

# CAPITAL RESEARCH

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JULY/AUGUST 2022





PIERRE OMIDYAR'S **POLITICAL MACHINE EXPOSED** 

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# **COMMENTARY**Federal Charters and the Left's Long-Term ESG Goals

By Robert Stilson

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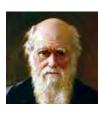


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# BLACK LIVES MATTER AFTERMATH



In perhaps one of the greatest messaging coups of all time, the Black Lives Movement Global Network Foundation (BLMGNF)—an international effort funded by some of the most powerful and wealthy leftists admittedly steeped in the Marxist playbook—took the true statement that black lives matter and used it to create chaos and destroy the livelihoods of the very people it was professing to help.

In a new video series, sponsored by Capital Research Center and filmed and produced by No Filters Media, we look at Minneapolis one year after the protests following the death of George Floyd.



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# COMMENTARY



# FEDERAL CHARTERS AND THE LEFT'S LONG-TERM ESG GOALS

By Robert Stilson

Recent indications suggest that support for environmental, social, and governance (ESG) activism—sometimes called "woke capitalism"—may be wavering within corporate America. Even BlackRock appears to be backing off its support for climate change shareholder resolutions this year. At the same time, activists filed a record number of ESG resolutions in 2022 while talking about being "on the cusp of systemic economic transformation."

This trend—if indeed that's what it proves to be—may prove consequential. ESG activists generally require the acquiescence of corporate management, the voting power of giant asset managers, or both in order to be successful. "Success" in this context is defined as bringing about changes at influential companies that align with the activist's particular (usually liberal) sociopolitical worldview. As others have pointed out, this process has troubling implications for both capitalism and democracy.

Woke capitalism is incremental—its advocates would call it "progressive"—so if the business elite does in fact become collectively less receptive to the ever-growing demands of left-of-center ESG activists, what happens next? Legislation and regulation are available options, with the Securities and Exchange Commission's proposed climate change disclosure rule a prominent and controversial example of the latter—though it hardly represents an endgame for

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Recent indications suggest that support for environmental, social, and governance (ESG) activism—sometimes called "woke capitalism"—may be wavering within corporate America.

activists. It is therefore worth thinking about just where some in the ESG-oriented Left envision their movement ultimately heading.

# A "United States Corporation"

One perennially percolating proposal is the idea of federally chartering large American companies. Corporations currently file their charters (also known as their articles of incorporation) with state governments—classically Delaware—and are governed by state law. The articles spell out basic information about the company and are not particularly detailed. Most corporations, for example, define their purpose in the charter as simply to engage in lawful activities.

Robert Stilson is a research specialist at CRC who runs several of CRC's specialized projects, including a series on federal grants and nonprofits.

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"Success" in this context is defined as bringing about changes at influential companies that align with the activist's particular (usually liberal) sociopolitical worldview.

Some advocates propose federalizing this system and creating something akin to a "United States Corporation" that would be chartered by a federal agency. Critically, they envision using the charter's terms to limit corporate activities in ways those activists find desirable. The idea has yet to gain meaningful political traction, though the flame—such as it is—of federal charters has been burning for generations. Ralph Nader made his case for it in the 1976 book *Taming the Giant Corporation*.

A federal chartering system was more recently included in a book-length compilation of policy proposals made for the incoming Obama Administration by the left-wing think tank Institute for Policy Studies. The author of that section, Charlie Cray, promoted it as a means of controlling corporate size, activities, and governance up to the point where "entire industries could be restructured to make the profit motive subservient to a broader purpose."

At the time, Cray was serving as director of the Center for Corporate Policy, a project of the 501(c)(3) non-profit Essential Information (incidentally, founded by

Nader in 1982). He is now a senior research specialist at Greenpeace USA, one of the groups that supported the 2018 Accountable Capitalism Act (ACA)—the highest-profile proposal for a federal chartering scheme in recent memory.

Introduced by Sen. Elizabeth Warren (D-MA) to considerable media attention, the ACA proposed that all American corporations with more than \$1 billion in annual revenue be required to obtain a federal charter. That charter would in turn require all such companies to operate for the "purpose of creating a general public benefit," considering the interests of shareholders, employees, customers, the environment, and other "community and societal factors." The bill would also have required that at least 40 percent of a company's board be elected by employees, restricted stock sales by company insiders, and imposed shareholder and director authorization thresholds for corporate political expenditures.

Conservatives rightly labeled the proposal socialist, and some socialists tepidly agreed. An article in *Jacobin* argued that while the bill was a "ruse" and obviously had no chance of becoming law, socialists should nevertheless embrace it and thank Warren for elevating its provisions—particularly with respect to employees electing directors—to "the agenda of national political debate for the first time in forever." Indeed, the author suggested that the far Left should begin demanding that Democratic politicians endorse it as a litmus test.

# Traction at the Open Markets Institute?

Last year, Daniel A. Hanley of the liberal anti-monopoly group Open Markets Institute wrote an in-depth article for the left-of-center journal *Democracy*, arguing that "lasting change to reducing the power of corporations cannot be complete without" a federal chartering system. Hanley suggested that such a charter could be used to restrict the size and structure of a corporation, limit the industries in which it is permitted to operate, expand required disclosures, or mandate that its board be of a specific racial/ethnic composition.

Although relatively small (reporting revenue of \$2.6 million in 2020, down from \$5 million in 2019), *Politico* has remarked on the Open Markets Institute's record of being



(Barry Lynn testifying at a Senate hearing.) The Open Markets Institute has a record of being ahead of the curve on liberal policy proposals regarding Wall Street—influencing the political debate by turning once-niche ideas into mainstream discussion topics on the left. In other words, it probably makes sense to pay attention to what the group is saying now.

ahead of the curve on liberal policy proposals regarding Wall Street—influencing the political debate by turning onceniche ideas into mainstream discussion topics on the left. In other words, it probably makes sense to pay attention to what the group is saying now.

This is doubly true given some of the Open Markets Institute's personnel and their connections to the Biden Administration. Most prominently, its former legal director Lina Khan now chairs the Federal Trade Commission. National Economic Council official Timothy Wu and now-withdrawn controversial nominee for U.S. Comptroller of the Currency Saule Omarova are former members of its advisory board. Among the organization's current board members are former Lieutenant Governor of Missouri Joe Maxwell and Laura Quinn, president of the major Democratic data firm Catalist.

The Open Markets Institute operates as a 501(c)(3) non-profit, having acrimoniously spun off from New America in 2017. Its major funders include the Knight Foundation, Ford Foundation, Hewlett Foundation, and Nathan Cummings Foundation—all of which owe their creation and existence to corporations that generated (and continue to generate) tremendous value for their shareholders.

