reason department stores contracted out their delivery services to UPS was the issue of unions. For a century, UPS has been a union shop, with its employees being members of the Teamsters. In April of this year, UPS signed its most recent five-year pact with the Teamsters, extending the union's representation of UPS employees until 2023. The department stores, *Fortune* noted, "were glad to let somebody else deal with the tough and tenacious Teamsters Union."

When World War II began, United Parcel Service was a department-store delivery service with operations limited to the West Coast, New York, Philadelphia, and a few Midwestern cities. After World War II, department stores began to move to the suburbs and customers began picking up their purchases at stores and putting them in cars. Given this change, in 1953 UPS became a "common carrier," which could pick up packages from any location and deliver them to another location. By 1975, UPS could deliver packages to any part of the country, either by ground or by air.

As UPS grew, some aspects of its corporate culture remained constant. All UPS managers were also partial owners of the

company, whose shares increased in value as the company prospered. (In the 1990's, UPS opened up stock ownership to drivers as well.) UPS regularly promoted from within; the board of directors and the CEOs after James Casey prided themselves on working their way up "from the truck."

UPS was a large, privately held company that strived to tell the public—and its competitors—that it was much smaller than it actually was. "We have made no secret of our policies, but have believed it inadvisable to broadcast all our business affairs to the world," James E. Casey announced at a 1957 conference celebrating UPS's 50th anniversary. "We have kept confidential facts and figures pretty close to ourselves, as most prudent people do with their private affairs. In building this privately held company for the benefit of all of us, we have found that it pays to mind our own business and keep on sawing wood."

UPS's low-key strategy was a reflection of its founder. James E. Casey headed UPS for 55 years, but he strived to be as quiet and unassuming as he could.

Jack Rogers joined UPS in 1957 after he was graduated from Miami University in Ohio. He worked his way up and served as UPS's CEO between 1984 and 1989. In an interview, Rogers said he first met Casey in 1966. Casey, Rogers recalled, "wouldn't go out of his way" to call attention to himself. "He was a very subdued type of personality. He didn't want the spotlight shined on him."

Casey's self-effacing character extended to his relations with the press. He only gave four interviews in his very long life: one to the *New York Times*, one to the *Saturday Evening Post*, and two to the *New Yorker*. "I do not like writers," Casey told the *Saturday Evening Post* in 1953. "They phony things up."



James Casey only gave four interviews during his lifetime: "I do not like writers," he told the Saturday Evening Post in 1953. "They phony things up."

In 1947, Casey provided a short account of the origins of UPS to *New Yorker* writer Philip Hamburger. He explained to Hamburger that he wrote this short autobiography with great reluctance. "I am afraid to tell you something about myself," he wrote, "because you will put it in the paper."

Because Casey was so tight-lipped, much about him remains unknown. It is not known if he was a Democrat or a Republican, and his political donations, if there were any, remain

secret. The chief primary source for James Casey's writing is *Our Partnership Legacy*, a memorial volume of Casey's speeches issued by UPS in 1985. The book has many anecdotes from UPS employees about the founder's kindness, generosity, and decency.

It says nothing about Casey's charity.

The History of Casey's Philanthropy

In his lifetime, Casey made three major donations to charity: the Annie E. Casey Foundation, Casey Family Programs, and Seattle University, which awarded him an honorary doctorate in 1957 and which has a building named for him. But there are stories that Casey also gave informally.

Robert Clanin joined UPS in 1970 and rose to become senior vice-president and chief financial officer of the company. He also served as a Casey Foundation trustee between 1995 and 2016. Clanin, who never met Casey, says he was told stories about Casey quietly giving funds to juvenile court judges he respected. "We used to hear stories about Jim Casey setting aside funds so that when delinquent boys came before these judges, the judges would make sure the kids got a good education," Clanin says.

Casey stepped down as UPS's CEO in 1962, but he remained a member of the board. Rogers recalled that in 1979, when Casey was 91, he attended his last board meeting. Rogers recalled that the founder apologized, saying, "I'm sorry I couldn't participate" because his hearing aids had failed.

Although Casey remained on the UPS board until a month before his death, he ceased to be an active member of the company. Planning began for what the Casey Foundation should do. Gary MacDougal joined the UPS board in 1973 and was a Casey Foundation trustee from 1983-2006. He said that when the committee setting up the Casey Foundation—which included MacDougal, George Lamb, and Paul Oberkotter—began discussions, they were concerned about the case of Henry Ford II, who resigned in 1977 as a trustee of the Ford Foundation because of the foundation's firm anti-capitalist stance.

"In effect, the foundation is a creature of capitalism," Ford wrote in his resignation letter, "a statement that, I'm sure, would be shocking to many professional staff people in the field of philanthropy. It is hard to discern recognition of this fact in anything the foundation does."

As John J. Miller notes in *A Gift of Freedom*, Henry Ford II's resignation letter was a catalyst that caused John M. Olin to

place a term limit on the Olin Foundation. The planners of the Casey Foundation took a different course. They decided that the best way to preserve Casey's intentions was to make sure that a majority of the Casey Foundation board would be UPS employees. If the UPS members were people steeped in Casey's ideas, who worked their way up from the truck to the boardroom, those with ties to Casey's vision could control the foundation.

The primary source for Casey's vision of what he wanted his money to be used for are eight paragraphs of Casey's writing that were quoted by Lamb, one of Casey's successors as CEO of UPS, in a speech delivered in 1986. The first section comes from a speech that Casey made at an early date, probably in 1947 shortly before the Casey Foundation was founded.

"The members of the Casey family have from the beginning intended that the principal purpose of the Annie E. Casey Foundation would be to support needy children in foster homes," Casey wrote. He added "the Foundation does not support care for children as its exclusive purpose. Other projects are undertaken at the discretion of the trustees."

Lamb explained that the first grant of the Casey Foundation was to the Archdiocese of Seattle for a program for disadvantaged children. The second quotation from Casey that Lamb provided is from 1965. "The Annie E. Casey Foundation will eventually have assets great enough to support a project of its own—rather than contribute to organizations already set up and in operation. It should be able to do something that will fit the individual needs of the person it wants to help."

Lamb explained that in 1968 James E. Casey, working with Joseph Reid of the Child Welfare League of America, created two agencies—Casey Family Services on the east coast, and Casey Family Programs in Seattle—that took orphans, placed them with foster parents, and provided a stipend so that the child could have his needs for food and clothing met and get a decent start in life. Casey Family Services, a division of the Annie E. Casey Foundation, stopped being a foster care provider in 2012. The Seattle-based Casey Family Programs continue to exist as an operating foundation separate from, but allied with, the Annie E. Casey Foundation.

MacDougal notes, "Jim really didn't have much vision of an Annie E. Casey Foundation beyond Casey Family Services. The foster care programs were what he knew and cared about."

In the views of some foundation leaders, however, James E. Casey left the Casey Foundation more money than was needed to run foster care programs. That claim is arguable:

foster care needs across the nation are enormous and could have absorbed much more money. The decision to expand beyond foster care may have been based on concern for other important needs, but additional factors may have been at play. It is very hard for funders to maintain a tight focus on giving over time, even though that often produces the strongest results. The phenomenon even has names, “mission creep” and “donor fatigue.” (The same fatigue is often not felt—quite the reverse—by persons who benefit from the original focus of giving.) In any event, very early on it was decided to branch out into public policy programs that dealt with children and youth.

“We wrestled for a year about what to do with all this money,” Rogers, one of the Casey Foundation’s first trustees, recalled. “Casey’s goal was to take care of delinquent boys.... We finally decided the biggest problem we had was helping kids who had dropped out of school.”



We wrestled for a year about what to do with all this money,” Jack Rogers, one of the Casey Foundation’s first trustees, recalled.

Lamb, in his 1986 speech, said that in 1985 the Casey Foundation “decided to expand the focus of its concern” away from the two Casey foster care programs “to other areas affecting children and youth.” He said that the foundation’s board had decided that there were many problems troubled children faced—drug use, poor schools, disease. Would the foundation try to fight these problems by expanding their spending on foster care, give grants to worthy organizations, or do something else? “The fact is that we do not know how to proceed,” Lamb said. “In some respects, we are a Foundation in transition.”

The transition, however, happened relatively quickly. In a 1997 issue of *Foundation Watch*, Patrick Reilly analyzed Casey Foundation grantmaking in 1994 and 1995. He found that while the Casey Foundation gave four grants to conservative organizations, including two to the American Enterprise Institute, one to the Hudson Institute, and one to the Institute for Justice, the majority of Casey Foundation grants went to the Left, including grants to the AFL-CIO, Child Welfare League of America, Children’s Defense Fund, the Center for Budget and Policy Priorities, and HandsNet.

