

## WHY WOULD CONSERVATIVES SUPPORT A CARBON TAX?

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*Scott Walter*

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CRC is an independent, tax-exempt institution governed by an independent board of trustees. We rely on private financial support from the general public—individuals, foundations, and corporations—for our income. We accept no government funds and perform no contract work.

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

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## SPECIAL REPORT

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*By James Simpson*



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**ADAM CAROLLA**

**DENNIS PRAGER**



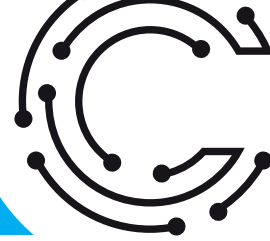
***No Safe Spaces*, a film starring Adam Carolla and Dennis Prager and a project of CRC's own Dangerous Documentaries, will expose the safe space culture that is undermining American universities. *No Safe Spaces* will expose the sad state of free speech, the unwillingness of students to be challenged 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 Spring 2019. It will be directed by Justin Folk and produced by Mark Joseph. Scott Walter and Jake Klein are executive producers.**

**NOsafespaces.com**





## LETTER FROM THE PRESIDENT

Scott Walter

When it comes to spreading the word and educating the public about the interconnected ideas, organizations, and political figures who influence American politics and culture, social and visual media can be powerful tools. The Capital Research Center is harnessing this important means of communication. In Issue 3 of this magazine, CRC Video and Film Producer Jake Klein wrote about CRC's most successful viral video "Communism will ALWAYS be Violent." Back then, it had over one million views. Today, it has over *three million*. The video has been translated into several languages including Bulgarian, Polish, Portuguese, Serbo-Croatian, and Vietnamese. Before the end of this year it will also be translated into German, Italian, Russian, Latvian, Lithuanian, Albanian, Chinese, and French.



But that's just one video. Since then, CRC released even more content to help spread the ideas of limited government, free markets, political transparency, and responsible citizenship:

- CRC released 40 weekly video podcasts featuring me and InfluenceWatch Research Director Michael Watson. The two reported on the left-wing organizations working behind-the-scenes to influence the news and public opinion. It continues to release once a week in an audio-only format. Find it on iTunes, Google Play and Stitcher.
- A handful of rapid-response videos featuring our experts responding on camera to the news of the day, helping us contextualize the news and explain underlying affiliations, motivations, and agendas. One of these interviews, featuring Vice President and Chief Investigative Officer Dr. Steven J. Allen



Scott Walter

responding to the House Intelligence Committee Memo (aka the Nunes Memo), about the start of the Russia investigation, received over 200,000 views on Facebook.

- Six short 60-second text-based video summaries of CRC articles allowed CRC to quickly and efficiently spread the facts on Facebook, Instagram, and Twitter. In the future, we plan to release two of these each week.
- After the Supreme Court heard oral arguments in the case of *Janus v. AFSCME*, CRC sent video journalists to cover dueling rallies supporting and opposing labor union dissenter Mark Janus. We got footage of uncivil union members blocking our cameras and making their opposition to free speech *very* clear.
- Twenty more of CRC's signature, short animated videos went viral to varying degrees.

In total, CRC's media content has now broken ten million views!

Here are some of the topics covered in this year's viral animated videos:

*Scott Walter is president of Capital Research Center.*

## THE DEMOCRATIC SOCIALISTS OF AMERICA



The Democratic Socialists of America (DSA) is a rapidly growing group affiliated with Senator Bernie Sanders (I-Vermont) and rising Democratic Party star Alexandria Ocasio-Cortez. But “democratic” or otherwise, socialism is socialism: inefficient, liberty-crushing, and monolithic. We revealed the truth about this group, including their chapter leaders’ support for full-blown communism, and the elevation of convicted East German spy Kurt Stand to a steering committee in the DSA’s Washington, D.C., chapter.

As part of CRC’s targeted media strategy, this video was promoted on YouTube to people looking up “socialism,” “communism,” and “democratic socialism,” along with Sanders and Ocasio-Cortez. Many angry socialists flocked to the comments section to object, but this tactic also ensured the video intercepted young people researching these ideas for the first time—helping to fight the battle for the next generation.

## IS THE DEEP STATE REAL?



The anonymous op-ed published by the *New York Times* proved the deep state is no conspiracy theory. Dr. Steven J. Allen reminds viewers that the FBI, CIA, and NSA interfered regularly in politics in the past. Not only did the FBI bug the planes of former presidential-candidates Barry

Goldwater and Richard Nixon, but the agency also lied about it. The subversive behavior doesn’t end there. In his congressional testimony, Director of National Intelligence James Clapper lied about the existence of the NSA’s mass surveillance program.

## RUSSIA MEDDLED AND ALMOST NOBODY CARED, UNTIL...



Did Russia interfere in the 2016 election? Possibly, but Russia has meddled in American elections for the past 70 years. Why, then, are politicians and the media treating this instance so differently? Dr. Allen recalls the history of Russian meddling in election after election, revealing that current high-flown claims of meddling are playing into Russia’s desires to diminish the credibility of American democracy. The video reached over 150,000 views between YouTube and Facebook.

## HOW GOOGLE COULD FIX AN ELECTION



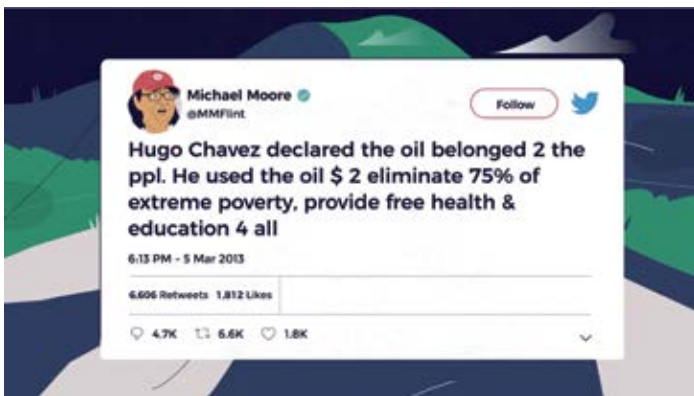
Before Breitbart leaked a video showing Google’s attempt to influence the 2016 election, CRC reported on the potential of minor changes in Google’s search engine algorithms to alter search results—and influence voters in elections. Highlighting the work of Dr. Robert Epstein, the video discussed the Search Engine Optimization Effect, which shows that changes in the order of search engine results could change voting patterns.

## HOW THE MODERN LEFT BECAME INTOLERANT



Ever heard of Herbert Marcuse? His name may not be instantly recognizable, but Marcuse was a member of the neo-Marxist Frankfurt School; his work significantly influenced the modern Left. CRC's video discussed his historic article, "Repressive Tolerance," in which he argued *against* tolerating conservatives and libertarians who opposed his preferred brand of "justice." Sound familiar? The video draws a direct line between Marcuse's writings, radical student protests such as the widely covered demonstrations at *Evergreen State University*, and the rise of today's violent Antifa groups.

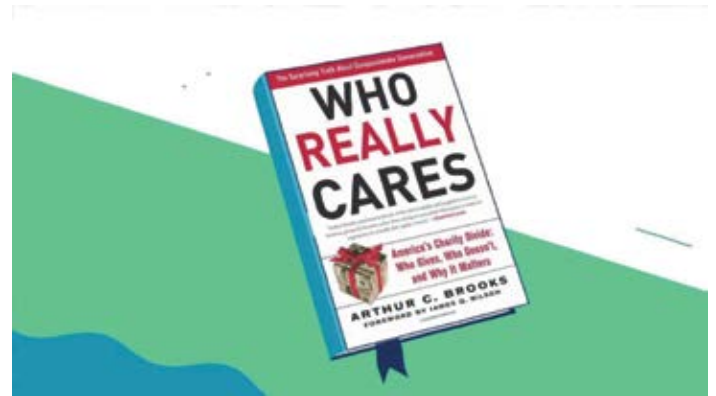
## VENEZUELA'S AMERICAN SUPPORT



Today, we know that socialism has failed Venezuela. With a poverty rate of almost 90 percent, Venezuela is the biggest tragedy in the Western hemisphere. But before Venezuelan socialism took a turn for the horrific, a number of influential American leftists, including Michael Moore, Oliver Stone,

Jesse Jackson, and Sean Penn, supported the Venezuelan regime led by strongman Hugo Chavez. If Hollywood's amateur political scientists were wrong about socialism in Venezuela, why then, should the American people take their other political ideas seriously?

## WHO IS MORE CHARITABLE AND WHY?



The Left claims to be advocates of the poor and marginalized, but if that's the case, why is the Right so much more charitable? Did you know that support for expanding government welfare programs directly correlates with giving less to charity? Over a decade ago, Arthur Brooks revealed this truth in his book, *Who Really Cares*. In this video, CRC refuted the Left's narrative and showed the truth that the Right truly champions the poor. As for the welfare state, the video shows how increasing the size of social welfare programs could devastate private charitable giving.

This is just a sampling of over 70 videos CRC has released. Since January, animated videos covering George Soros's meddling in European affairs, the Left's misleading facts about firearms, the FDA's and DEA's opposition to kratom, a possible cure for the Opioid crisis, and an exposé of green energy policies in California have shaped the conversation about the role of government online. We will continue producing these videos into 2019 and beyond to keep changing hearts and minds! ■

*Scott Walts*





# CLIMATE DOLLARS

HOW ONE FLAWED STUDY FOOLED THE MEDIA AND  
POISONED THE DEBATE ON CLIMATE CHANGE

In a widely cited 2014 study, sociologist Robert Brulle purportedly exposed a “climate change counter-movement” of center-right groups “distort[ing] the public’s understanding of climate change.” He calculated that from 2003 to 2010, these nonprofits recorded revenues averaging “just over \$900 million” annually—a number that led to media claims that, “Conservative groups spend \$1bn a year to fight action on climate change.”

A Capital Research Center study cuts Mr. Brulle’s calculations down to size: Not only is Brulle’s assessment off by 93 percent, the resources of environmentalist groups and government agencies overwhelmingly dwarf those of skeptics. To learn more about the climate debate, visit [www.ClimateDollars.org](http://www.ClimateDollars.org).





## IS THE U.S. REFUGEE RESETTLEMENT SYSTEM BROKEN?

*How a costly program enriches nonprofits, escapes oversight, and compromises national security*

By James Simpson

[Editor's Note: This is the second part of an in-depth investigation into America's Refugee Resettlement Program. The first part of this report was published in Issue 8 of *Capital Research Magazine*. To read the first installment, visit [capitalresearch.org/article/resttling-refugees-part-1](https://capitalresearch.org/article/resttling-refugees-part-1).]

**Summary:** *A vast network of foundations, non-profits, government entities and political organizations have a vested interest in the continued growth of the resettlement of refugees in America. Because they receive billions of dollars in federal grant money, publicly-financed, tax-exempt organizations have significant incentives to support political candidates and parties that will keep these programs alive. These organizations need to be thoroughly audited and the current network of public/private immigrant advocacy and resettlement organizations needs to be completely overhauled. Resettling refugees should be a voluntary, genuinely charitable activity, removing all the perverse incentives government funding creates.*

### The Red-Green Axis

One meaningful trade-off that the U.S. faces (and indeed, other countries grappling with the issue of rising refugee migration), is weighing national safety against potential terrorist activities. There is evidence that emigrating Muslims (which represent the fastest growing religious group in the world, according to Pew Research Center) strongly favor making Islamic (*sharia*) law the official law in their country.<sup>1</sup> When this is debated in the U.S., Islamic apologists note that Muslims represent only 1 percent of the U.S. population. How could they be a threat to anyone?

Yet, in 2013, researcher Tim Murray noted that there is a “tipping point” when Muslim populations migrate to non-Muslim countries. This usually occurs when Muslim populations reach about 5 percent of the total, and the population begins to demand special privileges that go beyond customary religious accommodation, going so far as to insist upon enforcing *sharia* law within Muslim enclaves. At higher percentages, this civil disobedience turns to violence and terrorism.<sup>2</sup>



Credit: Fibonacci Blue. License: <https://goo.gl/Nt6E4>

The Trump administration went to great lengths in its attempt to limit immigration from nations with terrorism concerns. The so-called travel bans were met with overwhelming opposition from both left-wing activists and politically motivated jurists who obstructed the administration. This June, the Supreme Court affirmed in *Trump v. Hawaii* that the president has clear authority to impose such bans.

The tipping point may be reached sooner in the U.S. because American Muslim organizations like the Council on American Islamic Relations (CAIR) and other Muslim Brotherhood front groups have allied themselves with America's radical Left in what has been called the Red-Green Axis—the “red” being the Left, and the “green” being the Islamists.<sup>3</sup> As such, Muslims enjoy the commanding heights of popular culture almost totally controlled by the Left, from Hollywood, to universities, and all the way to the halls of Congress. They are not merely 1 percent of the population anymore. They can count on support from most Democrats, who comprise about 50 percent of the U.S. population, and whose Party is dominated by the hard Left.

*James Simpson is an investigative journalist, businessman and former economist and budget examiner for the White House Office of Management and Budget (OMB). His latest book is The Red Green Axis: Refugees, Immigration and the Agenda to Erase America.*

The unholy alliance of Voluntary Agencies (VOLAGs), their affiliates, and self-interested politicians is a major component of this axis. The relentless effort to resettle refugees and other very needy groups from across the globe could change the political, economic and cultural dynamic all over the U.S., especially in smaller communities that escape the public eye. The Obama administration's dangerous support for all things Islamic saw unprecedented numbers of refugees and other immigrant classes from Muslim-majority nations coming to the United States.

Under Obama, most refugees were not carefully vetted for terrorism connections or criminal history. A. J. Irwin is a former special agent and ICE regional director who oversaw all joint terrorism task force investigations for the U.S. Central Region. In a public television forum, Irwin described the vetting process:

*"[W]hen we send refugee officers over there to interview people, they have a mission and their mission is not to detect fraud or identify terrorists, it's to process these people and get 'em into the system . . . . They don't spend a lot of time talking to them. They get their basic information; they see if they meet the basic requirements, do they have credible fear, what it's based on, and then they move on to the next person. So, this process is very rapid, and the mission again is more service, it's not enforcement, it's not detection of fraud or national security."*<sup>4</sup>

According to documents obtained by Judicial Watch, the Obama administration knowingly and routinely allowed illegal aliens falsely claiming asylum to remain in the United States.<sup>5</sup> A September 2016 DHS Inspector General report found that 1,982 aliens from countries known for immigration fraud or terror-links who were scheduled for deportation were instead granted citizenship using false identities because fingerprint records were missing.<sup>6</sup>


We have already witnessed the deadly consequences of these policies, as terrorist attacks committed by refugees and those resettled under other special immigrant categories begin to mirror the out-of-control situation in Western Europe. As of March 2017, almost one third of the 1,000 ongoing terrorist investigations in the U.S. involved people who entered the U.S. as refugees.<sup>7</sup> As refugee numbers grow, however, national organizations like CAIR organize them, working hand-in-glove with Ameri-

can leftists to build power and subvert the rule of law, while attacking anyone who associates Muslim immigration with terrorism as "Islamophobic." This is the Red-Green Axis at work.