# **Mainstreaming the Radical**

Ideas that initially sound quite radical can, if repeated often enough, begin to appear more plausible over time in the minds of both politicians and the general public. This transition can accelerate if activists feel that other methods of achieving their desired outcomes are not bearing fruit.

Part of the Accountable Capitalism Act, for example, was specifically modeled on the benefit corporation, which is a structure through which a business may properly pursue objectives other than generating shareholder value. A series of resolutions supported by a nonprofit called the Shareholder Commons in 2021 sought to have major companies like BlackRock, Alphabet (Google), and Amazon recast themselves as benefit corporations for just that purpose. Those resolutions proved highly unpopular with shareholders—one filed at Apple received just 3.1 percent support—so the campaign was largely abandoned for 2022.

It remains to be seen whether the idea of federally chartering corporations becomes a dedicated priority for the ESG-oriented Left and whether it gains meaningful political traction. At the moment it's certainly a fringe proposal. That said, it's important to pay attention to exactly where activists are planting stakes on issues, if only to understand just how far they might take things if they had their druthers.

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



# THE LEFT'S WOTTING MACHINE



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/.

# LABOR WATCH



### **BIG LABOR'S GOLDEN STATE**

By Michael Watson

With over 10 percent of the nation's population and an economy larger than that of France, California has loomed large in the nation's politics and economy since the mid-20th century. For organized labor, few states have been more fertile for growth. A strong, long-standing Progressive tradition, a mid-century boom midwifed by post-New Deal defense industries, and governments historically and contemporaneously favorable to unionization across economic sectors have made the state golden for a labor movement whose fortunes vary vastly by region. California has the seventh-highest rate of union membership among the states and labor law favorable to union organizing in the public and agricultural sectors and to union-style wage and working conditions rules in the private sector. Perhaps unsurprisingly, organized labor today wields extensive power in California, beyond even what one might expect given the state's partisan alignment.

California as a lost right-conservative idyll is a myth. Despite electing Ronald Reagan governor in the mid-20th century, the California Republican Party always had a strong left-progressive wing (epitomized by former Gov. Earl Warren, later an arch-liberal chief justice of the U.S. Supreme Court) that increased its electoral strength relative to the state's level of conservatism. The state has not had a Republican "trifecta" of governorship and state legislative control since Reagan's governorship over half a century ago.

Perhaps the clearest evidence that California has always been more left-progressive than its purple mid-20th century electoral results suggested is the strength of its organized labor movement. Since the National Labor Relations Act was passed in the 1930s establishing the modern private-sector labor relations regime, the state has never had a right-to-work law forbidding contract provisions requiring workers to pay union fees as a condition of employment. While not the first state to authorize collective bargaining for government workers, California has had government worker bargaining in some form since the 1960s, with state governments of both parties—including one led by Ronald Reagan's Republicans—periodically expanding government union powers. And the state has among the strongest laws encouraging collective bargaining in the federally unregulated



Despite electing Ronald Reagan governor in the mid-20th century, the California Republican Party always had a strong left-progressive wing (epitomized by former Gov. Earl Warren, later an arch-liberal chief justice of the U.S. Supreme Court).

agricultural sector, a testament to the power of the United Farm Workers of America in California's "purple era."

The results are easily visible today. Federal statistics show that California workers are more likely to be members of or represented by labor unions than the national average of 10.3 percent. In 2021, 15.9 percent of employed Californians were labor union members. The most powerful special interest groups in the state include the California Teachers Association, the state teachers union; the state's numerous sizable affiliates of the Service Employees International Union (SEIU); and the California Labor Federation, the state AFL-CIO affiliate. These interest groups drive campaigns at the ballot box and in state and local legislatures to raise the state's already steep tax burden and to expand the state's oppressive regulatory regime targeting businesses.

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



# There is a "great deal of ruin" in a state as large, wealthy, and powerful as California.

Union power permeates the state's government budget, with government worker pensions consuming an increasingly substantial portion of state spending. The state's education policy is essentially designed to benefit the teachers' unions. Its COVID restrictions on students were among the nation's most oppressive, and its adoption of ideologically charged "ethnic studies" elements in its curriculum align strongly with the left-wing ideologies dominating the national teachers unions. Unions also use other left-progressive provisions of California law, like its extensive California Environmental Quality Act, as government frictions to secure additional concessions and powers.

There is a "great deal of ruin" in a state as large, wealthy, and powerful as California. Many a conservative has—prematurely so far—predicted the Golden State's imminent economic or political demise, smothered by organized labor and a powerful Left. But turning California back from the precipice and minimizing the damage to the state and its people requires understanding it in full, and one cannot understand California without understanding California organized labor.

# **Early History: A Tale of Two Cities**

In the pre—New Deal era, California took a split-personality approach to labor organization epitomized by its two headline cities: San Francisco, which was and remains strongly tied to Big Labor, and Los Angeles, which was once a hotbed of enterprise freedom and the union-membership-optional (and in the era of the "yellow dog contract," sometimes union-membership-prohibited) "open shop."

When California was ceded to the United States after the Mexican-American War, it was mostly empty. By one estimate, its population consisted of 100,000 to 150,000 Native Americans and 14,000 other residents. But 1848, the year the war ended, was also the year prospectors discovered gold in the north of the newly American territory. The ensuing rush of forty-niners in the following years may have doubled the population of California. By 1850, the territory was admitted to the Union as a state. The population boom centered on San Francisco, a once-sleepy port town near the site of the gold strikes.

From its very beginning, the workforce of San Francisco engaged in union organization. Typesetters and teamsters

formed labor associations and endorsed candidates in local elections, though these associations did not last. The city's first labor council was organized in 1863 and lasted through 1866. Early labor unionism focused on limiting working hours, with a target of an eight-hour working day. These initial efforts were largely unsuccessful.

San Francisco's labor movement was sufficiently strong that some scholars have called it "the first major seaport in the world to be thoroughly organized." Strong early organization emerged from the seafarers' trades and among longshoremen. Control over a substantial portion of the city's economy allowed these organizations to wield power.

Complicating the situation in San Francisco during the late 19th century was a wave of immigration from China. California's early labor movement was deeply involved in the effort to restrict Chinese immigration, which labor organizations of the era blamed for driving down the wages of white workers. Even following the passage of the Chinese Exclusion Act, which barred immigration from China for 10 years (later extended indefinitely) starting in 1882, organized labor aggressively campaigned for consumers to prefer products produced by native-born white labor associations, many of which were known as "White Labor Leagues." These organizations aggressively promoted boycotts of goods produced by Chinese immigrant labor and promoted the first "union labels" for this racially discriminatory purpose. One history of California's labor movement called anti-Chinese agitation "certainly the force that held labor together" at this time. With rare exceptions—most prominently the cross-ethnic Japanese American and Mexican American farmworkers' association that led the Oxnard sugar beet workers' strikeorganized labor would oppose immigration from Japan after immigration from China had been closed off.

