



## Core Issues in Labor Policy

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# THE LEFT'S VOTING MACHINE



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AMERICA'S INVESTIGATIVE THINK TANK



Left-wing activists understand the power of nonprofit advocacy groups as agents of social change. To empower the Left, its donors and activists have quietly built a vast network of allied PACs, voter registration nonprofits, litigation organizations, and Census “get out the count” groups to win battleground states. If successful, this will help the movement implement many of its socialist policies—from the Green New Deal to Medicare for All to the union-backed PRO Act.

This report examines the ways in which the Left, armed with torrents of mostly 501(c)(3) cash, has increased the Census count of traditionally left-leaning constituencies, attempted to win left-wing majorities in state legislatures, and tried to control the 2021 redistricting process to draw congressional maps favoring the Left.

Read The Left's Voting Machine at <https://capitalresearch.org/publication/the-lefts-voting-machine/>.





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## COMMENTARY

Party Realignment:  
Radical Republicans,  
Corporate Democrats?

*By Shane Devine*

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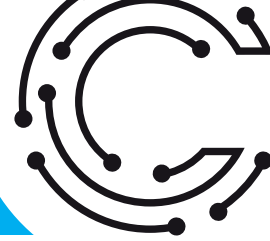
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## PARTY REALIGNMENT: RADICAL REPUBLICANS, CORPORATE DEMOCRATS?

By Shane Devine

Historically, white-collar business professionals were usually Republican, and the blue-collar working classes were Democrats. But this has been gradually changing. Working folks who used to be the staunchest Democrats voted for Trump in 2016 and 2020. And many Republicans have been voting blue.

So is the Democratic Party becoming the party of Big Business, while the GOP will now be a workers' party? Republican Senators like Josh Hawley, Marco Rubio, and even Ted Cruz have used the phrase "working class" to describe their party's future base.

### The Party of Wall Street

The idea of a party realignment might not be arising out of anything the GOP is accomplishing (even their own constituents are unhappy with them), but out of what the Democrats are in large part *no longer* doing—namely, looking out for workers. What is certain is that the Democratic Party is becoming the party of corporate, tech, and financial power.

In January 2020, when the Democratic primary elections were about to begin, Joe Biden's campaign chairman Steve Ricchetti met with 90 Wall Street donors to tell them it was time to fund Biden's efforts against the other candidates. After Biden finished off his opposition, Obama's former defense secretary urged Goldman Sachs staffers to place a big bet on Biden against Trump.

This seems to have worked. According to the Center for Responsive Politics, Wall Street contributed more than \$74 million directly to Biden's campaign. Conversely, they only gave Trump \$18 million, even less than the \$20 million he received in 2016. Their reason for preferring Biden? Trump's lack of "predictability," said one unnamed GOP adviser. In other words, with Biden, the system will become easy to control again.

And it's not just Trump who is getting shorted by the financiers. It's the rest of the GOP as well. Of Wall Street's total 2020 contributions, not only to campaigns but to all political organizations, including "dark money" groups,



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*According to the Center for Responsive Politics, Wall Street contributed more than \$74 million directly to Biden's campaign.*

62 percent went to Democrats, and 38 percent went to Republicans. Comparatively, in 2016, they gave 50 percent to Republicans, and 49 percent to Democrats. In 2012, they gave 69 percent to Republicans, and 31 percent to Democrats. The Chamber of Commerce, which has long been the top-spending lobbying client, endorsed 30 Democratic House candidates in the 2020 election.

In an interview with the *Wall Street Journal*, the Chamber's Executive Vice President Neil Bradley explained why: Members of the Republican Party had embraced populist positions on trade and immigration with Donald Trump's rise. This was a big problem for the Chamber, which, for example, spent about \$26 million in the fourth quarter of 2018 lobbying against Trump's steel and aluminum tariffs.

Bradley expressed further disappointment by writing off many Republicans' calls to bring back manufacturing jobs

*Shane Devine is an investigative researcher at Capital Research Center.*

that had been outsourced to China and other countries as “too simple.” With some members of the Democratic Party embracing socialism on top of it, Bradley said the lobbying giant was forced to reach out to centrists in both parties since the business community prefers a vital political center and an economy focused on shareholder profits. He added that responding to the rise of populism with centrism will continue to be the Chamber’s *modus operandi* when Congress reconvenes.

## The Disappearing Center

To identify as a “centrist” right now is a luxury only available to comfortable entities, like major corporations. The rest of the population is fraying into extremisms, and not without reason.

Besides the decades-long general trend of escalating inequality between the wealthiest Americans and the rest of the population, small businesses (which employ almost half of the American workforce) are being crushed by excessive lockdown policies. In September, Yelp estimated 60 percent of small businesses closed during the COVID lockdowns will never reopen.

Meanwhile, America’s 651 billionaires collectively gained more than \$1 trillion since March. That makes their total wealth standing at \$4 trillion, not far from doubling the \$2.1 trillion held by the bottom 50 percent of the U.S. population.

CEOs of tech companies, which account for a record-breaking 40 percent of the S&P 500 Index, gained the most. The highest earner was Amazon founder Jeff Bezos, who raked in \$90.1 billion. Bill Gates saw a 20 percent increase in wealth, Zuckerberg an 85 percent increase.

## Biden’s Administration

All of these billionaires are friendly with the Democrats and their nonprofits. This new administration was already deeply beholden to them and their interests, but to add insult to injury, Biden decided to fill his cabinet with their cronies.

For example, Neera Tanden, who worked closely with corporate donors during her nine years as president of the Center for American Progress, has been chosen to run the Office of Management and Budget. In this position, she will be responsible for crucial budgeting decisions that will affect the entire economy, including regulations on corporations

run by her friends. She was well-known for getting into Twitter battles with the Bernie wing of the Democratic Party during the primaries, particularly on health care and foreign policy—areas that she will undoubtedly be asked to weigh in on.

Biden’s appointee choices range from Democratic establishment careerists (Rahm Emanuel, Janet Yellen, Antony Blinken, and John Kerry) to executives fresh from Wall Street and Silicon Valley: Goldman Sachs, McKinsey, Boston Consulting Group, Google, and Facebook. This has not gone unnoticed by the socialist Left. One Jacobin writer cataloged the hypocrisies of liberal media outlets that attacked Trump for appointing people with such backgrounds but have neglected to scrutinize Biden for doing the same.

So much for Biden’s line about the election being a battle “between Scranton and Park Avenue.

## Big Government and Big Business

The lucrative wars don’t seem to be ending any time soon either. Biden is appointing liberal hawks like Blinken to critical positions (more than a third of his Defense agency review team come from arms manufacturers or have worked at think tanks funded by them). And defense contractors like Raytheon are cheerful about the election outcome, optimistically looking forward to years of generous defense spending.

One argument for why this is happening is that the private sector no longer *wants* the government to leave them alone. It wants the government to be involved in business affairs to have leverage. Tim Carney convincingly argued that big businesses like regulations because, while they can weather a few extra taxes or protocols, their smaller competitors can’t. By teaming up with bureaucracies to implement revenue-killing measures, corporations can artificially shield themselves from market forces while garnering highly profitable and recurring contracts with the government, whether in defense, health, or tech.

The faster one conceives of the difference between the market and corporations, the faster he will understand the current situation. The dynamic market contrasts wildly to the corporation, as the latter thrives on monopoly and immobility.

The top 9.9 percent of the wealth distribution, the professional class, likewise votes for politicians representing big government and big business because they work in indus-



tries where these worlds overlap, such as consulting and lobbying. The elites don't usually start businesses of their own, unlike lesser-educated adults hoping to remain the core of what's left of the middle class. And so the top 10 percent really don't really care if the formerly fluid social mobility of America, conditioned on fluctuating per a free market, hardens into a caste system.

Counties composed of college degree–credentialed, high-earning professionals have been increasingly swapping from Republican to Democratic candidates since 1980. According to an analysis of Census data by the *Wall Street Journal*, the 100 counties with the highest median incomes voted for Biden over Trump by 57 percent. The 100 counties with the largest share of college degrees in the country voted for Biden 84 percent.

According to Brookings, Trump won 83 percent of the nation's counties, but those counties only accounted for 30 percent of the national GDP. Biden, on the other hand, won only 17 percent of counties, but those accounted for 71 percent of the GDP.

## Whither the Radical Left?

The socialists are angry about this trend and fuming even more about the two-time humiliation of Bernie Sanders, reduced to endorsing the establishmentarians that had him removed from both primaries. The Democratic Party will never allow the radicals to wield *actual* political power, as they're too entrenched with special interests.

So, what is the future of their movement beyond street activism?

The best figure to follow for this question is probably Marxian economist Richard Wolff and his nonprofit Democracy at Work, which seeks to reconceive “socialism” as workers’ *self-management* rather than Leninism’s state capitalism. But as for electoral politics, it’s implausible the Democratic-Socialist movement will make significant ground soon.

*How will they respond to Bernie Sanders’ second loss?* By trying to regroup in a third party or forming a new one, by perpetually harassing the Democratic Party leadership until they collapse from exhaustion, or by seizing every opportunity to riot until their demands are met—it is yet to be seen. Most likely, all three.

## A Workers’ Party?

The right-wing populists would love to start referring to the GOP as the working-class party, but they should hesitate. Conservative Inc. does not like that talk, as they very well know. A more accurate description of the current GOP is the party of the petite bourgeoisie and a rural, dispossessed subset of the working class that richly appreciated Trump’s aspirational rhetoric about reshoring jobs.

Some may say that Trump’s populist campaign platform was ultimately overshadowed by his run-of-the-mill accomplishments—the 2017 Tax Cuts and Jobs Act and the nomination of three conservative Supreme Court justices. While he helped bring back about 500,000 manufacturing jobs, that number started to steeply decline even before the pandemic. He didn’t comprehensively reform health care, nor did he significantly ameliorate the plight of forgotten workers dealing with the “American carnage.”

But he brought populist issues to the forefront when politicians had neglected them for decades, and he became wildly popular with the GOP’s base for doing so. Trump’s appeals to rust-belt workers were clearly successful, as Biden himself shamelessly stole his talking points, like “Buy American” and “It’s past time to end the Forever Wars, which have cost us untold blood and treasure.” It would be foolish to abandon this winning platform, and Republicans like Rubio realize this. But just because the corporate elite has deserted the GOP doesn’t automatically empty the GOP of Paul Ryans, who desperately want to win back their favor.

While Trump has dropped the opportunity to *become* the working-class party into the GOP’s lap, that doesn’t mean they have. The GOP needs to support workers in substance, not just in rhetoric.

“Working class” is not an empty moniker. It refers to a living swath of people with direct, material interests. As it is a *class*, appealing to them must necessarily preclude cultural appeals, as economic identity unites people across racial and religious boundaries.

It would also require Republicans to vociferously fight against policies that are objectively contrary to workers’ interests. Identifying these can be controversial, but for starters, a workers’ party would not pursue outsourcing, nor would it try to inflate the labor supply with immigrant workers to undercut wages and break strikes. There are also the gig economy, busting unions, lowering or getting rid of the minimum wage, and a host of other class war tactics the party used to support.

There will no doubt be an intense fight within the GOP to prevent this change from happening. For instance, *National Review* recently published a piece calling the GOP-as-working-class-party notion a “myth,” arguing that culture-war issues, not economics, drive voters.

Whether this is true or not, if the GOP is to become a workers’ party, it would need to base its policies on what its working constituents want. Workers would decide which types of reforms would allow them an economic advantage, and the party would respond by turning these reforms into

legislation. Some might argue that the GOP is at risk of losing whatever donors they have left by fully committing to working-class policies.

But who needs donors when you already have the votes? ■

*An earlier version of this article first appeared in American Consequences in January 2021.*

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*Read previous articles from the Commentary series online at <https://capitalresearch.org/category/commentary/>.*



# BIG MONEY IN DARK SHADOWS

Arabella Advisors’ Half-billion-dollar  
“Dark Money” Network

—Hayden R. Ludwig

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



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## THE LEFT'S WAR ON COAL AND THE COMING "GREEN" NEW WORLD

By Hayden Ludwig

**Summary:** "Go green"—and go broke. President Biden is in the White House and radical environmentalists are in the driver's seat, with global warming taking a central role in every department and agency in the federal government, even the Central Intelligence Agency. The coming flood of devastating "green" policies is the culmination of the Left's long war against coal, America's most abundant energy resource and the commodity that built modern civilization. But eco-activists have a rich and powerful ally in the oil and natural gas industries, forming an unholy alliance dating back decades, which uses ideological pressure campaigns and crony capitalism to jack up electricity rates and stick ratepayers with the bill. Welcome to the Left's "green" new world.

Global warming ideologues and advocates for wind, solar, and nuclear power often cast coal as a dirty, obsolete resource. For decades, they have sought to reduce and eventually eliminate the use of coal. Their wishes may be coming true. With one of his first executive orders, President Joseph Biden ordered the U.S. to rejoin the Paris Climate Agreement. A second order instituted "a Government-wide approach" to address climate change, including declaring it "central to United States foreign policy and national security." With these executive orders President Biden has moved the United States toward the brave "green" future.

### Why Coal Matters

Coal is one of Mankind's oldest and most venerable resources. The Chinese discovered the substance some 5,500 years ago. The ancient Romans were the first civilization in the West to extract coal from surface seams in Britain and use it to smith iron, heat bathhouses, and light temples.



*Coal put Pittsburgh on the map and helped produce the weapons that the Union used to win the Civil War.*



Credit: C-SPAN. License: <https://bit.ly/3u3G8iB>.

*President Joseph Biden ordered the U.S. to rejoin the Paris Climate Agreement. A second order instituted "a Government-wide approach" to address climate change, including declaring it "central to United States foreign policy and national security." With these executive orders President Biden has moved the United States toward the brave "green" future.*

Coal drove Europe's Industrial Revolution in the 18th and 19th centuries, fueling trains, steamships, and factories. It transformed Wales and southern Scotland into the powerhouses of the British Empire. Coal put Pittsburgh on the map and helped produce the weapons that the Union used to win the Civil War.

Coal arguably saved the world from mass deforestation by offering a cheaper, superior way to fire steelmaking blast furnaces than charcoal, previously the backbone of medieval Europe's economy. The invention of kerosene in the 1850s—called "coal oil" because it was produced as a byproduct of cannel coal, a type of oil shale—even saved overhunted whale populations from extinction because it was cheap, simple to produce, and smelled better than the whale oil used for decades to light homes. In 1860, a California journal recognized this fact: "Had it not been for the discovery of Coal Oil, the race of whales would soon

*Hayden Ludwig is a senior investigative researcher at CRC.*

have become extinct. It is estimated that ten years would have used up the whole family.”

Global warming ideologues and advocates for wind, solar, and nuclear power often cast coal as a dirty, obsolete resource. But is that true?

Anthracite and bituminous coal release about 30 percent more carbon dioxide (CO<sub>2</sub>) when burned than oil and roughly twice as much as natural gas, although only 21 percent of America’s CO<sub>2</sub> emissions in 2019 came from coal. But sulfur, nitrogen, and CO<sub>2</sub> can be almost entirely removed by gasifying coal, which is often liquefied into synthetic natural gas and used to produce plastics and fuel vehicles. Traditional coal-burning power plants also use scrubbers that remove sulfur dioxide from smoke, one of the technologies behind the term “clean coal.”

Coal is arguably less space efficient to transport than liquid oil and natural gas, which can be transported more easily by pipeline, tank railcar, or tanker than a solid can be transported. But coal is vastly abundant—the U.S. contains roughly one-fourth of the world’s coal supply, enough to last for at least the next 250 years according to the Energy Information Agency (EIA). It’s cheaper than natural gas, which has fluctuated wildly in price over the last 40 years.

Unsurprisingly, coal is America’s most-used energy resource, mined in 25 states. Wyoming, West Virginia, Pennsylvania, and Illinois are the nation’s top producers, but coal was the most commonly used form of energy in 18 states in 2017.

But that figure is shrinking year after year as many states—particularly in the South and along the East Coast—shift from coal to natural gas and nuclear energy. Between 2011 and 2020, over 100 gigawatts of coal capacity either retired or announced plans to close. In that period 103 coal-fired power plants were overhauled into gas-burning plants. Although President Donald Trump was friendly to the coal industry, its sharp decline continued during his administration. Over the past decade some 50 coal companies have shuttered, including Murray Energy, a major mining firm that declared Chapter 11 bankruptcy in late 2019. (It’s since reformed as American Consolidated Natural Resources.) The EIA attributes this phenomenon to competition with

cheap natural gas brought on by the fracking revolution, highly efficient gas-burning technologies, and strict emissions standards created under the Obama administration.