Further complicating matters, refugee groups utilize welfare at astronomical rates, despite having access to multiple special grants allegedly designed to help them achieve "self-sufficiency," something that many never do. Other costs like crime, disease, language and cultural barriers, add to the burdens local communities already face from years of slack economic activity. Finally, refugees are exempt from the Trump administration's travel ban, even though many come from countries covered by the travel ban and reliable vetting is extremely difficult, if not impossible, to conduct with certainty.

## State & Local Refugee Resettlement Funding

Most state funding for resettlement is provided by HHS's Office of Refugee Resettlement for State Administered programs (\$4.1 billion since 2008). The only spending states actually make is that needed to administer the state refugee office; the rest is pass-through money. The state does, however, face many ancillary costs. Refugee groups, along with unaccompanied alien children (UACs) increase amounts states must pay for their share of welfare and other programs. Education spending also soars at both state and local levels. Lewiston, Maine, for example, saw English Language Learners (ELL) budgets increase 4,000 percent from 2000. The number of ELL students increased from a few dozen to currently about one quarter of the 5,000-member student body.<sup>8</sup>

  
*Almost one third of the 1,000 ongoing terrorist investigations in the U.S. involved people who entered the U.S. as refugees.*

The State Administered program is one subset of overall Office of Refugee Resettlement program funding for refugees. There are seven others, including the Voluntary Agency program (\$700.6 million since 2008), Discretionary Grants (\$717.8 million since 2008), Targeted Assistance (\$412.2

million since 2008), the Wilson-Fish program (\$309.5 million since 2008), Services to Victims of a Severe Form of Trafficking (\$80.1 million since 2008), Assistance to Torture Victims (\$103.9 million since 2008), and the UAC program described earlier. In total, ORR provided \$11.4 billion from 2008 to 2018. Note that this is substantially more than the

\$8.5 billion spent by the Office of Refugee Resettlement at the federal level. (See Issue 8 of *Capital Research Magazine* for more information on federal spending.) That \$2.9 billion difference supports the many independent organizations that feed off the refugee program separate from VOLAGs and their affiliates.

## Wilson Fish States

Currently, sixteen states and San Diego County, California, have quit the refugee resettlement program. This does not mean the program ends, however; it just means that the state now has lost whatever control over the program it ever had. A controversial alternative program appoints a VOLAG to take over management when the state drops out. Such states are referred to as Wilson-Fish states, based on a 1984 law named for the legislation's congressional authors.<sup>9</sup> The law called for alternative methods to provide welfare to refugees, but never anticipated assigning VOLAGs oversight of state programs. The program was manufactured from whole cloth by HHS regulation during the Clinton administration. Recent state dropouts include Maine, Kansas, New Jersey, and Texas. These states dropped out in protest over the federal government's unresponsiveness to terrorism concerns. However, this did not help the states.

When State Department, ORR, and U.S. Citizenship and Immigration Service monies are counted, VOLAGs are paid up to \$5,000 or more for each refugee they resettle, so they seek to maximize refugee numbers, and find it much easier to do so in states with no oversight. The numbers make the case. Between FY 2002 (the earliest state-by-state refugee resettlement data available) and FY 2018, Alabama, Alaska, Kansas, Kentucky, Maine, Nevada, New Jersey, North Dakota, Tennessee, and Texas dropped out. Of these, five have been run by VOLAGs long enough to compare resettlement data before the state left the program and after. Table V below shows the results. Note that even in just the first year, refugee resettlement in those states shot up an average of over 50 percent. In total, these states have seen an average annual increase of 127 percent in refugee numbers since they relinquished program oversight.

**Table V**

### Average Annual Resettlement Numbers Before and After State Dropped Out

	Before	After	1st Yr. % chg	Avg Annual % chg
Alaska (2004)	30	91	86%	203%
Kentucky (2006)	561	1,645	28%	193%
Nevada (2011)	336	572	45%	70%
North Dakota (2011)	268	508	53%	90%
Tennessee (2008)	684	1,459	76%	113%
<b>Total</b>	<b>1,880</b>	<b>4,276</b>	<b>53%</b>	<b>127%</b>

Source: Refugee Processing Center, [www.WRAPSNET.org](http://www.WRAPSNET.org)

One state, Wyoming, has thus far avoided joining the refugee resettlement program and there are no VOLAG affiliate offices in the state. Of course, that does not prevent refugees resettled to other states from moving there, but few, if any, have. Some state politicians want to initiate a program, but none have been successful to date.

## Local Government

It is difficult to evaluate local government spending for refugee resettlement because it varies widely among jurisdictions and is buried among tens of thousands of local budget documents. But local government does support refugee resettlement in some cases. Two examples follow.

HIAS (formerly the Hebrew Immigrant Aid Society) affiliate HIAS PA receives regular funding for its resettlement work. According to its 2015 990 tax form, it received \$1,286,418 from government entities that year.<sup>10</sup> The 990 does not specify the governmental source, however, HIAS PA's annual report covering that period describes government donations that included the Philadelphia Department of Human Services Commonwealth Advocacy Project, the Pennsylvania Department of Education, even the Mexican Consulate of Philadelphia, and numerous other local organizations with pass-through funding from the Office of Refugee Resettlement and other federal government programs.<sup>11</sup>



REVENUE AND SUPPORT	
Government Support	\$12,741,241
Special Events & Contributions	866,725
Donations In-Kind	359,260
Diocesan Support	199,343
United Way	711,717
Investment Income	59,551
Program Service Fees	1,216,126
Rental Income	585,685
Management & Accounting Fees	574,530
Consulting & Other Income	119,596
<b>TOTAL</b>	<b>\$17,433,774</b>

VOLAG affiliate Catholic Charities of Onondaga County (CCOC) is one of many Catholic Charities branch offices of the Roman Catholic Diocese of Syracuse, New York. As such CCOC does not file its own IRS tax return. It does, however, publish its own annual reports. In 2016, the latest report available, CCOC took in \$17.4 million, \$12.7 million of which was received from government. The report does not specify which level of government, but sources at the CCOC confirmed that it receives funding from federal, state, and local government.<sup>12</sup>

Catholic Charities of Onondaga County also received millions from thousands of private donors, including organizations such as Allstate, Amazon, AT&T, Bank of America, Bristol Myers, Citizens Bank, Exelon, GE, Honeywell, IBM, M&T Bank, United Technologies, United Way, and many more.<sup>13</sup>

A story appeared recently in the Syracuse, New York, *Post Standard* describing how Catholic Charities of Onondaga County expects to lose \$600,000 from its refugee resettlement program as a result of the historically low refugee numbers and a corresponding reduction in federal funding since President Trump took office. The article states that resettlement staff of Catholic Charities of Onondaga County have been reduced from six full time and one part time to one each full and part time.

The New York State government has stepped in to shore up funding. The article quotes Catholic Charities of Onondaga County CEO Mike Melara, who believes that

refugee resettlement will resume apace when a new, presumably pro-refugee, administration replaces the current one. “[L]ocally, we don’t want to get depleted to the point where we can’t resettle refugees,” he said.<sup>14</sup> So despite having little to do, the goal is to keep staffing levels up in anticipation of future increases—at taxpayer expense.

Catholic Charities of Onondaga County’s parent, the Diocese of Syracuse, lists income of \$61.4 million in its 2016 tax filing, with government grants totaling \$26.9 million and net assets exceeding \$21 million. Revenues for 2016 alone exceeded expenses by \$3.5 million.<sup>15</sup> Clearly, the organization is flush with cash, gets huge amounts from the government, and has no problem raising money from a broad base of private donors.

Why should taxpayers be providing additional support to keep Catholic Charities of Onondaga County’s offices open where little work is being accomplished, on the hope that when political winds change, those employees will have something to do? This case study provides a window into how refugee contractors and their political allies rip off the public in just one locale, and how difficult it is to uncover the financing.

The resettlement program extends well beyond the boundaries set by federal law, and these contracts appear to be incentives for nonprofits to keep these programs alive—not necessarily because the program is in the public interest, but because it keeps the dollars rolling in. Replicate this situation all over the country to get a sense of the true dimensions of this problem.

## Welfare and Other Costs

Refugee populations impose huge fiscal burdens on federal, state, and local governments beyond direct program costs. Costs include translation services, English as a second language classes in local schools, overburdened public housing, crime, and even terrorism.

When the 1980 Refugee Act was first passed, the federal government promised to cover 36 months of the states’ share of food stamps, Medicaid, Temporary Assistance for Needy Families (TANF—the federal government’s primary cash assistance program), Refugee Cash Assistance (RCA), and Refugee Medical Assistance (RMA) provided to resettled refugees—a huge subsidy. Today it covers only eight months of RCA and RMA, and no other state costs. Refugees rely heavily on local assistance, school budgets, costs for translation, and other services. These costs have exploded. Following is a sampling of problems in many U.S. communities:

- Amarillo, TX: 911 calls taken in 42 languages<sup>16</sup>
- Amarillo, TX: English tutoring \$1,300/student/month, while feds provide \$100/student/year
- Buffalo, NY: 42 languages spoken in high school

- Lynn, MA: 49 languages spoken in schools, some in unknown dialects
- Lynn, MA: 200 percent increase in vaccinations, straining public health budgets; foreign student K-12 admissions doubled

- Manchester, NH: 82 languages spoken in high school, among lowest school ratings in NH
- Minneapolis, MN: An estimated 250 Muslims, many former refugees, have been recruited by ISIS. One quarter of these were Somalis from Minneapolis<sup>17</sup>
- Minneapolis, MN: In 2015, 21 percent of Somalis were unemployed—three times the state average<sup>18</sup>
- Minnesota: more than one-half the Somali population is in poverty

*When politicians—regardless of political affiliation—complain about the problems refugees bring, they are vilified.*

- Nationwide: 20 to 49 percent of refugees test positive for latent tuberculosis (TB)
- Nebraska: 82 percent of active TB cases are among foreign-born

In 2016, the mayor of Amarillo, Texas, Paul Harpole, took his complaints to the state legislature. He told them, “We have 75 different spoken languages in our schools . . . . Think you can take a child that’s never set foot in the school, he’s at fifth-grade level, he’s never seen the inside of the school, and get him to grade level in one

or three years? It’s insanity.”<sup>19</sup> Harpole said that based on per capita comparisons of other U.S. cities, Amarillo should take in between 65 and 90 refugees a year. Instead they are getting “about 500 a year.”<sup>20</sup>

Amarillo’s experience points to the problem existent in many cities, where refugee contractors blithely ignore the problems they create by directing refugee populations into already overburdened communities. In New Hampshire, refugee bedbug infestations forced temporary closures at a library, a VA urgent care center, hotels, schools, and housing projects. The mayor of Manchester, which has taken in the most

Table VI

2014 Refugee/Asylee/Parolee Welfare Use <sup>1</sup>							
Based on Number of Years in U.S.							
Program	<1 2014	1 2013	2 2012	3 2011	4 2010	5 2009	U.S. Rates <sup>2,3</sup>
Temporary Assistance for Needy Families (TANF)	40.4%	34.2%	13.7%	10.4%	11.0%	17.5%	1.2%
Supplemental Security Income	14.0%	19.5%	21.0%	25.1%	22.9%	29.6%	2.6%
Refugee Cash Assistance (RCA)	43.5%	29.3%	2.8%	1.5%	1.0%	5.1%	NA
General Assistance	23.7%	22.6%	11.2%	8.5%	11.1%	5.7%	<1%
Medicaid/Refugee Med. (RMA)	78.3%	75.2%	57.9%	49.1%	54.0%	44.2%	15.3%
Food Stamps	98.3%	95.0%	78.2%	64.1%	63.8%	60.2%	14.3%
Public Housing	13.3%	17.6%	24.2%	25.8%	21.6%	1.2%	4.2%
<sup>1</sup> Source: 2014 Office of Refugee Resettlement Report to Congress							
<sup>2</sup> Sources: HHS, SSA, U.S. Census, USDA							
<sup>3</sup> U.S. Rates: TANF, 2014; SSI & Food Stamps, 2015; Medicaid & Public Housing, 2012							

refugees in the state, repeatedly called for a pause in refugee resettlement.<sup>21</sup> Dominic Sarno, the Democratic mayor of Springfield, Massachusetts, had the same request. Like every other politician who has complained about the problems refugees bring, regardless of political affiliation, he was vilified.<sup>22</sup>

Refugees use welfare at very high rates for a long period of time. Table VI (below) details this use over the first five years for the 2009-2014 cohort as published by ORR's annual report to Congress. Beyond five years, welfare use trails off slowly, but even after 40 years, refugee groups use welfare at rates higher than U.S. born citizens and even other immigrants (Table VII).

The Federation for American Immigration Reform (FAIR) recently published what is probably the most detailed and complete estimate of refugee welfare costs yet produced.<sup>23</sup> The tally includes estimates of:

- Temporary Assistance for Needy Families (TANF) formerly known as AFDC
- Medicaid
- Food Stamps
- Public Housing

- Supplemental Security Income (SSI)
- Social Security Disability Insurance
- Child Care and Development Fund
- Job Opportunities for Low Income Individuals (JOLI)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Postsecondary Education Loans and Grants
- Refugee Assistance Programs
- Earned Income Tax Credit and Additional Child Tax Credit
- State and local housing assistance
- English as a Second Language programs
- Special education programs
- Job training and employment search assistance
- Social services programs
- Other immigration assistance programs

**Table VII**

<b>Refugee Long Term Welfare Use</b>						
	<b>2011 -</b>	<b>2006 -</b>	<b>2000 -</b>	<b>1990 -</b>	<b>1980 -</b>	<b>U.S.</b>
	<b><u>2015</u></b>	<b><u>2011</u></b>	<b><u>2005</u></b>	<b><u>1999</u></b>	<b><u>1989</u></b>	<b><u>Born</u></b>
<b>Food Stamps</b>	<b>74.6%</b>	<b>42.0%</b>	<b>29.0%</b>	<b>24.0%</b>	<b>16.0%</b>	<b>11.0%</b>
<b>Cash Assistance<sup>1</sup></b>	<b>44.7%</b>	<b>7.0%</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.2%</b>	<b>1.6%</b>
<b>Medical Assistance<sup>2</sup></b>	<b>49.4%</b>	<b>24.0%</b>	<b>16.0%</b>	<b>14.0%</b>	<b>13.0%</b>	<b>11.0%</b>
<sup>1</sup> Cash assistance = TANF, RCA, state & local general assistance						
<sup>2</sup> Medical Assistance = Medicaid, RMA, other state and local medical						
Sources: Integration Outcomes of Refugees, Successes and Challenges						
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FY 2015 Office of Refugee Resettlement Report to Congress						



FAIR estimated the total of these costs to be \$15,900 per refugee for each of the first five years in the U.S. This included agency program costs, which have already been largely documented. If the federal government program costs are removed, the per refugee net cost would be \$7,632, including FAIR's estimate of taxes paid by refugees. Over the most recent five-year period, an estimated 709,760 refugees have been resettled in the U.S, excluding unaccompanied alien children. The welfare cost for this group will be \$5.4 billion over five years, or \$1.1 billion per year.

## Private Funding

Private foundations overwhelmingly support the refugee resettlement agenda. Much of that money is spent on advocacy groups like Welcoming America, but VOLAGs and affiliates receive substantial foundation funding in addition to taxpayer-funded government grants.