By the late 1890s, formal labor union institutions had formed at the regional and state levels. The Building Trades Council of San Francisco was among the most powerful, claiming to control the entire construction industry in the city from foundation to roof, with approximately all building trades workers being authorized to work by the union. Strikes and labor actions were often violent. In an 1896 strike by lathers, at least one non-union worker was killed by strikers.

In the early 1900s, San Francisco unionists organized a Union Labor Party with the goal of winning local offices and



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controlling the police department. In 1901, its candidate Eugene Schmitz was elected mayor. After the 1906 earthquake disaster investigations showed his administration to have been extremely corrupt, the Union Labor Party lost its organized labor support and collapsed.

While the Union Labor Party fell, the union movement in San Francisco did not. The power of labor unionism in the city, especially in its maritime industries, was demonstrated in 1934, when a longshoremen's strike escalated into a general, citywide cross-industry work stoppage.

While San Francisco grew quickly and had a strong labor unionist tradition, Los Angeles grew more slowly and was more opposed to organized labor. Backed by what was at

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the time a staunchly conservative and Republican newspaper in the *Los Angeles Times*, Los Angeles—area employers organized into a Merchants and Manufacturers Association to promote the non-union "open shop" both through public advocacy and secondary boycotts of companies that agreed to union-exclusivity contracts.

Socialist politicians in Los Angeles and labor organizing advanced with the backing of the national American Federation of Labor until 1910, when a bomb detonated at the *Times* headquarters building killing 21 people. Two union activist brothers would plead guilty to the attack, and the political fallout kept Los Angeles in the "open shop" camp until the New Deal era.

# World War II and the Rise of Industrial California

Labor relations nationwide were transformed by the New Deal, especially the passage of the National Labor Relations Act (Wagner Act) in 1935. The law abolished the strong form of the open shop, requiring union monopoly bargaining where majority status was formally recognized, and effectively authorized various forms of the "closed shop" in which a contract could mandate union membership or payment of fees.

Oil was discovered in southern California in the 1910s In the pre-Depression years the region had also developed the beginnings of an aeronautics industry. Both industries proved amenable to union organizing. Harvey Fremming, leader of the oil workers union, would become involved with John L. Lewis, head of the United Mine Workers, in the creation of the Congress of Industrial Organizations (CIO) as a more radical alternative to the AFL. Aided by the NLRA's aggressive support for union organizers, the aircraft plants in southern California buried the region's historic antipathy to organized labor.

Anti-Chinese sentiment within organized labor continued to create headaches for organizing in San Francisco, ending only after a successful strike by Chinese American workers backed by the International Ladies Garment Workers Union in the late 1930s. Segregated locals in the AFL were common, notably the Boilermakers, which had a strong position in the shipbuilding trades. In 1945, state courts ordered the Boilermakers to integrate.

World War II brought a massive expansion in the defense industries that would persist to some degree until the end of the Cold War in 1991. With wartime "labor peace" rules came expanded union membership and organizing.



Ronald Reagan's battles with the Conference of Studio Unions, a militant labor organization that Reagan believed was Communist-influenced, triggered the political awakening that moved Reagan from the New Deal mainstream Left to the conservative Right that he would lead in the 1980s.

During the 1940s, widespread Communist infiltration of the California labor movement was alleged. Even sympathetic scholars have acknowledged that at that time "the Communist Party USA (CPUSA) was the largest organization on the political left and became an influential force in a number of unions." Among the figures who rose to prominence combating that influence was Ronald Reagan, a film actor, anticommunist activist, and head of the Screen Actors Guild labor union. His battles with the Conference of Studio Unions, a militant labor organization that Reagan believed was Communist-influenced, triggered the political awakening that moved Reagan from the New Deal mainstream Left to the conservative Right that he would lead in the 1980s.

The longshoremen's union, known as the International Longshore and Warehouse Union (ILWU) after it split from the AFL-aligned International Longshoremen's Association, was probably the most successful of the radical-left labor unions. While it was expelled from the CIO for the alleged Communist sympathies of its leader Harry Bridges, the union maintained its membership and grip on the West Coast ports, which it maintains to this day.

### **Cesar Chavez and the United Farm Workers**

The National Labor Relations Act did not address farm worker organizing, in part to secure the support of Southern Democrats from segregationist states with large populations of black sharecroppers. While states have essentially no control over nonagricultural private-sector union-management

relations (right-to-work laws being the principal exception), this leaves regulation of farmworker organizing under state control. California has among the most pro-union organizing rules in its large agricultural sector, codified as the Agricultural Labor Relations Act (ALRA), state legislation modeled on the federal NLRA.

The activism that led to the passage of the ALRA culminated in the late 1960s and early 1970s, when the United Farm Workers led by Cesar Chavez and Dolores Huerta conducted organizing among the mostly migrant farmworkers throughout California. The most notable action was a boycott campaign against producers of table grapes that led to a series of UFW contract negotiations.

During the UFW organizing effort, growers aligned with the Teamsters Union, then deep in its Mob-influenced period, to secure contracts more favorable than those offered by the UFW. The growers and supporters of the Teamsters alleged the UFW was too radical. The UFW charged that the Teamsters engaged in a campaign of intimidation against UFW supporters.

In 1975, newly elected Governor Jerry Brown (D) would sign the Agricultural Labor Relations Act (ALRA), which translated much of the National Labor Relations Act framework into California state law. The law created organizing procedures, mandated bargaining and in limited cases could dictate arbitrated contracts, and established an Agricultural Labor Relations Board (ALRB) modeled on the NLRA's National Labor Relations Board to administer the law.

Only one year into the ALRA system and amid disputes in the legislature about the ALRB's funding and that led to a brief closure of the agency, Chavez and the UFW sought to enshrine the law in the state constitution through a ballot measure while also expanding UFW organizers' power to enter growers' lands. A spirited campaign against the measure from California Women for Agriculture saw the UFW's ballot measure, titled Proposition 14, fail by a margin of two-to-one.

Placing Proposition 14 on the 1976 election ballot may have marked the height of Chavez's and the UFW's power. In the ensuing decades, especially since Chavez's death in 1993, the UFW's boycott and organizing power have crumbled, with the union reporting only 5,512 members in 2021. Left-of-center commentators have charged that the decline may have related to the staunch opposition to illegal immigration espoused by the Arizona-born Chavez, and the UFW's unwillingness to organize illegal immigrant farmhands during his leadership.



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# California's Government Worker Union Labor Machine

While private-sector unions remain powerful in California, the true center of labor organizing and government growth is its government-sector unions. Surprisingly perhaps given the vast growth in their power since the 1980s, California government worker unions were not among the first to gain collective bargaining and strike powers. The state's first government worker collective bargaining laws date from the late 1960s, almost a full decade after New York City, Wisconsin, and the federal government began to authorize collective bargaining by government workers. In 1961, California enacted legislation authorizing government worker associations and unions to "meet and confer" with state and local government agency employers on behalf of only their members, but it did not obligate formal collective bargaining.