The problem with having UPS employees be the repository of Casey’s vision is that United Parcel Service’s leaders, experts in running one of America’s great companies, did not have the knowledge (or time) to evaluate social policy, or determine which recipients of Casey Foundation grants were liberals and which were conservatives. Some may have thought this not important, as long as they were, “helping poor kids.”

In 1990, the Casey Foundation shifted from being an operating foundation to a grantmaking one, and hired Douglas W. Nelson, who headed the Center for the Study of Social Policy, as president. Nelson, who headed the Casey Foundation between 1990-2010, told MacDougal and Lamb, a strong conservative, that he would be a non-partisan leader and they believed him. Yet, Nelson turned out to be a committed liberal, a fact he cleverly concealed from the board. Then, once he was away from the trustees, Nelson created a liberal culture through carefully crafted staff hires and grants which steadily pushed Casey to the Left.

Nelson, MacDougal recalled, was a “chameleon” who “professed to be non-partisan while giving millions to ACORN, the Center for Budget and Policy Priorities, and other hard-core liberal organizations. We trusted too much and didn’t do enough digging.” Even though the Casey Foundation board at that time had to approve all grants, Nelson and his staff were able to push the foundation left because they presented grant requests in a non-partisan way and treated the trustees with respect. None of the former UPS trustees recall



Some trustees continued to have concerns about the Casey Foundation’s relentless leftward drift, and in 1994, added Constance Horner to the board. Horner recalled that she was added to the board because “they wanted someone with a social welfare background” who could help them determine which grants were leftist and which ones weren’t.

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any ideological fights at board meetings. The staff was kind and pleasant to the trustees, and the trustees in turn gave the staff nearly everything they wanted.

[Editor's Note: Mike Eskew, Casey Board of Trustees Chairman, declined a request for an interview.]

Yet some trustees continued to have concerns about the Casey Foundation's relentless leftward drift, and in 1994, added Constance Horner to the board. Horner, who was a Casey Foundation trustee between 1994-2006, was director of the Office of Personnel Management in the Reagan Administration and deputy secretary of the Department of Health and Human Services in the George H.W. Bush Administration, as well as a guest scholar at the Brookings Institution. Horner recalled that she was added to the board because some trustees "wanted someone with a social welfare background" who could help them determine which grants were leftist and which ones weren't. Some Casey trustees, she recalled, "were increasingly aware that the (Casey) foundation executives had a liberal social inclination."

The UPS trustees, Horner recalled, were "mainstream Republican bordering on libertarian" who weren't that interested in social policy. Horner was impressed at how each UPS trustee had worked his or her way up from truck driver to the executive suite. "My assignment," Horner says, "was to raise my voice in meetings, to define the impact of grants that were economically and socially counterproductive." She recalled that at board meetings MacDougal would express concerns about grants that would bother market-oriented conservatives, while she would raise questions about programs that would trouble social conservatives.

One of Horner's concerns was that Casey Foundation programs were encouraging dependency by the poor on government programs. While she was on the board, she says, the foundation believed there "had to be a reconfiguration of social welfare policy" and that the best activity of the foundation would be to create programs "that could be brought to scale" and then become new government policies.

Instead, the foundation went on to support organizations like the Center for Budget and Policy Priorities, widely regarded by policymakers as the leading left-leaning think tank for social policy—and the recipient of \$14.5 million in Casey Foundation funding from 2000-2016. CBPP

strongly opposes work requirements for able-bodied adults receiving government benefits, and last year criticized the Trump administration's efforts to revive the work requirements modeled after the successful 1996 bipartisan welfare reform. "This all starts with the assumption that if you make people miserable enough, they will go out and find a job," CBPP's vice president for family income support policy LaDonna Paretti explained to the *New York Times* in March 2018.

Another concern Horner had was that the Casey Foundation would not support programs that encouraged marriage, even though there is abundant evidence that marriage helps the poor climb the socio-economic ladder and escape poverty. The foundation, she recalled, backed job-training programs that aided single mothers and jobs programs for their boyfriends, but nothing that would encourage the single mothers to *marry* the fathers of their children. Only late in her tenure did the foundation begin to back programs that supported the importance of fatherhood.

In her time on the Casey board, said Horner, the foundation was very interested in supporting "convenings," where social policy experts would gather and deliver papers. These conferences, she says, were "enmeshed in the status quo" and produced little actual change.

One of these "convenings" took place in Washington early in 2001, discussing the prospects for welfare reform in the incoming George W. Bush administration. At the event, co-sponsored by Casey and the Charles Stewart Mott Foundation, radicals affiliated with ACORN—the controversial and now-defunct left-wing organizing group—tried to silence conservative speakers. The radicals first tried to silence American Enterprise Institute fellow Charles Mur-

ray with signs and chanting. They then tried to stop Jason Turner, who helped develop welfare reform in New York City and Wisconsin in the 1990s.

Turner now heads the Secretaries' Innovation Group, an association of Republican state secretaries of human services. He recalled that the protesters spent some time waving

signs in an attempt to block him from speaking. Eventually, the radicals put their signs down and Turner was able to finish his speech. Nearly two decades later, Turner says the effort by ACORN to silence him was "outrageous."

The members of ACORN weren't at the conference by accident. They were given thousand-dollar grants by Casey to be

CC —————
The members of ACORN weren't at the conference by accident. They were given thousand-dollar grants by Casey to be in the audience."

in the audience. Although some Casey Foundation trustees protested, ACORN continued to receive Casey Foundation grants until the organization collapsed in a sea of scandal and corruption in 2010.

The Casey Foundation Today

The Casey Foundation has made many changes since it began actively giving grants in the late 1980s. One of the most significant changes took place in 1999, when UPS, in the largest initial public offering of the 20th century, raised \$5.47 billion by selling 199 million shares of class B common stock, while retaining class A shares (which have a majority of voting rights) for employees and retirees. The move added \$1.75 billion to the Casey Foundation endowment.

Casey Family Programs decided to use this extra wealth to create a grantmaking foundation. The Marguerite Casey Foundation began as a division of Casey Family Programs in 2001, but it later became an independent grantmaking foundation in 2010. Marguerite Casey, James E. Casey's sister, was a Casey Family Programs board member for years, but played no part in the creation of the Marguerite Casey Foundation, which is named to honor her.

As a large organization, the Casey Foundation is involved in many program areas.

Here are two of them: Casey's emphasis on "family preservation" and the role it has played in Baltimore since the foundation moved there in 1994.

Foster Care

For over a quarter of a century, the Annie E. Casey Foundation and the Casey Family Programs have stressed as a goal of their public policy programs the idea of "family preservation." The idea is that, as far as possible, children in troubled families should grow up in those families rather than in foster care. The Casey Family Programs website says the goal of their foundation is to "safely reduce the need for foster care by 50 percent by the year 2020." They say the aim is to have case workers supervising a limited number of clients and that these case workers should be on call at all times (including the middle of the night) in case of trouble.

The policy is known as "family preservation," which has been enthusiastically supported by the Annie E. Casey Foundation and Casey Family Programs for nearly 30 years. Lawyer Dennis J. Saffran, in a 2018 article in *City Journal*, notes that "these taxpayer-funded services" for family preservation, "including payment of housekeepers to cook, clean,

and shop for abusive or neglectful parents—were often extraordinarily generous, well out of the financial reach of other poor or even middle-class families." Sociologist Richard J. Gelles, in *The Book of David* (1996), notes that family preservation became a key priority of the Casey Foundation in the 1990s, when Casey, allied with the Edna McConnell Clark Foundation and the Children's Defense Fund, ensured that family preservation became very popular.

"When the believers" in family preservation "are foundations who can invest millions of dollars each year in touting the programs," Gelles wrote, "and when the critics are academics who merely publish their research results in scholarly journals, the outcome is entirely predictable. State and local agency heads, legislators and legislative aides, governors and presidential administrations were told about the unqualified successes of family preservation and the tremendous cost savings. The skeptics and critics were either unknown or cast as merely academic gadflies."

The problem with "family preservation" child-protection policies is what to do with parents who harm or even kill their children. In 1997, Congress thought family preservation went too far and passed the Adoption and Safe Families Act, which mandates that courts terminate parental rights if a child is in foster care for 15 out of 22 months or if a parent is found guilty of manslaughter or murder.

The response of the Annie E. Casey Foundation and Casey Family Programs, allied this time with American Humane—better known for its animal welfare work—was "differential response" (DR), which would divert 70 percent of the potential cases monitored by child protection agencies into a track where problematic parents wouldn't be closely monitored. The argument is that most of these cases involved technical violations, such as caseworkers finding that a parent's home isn't clean.

But Harvard Law School professor Elizabeth Bartholet, in a 2015 law review article, says that Casey-backed differential response won't help children in trouble. She also questions Casey's emphasis on reducing foster care programs, because she says that foster care remains the best option "to protect children against the risk of death and other serious harm at home. It would work better for children if more often it was followed by timely termination of parental rights and adoption. Adoption works well for children, generally, but it works best when they have not suffered lengthy periods of maltreatment or foster drift."