Dick Storm, a registered professional engineer who worked for 50 years in the energy industry, adds the weight of public opinion to the equation. If the left-leaning media can paint carbon dioxide as a “pollutant,” he told CRC, then companies have a strong incentive to dump coal in favor of less CO<sub>2</sub>-intensive gas and renewables like wind and solar, simply to avoid being labeled “polluters.” Major utility companies can switch to more expensive sources and pass along the costs to consumers—which, in fact, many states are forcing them to do through renewables mandates passed by Democratic-controlled legislatures.

Market forces and outside coercion are both playing a role in shifting America’s consumption away from coal, but this revolution will have far-reaching consequences beyond merely replacing one form of energy with another. Numerous plastics, dyes, solvents, soap, and even aspirin products use coal byproducts. Coal combustion products are critical to the production of cement, aluminum, hydrogen, silicones, carbon fiber, agricultural fertilizers, and even activated carbon used in air and water purification.

Then there’s the manufacturing of steel, the bedrock of modern civilization, which wouldn’t be possible without processing coking coal. It’s estimated that the world con-



*In 2017, Hawaii’s biggest utility provider announced it was shutting down AES Hawaii on Oahu, the state’s last coal-fired plant. It would replace it with renewables in 2022 to comply with a mandate from the legislature to reach 52 percent renewable energy by 2021 and 100 percent by 2045.*

Credit: Tony Webster. License: <https://bit.ly/3u3GluN>.



sumes 1 billion tons of coking coal each year to produce to 1.7 billion tons of crude steel. Replacing coking coal with a “green” alternative is a fantasy, and no method yet tried is remotely viable on a commercial scale. Ironically, the leading “green” method involves using “bio-carbon”—wood—which would result in a global deforestation, particularly in China, the world’s top steel producer.

However Americans heat their homes in coming decades, affordable and abundant coal will remain essential to every modern economy for the foreseeable future. But there’s a bigger reason why a wholesale switch to renewables isn’t feasible.

## The Hawaiian Model

In 2017, Hawaii’s biggest utility provider announced it was shutting down AES Hawaii on Oahu, the state’s last coal-fired plant. It would replace it with renewables in 2022 to comply with a mandate from the legislature to reach 52 percent renewable energy by 2021 and 100 percent by 2045.

To give a sense of how quickly Honolulu’s electricity bills will shoot up under the scheme, in 2016 electricity generated by the coal plant cost an average of 5 cents per kilowatt hour. At the same time, wind power cost about 20 cents per kilowatt hour and solar as much as 23 cents per kilowatt hour.

Then there’s the problem of storing electricity generated by renewables. The most efficient solar panels today operate at 23 percent efficiency, while wind turbines average between 20 to 30 percent (with a theoretical limit of 59 percent). Both are subject to extended periods when they simply don’t generate electricity—nighttime for solar panels and calm days for wind turbines. So renewables require batteries capable of storing enough electricity during peak periods to shed during off-periods, but that technology just doesn’t exist yet. A 2016 study found “steeply diminishing returns” when many lithium-ion batteries were added to the electrical grid. As Storm puts it, “Hawaii is a model of the impact of applying carbon free electricity generation policies before storage technology catches up.”

To operate at all, the grid requires a steady input of electricity. Absent the kind of batteries and renewables that exist only in science fiction, any system that tries to sustain itself on wind and solar sources will collapse almost the minute those sources stop feeding it power.

Enter natural gas, which is affordable, is available at any time, and can vary output to meet shifting demand. Every



*Many people will remember Enron, the \$100 billion energy mega-conglomerate that shattered overnight in 2001 after it was discovered that the company had defrauded investors and regulators with fake profits for years.*

wind farm and solar array mandated by the Left virtually guarantees a new market for gas producers—a recipe ripe for cronyism.

## The Enron Model

Most people think the war over renewables is between environmental activists and lobbyists for Big Oil and Gas. That couldn’t be further from the truth. For years the pair have conspired to push an environmental agenda that threatens U.S. energy independence and jacks up household electricity rates. Their goal is to weaponize regulations to obliterate “dirty,” environmentally “unfriendly” coal.

This isn’t the first time that Big Business and Big Green have teamed up to take on a mutual competitor. Many people will remember Enron, the \$100 billion energy mega-conglomerate that shattered overnight in 2001 after it was discovered that the company had defrauded investors and regulators with fake profits for years. Enron was formed in 1985 from the merger of two Texas natural gas producers, and in the late 1990s it dazzled the public with an innovative global market for trading energy commodities.

What *isn’t* often remembered, though, is Enron’s attempt to gut the coal industry in order to promote its commodity



*But Enron's goal was hardly philanthropic. Under the 1997 Kyoto Protocol, coal companies must purchase emissions credits to burn coal, creating a market for buying and selling permits controlled by Enron.*

of choice: natural gas. The company loudly proclaimed natural gas the “green” energy of the future—which, of course, was actually true, as the recent fracking revolution bears out. Enron and its activist allies understood that a national shift from coal to less CO<sub>2</sub>-intensive gas would reduce annual greenhouse gas emissions, which is exactly what happened: U.S. emissions reached a three-decade low in 2020.

But Enron's goal was hardly philanthropic (if you consider CO<sub>2</sub> a pollutant, that is). Under the 1997 Kyoto Protocol on global warming—the predecessor to today's Paris Climate Agreement—coal companies would be virtually forced to purchase emissions credits in order to burn coal, creating a market for buying and selling permits controlled by Enron. The company hoped to fill the void previously occupied by coal with natural gas and become the chief broker of emissions permits to other CO<sub>2</sub>-emitting companies. Better still, Enron could count on heavy subsidies from the U.S. Export-Import Bank and Overseas Private Investment Bank to promote renewables.

Enron lobbied the George W. Bush administration to place caps on CO<sub>2</sub> emissions in line with Kyoto, knowing that the harshest regulations would fall on coal producers, since coal is more CO<sub>2</sub>-intensive than oil or gas. As Cato Institute climatologist Patrick Michaels observed shortly after its collapse, Enron had one goal in mind: “dial coal out of the economy.” Internal correspondence later showed that Enron employees believed that Kyoto would “do more to promote Enron's business” than any other single regulation.

Enron CEO Kenneth Lay was the main driver behind the firm's loud support for the Kyoto Protocol. He simultaneously became one of the largest donors to George W. Bush's presidential campaign while cultivating contacts in the “green” movement, including Greenpeace, which reportedly described the company “in glowing terms.” The *Houston Chronicle* reported in 2002:

Lay has been painted as a heartless advocate of free-market economics when he actually was working behind the scenes for control of energy emissions, establishing alliances with the most radical



Credit: World Economic Forum. License: <https://bit.ly/3jV2oXB>.

*The lynchpin behind this arrangement to create a market for CO<sub>2</sub> credits was former U.S. Senator Timothy Wirth (D-CO). Wirth played middleman, connecting Lay to Bush administration Treasury Secretary Paul O'Neill in 2001 and relaying assurances to Lay that O'Neill was interested in global warming legislation.*

environmentalist pressure groups. Just as Enron pushed electrical deregulation to make billions in energy trades, Lay wanted restrictions on carbon dioxide emissions under the Kyoto agreement to artificially create a market for CO<sub>2</sub> “credits” to be purchased to burn coal. Enron was not about ideology and certainly not partisanship, but was using governmental contacts to maximize profits.

The lynchpin behind this arrangement was former U.S. Senator Timothy Wirth (D-CO). He was undersecretary of state for global affairs in the Clinton administration and represented the United States in the 1997 Kyoto Climate Conference. In 1998, Wirth became the founding president to the United Nations Foundation, an American nonprofit



founded with a \$1 billion endowment from liberal media mogul Ted Turner to aid the U.N., and he later co-chaired Al Gore's 2000 presidential campaign.

Wirth played middleman, connecting Lay to Bush administration Treasury Secretary Paul O'Neill in 2001 and relaying assurances to Lay that O'Neill was interested in global warming legislation. The Heinz Center, an environmental group funded by leftist billionaire Teresa Heinz (wife to Sen. John Kerry), next issued a private report to Lay indicating O'Neill's support for lowering emissions by establishing an alternative international treaty in line with the Kyoto Protocol. The plot sparked a serious internal dispute over the administration's environmental policies and was defeated only when Republican outrage led President Bush to kill the deal in March 2001. Seven months later Enron's house of cards collapsed amid the revelations of widespread accounting fraud, quickly followed by bankruptcy.

## Global Warming Is Great for Business

Two decades later and the parallels between cronyism and activism are striking. Far from their traditional role as the bogeymen of the eco-Left, Big Oil and Gas are all in for the environment. ExxonMobil says it "welcomed the Paris Agreement when it was announced in 2015" and revealed its five-year emissions-reduction plan in December 2020 to "promote cost-effective, market-based solutions to address the risks of climate change."

In 2019, Royal Dutch Shell brayed for "collaboration with other industries to tackle emissions" under the Paris Agreement. (That didn't stop eco-activists from suing Shell the next year for "violating human rights by continuing to invest billions in fossil fuels.") ConocoPhillips bragged in October 2020 that it had adopted a "climate risk strategy" to become a net-zero emitter by 2050. And in January 2021, Exelon praised President Biden's executive order mandating the country's return to the Paris Agreement. In late 2019, Exelon announced it would spend \$20 million on startup firms developing technologies to "mitigate climate change."

What do all these companies have in common? They've loudly sworn off coal.

ExxonMobil, Royal Dutch Shell, ConocoPhillips, Exelon, BHP, BP (formerly British Petroleum), Calpine, First Solar, Vistra, and Total are all members of the Climate Leadership Council (CLC), a lobbying group formed in 2017 by the late environmental activist Ted Halstead. Halstead, who died in September 2020 in a hiking accident, was a TED Talk speaker and author of *The Radical Center*, which

attempted to define a third way away from the center-left and center-right that was, in reality, moderately liberal. This false centrism is perhaps most embodied in Halstead's previous think tank, New America, which is largely run by alumni from the Obama administration.

CLC's *raison d'être* is a carbon tax, or a federal tax on certain companies that emit carbon dioxide. The theory behind the tax is that by making CO<sub>2</sub> a commodity, it becomes manageable and measurable. Emitters could be held accountable for polluting the planet with carbon dioxide, giving them an incentive to cut emissions and save money. The receipts from CLC's carbon tax could then be remitted to the general public in the form of "carbon dividends," a sort of payoff for backing CLC and the government in its ideological crusade against traditional energy. Advocates tout a carbon tax as "market-friendly" and incentives-based compared to the radical Left's proposals, but it's a false choice that requires us to call their carrot a stick and vice versa.

Given that carbon-based energy sources (coal, gas, and oil) account for nearly 63 percent of U.S. energy production, it might as well be called a master tax, since a carbon tax would effectively target *everything*. Household electricity prices and prices at the pump would quickly skyrocket. CLC and others may be targeting only oil, gas, and coal companies for now, but it isn't hard to imagine a future carbon tax that extends to every emitter in America—farms, aircraft, container ships, car manufacturers, steel producers, chemical and pharmaceutical companies, cement producers, and residential and office buildings—if we're considering the largest sources of greenhouse gas emissions in America and the world.

Simply labeling a carbon tax "conservative," as many such groups do, doesn't make it anything other than a contradiction in terms—a top-down edict that's 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."

But where there's government overreach, canny crony capitalists sniff opportunity. At CLC's launch in 2017,



*Simply labeling a carbon tax "conservative," as many such groups do, doesn't make it anything other than a contradiction in terms.*

one skeptical analyst observed that their support came just three weeks after President Trump announced he was withdrawing the U.S. from the Paris Climate Agreement. His conclusion was that the companies “want to see a government-mandated increase to natural gas consumption at the expense of coal.”

Much of today’s carbon tax coalition resembles Enron’s scheme 20 years ago to use government power to wipe out coal and replace it with natural gas. The positions of CLC’s corporate members on coal include:

- ConocoPhillips and BP exclusively produce oil and gas.
- Calpine is America’s largest natural gas and geothermal energy company.
- BHP (Australia’s largest company) told shareholders in 2019 that they “should be applauding” its decision to divest from coal mines across Australia, although the company still hypocritically mines coking coal, citing its high demand.
- ExxonMobil sold its last coal mine in California in 2009.
- Total (a French multinational) swore in 2015 that it had “decided to divest our coal marketing operations” and soon sold its last coal mine in South Africa.
- Royal Dutch Shell divested its last coal mines in 2015, with CEO Ben Van Beurden announcing that it was transitioning from an “oil-and-gas” to a “gas-and-oil” company.
- Exelon bragged in 2017 that it “divested” itself from coal “in order to reduce the dangerous greenhouse gas emissions affecting our environment.”

CLC’s two remaining corporate members, Vistra and First Solar, stand to directly gain from any legislation that would force renewables on a hapless country. First Solar is one of the nation’s top solar panel manufacturers. Vistra owns the world’s largest battery storage facility—a technology critical to storing the electricity generated by renewables and heavily subsidized by the federal government—located in California and numerous solar farms in Texas. Vistra has received close to \$10 million in grants from Illinois and Texas.

Simply put, global warming is great for business. The rhetoric of “climapocalypse” creates a powerful need for government regulation, which can be shaped by

well-funded lobbyists representing Big Oil and Gas. These companies can claim they’re taking unprecedented action to stop climate change and defeat those selfish coal-mining villains. Left-wing activists can prove to their donors that they’re winning the war but need more grants to finish the job. Politicians can posture as selfless heroes while risking nothing at all to “save” the planet from the horrors of a naturally occurring gas essential to life on Earth. Everyone wins—except for the consumer, who gets the enormous bill.

## “Green” Activism Inc.

The environmental Left doesn’t merely want to replace coal; it *hates* it. Far-left Greenpeace believes that “ending our addiction to coal should be non-negotiable.” Radical 350.org has called coal-burning power plants “a dirty symbol of the dirtiest business on Earth, the combustion of coal.” “Coal is an outdated, backward, and dirty 19th-century technology,” writes the Sierra Club, which advocates for wind power, a technology that’s at least 5,000 years old. Ironically, the Sierra Club supported the construction of coal-fired power plants in the 1960s as part of its war on dams.

No longer. For at least a decade the Sierra Club—a group so radical that it recently ditched its famous founder, conservationist John Muir, as irredeemably racist—has fomented a long war against coal with the goal of completely phasing it out after 2050. Sierra Club’s Beyond Coal campaign ratcheted up under the Obama administration, when the group budgeted some \$18 million and hired 100 people to defeat coal once and for all.

Part of the Sierra Club’s work involves “direct action” campaigns, as when it sent activists to 60 universities (mostly in coal-rich states like Wyoming) to shut down university-run coal power plants that provide heat and electricity to the campus or to persuade administrators to divest their schools’ endowments from coal company stocks.

While Democrats failed to pass a cap-and-trade bill in 2009–2010, the eco-activists’ campaign culminated in President Obama’s 2015 Clean Power Plan, a bureaucratic version of the bill that mandated states to come up with their own environmental restrictions or face severe penalties from the Environmental Protection Agency (EPA). The plan may as well have been called the “expensive energy plan,” in the words of CRC Senior Fellow Dr. Steven J. Allen, since it would have derailed U.S. energy independence and massively spiked household electricity costs by as much as 250



percent. As Obama himself said on the 2008 campaign trail, “under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket.” In 2017, President Trump repealed the plan.

Coal survived the Obama years, but the Left isn’t done. In 2019, the Sierra Club spent close to \$74 million—47 percent of its \$157 million budget, \$79 million of which came from its 501(c)(3) arm, the Sierra Club Foundation—“to retire coal plants and advance clean energy” using its network of environmental lawyers. The group brags in its IRS Form 990 filing:

As a result of tireless advocacy from our Beyond Coal campaign, 18 dirty coal plants were announced for retirement in 2019, bringing our total to 299 coal plants retired or proposed to retire since 2010, representing nearly half of the total coal fleet and putting us on track to retire two-thirds of the entire fleet in [2020]. . . . For the first time in history, the United States is on track to produce more power from renewable energy than from coal.