The state enacted its principal local government collective bargaining law, the Meyers-Milias-Brown Act (MMBA), in 1968. MMBA gave the unions and local governments power "to reach binding agreements on wages, hours, and working conditions."

The bill was signed by a Republican former union president serving as the state's governor, Ronald Reagan, who had defeated former Gov. Pat Brown (D) in the 1966 election. David Crane of the Hoover Institution describes the political logic of the time:

Local public safety workforces in 1968 were dominated by personnel who were overwhelmingly affiliated with the GOP. By granting them collective bargaining rights, Reagan created a piggy bank to help finance GOP legislators.

Local school employees were initially excluded from full collective bargaining powers, but that exception did not last. Pat Brown's son Jerry was elected governor of California in 1974, and he repaid the support of government worker labor organizations by signing the Rodda Act, which expanded collective bargaining to public school employees and established the state's government worker employment relations authority, known as the Public Employee Relations Board.

Brown's gambit paid off much more successfully for his party than did Reagan's, and both gambits contributed to the state's growth of government. The Manhattan Institute's Steven Malanga identified three major wings of California's government worker union machine: the California Teachers Association (CTA), the state's large and powerful teachers union; the state's correctional and police unions, which have supported more liberal and soft-on-crime candidates against candidates considered tougher on crime but weaker on union privileges; and the Service Employees International Union, which has agglomerated major state employee unions and bolstered its numbers through a "dues skim" under which independent home health workers paid through Medicaid were declared state employees subject to unionization and, until a 2014 Supreme Court decision banned them, forceddues payments.

The effects of the government worker union political machine are perhaps most visible in the administration of CalPERS, the state's pension fund for government workers who are not teachers. Malanga writes:

Six of the board's 13 members are chosen by government workers, and as union power grew in California, those six increasingly tended to be labor honchos. Two more members are statewide elected officials (California's treasurer and controller), and another two are appointed by the governor—so by 1999, when union-backed Gray Davis became governor and union-backed Phil Angelides became state treasurer, the CalPERS board was wearing a "union label," noted the *New York Times*.

This union control of the pension board led to two major threats to state finances: Ideologically motivated investments (a prototype version of the modern "ESG" movement, in which CalPERS participates) that accompanied poor



### The Service Employees International Union bolstered its numbers through a "dues skim" under which independent home health workers paid through Medicaid were declared state employees subject to unionization.

investment performance and increasingly risky investment strategies to chase increasingly generous pension promises. Taxpayers have been left on the hook for these unionaligned schemes to the tune of billions.

In addition to general collective bargaining, California government worker unions have extensive powers to strike that are often not available to similar workers in other states. The CTA struck extensively during the 1980s, and recent years have seen major strikes in Los Angeles and Sacramento.

The radicalism of California government worker unions cannot be understated, especially in the case of United Teachers Los Angeles, the public school teachers union in America's second-largest city. The union issued an extensive list of radical demands (including defunding the police) as part of its obstruction campaign against reopening schools after the COVID-19 pandemic. When questioned about the delay in reopening, UTLA head Cecily Myart-Cruz defended the union's position saying, "Are there broader issues at play? Yes, there are [...] Education is political. People don't want to say that, but it is." In the same interview, Myart-Cruz infamously dismissed evidence of student learning loss ostensibly from COVID-induced closures with a clearly political view:

> Our kids didn't lose anything. It's OK that our babies may not have learned all their times tables. They learned resilience. They learned survival. They learned critical-thinking skills. They know the difference between a riot and a protest. They know the words insurrection and coup.

### **Ballot Power**

No discussion of California politics and policy can omit its extensive use of the ballot measure, and no discussion of California labor unions can omit their positions as among the biggest spenders for and against the state's extensive lists of "propositions." According to OpenSecrets, the largest organizational contributor to ballot measure committees in California over the past two decades is the California Teachers Association. The SEIU California State Council is fifth largest. As an industry class, public-sector unions are the largest contributors. The union activism has obstructed needful reform to California politics and government, hiked taxes to feed the state's bloated budgets, sought to further enshrine radical social liberalism, protected union privileges and powers, and provided a forum for organized labor to retaliate against businesses for organizing grievances.

The clearest demonstration of California organized labor's power in the initiative process, and perhaps its power in the state in general, is the defeat Big Labor handed to Governor Arnold Schwarzenegger (R) in 2005. In 2003, the ex-actor had ascended to the governorship when voters recalled second-term Gov. Gray Davis (D) by 11 points and handed Schwarzenegger a comprehensive victory over then-Lieutenant Governor Cruz Bustamante (D) in the replacement vote. In 2005, which "the Governator" deemed his "year of reform," he presented four initiatives to the ballot. Steven F. Hayward describes them:

> Arnold decided to roll the dice by calling for a special election in 2005, which he called the Year of Reform, on an ambitious suite of ballot initiatives that included a spending limit, redistricting reform to eliminate partisan gerrymandering, tightening the tenure process for public-school teachers, and a "paycheck protection" measure to clip the political activity of labor unions.



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The unions, especially government worker unions like CTA and SEIU, marshaled their forces to defeat Schwarzenegger's reform agenda. All told, unions spent roughly \$100 million on the campaign. To raise extra funds, government-sector unions like SEIU Local 1000 charged members and forced-fee payers "special assessments." Those assessments were challenged all the way to the Supreme Court, which ruled their manner of administration improper in *Knox v. SEIU*, a predecessor to the *Janus v. AFSCME*, which struck down all government-sector forced-dues arrangements.

Since the passage of Proposition 13 in 1978 limited the ability of simple majorities in state and local legislatures to raise taxes, the proposition ballot has been a key site for tax increases since it requires only a majority vote. As a result, organized labor has put tens of millions of dollars behind campaigns to raise California's high income tax rates and keep them high, contributed millions more to hike tobacco taxes, and pressed to repeal the portion of Proposition 13 limiting property taxes on certain commercial properties.

As we noted in *Capital Research* magazine on social justice unionism, California's labor unions have been key funders of efforts to codify the state's social liberal/radical progressive mentality at the ballot box. In 2008, the California Teachers Association's political action committee on the ballot measure was the second-largest contributor to defending samesex marriage against a referendum challenge. In 2016, the teachers union and SEIU units backed a measure allowing languages other than English to be used in public instruction, repealing an immersion requirement voters had passed in the 1990s. In 2020, a number of government-worker unions and private-sector unions supported unsuccessful campaigns to repeal the state's ban on race-based affirmative action and to sustain a "bail reform" that replaced cash bail with "risk assessments."