William and Mary law school professor James G. Dwyer, in his 2018 book *Liberal Child Welfare Policy And Its Destruction of Black Lives*, argues that Casey Family Programs is

“ideologically committed to drastic reduction of the foster care population.” He charges that Casey Family Programs are one of a group of “liberal actors, dominant in the child welfare arena” who have “demanded that state governments adopt, as an explicit goal, reducing the number of black children in foster care—not, improving black children’s well-being, but simply more black children remaining in parental custody after maltreatment reports or returning quickly after removal to parents who abused or neglected them.”

“The Casey foundation,” Dwyer adds, “funds research aimed at showing that various pet projects serve that goal” of reducing foster care, “which Casey-funded researchers routinely mischaracterize as a ‘child-welfare outcome.’”

Baltimore

When the Annie E. Casey Foundation was created, it was headquartered in Greenwich, Connecticut, where UPS had its corporate headquarters. In the late 1980s, UPS moved its headquarters to Atlanta, which eliminated the reason for the Casey Foundation to remain in Greenwich. So, in 1994, the Casey Foundation moved its headquarters to Baltimore.

In a 1994 interview with the *Baltimore Sun*, Casey Foundation president Douglas Nelson said that while Greenwich was a comfortable place to work, “We asked ourselves, ‘Is this a place that’s relevant to our work we are doing?’ We thought not.” By contrast, he said, Baltimore “is a location that seemed to make more sense for our work.”

Being in Baltimore has meant that the Annie E. Casey Foundation has become one of the two largest foundations in Baltimore, along with the Harry and Jeanette Weinberg Foundation.

The Casey Foundation regularly contributes to Baltimore-based nonprofits as part of its funding. In 2015, in the wake of riots after the death of Freddie Gray, the Casey Foundation donated \$5 million to various Baltimore-based nonprofits that said they would help the city recover after the riots. Since then, the foundation has contributed at least a million dollars more in grants to programs designed to provide jobs for Baltimore teenagers.

Its Baltimore presence has meant that the Casey Foundation has been bailing out George Soros. At the turn of the century, Soros opened several Open Society Institutes in cities across America. He subsequently closed all of them in the U.S. except those in New York, Washington, and Baltimore. In 2005, the Casey Foundation pledged \$1 million over five years if the Open Society Institute-Baltimore remained open. Thanks to other nonprofits, but primarily the Casey

Foundation, the Open Society Institute-Baltimore did not close, and it is the only Open Society organization to retain its original name when the other organizations were renamed Open Society Foundations.

The Casey Foundation worked closely with the Open Society Institute-Baltimore since its creation in 1998. In 2002, Open Society Institute-Baltimore and the Casey Foundation each pledged \$5 million to create the Baltimore Fund, a venture capital fund for nascent Baltimore businesses. Casey Foundation grants have also supported the Baltimore Community Fellows, which has awarded grants to liberal activists since 1998. Currently, the Open Society Institute-Baltimore awards \$60,000 grants over 18 months to ten activists each year.

In 2016, the Open Society Institute-Baltimore, the Casey Foundation, and Maryland Gov. Larry Hogan’s Office for Children created the Baltimore School Climate Collaborative, which has awarded \$27,000 in small grants to Baltimore public schools and distributed thousands of brochures telling students to come to class every day and get enough sleep before they come to school.

In 2017, the Open Society Institute-Baltimore, the Casey Foundation, and the city of Baltimore created Safe City Baltimore, a \$500,000 legal defense fund designed to provide legal aid for immigrants, including helping American-born children of immigrants acquire passports and providing legal assistance for aliens about to be deported.

The Casey Foundation continues to donate to Open Society Institute-Baltimore. The most recent contribution data on the Open Society Institute-Baltimore’s website is for 2016, where the Casey Foundation is credited with a donation of between \$100,000 and \$499,999. Only the Bloomberg Philanthropies, which contributed over a million dollars that year, made a larger donation.

Casey’s most substantial project is its investment in East Baltimore Development Inc. (EBDI), an effort to clear and rebuild an 88-acre parcel near the Johns Hopkins Hospital. The *Baltimore Sun*, in a 2016 editorial, admitted that critics of the plan call it “a forced gentrification project from the bad old days of urban renewal.” The development, begun in 2002, is far from complete.

“The partners in EBDI—Johns Hopkins, the City of Baltimore, and the Annie E. Casey Foundation ... have been careful not to call it ‘urban renewal,’” Siddhartha Miller reported in *The Guardian* in March 2018. “Still, the venture is a bit of a throwback to the old slum-clearance days.”

The funding for EBDI is so complicated that public officials contacted by Baltimore’s legal newspaper, *The Daily Record*, in 2011—including then-city council president and current mayor Bernard “Jack” Young—could not explain how much the project cost or who was paying for it. The *Daily Record* estimated that the Casey Foundation had contributed \$63.5 million to the project. No more recent estimate of total Casey Foundation spending on EBDI exists. The foundation donated \$1.27 million in 2015, fifteen million in 2016 and fifteen million in 2017. Other foundations have also contributed, including the Atlantic Philanthropies, which gave EBDI \$925,000 in grants.

When Casey announced EBDI in 2002, planners highlighted the thousands of jobs the project would create for East Baltimore residents. Although some jobs have been created in a new Marriott that opened in 2017, as well as a Walgreen’s and a Starbucks, most of these jobs have not materialized.

Even after 17 years, EBDI has a long way to go before the project is complete. But the Casey Foundation, the city of Baltimore, and Johns Hopkins have to do a great deal of work to counter community concerns that EBDI is a project that pushes out the poor to aid the middle-class and the rich. Fewer than 10 percent of the 740 families displaced when demolition began in 2002 have returned, and Morgan State professor Lawrence Brown told the *Guardian* that the project was “gentrification, a big institution pushing out a vulnerable community for its benefit.”



Credit: Annie E. Casey Foundation/Screenshot. License: <https://bit.ly/2kjlKXa>.

In January 2019, Lisa Hamilton, former president of the UPS Foundation, became the Annie E. Casey Foundation’s third president.

One side effect of EBDI is that the Casey Foundation has become expert on “responsible demolition” or “deconstruction” of urban areas, and the foundation has published several reports on the topic. (One lesson: make sure you remove lead paint from an old house before you tear it down.)

The Annie E. Casey Foundation’s Future

The Casey Foundation launched a second urban project in March 2018 when they announced construction of Pittsburgh Yards in Atlanta. In August 2018, the Department of Commerce’s Economic Development Administration gave the Casey Foundation a \$1.5 million grant, under a program designed to help communities recover from disasters.

Casey has learned one lesson from East Baltimore Development: They are making no projections about the number of jobs Pittsburgh Yards will create. “We’re nervous about predicting the number of jobs, for obvious reasons,” Casey’s Natalie Keiser told the website Curbed.

The Casey Foundation also knows where the first jobs at Pittsburgh Yards will come from, as they will move their Atlanta offices there once building is complete.

In January 2019, Lisa Hamilton, former president of the UPS Foundation, became the Annie E. Casey Foundation’s third president.

Conclusion

James E. Casey was one of the 20th century’s greatest entrepreneurs. But his philanthropic vision was severely flawed. He failed to make clear what he wanted the Annie E. Casey Foundation to do, other than to help children in foster care. By establishing a foundation in perpetuity and then giving his successors complete authority to change or ignore his vision, Casey ensured that the foundation would drift away from what he wanted his legacy to be.

The Annie E. Casey Foundation, to its credit, still primarily helps children and families. But it’s hard to see James E. Casey approving the Casey Foundation bailing out liberal political magazines, or George Soros, or engaging in massive urban renewal projects.

As the appendix shows, Casey continues to tilt heavily towards the Left in its grantmaking. Robert Clanin, a Casey trustee for nearly two decades, is disturbed by Casey’s relentless liberal tilt. “Casey will never be a right-wing foundation,” he says. “But can’t it at least be a middle-of-the-road one?” ■

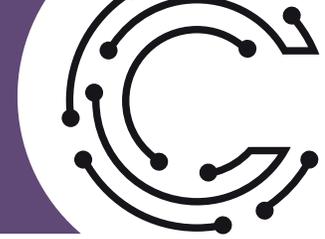
Appendix

ANNIE E. CASEY FOUNDATION GRANTEES FROM 2000–2016 RECEIVING \$10 MILLION OR MORE

(Excluded are grantees associated with the Casey fortune: Casey Family Programs, Casey Family Services, Casey Family Services—The Philadelphia Building, and Jim Casey Youth Opportunities Initiative.)