In September 2020, the Sierra Club boasted that its 318th such triumph put it “on track to retire all coal plants by 2030”—including AES Hawaii, the state’s last coal-fired power plant. If that’s true, electricity bills are about to spike.

## Abundant Energy Is the Bedrock of Modern Civilization

What’s clear is that market forces are driving only a fraction of the country’s shift away from coal, and none of this economy-wide transformation is grounded in sound climate science. Ideology is at the heart of the eco-Left’s activism, an anti-human belief that I’ve traced back to the population control movements of the mid- to late-20th century population control activists, themselves the heirs of eugenicists, white supremacists, and abortion proponents like Planned Parenthood founder Margaret Sanger. To die-hard environmentalists, the problem isn’t “fossil fuels”; it’s people. Dialing coal out of the economy, followed by oil and then natural gas, is just the fastest way to achieve unprecedented government control over the economy and Americans’ lives.

Even so-called moderate Democrats are radicals on the environment. One week after his inauguration, President Biden stressed his intent to keep coal mining as part of a



*What’s clear is that market forces are driving only a fraction of the country’s shift away from coal, and none of this economy-wide transformation is grounded in sound climate science.*

federal review of future leasing agreements and avoid the far Left’s much-desired fracking ban. But don’t be fooled, his administration is already the most environmentally extreme in American history. It is exceeding even Obama’s tenure by making climate change a key consideration in the policies pursued by *every* department and agency in the federal government. Biden has even instructed the Central Intelligence Agency to label global warming a national security threat.

The goal is to make the U.S. electric grid carbon-free by 2035 to stave off an “existential crisis,” the fantasy of the loopy Left and an utter impossibility. Not only would it involve *obliterating*—not phasing out—all natural gas, coal, and oil consumption in America, it would mean replacing even renewable sources with carbon-free nuclear power plants, arguably the only thing eco-activists loathe more than so-called fossil fuels. Renewables simply can’t run an electric grid in any country. Nor are they even very environmentally friendly, since the metals and precious minerals needed to construct the necessary equipment and infrastructure require vast mining operations in the United States and the Third World, leading to deforestation and other environmental problems on an unprecedented scale.

But Big Oil and Big Gas couldn’t be happier. Why shouldn’t they be? An America that bent on keeping coal “in the ground” and powering itself with wind turbines and solar panels is one in which oil and natural gas have a bright future.

That’s not the image of a brave and prosperous new world. It’s a determination to turn the world’s largest economy into a medieval backwater and the richest people in history into the world’s poorest. Environmentalism is a recipe for self-destruction. ■

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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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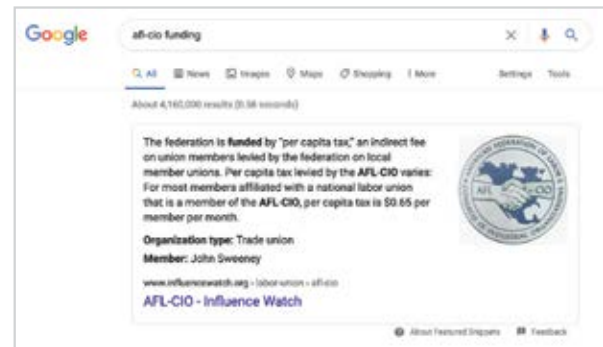
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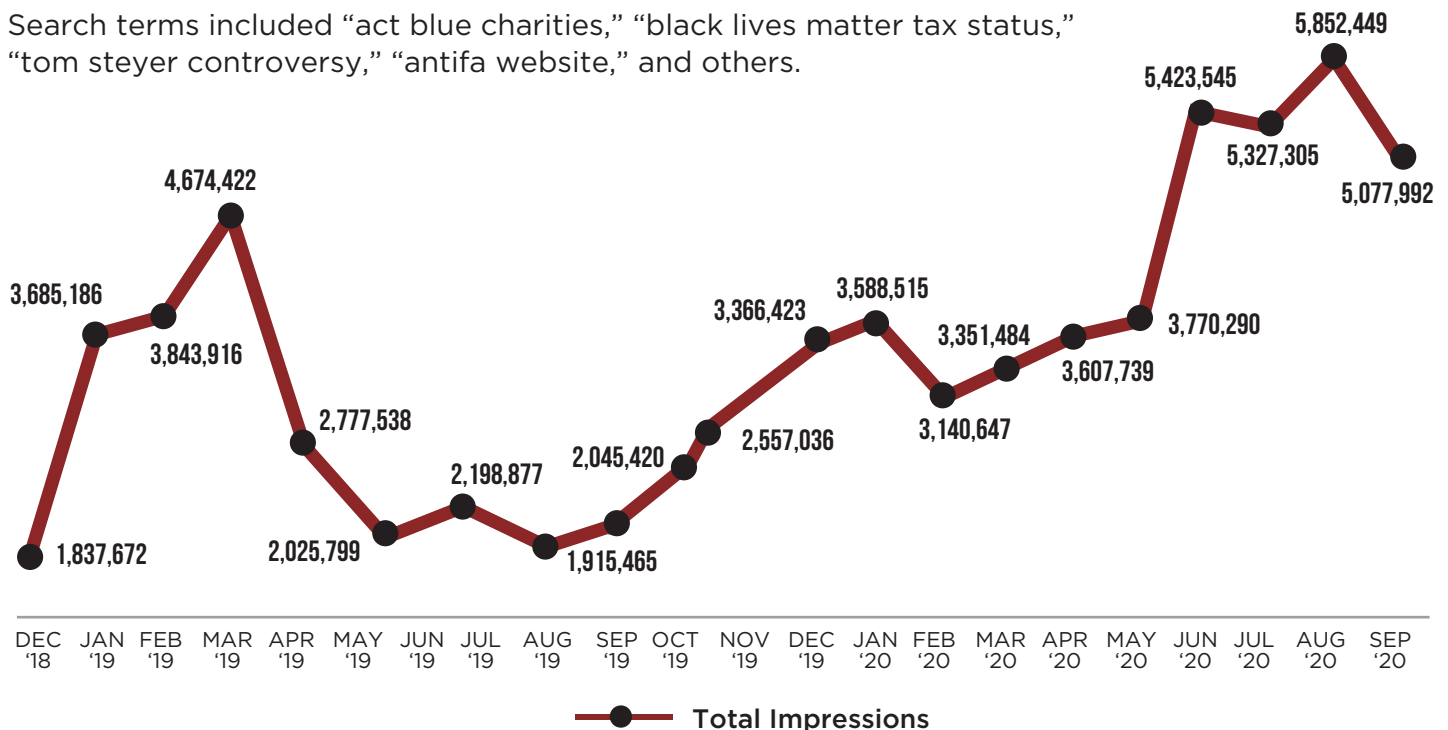
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**CAPITAL RESEARCH CENTER**  
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## CORE ISSUES IN LABOR POLICY

By Michael Watson

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**Summary:** *With the Biden administration and Democratic congressional majorities entering office with the backing of organized labor as a constituency they intend to reward and strengthen, supporters of employee freedom. American entrepreneurship, and long-standing labor and employment precedents will need to be prepared to engage in debates on labor union power and policy. Just as it did the last time a Democratic federal “trifecta” emerged in 2009 to push “card check,” Big Labor has prepared an aggressive agenda to compel more workers to subsidize its aggressive, far-to-radical-Left ideological agenda.*

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Perhaps no special interest group benefits as much from the transition of power from the Trump administration to the Biden administration as Big Labor. The Trump administration placed union accountability to members foremost in its labor policies as exemplified by the policies adopted by its National Labor Relations Board. Many of these reverted pro-Big Labor “innovations” by the Obama-era board.

Backed by institutional organized labor, the Biden administration has from day one shown that it will do its bidding. President Joe Biden’s unprecedented act of firing the NLRB General Counsel before the expiration of his term exemplifies this.

But what is that bidding exactly? To get an idea of where the Biden administration and the Biden Labor Board will send American labor relations, one need only look at the debates in the labor space over the past several years and at Congress’s Protecting the Right to Organize (PRO) Act. Now-President Biden endorsed Big Labor’s policy wish list during the 2020 campaign.

Big Labor’s goals fall into three broad categories:

- Legal efforts to drive workers from industries unions have found difficult to organize into unions;
- Changes to the law designed to strengthen union coercive powers that were taken away from Big Labor in the mid-20th century after it abused them; and
- Further tightening of the “social justice unionism” alliance between Big Labor and the broader Left.



Credit: David Lienemann. Public Domain.

*Backed by institutional organized labor, the Biden administration has from day one shown that it will do its bidding. President Joe Biden’s unprecedented act of firing the NLRB General Counsel before the expiration of his term exemplifies this.*

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### Every Job a Factory Job: Importing the Unionized Model

Unsurprisingly, unionization in the economy peaked in the late 1950s, when more of the workforce worked in what might be called large-employer, large-workplace, routinized

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*Michael Watson is Capital Research Center’s research director and managing editor for InfluenceWatch.*





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## *But the era of the “Three Bigs”— Big Business, Big Government, and Big Labor—declined in the late 20th century.*

work. The classic model of such work is a fitter in a car factory. Large employers often found unionized workforces simpler to administer, and routinized work lent itself to collective bargaining with rules such as pay by seniority, especially given that job tenure was longer then.

But the era of the “Three Bigs”—Big Business, Big Government, and Big Labor—declined in the late 20th century. Big Business was rocked by foreign competition, the information revolution, and the rise of the Sun Belt at the expense of the old industrial Northeast and Midwest. Big Government never went away, but its micromanagement of industries like commercial aviation, railroad freight, and telecommunications was curtailed by legislative and executive action. Big Labor, meanwhile, saw its ranks diminished by the forces rocking the Big Business on which it was a remora.

Rather than changing their offering to workers, Big Labor has responded by demanding changes to law to force modern employment into the old three bigs framework. Their lodestar in this effort has been the Justice for Janitors corporate campaign by the Service Employees International Union (SEIU) from the 1980s and 1990s (which gave liberal political nepot and later Planned Parenthood head Cecile Richards her start in activism). In that campaign, SEIU activists advanced city by city, using public relations campaigns against tenants of major buildings to compel janitorial services firms to recognize the SEIU after “card check” efforts rather than through NLRB-administered secret ballot votes of employees.

But Big Labor’s legislation to mandate recognition of unions using “card check” failed to advance during the Obama administration. An aggressive campaign to protect workers’ secret ballot—headlined by among others the late former Sen. George McGovern (D-SD)—made mandatory card check politically radioactive, so organized labor largely discarded this convenient “kick me” sign. While the PRO Act contained an expansion of card check by allowing the NLRB to declare a union established if it found management misconduct during an election campaign, it lacked the mandatory card-check provision of the Obama-era bill.

Instead, Big Labor has developed a two-pronged approach to importing the Three-bigs factory-floor model to every workplace in America. Prong one is redefining “joint employer,” the legal doctrine determining who bears liability for workplace administration, in order to make national branding companies (most prominently McDonald’s) liable for the workplace administration errors of their independent franchisees. Prong two is reclassifying as many independent contractors as Big Labor can get away with as legal employees subject to mandatory dues payments and monopoly bargaining.

## Joint Employer

Traditional joint employment doctrine limits the reach and power of labor unions.

**How Joint Employer Has Worked.** Labor relations doctrine of joint employment has traditionally relied on the principle of “direct supervision” in determining who bears liability for an employee’s workplace situation. In essence, the business responsible for employment was any business that had direct control over an employee’s hiring, firing, wage rates, and job description (known as “essential terms of employment”). So, while the name on the storefront might say “Sonic Drive-In,” the legal employer who controlled all those things might be an entity like Leeshain Enterprises, the Sonic franchisee for which I worked in my college summers.

Leeshain controlled the employment terms; Sonic was not liable. If some union tried to organize the store and Leeshain committed a labor-law infraction, only Leeshain could be punished. Likewise, if a union organized some Sonic restaurants controlled by a different franchisee or the corporation itself, that had no bearing on the situation at Leeshain Enterprises’ stores.

**How Big Labor Wants It to Work.** But for organized labor, going from franchisee to franchisee and organizing store after store is difficult, especially in a business like fast food in which employees come and go at a rapid clip. Better for the SEIU to run its “corporate campaign” playbook against the big national company that does business in a bunch of left-wing jurisdictions and is therefore at least somewhat inclined to play nice and compel it to recognize a union by card check.

Here traditional joint employment doctrine creates a problem for Big Labor: The national branding company has no skin in the employment-relations game and recognizing a union for franchised restaurants might even *create* a joint employment relationship where none previously existed. So

the union can scream and holler and file shareholder resolutions and get New York or Chicago city officials on the make to holler at union rallies, and it will amount to bupkis.

But if the union could change joint-employer rules, then all that hollering *could* amount to something. Since the branding company (in our example, Sonic Drive-In) would already be on the hook, they would need to take more active management of employment. Rather than facing thousands of union lawsuits and unfair labor practices charges of varying levels of merit for the actions of franchisees, the national branding company might prefer to cave to the union, conditioning a franchise agreement on a card-check agreement with the union. At the end of the line? Tens, if not hundreds, of millions of dollars in dues and fees for the union.

The Obama government adopted a union-friendly approach to joint-employer doctrine through National Labor Relations Board case law. While the Trump government tried to use the NLRB to reverse that decision, a Biden government could reverse the Trump moves at the NLRB. Further, the PRO Act, Congressional Democrats' proposal to rewrite labor law to empower Big Labor, would codify the SEIU-backed Obama-era standard.

**Consequences.** Adopting organized labor's view of joint employment would throw every franchise agreement and contractor relationship into jeopardy the moment such legislation takes effect, threatening the dreams of small business owners already battered by the COVID pandemic and accompanying government tyranny. Workers seeking jobs in franchised fields, commonly short-term or entry-level work, would be forced to pay steep union initiation fees and forced dues.

## Independent Contracting

Workers are typically classified as one of two types: An independent contractor or an employee.

**How Independent Contracting Has Worked.** As a general rule, employees have more rights enforceable against the person signing their paycheck than a contractor, but their employers have more power over their work processes and work product. Independent contractors are treated like, well, independent small businesspeople in business for themselves who offer their services to customers who will pay.

Independent contractors, on the other hand, have much more power to direct their own work processes and work product, but they accept more exposure to market forces. As part of that exposure to market forces, they are often free to



*Independent contractors, on the other hand, have much more power to direct their own work processes and work product, but they accept more exposure to market forces.*

seek work from multiple work sources at the same time or in rapid succession. They are also not subject to mandatory unionization and collective bargaining.

The common-law test for independent contracting that prevailed nationwide until recently was whether the worker was “free from control and direction in connection with the performance of the service, both under the contract for the performance of service and in fact.”

**How Big Labor Wants It to Work.** As independent contracting through internet applications (the “gig economy”) has grown in prominence, organized labor has sought to apply its Three-Bigs model to this 21st century work model. And for this, the common-law test is a problem. Application-based workers often contribute their own capital (like a contractor), set their own hours (like a contractor), and work for multiple application platforms, including those in direct competition (like a contractor).

This hurts Big Labor in two ways: First, the application platforms compete with old, Three Bigs-model unionized businesses. This is most visibly the case with rideshare platforms like Uber and Lyft against the unionized taxicabs. Second, contractor status means that application-platform workers cannot be forced to join unions or pay dues, and platforms cannot be compelled to bargain.

So, Big Labor and its allies have devised a way to evade this common-law distinction: The “A-B-C test.” It was most notably enacted through California’s (now substantially revised) AB 5 law. The A-B-C test adds two extra tests to the common-law test, all of which must be satisfied to consider a worker a contractor. They are “the service is performed outside the usual course of the business of the employer,” and the worker “is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the service.”

The upshot of the A-B-C test is that any contractor using a platform would have to be classified as an employee of the platform because at the very least the platform’s “usual course of the business” is whatever work the worker is

using it to facilitate. And once the worker is classified as an employee, he or she is subject to unionization—including by a card-check agreement—with the attendant monopoly bargaining and union dues obligation.

**Consequences.** After AB 5's enactment, the repercussions came swiftly: Journalism outlets that had supported AB 5's adoption cut their California-based paid freelancers. Uber and Lyft announced that without court relief they would have to cease operating in the state.

Fortunately for California workers, legislative relief came: The state's ruling Democratic Party passed a bill with carve-outs from AB 5 rules for politically connected industries, including freelance journalism, the music industry, and other performing arts. The ridesharing companies pushed a ballot measure, Proposition 22, to comprehensively supersede AB 5's rules in their industry.