For example, HIAS has received at least \$13.3 million from numerous, mostly Jewish foundations, since 1999.<sup>24</sup> The Church World Service has received at least \$106.4 million since 2000 from numerous foundations, including Open Society, Unbound Philanthropy, Ford, Schwab and others.<sup>25</sup> Open Society's 2017 Church World Service grant included \$100,000 for affiliates in North Carolina and Ohio to "empower refugee and Muslim communities through trainings in leadership development, community organizing, Know Your Rights, de-escalation techniques, and civic participation."<sup>26</sup>

The International Rescue Committee has received over \$325 million from private foundations since 1999, including Open Society (\$2.3 million), Novo Foundation, (\$58.7 million), Buffett (\$31.4 million), Vanguard (\$23.4 million), Tides (\$8.0 million), Newman's Own (\$6.5 million), Unbound Philanthropy (\$2.2 million), even Google (\$2.8 million), and many others.<sup>27</sup> \$100,000 of Open Society's money was slated "to provide support for the executive transition" at IRC.<sup>28</sup> There is no further explanation of this grant, but this was the year socialist former British MP, David Miliband took the helm at the International Rescue Committee. Miliband made \$671,749 as CEO that year.<sup>29</sup> Exactly what other transition was required beyond his exorbitant salary? A similar story could be told for the rest of the VOLAGs and their 300 plus affiliates.

## Conclusion

This massive network of foundations, non-profits, government entities, and political organizations will continue to encourage investment in the refugee resettlement program, despite its deleterious effects on American society. Despite the calls for transparency, particularly in the previous administration, none of these organizations have *been publicly audited*.<sup>30</sup> Given the millions of dollars that flow into this system, it's long overdue for taxpayers to learn exactly how that money is spent

The Trump administration has taken many steps to rein in the resettlement program. It has instituted what it calls "extreme vetting," which, in practice, is the kind of vetting that was supposed to be in place all along but hasn't been, at least in recent years. The administration can only go so far with vetting, however. Many refugees come from failed political systems or countries already unwilling to cooperate with the U.S. Using databases and even identifying documents to evaluate the credibility of refugee claims is therefore difficult, and in some cases impossible. There will always be a risk when the program seeks to resettle thousands of people en masse every year.

The Trump administration also went to great lengths in its attempt to limit immigration from nations with terrorism concerns. The various so-called travel bans were met with overwhelming opposition from both leftwing activists and politically motivated jurists who obstructed the administration. This June, the Supreme Court affirmed in *Trump v. Hawaii* that the president has clear authority to impose such bans.

In the meantime, the least the government can do is assess the economic efficiency of the current resettlement program and consider the long-term effects of using politically motivated nonprofit organizations to administer billions of dollars of taxpayer funds. ■

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Read previous Special Reports from CRC online at [CapitalResearch.org/category/special-report/](http://CapitalResearch.org/category/special-report/).

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# DECEPTION & MISDIRECTION



## CAVEAT DONATOR: HOW “SCAM PACS” DECEIVE DONORS

By Michael Watson

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**Summary:** *The message is loud, aggressive, and simple: Defend the President! Others call for “Impeachment now!” or claim to “draft” a challenger to face down a hated rival, even one within the same party. But while solicitations for political contributions often bear the names of prominent politicians, political parties, or issue campaigns, they sometimes mask that they are, in fact, a sophisticated scam—raising money from small-dollar donors not to use for political advocacy or to support campaigns, but to instead funnel money back into consulting firms tied to the PAC’s officers. Now, the government—with support from political candidates who feel these groups have deceived their supporters—is cracking down on so-called “Scam PACs.”*

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In May, federal authorities charged two Arizona men, William and Robert Tierney, with various financial crimes related to their operation and management of nine political action committees (PACs). The government charged that, while the men raised millions promising to support the police, pro-life causes, and autism awareness by giving

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*There’s nothing inherently illegal about these deceptive fundraising pitches: No law requires PAC funds to be spent for election-related purposes.*

to candidates and engaging in public messaging, they, in fact, shuffled money into a series of shell companies which lined the organizers’ pockets.

The indictment of the Tierney brothers, which involved PACs called the “National Campaign PAC,” “Voter Education

PAC,” “Grassroots Awareness PAC,” “Americans for Law Enforcement PAC,” “Protect Our Future PAC,” “Action Coalition PAC,” “Life and Liberty PAC,” “Republican Majority Campaign PAC,” and “Rightmarch.com PAC,” shined an aggressive spotlight on a new political phenomenon. The Tierneys’ committees are perhaps the most obvious incarnation of the “Scam PAC,” a political committee fueled by small-dollar donations and aggressive fundraising tactics,



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

*Rather than enjoying the full support of small-dollar-donor conservatives, then-Virginia Attorney General Ken Cuccinelli (R) saw his fundraising sapped by a number of Scam PACs, which claimed to be providing major support to his election in their solicitations, but in fact, provided negligible backing.*

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which contributes only a sliver of its funds to candidates or to independent expenditures supporting elections.

And while the Tierney brothers allegedly crossed a legal line, there’s nothing inherently illegal about these deceptive fundraising pitches: No law *requires* PAC funds to be spent for election-related purposes. Instead, the Scam PAC spends most of its money on fundraising and consultants—specifically, fundraising and consulting by companies controlled by the Scam PAC operators.

The targets of these Scam PACs are often elderly political donors giving contributions below the Federal Election Commission’s (FEC) \$200 per-election-cycle reporting threshold. The government alleges the Tierney brothers solicited “almost entirely” these small-dollar contributions to power their Scam PACs. The effect of these Scam PACs, which targeted conservatives until very recently, was to siphon activist energy and support from worthwhile candi-

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dates and causes into what one conservative-leaning political lawyer called “a form of pyramid scheme that transferred tens of millions of dollars from rural, poorer Southerners and Midwesterners to bicoastal political operatives.”

## Anatomy of a Rip-Off

In 2013, then-Virginia Attorney General Ken Cuccinelli (R) unsuccessfully sought the governorship, losing narrowly to Democrat Terry McAuliffe. His campaign had been hamstrung on all sides from party infighting and opposition from powerful business interests to property-rights ballot measures he supported in 2012. But rather than enjoying the full support of small-dollar-donor conservatives, who would have jumped to support the firebrand Cuccinelli against longtime Clinton-family bagman McAuliffe, Cuccinelli saw his fundraising sapped by a number of these Scam PACs, which claimed to be providing major support to his election in their solicitations, but in fact, provided negligible backing.

After the election, Cuccinelli sued the Conservative StrikeForce PAC, two political consultancies tied to the PAC, and four individuals involved in the rip-off. The lawsuit laid out just how the scam PAC had ridden on Cuccinelli's campaign to shuffle funds from small-dollar donors trying to back the Republican's campaign into the pockets of Beltway political consultants.

Conservative StrikeForce PAC raised funds vowing to support Cuccinelli's campaign, but court filings and FEC records showed that the PAC only contributed \$10,000 to Cuccinelli's effort. Instead of supporting the attorney general's campaign, Conservative StrikeForce spent most of its revenue on fundraising and other consulting services, much of which was provided by companies controlled by the operators of the PAC. According to Cuccinelli's lawsuit, while Conservative StrikeForce pledged to spend “all money donated in response to [the group's] solicitations” either on direct contributions to Cuccinelli's campaign or on independent expenditures supporting his efforts, “less than one-half of 1%” of Conservative StrikeForce PAC's \$2.2 million in revenue was used to support the campaign.

The PAC falsely claimed that it would pay for “phonebanks, get-out-the-vote-programs, mailings, [and] rallies” as part of “the largest GOTV [Get Out The Vote] plan in Virginia history.” Per Cuccinelli's filing, the PAC conducted no such activities. And the money, solicited on the proposition that it



Credit: Kate Willington. License: <https://goo.gl/1SypD>.

*In 2013, Ken Cuccinelli unsuccessfully sought the governorship, losing narrowly to Democrat Terry McAuliffe (above), longtime Clinton-family bagman.*

would go to support Cuccinelli's struggling get-out-the-vote efforts, allegedly went instead to line the pockets of political consultants Dennis Whitfield, Scott Mackenzie, Kelley Rogers, Chip O'Neill, and the companies they controlled: Strategic Campaign Group and Mackenzie and Company.

## The Stakes of Political Scams

The Scam PAC industry might sound like a problem for political candidates and professional fundraisers—in short, a matter for “official Washington” and not heartland America. The problem is that these scams target supporters in the heartland, taking money and enthusiasm away from meaningful political engagement to line the pockets of consultants.

One consultant who saw the effects of these small-dollar marketing efforts first-hand was Paul Jossey, a Republican-aligned campaign finance lawyer. In 2016, he wrote a long article on the Scam PAC industry for D.C. political trade publication *Politico* in which he decried the fundraising of professional so-called

“Tea Party” groups—not to be confused with grassroots activists organizing themselves under a “tea party” banner—as a “pyramid scheme.”

The scams arguably cost conservative candidates and waste tens of millions of dollars of political resources. A 2015 analysis by RightWingNews found that in 2014, ten so-called “tea party” political committees raised over \$54 million and spent only \$3.6 million on candidate contributions and

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*The scams arguably cost conservative candidates and waste tens of millions of dollars of political resources.*



Credit: Fortune Live Media. License: <https://goo.gl/WK3Xc>.

*The Citizens United decision opened the doors to reputable political operations, which bring in high-dollar contributors, like environmentalist Tom Steyer on the left or pro-Trump conservative Rebekah Mercer, further into the political process.*

independent expenditures. If the PACs had met the efficiency of the long-standing insurgent conservative Club for Growth, that \$54 million might have yielded \$47 million in support for candidates.

Jossey suggested that the actions of the professional consultants flying a “tea party” flag might have killed the insurgent political movement by sapping its resources—especially the small-dollar contributions of elderly supporters—and by stealing its energy by playing up fear and defeatism for fundraising purposes.

## Polarization Creates Prey

It shouldn’t be surprising that the first plague of Scam PAC behavior targeted conservative causes and Republican donors. The *Citizens United* decision, which overturned unconstitutional prohibitions on “independent” political advocacy not coordinated with campaigns or parties, opened the doors to reputable political operations, which bring in high-dollar contributors—think billionaire environmentalist Tom Steyer on the left or pro-Trump conservative Rebekah Mercer—further into the political process. But it also incentivized fly-by-night operators who could use public confusion about these new “independent expenditure” committees or Super PACs to solicit small-dollar donors—who have no reason to give to a Super PAC instead of directly to a candidate’s campaign since their contributions do not exceed FEC contribution limits.

Increasing the susceptibility of conservative donors to the scammers was a series of political developments which are

generally called “polarization.” As the centrist wings of the Republican and Democratic parties have faded away and partisan identity has hardened, partisan factions have spiraled into a dynamic that libertarian-leaning *Washington Post* columnist Megan McArdle dubbed “Jane’s Law”: “The devotees of the party in power are smug and arrogant. The devotees of the party out of power are insane.”

The fear of the partisan Democratic agenda of the Obama years, combined with the inability of Congressional Republicans to advance a positive agenda in the face of President Obama’s veto pen, drove many conservatives and Republican supporters to what were once the fringes of the movement. One of the consequences of that flight from the ineffective traditional mainstream was the rise of the Scam PACs, which purported to support mostly insurgent conservative candidates but ended up sapping their fundraising.



*The devotees of the party in power are smug and arrogant. The devotees of the party out of power are insane.”*

— Megan McArdle

## A Bipartisan Pastime

The laws of in-versus-out-of-power party dynamics—the Presidential party acting smug and arrogant and the opposition party insane—suggest that liberals, left-wing interests, and Democrats will have to deal with their own disreputable scam artists upon losing control of the federal government. That could contradict smug predictions that only Republican supporters fall prey to Scam PACs.



Credit: CBS News/YouTube screenshot. License: <https://goo.gl/j4uNpt>.

*Pro-Trump conservative Rebekah Mercer.*

Since the election of President Donald Trump, the self-styled “Resistance”—the factions most militantly opposed to the Trump administration—have seen their own versions of Scam PACs emerge. The Democratic Coalition, headed by “Resistance Twitter” figure and liberal political consultant Scott Dworkin, followed the traditional model of a PAC-for-profit, hiring Dworkin’s fundraising company, Bulldog Finance Group. The Daily Beast, a liberal-leaning online news website, noted that Dworkin’s group had spent half of the money it raised in 2017 on salaries and payments to Bulldog. That was an improvement from the PAC’s 2016 efforts, which kept 90 percent of the group’s revenues in the salaries-and-Bulldog-payments pot. To make matters worse, the Democratic Coalition also had to pay over six figures to defend itself against a libel suit brought by a donor to Republican candidates, which the Coalition ultimately settled.

Dworkin isn’t alone in founding a left-wing PAC with suspiciously high overhead to capture “Resistance” energy and funding. Failed Democratic congressional candidate and former MSNBC talking head Krystal Ball founded the People’s House Project, a PAC ostensibly created to support non-traditional Democratic candidates. However, while the PAC made some contributions to liberal politicians, Ball was criticized by former supporters for taking a substantial six-figure salary while candidate support from the PAC lagged. Similarly, three Democratic political consultants founded the PAC End Citizens United which *coincidentally* became the largest non-candidate client of their consultancy, Mothership Strategies.

The shift in scam-type PAC behavior from right to left—and this fails to touch the wider universe of “Resistance grift” fundraising by left-wing Internet personalities—illustrates a central truth of the Scam PAC world. The scammer preys on the fear and insecurities of the supporters of the out-of-power party or the supporters of a faction which feels it lacks influence over its party, vowing to lead a fight against an establishment or a totemic hate figure.

This figure is often a party member of insufficient revolutionary zeal—scammers targeting conservatives during the Obama years frequently made the focus of their attacks

then-House Speaker John Boehner, an old guard, Chamber-of-Commerce-style Ohioan.

## Countering Scam PACs

Since Scam PACs rose to prominence in the early 2010s, candidates, political activists, and the government have sought to constrain their activities and protect donors from being misled. Ken Cuccinelli, the former Virginia Attorney General whose gubernatorial fundraising was sapped by Scam PACs raising money while falsely claiming to prepare massive get-out-the-vote operations on Cuccinelli’s behalf, sued the alleged Scam PAC, Conservative Strikeforce, and its operators.

Cuccinelli’s lawyers argued that the Scam PAC’s solicitations violated the Lanham Act, a federal anti-false-advertising law. Conservative Strikeforce ultimately settled with Cuccinelli, agreeing to pay \$85,000 and give Cuccinelli access to the PAC’s email and direct mail solicitation lists.

Federal regulators have also taken a much tougher line against Scam PACs recently. Federal prosecutors charged Arizona consultants with numerous offenses related to a set of particularly egregious rip-off PACs; the Federal Election Commission has also investigated dubious political committees.

## Conclusion

Despite the efforts by litigators, regulators, and the feds to keep would-be Scam PACs in line, it is likely that much of what these entities on both right and left do is—and will remain—legal for the foreseeable future. That puts the onus on donors to make themselves aware of the causes and organizations to which they contribute. *Caveat donator*—or “donor beware”—some might say.