Center for the Study of Drug Policy	\$60.5 million
Urban Institute	\$50 million
Foundation Administered Project Direct Charitable Activity (1 grant only in 2001)	\$39.9 million
East Baltimore Development Corporation	\$38.8 million
Case Commons	\$32.2 million
National Opinion Research Center	\$25.1 million
Community Foundation for Greater Atlanta	\$21.9 million
Living Cities/National Community Development Initiative	\$21.1 million
Youth Law Center	\$19.7 million
Baltimore Community Foundation	\$18.2 million
Brookings Institution	\$15.3 million
Center on Budget and Policy Priorities	\$14.5 million
The Aspen Institute	\$13.7 million
Jobs for the Future	\$13.1 million
Center for Working Families	\$12.2 million
Safe and Sound Baltimore	\$11.9 million
Tides Foundation	\$11.6 million
Trustees of Columbia University	\$10.4 million
Central Indiana Community Foundation	\$10.1 million
The Piton Foundation	\$10.1 million
Population Reference Bureau	\$10 million

Data compiled by FoundationSearch.com subscription service, a project of Metasoft Systems, Inc., from forms filed with the IRS. Queries conducted September 5, 2019. ■



THE PROTEUS FUND, “DARK MONEY” SHAPESHIFTER

By Hayden Ludwig

Summary: *Of all the Left’s “dark money” grant makers, perhaps none better encapsulates the “pass-through” model than the Proteus Fund. Birthed from the anti-war movement of the Cold War, the group began as an experiment in masking the flow of cash from wealthy foundations to activist groups in order to push the Left’s agenda on “gender justice,” free speech, the death penalty, and more.*

Old Man of the Sea

The Proteus Fund has its origins in the wave of new funding strategies developed by activists and foundations in the 1980s. Margaret “Meg” Gage, the Fund’s founder and an anti-war activist, developed the “pass-through” public foundation model during her years as founding executive director of the Peace Development Fund from 1981 to 1992. Gage founded the Peace Development Fund in the 1980s in Amherst, Massachusetts. It funneled grants from unknown donors to Central American and U.S.-based activist groups opposed to nuclear energy and the Reagan administration’s confrontation with the Soviet Union. The Fund, originally created to aid anti-war protesters, soon evolved towards fiscally sponsoring new activist groups; in 1984, it even created a standalone nonprofit (the Exchange Project), which purportedly trained some 3,500 people on organizational activism until its closure in 2001.

It was this successful model—channeling grants to numerous activist groups through a single nonprofit “kaleidoscope”—that Gage brought to the Proteus Fund when she established it down the street from the Peace Development Fund in 1994 (the Funds are headquartered four miles from each other in Amherst).

Under the “pass-through” funding model, the Proteus Fund collects donations from large grantmaking foundations, wealthy individuals, and smaller donors and then filters cash to vetted local and state organizations. Proteus describes itself as an “extension of [the Peace Development Fund’s] model: a way to pool funding and align strategy among mul-



Credit: Amherst Media/Screenshot. License: <https://bit.ly/2Zj1l3U>.

Margaret “Meg” Gage, the Fund’s founder and an anti-war activist, developed the “pass-through” public foundation model during her years as founding executive director of the Peace Development Fund from 1981 to 1992.

iple funders in service of significant social change objectives and a broad vision for change in the philanthropic sector.”

That model has rocketed Proteus from less than \$3.5 million in total annual revenues in 2001 to nearly \$32 million in 2017 (according to its oldest and most recent IRS filings, respectively), an 814 percent increase in just over a decade-and-a-half.

Yet Gage’s model is much larger than the Proteus’s or Peace Development Fund’s, since it’s arguably also employed by left-wing funders such as NEO Philanthropy—a group formed in the early 1980s, but which only assumed its present “pass-through” model in the early 2000s. Gara LaMarche, president of the shadowy Democracy Alliance and the former head of Atlantic Philanthropies, credited

Hayden Ludwig is an investigative researcher at CRC.

Gage's funding model with "increasing philanthropic attention and support for social justice issues like money in politics, civil liberties and national security, and the death penalty."

Funneling money is only half the equation. The Proteus Fund is also one of the Left's most important incubators, providing fiscal sponsorship services to dozens of would-be activist groups (Proteus reports hosting 12 such groups as of August 2019). Proteus's sponsored projects cover a swathe of issues, from transsexual "gender justice" to tax policy advocacy and net neutrality. They're universally funded with sizeable grants from major grant makers, including the Ford and Open Society Foundations.

The origin of the Fund's name is perhaps more mysterious than its activities. While it isn't exactly clear why Gage chose the name, "Proteus" is fitting for a group which takes many shapes in the form of its numerous projects. In ancient Greek mythology, Proteus was one of the sons of the sea god Poseidon. Known in Homer's writings as the prophetic "old man of the sea," the elusive Proteus commanded the world's rivers and great oceans and was famed for his ability to predict the future—as well as his reluctance to share those revelations with curious mortals.

Like water itself, Proteus was slippery and able to assume any shape, which he often did in order to avoid telling travelers their futures.

The "Donor Collaboratives"

The Proteus Fund runs most of its operations through a handful of so-called "donor collaboratives," funds that move grants from foundations to specific issue areas. These include the Piper Fund; Civil Marriage Collaborative; Rights, Faith, and Democracy Collaborative; RISE Together Fund; Themis Fund; and the Colombe Peace Foundation, a separate 501(c)(3) public foundation administered by Proteus staff.

Unlike traditional grantmaking groups, Proteus's collaboratives and fiscal sponsorship funding constitute the real meat of its activities. The Proteus Fund's 2017 IRS filing breaks down how much it spent on its biggest collaboratives: out of almost \$26 million in total expenditures, Proteus spent \$4.5 million (or 17 percent) on the Piper Fund, another \$2.7 million (or 10 percent) on the RISE Together Fund, and \$17.2 million (or 67 percent) on general fiscal sponsorship

and other collaborative services. To be fair, Proteus is more forthcoming about how it spends its money, unlike organizations like Arabella Advisors, which intentionally hides as much information as possible from the public.

But Proteus also maintains a "sister" lobbying nonprofit, the 501(c)(4) Proteus Action League (PAL). PAL is significantly smaller than the Proteus Fund—the group reported 2017 revenues of just \$2.1 million to Proteus's \$32 million—but it manages donor collaboratives which work as the advocacy arms to the nonprofit fundraising arms hosted by Proteus.

In 2017, PAL spent just under \$900,000 (76 percent of its total expenditures) on the Piper Action Fund—the Piper Fund's lobbying wing—to run "legislative advocacy and reform campaign to . . . diminish the influence of corporate and special interest money" in elections. PAL also spent a small sum (\$24,000) on the

RISE Together Action Fund "to fight anti-Muslim bigotry and xenophobia." The group spent the remaining \$586,000 on its other fiscal sponsorship advocacy efforts.

PIPER FUND AND PIPER ACTION FUND

The Piper Fund is the oldest of the Proteus Fund's donor collaboratives, established in 1997. A lobbying arm hosted by the Proteus Action League, the Piper Action Fund, emerged sometime after in the early 2000s.

From the start, Piper was laser-focused on pushing the Left's agenda on controlling election-related free speech through grants to lobbying groups that pushed for restrictions on how political campaigns may raise funds (campaign finance reform). It started in 1998 with \$1.8 million in grants to 53 organizations in 38 states backing the Left's so-called "Clean Money" campaign, according to a 1999 article in *American Prospect* magazine. Of that sum, Piper spent \$1 million to support five liberal groups pushing the Clean Money agenda, \$700,000 of which benefitted Northeast Action (the New England affiliate of Ralph Nader's Citizen Action network), the Western States Center, and the now-defunct groups Democracy South and Midwest States Center. The remaining \$300,000 went to the National Institute on Money in State Politics, which today publishes the watchdog website FollowTheMoney.org.

Those groups reportedly helped register and mobilize voters to support ballot initiatives legislating government funding for state and local campaigns, though it isn't clear in which states they were successful.

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It isn't exactly clear why Gage chose the name, but "Proteus" is fitting for a group which takes many shapes in the form of its numerous projects.

Proteus played an indirect role in developing Congress's last major campaign finance reform bill in 2002: the McCain-Feingold Bipartisan Campaign Reform Act, which prohibited political parties and federal campaigns from soliciting "soft money"—funds spent to indirectly influence elections, usually by companies or labor unions. But Proteus worked to oppose "soft money" began in the late 1990s.

"Soft money" donations are a kind of pass-through—they do not directly advocate for or against candidates for public office but instead are typically given to political parties, which then distribute the funds to the campaigns themselves. They are distinct from "independent expenditures," which are campaign communications (i.e., television ads) that clearly advocate for or against a candidate but without that candidate's authorization, request, or coordination.