The Biden administration and Congressional Democrats' PRO Act would explicitly overturn Proposition 22, likely killing application-based work platforms nationwide, putting workers out of work, and taking options from customers. Politically connected industries would clamor for carve-outs, and they would likely get them.

## Undoing 70 Years of Worker and Consumer Protections

In 1945–46, organized labor was at its peak power. The unions had agreed to suspend organized strike action during the Second World War and had (with wildcat exceptions) largely abided by that agreement. But once the war ended, the unions sought to use the extraordinary powers given them by the New Deal.

Empowered by the National Labor Relations Act to compel bargaining, secure that the permanent Democratic majorities that had been elected since 1932 were loyal to them, and lacking any “unfair labor practices” enforceable against them, Big Labor launched the largest wave of industrial action in American history. It sent 10 percent of the workforce (4.6 million workers then, equivalent to 16 million workers now) out on strike. Legendary socialist labor leader Walter Reuther struck against General Motors for control of car prices (control he did not get). Multiple cities were gridlocked by “general strikes” called by labor councils.

The consequences were clear: A recession, always a likely consequence of demobilization, was made worse. Strikes proved so destructive that President Harry Truman—a hardcore union man and New Dealer—had to threaten railroad unions with conscription into the Army if they carried out their threat to strike.

The public response was wrath. For the first time since the Great Depression, Republicans took control of both Houses of Congress. With their southern Democratic allies in the “conservative coalition,” the new GOP majorities passed (over Truman's veto) legislation to curtail the powers organized labor had just shown that it would abuse. The Taft-Hartley Act placed limits on unions' strike objectives, established a set of rules that violations of which would be unfair labor practices by unions, and allowed states to ban “closed shops” that required employees to pay dues to a union or lose their jobs.

From the moment the bill was enacted, organized labor has sought its repeal, deriding it as the “slave labor law” because it limited organized labor's legal privileges. And the PRO Act would override two crucial limitations on union power in the law: It would mandate closed shops and the attendant forced dues



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*Legendary socialist labor leader Walter Reuther struck against General Motors for control of car prices (control he did not get).*



nationwide, and it would legalize “secondary boycotts,” directly authorizing 1946-style disruptions of national life.

## Mandating the Closed Shop

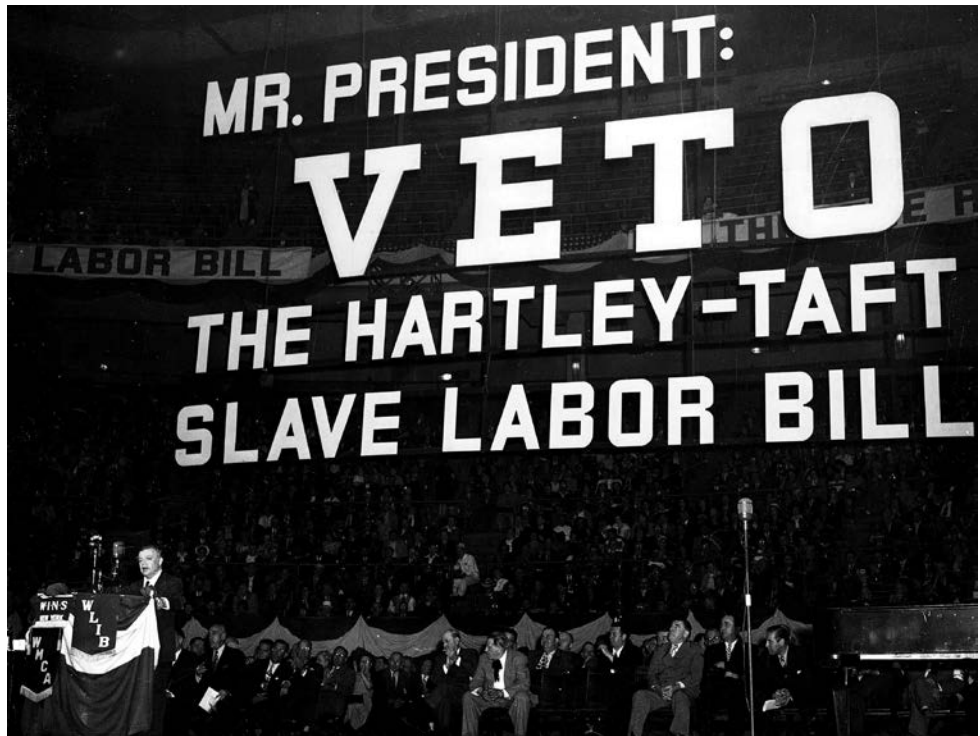
Right-to-work laws in 27 states forbid closed shops, in which union membership and fees are mandatory.

### How Open and Closed Shop Rules Have Worked Since 1947.

All or nearly all union contracts under National Labor Relations Act-style compulsory monopoly bargaining contain a provision known as the “union security clause.” The clause guarantees the union’s position as the negotiating representative and sets the conditions for union dues collection. Most relevantly, it establishes whether the shop is “open” or “closed.” An open shop means that those workers who dissent from union membership are not required to pay union fees to support the union’s demand for monopoly bargaining. A closed shop means the union may demand the employer fire any worker who does not pay the legally allowed forced dues.

A great deal of litigation has established what “legally allowed” means. In its simplest terms, the union in a closed shop may require nonmembers to pay only their pro-rata share of the costs of representation and cannot demand the employer fire a nonmember who refuses to pay for the union’s lobbying or political campaign activities. However, the union determines what expenses are “chargeable.” The National Right to Work Legal Defense Foundation has a long record of winning cases in court and before the NLRB on behalf of workers against unions that included the costs of lobbying or other non-chargeable activities in the mandatory payment.

But in 27 states, the chargeability debate is moot because the states have a “right to work” law that applies to the private sector, as explicitly authorized by Taft-Hartley. In these states, the “closed shop” is forbidden; the only compensation due a union for its monopoly representation of unwilling workers is the monopoly power, not the unwilling workers’ money. (Since the Supreme Court’s *Janus v. AFSCME* deci-



*The Taft-Hartley Act placed limits on unions’ strike objectives, established a set of rules that violations of which would be unfair labor practices by unions, and allowed states to ban “closed shops” that required employees to pay dues to a union or lose their jobs.*

sion, the entire government sector nationwide has been de facto open shop/right-to-work.)

**How Big Labor Wants It to Work.** For Big Labor, the closed shop debate is a simple one: They get more money from a closed shop than an open shop. Unions have battled state-level right-to-work laws with a mixture of success. In Missouri, facing an under-resourced defense of the right to work, unions successfully overturned it. Unions failed in the 27 current right-to-work states, some of which have unitary Democratic control at times.

By banning right-to-work legislation, the PRO Act would make collecting forced dues easy for the Big Labor allies of the new administration and congressional leadership. It would require the closed shop nationwide—at least in the private sector. The Supreme Court is unlikely to reverse its *Janus* decision so quickly.

**Consequences.** The simplest consequence would be a surge in forced dues collections from workers forced to accept union-monopoly representation who do not wish to be unionized or do not support union political and advocacy agendas in the 27 states that have right-to-work laws at present.

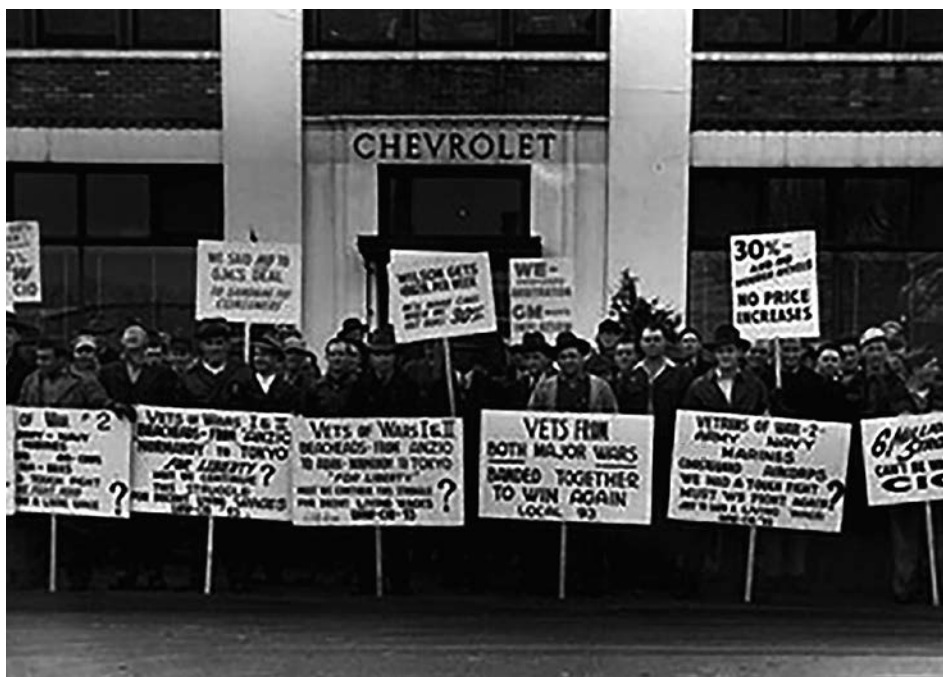
But that is not the only way cash rules everything around modifying shop rules. Combined with the other provisions that would expand the union-monopoly model throughout the economy, union officials' eyes will see plenty of dollar signs from their new unwilling charges.

## Secondary Strikes

The Taft-Hartley Act permits unions to encourage boycotts of or strikes against an employer in direct dispute with the union, but not against customers or unrelated employers.

**How Strike Rules Have Worked Since 1947.** Among the lesser-known but crucial provisions of the Taft-Hartley Act was the extension and delineation of “unfair labor practices” from employers alone to unions as well. Pro-union labor scholar Steven E. Abraham described one potential effect of this change on a union organizing campaign:

Unions . . . had been able to do things such as make false promises regarding previous success elsewhere, call employees names such as “scab” and “union buster” if they opposed the union, and refer to rival unions as “weak and incompetent.” These statements were prohibited by [Taft-Hartley].



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*In 27 states, the chargeability debate is moot because the states have a “right to work” law that applies to the private sector, as explicitly authorized by Taft-Hartley.*

Among the critical changes was a restriction on the *targets* of boycotts or strike actions. Unions were and are permitted to encourage boycotts of or strikes against an employer with which union members are in a direct dispute (or, with time limitations, seeking to organize). But due to the potential for disruption to the broader economy and for labor racketeering, Congress proscribed strikes and boycotts targeting “neutrals”: customers or other unrelated employers merely doing business with the employer disputing with the union.

This is best illustrated with a hypothetical example. Consider the UAW striking against Ford for higher wages. This is a legally protected primary strike (most likely a primary *economic* strike). But suppose the UAW were to strike against the MGM Grand to coerce the casino to stop buying Fords until the Ford strike ended. That would be a forbidden *secondary* strike.

### How Big Labor Wants It to Work.

Big Labor desires power, and the secondary strike is a massive reservoir of power if Congress allowed Big Labor to tap it. The PRO Act would lift all restrictions on secondary boycotts and secondary strikes, giving Big Labor—already bolstered with increases in forced membership and forced dues—the power to call strikes for whatever purpose it wished.

**Consequences.** Labor activists are frank about why they want secondary strike powers. Before he became a reporter for the “objective” Bloomberg News, labor organizer Josh Eidelson put it succinctly for the socialist website Working In These Times: “Secondary targets make for soft targets.”

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do not have as much at stake as the primary target and they want the activists to just go away.

## Social Justice Unionism

The alliance between organized labor and the Left has likely never been closer.

**Monopoly Bargaining for the Left.** Organized labor and the Left have been allied since the New Deal gave organized labor monopoly bargaining power and the Congress of Industrial Organizations rewarded FDR's allies with the support of a brand-new political innovation: The CIO-PAC, the first political action committee. While the alliance has sometimes been strained (as it was in 1972, when staunch Cold Warrior leadership of the AFL-CIO refused to endorse Democratic nominee George McGovern for president), it has never broken.

Since Democratic Socialists of America member and former SEIU head John Sweeney and his lieutenant, controversial United Mine Workers official Richard Trumka, took over the AFL-CIO in the mid-1990s, that alliance has likely never been closer. But the alliance has not yet solved labor's biggest problem: the secular decline in union membership.

In the early 2010s, the AFL-CIO hatched a plan to reinvigorate itself: formal partnerships, possibly including full AFL-CIO membership status, for left-progressive groups outside traditional labor. Among the groups named were the Sierra Club, the prominent environmentalist group; the NAACP, the union-funded left-leaning African American interest group; and MomsRising, a left-wing mothers' organizing group.

While these formal link-ups never completed, Big Labor's institutional and alumni-network linkages with the rest of the Left propagate an ideology sometimes called "social justice unionism." In social justice unionism, rather than focusing advocacy on members' economic status or even broader social-democratic welfare-state policy, the union movement aligns with full-spectrum liberalism to

*continued on page 24*

*Since Democratic Socialists of America member and former SEIU head John Sweeney (not shown) and his lieutenant, controversial United Mine Workers official Richard Trumka, took over the AFL-CIO in the mid-1990s, the alliance with the Left has likely never been closer.*

Other left-progressive organizations are enthusiastic users of secondary boycott, especially for "woke" cultural advancement. Media Matters demands that advertisers (the secondary target) drop Fox News (the primary target) whenever one of its hosts says something the liberal advocacy group doesn't like. Gun control organizations promote boycotts of companies that have agreements with the National Rifle Association. The NRA, not the boycotted company, is the primary target. Often, these entities capitulate because they



*The International Brotherhood of Teamsters has long been a target for Republican outreach because of its political independence during its Mob-compromised period.*





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*continued from page 21*

an even greater degree than that normally indicated by coalition politics.

Even the ostensibly economic benefits to Big Labor cannot be examined outside the context of “social justice unionism.” As the actions taken by the NewsGuild chapters at *Chicago Tribune* and *New York Times* against tough-on-crime writer John Kass and the editors who printed a tough-on-rioters op-ed by Senator Tom Cotton (R-AR) demonstrate, Big Labor, especially in “woke” industries, will use its power for social-liberal ends. Those who hope to divide organized labor from “woke capital” will be rudely awakened to the fact that institutional labor unions are more likely to be woke management’s combat groups than resolute defenders of political dissenters.

Expanding secondary-strike power will increase the number of “labor actions” against social conservatives and skeptics of Current Year liberal ideologies. Forced dues combined with a liberal NLRB and judiciary’s *creative* interpretations of “chargeable” expenditures will see dissenters forced to subsidize social justice ideologies to remain employed.

## One Left, Indivisible

A long-standing goal of some Republican activists is to split organized labor from the Democratic Party. By that they mean the institutions with glassy headquarters in Washington, DC, not just the substantial faction of between a third and two-fifths of union families who have repeatedly demonstrated that they will vote for Republican candidates. However, it is fool’s gold, and social justice unionism explains how and why.

For example, the International Brotherhood of Teamsters has long been a target for Republican outreach because of its political independence during its Mob-compromised period. Both George W. Bush’s and Donald Trump’s campaigns reportedly solicited the union’s endorsement. Both were rebuffed. At least part of the reason must be the Teamsters’ long-standing partnership with the left-wing SEIU in Change to Win, a “strategic organizing center” originally founded in the mid-2000s to rival the AFL-CIO for the leadership of the House of Labor. (It didn’t.)

Similar proposed cleavages to split labor from the Left also fall before the power of social justice unionism.

Environmental objections to building projects, most notably the proposed Laborers’ Union–built Keystone XL Pipeline, are presented as such a cleavage. But while the union may occasionally object that the leopards are eating their faces, the Laborers’ Union’s principal objective is preserving its power—and the Democratic Party is happy to oblige, not least by placing a Laborers’ man as U.S. secretary of labor. The complaints about the Biden administration cancelling Keystone are vanity, not serious divisions between Big Labor and its Democratic patrons.

## Conclusion

The Biden administration is already being described as so pro-Big Labor that unions “may never enjoy a more favorable climate in Washington than now.” With that Big Labor ascendancy in the government and conservatives debating among themselves the merits and consequences of becoming a supposed “workers’ party,” coming to terms with the organized labor agenda is crucial.

As has been demonstrated, that agenda—codified in the PRO Act introduced by Democratic congressional leadership and endorsed during the 2020 campaign by President Biden and Vice President Harris—is awful for workers, awful for businesses, awful for consumers, and awful for the country.