Most political pros recommend that small-dollar donors who want to support candidates for election independently should give to the candidates’ campaigns directly. At the level of non-publicly-disclosed small-dollar donations, there is no advantage and many disadvantages to funding ideals, candidates, and causes through independent PACs. Likewise, donors looking to support ideals and ideologies, or the development of policies for the future, are better off looking to well-established nonprofit organizations. ■

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# ORGANIZATION TRENDS



## THE STATRIX: OUR GOVERNMENT-CREATED ARTIFICIAL REALITY

*What is the statrix?*

By Trevor Burrus

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**Summary:** *The lack of imagination is the biggest challenge we face when fighting for a freer society. What would the world be like outside of the statrix—the web of state-controlled (or state-preferred) services, mandates, tax breaks, subsidies, prohibitions, and other programs that exist all around us? In the statrix, these institutions and government actions become entrenched. Any sort of change—correction, evolution, or innovation—is difficult, if not impossible, because we fail to imagine a different, less restricted, world.*

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In 1989, future Russian President Boris Yeltsin visited a supermarket outside of Houston, Texas. Having grown up in the Soviet Union, where state-run grocery stores were the norm, the American grocery store shocked him—the thousands of choices, the excellent produce, the ease of service. Unable to comprehend how all of it could be put together, he asked the manager whether he needed a special education to run the store. The normal American grocery store even provided choices that the most powerful people in the USSR lacked. “Even the Politburo doesn’t have this choice. Not even Mr. Gorbachev,” Yeltsin said.

Yeltsin brooded on his visit. The impossible seemed possible. After leaving the store, one biographer wrote that, “for a long time, on the plane to Miami, he sat motionless, his head in his hands. ‘What have they done to our poor people?’ he said after a long silence.” In his autobiography, Yeltsin described the experience as “shattering.”

Boris had a red pill moment in the store. The “red pill” of course refers to the 1999 science fiction film *The Matrix*, in which taking the red pill allows you to escape an artificial reality and experience the “real” world.

The statrix is the name I’ve given to the web of state-controlled (or state-preferred) services, mandates, tax breaks, subsidies, prohibitions, and other programs that exist all around us. But it’s not just that we’re surrounded by government mandates, services, and programs—which would be a banal observation—it’s that those government actions have reshaped the world in both obvious and subtle ways. Because of that reshaping, we tend to accept the world around us as



Credit: Linwood Moore. License: <https://goo.gl/LLDhLk>

*In 1989, future Russian President Boris Yeltsin (pictured above with his wife on a visit to the U.S. in 1994) visited a supermarket outside of Houston, Texas. “Even the Politburo doesn’t have this choice. Not even Mr. Gorbachev,” Yeltsin said.*

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inevitable, if not desirable. Our imaginations atrophy, and we resign ourselves to the cold, impersonal mundanities of government-provided and -controlled services.

Government programs sometimes enact good ideas. The primary harm of the statrix is not from the government pursuing, and sometimes achieving, better results. The statrix’s primary harm is entrenching institutions in a way that makes correction, evolution, and innovation difficult, if not impossible. Then, not only do those institutions become entrenched in our social and political worlds, but they become entrenched in our minds.

Yeltsin’s experience with American prosperity was not unique for visitors from the Soviet Union. From 1958 to 1988, approximately 50,000 Soviet citizens visited the U.S. through various programs. When they left America, many

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*The American grocery store shocked Yeltsin—the thousands of choices, the excellent produce, the ease of service. The normal American grocery store even provided choices that the most powerful people in the USSR lacked.*

were profoundly shaken by the prosperity they witnessed. According to one State Department interpreter who would escort Russians around the country:

Their minds were blown by being here. They could not believe there could be such abundance and comfort. Many of them would even disparage things here. “Excess, who needs it,” they would say. However, you could see that they did not believe what they were saying. When they returned home, in their own minds and in the privacy of their own trusted little circle of family and friends, they would tell the truth to themselves or to others.

For those who hadn’t seen or heard about the abundance in America, however, their world was created and defined by what they knew: state-run grocery stores. Yet, slowly, information about the prosperity of the West leaked into Soviet society. Imagination bloomed. Eventually, the Soviet state was no longer tenable, partly because its own people could envision something better.

Lack of imagination is the single biggest obstacle to creating a freer, more prosperous, and more dynamic society. People don’t demand things they’ve never seen, and they certainly don’t demand things they can’t imagine. After all,

we’re born into a world that developed through a history in which we didn’t participate. We adjust our lives to the ebbs and flows of that world with due deference to the powers that be and acceptance of things that are out of our control. People pay attention to the services and programs they like and depend on, but they tend not to ruminate on imaginative possibilities.

Which is unfortunate, because everything in the modern world was an “imaginative possibility” before it was created. Some unassuming things, like the modern grocery store, are incredible institutions that depend upon the unlikely confluence of international supply chains, wholesalers, and store managers to produce extraordinary things that we take for granted, such as being able to buy exotic tropical fruit on demand during the winter in Buffalo, New York. As the economist Walter Williams has said (I paraphrase), you don’t tell your grocer when you’re going to show up, what you’re going to buy, or how much you’re going to buy, but if he doesn’t have it, you fire him.

In most of the modern, Western world, people have experienced those marvelous grocery stores, so they don’t have to imagine them. If the government tried to take them away, perhaps through a proposal to nationalize food distribution to solve the purported problem of “food deserts,” people



would fight to keep them—not out of any principled commitment to free markets and liberty, of course, but out of a desire to keep what works for them.

But what if the government got involved in the grocery business early on? Food, after all, is an essential part of our lives, and politicians often claim a mandate to guarantee important things, such as health care and education. If 100 years ago the government created state-run grocery stores, how would they look? More importantly, would anyone demand non-state-run grocery stores? Likely not.

Are we like Boris Yeltsin? His story is understandable in the context of a controlled, autocratic society like the Soviet Union. It seems like it couldn't apply to us. Yet, when I first tried Uber, I felt a little like Boris, flummoxed at the ease and convenience of something I'd never imagined before.

Why was I so surprised? How did we get to the point that the most normal and friendly transaction seemed like a subversive act?

## The Seven Steps of Creating the Statrrix

There are seven steps in creating the statrrix. They are not always followed in order, but they are usually present in one way or another in many government programs. They are:

- 1) **Concept:** A service is proposed, a tax break is suggested, a law is suggested, usually to help the poor, fix a perceived market failure, or provide some other purported public benefit.
- 2) **Implementation:** The government has a unique ability to force people to comply with its mandates. Unlike voluntary transactions, the government can use force to create things no one wants; it can also use force to create things everybody wants. The problem is, government officials often don't know what the people really want, or they don't care. The government can use force to change who pays taxes and how much, who is allowed to practice a profession, what businesses can exist, and so much more.
- 3) **Reorganization:** Government benefits, projects, and programs incentivize people to live their lives in different ways and even in different places. A tax break can change an entire business model. A metro or bus line can drastically alter property values and change where people live. A licensing regulation can affect what type of businesses and services are offered.

- 4) **Crowding Out:** It's very difficult to compete against the government. If a competitor, such as bus service, is getting a subsidy, then any competing transportation service that doesn't get the subsidy is at a disadvantage. The same is true for competing against subsidized public schools, trying to create alternative methods of delivering or paying for health care, creating different methods of unsubsidized agricultural production, and more.
- 5) **Collusion:** A lot of interested parties are created when the government takes over or heavily regulates an industry, service, or benefit. Some of them, like unionized metro workers or teachers, are direct beneficiaries of government services or programs. Others are more indirect beneficiaries—property owners and businesses near public transportation stops, businesses in the health care industry that depend upon a specific subsidy or government-authorized organizational structure, textbook publishers that depend on a centralized public-school model, housing construction companies that depend on tax breaks and other subsidies, the list goes on. All those groups collude—even if indirectly—to ensure that things don't change.
- 6) **Inadequacy:** There are a variety of reasons the government runs things inadequately. Often, the incentives are not there to do a good job, or they are so weak and attenuated from the point of service that they're inadequate to signal what *should* be done. Unionized workforces strive to protect employees, often at the expense of quality services. Unionization can reduce accountability for poor performance, as can other worker protections that help ensure government employees are rarely fired. In the 2017 Federal Employee Viewpoint Survey, only 31 percent of employees believed that “steps are taken to deal with a poor performer who cannot or will not improve.”
- 7) **Prohibition:** Finally, after the government has implemented something with force, reorganized the world, crowded-out the competition, colluded with the stakeholders, and failed to run it adequately, they start prohibiting competitors. This has been seen recently in cities that prohibit or limit ride-sharing services to prop up taxicab cartels. But cities have been prohibiting alternate methods of transportation for decades. Jitney cabs were privately driven hybrid bus/taxis that became incredibly popular in the 1910s and 20s, only to be quickly prohibited.

Alternate methods of schooling that don't meet regulators' standards are prohibited, as are many methods of providing medical care. In some countries, such as Germany, homeschooling is illegal, and many Canadian provinces put severe restrictions on privately provided medical care. If alternatives haven't been fully eliminated by crowding-out competitors and reorganizing business models around government programs, prohibition can make them totally disappear, thus completing the statrix.

Having given an overview of the process of creating the statrix, the rest of the article will focus on two case studies that will better illustrate the concept. The statrix, however, is everywhere, and it is by no means limited to the two areas I'll focus on: public education and health care. Public education and health care, however, are particularly good examples because government involvement has been so longstanding and substantial that people cannot imagine alternatives. In both sectors, the steps of the statrix yielded a predictable outcome: ossified, convoluted, and frustrating services where innovation is rare and satisfaction is even rarer. Many people are unable to imagine alternatives, however, so they begrudgingly accept the world as it is.

How did that happen?

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*Government involvement in public education and health care has been so longstanding and substantial that people cannot imagine alternatives.*

## The Education Statrix

Every step in creating the statrix can be seen in the development of our public education system. I will elaborate more on this below, but to briefly offer a preview.

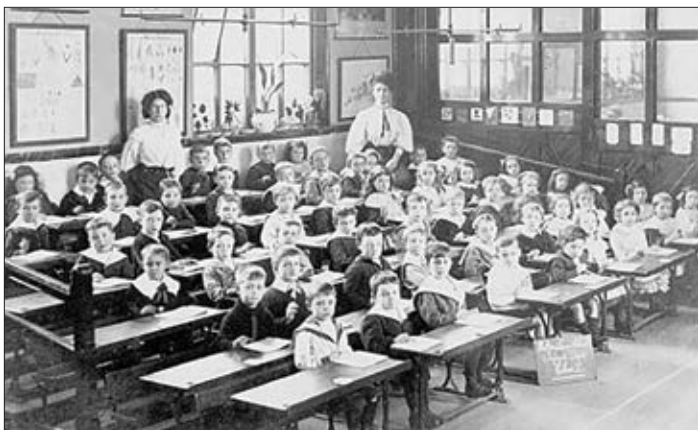
- 1) **Concept:** Broad public schooling was championed as a way to produce more egalitarian outcomes and/or to fix the perceived lack of shared values in an increasingly diverse country.
- 2) **Implementation:** The government used taxes, licensing, and compulsory attendance laws to create the new school system.

- 3) **Reorganization:** Government schools not only reorganized where people live—because, in America at least, geography determines which school a child will attend—but government schools affected higher education and, consequently, our entire vocational topography.
- 4) **Crowding Out:** Before the government began heavily funding and regulating education, there was a robust and thriving system of low-cost private schools that were mostly crowded out by government competition.
- 5) **Collusion:** Teachers unions are the most prominent form of collusion in public education, but parents who depend upon publicly provided schools can also be an interest group that might resist reform.
- 6) **Inadequacy:** The problems with American public schools are well known and oft-discussed, from the broad disparity in school quality to the persistently middling performance of American children in international assessments.
- 7) **Prohibition:** Compulsory attendance laws, licensing of teachers, and heavy regulation of private schools are just some of the ways that public education maintains its status and dominance.

Public education is considered by many to be an essential function of the government. Without government-provided schools, many argue, we would have a highly inegalitarian society in which the children of the rich are educated at well-heeled schools such as Groton—a prestigious private school in Massachusetts that boasts Franklin D. Roosevelt as an alum—while the poor are left to fend for themselves, getting little or no education at all. After all, modern private schools are primarily for the rich, so where would poorer students get an education outside government-provided schools?

This view, however, simply takes the world as it is now, removes public schools, and holds everything else constant. But imagining a world without public education is not as simple as imagining, say, your street without street lights, or road signs, or missing a few of the houses across the way. For over a century, state-funded, -licensed, and -provided education has reformed the world and influenced the set of options we can imagine.

To truly understand the effects of public education on our world, we need to look at history. No one alive, at least in America and throughout the Western world, can remember a time before governments began spending substantial



Credit: Bangkok Patana School. License: <https://goo.gl/uQJfTz>

*In the 18th and 19th century, private schools did an effective job of educating their pupils. Economist Albert Fishlow estimated that by 1840, before the emergence of a major movement for government-funded schools, more than 90 percent of white adults were literate.*

amounts on public education. Like Boris Yeltsin in the produce aisle, to us, the concept of privately provided education is almost mystifying. Many people confidently assert that an effective and egalitarian system of private education is an impossible dream.

### Education Before the Statix

There was never a specific moment in time when American state-funded education “began.” During the colonial period, some towns and communities contributed to education in a variety of ways, while others did nothing. Nowhere, however, was schooling either compulsory or fully tax-supported. Nevertheless, schools were common, as well as other sources of education such as churches, apprenticeships, and family instruction. The people demanded education for their children, and a network of private or mostly private schools was the result.

The late-18th and early-19th centuries were, of course, a very different time. Children were expected to work at very young ages, and families that had been farming for generations didn’t always see the benefit in having their children learn much more than the three Rs. Nevertheless, in the words of historian Carl E. Kaestle, “provincial America’s informal, unsystematic, local mode of schooling resulted in a relatively high level of elementary education and proved capable of expansion.”

Many rural schools were funded by both local governments and parental fees. Schoolmasters would charge quarterly fees and, according to Kaestle, the fees were “within the means of perhaps three-fourths of the population.” For the truly

destitute, apprenticeships and church charity schools were available. New York had six charity schools in 1796, and Philadelphia had at least 12 by 1810.

And those private schools did an effective job of educating their pupils. Economist Albert Fishlow estimated that by 1840, before the emergence of a major movement for government-funded schools, more than 90 percent of white adults were literate (obviously, there were other barriers that hindered the education of African Americans and other people of color). As Fishlow writes, “popular education successfully preceded an extensive system of publicly supported and controlled schools.”

The movement for increased support for public schools arose in the 1830s and 1840s. Reformers were less concerned about how to better educate the people than how to mold uniform citizens. They didn’t call them “public schools,” they called them “common schools.” Common schools were, in the words of education historian Charles L. Glenn, a “deliberate effort to create in the entire youth of a nation common attitudes, loyalties, and values, and to do so under central direction by the state. In this agenda ‘moral education’ and shared national identity were of considerably more ultimate importance than teaching basic academic skills.”

The leaders of the common-school movement, jumped to the head of a parade and pretended they were leading it. They convinced many municipalities and states to increase support for public schools. Yet, initially, rather than increasing the total number of children being educated, increased financial support for public schools simply crowded out private schools. For example, in Boston in 1826, before the common-school movement, 44.5 percent of children under 19 were in some school, with 32.6 percent in private school. By 1850, total school attendance had barely risen to 45.4 percent, but the percentage of students attending private schools dropped to 12.2 percent. Because it is extremely difficult to compete against a subsidized competitor, government schools were crowding out private schools.