While tax hikes and general liberalism rally Big Labor to fund California ballot campaigns, few issues drive union cash into the fray to a greater degree than preserving union privileges. In 2005, one of Schwarzenegger's failed reforms was a "paycheck protection" measure requiring affirmative written consent to use union dues for political purposes. In 2012, unions spent tens of millions successfully defending their powers to use payroll-deducted funds for political purposes, with the California Teachers Association contributing more than \$20 million and the SEIU more than \$11.5 million. More recently, in 2020 government-worker unions

like SEIU and private-sector unions like the Teamsters spent millions unsuccessfully defending against a partial override of California's onerous AB5 contracting law, which is the model for congressional Democrats' PRO Act.

SEIU-United Healthcare Workers West has used the California statewide ballot to repeatedly wage battle with dialysis clinics the union hopes to organize. The *Santa Rosa Press-Democrat* editorial board called the 2018 version of the ballot battle "an abuse of the initiative system" in its editorial calling on voters to reject the SEIU's measure. Between spending on the 2018 measure and a 2020 successor measure, both of which failed by wide margins, the SEIU has staked \$25 million against the clinics' over \$200 million in the battle of attrition. While SEIU-UHW leader Dave Regan has denied that the series of initiatives is a unionization tactic, a representative of the left-leaning organization Consumer Watchdog told *Politico*, "He [Regan] doesn't need to win to win ... and that's the abuse of the initiative process."

To the extent it uses the initiative process as a pain point to support its organizing, SEIU-UHW is merely operating in standard procedure for unions exploiting California legislation and constitutional structure. Perhaps the most notable example of this is the so-called "greenmailing" engaged in by building trades unions, which file complaints against project developers under the expansive California Environmental Quality Act to pressure builders into unionization by project labor agreements.

### **Conclusion**

California's present political and policy state is largely driven by its organized labor movement, which has been stronger than the national average even during the state's more politically competitive history. Concerningly for those beyond the reach of Sacramento, the state and its localities are a proving ground for national-level organized labor. It is not a coincidence that the Biden administration's Deputy Secretary of Labor, the number-two person in the department, is the former California Secretary of Labor. Those who do not wish to see the Golden State's political economy adopted nationwide must take note of its history and the power of its labor movement as a warning not to echo.

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

# THE STATE OF NON-PARTISAN DISTRICTS:

AN EXPERIMENT IN REDISTRICTING REFORM



# FOUNDATION WATCH



# PIERRE OMIDYAR'S POLITICAL MACHINE EXPOSED

By Hayden Ludwig

Summary: Pierre Omidyar is hardly a household name, but he fits the typical mold of left-wing billionaire. He's a tech mogul turned philanthropist, whose "charity" flows to hundreds of groups involved in reshaping America's elections, tilting the 2020 Census, and corrupting the capitalist system that generated his enormous wealth. Yet Omidyar has largely escaped conservative scrutiny, flying under the radar for decades—until now.

# From Tech Billionaire to Mega-Donor

History might remember the past decade as the age of the Big Tech plutocrats. Like the so-called robber barons of the late 19th century, they command vast fortunes and influence matched only by their egos, carrying themselves like gods among men. For the most part, Americans have responded accordingly. Practically everyone uses Netflix, LinkedIn, Twitter, or Facebook, but how many people would hold up Mark Zuckerberg or Jack Dorsey as role models for their kids?

Enter Pierre Omidyar. Most people have probably never heard of this Bay Area billionaire, but they certainly know his masterwork: eBay, one of the greatest success stories of the dot-com era and a multinational titan that helped create e-commerce, today an industry worth over \$9 trillion.

He isn't known as a major donor to the Democratic Party, giving just \$241,000 to various committees between 1999 and 2010, even as his net worth rose from nil to \$5.5 billion over that period (today it's \$21 billion). Omidyar's true political is his massive support for the professional Left, which he disguises as "charity."

Between 2004 and 2020, Omidyar's grantmaking groups paid out a whopping \$1.2 billion, most of it to other leftwing groups since 2014. And those are just the nonprofits. The Omidyar Group is an umbrella LLC controlling multiple other investment and holding companies whose exact size is unknown. We call this collection of nonprofits and



Most people have probably never heard of Pierre Omidyar, but they certainly know his masterwork: eBay, one of the greatest success stories of the dot-com era.

for-profits the Omidyar Nexus, a quiet but potent player on the nation's political battlefield.

At the heart of this nexus, of course, is Omidyar himself. Born in 1967 as Parviz Morad Omidyar to Iranian immigrants living in Paris, his family immigrated to Maryland in 1973 for his father's residency at Johns Hopkins Hospital in Baltimore. After graduating from the University of California, Berkeley, in 1988 with a degree in computer science—the department was only established at Cal in 1968—Omidyar entered a Silicon Valley then in full swing. He initially went to work for Claris (for a time called FileMaker), a software developer formed the year before as a subsidiary of Apple, developing the MacDraw II vector graphic drawing program mostly used for creating technical diagrams.

Hayden Ludwig is a senior research analyst at CRC.



# "[E]ndorsing Donald Trump immediately disqualifies you from any position of public trust."—Pierrre Omidyar

In 1991, Omidyar co-founded Ink Development Corporation (later eShop) in San Mateo, which developed products for the early graphical tablet and PDA operating system PenPoint. Although the operating system was short-lived, the company flourished and was eventually sold in 1996 to Microsoft for nearly \$50 million, netting Omidyar \$1 million from the sale.

But his most lasting achievement, eBay, was already in the works. The project actually started as Omidyar's personal website, but in September 1995 it launched "Auction Web," offering users the internet's first person-to-person trading service. Famously, among the first items traded was a broken laser pointer sold for \$14.83 to a self-proclaimed "collector of broken laser pointers."

By 1997, the website had hosted 2 million auctions and brought in close to \$7 million from a venture capital firm. Auction Web soon became eBay, a reference to Echo Bay in Lake Mead, Nevada, near Las Vegas. A year later the company launched its initial public offering at \$18 per share, closing 163 percent up and garnering \$63 million in investment capital, one of the rare bright spots amid the market turmoil of the late 1990s. Omidyar became a billionaire overnight.

Interestingly, the company's first president was Jeffrey Skoll, who cashed out his eBay shares worth \$2 billion shortly after it went public. Skoll has since become one of the Left's quiet mega-donors (estimated net worth: \$5.5 billion), using the fruits of free enterprise to sell an anti-capitalist environmental agenda via his film production studio, Participant, which has produced such documentaries as Al Gore's *An Inconvenient Truth*.

Skoll was succeeded by celebrated business executive Meg Whitman, who in 2010 blew a record-breaking \$140 million of her own money in a failed bid for California governor. She served as eBay's CEO from March 1998, six months before the company went public, through 2008. During her tenure the company grew from 30 employees and \$4 million in annual revenues to 15,000 employees and \$8 billion in annual revenues.