Unions seek to import the Three Bigs model of Big Business, Big Government, and Big Labor working in concert from the past into the modern economy through coercive precedents no one bothered to question until Big Labor demanded the Obama administration do so. Knowing that the power to destroy civic life and ruin the economy would give Big Labor and its left-wing allies a chokehold on the nation, unions demand removal of important checks on their institutional power—checks that were created after wanton abuses of those powers.

The Big Labor that the Biden administration would empower is an ally of the full-spectrum “woke” Left, not a candidate for a working-class conservatism to court or a defender of rank-and-file workers. ■

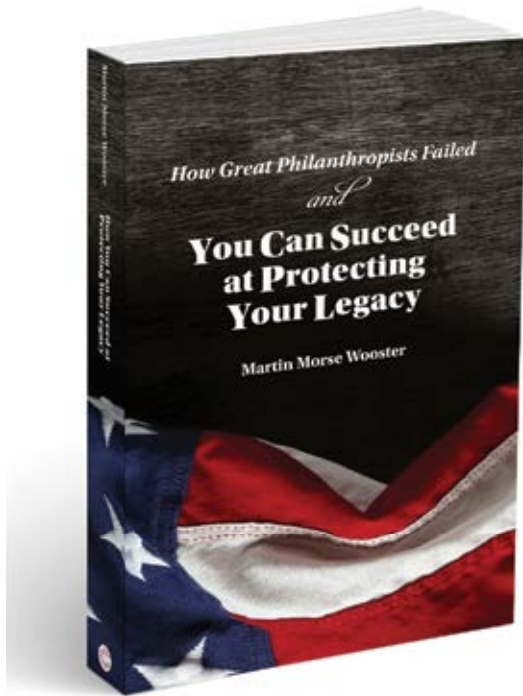
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An instructive and cautionary tale for our time.

—W.J. Hume,  
*Jaquelin Hume Foundation*

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—Linda Childears,  
*Former President and CEO  
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It is hard enough to give well when you're living. After you're gone, the odds of successful giving are stacked even higher against you. Entrepreneurial geniuses like Andrew Carnegie, John D.

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**FAR LEFT** *LIBERTARIAN*  
*PROGRESSIVE* **RIGHT-WING**  
*LEFT OF CENTER* *RIGHT-LEANING*

## Political and Policy-Oriented Giving After *Citizens United*: An Update to CRC's 2017 Analysis

CRC's update to the 2017 report found: In the 2018 election cycle, liberal grantmakers increased their public policy 501(c)(3) giving, increasing the imbalance from nearly 3.4 to 1 in 2014 to 3.7 to 1 (\$8.1 billion to \$2.2 billion) in 2018. "Dark money" funding through 501(c)(4) groups flipped from a 3.6 to 1 advantage for conservatives to a nearly 2 to 1 (\$81 million to \$42 million) advantage for liberals.



## 501(C)(4)S AND THE ETYMOLOGY OF “DARK MONEY”

By Michael E. Hartmann

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**Summary:** Nonprofit “social welfare” organizations are allowed to engage in partisan political campaigning without disclosing their donors under Section 501(c)(4) of the Internal Revenue Code and the Supreme Court’s decision in *Citizens United v. FEC*. A decade ago, a left-of-center government-transparency advocacy group coined the phrase “dark money” to characterize the money they receive from undisclosed donors, particularly conservative/Republican donors, even though the Left has larger “dark money” empires. The history of Section 501(c)(4) is long, further complicated by the characterization of other “dark” revenue streams as “dark money.”

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A decade ago, Bill Allison of the Sunlight Foundation was looking for a short phrase to put before the following fact: “Of the 202 outside organizations spending money to influence the 2010 mid-term elections, just 93 of them have disclosed donors to Federal Election Commission” (FEC). The fact was the first one reported in Sunlight’s online “Daily Disclosures” on October 18, 2010.

Allison settled on the phrase “dark money,” and that’s reputedly the first use of the term. Short, pithy, ominous. Sunlight—a left-of-center, government-transparency advocacy group plagued by scandals—must have liked the way the term put a negative connotation on money spent by groups not legally required to disclose the original sources of their funds.

The nonprofit “outside organizations” to which the Sunlight Foundation referred are tax exempt under Section 501(c)(4) of the Internal Revenue Code. These “social welfare” groups are permitted to engage in partisan political campaign activity and lobbying, as long as it’s not their “primary” purpose or activity. And when these groups spend money on politics, they report that spending to the FEC. But Sunlight was unhappy with the fact that (c)(4) groups do not have to publicly report who originally gave them the money. The identity of those donors remains private.

Hence the adjective in “dark money.”



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*A decade ago, Bill Allison of the Sunlight Foundation was looking for a short phrase to put before the following fact: “Of the 202 outside organizations spending money to influence the 2010 mid-term elections, just 93 of them have disclosed donors to Federal Election Commission.” Allison settled on the phrase “dark money,” and that’s reputedly the first use of the term.*

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The Sunlight Foundation advocates for “largely center-left government transparency measures,” as InfluenceWatch explains. Allison, the Sunlight staffer, was an investigative journalist for the Center for Public Integrity—“a left-of-center journalism group,” InfluenceWatch notes—and the *Philadelphia Inquirer*. He is now a reporter for Bloomberg.

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## The Evolution of (c)(4)s

At least initially, the term “dark money” was used to characterize support of tax-exempt organizations that are categorized under Internal Revenue Code § 501(c)(4). The term’s application has since been broadened quite a bit beyond that.

By its own terms, § 501(c)(4) nonprofit groups are “Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.” As part of their mission, they may engage in unlimited legislative advocacy and some partisan political-campaign activity, as long as the latter is not their “primary” purpose or activity. As part of what can be considered the bargain they cut with the state, and with their donors, donations to (c)(4) groups are not tax-deductible—and they do not have to publicly report their donors to the Federal Election Commission (FEC), except for certain contributions raised for independent-expenditure campaigns. (The law on what must be reported under such circumstances is murky at the moment.)

Hence the adjective in “dark money”—the negative connotation of which helpfully served a post-*Citizens United v. Federal Election Commission* purpose to some, mostly liberals reviling the 2010 decision and its effects. *Citizens United*, recall, famously held that limits on speech about candidates by corporations, associations, or labor unions were unconstitutional, just as they are for individuals. Groups under tax law’s § 501(c)(4) were an already-existing stream through which such funding could, and can still, easily flow.

After *Citizens United*, others wanted to serve that same negatively connotative purpose behind the early usage of the “dark-money” term in other contexts. They thus journalistically and polemically broadened the term to additionally describe support of a wider range of groups and projects, including non-(c)(4) ones.

What originally gave rise to § 501(c)(4) itself, to the degree it’s possible to explore, and how has it changed, if at all? What were (c)(4)s before *Citizens United*—before they

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*Citizens United held that limits on speech about candidates by corporations, associations, or labor unions were unconstitutional, just as they are for individuals.*

became what they are? Or at least what they’re currently considered, or now labelled? What were they during the decades leading up to the “darkness” being deemed descriptive of their support?

## Origins

In 1909, Congress enacted a 1 percent excise corporate tax on “the entire net income over and above \$5,000” of “every corporation, joint-stock company or association, organized for profit,” as recounted by election-law attorney Allison Hayward in a comprehensive 2015 report on the tax regulation of nonprofit advocacy groups from the Center for Competitive Politics, now called the Institute for Free Speech (IFS). “This tax also specifically exempted corporations not organized for private profit,” according to Hayward.

After the 16th Amendment permitting a federal income tax was ratified in 1913, Congress began defining what could and could not be taxed. The Senate Finance Committee amended a tax bill that year, Hayward describes,

to specifically exempt “business leagues . . . chambers of commerce or boards of trade, not organized for profit or no part of the net income of which inures to the benefit of the private stockholder or individual; nor to any civic league or organization not organized for profit, but operated exclusively for the promotion of social welfare.” Here is the inaugural appearance of the “social welfare” exemption found now in Section 501(c)(4) of the Internal Revenue Code.

The “social welfare” category may have been added in response to testimony filed with the Senate Finance Committee by Elliott H. Goodwin, General Secretary of the U.S. Chamber of Commerce, and Charles Criss, Secretary of the American Warehousemen’s Association. Both groups argued that the scope of taxable corporations in the 1913 law was broader than in the 1909 law and that under the plain reading of the proposed tax, chambers of commerce, boards of trade, and other nonprofit commercial entities would be subject to income tax unless made exempt.

It is widely assumed that the Chamber of Commerce and the warehousemen sought the amendment “to broaden the range of exempt organizations to include” those types of groups “which could not qualify as charitable, educational, or religious, but whose activities somehow benefited the gen-

eral public,” according to Case Western Reserve University law professor Laura B. Chisolm in a 1988 *Indiana Law Journal* article.

Hayward notes, “This ‘social welfare’ clause provoked no apparent debate that could assist in deciding what it meant, and records from the Committee for these years were not archived.” Similarly, “It turns out that the origins of section 501(c)(4), providing exemptions for ‘social welfare’ groups, are surprisingly foggy,” Jacob Gershman observes in a 2013 *Wall Street Journal* article.

The bill with that first social-welfare language was signed by President Woodrow Wilson in October 1913. The Revenue Act of 1916 then edited the exemption provision, breaking each category of exemption into its own numbered clause. That which was later renumbered into § 501(c)(4) exempts,

again, “Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.” Okay, got it.

The section itself “is silent regarding whether an organization engaging in political candidate and other partisan activities is consistent with tax-exempt status under that subsection of the Code,” as American Civil Liberties Union (ACLU) general counsel Terence Dougherty notes in a thorough 2013 *Seattle University Law Review* article.



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*The section itself “is silent regarding whether an organization engaging in political candidate and other partisan activities is consistent with tax-exempt status under that subsection of the Code,” as American Civil Liberties Union general counsel Terence Dougherty notes in a thorough 2013 Seattle University Law Review article.*

## Classifications

There is little research on social-welfare groups’ actual political and/or legislative-advocacy activities and interactions with regulators in their first decades.

In 1955, considering the exempt status of an unnamed group encouraging government to “practice wise economy

in public spending,” the IRS said one of the group’s “principal means of accomplishing these purposes is the printing and dissemination of literature devoted to advocating the principles which it supports. Occasionally, the literature may advocate or oppose pending legislation,” according to a relevant revenue ruling that both Gershman and Chisolm describe. The group was exempt under § 501(c)(4), the IRS concluded.

A Treasury Department regulation issued in 1959 essentially formalized this position [Treas. Reg. § 1.501(c)(4)-1(a)(2)(i) (1960)]. The regulation “assigned the label of ‘action organization’ to any legislatively active organization and stated that ‘[e]ven though an organization is an “action organization” it can qualify as a social welfare organization under section 501(c)(4),” reports Chisolm. Under the regulation, (c)(4) groups need not limit their legislative-advocacy efforts to what it calls “insubstantial” amounts.

The regulation defines “exclusively”—the word used in the Code to modify “for the promotion of social welfare”—“to require the organization only to be ‘*primarily*’ engaged in promoting in some way the common good and general welfare of the people of the community,” as put by Daniel C. Kirby in a 2015 *Chicago-Kent Law Review* student note. It states that the “promotion of social welfare” does not encompass “direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office.”

Got all that?

Just as there are no Senate Finance Committee records from 1913, “no transcripts or records survive from the IRS hearings held to consider the final” 1959 rules, according to Hayward. “One newspaper account of an April 16, 1959 hearing,” however, “reported only that attendees were critical of the rules, and feared they would deny exemptions to groups that were deemed exempt under the former rules.”

“After 1959, the regulations governing the political activities of tax exempt nonprofits remained relatively stable,” Hayward writes. “The aggressiveness of the IRS in certain contexts, its use and abuse by political leaders, and public outcry in response to misuse of the tax code also persisted. The intersection of taxation and activism remains a treacherous one for the activist.”

The Internal Revenue Code § 527—a category, separate from § 501(c)(4), to cover tax-exempt nonprofit groups that primarily influence the selection, nomination, election, appointment or defeat of candidates to federal, state or local public office—wasn’t created until 1975.

## Struggles

Many post-'59 regulatory and administrative-law efforts to struggle with (c)(4)'s treacherous taxation-activism intersection are nicely overviewed in a 1995 paper by Raymond Chick and Amy Henchey. In one of them, a 1981 ruling heartening for activists, the IRS said that since an "organization's primary activities promote social welfare, its lawful participation or intervention in political campaigns on behalf of or in opposition to candidates for public office will not adversely affect its exempt status under section 501(c)(4) of the Code."

As Hayward intimated, there were other struggles that were disheartening to many activists, however. Beginning in 2010, conservative Tea Party organizations thought they were unfairly denied (c)(4) exemption by the IRS. The IRS contended it was acting in its proper discretion, and it proposed a set of revisions to the (c)(4) regulations in 2013 that would have excluded many of the groups from exemption. Specifically, the proposed revisions would have denied (c)(4) status to groups engaging in "candidate-related political activity," and they sought to define in detail what that would mean.



*The IRS 2013 proposed revisions would have denied (c)(4) status to groups engaging in "candidate-related political activity."*

"The proposed rules would plunge the [IRS] deeper into political regulation," former FEC chairman and current IFS chairman Bradley A. Smith observed in a 2013 *Wall Street Journal* op-ed. They "would upset more than 50 years of settled law and practice by limiting the ability of certain tax-exempt nonprofits, organized under Section 501(c)(4) of the Internal Revenue Code, to conduct nonpartisan voter registration and voter education," according to Smith.

The IRS asked the public for comments on the '13 proposals and, after receiving a record number of them, it withdrew the proposed changes the next year.

Dougherty believes:

[There is now] opportunistic behavior: an "anything goes" approach to these activities by Section 501(c)(4) organizations. Based on the understanding that exempt activities must constitute the organization's

"primary" activities and that political candidate- and party-related activities are not exempt activities, they take the position that as long as expenditures on these activities do not exceed fifty percent of the organization's expenditures—i.e., are less than primary—anything goes; the organization can engage in these activities regardless of the nature of the political activities and whether they are in furtherance of the organization's social welfare purposes.

Others think political speech and social welfare have never really been, and needn't now be considered, so separate and distinct. Why do we have elections, by this thinking, if not to consider how best to manage or improve our social welfare?

## A Response to *Citizens United*

When Sunlight coined the term "dark money" in October 2010, the U.S. Supreme Court's *Citizens United v. FEC* decision was nine months old. That High Court decision held that the First Amendment prohibits bans or limits on how much money a (c)(4) group can spend, so long as its spending is not coordinated with candidates for office. That decision and its effects were already drawing criticism from groups like Sunlight and the Center for Public Integrity,



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The New Yorker's Jane Mayer wrote an entire book entitled *Dark Money* in 2016. Its subtitle was *The Hidden History of the Billionaires Behind the Rise of the Radical Right*. Mostly, it liberally attacked conservatives Charles and David Koch.





*Issue One reported that in the 2018 election, liberal/Democrat groups spent 54 percent of all “dark money,” while conservative/Republican groups accounted for only 31 percent.*

which track the flow of funds into politics and are especially critical of funds that support conservative causes.

Hence the need for the negative connotation.

*The New Yorker’s* Jane Mayer wrote an entire book entitled *Dark Money* in 2016. Its subtitle was *The Hidden History of the Billionaires Behind the Rise of the Radical Right*. Mostly, it liberally attacked conservatives Charles and David Koch. Left-of-center advocates like Mayer were displeased to see how, in the election cycles after *Citizens United*, (c)(4) funding began flowing to explicitly political causes, particularly on the conservative/Republican side. As my colleague Michael Watson and I observed in a February 2018 report for the Capital Research Center, this imbalance may have been as much a function of conservatives’ and Republicans’ challenges to incumbent office-holders as anything else, because in the election cycles since then, liberal and Democrat non-incumbents have seen *their* funding rise. Indeed, the left-of-center group Issue One reported that in the 2018 election, liberal/Democrat groups spent 54 percent of all “dark money,” while conservative/Republican groups accounted for only 31 percent.

A few lonely liberals urged a different attitude toward “dark money” during the post-*Citizens United* era. They knew that their side uses and will want to keep using the same type of funding. There “is a very real risk that if donors on the left become squeamish about supporting new 501(c)(4)s, the progressive community will lose the huge advantages of social-welfare organizations in the era of Trump, the worst possible time to sacrifice any tool in the toolbox,” wrote the Alliance for Justice’s Nan Aron and Abby Levine in 2017.