Local district schools became the target of common-school reformers who wanted larger school districts with more centralized supervision. By consolidating districts, creating systems for state regulation and supervision, and increasing funding, reformers hoped to not only do away with private schools, but also systematize and professionalize the process of educating children. Moreover, in a nation where immigration from Catholic countries, such as Ireland, was on the rise, common-school advocates thought independent private schools were inadequate for inculcating morality, discipline, patriotism, and cultural assimilation. Suspicion of Catholics, who were thought to be beholden to a “foreign despot” (i.e.,



the Pope), was particularly rampant. Separating those children from their parents to properly Americanize them was one of the goals of the common-school movement.

Over the decades, common-school reforms were adopted throughout the country and low-cost, secular private schools were slowly crowded out. In New York City in 1829, 62 percent of students were in private schools. By 1850, it was 18 percent. In Salem, Massachusetts, the number dropped from 58 percent in 1827 to 24 percent in 1846. In Milwaukee, 61 percent in 1845 to 46 percent just two years later. Such numbers delighted common-school reformers. In 1868, the Illinois superintendent celebrated that “the public schools are steadily weakening and decimating private schools, and that they will ultimately crowd them almost wholly from the field.”

#### Education After the Statix

While the common-school reformers pursued some ignominious ends, such as nationalism and the forced acculturation of immigrants, they had some good ideas. They helped introduce “grade school,” wherein children would be “graded” and ascend through the ranks. They worked to professionalize and educate teachers. They fought for better school buildings and equipment. We should recognize these as earnest policies designed to make schools better.

Perhaps the privately-run local schools in the 18th and 19th centuries *were* inadequately serving their students. And, while there was an extensive network of charity schools and other low-cost alternatives, the old system certainly left people behind. Reforms were likely needed, particularly as the world became more urbanized and succeeding in life began to require more than knowing the three Rs. But those reforms did not have to come from the slow take-over of education by the state. Those reforms could have just as easily come from entrepreneurs seeking to provide parents with a better product. What the common-school reformers sought, however, was centralization and systematization—the great McGuffin of all bureaucrats—and effective, low-cost, non-centralized private schools would not help them achieve their common-school dreams.

But the history of American public education at least shows that government-funded schools aren't *necessary* to the existence of schools, including schools for the poor and indigent. That, by itself, is an important fact that can help our imaginations break free from the statix.

We can also look to developing countries around the world that have not yet instituted, or have only begun instituting, substantial government funding for education. That's what James Tooley, of the University of Newcastle upon Tyne, has done for over 20 years, traveling to the poorest parts of the world—the slums of Lagos, Nigeria, rural Chinese provinces, remote Ghanaian villages—to search

for private schools. In every instance he has found them, often thriving despite substantial public funding for education. Public funding and oversight haven't yet entirely crowded-out and eliminated private schools, but many are struggling.

In the poor shantytown of Makoko in Lagos, Tooley and his team found 32 private schools, none of which were recognized by the government, which educated around 70 percent of the

school-age children. The large publicly funded schools in Makoko were viewed as inadequate for a variety of reasons, from lazy teachers, to large class sizes, to persistent teacher strikes. Yet the government still makes it difficult for the low-cost private schools—one proprietor complained that “we find it impossible to meet all their regulations; we can't possibly afford them all.”

Schools in those regions like Makoko charge modest fees, usually between 4 to 8 percent of the minimum income level for the region. In addition, like schools in early America, charitable and subsidized tuition for the poorest students is common. And the schools consistently outperform the public schools, not only in educational outcomes but in other forms of parental satisfaction.

Tooley's story, recounted in his remarkable book *The Beautiful Tree*, is one in which he constantly encounters state officials asserting that there are no private schools for the poor in their country. Private schools are for the rich, one Chinese official tells him, “our minorities don't value education, so they will not invest in schools, they don't care about their children.” Tooley's team found 586 private schools serving the poor in Gansu province, enrolling nearly 60,000 children.

The existence of low-cost private schools for the poorest people in the world might surprise those raised in the education statix. But what's happening in the developing world is what happened in the United States, and learning these stories can help rejuvenate imaginations that have been enervated by the education statix. That's how we begin to entertain possibilities; new horizons of education not sad-

“*Separating Irish Catholic children from their parents to properly Americanize them was one of the goals of the common-school movement.*”

dled by an ossified state-education system. The 19th-century model of education may have worked then, but the world has changed drastically. It's time for something new, but not one single thing—that would commit the same centralizing fallacy as the common-school reformers—but many things, a thousand flowers blooming.

## The Health Care Statrix

Unpacking America's health care statrix is a daunting and book-length task. In this section, I'll focus on just one prominent part of our system: health insurance. How did health insurance become the predominant way many Americans pay for health care, and how did so many of us come to rely on getting health insurance through our jobs?

There's a surprising answer to this story and it begins with the American Medical Association (AMA) which, starting in the late 1930s, decided health insurance was their preferred model of paying physicians. Using their political and regulatory clout, they made sure that health insurance, and eventually employer-provided health insurance, was supported and protected.

Here's the simplified story in terms of the steps of the statrix. The details will be more fully explained below:

- 1) **Concept:** In the 1920s and 30s, the AMA was primarily concerned with establishing and preserving physician professionalism and autonomy, and it feared business models that were too commercialized.
- 2) **Implementation:** Using both political power and control over the licensing of physicians, the AMA encouraged the insurance-payment model and pushed policies that influenced how insurance was provided.
- 3) **Reorganization:** Insurance companies and doctor practices slowly reorganized around the insurance model. Initially, insurance companies had been reluctant to get into health insurance due to fears of exorbitant costs. If insurers were supposed to pay for all health-care expenses, there would be little incentive for either doctors or patients to economize on care. After the insurance-model was established, costs did increase, and the companies initially passed the increases on to the purchaser. When the cost increases began to upset politicians and the public, insurance companies reorganized their businesses to contain costs through more physician and hospital oversight.

- 4) **Crowding Out:** The AMA-backed insurance model didn't just crowd out competing payment structures, such as prepaid plans or mutual-aid societies, but in many cases those payment structures were also essentially prohibited via the AMA's control of medical licensing (this is related to step 7; the steps of the statrix are sometimes blurred).
- 5) **Collusion:** After the insurance model grew and began to control large amounts of health-care spending, the AMA, insurance companies, drug manufacturers, and other organizations worked to ensure the model was "locked in."
- 6) **Inadequacy:** The third-party payment insurance model proves to be particularly inadequate at controlling costs, as well as delivering certain types of integrated care.
- 7) **Prohibition:** Some states' insurance regulations prohibit many types of bare-bones, "catastrophic" health insurance plans, and under the Affordable Care Act (ACA) businesses that have 50 or more employees must offer their employees health insurance. Finally, also under the ACA, qualifying individuals must pay a fine (tax) for not having health insurance.

If anything, the health care statrix is more pronounced than the education statrix. Even with our system of government-funded schools, people are still aware that private schools exist and can offer an education as good or better



Credit: William Simpson (artist). License: <https://go.gl/81owVi>.

*Going to a doctor in the late decades of the 19th century or the early decades of the 20th century was not a fun experience. Before medicine began to broadly incorporate modern scientific breakthroughs, such as the germ theory of disease, doctors had little professional standing that differentiated them from other "healers," such as snake-oil salesmen and homeopaths.*

than their government school counterparts. With health care, however, people don't see many free-market alternatives. We've come to accept that getting health care requires multiple phone calls and referrals, filling out convoluted forms, fleeting visits from the doctor in which he briefly drops by the examination room, the lack of coherent or knowable prices, consistent billing errors, medical errors, and other headaches. Not having seen any free-market alternatives, people rarely demand them, just like Soviet citizens with grocery stores.

But it didn't have to be this way. Like the history of education, a little history of the health care system can give us a window into roads not traveled and possibilities lost.

### Health Care Before the Statix

Going to a doctor in the late decades of the 19th century or the early decades of the 20th century was not a fun experience. Of course, going to the doctor at any time is rarely fun, but before medicine began to broadly incorporate modern scientific breakthroughs, such as the germ theory of disease, doctors had little professional standing that differentiated them from other "healers," such as snake-oil salesmen and homeopaths. Starting in the last decades of the 19th century, however, the AMA began pushing state governments to establish or strengthen licensing regimes. On top of that, in the early decades of the 20th century, the AMA began extending its control of the profession to medical schools by determining which schools were qualified to have their graduates take the licensing exams.

The AMA's goal was to establish and maintain the professional standing of doctors and to ensure that doctors preserved their autonomy. In the 1920s and 30s, the organization feared that medical care would be subsumed into the emerging corporate model, and doctors would become dependent "organization men" who were at the mercy of a competitive marketplace. Thus, the AMA policed how doctors were paid.

There were many payment systems being tried at the time. Mutual-aid societies and fraternal orders pooled resources to contract physicians, who came to be known as "lodge doctors." Businesses employed doctors to keep track of the health of their workers. Such practitioners of "industrial medicine," an accepted specialty at the time, would oversee the work environment and provide on-site clinics. Henry J.

Kaiser, the father of modern American shipbuilding, created a medical care system for his employees that employed doctors on a salaried rather than on a per-patient or per-service fee—a model still used by what would become Kaiser Permanente. Labor unions used dues to cover members' medical bills or negotiate services with physicians and hospitals. Finally, doctors grouped together to form multispecialty clinics, such as the famed Mayo Clinic, and they were paid either by a form of insurance or by prepayment of dues. The prepayment model became popular due to its ability to combine many specialists together under one roof—no need to wander around town getting referrals—and for its ability to control costs.

To the AMA, all these models posed a threat to physician autonomy and professional standing. In these payment models, the organization saw the seeds of excessive bureaucratization, commercialization, and corporatization. Ironically enough, the AMA feared that large medical organizations made a government takeover easier, arguing that "insurance schemes in the hands of the profession at the outset, drift inevitably, as do all plans initiated by private

groups, into bureaucratically administered compulsory insurance under government control."

To enforce its policy preferences, the AMA utilized all the force at its disposal, that is, force it acquired by essentially controlling the government-imposed licensing system. Physicians who practiced under forbidden payment systems had their licenses and hospital-admitting privileges revoked. Doctors colluded to refuse to refer patients to group practices and

insurance groups. The AMA also went to war against specific, widely known doctors, such as the Ross-Loos group in Los Angeles, California, by expelling them from the association and threatening those who worked for them.

Yet, the times were a-changing. The 1935 Social Security Act showed the AMA that there was a real possibility for government-mandated and government-funded insurance. In fact, FDR had rejected a proposal to include government-funded health care in the act out of a fear of AMA opposition. By 1938, however, more proposals for government-funded insurance had come out, and in July, the Department of Justice filed an antitrust suit against the AMA for its persecution of physicians associated with the Group Health Association, a prepaid group that served federal workers. The AMA saw the writing on the wall, and in

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*President Franklin Roosevelt had rejected a proposal to include government-funded health care in the Social Security Act out of a fear of opposition from the American Medical Association.*



an emergency session of its House of Delegates the organization approved private insurance.

But the AMA was still fixated on a professional, anti-commercial, and autonomy-maximizing view of physicians. Therefore, it required that approved insurance plans finance individual doctors rather than groups, send indemnity payments to subscribers, not the doctors, pay for care on a fee-for-service basis, and allow for complete doctor autonomy. These four requirements created “an inherently inefficient structure that fragmented health care services and fueled cost increases,” in the words of historian Christy Ford Chapin in her book *Ensuring America’s Health: The Public Creation of the Corporate Health Care System*, which more completely documents this story.

The era of a health insurance-centered health care had begun. The employment-based health insurance model began to pick up steam in 1954 after Congress made employer contributions to employee health care plans tax deductible. That tax break made employer-provided health insurance the most financially attractive way for patients to finance health care expenditures. Over time, the government-preferred method crowded out the competing payment models.

### Health Care After the Statix

In America’s health care statix, health insurance is nearly synonymous with health care. But health insurance is not health care, it’s a method of *paying* for health care. Only in a topsy-turvy, government-created artificial reality would such things be conflated, but that is another effect of the statix.

Via the actions of the AMA and other interest groups, as well as politicians reacting to their constituent demands, we’ve created a health-care payment system that essentially guarantees rising costs and poor service. Imagine if we predominantly paid for groceries via a “grocery insurance” model, and we received grocery insurance through our jobs. He who pays the piper calls the tune, and grocery stores would understandably respond to the demands of the insurers more than the customers. And if the grocery-insurance model included a guarantee to pay for whatever groceries the customer chooses, as the fee-for-service model essentially does, then customers would buy only steak and lobster. Business practices (such as increased insurer oversight of grocery

stores) and regulations would be put in place to constrain what customers can choose. Insurance companies would have to begin monitoring purchases to determine whether they were truly “necessary.” People would begin fretting about out-of-control grocery costs.

In response to rising grocery-insurance costs, perhaps the government mandates that everyone must buy grocery insurance, as the Affordable Care Act essentially did. That would, of course, be a serious misdiagnosis of the problem, which began when grocery insurance became the main method of paying for groceries, eventually reorganizing the entire grocery industry around that payment method. But that system can’t be disturbed. There are too many special interests relying on the grocery-insurance model, and Americans have come to accept that grocery insurance is a reasonable way of paying for groceries. After all, they’ve never seen anything else.

Americans have such a difficult time imagining a world where health insurance is not the primary payment method that showing them even the smallest innovation in health care provision can be shocking. Take direct primary care, an old but increasingly popular model that resembles the pre-payment structures that were popular before the AMA chose health insurance as its preferred model. Direct primary care physicians don’t take insurance, Medicare, or Medicaid and, as a result, they’re able to strip away the red tape that in many ways defines American medicine.



*For those who have been battered by the American medical system, looking at Dr. Ryan Neuhofel’s website that offers transparent pricing for medical services can seem like a hallucination.*

Dr. Ryan Neuhofel runs a direct primary care practice in Lawrence, Kansas. For a flat membership fee of \$35 (18 years old and younger), \$55 (19-69), or \$75 (70+) per month, or \$130 for a family of four, Dr. Neuhofel will take care of most basic health care needs. Members get yearly wellness checkups, clinic visits, flu shots, and routine labs and tests. Dr. Neuhofel’s patients also can freely call, email, or text him—something that seems like science fiction to those raised in the health care statix. For an additional modest fee, Neuhofel also makes house calls.

Dr. Neuhofel’s website, NeuCare.net, features transparent pricing for medical services. X-rays are \$40-\$60, and MRIs are \$450-\$600. In traditional American medical practices, pricing is not transparent because there is no single price for a given procedure. Everyone pays a different price, be it Medicare, private insurance, or out-of-pocket, and since

the consumer isn't paying, physicians have no reason to be upfront about pricing.

For those who have been battered by the American medical system, looking at Dr. Neuhofel's website can seem like a hallucination. NeuCare offers a small glimpse into what's possible—a tiny peek outside of the health care statix. The prepayment method was once a popular way of delivering care and constraining costs, but the AMA and friendly lawmakers almost drove it out of existence. Although direct primary care is growing, perhaps future interest groups and politicians will view the model as a threat and prohibit it. Then, those who experienced something resembling a free market in medicine will tell their children and grandchildren how there once was “for-profit” medicine—and it worked! The kids won't believe them, of course, because how could effective health care be provided without the government?