# The Quiet Partisan Emerges

Omidyar isn't known as an outspoken leftist akin to Tom Steyer, Mark Zuckerberg, or George Soros. However, the Trump years certainly brought out his political views, with Omidyar furiously tweeting and telling reporters variously: "I think Trumpism is dangerous," "endorsing Donald Trump immediately disqualifies you from any position of public trust," and the President Donald Trump "is trying to destroy our democracy! Trump wouldn't be in [the White House] without social media!" Not surprisingly, in the 2016 election Omidyar donated \$450,000—the biggest sum he's contributed to any federal race—to two anti-Trump PACs.

In July 2016 he signed an open letter from technologysector entrepreneurs accusing then-presidential candidate Trump of campaigning "on anger, bigotry, fear of new ideas and new people, and a fundamental belief that America is weak and in decline. ... Trump would be a disaster for innovation. ... Diversity is our strength."

# The Omidyar Nexus

The Pierre M. Omidyar Family Foundation was born in 1998 in Redwood City, California, using funds generated from the eBay IPO. While little is known about the now-defunct foundation, it was led by Iqbal Paroo, a health care executive, from 2002 to 2007. Filings from this period also list chief financial officer Ellyn Peabody, now a senior officer for ex-Google CEO Eric Schmidt's Schmidt Family Foundation, a noted funder of environmental and climate causes.

For whatever reason (the details are unclear), the Omidyar Family Foundation proved insufficient and was replaced in 2004 by the Omidyar Network, a philanthropic investment firm, and Omidyar Network Fund, a foundation. These were the first two members of what would become the Omidyar Nexus, our term for the collection of nonprofits and forprofit companies directing his wealth to liberal political causes. And Omidyar added two more nonprofits to the nexus in 2014: Democracy Fund, another foundation, and the 501(c)(4) Democracy Fund Voice.

Why the plethora of groups? The answer probably has to do with their various tax structures. With some exceptions, both 501(c)(3) private foundations and 501(c)(4) groups are exempt from income taxes, but only donations to (c) (3) groups are tax-*deductible* for donors. However, 501(c)(4)s may use their funds for significantly more lobbying and advocacy than their (c)(3) counterparts, which are also barred from engaging in electioneering.

Similarly, foundations must publicly disclose their donors on all IRS Form 990 reports; (c)(4) groups don't. Nor do private companies like Omidyar Network, which are not required to publicly disclose any financial information and are allowed to spend as much money on politicking as they want. Channeling political funds via a private company is steadily becoming more common among Bay Area donors, with hedge fund billionaire John Arnold and Facebook founder Mark Zuckerberg both using LLCs alongside non-profits to direct their wealth to political ends.

Broadly speaking, the Omidyar Network and Omidyar Network Fund bankroll less politically charged causes than do Democracy Fund and Democracy Fund Voice. Yet even their grants have an anti-capitalist bent, such as the \$100 million fund Omidyar allocated for microloans to encourage entrepreneurialism in developing countries, since rolled into the groups' larger project of "reimagining capitalism" and "rebalancing structural power" between workers and the owners of capital.

The Omidyar Network's "Call to Reimagine Capitalism" calls for building an "explicitly anti-racist and inclusive economy," introducing more regulations to prohibit corporate consolidation, strengthening labor unions, and to enhance the power of governments to regulate markets since "markets do not self-regulate" and "we cannot leave markets to do government's work." Naturally, it also supports implementing broad diversity, equity, and inclusion (DEI) schemes in order to embed "anti-racist" measures in companies across America.

Mike Kubazansky, who leads Omidyar Network, explained the project to one Silicon Valley outlet:

We would argue that neoliberalism is a version of capitalism, it is not capitalism itself, and that we can get to a better version of capitalism if we change some of these underlying beliefs and mindsets about the economy.

# **News and "Transparency"**

Omidyar himself has also directed hundreds of millions of dollars to creating new media outlets, with mixed results. In 2013, Omidyar and famed activist-journalist Glenn Greenwald established First Look Media, a nonprofit umbrella organization for a number of left-leaning news and media websites.

First Look launched *The Intercept* in 2014, a left-leaning investigative journalism site that quickly published material leaked by former U.S. government contractor Edward Snowden. While much of the group's reporting tilts leftward, it historically criticized both the professional Left and the Democratic Party—until 2020, that is, when Greenwald himself resigned from First Look after *The Intercept* refused to publish an article critical of then-presidential candidate Joe Biden. Greenwald later wrote that Biden was "the candidate vehemently supported by all New York—based *Intercept* editors involved in this effort at suppression," while the "current iteration of *The Intercept* is completely unrecognizable when compared to [his] original vision." It's unclear whether Omidyar was involved in the decision to scrub the article.

The Omidyar Network has also directed millions of dollars to groups ostensibly pushing for "transparency" in politics. But as with its Reimagining Capitalism project, the reality is quite different from the pitch.

The Poynter Institute, which has reaped \$1.4 from the Omidyar Network Fund since 2013, runs PolitiFact, the fact-checking website whose "facts" invariably seem to favor Democrats. A 2013 analysis by George Mason University concluded that PolitiFact was *three times* as likely to rank statements by Republicans as "Pants on Fire"—in other words, an outright lie—as Democrats, who were *twice* as

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An analysis by George Mason University concluded that PolitiFact was three times as likely to rank statements by Republicans as "Pants on Fire"—in other words, an outright lie—as Democrats.

likely to have their statements ranked as "Entirely True." Multiple six-figure grants from Omidyar Network Fund indicate they bankrolled Poynter's "fact-checking project."

Then there's the Sunlight Foundation, which pulled in over \$19 million from Omidyar Network Fund between 2007 and 2014 (it appears to have stopped funding the group after that). Sunlight coined the term "dark money" in 2010 to attack anonymous funding of conservative political groups active in the midterm elections. It's also partnered with the far-left Center for Media and Democracy (CMD), publisher of the anti-conservative attack website SourceWatch, which ought to cost the group any credibility as an "accountability" and "transparency" advocate.

# Funders Committee for Civic Participation

But Omidyar's most political spending is channeled through the Democracy Fund and its "sister," Democracy Fund Voice. The former is a member of the Funders Committee for Civic Participation, which convenes over 100 ostensibly nonpartisan funders with a shared partisan goal: Deliver a census and register voters favorable to the Democratic Party.

To give a sense of its resources, Funders Committee members altogether spent roughly \$11.5 billion in 2020 *alone*, much of which was paid out as grants to politically active nonprofits. Representatives from the Democracy Fund, George Soros's Open Society Foundations, the Ford Foundation, Rockefeller Brothers Fund, and union-aligned Amalgamated Foundation have sat on its advisory board.

The Funders Committee isn't a true organization, but rather a front for NEO Philanthropy, one of the Left's largest and oldest pass-through nonprofits founded by Donald Ross, a close associate of arch-organizer Ralph Nader and the Public Interest Research Groups (PIRGs) of the late 1970s.