## A Definition

Sunlight and the Center for Public Integrity are just two among many organizations and allied journalists that track and criticize “dark money.” These groups almost always use the term based on the same understanding as Sunlight’s.

They typically call (c)(4)s “political nonprofits” and often note that (c)(4)s can give money to “super PACs”—a new type of group that arose in the wake of *Citizens United* that can raise and spend unlimited sums on politics, provided

they do not coordinate with or donate to a specific political candidate. Although super PACs are required to publicly disclose their donors, they can themselves raise money from (c)(4)s, whose original donors need not be disclosed, thereby making the money “dark.” Any original individual donor, of course, may just not want public disclosure of his or her name, home address, occupation, and employer to a political opponent, nosy neighbor, friend, dentist, or the like.

When “the source of political money isn’t known, that’s dark money,” according to a definition from the Center for Public Integrity. “The two most common vehicles for dark money in politics are politically active nonprofits and corporate entities such as limited liability companies. Certain politically active nonprofits—notably those formed under Sections 501(c)(4) and 501(c)(6) of the tax code—are generally not required to publicly disclose their donors.” (Section 501(c)(6) groups are business associations like the Chamber of Commerce, some of which make public their corporate dues-paying members in order to enhance their lobbying efforts.)

“Meanwhile, when limited liability companies are formed in certain states, such as Delaware and Wyoming, they are essentially black boxes; the company’s name is basically the only thing known about them,” the Center continues. “These LLCs can be used to make political expenditures themselves or to donate to super PACs.”

The Center for Responsive Politics, which maintains the popular OpenSecrets.org website, may be the biggest user of the “dark-money” term. According to its definition, “Dark Money refers to political spending meant to influence the decision of a voter, where the donor is not disclosed and the source of the money is unknown. Depending upon the circumstances, Dark Money can refer to funds spent by a political nonprofit or a super PAC.” While super PACs “are legally required to disclose their donors, they can accept unlimited contributions from political non-profits and ‘shell’ corporations who may not have disclosed their donors.” In those cases, “they are considered Dark Money groups” by the Center for Responsive Politics.

Bradley A. Smith, a prominent defender of free political speech and a former FEC chairman who now chairs the Institute for Free Speech, observes that “dark money”



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*Bradley A. Smith, a prominent defender of free political speech and a former FEC chairman who now chairs the Institute for Free Speech, observes that “dark money” is “merely a pejorative label for nonprofits—such as the NAACP, the Chamber of Commerce, and Planned Parenthood—that may not legally make campaign contributions.”*

is “merely a pejorative label for nonprofits—such as the NAACP, the Chamber of Commerce, and Planned Parenthood—that may not legally make campaign contributions, whose donors are private, and whose political speech is therefore both limited and independent from candidate campaigns.” One longtime political operative has offered a more cynical definition: “Dark money” is money that supports speech the Left wants to silence.”

## What Else Constitutes “Dark Money”?

If concealment, on purpose or in effect, of the original donors to certain nonprofits is the controlling characteristic of “dark money,” then other revenue streams would fairly fit within the definition. These flows, which attract much less attention in the debates over politics and advocacy, go through groups that are tax exempt under Section 501(c)(3) of the Internal Revenue Code. These groups include public charities that take an interest in public policy, such as the Sierra Club and the Brookings Institution. Among (c)(3) charities that are policy-oriented—that is, not counting groups like art museums, symphonies, and soup kitch-

ens—liberal groups enjoy a roughly three-to-one money advantage, as CRC’s *Citizens United* study found. The same study also found that the river of money flowing into public policy debates through these (c)(3) groups dwarfs the money flows in the (c)(4) and super PAC stream. The latter totaled about a half-billion dollars (\$538 million) for the 2013-14 election cycle, whereas in 2014 alone, we counted \$9.6 billion flowing through policy-oriented (c)(3)s.

In the (c)(3) flows that could constitute “dark money,” two phenomena are worth examining: fiscal sponsorships and donor-advised funds (DAFs). Fiscal sponsorships essentially allow an existing (c)(3) organization to confer its own tax-exempt status on a new project that is supposed to share the existing group’s charitable purpose. The sponsored project hasn’t achieved its own (c)(3) status, and may never even intend to become an independent entity. It may be happy to maintain its dependent existence because that helps to hide what it’s doing, and/or it may intend to wage a particular brief political fight and then disappear. These kinds of shadowy projects run counter to the traditional justification for fiscal sponsorship, which was originally portrayed as a temporary measure to “incubate” new (c)(3)s that would go on to become independent legal entities.

In other words, fiscal sponsorship is highly susceptible to abuse, and abuses may, in fact, be rife. The scheme certainly can conceal an original donation that may never be publicly linked to the new, sponsored project. And that new project may not last long; short-term, “pop-up” sponsored groups seem increasingly common. (“Pop-up” super PACs are also becoming common.)

So if the sources of the funds spent are concealed, can fiscally sponsored projects be considered “dark?” They certainly seem to fit the OpenSecrets definition of “dark money.”

Many low-profile, left-of-center (c)(3) groups offer fiscal sponsorship as a regular service. They include the large Tides Network, the New Venture Fund (administered by the for-profit and fee-charging Arabella Advisors consulting firm), and the Alliance for Global Justice, as well as the Sustainable Markets Foundation in the environmental field.

## Donor-Advised Funds

Another significant phenomenon in (c)(3) money flows is the use of donor-advised funds, also known as “DAFs,” which are the fastest-growing sector of philanthropy. DAFs allow a donor to deposit money into a personal account at an institution like the Fidelity Charitable Gift Fund, then “advise” the institution to issue charitable grants from that account. The

DAF provider (in this example, Fidelity) reports publicly that it has made a grant to the charity, but it does not publicly report who made the original donation. Even the charity *receiving* the grant may never know the original donor. If the lack of public disclosure is an important part of the definition of “dark money,” then these money flows also fit.

The largest DAF providers are not particularly ideological. They are operated by mutual-fund and money-management firms that have more experience investing money than giving it away, such as Fidelity, Vanguard, and Charles Schwab, among others. DAF providers on the left side of the ideological spectrum include the large Tides Foundation and a provider within the NEO Philanthropy range of products and services. Smaller, conservative DAF providers include DonorsTrust and the newer Bradley Impact Fund.

## Undeserved Derision, Necessary Clarity

If lack of disclosure is the critical factor in “dark money,” other methods of funding that are sometimes called “dark” do not deserve the loaded term. For example, contributions to political candidates or to conventional political-action committees are not “dark.” Both candidates and regular PACs, as Bradley Smith has noted, must publicly disclose all donors whose aggregate contributions exceed \$200. Smith made that point in response to recent attacks on supposedly “dark money” made by U.S. Rep. Alexandria Ocasio-Cortez (D-NY).

Nor could grantmaking by 501(c)(3) private foundations ever be “dark,” for another example, even though Jane Mayer’s ally, Jill Abramson, has claimed in *The Guardian* that the Mercer Family Foundation gave away “dark money.” Abramson based her claim on the fact that the Mercer Family Foundation invested part of its assets in overseas accounts, even though such investments are entirely legal, and no one has accused the Mercers of illegally concealing any financial information. But most importantly, the Mercer Foundation, like all private foundations, is required to disclose all grantees and grant amounts in annual Form 990-PFs, which are filed with the Internal Revenue Service and easily accessible to the public from numerous websites.

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*If lack of disclosure is the critical factor in “dark money,” other methods of funding that are sometimes called “dark” do not deserve the loaded term.*

## Discretion

“[T]he discussion of candidates and issues as a political-campaign activity” was not “perceived as a major problem so long as the 501(c)(4) category was dominated by the political left,” IFS’s Smith observes. “Beginning in the 1990s, however, and especially since 2010, organizations that were more conservative began using the 501(c)(4) category to engage in public education as well as political activity, thus challenging liberal dominance in nonprofit advocacy.” (In the 2020 election cycle, interestingly enough, the Left and Democrats appeared to use (c)(4) funding much more than conservatives and Republicans.)

Just as there may be ambiguity in the word “dark”—useful to many of the Left who took initial advantage of it, in their journalistic and polemical discretion—many want to see, and there may be, some ambiguity in the relevant statutory, regulatory, and administrative language constituting the (c)(4) framework. “Political,” “insubstantial,” “exclusively,” and “primarily” are all susceptible to parsing. Looking at the section’s origins, classifications, and the struggles over them is not dispositive. There’s room for attempts at advantage-taking here, too, keeping in mind what the IRS tried in the eyes of conservative groups denied (c)(4) status after *Citizens United*.

Finally, and relatedly, who can and should properly wield such discretion? The ACLU’s Dougherty concludes by discussing the two poles of how to deal with (c)(4) political activity—“prohibiting all activities or permitting it unfettered”—and recommends that, no matter what might be done, “it should be accomplished not by the Treasury Department, but rather by Congress.”

Smith’s *Wall Street Journal* piece on the proposed ’13 revisions points out:

The statute leaves it to the IRS to define ‘social welfare’ in that context, and for half a century the agency has defined it to include political-campaign activity. The 501(c)(4) category has always been the home of political-advocacy groups.

He concludes that, “legislation is not required. The IRS could with its own rules follow the bipartisan FEC on the question of a group’s political status.”

The (c)(4) definitional dithering may just be beginning. Or, will merely cantankerously continue. As probably will selective use of the term “dark money.”



## Equal Application of the Term

If Smith is correct, if the term “dark money” has come to mean funds spent on speech or activities with which the user disagrees, then perhaps the term should be shelved. At a minimum, the public should insist that mainstream media use the term just as often to describe left-of-center donors’ giving as they do to describe giving by right-of-center donors. For as Hayden Ludwig of the Capital Research Center has documented, the Left has vast empires of “dark money” of its own.

## Appendix: Examples of “Dark Money” Usage in Public Discourse

“Expressing the sense of the Senate that dark money undermines the integrity of the judicial system and damages the perception that all people receive equal justice under law.”

—Title of S.Res. 759 (2020), introduced by Sen. Sheldon Whitehouse (D-RI) [For context, see Hayden Ludwig, “Sheldon Whitehouse’s Hypocrisy on Liberal “Dark Money” Isn’t Fooling Anyone.”]

“Something is not right around the Court. And dark money has a lot to do with it. Special interests have a lot to do with it.”

—Sen. Sheldon Whitehouse (D-RI), speaking at Senate confirmation hearing for Justice Amy Coney Barrett, October 13, 2020

“Meanwhile, a dark-money federal super PAC . . . spent nearly \$750,000 launching a parallel attack against several of the same hardline Republicans.”

“The Conservative Alliance PAC, which can raise and spend unlimited sums of money, targeted several House Republicans with mailers, radio ads and other attack ads.”

—Sean Murphy, “Oklahoma Republicans Targeted By Colleague, Dark Money,” Associated Press, September 27, 2018

“The great bulk of its funding has come from so-called dark money — funds from donors who are not legally required to reveal their names.”

—Alexander Burns, “With \$30 Million, Obscure Democratic Group Floods the Zone in House Races,” *New York Times*, October 31, 2018

“Nonprofits that spend money to influence elections but are not required to disclose donors to the public—called ‘dark

money’ groups by critics—no longer need to share their donors’ names or addresses in their tax filings under a new Treasury rule announced Monday.”

—Michelle Ye Hee Lee and Jeff Stein, “‘Dark Money’ Groups Don’t Need to Disclose Donors to IRS, Treasury Says,” *Washington Post*, July 17, 2018

“The state Senate budget committee is hours away . . . from voting on a bill that would force so-called ‘dark money’ groups to disclose their donors.”

[The bill] “would require 501(c)4 organizations to release names of donors if they spend more than \$10,000 ‘influencing or attempting to influence the outcome of any election or the nomination, election or defeat of any person to any State or local elective public office or the passage or defeat of any public question.’”

—Ryan Hutchins and Katherine Landergan, “Lawmakers Aim Spotlight on ‘Dark Money’ Groups,” Politico, January 17, 2019

“Sen. Angus King (I-Maine) told the Internal Revenue Service Wednesday to stop tax-exempt nonprofit organizations from influencing elections through anonymous donors.

“‘The increased prevalence of ‘dark money’ in electoral politics has been a troubling development in recent years, and the use of our tax code to shield the identities of donors represents one of its most egregious manifestations,’ King said. ‘It is time for an end to this dark money game.’”

—Ramsey Cox, “King to IRS: Stop ‘Dark Money’ in Politics,” *The Hill*, February 20, 2014

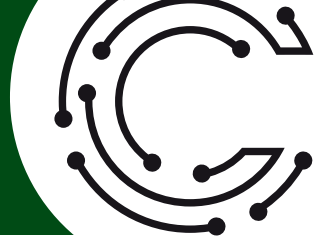
“For the first time since the 2010 *Citizens United* Supreme Court decision, which struck down campaign spending limitations for corporations and unions, liberal ‘dark money’ groups outspent conservative groups, according to a new report from Issue One that analyzed data from the Center for Responsive Politics.

“Dark money groups spent \$150 million in the 2018 mid-terms. And unlike super PACs, which must disclose their donors to the Federal Election Commission, these politically active nonprofits are not required to do so.”

—Simone Pathé, “Liberal ‘Dark Money’ Groups Spent More in 2018 Than Conservative Groups,” *Roll Call*, January 23, 2019 ■

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## CREATURES FROM THE GREEN LAGOON: SAN FRANCISCO MEGA-FOUNDATIONS BANKROLLING ECO-ACTIVISM

By Hayden Ludwig

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**Summary:** *San Francisco is awash in five things: Homeless people, discarded needles, garbage, human feces, and virtually unlimited cash for the environmental Left. This once great city by the bay is ground zero for a bundle of mega-donors, pass-through funders, and powerful activist groups trying to “green” America’s prosperity and energy independence into oblivion. In its place they envision the stuff of nightmares: the end of the oil, gas, and coal industries; nationwide fracking bans; a return to the Paris Climate Agreement; an unprecedented spike in household energy prices; a radical Green New Deal; and “environmental justice” retribution to punish so-called climate polluters with fines and even prison sentences.*

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“Do as I say, not as I do” may as well be the motto of the environmental Left. From their towers, eco-mandarins prognosticate a coming climate apocalypse and the freedoms we must sacrifice to stave it off. Yet they almost never live with the consequences of their own policies. The same global warming gurus who tell Midwestern Americans the icecaps are melting and the seas are rising because Americans still drive cars, live in the world’s toniest coastal cities, and own private yachts and jets.

No city is a greater testament to climate hypocrisy than San Francisco, home to some of the eco-Left’s biggest mega-donors: the Sea Change Foundation, the pass-through Energy Foundation, and Tom Steyer’s nonprofit network. Between them these giants have paid out over \$2 billion in grants over the past two decades, almost all of it to left-wing groups lobbying for the disastrous Paris Climate Agreement, fracking bans, and a Green New Deal—the most extreme environmental policy agenda in American history.

This is the so-called New Energy Economy, paid for by billionaire hedge fund managers and ideologically motivated, tax-exempt foundations eager to remake America in their own image. Ironically, one of the billionaires, Steyer, earned much of his fortune trading in the oil and natural gas industry. If they get their way, expect a grim future of poverty and “environmental justice” prosecution in Soviet-style “People’s Courts.”



Credit: Gage Skidmore. License: <https://bit.ly/2NjFHE>.

*After Al Gore, Thomas Fahr Steyer is one of the best-known ultra-wealthy sages of the environmentalist movement. Steyer has made climate change his defining feature in a field characterized by a sprint to the political Left.*

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### Paris Rises from the Dead

On November 4, 2020—the day after the presidential election—the United States formally withdrew from the Paris Climate Agreement, an international climate change agreement entered into by President Barack Obama in 2015 and a major 2016 campaign promise of President Trump. Less than three months later, President Biden returned the country into the agreement as one of his first acts in office.

While Obama officials negotiated the agreement as a foreign treaty, it never received a vote in the Republican-controlled U.S. Senate—analysis strongly suggests that environmental groups even advised the administration against describing

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*Hayden Ludwig is a senior investigative researcher at CRC.*



*If the United States cut all of its carbon dioxide (CO<sub>2</sub>) emissions, it would result in an estimated decrease of less than two-tenths of a degree Celsius by the end of the century.*

Paris as a “treaty”—despite the Constitution’s clear requirement that foreign treaties must be ratified by the Senate. Nevertheless, proponents widely treated the agreement as legally binding (and so unassailable) because it forced enormous greenhouse gas emissions targets on the country.