Many on the Left (and some on the Right) criticized the "soft money" phenomenon because it fell outside of traditional campaign finance vehicles—political action committees (PACs)—and thus was not subject to PAC contribution limits. Various attempts to cap "soft money" in the 1990s were unsuccessful, such as a 1992 bill vetoed by President George H.W. Bush, which would have limited campaign expenditures and created public financing for congressional elections (currently, optional public financing is available only for presidential campaigns, though it hasn't been used by candidates since Obama opted out in 2008).

In the early 2000s, the Piper Fund took on increasing significance to the Left's push for government-funded elections. A 2004 report by the Carnegie Corporation calls the Piper Fund one of the groups key to "enacting and defending public financing of state and local campaigns." The report added that between 1997 and 2004, Piper distributed \$6 million to "election reform groups" in 45 states.

"Piper is a key mechanism for large funders—such as the Carnegie Corporation—to direct small grants to local and emerging reform organizations," the Carnegie report concluded. That view seems to be shared in an October 2017 report by an obscure grantmaking nonprofit, Voqal. According to Voqal:

Piper views the pursuit of public finance campaigns in states and municipalities as a key strategic foothold in the national money-in-politics movement and focuses on states as the arenas most conducive to victory.

To that end, Piper spent \$20,000 in Montgomery County, Maryland, in 2014 to "strengthen the gubernatorial public financing program" and another \$600,000 in 2015 to

support Maine's successful "Clean Elections" ballot initiative (Question 1), raising the state's public campaign financing fund by eliminating corporate tax exemptions.

Voqal gives directly to Piper. In 2013, it gave \$400,000 to the Piper Action League to push campaign finance reform efforts in New York state and develop ballot initiative strategies for other states. In 2014, Voqal gave Piper Action \$250,000 to "support [a] campaign to pass small donor public financing in [New York] state." (It's unclear whether this grant was part of the original \$400,000 promised to Piper.)

Voqal later wrote that, thanks to its grants, Piper Action "pushed Governor [Andrew] Cuomo to include comprehensive public financing in his State of the State address and Executive 2014 budget," held events with Sen. Elizabeth Warren (D-MA) on campaign finance reform, and met with Cuomo "on six different occasions regarding the Governor's commitment to adopting public financing in 2015 and securing robust efforts to **swing the State Senate to Democratic control** [emphasis added]." (As part of the 501(c)(4) Proteus Action League, Piper Action is allowed to conduct unlimited partisan lobbying.)

The Voqal report lists half-a-dozen other Piper accomplishments in pushing the Left's campaign finance agenda, including building "key relationships" with activists in Every Voice, Ralph Nader's Citizen Action New York, and Common Cause. But how do we measure Piper's success in pushing government funding of political campaigns? In 2019, a dozen states offer optional public financing to campaigns for certain state office elections in exchange for the campaign's promise to limit private fundraising. The financing scheme never took off nationally. But the scheme isn't completely dead: H.R. 1 ("For the People Act"), the Democratic Party's "goody bag" bill introduced earlier this year, would create public financing options for congressional races in the form of vouchers, distributed by individual donors in \$5 increments to the candidates of their choosing.

It isn't clear what role the Piper Fund played in passing McCain-Feingold. As John Fund noted in the *Wall Street Journal*, support for McCain-Feingold was largely driven by \$123 million from six left-wing foundations: Pew Charitable Trusts, the Open Society Foundations, Bill Moyers's Schumann Center for Media and Democracy, the Joyce Foundation, Ford Foundation, and the MacArthur Foundation.

But the intellectual basis for the McCain-Feingold's "money-out-of-politics" argument came largely from Free Press, a "media reform" group created and run by neo-Marxist Robert McChesney. Free Press didn't start receiving grants from the Proteus Fund until 2006, but since then, Proteus has



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Gage was succeeded by Paul Di Donato, the former director of Proteus's Civil Marriage Collaborative and a longtime consultant for major left-wing funders, including the Gates, Ford, and Arcus Foundations.

directed over \$523,000 to the group for “lobbying activities” in support of the “media policymaking process,” net neutrality regulations—enacted by Obama’s FCC in 2015—and even to cover lobbyists’ salaries (which is allowed under IRS rules). Part of Proteus’s funding to Free Press flowed through its Media Democracy Fund, a donor collaborative that Proteus birthed with aid from Free Press and then transferred to the New Venture Fund—Arabella Advisors’ flagship “dark money” nonprofit—in 2014.

McCain-Feingold continues to dictate campaign finance politics, albeit through the lens of the Supreme Court. Besides banning “soft money,” McCain-Feingold also barred companies, unions, and 501(c)(4) advocacy nonprofits from buying electioneering advertisements identifying federal candidates in the immediate leadup to an election.

It was this part of McCain-Feingold which the Supreme Court found unconstitutional in its 2010 *Citizens United v. FEC* decision. The high court ruled that corporate funding of independent electioneering broadcasts in elections is protected speech under the First Amendment.

Celebrated as a victory on the Right and much-maligned on the Left, the pro-speech ruling spawned numerous

anti-*Citizens United* advocacy groups, such as the bluntly named End Citizens United PAC dedicated to overturning the decision via legislation.

Piper itself attributes much of its rapid growth to the *Citizens United* decision, claiming it helped Piper grow from \$1.1 million in revenues in 2010 to over \$4 million in 2014, and increased the group’s “funding partners” from 19 to 32.

Interestingly, the Proteus Fund confirmed this in its 2017 IRS filing, noting that it spent nearly \$4.5 million that year on the Piper Fund, mainly in grants to Common Cause, Demos, and other campaign finance advocacy groups.

CIVIL MARRIAGE COLLABORATIVE

The Proteus Fund was closely involved in the campaign for same-sex marriage beginning with the creation of the Civil Marriage Collaborative (CMC) in 2004. Proteus later chronicled the success of CMC in a case study entitled *Hearts & Minds*, bragging that Proteus “played a critical but largely unknown role” in the campaign’s ultimate victory.

Like its other donor collaboratives, Proteus designed CMC to be both a strategy hub coordinating the flow of foundation grants to allied activist groups and a pass-through for

the grants themselves. It was led by Paul Di Donato, now president of the Proteus Fund.

The Gill Foundation created CMC in conjunction with Proteus. The Gill Foundation is the philanthropic vehicle of software entrepreneur and liberal mega-donor Tim Gill, best-known for supporting gay and lesbian groups. Funding for CMC came from the Gill Foundation, Evelyn and Walter Haas, Jr. Fund, Open Society Foundations, Overbrook Foundation, Columbia Foundation, and the David Bohnett Foundation (the philanthropy of GeoCities software founder David Bohnett, also known for funding LGBT advocacy groups). Later CMC funders included the Bermuda-based “dark money” funder Atlantic Philanthropies, Ford Foundation, Calamus Foundation, Horizons Foundation, Johnson Family Foundation, and Kevin J. Mossier Foundation (the latter four primarily known for funding LGBT groups).

Over the course of 11 years, these foundations granted \$153 million to pro-gay marriage organizing, lobbying, and litigation groups, spending some \$20 million of it through CMC. In its first year, the campaign issued 19 grants totaling \$935,000 to 17 pro-gay marriage advocacy groups. By 2006, annual CMC grantmaking grew to \$1.5 million and included groups such as Freedom to Marry and Equality California (as well as its other state affiliates).

According to *Hearts & Minds*, CMC’s most-targeted states for grants were Oregon (\$2.7 million), Maine (\$2 million), California (\$1.5 million), Iowa (\$1.2 million), New Jersey (\$1.3 million), New York (\$1.3 million), and Rhode Island (\$1.3 million). In all, CMC targeted groups in 29 states and the District of Columbia from 2004 to 2015.

While most of the national gay marriage campaign’s resources weren’t directed through CMC, the group identified itself as “a financial gatekeeper” for the funds flowing to state-based allies. Most of CMC’s pass-through funding appears to have targeted education efforts, supporting advertisements in key states for “marriage equality” and increasing public support for same-sex marriage laws.

Director of the American Civil Liberties Union’s LGBT and AIDS Project Matt Coles led the litigation efforts. (Coles is now the head of the ACLU’s Center for Equality, tying together immigration, voting, and “racial justice” litigation.) Coles targeted states where “state constitutional provisions

and the courts appeared to be most favorable” to overturning traditional marriage laws, such as California’s Proposition 8 (2008).

Proteus closed CMC in early 2016 after the Supreme Court’s ruling in the 2015 case *Obergefell v. Hodges* effectively legalized gay marriage nationwide.

RIGHTS, FAITH, AND DEMOCRACY COLLABORATIVE

The Rights, Faith, and Democracy Collaborative (RFDC) is the Proteus Fund’s newest donor collaborative, launched in March 2017. RFDC might be considered the successor to the Civil Marriage Collaborative; where the CMC helped guide the campaign to legalize same-sex marriage nationwide, RFDC funds litigation groups to support lawsuits against religious exemptions to laws requiring businesses to serve gay marriages or recommend abortions. As Proteus puts it, the RFDC “fight[s] against discrimination under the guise of religious liberty.”