## Conclusion

The first time I stepped into an Uber, I looked furtively left and right, wondering if I was doing something wrong. But I got in, and I got out at my destination.

I was blown away.

How was that legal? Why didn't it exist before? Why have cabs been so unwilling to adopt this simple yet effective business model?

Then UberX rolled out, and I was soon zipping all over D.C., getting rides from total strangers. It was like the future, except traditional yellow cabs are fixtures in even our most imaginative sci-fi settings. *Blade Runner*, *Total Recall*, *The Fifth Element*—their creators could imagine mind-binding technologies and trips to bizarre worlds, but they couldn't get out of the mindset that taxicabs are the past, present, and future.

This article is an attempt to explain why that is. Not only why it took so long to come up with ride-sharing apps like Uber, but why, if you're like me, you were amazed when you first tried them. It's about why we settle for a less dynamic, efficient, effective, and free world, and why it's so difficult for even our most forward-looking science fiction authors to think beyond traditional taxicabs.

Companies like Uber also showed us a path toward exposing antiquated government-controlled services. Free-market think tanks like my employer, the Cato Institute, could have devoted all their energy for the past 40 years to exposing and reforming taxicab cartels, and they would have done less than Uber did in six months. Most people don't read policy papers or pay attention to the statix that's around them, but show them a viable alternative and they'll demand it.

We can and should demand more from our government, but few people demand what they've never seen or believe is impossible. That's the primary harm of the statix: impoverishing our imaginations and leaving us with a constrained view of what's possible.

Yet there is reason for hope. Uber was just the first and most prominent example of our new interconnected world changing the state-created status quo. Uber showed people what was possible, and in turn they demanded it.

But there's still much to do. Many government-created and -protected industries need to be “disrupted,” in the parlance of the times, and the new digital age gives entrepreneurs the tools to do it. Sometimes, we need break the world to remake it and show people what they've been missing. A simple trip to the grocery store can help change the world. ■

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AMERICA UNDER SIEGE  
**ANTIFA**

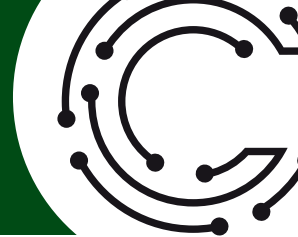
*FREE SPEECH DIES UNDEFENDED*

The communist movement known as Antifa (short for Anti-Fascist Action) has sparked violence across the nation. In the wake of their battling white supremacist in Charlottesville, Antifa has begun to gain mainstream popularity. But unbeknownst to much of the public, the vast majority of Antifa violence isn't targeted at genuine fascists, but mainstream conservatives and civilians. With help from those who have encountered Antifa, Trevor Loudon guides us through the history and ideas behind the Antifa movement, starting with Leon Trotsky and going all the way through the events in Berkeley, CA and Charlottesville, VA.

**WATCH AT:**

[DangerousDocumentaries.com/film/America-Under-Siege-Antifa/](https://DangerousDocumentaries.com/film/America-Under-Siege-Antifa/)





## WHY WOULD CONSERVATIVES SUPPORT A CARBON TAX?

*How environmentalists are infiltrating the conservative movement*

By Hayden Ludwig, with additional commentary by Daniel Lauer

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**Summary:** *Is stopping global warming a conservative position? It could be—if a handful of environmentalists get their way. Meet the “eco-right,” a small but well-funded group with connections to prominent activists on the Left. And these climate change conservatives have one goal: turning a left-wing talking point—like carbon taxes—into a Republican Party plank.*

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If you’ve paid close attention to recent politics in Washington, D.C., you might have heard tales of a mythological beast haunting the streets of the nation’s capital. It’s an old tale that crops up every few years before fading back into legend, but some say that this time, it’s here to stay.

That myth is a conservative carbon tax—the idea that conservative lawmakers can strike a grand bargain between environmentalists and business with a revenue-neutral tax on carbon dioxide emissions, harnessing free market principles to eliminate greenhouse gases and save the planet from global warming.

That’s the goal of the so-called Curbelo carbon tax, the latest attempt at a Republican-backed carbon tax introduced in July by Rep. Carlos Curbelo (R-FL) and co-sponsored by Rep. Brian Fitzpatrick (R-PA).

Like past carbon tax schemes, the idea behind this one *sounds* conservative—to paraphrase libertarian economist Milton Friedman, “If you want less of something, tax it.” Accordingly, the bill would tax businesses on every metric ton of supposedly harmful carbon dioxide gas they emit (in this case \$24 per metric ton), raise the tax each year (2 percent above inflation), and wait for all emissions to magically disappear (someday). Those tax dollars would replace other federal taxes on Americans, lowering their tax burden and ending global warming in one stroke. Sounds like a win-win plan, right?

Not quite. The tax can only be called “free market” in the sense that it sets up a phony market based around a kind of commodity—carbon dioxide emissions—and forces companies to work within it or face heavy fines from the federal government. Conservatives like tax hawk Grover Norquist



Credit: Gage Skidmore. License: <https://goo.gl/U1yKTn>.

*(Pictured: Rep. Carlos Curbelo [R-FL]). The Curbelo carbon tax considers the possibility that conservative lawmakers can strike a grand bargain between environmentalists and businesses with a revenue-neutral tax on carbon dioxide emissions, harnessing free market principles to eliminate greenhouse gases and save the planet from global warming.*

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have criticized it as “a direct attack on American manufacturing and competitiveness.” Others note that the tax could reach \$150 billion by 2030, calling it another attempt at “wealth [re]distribution.” And even if you believe in global warming, the bill is only estimated to lower the Earth’s temperature at the end of the century by just “31 one-thousandths of one degree”—hardly climate-affecting.

### Cap It or Tax It?

In the United States, some on the environmental Left have glommed onto carbon taxes as a cost-effective, politically feasible alternative to more daunting global warming “solutions,” such as a cap-and-trade system—a more heavy-

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*Hayden Ludwig is a research analyst at CRC.*

handed approach proposed by Obama in his 2009 budget and rejected by the Democratic Congress.

Cap-and-trade is phony market economics at its worst. Under such a proposal, the U.S. would “cap” the amount of carbon dioxide emissions certain emitters (such as factories) are allowed to produce each year. This would be accomplished by selling a limited number of permits from the government to companies, with each permit allowing them to emit only so many metric tons of carbon dioxide. Companies would then be free to buy and sell permits from each other—hence the “trade” in “cap-and-trade”—but emitting any amount of carbon dioxide gases *over* those limits would mean heavy fines. Every year, the pool of permits would shrink, meaning the cost of buying them would eventually outweigh the cost of paying fines on emissions, thus incentivizing companies to find ways to reduce their carbon emissions and eventually ending them altogether.

Or that was the plan, anyway. Cap-and-trade systems have been criticized as more bureaucratic than carbon taxes, since the former would require the government to manage a vast permitting process while the latter is simply a tax. And while that’s probably true, it’s still a significant financial burden and a coercive government intrusion on energy production.

In 2013, liberal Sens. Barbara Boxer (D-CA) and Bernie Sanders (I-VT) produced a carbon tax plan that would have cost the U.S. economy 400,000 jobs by 2016, cost the average family of four over \$1,000 per year (in direct and indirect expenses), and raised electricity prices by 20 percent in 2017 alone. In 2014, analyses of similar proposals by the conservative Heritage Foundation and the federal Energy Information Administration projected the loss of over 1 million jobs and a \$1 trillion hit to the economy by 2030.

Since carbon taxes target emissions from natural gas, oil, and coal, however—fuels that provide 85 percent of the country’s energy—the burden of such a policy would necessarily fall on American families. It’s an extreme measure that should concern everyone, whether you believe in global warming or not.

## Green Diplomacy

In 2001, President George W. Bush removed the United States from the Kyoto Pact on Global Warming, a 1997 agreement signed by President Bill Clinton which man-

dated crippling carbon dioxide emissions requirements for developed countries like the United States but not the biggest emitters: India and China. Britain’s *Guardian* carped at America’s pigheaded isolationism: “In the space of two short months, America . . . begins to resemble the ultimate rogue state.”

Sixteen years later, when President Donald Trump withdrew the U.S. from the Paris Climate Accords signed by President Obama in 2015—a fake “treaty” requiring nothing of India and China—the *New York Times* fumed: “Only future generations will be able to calculate the full consequences of President Trump’s incredibly shortsighted approach to climate change, since it is they who will suffer the rising seas and crippling droughts that scientists say are inevitable unless the world brings fossil fuel emissions to heel.”

As in 2001, the omens from the sybillic Left proved overblown.

CC —————  
*Developments in energy production and the free market have done more to reduce greenhouse gas emissions than any international treaty.*

According to a report by the right-of-center American Enterprise Institute, U.S. energy prices in the years following the Kyoto withdrawal were only *half* those of the European Union, while the E.U.’s carbon emissions actually *increased* due to its large-scale abandonment of nuclear energy. In an ironic twist sure to reduce many Eurocrats to fits, America became the first industrial country to meet the Kyoto emission reduction targets in 2012—mostly due to huge increases in domestic natural gas production brought about by hydraulic fracturing, or “fracking.”

That gas-fired trend only continued in 2017. According to a February 2018 report by the website Energy in Depth, since 2005, the U.S. has reduced carbon emissions by 14 percent “mainly because more electricity has been generated from natural gas” than more carbon-intensive oil. A June report by BP showed that U.S. emissions fell by 42 million tons in the first year of the Trump presidency—a larger drop than any other country.

In other words, developments in energy production and the free market have done more to reduce greenhouse gas emissions than any international treaty, and with negligible service disruptions or price increases.

By contrast, a 2015 study by the Heritage Foundation using the U.S. Department of Energy’s own National Energy Modeling System estimated the total cost of the Paris Climate Accord to be nearly 400,000 jobs (200,000 of those in manufacturing), a hike of 13-20 percent in

household energy prices, and a loss of \$2.5 trillion in the national economy by 2035. And Germany, a Paris Climate Accord adherent and the militant “green man of Europe,” is expected to miss its 40 percent emissions reduction goal by 2035 . . . despite the extra 300 euros per person Germans spend each year in additional energy bills as a result.

## The Canadian Model

Canada also experimented with a carbon tax. Last year, Prime Minister Justin Trudeau’s government ordered the country’s provinces to begin implementing their own “carbon pricing systems” or “the government of Canada will implement [read: mandate] a price in that jurisdiction.”

Four provinces have done so, and the economic forecast isn’t pretty. By the time the carbon tax hits its legislated rate of \$50 per metric ton in 2022, emissions taxes—and the inevitable passing on of expenses from businesses to consumers—are estimated to cost families anywhere from \$603 to as much as \$1,120 in extra energy bills each year, depending on where they live. But the pain doesn’t end there. Ratchet the rate up to \$100 per metric ton, some experts say, and the cost to families could reach a staggering \$2,240 *each year*.

To put things in perspective, Canada emitted just under 563 million metric tons of carbon dioxide gases in 2016. The U.S., in contrast, emitted roughly 5.2 *billion* metric tons that year.

Translating the costs of the Canadian model are simply unthinkable. Whatever your opinion about the validity of global warming, it’s one thing for a country to reach a national consensus about tradeoffs—high energy prices for climate change initiatives—and quite another for a government to impoverish its citizens by drastically raising their cost of living.

In a recent study, the Canadian Fraser Institute found that “almost one-tenth of Canadian households [put] 10 cents of every dollar towards electricity, natural gas, and other forms of energy” in 2013—a full *four years* before the creation of a carbon tax.

“Almost 16 percent of households earning \$27,000 or less,” the study found, “and almost 17 percent of households earning between \$27,000 and \$47,700, were in energy poverty,” overwhelmingly due to “growing electricity prices.”

Canada’s carbon tax is set to take effect next year, but the results are already so dire that on August 1, Trudeau’s Liberal-controlled parliament was forced to scale back taxable emissions on businesses to stop an exodus of capital investment. According to the *Wall Street Journal*, foreign direct

investment in the country dropped 56 percent from 2013 to 2017, primarily due to new taxes and strict environmental regulations. Instead, energy and manufacturing companies are increasingly turning their attention to the United States, where tax cuts and deregulation under the Trump administration have made Canada’s southern neighbor alluring for investors and producers.

## Paris, Meet Kyoto

If Canada’s self-inflicted carbon tax offers any lesson for America, it’s that the idea of a “conservative carbon tax” is a contradiction in terms—a top-down edict is as authoritarian as it is inefficient. As retired University of Virginia atmospheric physics professor S. Fred Singer put it in 2017, a carbon tax is “a useless solution to a nonexistent problem.”

While the tax itself may or may not be more efficient than a cap-and-trade system, savvy leftists have come to view it as uniquely marketable to Republicans. A carbon tax, after all, can be sold as “revenue-neutral” to fiscal hawks. It doesn’t necessarily require new government agencies to set up, so it’s a “small government” solution. And a carbon tax doesn’t ask conservatives to advocate full-throated environmentalism, only a little prudence.

As Hudson Institute scholar Irwin Stelzer wrote in the right-of-center *Weekly Standard*, “Conservatives can maintain their skepticism about global climate change, but that does not mean that a bit of prudential action might not be appropriate should it turn out that carbon emissions are indeed having a negative effect on climate.” And what’s the harm in inoculation?

“Money talks,” is a phrase that’s quickly becoming a favorite of Big Granola. Take it from the left-wing magazine *Mother Jones*, which conducted an interview with eco-activist Jessica Fernandez earlier this year:

When trying to engage other Republicans on green issues, she [Fernandez] quickly learned that an alarmist attitude just doesn’t work.

What approach does work? A focus on money. Fernandez said that conservatives are more likely to respond positively if you say, “Hey! Fixing the climate is something that can benefit you economically.”

While it’s difficult to measure the effectiveness of this money-first strategy, it’s certainly won some converts. That said, the prospect of a U.S. carbon tax seems far-fetched in





*In March 2015, a report was published by Jerry Taylor, a global warming activist and founder of the Niskanen Center in Washington, D.C., which argued that “conservatives should make a carbon tax a centerpiece of their environmental policy agenda” instead of continuing to debate the merits of man-made climate change.*

a Republican-controlled Congress—even with the recent Curbelo carbon tax proposal. In July, Rep. Steve Scalise (R-LA) introduced a resolution in the House of Representatives “expressing the sense of Congress that a carbon tax would be detrimental to the United States economy.” Only six House Republicans voted against the resolution (another voted present).

While the myth of a conservative carbon tax remains enduring, the Scalise resolution revealed a deep distaste for it among Republicans on Capitol Hill. That hasn’t stopped a small-but-persistent clique of conservatives from proposing one, however. But what would a supposedly “conservative” carbon tax even look like?

## Carbon-Captivated Conservatives

In March 2015, a report entitled “The Conservative Case for a Carbon Tax” was published by Jerry Taylor, a global warming activist and founder of the nominally libertarian Niskanen Center in Washington, D.C. In the report, Taylor argued that “conservatives should make a carbon tax a centerpiece of their environmental policy agenda” instead of continuing to debate the merits of man-made climate change:

The political question is not whether government should act to control the emission of greenhouse gases. That question has been settled for the foreseeable future. The relevant political question is how government should control greenhouse gas emissions.