By one estimate based on a U.S. Energy Department model, the Paris Climate Agreement could have cost the average family of four over \$20,000 in lost income, raised household energy prices by as much as 20 percent, and cost the economy \$2.5 trillion by 2035. Yet the effects on the global temperature would be minuscule. If the United States cut *all of its carbon dioxide (CO<sub>2</sub>)* emissions, it would result in an estimated decrease of less than two-tenths of a degree Celsius by the end of the century.

Trump’s withdrawal from the disastrous “treaty” was a landmark victory for constitutional government and the American economy—but under a Democratic administration that victory has been reversed, and the country has reentered the Paris Climate Agreement after President Joe Biden signed an executive order to that effect, as he promised during the presidential campaign to do on “Day One.”

That’s a scalp for activists in the eco-Left, the loudest supporters of the Paris “treaty,” none more so than Tom Steyer.

## Meet Tom Steyer, Eco-Authoritarian

After Al Gore, Thomas Fahr Steyer is one of the best-known ultra-wealthy sages of the environmentalist movement. Since diving headfirst into electoral politics—signaling his interest in running for California governor in 2019 then for president in 2020—Steyer has made climate change his defining feature in a field characterized by a sprint to the political Left. As a candidate he pledged to use presidential authority to impose energy efficiency standards and “give Congress 100 days to pass a Green New Deal.”

His presidential bid failed bitterly, spending a whopping \$344 million (the third-highest spender in the primary, behind only Joe Biden and Michael Bloomberg) to lose every state in the 2020 Democratic primary.

But Steyer has been a major Democratic Party donor for years, gifting some \$294 million to Democratic candidates

and political action committees (PACs) between 1987 and 2020, \$255 million of it to his own in-house super PAC, NextGen Climate Action Committee. Steyer’s support made him the single biggest individual donor of the 2016 election, left-wing or right-wing, pouring out almost *four times more than high-profile donors* George Soros and Michael Bloomberg to advance climate change as an issue among voters. (Despite his gobs of spending, the environment came 12th on a list of top issues for voters in a 2016 Pew Research Center poll.)

## STEYER’S NEED TO IMPEACH

In late 2017, Steyer launched the super PAC Need to Impeach, run by some 50 former Obama administration staffers, with the announcement that “I will be dedicating 100 percent of my time, effort, and resources to one cause: working for Mr. Trump’s impeachment and removal from office.” Steyer reportedly threatened “to unload on Democrats if they [didn’t] impeach Trump.” That itching desire to impeach Trump earned him the dubious title “Mr. Impeachment” from *New York Magazine* in March 2019.

Leftists cheered the group’s success when President Trump was impeached by the House of Representatives in December 2019 for phoning the president of Ukraine, but in reality it was just another Democratic super PAC. In total, Steyer accounted for \$27 million of the \$31 million the group spent in the 2018 and 2020 election cycles savaging Republicans and aiding Democrats.

More cynically, it also served as the launchpad for Steyer’s own presidential campaign in late 2019, which quickly bought the super PAC’s voter file and then gutted its staff. According to left-wing Vox, Steyer presented Need to Impeach staffers with an unenviable choice: “Take a less-than-ideal severance and scramble to find another job, or work for his presidential campaign, where they would be well-rewarded, even though it wasn’t what they originally signed up for.”



Steyer earned his billions managing Farallon Capital Management, a \$30 billion hedge fund that held a \$220 million stake in the Canadian oil and gas firm Nexen when he resigned from leading the fund in December 2012.

That (convenient) divestment fueled Steyer's multi-million-dollar zeal for climate change activism. Steyer belongs to the part of the eco-Left that eschews the wonkishness of traditional global warming theory advocates—small carbon dioxide reductions for small climate “gains”—for Manichean dualism, where climate activists are saints to be canonized, and climate “polluters” are monsters to be destroyed.

As CRC's Ken Braun has observed, Steyer imbues his climate politics with pseudo-Christian rhetoric, calling his conversion to global warming activism (at the hands of 350.org founder Bill McKibben, no less) as his “personal version of a ‘Paul on the road to Damascus’ moment” and referring to libertarian billionaire David Koch (who earned much of his wealth in the oil industry) as “just an evil—just a famously evil—person.”

Steyer shares the hard streak of authoritarianism that runs in the radical eco-Left, whose activists have called for jailing “climate change deniers” for their skepticism. “The goal here is not to win. The goal here is to destroy these people,” Steyer told *The Hill* in 2013. While many on the Left howl about the need for a “national dialogue” on climate change, Steyer takes a page from Stalin's handbook. “We've got to stop talking about this,” he said of global warming in a 2019 interview, “we have to turn the page to action and we should do it Day One by calling it a state of emergency.”

That opinion has moved to the mainstream environmental movement, with Joe Biden's campaign website declaring that he will “make environmental justice a priority across all federal agencies” and “hold polluters accountable—including jail time when merited [emphasis added].” (Recall that in 2008, then-NASA senior director James Hansen told Congress that fossil fuel company executives “should be tried for high crimes against humanity and nature.”)

## The Steyer Network: Bringing San Francisco to Your Front Door

At the center of the Steyer network of political organizations is the 501(c)(4) NextGen Climate Action, its 501(c)(3) “sister” NextGen America, and the super PAC sibling NextGen Climate Action Committee.

Between 2013 and 2018 the former two nonprofits poured nearly \$65 million into leftist groups, notably the United Nations Foundation (a U.S. nonprofit which supports

the UN's programs, especially on the climate), Voter Participation Center, Center for American Progress, 350.org, League of Conservation Voters, Environmental Defense Fund, and others.

NextGen Climate Action supplied \$23 million of the failed \$25 million campaign in 2018 to pass Prop. 127 in Arizona, which would have amended the state's constitution to increase its reliance on “renewables” from 12 percent in 2020 to 50 percent in 2030. (Another \$1.3 million came from the Washington, DC-based League of Conservation Voters, meaning less than \$623,000 of the campaign's finances came from other individuals or groups.) NextGen funded similar failed campaigns in Michigan and Nevada in 2018. A rebooted version passed in Nevada in 2020.

The NextGen super PAC poured out nearly \$282 million between 2013 and 2020, overwhelmingly to help Democrats and hurt Republicans. In the 2020 cycle, for instance, the super PAC shelled out almost \$3.5 million to support Joe Biden's candidacy, \$373,000 attacking Donald Trump, \$304,000 aiding Democrat Cal Cunningham's failed bid for the North Carolina Senate seat against Republican Thom Tillis, and \$171,000 helping Democrat Mark Kelly flip Arizona's Republican-held Senate seat blue.



*To be fair, Nat Simons is far from a radical and to this writer's knowledge has never endorsed the kind of eco-autocracy that Tom Steyer flirts with. But he has a virtually unlimited spigot of cash with which to fuel the environmental Left.*

Credit: Prelude Ventures. License: <https://bit.ly/3u9MYTJ>.

## Nat Simons and the Sea Change Foundation

On the more moderate end of the San Francisco “green” lagoon is Nathaniel “Nat” Simons, a Bay Area billionaire who made his fortune brilliantly managing hedge funds. Simons is the son of James Simons, a billionaire hedge fund manager and legendary mathematician whose firm, Renaissance Technologies, is one of the most successful hedge funds in history.

The Simons family members are all big donors to Democratic politicians and liberal causes. James Simons, an antiwar protester in the 1970s, has supported a slew of groups such as Planned Parenthood Votes and the Democrats' House

Majority PAC. James' daughter, Liz, runs the Heising-Simons Foundation with her husband, Mark, an investor who sits on the board of the Environmental Defense Fund, and his step-daughter, Audrey, runs the pro-LGBTQ Foundation for a Just Society.

But Nat Simons has probably outdone them all with his Sea Change Foundation, which gave \$480 million to (mostly) environmentalist groups between 2006 and 2018. To be fair, Simons is far from a radical and to this writer's knowledge has never endorsed the kind of eco-autocracy that Tom Steyer flirts with. But he has a virtually unlimited spigot of cash with which to fuel the environmental Left.

Simons and his wife, Laura Baxter-Simons, are part of a \$4 billion pledge by mega-donors to "combat climate change" first announced at the 2018 Global Climate Action Summit in San Francisco. They're also signatories to the Giving Pledge, a commitment to give away the majority of their wealth started in 2010 by Bill and Melinda Gates and Warren Buffett.

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*Simons has noted that much of his foundation's giving is motivated by a sense of "urgency of the issue and the momentum generated by the Paris Climate Accord."*

Simons has noted that much of his foundation's giving is motivated by a sense of "urgency of the issue and the momentum generated by the Paris Climate Accord." He clarified his vision of major foundations leading the country's shift from traditional energy sources to renewables alongside Al Gore and former President Bill Clinton in a 2009 National Clean Energy Project roundtable: "It's not really a question of whether we move to a low-carbon economy. . . . The question is how quickly."

Like any eco-mandarin, Simons himself has been accused of environmental hypocrisy. In 2014, the *Washington Free Beacon* used marine traffic records to capture his commute via a 1,550-horsepower, 54-foot yacht called *Elan* between his home in Berkeley and the San Francisco offices of the Meritage Group, his hedge fund firm. As the *Beacon* opined,

Simons also did not respond to questions about his yacht, and how commuting to work on a boat with two 775 horsepower engines drawing from a 550 gallon gas tank squares with his environmentalist views.

## "Dark Money" from Bermuda . . . and Russia?

The Sea Change Foundation came under scrutiny in 2014 by the Republican congressional staff of the U.S. Senate Environment and Public Works Committee, which released a report titled "The Chain of Environmental Command: How a Club of Billionaires and Their Foundations Control the Environment and Obama's EPA."

The report details how "an elite group of left-wing millionaires and billionaires . . . directs and controls the far-left environmental movement, which in turn controls major policy decisions and lobbies on behalf of the U.S. Environmental Protection Agency (EPA)," identifying Sea Change as a "dominant organization in this movement" that "relies on funding from a foreign company with undisclosed donors" to funnel "tens of millions of dollars to other large but discreet foundations and prominent environmental activists who strive to control both policy and politics."

Klein Ltd., the "foreign company with undisclosed donors" identified in the report that allegedly "exists on paper only," was a Bermuda-based company noted as a donor to the Sea Change Foundation in its annual IRS Form 990 financial filings. (Private foundations, unlike other types of nonprofits, are required to disclose the names of their donors.) Between 2010 and 2011, Klein Ltd. donated \$23 million to Sea Change, accounting for 49 percent of its total contributions in 2010 and 33 percent of its total contributions in 2011. (The remainder of its funds came from Nat and Laura Simons.)

As the report put it:

As a practical matter, an overseas company contributing tens of millions to organizations dedicated to abolishing the use of affordable fossil fuels is highly problematic. This is only compounded by the fact it is deliberately and completely lacking in transparency. However, it is likely this lack of transparency shields Klein Ltd. from any responsibility to the American businesses and families it hurts. . . .

The role Sea Change plays as a member of the Billionaire's Club is deeply troubling, especially in light of recent revelations that environmental activists, many of whom are clearly benefiting from this extreme "dark money," do not have any moral qualms over where their money comes from—so long as it supports the far-left cause.

In 2015, the right-leaning Environmental Policy Alliance did its own examination of the committee report and alleged that Klein Ltd. and Sea Change acted as a conduit for funneling Russian government money to American environmental groups in order to undermine U.S. natural gas and oil production to Russia's benefit:

According to its Articles of Incorporation, Klein was formed by two employees of Wakefield Quin (WQ), a Bermuda law firm. A Klein director and WQ senior counsel, along with another WQ senior counsel, have pasts that should be considered questionable at best. Both held directorship positions in a group, **owned by Russian minister of telecommunications and longtime Putin friend Leonid Reiman**, which was the subject of a 2008 money laundering case. The group was ultimately convicted in British Virgin Islands court. WQ's Russian involvement doesn't stop there. **Marcuard Spectrum, a Moscow-based investment firm, operates a hedge fund in Bermuda based out of WQ's office.** Both of the aforementioned WQ lawyers are listed in leadership positions. Further, **one of the founders of Marcuard is also the chair of Russian-owned oil giant Rosneft** [emphasis added].

Sometime around 2018 Simons renamed Klein Ltd. "Sea Change International," reportedly in response to the negative publicity the company had received. Today the group is listed on Sea Change's website under that name. According to the latest reports Sea Change International continues to operate from Wakefield Quin's Bermuda office. Sea Change Foundation has apparently ceased taking donations from the shadowy organization.

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*The Environmental Policy Alliance alleged that Klein Ltd. and Sea Change acted as a conduit for funneling Russian government money to American environmental groups in order to undermine U.S. natural gas and oil production to Russia's benefit.*

So who are these environmentalist groups that benefit from the Simons fortune?

The top recipients of Sea Change Foundation grants since 2006 are all leading eco-advocacy groups:

- The League of Conservation Voters Education Fund (\$39 million), the 501(c)(3) arm of what the left-leaning Center for Public Integrity calls a "dark money" heavyweight."
- Partnership Project (\$36 million), a coalition of major "green" groups.
- Sierra Club Foundation (\$26 million), so radical it recently cancelled its founder, famed conservationist and national parks pioneer John Muir.
- The Natural Resources Defense Council (\$21 million), which has promoted unscientific public health scares since the 1980s.

But Sea Change's largest beneficiary by far is the Energy Foundation, which has received \$125 million from the Simons fortune since 2006—and deserves its own story.

## The Energy Foundation

The Energy Foundation is unique as a massive pass-through funder endowed by liberal mega-donors to provide a new source of perpetual funding for the environmental Left. As its name suggests, the Energy Foundation started life as a bona fide foundation but in 2009–10 transitioned into a 501(c)(3) nonprofit, perhaps due to the tax advantages of a public charity compared with a foundation and the prerogative to not report its donors (only the sum of their donations).

The Energy Foundation began in 1991 as a \$20 million collaborative of the Pew Charitable Trusts, Rockefeller Foundation, and the John D. and Catherine T. MacArthur Foundation. As early as 1989, these foundations conceived of the Energy Foundation as a way to bundle grants to left-wing political groups able to influence energy regulatory policy under the guise of philanthropy, according to former MacArthur Foundation president Adele Simmons, who oversaw its creation and is a foundation co-founder.

According to a report by Duke University's Center for Strategic Philanthropy and Civil Society, the group had three founding "strategic assumptions":



1. New technologies can grow the economy with far less pollution.
2. Policy shapes today's energy markets, determining which technologies thrive or wither.
3. Intelligent philanthropy can influence energy policy with multi-billion-dollar payoffs.

That last bit is key, since it establishes the Energy Foundation's basic goal of effecting *policy change*—a curious goal for a tax-exempt foundation normally barred from lobbying or funding 501(c)(4) advocacy groups. (Notably, the Energy Foundation's website insists that its “funds do not support legislative lobbying or electoral activities.”)

“There are many examples of this [policy] success,” notes the Duke report:

In the mid-1990s, for instance, **the Foundation initiated six regional campaigns to promote the use of renewable energy.** To date, sixteen states have adopted renewable portfolio standards mandating varying minimum levels of renewable energy use by power companies. **In fifteen of these states, the standard can be traced directly to the Energy Foundation campaigns.** Energy Foundation research, analysis, and education efforts contributed in the early '90s to the adoption in California of tough new regulations for low-emissions vehicles. And in 2002, the California State Assembly passed AB 1493, the first bill to regulate, at the state level, air quality standards above and beyond the federal standards [emphasis added].

As one would expect, the Energy Foundation is headed by a professional environmental activist, Jason Mark, who worked for over a decade at the far-left Union of Concerned Scientists (UCS), which lobbied for the Paris Climate Agreement and its 1990s predecessor, the Kyoto Protocol. UCS pushes scientism, not science—CRC senior fellow Steven J. Allen has called it a “science-themed political group”—and emerged from the 1960s radicals who refused to do any classified research or work for the “imperialist” American government.

Likewise, the Energy Foundation's board of directors includes Obama administration alumni, former Colorado Gov. Bill Ritter (D), a Nature Conservancy executive, and the president of the Natural Resources Defense Council.