The Funders Committee isn't shy about its goal of effecting "democratic change" by funding groups focused on potent "civic engagement strategies." That strategy is based on an evolving "theory of impact" based on shuffling money to "democracy groups" advancing "structural reforms," resulting in "power."

An older rendition of the theory was even more stark—a flowchart for registering voters and getting them to the polls in order to "hold elected officials accountable" and "achieve policy impact." The Funders Committee expanded the theory in 2017 to include "defend + expand voting rights."

The Funders Committee has called its model one of "the most effective ways to increase voter turnout," claiming multiple victories in the 2000s that helped turn Colorado from a red to purple state. This is all the more striking when one recalls that the bulk of the committee's members are foundations barred from intervening in elections.

Much of the Funders Committee's activities is hidden from the public eye, so little is known about how Omidyar's Democracy Fund helped shape these activities. But we have some idea of his involvement.

In October 2020, the Democracy Fund and "dark money" funder Wellspring Philanthropic Fund co-hosted a Funders Committee panel entitled "White Nationalism + Voter Suppression: How Online Platforms Disenfranchise Communities of Color."

### Integrated Voter Engagement

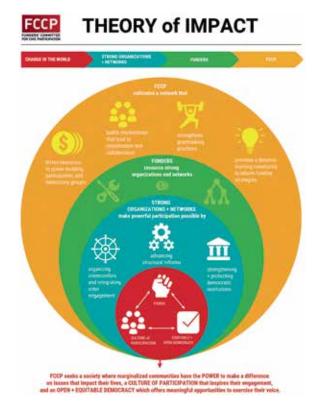
strengthens organizational infrastructure and builds resources – in and out of election cycles – that can be mobilized to win effective public policies, making voter participation relevant and meaningful.



Original Theory of Impact.



Theory of Impact, 2017.



Theory of Impact, 2022.

The Democracy Fund was present in another 2021 panel on the "critical roles of organizing ... in combating mis/disinformation" as well as the committee's 2020 convening, where a Democracy Fund representative spoke at length on "voter engagement, voter registration, election protection, and election administration."

Perhaps the committee's most far-reaching work was in the 2020 Census project, which began in 2013. The resulting "Funders Census Initiative 2020" laid out three goals: improving census response rates, establishing state-based projects to "mobilize constituencies," and expanding the committee's "universe of [census] funders." It even helped devise targeted, partisan messaging for ethnic minorities using allied activist groups such as the National Congress of American Indians and Color of Change. The latter ran messages claiming:

President Trump has actively worked to put down the Black vote and reduce outreach to Black communities for healthcare enrollment, and he will do the same when it comes to Black people taking part in the Census.

Why spend millions boosting turnout for the 2020 Census? The redistricting process *follows* each census, in which states redraw their congressional and legislative districts. The census determines how many congressional seats each state receives, which also determines how many votes it receives in the Electoral College. By boosting turnout in places like California and New York the Funders Committee helped offset the number of Democratic seats lost to more conservative states like Texas and Florida.

And apparently the strategy worked. Although many blue states lost congressional seats in 2022, the Census Bureau admitted in June—after the states had finalized their new maps—that is miscounted 14 states: *Overcounting* the Democratic strongholds of Minnesota, New York, Hawaii, and Massachusetts while *undercounting* the Republicanrun states of Mississippi, Texas, Florida, Arkansas, and Tennessee. Illinois was the sole exception. Whoops.

# **Democracy Alliance**

Representatives from the Democracy Fund and its 501(c)(4) sibling, Democracy Fund Voice, have also attended meetings of the Democracy Alliance, the Left's most potent strategy gathering. The particulars of their involvement remain unclear, but the Democracy Alliance's secretive work is anything but.

Since 2004, major liberal donors, foundations, and special interest groups have met regularly at Democracy Alliance conferences to develop and coordinate the "activities of a permanent 'left[-wing] infrastructure,'" to quote the *New York Times*. The alliance doesn't dole out cash itself. Instead, its members agree to dispense high-dollar "investments" in activist groups that the alliance certifies as essential to Democratic Party victories in upcoming elections. In practice, this usually means voter registration and get-out-the-vote groups targeting the "New American Majority," a phrase the alliance helpfully defines as "people of color, LGBTQ individuals, women, and millennials who are driving progressive social change."

Keep in mind that tax-exempt nonprofits and foundations are barred from engaging in partisan voter registration drives—that includes having "the *effect* of favoring a candidate or group of candidates" (emphasis added). Yet it's no secret that "New American Majority" is synonymous with "likely Democratic voters," flagrantly violating IRS prohibitions on tax-exempt electioneering.

For example, Harvard University published a report in 2019 celebrating the "voters of color" who "flipped Congress" in the 2018 midterm elections and are "transforming the political landscape across America," labeling these voters key to "Democrats' winning strategy." It's reports like those that inform the Democracy Alliance's grantmaking strategy.

So it's no surprise that shortly after the "shocking and disturbing" outcome of the 2016 presidential election, the alliance set about creating a 2020 Vision Investment Portfolio to "outpace the Right" with "sustained investment in progressive infrastructure at the national and state levels." The alliance formed 15 pooled funds with names like "New American Majority Fund" and "Latino Engagement Action Fund" to boost Democratic turnout in the 2018 and 2020 elections, particularly in battleground states such as North Carolina and Pennsylvania.

These 15 funds were (and likely remain) actually housed within two nonprofits: The New Venture Fund and Sixteen Thirty Fund, the biggest 501(c)(3) and 501(c)(4), respectively, in Arabella Advisors' \$1.7 billion "dark money" empire. Alliance members were carefully instructed to make their checks payable to the New Venture or Sixteen Thirty Funds, "c/o Democracy Alliance."

### **Arabella Advisors**

The details of Omidyar's involvement in the Democracy Alliance are scarce, but multiple threads tie his nonprofits to this shadowy network.

The Democracy Fund's current senior director of partner-ships, Lauren Hill, held the same job for the Democracy Alliance, "marshaling resources to investment recommendations." Isaiah Castilla, ex-general counsel for Omidyar's Democracy Fund and Democracy Fund Voice, is now an Arabella Advisors' managing director. He specializes in advising nonprofits and foundations "on strategies to maximize their advocacy capacity."

We've traced over \$26 million from the Omidyar Nexus to Arabella's nonprofits between 2015 and 2020 (most of it since 2018): \$10.3 million from the Democracy Fund, \$7.6 million from the Omidyar Network Fund, and \$8.4 million from (c)(4) Democracy Fund Voice. Many of these grants were tagged for specific Arabella projects—all of them political.