Between 2017 and 2018, RFDC distributed nearly \$1.9 million to a slew of left-wing policy and litigation nonprofits, including the ACLU and state affiliates of the union-backed Jobs With Justice, Religious Coalition for Reproductive Choice, Catholics for Choice, Center for Civic Policy, Interfaith Alliance, and Planned Parenthood.

RFDC doesn’t tag which lawsuits, if any, its grants are intended to be used for. But many of its grantees push the limits of religious freedom and free speech.

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The Rights, Faith, and Democracy Collaborative doesn’t tag which lawsuits, if any, its grants are intended to be used for. But many of its grantees push the limits of religious freedom and free speech.”

The ACLU, for example, sued the 86 hospitals in the Roman Catholic-run Trinity Health System in 2015 for allegedly using “their religious identity to discriminate against, and harm, women.” Its complaint stemmed from the pro-life provisions of the Ethical and Religious Directives created for Catholic hospitals by the United States Conference of Catholic Bishops, which “reaffirm the ethical standards in health-care that flow from the Church’s

teaching about the dignity of the human person [and] provide authoritative guidance on certain moral issues that face Catholic healthcare today.” The ACLU alleged that Trinity Health System discriminated against women with pregnancy complications by not providing them abortion services. A federal judge dismissed the case in 2016.

Lambda Legal, another RFDC grant recipient, filed an *amicus* brief with the U.S. Supreme Court in October 2017

in *Masterpiece Cakeshop v. Colorado Civil Rights Commission*, detailing the supposed discrimination against “hundreds of LGBT individuals, same-sex couples, and their families.” Equality California and the Equality Federation, both RFDC grantees, also signed the brief.

When the case began in 2012, same-sex marriage was prohibited in Colorado. Nevertheless, a gay couple who planned to marry legally in Massachusetts ordered a wedding cake from Masterpiece Cakeshop; the owner, Jack Phillips, declined on the grounds that as a Christian he did not bake cakes for gay weddings. The gay couple sued the shop under Colorado’s anti-discrimination laws, and the Colorado Civil Rights Commission ordered Phillips to change his business practices, train his staff on avoiding discrimination, and make quarterly reports regarding steps Masterpiece Cakeshop had taken towards compliance with the commission. In June 2018, the Supreme Court ruled 7-2 in favor of Phillips that the commission had violated his First Amendment freedom of religion.

RFDC itself receives significant support from the Arcus Foundation, which gave it \$300,000 in startup funding in 2017. Arcus spends heavily on pushing LGBT activism; in early 2019, the foundation consolidated its four “social justice” programs into a single fund emphasizing gay and lesbian advocacy. It now pushes three goals: pro-LGBT education, gay and lesbian rights, and support for LGBT activism. Arcus is the main philanthropy of Jon Stryker, a billionaire Democratic donor and husband of Democracy Alliance co-founder Patricia Stryker, who is widely credited with orchestrating the Democratic Party’s takeover of Colorado in the mid-2000s.

THEMIS FUND

The Themis Fund is Proteus’s contribution to the campaign to abolish the death penalty. Themis was created in 2007 to direct funding to litigation groups, such as the Center for Death Penalty Litigation and the Death Penalty Information Center. The name is derived from the Greek goddess Themis, who represented divine law and is often depicted holding the scales of justice.

Funding for the Themis Fund comes from Atlantic Philanthropies, the Tides Foundation, Voqal, Wallace Global Fund, the Fund for Nonviolence, and the Butler Family Fund (which receives substantial funding from the Swiss-based Oak Foundation).

Themis itself is managed by Rebecca Rittgers, a former LGBT program director for the Arcus Foundation who also worked as a consultant to the Civil Marriage Collaborative. The fund is also connected to the 8th Amendment Project,

a project it created in 2014 and transferred to the Center for Death Penalty Litigation in 2018.

According to a 2015 BuzzFeed article, Themis gave the 8th Amendment Project a \$1 million annual budget and six full-time staffers led by Henderson Hill, an attorney who led the Center for Death Penalty Litigation in the mid-1990s and a North Carolina anti-death penalty group before that. (Hill left the project in April 2019 but remains on its advisory board.)

As its name suggests, the 8th Amendment Project’s goal is to bring a lawsuit against death penalty policies to the U.S. Supreme Court as a violation of the U.S. Constitution’s prohibition on “cruel and unusual punishments,” enshrined in the 8th Amendment. Until then, the group attacked death penalty policies at the county and state level. To that end, it supplied talking points to at least one state official: Florida 9th Circuit Court state attorney Aramis Ayala, who announced in March 2017 that her office would stop seeking the death penalty in applicable cases.

In April, it emerged that Ayala took advice from “justice reform groups”—including the 8th Amendment Project—as far back as January, even though the state attorney claimed she had made the decision not to seek capital punishment shortly before her March announcement. That “advice” included talking points from the 8th Amendment Project which bore a close resemblance to Ayala’s own announcement.

Stefanie Faucher, a former activist for MoveOn.org and now 8th Amendment Project communications director, emailed Ayala:

“the death penalty traps victims’ families in a decades-long cycle of uncertainty, court hearings and waiting.” Ayala ultimately said: “I’ve learned that the death penalty traps many victims’ families in a decades-long cycle of uncertainty, court hearings, appeals and waiting.”

The emails originated with 8th Amendment Project communications director Stefanie Faucher, a former activist for MoveOn.org.

Since the transfer of the 8th Amendment Project to the Center for Death Penalty Litigation, it isn’t clear what Themis Fund does without its flagship project. Data from the service FoundationSearch suggests that Proteus hasn’t made a grant via the Themis Fund since 2015, though it did transfer \$270,000 to the Proteus Action League’s Themis Action Fund. (However, no other information exists about the action arm.)

But Proteus *did* move \$1.5 million between 2014 and 2015 through the Themis Fund to fund such efforts as using “the tools of communications and media to erode public support of the death penalty in the U.S.”; developing “analysis of the cost of the death penalty in Washington state as an advocacy tool to advance repeal”; and backing efforts to “educate, organize, and mobilize lay Catholics as advocates working to end capital punishment.”

RISE TOGETHER FUND AND RISE TOGETHER ACTION FUND

RISE Together and the RISE Together Action Fund are Proteus’s national security-oriented donor collaboratives. They were founded in 2009 as the Security & Rights Collaborative; in 2019, the sister collaboratives were renamed “RISE,” an acronym for “Rights, Inclusion, Solidarity, Equity.”

Unlike the highly specialized Themis Fund and the Civil Marriage Collaborative, RISE’s aims are broad: close the U.S. detention facility at Guantanamo Bay, regulate drone warfare, and stop racial profiling by American intelligence and counterterrorist agencies. As such, RISE’s grant recipients overwhelmingly consist of Muslim, Arab, and South Asian interest groups, including the Sikh Coalition, Muslim Anti-Racism Collaborative, and the far-left Council on American Islamic Relations (CAIR).

RISE is one of Proteus’s larger collaboratives; in 2017, Proteus reported spending just over \$2.6 million on the program for that year. Since 2015, RISE distributed \$5.6 million to left-wing groups. The largest recipient of RISE grants is ReThink Media, a combination nonprofit public relations group and pass-through entity that specializes in developing messaging techniques for other left-wing groups to criticize U.S. national security policy. (For reference, ReThink is heavily funded by the Ploughshares Fund, which Obama National Security Advisor Ben Rhodes hailed in 2016 as an effective “echo chamber” in drumming up support for the 2015 Iran Nuclear Deal.)

While RISE is a Proteus Fund project, ReThink receives Proteus grants to manage the project’s activities. ReThink (through RISE) teaches activist groups how to write pro-Muslim, pro-refugee letters to the editor, op-eds, and

social media posts, even providing groups with specific wording it considers effective.

RISE promotes Islamic art and culture in its campaign to popularize Islam with Americans, providing talking points for potential questions from hostile interviewers. “If confronted with media questions on ‘the Muslim view’ of homosexuality,” one of the group’s statements reads, “we suggest the following”:

The Muslim faith is very diverse and views on homosexuality are just as varied and complex as they are among Jews, Catholics, Evangelical Christians, and other denominations. There is no such thing as a ‘Muslim view’ of homosexuality, but any decent person from any faith tradition should denounce this horrible hate crime—just as they should denounce any hate crime.

Disturbingly, RISE assembled damage-control fact sheets following multiple terrorist attacks by radical Muslims in Paris in 2015 and the 2016 Pulse nightclub shooting in Orlando, Florida. To that end, the group called the Paris terrorist attack “an attack on our collective community” that cannot be allowed “to divide us against each other,” calling for solidarity with “Muslims in France and the rest of the world.” The fact sheets framed the terrorist attacks as detached from Islam itself, criticizing instead unnamed individuals for supposedly using the violence to foster “bigoted statements [that] often lead to hate crimes against innocent community members.”