For a paper meant to convince skeptics, Taylor’s paper doesn’t spend a lot of time explaining *why* a carbon tax is a good thing or why they should start believing in global warming—just that the alternatives are worse.

“Conservative hostility to proposals to address global warming is often stated as a matter of principle,” he wrote, “a defense of free markets and private property against unwarranted government regulation. But those principles would be better served by well-crafted government action”—in other words, a carbon tax. According to Taylor, that’s the only sensible solution to stop global warming, since the alternative would surely be the kind of “command-and-control regulatory regime” most conservatives fear the Left would create (such as cap-and-trade). And since the government is going to do *something*, he contends, why not do it in a free market way?

If Taylor’s name sounds familiar, it’s probably because he used to be vice president of the libertarian Cato Institute and a self-described “warrior” for climate change skepticism. “I used to write skeptic talking points for a living,” something he now plainly regrets. “I also introduced one of my brothers, James Taylor, to the folks at the Heartland Institute,” Taylor complained in a 2017 interview with the left-wing Intercept, referencing the group famous for advocating alternative empirical approaches to climate science. “Heartland’s rise to dominate market share in climate denialism largely occurred under my brother. Boy do I regret that.”

As the saying goes, there’s no greater fanatic than a convert. Since leaving Cato in 2014 to establish the Niskanen Center—a think tank funded by the Tom Steyer-supported Energy Foundation and the scandal-ridden Silicon Valley Community Foundation—Taylor has become an evangelist for global warming theory and a planet-saving carbon tax. Where once he astutely pointed out in the aftermath of the Kyoto treaty that “politics—not science—is increasingly driving [the] debate” around greenhouse gas emissions, Taylor today contends that “the case for climate action is now so strong that one would be hard-pressed to find a serious academic economist who opposes using market forces to manage the damage done by greenhouse gas emissions.”

Taylor thinks he has the solution: a \$65 tax per ton of carbon dioxide by 2022, rising to \$296 per ton in 2045, a plan proposed by the Stanford Energy Modeling Forum to confine global warming growth to 2 degrees Celsius. “The total cost to the economy,” Taylor cheerfully wrote in January 2017, “would be less than 0.2 percent of GDP.”

But given existing estimates of other carbon tax proposals, which mandate significantly lower taxes per ton of carbon dioxide, Taylor’s proposal is in a league of absurdity all its own.

To put it in perspective, the Curbelo carbon tax proposes a \$24 tax per ton of carbon dioxide starting in 2020—a plan the Competitive Enterprise Institute projects would raise the average household’s annual expenditures for gas and utilities by over \$1,000. Even a \$20 per ton carbon tax would shrink the size of the economy by 0.8 percent, according to the Tax Foundation, costing Americans 425,000 jobs and raising taxes by \$1.3 trillion over a decade.

Taylor’s carbon tax is *nearly three times* larger than the rate proposed by Rep. Curbelo. Let that sink in.

But give credit where credit’s due. Taylor’s is a more honest approach to climate change than many alternatives which propose lower tax rates on emissions—arguably an effort to moderate their position. By calling for a \$65 per ton tax, he’s staked out a firm position—albeit one which would assuredly tank the American economy. The left-wing Carbon Tax Center, for example, has said a \$50 tax per metric ton—twice the rate of Curbelo’s bill—is just “the threshold of robustness” for an anti-global warming plan.

Other carbon taxers concede that a carbon tax would raise household energy prices. The left-wing Citizens’ Climate Lobby (CCL), a carbon tax advocate, admits that a carbon tax rate of just \$15 per ton of carbon dioxide would raise gas prices by 16 cents per gallon, raise heating oil by 19 cents per gallon, and raise electricity by 0.5 cents.

## Carbon Dividends

So how do proponents justify calling a carbon tax “revenue-neutral”? CCL, like virtually all carbon tax advocates, maintains that a “carbon dividend is the key to offsetting these cost increases.” Billions of dollars in revenues from a carbon tax would be “returned to households as a monthly energy dividend,” CCL maintains, “to help ensure that families and individuals can afford the energy they need during the transition to a greenhouse gas-free economy.”

Proponents like Taylor *et al.* say it’s an easy sell for fiscal conservatives because those new revenues can offset existing taxes, lowering the overall tax burden on Americans, even with the hike in their electricity bills. By taxing the thing we don’t want, they say (channeling Friedman), the market will ensure that carbon dioxide emissions slowly disappear until one day vanishing altogether. In the process, the country will switch to alternative energy sources, like wind and solar, and that’s it—global warming is solved . . . right?

Not quite. Even if Americans got most or all of their energy from solar panels and wind turbines (the latter a finicky technology humans have struggled to master for some

5,500 years), it would present bigger problems than climate change—like near-constant brownouts, since wind turbines generally produce energy at about 34 percent capacity (compared with 85 to 89 percent for natural gas, coal, and nuclear sources).

What about global warming, though? Advocates often cite a social cost to unborn generations resulting from excess carbon dioxide in the atmosphere while pointedly missing the social cost of their own policy to *living* generations. Since Americans derive their electricity overwhelmingly from carbons (oil, coal, and natural gas), a carbon tax would effectively be a tax on every product manufactured, moved, or distributed in America—in other words, *every product in the country*.

And far from offsetting these costs, a carbon dividend would only set the nation hurdling towards financial ruin. A key part of any carbon tax is an annual increase in the tax rate on every ton of carbon dioxide, in order to one day eliminate carbon emissions altogether. Even in the unlikely event that a carbon tax merely *replaced* existing taxes instead of *adding* to them, these tax hikes mean that America would hitch the federal revenues that pay for essentials like national defense to the very thing backers want to do away with: carbon emissions. The result would be diminishing revenues, falling dividends, and rapidly rising energy prices—an unprecedented disaster by any standard.

## A Vast, Green Conspiracy?

A carbon tax is a bad deal among bad deals for Americans; the fact that two Republicans—former Secretaries of State James Baker and George Shultz—proposed it doesn’t make it any better.

The so-called Baker-Shultz plan (different from the Curbelo plan) might be called the father of all conservative carbon tax schemes. In a February 2017 op-ed in the *Wall Street Journal*, the pair called on President Trump and the Congress to enact a \$40 per ton “revenue-neutral” carbon tax and dividend. Such a plan, they wrote, “could spur larger reductions in greenhouse gas emissions than all of President Obama’s climate policies” while strengthening the economy, buttressing national security, and “shrinking the size of government” by eliminating the EPA’s authority to regulate carbon emissions.

It should be remembered that “Obama’s climate policies” referenced above hinged on the annihilation of the American coal industry and preservation of the Paris Climate Accords—policies candidates Trump and Pence vowed to

gut if they won the White House. As climate expert Rupert Darwall noted in *National Review*, “the Baker-Shultz carbon tax proposal is really about saving the Paris climate treaty.”

In order to add unimpeachable credibility to their plan, Shultz and Baker hailed “conservative thinkers Martin Feldstein, Henry Paulson Jr., Gregory Mankiw, Ted Halstead, Tom Stephenson and Rob Walton”—co-authors of a new and authoritative report, “The Conservative Case for Carbon Dividends,” published by the Climate Leadership Council (CLC), a Washington, D.C.-based advocacy group that debuted alongside the report in February 2017. The report itself attempts to appeal to the “populism” of Trump supporters, but succeeds only in a thinly veiled sneer against voters who “threaten the current policy consensus in favor of liberalized trade and investment.”

The best remedy is to redirect this populist energy in a socially beneficial direction. Carbon dividends can do just that based on a populist rationale: We the People deserve to be compensated when others impose climate risks and emit heat-trapping gases into our shared atmosphere. The new ground rules make intuitive sense: the more one pollutes, the more one pays; the less one pollutes, the more one comes out ahead. This, for once, would tip the economic scales towards the interests of the little guy.

The CLC is a kind of affinity group for carbon tax conservatives, bringing together “green” Republicans with impeccable credentials to lobby for progressive environmental policies. Dig a little deeper into the group’s founding coalition, however, and the conservative façade begins to crack. Besides Shultz and Co., CLC’s leadership consists of Obama administration alumni and prominent leftists: Federal Reserve Chairs Janet Yellen and Ben Bernanke, Energy Secretary Steven Chu, National Economic Council Director Lawrence Summers, and the three-term billionaire mayor of New York City, Michael Bloomberg.

And while CLC doesn’t shy away from calling itself bipartisan, even the most pragmatic Republican might be disturbed by the involvement of the Nature Conservancy and Conservation International in the group’s founding coalition—environmental activist groups funded by the left-wing Packard, Moore, Rockefeller, and MacArthur Foundations. (CLC report co-author Henry Paulson, it’s worth noting, once served as chair of the Nature Conservancy board of directors.)

CC —————  
*A carbon tax is a bad deal among bad deals for Americans; the fact that two Republicans proposed it doesn’t make it any better.*

CLC has set its sights on a congressional carbon tax after the 2020 presidential election through its PAC: the euphemistically named Americans for Carbon Dividends (AFCD),

co-chaired by former Republican Senate Majority Leader Trent Lott (Mississippi) and former Democratic Sen. John Breaux (Louisiana). The campaign has received a \$1 million funding pledge from nuclear power provider Exelon Corp. and support from Exxon Mobil, Royal Dutch Shell PLC, BP, and other major firms, presumably since the legislation

AFCD proposes will protect oil and gas companies from other climate-related lawsuits.

Unsurprisingly, the Baker-Shultz plan is also supported by the left-wing Union of Concerned Scientists and the World Resources Institute, which hailed it as a “good starting point” for “cut[ting] emissions in line with the goals of the Paris agreement.”

Ex-NASA head James Hansen, an activist lionized by the environmental Left as the “father of climate change awareness,” likes it, too. Hansen didn’t think the Obama Clean Power Plan—which would have raised electricity prices by an estimated 250 percent—went far enough towards stopping global warming. But a carbon tax? You bet:

The only effective way of addressing climate change is to make the price of fossil fuels include their cost to society. . . .

I call it a carbon fee because you would give all of the money to the public, a dividend to each legal resident. [A group of Republicans] have adopted [this approach] **almost precisely as I proposed it in 2008** [emphasis added].

Amazingly, Hansen credits himself for the supposedly conservative carbon tax proffered by these elder Republican statesmen. (To be fair, he does note one difference: where he called for a \$55 tax per metric ton of carbon dioxide, the Baker-Shultz plan only mandates \$40 per ton.)

Such an admission from a militant leftist would frighten any conservative, but Hansen’s track record on the environment should send them into conniptions. In 2008, the radical Hansen declared that the “CEOs of fossil fuel companies . . . should be tried for high crimes against humanity and nature.” The following year he wrote that “the trains carrying coal to power plants are death trains. Coal-fired power



plants are factories of death.” It got so bad that in 2012, 49 former NASA astronauts and scientists accused NASA of “sully[ing] its reputation” under Hansen’s leadership by taking “extreme” positions on climate change.

With a veritable endorsement from such a radical extremist as Hansen, one might imagine that climate change conservatives would shun the carbon tax as a radioactive left-wing idea. Instead, they’ve built a cabal around it.

## Meet the “Eco-Right”

They’re called the “eco-right”: conservatives who have taken up the premises of the Left’s argument that the Earth is heating up and Mankind is partly to blame. There’s a distinctly millennial vibe to the movement—such as RepublicEn, an eco-right project of George Mason University in Fairfax, Virginia. The group was launched by executive director Bob Inglis in 2012 as part of the university’s global warming research division, the Center for Climate Change Communication (4C). While it’s barred from lobbying, the group’s young managing director, Alex Bozmoski, has stated in interviews RepublicEn’s intent to raise grassroots support for a carbon tax bill like Curbelo’s. “If we had 100 people in 50 of the right congressional districts phoning their support for climate leadership,” he told the left-leaning website Greentech Media, “I have no doubt that Congressman Curbelo would experience a rush of enthusiasm for his bill and quite possibly for amending his bill.”

That’s not surprising, given Bozmoski’s boss’s views on global warming. Inglis, a longtime congressman from South Carolina, lost his seat in 2010 to Tea Party upstart Trey Gowdy by an astonishing 71-29 percent—largely due to his 2009 proposal for a \$15 per ton carbon tax (rising to \$100 per ton by 2040). Since then, he’s become something of a hero to the environmental Left; a Google search of his name

yields dozens of gushing headlines by liberal media about the “conservative who believes that climate change is real” and the “confessions of a Tea Party casualty.”

“The most enduring heresy was just saying that climate change was real,” Inglis said after his defeat. “For many conservatives, it became the marker that you had crossed to Satan’s side—that you had left God and gone to Satan’s side on climate change.”

And that’s the real theme of much of the eco-right: left-wing policies billed as bipartisan solutions. For example, RepublicEn’s sponsor, 4C, has received millions of dollars in grants to “mitigate climate change” and “advance policy solutions for a stable climate” from left-wing funders including the Energy Foundation, Skoll Global Threats Fund, and the Sea Change Foundation.

Many of its staffers have a background in left-wing activism as well. Wen Lee, the group’s engagement director, previously worked for a number of left-wing nonprofits, including the Center for a New American Dream and Alliance for Climate Education—both of which are funded with millions of dollars from organizations like the Tides and Packard Foundations. Chelsea Henderson, RepublicEn’s director of editorial content, is a proponent of a Republican carbon tax, calling it “the preferred compliance mechanism of conservatives and economists . . . for solving climate change.”

It’s no wonder, then, that Inglis sits on the advisory board of the Citizens’ Climate Lobby (CCL), a position he shares with George Shultz, James Hansen, Steven Chu, University of Massachusetts-Amherst Professor of Social Justice Barbara Love, and those renowned climate authorities—liberal actors Don Cheadle and Bradley Whitford (the latter’s qualifications include playing political advisor Josh Lyman on the TV show *The West Wing*).

CCL, an organization with ties to a number of right-leaning carbon tax advocates, has also lobbied Congress for a carbon tax—most notably the Climate Solutions Caucus, a bipartisan House caucus whose members are generally sympathetic to such legislation. But while CCL markets itself as bipartisan, its employees are not. According to Federal Election Commission data, CCL staffers have donated to the reelection campaigns of Sen. Dianne Feinstein (D-CA), Sen. Jeff Merkley (D-OR), and other Democratic Party campaigns, but not to Republicans. CCL is also a member of the U.S. Climate Action Network, a climate change advocacy coalition of left-wing standbys like 350.org, the Center for American Progress, Environmental Defense Fund (EDF), and Greenpeace.



*With an endorsement from such a radical extremist as ex-NASA head James Hansen—the so-called “father of climate change awareness”—one might imagine that climate change conservatives would shun the carbon tax as a radioactive left-wing idea.*



*Perhaps the most active conservative climate change activist is North Carolina entrepreneur and philanthropist Jay Faison. In 2015, Faison sold the majority of his stake in the company he founded—SnapAV—to fund his climate change lobbying machine, the ClearPath Foundation, to the tune of \$175 million.*

## Trojan Horses for the Left

Perhaps the most active conservative climate change activist is North Carolina entrepreneur and philanthropist Jay Faison. In 2015, Faison sold the majority of his stake in the company he founded—audio-visual equipment manufacturer SnapAV—to fund his climate change lobbying machine, the ClearPath Foundation, to the tune of \$175 million. Using 501(c)(3) research and 501(c)(4) advocacy arms alongside the ClearPath PAC, the group aims to make climate change policies a plank in the Republican Party platform.