The Energy Foundation's Chinese arm is headquartered in Beijing, obscuring its finances and activities—which are reportedly focused on expanding wind and solar energy production in the communist country. Its board, however, consists of at least one former Chinese government official.

## Just Passing Through

As with the Sea Change Foundation, the 2014 Senate Committee on Environment and Public Works report identified the Energy Foundation as the “quintessential example of a pass-through” organization.

Between 2001 and 2018, the Energy Foundation paid out an impressive \$1 billion in grants, much of it supplied by mega-foundations such as the William and Flora Hewlett Foundation (\$319 million), the Sea Change Foundation (\$106 million), and the David and Lucile Packard Foundation (\$84 million).

Some of the grants benefiting the Energy Foundation are explicitly tagged for “advocacy,” such as a cool \$15 million from the MacArthur Foundation in 2017 earmarked “in support of state-level advocacy for clean energy policies” (Because the Energy Foundation is now a 501(c)(3) public charity, it can spend more on lobbying than it could as a foundation.)

In turn, the Energy Foundation funnels six-figure grants to any number of leftist groups propagating the environmental movement's war on cheap and abundant energy. Between 2001 and 2018 the Energy Foundation passed money to notables such as:

- Natural Resources Defense Council (\$34 million)
- Partnership Project (\$22 million)
- Sierra Club Foundation (\$19 million)
- American Council for An Energy Efficient Economy (\$15.7 million)
- Center for Energy Efficiency and Renewable Technology (\$10.8 million)
- Union of Concerned Scientists (\$10.6 million)
- Environmental Law and Policy Center of the Midwest (\$10 million)
- Environment America and its state affiliates (\$9.5 million)
- Southern Alliance for Clean Energy (\$9 million)
- Environmental Defence (\$8 million)
- Western Resources Advocates (\$7.1 million)
- Clean Air Task Force (\$7 million)
- Earthjustice (formerly the Sierra Club Legal Defense Fund) (\$6.4 million)
- Tides Center (\$4.7 million)
- National Religious Partnership for the Environment (\$3 million)



*The Environmental Law and Policy Center of the Midwest is a nonprofit legal group that litigates for liberal policies, bragging on its website that it's helped close over 110 coal plants in the Midwest.*

The pattern here is *policy*. The American Council for an Energy Efficient Economy (2018 revenues of \$11.7 million)—also a Sea Change Foundation grant recipient—is a policy shop created in 1980 to lobby against U.S. dependence on foreign oil that's since morphed into a global warming group.

The Environmental Law and Policy Center of the Midwest (2018 revenues of \$7.5 million) is a nonprofit legal group that litigates for liberal policies, bragging on its website that it's helped close over 110 coal plants in the Midwest, drive renewables mandates, and shut down highway construction and expansion (what the group calls “boondoggles”).

Environment America (2018 revenues of \$18.3 million) is the center of a sprawling eco-advocacy and canvassing operation vital to the Left's get-out-the-vote and fundraising operations: The Public Interest Network. As my colleague Michael Watson and I exposed in 2018, this “liberal sweatshop” network—better known for its Public Interest Research Groups, or PIRGs—dates back to the 1970s and farms out poorly paid, clipboard-carrying grunts to fund-raise for nonprofit groups like the Human Rights Campaign and the Southern Poverty Law Center in exchange for a cut of the proceeds. Environment America leads the “green” wing of this enormous pyramid, lobbying for environmental regulations and global warming bills (including the Democrats' failed 2008 cap-and-trade bill).

But it's the Energy Foundation's 501(c)(4) “sister,” the Energy Action Fund (formerly the Green Tech Action Fund), that deserves even greater scrutiny. Between 2008 and 2018 the foundation passed \$17.3 million to its advocacy arm, which paid out over \$46 million in grants over that same period. Most of the other donors to the Energy Action Fund are unknown, but they include the “dark money” Sixteen Thirty Fund, Climateworks Foundation, and NEO Philanthropy Action Fund—all top pass-throughs.

The Energy Action Fund's own grants share a common policy thread. Its latest Form 990 notes part of its expenses went to providing “strategic consultation on state campaigns to advance clean energy solutions.” And its recipients

(between 2008 and 2018) reflect the 501(c)(4) advocacy side of the Energy Foundation's grant recipients, including:

- League of Conservation Voters (\$17.5 million)
- Partnership Project Action Fund (\$5.2 million)
- Advanced Energy Works (\$2.6 million)
- Sierra Club (\$2.2 million)
- BlueGreen Alliance (\$2.2 million)
- Michigan Energy Michigan Jobs (\$1.9 million)
- NRDC Action Fund (\$685,000)
- Environmental Defense Fund (\$544,000)

The League of Conservation Voters (2018 revenues of \$65 million) is one of the largest lobbying groups on the eco-Left, trying to halt offshore oil drilling in the Arctic, denouncing Republican leadership as “radical” for lifting the country's 40-year oil export ban in 2016, and pushing for Obama's Clean Power Plan. Under the Clean Power Plan, electricity would “necessarily skyrocket” by as much as 250 percent, according to the then-Illinois senator on the 2008 campaign trail.

As its name suggests, BlueGreen Alliance (2018 revenues of \$1.7 million) is a collaboration between Big Labor and Big Green, formed in 2006 by the United Steelworkers and the Sierra Club. While the coalition has diminished in recent years, it was a lobbying powerhouse during the Obama years, reportedly spending close to \$4 million on climate change bills and a “card check” bill that would have made it easier for unions to unionize workplaces.

## The ClimateWorks Foundation

Like the Energy Foundation, the ClimateWorks Foundation was conceived in 2006 as a joint pass-through project of multiple major grantmaking foundations: the William and Flora Hewlett Foundation, David and



*Like the Energy Foundation, the ClimateWorks Foundation was conceived in 2006 as a joint pass-through project of multiple major grantmaking foundations. Unlike the Energy Foundation, ClimateWorks was founded as a 501(c)(3) public charity and not a private foundation.*

Credit: ClimateWorks. License: <https://bit.ly/37qLYks>.

Lucile Packard Foundation, and the McKnight Foundation. Unlike the Energy Foundation, ClimateWorks was founded as a 501(c)(3) public charity and not a private foundation.

They're similarly sized organizations, too. Between 2006 and 2018, ClimateWorks reported total revenues exceeding \$1.5 billion and paid out grants of \$1.05 billion, slightly larger than the Energy Foundation, making ClimateWorks perhaps the single largest funder solely dedicated to funding the environmental Left. Close to \$1.3 billion of that \$1.5 billion has been tracked back to a collection of huge left-wing foundations, notably:

- Hewlett Foundation (\$667 million)
- Packard Foundation (\$481 million)
- McKnight Foundation (\$38.6 million)
- MacArthur Foundation (\$26.5 million)
- Margaret A. Cargill Foundation (major environmental funder) (\$13.3 million)
- Oak Foundation USA (U.S. branch of the Swiss-based Oak Foundation) (\$5.7 million)
- Grantham Foundation for Protection of the Environment (British investor Jeremy Grantham) (\$5.5 million)
- Gordon E. and Betty I. Moore Foundation (Intel founder) (\$4.1 million)
- Heising-Simons Foundation (Liz Simons and Mark Heising) (\$3.3 million)
- Barr Foundation (telecomm billionaire Amos Barr Hostetter Jr.) (\$3.2 million)
- Good Ventures Foundation (Facebook co-founder Dustin Moskovitz and wife Cari Tuna) (\$3 million)

If Hewlett and Packard sound familiar, they should—the foundations are the philanthropic vehicles of the respective co-founders of Hewlett-Packard (HP Inc. since 2015). The Palo Alto-based PC and electronics manufacturer was founded in 1939 that paved the way for the later success of Silicon Valley. David Packard, who served as Richard Nixon's defense secretary from 1969 to 1971, died in 1996, and Bill Hewlett died in 2001. In the decades since their deaths, their respective foundations have become enormous funders of the activist Left.



Credit: EEVblog2. License: <https://bit.ly/3bb6gez>

*(Photo of William Hewlett and David Packard) If Hewlett and Packard sound familiar, they should—the foundations are the philanthropic vehicles of the respective co-founders of Hewlett-Packard (HP Inc. since 2015).*

Besides the Hewlett-Packard-McKnight trifecta, ClimateWorks was conceived with input from the Energy Foundation, Doris Duke Charitable Foundation, Oak Foundation, and Joyce Foundation (whose board once included then-Sen. Barack Obama (D-IL)). The input was organized in a 2007 report titled “Design to Win: Philanthropy’s Role in the Fight Against Global Warming,” sponsored by the foundations.

Highlights from the report for “philanthropy” to reshape “the building blocks of the world economy” include:

- “Global, collective action is critical for reducing the numerous drivers of climate change, but philanthropy must focus its efforts.”
- “A cap on carbon output—and an accompanying market for emissions permits—will prompt a sea change that washes over the entire economy.”
- “Philanthropy must promote renewables and low-emission alternatives.”
- “Emissions from existing coal plants should be reduced and new investments in coal-fired generating stations should be discouraged by stressing efficiency and renewable alternatives, such as wind and solar.”
- “National and/or sector-specific carbon caps are absolutely essential for reining in top emitters, such as steel mills and cement plants.”
- “New efficiency and fuel standards will cause vehicles to go farther on less gas and emit less carbon.”



## Politics in Disguise

As with the Energy Foundation, this muddies the clear divide between *policy* and *philanthropy*. Few Americans would conceive of “support[ing] development of sector-specific emissions caps within and among countries”—international cap-and-trade or carbon tax schemes—as a legitimate pursuit for charitable foundations commanding billions of tax-exempt dollars, yet these groups’ self-image is that of technocrats paternally obliged to rescue the world from its self-imposed, carbon-induced peril.

ClimateWorks was the solution, a new organization set up to bundle and funnel foundation money to the necessary think tanks, advocacy groups, and activists. Hal Harvey, founder of the Energy Foundation and later Hewlett’s energy program director, became the new organization’s CEO in 2008.

ClimateWorks’ first big project, Project Catalyst, was to provide analysis and policy proposals for the United Nations Framework Convention on Climate Change in December 2009, the successor to the 1997 Kyoto Protocol (set to expire in 2012). Project Catalyst produced reports calling for a global agreement that would place “incentives and mandates” on private enterprise to create a low-carbon economy.

Simultaneously, George Polk, a ClimateWorks senior advisor and board member, reportedly advised liberal billionaire George Soros to invest \$1 billion into climate-related private equity. According to investigative journalist Peter Schweizer, in April 2009, Soros named Polk representative to the board of Powerspan, a company in which Soros invested and that soon received \$100 million from the U.S. Department of Energy.



Credit: Central European University. License: <https://bit.ly/2ZsqiKV>.

*(Photo of George Soros) George Polk, a ClimateWorks senior advisor and board member, reportedly advised liberal billionaire George Soros to invest \$1 billion into climate-related private equity.*

Post-Copenhagen, ClimateWorks has granted tens of millions of dollars annually to the European Climate Foundation, effectively its European

equivalent, which in turn reportedly funnels money to unknown radical “green” groups across the European Union. ClimateWorks’ overseas grantmaking has earned it the ire of India, which in 2014 declared Greenpeace—a radical group and ClimateWorks grantee—a “threat to national economic security” for costing up to 3 percent of the country’s GDP in anti-mining, anti-drilling, anti-coal protests.

Notables from ClimateWorks’ own U.S.-based grantees between 2008 and 2018 include:

- Energy Foundation (\$396 million)
- Bipartisan Policy Center (\$43 million)
- International Council on Clean Transportation (\$38 million)
- Collaborative Labeling and Appliance Standards Programs (\$33 million)
- Institute for Transportation and Development Policy (\$33 million)
- Regulatory Assistance Project (\$30 million)
- Institute for Industrial Productivity (\$19 million)
- Energy/Green Tech Action Fund (\$14 million)
- Alliance for Climate Protection (\$10 million)
- Rainforest Action Network (\$9.8 million)
- World Resources Institute (\$8.7 million)
- Clean Air Task Force (\$6.8 million)
- Natural Resources Defense Council (\$5.9 million)
- Institute for Governance & Sustainable Development (\$4.3 million)
- Environmental Investigation Agency (\$3.5 million)
- Environmental Defense Fund (\$2.7 million)
- New Venture Fund (\$2.7 million)

## Creatures from the Green Lagoon

The collection of ultra-wealthy foundations and pass-through funders in the Bay Area might be the greatest example of American technocracy—rule by the “experts”—brought to you by plutocrats. It’s that paternalism which characterizes the environmental movement’s biggest donors, who see in climate change a threat too big to be trusted to democracy, let alone any one government. ■

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

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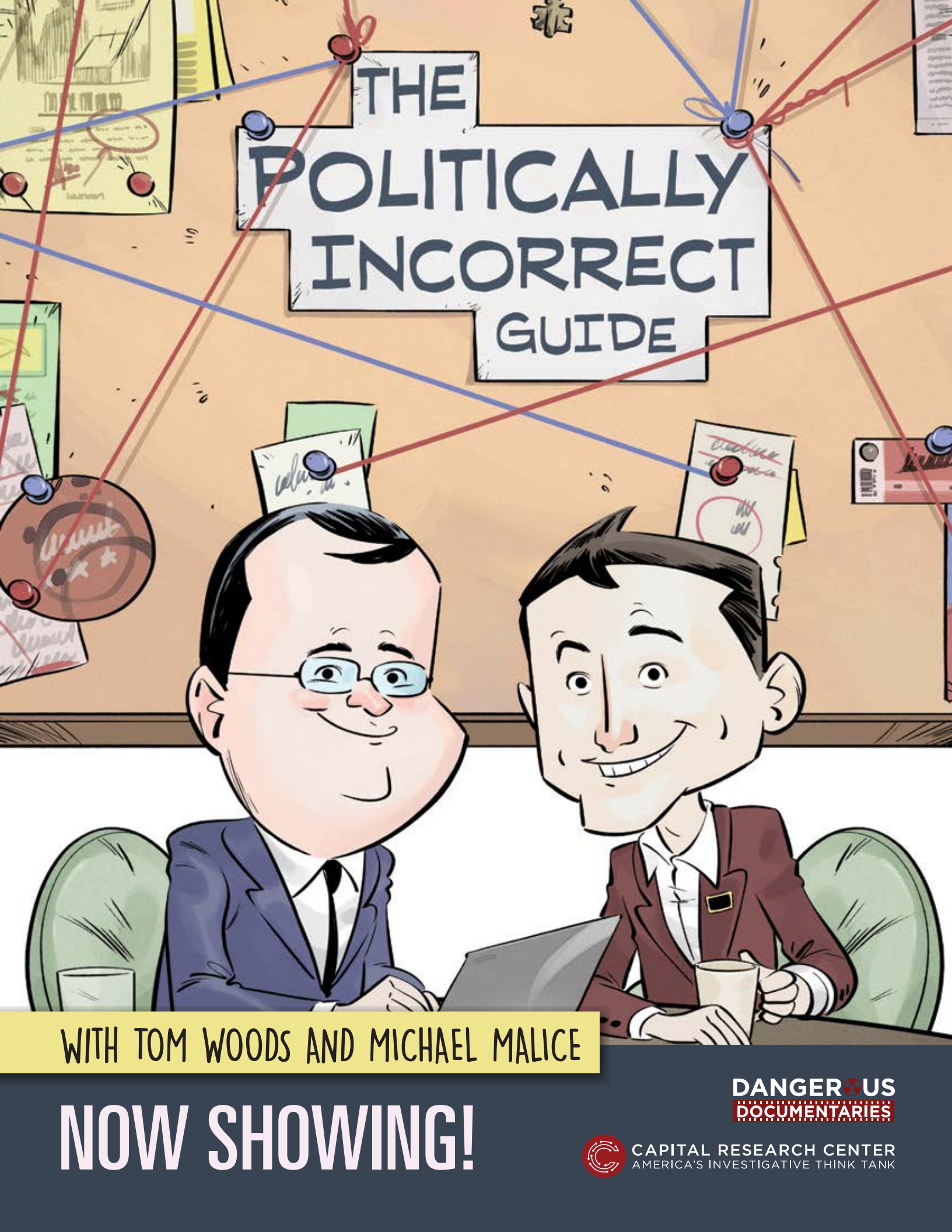
# CLIMATE DOLLARS

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).





# THE POLITICALLY INCORRECT GUIDE

WITH TOM WOODS AND MICHAEL MALICE

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