“Every religious tradition explicitly condemns the killing of innocent people,” the group wrote. “Murder knows no faith.” The fact sheet then encouraged readers to join one of ten “Peace4Paris” vigils in the U.S. organized by the agitation group MoveOn.org (which failed to identify the perpetrators as Muslims).

ReThink and RISE regularly draw upon talking points from Media Matters for America, the anti-Republican attack group created by Clinton operative David Brock, particularly when advising left-wing commentators prior to interviews with conservative media.



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Dini Merz is the Proteus Fund's program director for the Colombe Foundation. Merz is a career nonprofit manager and previously worked for the center-left Tremaine Foundation in New Haven, Connecticut.

It also recommends the discredited Southern Poverty Law Center (SPLC) as a factual source for commentators to draw upon. In October 2016, ReThink co-published the SPLC's *Field Guide to Anti-Muslim Extremists*, a heavily criticized document which included in its blacklist Muslim political activist Maajid Nawaz for his criticism of radical Islamists. Nawaz sued the SPLC, which settled with him in June 2018 for \$3.4 million.

While no clear list of RISE's donors exists, grant descriptions suggest it has received significant funding from the Ford Foundation, Soros's Foundation to Promote Open Society, the Akonadi Foundation, and Firedoll Foundation.

COLOMBE FOUNDATION

The Colombe Foundation (or Colombe Peace Foundation) is unique among the Proteus Fund's donor collaboratives in that it's a standalone nonprofit, not a fiscally sponsored project. Proteus established the foundation in 1997 and Proteus staff administer it.

Colombe primarily makes grants to groups that seek to eliminate nuclear weapons, push arms control treaties, and support budget cuts in U.S. defense spending in opposition

to what it calls growing "militarism" at home. The group's name is likely related to its anti-war activism; "Colombe" is French for "dove," a symbol of peace.

It isn't clear who provided the foundation's initial endowment. Colombe's earliest available IRS filings from 2002 show that the foundation subsists on capital gains income and securities dividends rather than direct annual contributions. This makes sense considering its vast assets—in 2017, Colombe reported \$18.7 million in capital stock and current funds.

The biggest recipients of Colombe grants since 2002 are the Center for Arms Control and Non-Proliferation (\$2.4 million in total), National Priorities Project (\$1.3 million), Center for International Policy (\$1.1 million), Project on Government Oversight (\$820,000), Institute for Policy Studies (\$668,000), Alliance for Nuclear Accountability (\$660,000), Tides Center (\$610,000), Peace Action Education Fund (\$560,000), and the Quaker-run Friends Committee on National Legislation (\$475,000).

Colombe also granted \$370,000 to ReThink Media and \$319,000 to the Proteus Fund. But its most controversial grant recipient is arguably the Ploughshares Fund, which

has received \$941,000 since 2002 from the Colombe Foundation, at one point its fifth-biggest donor (now its tenth-biggest).

Colombe's grantees tend to focus their advocacy efforts on reducing stockpiles of nuclear weaponry and shaping American foreign policy. The Center for Arms Control and Non-Proliferation, in particular, opposes a "first use" defense policy, meaning the United States will only resort to using nuclear weapons in reaction to a nuclear attack by a foreign state. Others, like the National Priorities Project, focus on domestic policy; the group was created in 1983 to attack the Reagan administration's "destructive and misguided budget policies" concerning defense spending, favoring federal spending on renewable energy, Medicaid, and other social welfare programs.

The Colombe Foundation is also a major supporter of Women's Action for New Directions (WAND), a feminist activist group founded in the early 1980s as Women's Action for Nuclear Disarmament and renamed after the collapse of the Soviet Union in 1991. WAND lobbies Congress for the "eradication of nuclear weapons" and shrinking the national defense budget in order to redirect military spending "towards unmet human and environmental needs." The group regularly stages protests and marches in Washington, D.C., criticizing the supposedly "militarized, patriarchal culture" that led the United States into "endless war and violence." Since 2002, Colombe has given \$1.5 million to WAND, \$760,000 to the WAND Education Fund, and another \$342,000 to the Georgia WAND Fund, a state-based voter mobilization group.

Edith "Edie" Allen is founder and president of the Colombe Foundation, though Allen isn't listed on Colombe's website and makes almost no appearance online in connection to the foundation. (She appears in the foundation's annual IRS filings as far back as 2002, the earliest available date.)

The left-wing website SourceWatch describes Allen as a veteran volunteer with WAND. (Allen has been a board member for the WAND Education Fund since 2009.) While at WAND, Allen reportedly met then-student volunteer Naila Bolus, an activist who later worked as executive director of the Ploughshares Fund from 1997 to 2011. Allen herself was a member of the Ploughshares Fund board of directors from 2009 to 2015—a board which at various times has also

included such luminaries as Ploughshares president Joseph Cirincione, a former Center for American Progress vice president; Hal Harvey, CEO of the ClimateWorks Foundation; former CIA officer Valeria Plame; Iranian religious scholar and media figure Reza Aslan; and former Obama administration Secretary of Defense Chuck Hagel.

Most recently, Allen signed onto an October 2018 open letter to Department of the Interior Secretary Ryan Zinke opposing a proposed rule requiring groups to obtain permits in order to protest on the National Mall in Washington, D.C. (Proteus Fund president Paul Di Donato and Piper Fund director Melissa Spatz also cosigned.)

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Dini Merz is the Proteus Fund's program director for the Colombe Foundation. Merz is a career nonprofit manager, and previously worked for the center-left Tremaine Foundation in New Haven, Connecticut. She is a former board member for the New England Grassroots Environment Fund and is a steering committee member for the Peace and Security Funders Group, a donors roundtable whose other members include the Ploughshares Fund, Wellspring Philanthropic Fund (a major "dark money" funder), Open Society Foundations, MacArthur Foundation, and others.

Funding Voter Engagement as "Philanthropy"

One of the Proteus Fund's more salient projects involves its membership in the Funders Committee for Civic Participation, a major donors collaborative run by NEO Philanthropy. The Funders Committee has a three-fold aim: register and turn out new voters during elections, increase the number of people counted in the 2020 census (particularly in Democratic-controlled states), and toss out Republican-drawn congressional maps in legal battles.

But the Funders Committee doesn't fund these efforts directly; instead, it acts as a hub for wealthy foundations to coordinate the flow of money to the activist and litigation nonprofits that actually *do* the work. Proteus is just one of roughly 90 members who churned out a combined \$5.3 billion in total expenditures in 2016.

While Proteus itself is nowhere near the biggest spender in that list, the group has been essential to the Funders Committee's longtime goal of getting left-wing foundations to spend more on voter engagement activism—which the foundations have been historically reluctant to do. In 2005, Proteus created the “Voter Engagement Evaluation Project” to fix that problem.

The project began in June 2005 when the Funders Committee invited “some 140 funders” to discuss what voter engagement tactics worked and didn't work in the 2004 election. Those “funders” included such notables as Patricia Bauman of the Bauman Family Foundation, Deepak Bhargava of the Center for Community Change, and Anne Bartley of Rockefeller Philanthropy Advisors; as well as representatives from the Open Society Foundations, Z. Smith Reynolds Foundation, Tides Foundation, Gill Foundation, Sierra Club, Project Vote, and the Pew Charitable Trusts.

Their feedback was initially compiled in a 2005 report by political activist Heather Booth, the founder of USAction (successor to Ralph Nader's defunct group People's Action) and the community organizing training group, Midwest Academy, among others.

Her findings were further refined in a 2006 report authored by Proteus head Meg Gage, Arca Foundation executive director Donna Edwards, and Carnegie Corporation program officer Geri Mannion, which detailed how the funders “shared information and advanced voter mobilization initiatives in a nonpartisan setting.”

That last bit is key. While foundations are barred from engaging in overtly partisan activity, the IRS considers registering new voters a *charitable* act open to nonprofits. Thus, the IRS permits numerous tax-exempt nonprofits (mostly on the Left) to engage in massive voter registration and turnout campaigns, so long as they don't advocate for a particular political party or a candidate.

But the line between charity and politics is razor-thin when it comes to voting. Foundations are acutely aware that this activity is arguably an inherently political act—one that can compromise philanthropic giants like Ford and MacArthur.

And Proteus knows it. The 2006 Proteus report acknowledged that “funders sometimes are concerned about support of civic/voter engagement activities because they are political and therefore can be perceived as partisan.” Nevertheless, its authors insist that:

[F]oundations can (and should) support nonpartisan civic/voter engagement activities, and nonprofits

can (and should) integrate nonpartisan civic/voter engagement activities into their ongoing mission and work. Our democracy demands the attention and engagement of all Americans, and nonprofits are particularly critical to providing the means for educating and motivating Americans to get engaged.