Neither ClearPath nor Faison want to deal with Democrats—just Republicans. For one thing, he’s a regular donor to the GOP. “I support a free enterprise system unshackled from bad regulation and big labor unions,” he wrote in *Politico* shortly after launching ClearPath, “but I also believe that my party needs a fresh approach on one of the most important issues of our age”—climate change.

Both Faison and ClearPath are critical of the Left’s approach to curbing carbon emissions. He’s criticized the League of Conservation Voters and other left-wing environmental groups for shunning nuclear energy as a solution to global warming—something for which ClearPath advocates.

On the other hand, Faison has sat on the board of directors of a regional council of the left-wing advocacy group Environmental Defense Action Fund (EDF), and briefly on the group’s National Council. He also served on the board of EcoAmerica, another environmentalist nonprofit that has received \$3 million in grants from the MacArthur Foundation since 2012 to support its climate change research. Faison was a panelist at the Future of Energy Summit in 2015 and 2016 alongside such speakers as environmental activist and liberal stalwart Al Gore and Debbie Dooley, a Republican activist widely considered an ideological sell-out—particularly on climate change initiatives.

ClearPath’s leadership has similarly murky ties. The group’s executive director, Richard Powell, served on the board of the Circumpolar Conservation Union (a partner of the Natural Resources Defense Council), and collaborated with the NRDC and EDF as a speaker at multiple conferences hosted by the liberal Aspen Institute. ClearPath board member Robert Perkowitz has served on the boards of the EDF and the Sierra Club. Perkowitz is also the founder and CEO of EcoAmerica (which has received hundreds of thousands of dollars in grants from ClearPath).

ClearPath represents the anti-carbon tax wing of climate change conservatives. In 2016, Faison told the left-leaning website CityLab that he rejects a carbon tax: “We are for more affordable clean energy, not more expensive traditional energy.” Instead, ClearPath wants to reduce carbon emissions through a combination of hydro, nuclear, clean coal, and natural gas energy sources.

That hasn’t stopped many conservatives from mistrusting Faison, however, hinting at ClearPath’s role as a kind of “trojan horse” for the environmental Left. Myron Ebell—the environmental policy director for the right-of-center Competitive Enterprise Institute who headed the Trump transition team for the EPA—noted this lack of left-wing criticism in 2016. “There is a second-order irony,” he said, “in that green energy companies and Jay Faison’s ClearPath Foundation aren’t attacked by the Left for belonging to ALEC [the American Legislative Exchange Council].”



## The American Conservation Coalition

Not every group on the eco-right is so opposed to a carbon tax, like the American Conservation Coalition (ACC)—a Wisconsin-based eco-right group headed by a millennial, Benjamin “Benji” Backer. While ACC’s website claims it is “giving conservatives a voice on

*Not every group on the eco-right is so opposed to a carbon tax, like the American Conservation Coalition (ACC)—a Wisconsin-based eco-right group headed by a millennial, Benjamin “Benji” Backer. While ACC’s website claims it is “giving conservatives a voice on the environment,” Backer seems more interested in getting attention from Big Green.*

the environment,” Backer seems more interested in getting attention from Big Green. In February, he was interviewed by Defend Our Future, the youth project of the left-wing Environmental Defense Fund—a \$150 million per year environmental advocacy group and staunch supporter of the Obama Clean Power Plan. (His interviewer fatuously insisted that terrorism drives climate change, saying: “You want to look to where terrorism and strife seem to be strongest, it’s hot places.”)

And while ACC stated on August 13 that it “has rightfully [sic] refused to take a position on the [Curbelo] carbon tax,” the website WayBack Machine shows that, as of September 2017, it *had* called for something similar (ACC has since removed the text from its website):

Experts agree: climate change is occurring, and human actions contribute to it in a significant and measurable way. ACC is open to all proposals focused on curbing the effects of climate change. . . .

There is a need to **take action with a measure such as a carbon pricing policy** that is noninvasive, fair for both businesses and citizens, and cuts costly and ineffective regulations [emphasis added].

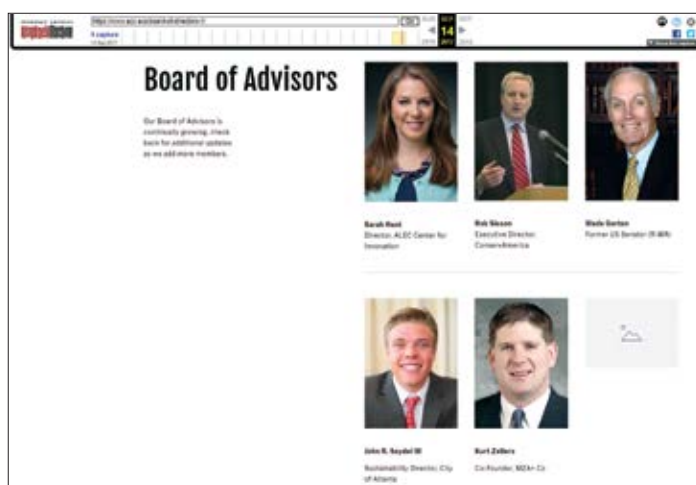
So who’s behind ACC? ACC’s board of directors is composed of representatives from right-of-center organizations such as the Washington Policy Center and the Property and Environmental Research Center—groups which have received grants from conservative foundations like the Searle Freedom Trust.

But a snapshot of the board from September 14, 2017, reveals five members no longer listed on ACC’s website—most notably Rob Sisson, executive director of ConservAmerica (more on that later) and John Seydel III, sustainability director for the City of Atlanta, Georgia. Seydel, a millennial, is a former campaign staffer for two Colorado Democrats, Gov. John Hickenlooper and Sen. Mark Udall. An environmental activist, Seydel has reportedly been tasked by Atlanta to craft “a strategy for how the city will meet its 100 percent renewable energy goal.” He’s also a supporter of Fossil Free Stanford, a student movement demanding Stanford University “fully divest from fossil years within five years” of 2018.

Until August 5, according to WayBack Machine, the group’s website detailed its founding coalition (the page has since been deleted), right-of-center groups which have been criticized for their left-wing positions on climate change: Citizens for Responsible Energy Solutions (CRES), ConservAmerica, R Street Institute, Ohio Environmental Council



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**A Wayback Machine snapshot of the ACC board from September 14, 2017, reveals five members no longer listed on ACC’s website: Sarah Hunt, Rob Sisson, Slade Gorton, John R. Seydel III, and Kurt Zellers.**

Action Fund, Conservative Energy Network, Conservatives for Environmental Reform, and the only overtly left-wing member, Citizens’ Climate Lobby.

## ACC’s Founding Coalition

These groups vary in their support for a carbon tax and in their ideological views. In July, for example, the right-leaning R Street—which has received grants from the environmentalist Energy Foundation and George Soros’ Foundation to Promote Open Society as well as the conservative Searle Freedom Trust—commended Rep. Curbelo’s carbon tax as “a good starting point for discussion” on conservative global warming solutions.



R Street—which was created in 2012 after its founders split off from the conservative Heartland Institute—is arguably more liberal than libertarian on environmental issues, a view reinforced by the presence of Bob Inglis on the organization’s board of directors. The Ohio Environmental Council Action Fund, however, doesn’t lean right at all—it’s the PAC of the Ohio Environmental Council (OEC), a state affiliate of the left-wing League of Conservation Voters. The OEC—a left-of-center group funded by the Joyce Foundation (whose board once included Barack Obama), Energy Foundation, and Rockefeller Family Fund—called for the resignation of former EPA administrator Scott Pruitt for “his recent attack on science [and] dozens of policies that sell out our clean air and water.”

OpenSecrets unsurprisingly lists the OEC Action Fund as “liberal.” In 2016, the PAC spent nearly \$77,000 against Republican presidential nominee Donald Trump and Ohio Sen. Rob Portman (R), and gifted \$252,000 to the Big Labor-aligned PAC For Our Future. Since 2016, it has consistently endorsed Democrats and progressives running for Ohio governor, U.S. Senate, and various state and municipal offices.

Citizens for Responsible Energy Solutions (CRES) is more of a mixed bag. It was created in 2013 with \$1 million in startup funding from the Advocacy Fund (the action arm of the Tides Foundation, a major left-wing funder) and the Trust for Energy Innovation, an obscure 501(c)(4) advocacy organization that has funneled millions of dollars to the League of Conservation Voters, Sierra Club, Natural Resources Defense Council Action Fund, and Center for American Progress.

CRES is closely connected with ACC. Its managing director, Heather Reams, is an ACC board member, and ACC co-founder and former staffer Matthew Mailloux worked as a CRES policy researcher from January to May 2018, according to LinkedIn.

CRES was founded by James Dozier, a Republican political activist with a history of working with the left-wing Gay & Lesbian Victory Fund PAC and now-defunct Gill Action Fund, groups which advocate for “increasing the number of openly LGBTQ officials at all levels of government” and were closely connected with the national gay marriage campaign, Freedom to Marry. Victory Fund-endorsed candidates must “demonstrate support of federal, state or local efforts to advance LGBTQ civil rights via the legislative or regulatory process,” and support “efforts to safeguard privacy and reproductive freedom”—in other words, abortion on-demand.

While CRES’ PAC has donated just under \$12,000 to a number of liberal or moderate House and Senate Republi-

cans in 2014 such as Sens. Susan Collins (Maine) and John McCain (Arizona), it also urged President Trump to keep the U.S. in the Paris Climate Accord in a May 2017 television advertisement on MSNBC.

CRES produces studies lauding “jobs in wind and solar” and the “clean vehicle industry” and polls claiming that “57% of conservatives would support an elected official or candidate that supports clean energy.” Curiously, WayBack Machine reveals CRES’s efforts to seemingly avoid appearing *too* liberal. As late as May 2017 CRES’ website displays favorable quotations by various global warming heralds, including Clinton administration assistant secretary of energy Dan Reicher, CleanCapital CEO Thomas Byrne (a climate change investment firm), and Microsoft Director of Renewable Energy Kenneth Davies.

## ConservAmerica

Another right-leaning, pro-carbon tax group is ConservAmerica, formerly Republicans for Environmental Protection. While it stated in 2017 that it “does not support a massive new carbon tax,” ConservAmerica president Rob Sisson has himself called for a carbon tax and dividend:

Let’s not tax things we want more of, like income. Do a carbon tax and then you send the money back to taxpayers. Every month they get a check. The taxpayers can use that to offset their other taxes or they can use it to purchase things.

ConservAmerica, to its credit, differs from Big Green in that it supports nuclear energy and natural gas, opposes the Paris Climate Accords, and critiques “the extreme Left.” But, in Sisson’s own words, the organization has accepted the premises of the environmental Left’s position that “climate change, greatly influenced by mankind, is a serious threat to our environment and our way of life.”

Sisson, a Roman Catholic, has framed global warming as a “pro-life” Christian issue, citing Pope Francis’ position on climate change. “So many people struggle with the inconsistency of a movement that calls itself pro-life,” Sisson told Catholic.org in a 2013 interview, “but does not care about the 600,000 babies born in the U.S. each year with unsafe levels of mercury in their systems, or the human suffering in other parts of the world caused by a changing climate.”

These kinds of views have driven much of ConservAmerica’s support for positions generally held by the Left, like skepticism towards hydraulic fracturing (or “fracking”). In a 2012 interview with the *New York Times*, Sisson said, “We’d like to see fracking come under the Clean Water Act require-

ments . . . We're not ready to go back to the fallback that states should be alone in regulating this"—a position co-interviewee David Yarnold, president of the left-wing National Audubon Society, agreed was a "sound and responsible approach."

For all its words about returning the Republican Party to its historic conservationist roots, ConservAmerica has adopted a number of liberal positions. In May 2018, it railed against the Trump administration's former Environmental Protection Agency administrator, Scott Pruitt, for not being "green" enough: "The time is long overdue to give Pruitt the boot, and EPA a reboot." ConservAmerica opposed the construction of the Dakota Access pipeline in 2016, accusing the U.S. Army Corps of Engineers of choosing to "ignore the concerns raised" by the local Standing Rock Sioux Tribe:

If the United States government allows the construction of the Dakota Access Pipeline . . . the countless speeches about environmental justice, social justice, and respect for American Indians will be drowned out by the sound of over a half-million barrels of oil daily flowing under a river ten miles from the Standing Rock Sioux Tribe's water intakes.

ConservAmerica also opposed transferring ownership of federal land to states. In November 2017, the group harangued President Trump's executive order greatly reducing the size of two Utah national monuments as "unconstitutional." What the group's website failed to mention was that the parks were created in 2016 by White House proclamation . . . in the final weeks of Barack Obama's presidency.

WayBack Machine reveals a page on the group's website from April 2017 (which has since been deleted) in which ConservAmerica declares: "Our public lands make America great. . . . It is incumbent upon us—it is our patriotic duty—to conserve our public lands for our children and generations to come." Never mind that in six western states—Utah, Nevada, California, Idaho, Alaska, and Oregon—the federal government owns between 45.8 (California) and 84.9 percent (Nevada) of their total area.

## Bogus Bipartisanship

An obvious question remains: what does the Left think about the eco-right? While R Street Institute and the Climate Leadership Council have hailed the Curbelo carbon tax bill as a "bipartisan" achievement and a major step in the right direction for the GOP, some liberals aren't buying it.

"Don't let this Republican's carbon tax fool you," one guest columnist from the New Venture Fund (a liberal funder) wrote in the Huffington Post. "Sure, this bill is progress from outright denial of reality," but it would also lower federal tax revenues and wouldn't push electric vehicles on consumers. Besides, she wrote, it's not as good as the *real* "long-term decarbonization plans" in France, Ireland, the Netherlands, and Costa Rica.

Vox's reaction when confronted with the Republican carbon tax PAC Americans for Carbon Dividends: "Wait . . . what?"

"This policy is not bipartisan in any meaningful sense," the group argued. "It is first and foremost a bid by oil and gas and nuclear [companies] to secure the gentlest and most predictable energy transition."

The NRDC was mildly more supportive, calling it a "breakthrough" plan, but stopped short of endorsing the Curbelo bill for not being aggressive enough in limiting carbon emissions. According to NRDC president Rhea Suh, a carbon tax just "can't do the job alone."

The left-wing Media Matters for America dismissed the bill entirely as politically unfeasible: "Curbelo's bill won't be passed into law by this Congress, and the Baker-Shultz Carbon Dividends Plan and other national carbon-pricing proposals won't get much if any traction this year either."

## Conclusion

Where does that leave the future of a Republican carbon tax? Most conservatives are too likely to sniff out a global warming ruse to back it anytime soon, while many liberals won't find it extreme enough for their tastes. That leaves the dream of a Republican-backed carbon tax an orphan, at least for the time being. As Thomas Pyle, head of President Trump's energy transition team, put it: "There is no appetite for a carbon tax."

And that's surely for the best.

American conservatives have always supported opportunity and independence for all people the world over, and that has meant encouraging the development of cheap, abundant energy. Instead of impoverishing people in America and the developing world with exorbitant carbon taxes, conservatives should banish such myths back to the fantastic theories that spawned them. ■

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*Read previous articles from the Green Watch series online at [CapitalResearch.org/category/green-watch/](https://CapitalResearch.org/category/green-watch/).*



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