“Voters, particularly those from disenfranchised communities,” Gage *et al.* noted, “need to see that voting translates into collective power and impact.” They offered three components to a strategy for “driving effective nonpartisan voter engagement field work” in future elections:

1. Integrating nonpartisan electoral work with constituency and/or issue organizing;
2. Effective use of voter files to enhance field operations; and
3. Increased coordination of voter engagement activity.

The report concluded that an effective voter engagement strategy incorporates voter registration, education, “protection,” and get-out-the-vote activities to increase overall turnout. To that end, it recommended the use of paid canvassers instead of volunteers, who aren't reliable enough to conduct lasting voter mobilization work.

Interestingly, the report also measured the effectiveness of “pre-tested messages focused largely on empowerment” aimed at unmarried women, one of its key target demographics, emphasizing “healthcare, pay equity, and retirement security.”

It's unclear what effect the Voter Engagement Evaluation Project had on the broader Left's voter mobilization activities. The project permanently closed in 2006 following publication of its report. But it's important to recall that the short-lived project emerged at a time when top strategists first developed the infrastructure which defines today's professional Left. The Democratic Party's failure to retake the presidency in 2004 led directly to the creation of the Democracy Alliance in early 2005 because co-founder Rob Stein thought that “liberals [did] not have a well-funded network of policy shops, watchdog groups, and training centers for activists equivalent to what [had] existed for years on the Right.”

The Funders Committee, too, has only refined its strategy, forming what it calls the Integrated Voter Engagement model for funding get-out-the-vote drives in order to “achieve policy impact.” What *is* clear is that the Proteus



Credit: Fidelity Charitable/Screenshot. License: <https://bit.ly/2PjRUS>.

Jason Franklin is chair of Proteus's board of directors. Franklin is adjunct faculty at New York University and holds the W.K. Kellogg Community Philanthropy chair at Grand Valley State University.

Fund has been a small-yet-powerful element in developing this master plan and will continue to do so going into the 2020 election.

Proteus's Notable Projects

While the Proteus Fund isn't the most prolific fiscal sponsor on the Left—a title surely contested by both Arabella Advisors' nonprofit network and the Tides Foundation—the group has incubated a number of highly influential groups.

The Media Democracy Fund was formed in 2006. The group calls itself a “catalyst” for “digital technology and social justice”; in reality, that means funding efforts to curb free speech online and pass control of the Internet to the federal government.

The Media Democracy Fund was instrumental in pushing the Obama administration's Federal Communications

Commission (FCC) to enact net neutrality regulations in 2015, failing Democrats' earlier congressional efforts. As a result, the free and open Internet came under tight federal regulation, the dream of prominent net neutrality advocate Robert McChesney.

McChesney, the former editor of the socialist magazine *Monthly Review*, is an unabashed champion of total government control of the Internet. He's criticized American media for being too “profit-driven,” concluding that “any serious effort to reform the media system would have to necessarily be part of a revolutionary program to overthrow the capitalist political economy.”

Free Press, the group founded by McChesney with startup capital from the Open Society Foundations and Pierre Omidyar's Democracy Fund, was so effective at pushing such regulations that Obama's FCC cited it *46 times* in the its arguments for net neutrality.

Media Democracy Fund was founded by a former Free Press outreach director and a Proteus Fund officer. Between 2007 and 2012, Proteus moved \$548,000 through the Media Democracy Fund to Free Press and its 501(c)(4) lobbying arm. In 2014, the Media Democracy Fund moved to the Arabella Advisors-run New Venture Fund.

The Proteus Fund also runs Solidaire, a network of pooled funds similar to Proteus's donor collaboratives. (It's worth noting that Proteus's relationship to Solidaire does not appear on either group's website; nevertheless, job listings identify Solidaire as a “fast-paced project of Proteus Fund.”)

The group was formed in 2013 to direct funding to radical activist groups such as Assata's Daughters, named after Black Liberation Army terrorist Assata Shakur, who lived in exile in Cuba after murdering a New Jersey state trooper in 1979. Queer the Land, another far-left Solidaire grant recipient, is a Seattle-based collectivist, eco-activist group that advocates against “all imperialism and militarism” in its quest for its “collective struggle to free the land.” Solidaire grantee Vigilant Love is a “healing and arts-driven organization” that opposes “Islamophobia and violence” supposedly brought about by President Trump's election.

Meet the Proteans

Proteus Fund founder Meg Gage stepped down as president in 2016 after 22 years in power. She remains on the advisory board of the Proteus-aligned group ReThink Media.

Gage was succeeded by Paul Di Donato, the former director of Proteus's Civil Marriage Collaborative and a long-time consultant for major left-wing funders, including the Gates, Ford, and Arcus Foundations. Di Donato, a lawyer, previously worked as executive director of Funders Concerned About AIDS, another donors collaborative; prior to that, led the public policy arm of the San Francisco AIDS Foundation and directed the now-defunct group National Gay Rights Advocates. In 2017, Di Donato received total compensation of \$225,659.

Jason Franklin is chair of Proteus's board of directors. Franklin is adjunct faculty at New York University and holds the W.K. Kellogg Community Philanthropy chair at Grand Valley State University. He is a former member of President Obama's Office of National AIDS Policy and was executive director of the philanthropy group Bolder Giving and the Rockefeller Foundation's Next Generation Leadership Network. Proteus's board of directors includes Helena Huang, a Ford Foundation program officer who previously worked at the Open Society Foundations, JEHT Foundation, and the voter mobilization group State Voices. Richard Burns, another board member, is interim CEO of the LGBT litigation group Lambda Legal and former COO for the Arcus Foundation. Patricia Eng is vice president of programs for the New York Women's Foundation; before that, Eng was chief service officer for New York Mayor Bill de Blasio.

Other Proteus board members include Sara Gould, a consultant and ex-senior fellow for Atlantic Philanthropies; Jennifer Berman, program director for the Garfield Foundation; Ford Foundation CFO Mai-Anh Tran; Eric Ward, executive director of the Western States Center; Ryan Alexander, president of Taxpayers for Common Sense; and Nima Shirazi, director of the Democratic consultancy Spitfire Strategies and a former communications strategist for Atlantic Philanthropies.

Proteus's Value to the Left

Today's liberals have no shortage of "dark money" funders able to channel billions of dollars to political activists each year. The Proteus Fund's competitors include Arabella Advisors' "pop-up" network, NEO Philanthropy's census coordination activity, Atlantic Philanthropies' oceans of

lobbying cash, and the Tides Foundation's "legal laundering" and impressive incubated army. Yet, the Proteus Fund is neither the biggest pass-through funder nor fiscal sponsor on the Left. In such a sea of shadowy groups, what separates Proteus from the rest of the Left?

Like all "dark money" groups, Proteus offers a veil of near anonymity to its donors. Wealthy foundations that don't want to be directly tied to far-left activism can use "pass-throughs" like Proteus, which are themselves often misidentified as the original source of funding.

When Proteus *does* reveal some of its biggest donors to its "collaboratives" and more radical fiscal sponsorships, it's probably a marketing ploy. The collaboratives often brag about their prestigious donors—usually major foundations—while the more radical projects rarely disclose their relationship to Proteus, let alone their grantors. One might suggest that this is meant to cast Proteus in a more respectable light—and garner more foundation funds.

In considering Proteus's value to the Left, recall that the Fund is the culmination of the "pass-through" model founder Meg Gage developed in the 1980s. What did the "dark money" field look like when Gage formed Proteus in the 1990s?

Drummond Pike created the Tides Foundation in 1976 as a donor-advised fund provider for wealthy liberals, adopting a semi-pass-through model in later years. Chuck Feeney's Atlantic Philanthropies was formed in Bermuda in 1982 but hadn't yet begun funding major policy initiatives in the U.S.; it only received its complete endowment when Feeney sold his share of Duty Free Shoppers for \$1.6 billion in 1997.

In 1983, "Nader's Raiders" alum Donald Ross started NEO Philanthropy (then "Public Interest Projects") as a nonprofit incubator, but the group wouldn't become a multi-million-dollar census coordinator until the 2000s. And in the 1990s Arabella Advisors founder Eric Kessler was a staffer for the Clinton administration; he didn't start building the Arabella nonprofit empire until 2005 and only formed the Sixteen Thirty Fund (the network's lobbying arm) in 2009.

This paints a picture of the Proteus Fund as the progenitor of a model which later groups would use to even greater success than Proteus ever did. Today, the Fund which established much of the Left's "dark money" grantmaking is a cog in the vast funding machine it helped create. ■

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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 2019. It is directed by Justin Folk and produced by Mark Joseph. Scott Walter and Jake Klein are executive producers.

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