For instance, in 2017 the Democracy Fund granted \$280,000 to the Arabella-run Hopewell Fund as "program support" for the Center for Election Innovation and Research (CEIR). In its own disclosure for that year, Hopewell shuffled \$281,952 to CEIR—a clear example of a foundation using a pass-through to fund political work. In fact, CEIR gained notoriety only after Mark Zuckerberg gave it \$70 million to fund COVID-19 "relief" grants to various secretaries of state in the 2020 election, funds that—in Maryland's case—helped turn out likely Democratic voters in Baltimore and the counties neighboring Washington, DC.

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By boosting turnout in places like California and New York the Funders Committee helped offset the number of Democratic seats lost to more conservative states like Texas and Florida.

Other grants are just as striking. Democracy Fund Voice gave Sixteen Thirty Fund in 2020:

- \$500,000 for the Center for Secure and Modern Elections Action Fund, which worked with the Zuckerberg-funded Center for Tech and Civic Life (CTCL) to distribute partisan grants in the 2020 election;
- \$1,680,000 for the Trusted Elections Action Fund, set up to stop "viral misinformation" and "post— Election Day violence" by angry Trump supporters (a Democracy Fund representative also sits on the group's steering committee); and
- \$132,000 for Co-Equal, an Arabella-run campaign to privately fund lawyers to help Democratic climate litigation campaigns, breaking congressional ethics rules.

It's the same story with grants from the Omidyar Network Fund and Democracy Fund to Arabella-run nonprofits in recent years:

- \$3,000,000 to the Tipping Point Fund, which repackages grants and funnels them to public policy advocacy groups focused on "social justice";
- \$1,500,000 for Democracy Docket Legal Fund, founded by partisan super-lawyer Marc Elias to track challenges to Republican-drawn redistricting maps and lock in Democrats' own favorable congressional maps;
- \$700,000 for the Trusted Elections Fund, the (c)(3) arm of Trusted Elections Action Fund; and
- \$1,250,000 for the 2020 Census Project, a mysterious pooled fund to influence Census turnout in Democratic-controlled states

# **Funding the Left**

That's just the tip of the iceberg. We've traced millions of dollars in grants flowing to other pass-through funders, including NEO Philanthropy, the Proteus Fund, and the Tides Foundation (including their (c)(4) arms). As with Arabella, these grants are effectively "laundered" through a pass-through and onto the final recipient—washing away the connection between the Omidyar group and the activists that ultimately receive the cash.

Since its inception, the Omidyar Nexus has funneled over \$4 million to Bill Kristol's increasingly liberal Defending Democracy Together, which runs the antiTrump outlet The Bulwark, and \$850,000 to the Niskanen Center, a top libertarian-turned-leftist environmental advocacy group.

Other notable grantees are:

- Common Cause, which litigates for Democraticfriendly congressional maps and anti-free speech campaign finance restrictions;
- Millennial Action Project, an ostensibly bipartisan group funded by the Left to sway young conservatives into backing liberal policies on the environment, immigration, and other topics;
- Issue One, one of the top groups researching the threat
  of (largely conservative) "dark money" with the backing
  of the Democracy Alliance;
- Faith in Public Life, incubated by the Center for American Progress to fool Evangelical and Catholic voters into supporting a "social justice" agenda;
- Demos, the advocacy group of the far Left currently engaged in lobbying President Biden to allocate billions of dollars to turn the U.S. Postal Service into the Democratic Party's biggest vote-by-mail machine;
- Color of Change, Van Jones' extremist advocacy group for promoting socialized health care, gun control, and environmentalism;
- Sojourners, a leftist wolf in Christian clothing infamous for promoting Soros-funded "rented" Evangelical pastors to spread the false gospel of "social justice" and global warming; and
- National Vote at Home Coalition, the Left's premier group for all-mail elections nationwide in the troubled image of the 2020 election

# **Vote by Mail**

Today, Omidyar's nonprofits bankroll numerous groups promoting permanent vote-by-mail schemes in all future elections after the Left adopted the measure whole hog in 2020. I've documented multiple coalitions trying to "reform" America's elections by cementing vote by mail, enacting automatic voter registration, and rolling back state control of elections with funding from Omidyar and others. CTCL, the group responsible for doling out \$350 million in "Zuck bucks" to county election offices in 2020, now leads that project, titled the U.S. Alliance for Election Excellence, an \$80 million campaign to centralize control over elections.

That alliance includes the Election Validation Project, a front for Omidyar's Democracy Fund created to advise public officials on conducting election audits. The project is headed by Jennifer Morrell, an ex-Colorado elections official who now runs the Elections Group, a consultancy and CTCL ally that provides "guidance" to officials on implementing mail-in ballots. It also counts among its advisors Amber McReynolds, the former head of National Vote at Home Coalition who was appointed by President Biden to the U.S. Postal Service Board of Governors early last year. On the Postal Service Board, she aims to transform the country's mail-delivery service into a massive get-out-the-vote operation for the Left.

Omidyar himself sits on the board of Nonprofit VOTE, which registers voters to advance "racial equity." Speaking of Hawaii specifically, Omidyar and others tellingly argued, "If we want to get out the vote, we've got to mail it in."

How things change. Not long ago, the Omidyar Network Fund supported research that became the famous Baker-Carter Commission report, a 2005 document authored by former President Jimmy Carter and James Baker III, former treasury secretary in the George H.W. Bush administration that still stands as a monument for how to run free, fair, transparent elections.

The Baker-Carter report warned about mail-in ballots, flatly contradicting the views held by today's leftists that vote by mail is key to increasing voter participation. Baker-Carter said otherwise: "While vote-by-mail appears to increase turnout for local elections, there is no evidence that it significantly expands participation in federal elections." (Recent studies concur.)

Those activists also claim that vote by mail and private collection bins helped make 2020 the "most secure election in U.S. history." Baker-Carter: "Vote-by-mail is ... likely to increase the risks of fraud and of contested elections" in the states, especially where the "safeguards for ballot integrity are weaker."

In short, mail-in ballots can work in some spots, but not everywhere—particularly areas with a high risk of ballot trafficking.

Instead, Baker-Carter proposed five pillars as the foundation of a "modern electoral system":

- 1. "A universal and up-to-date [voter] registration list";
- 2. "A uniform voter identification system that ... increases, not impedes, participation";
- 3. "Measures to enhance ballot integrity and voter access";
- 4. "A voter-verifiable paper trail and improved security of voting systems"; and
- 5. "Electoral institutions that are impartial, professional, and independent."

Yet the "pro-democracy" groups now funded by the Omidyar Nexus bitterly oppose everything on this list, labeling them tools of "voter suppression" and "white supremacy." Bizarrely, the Omidyar Network has even claimed that "runoff elections are a relic of Jim Crow in which the additional hurdle was instituted with the express intent of suppressing Black voters."

# All the Money in the World

Yet for all this lucre, it's hard to say how much policy change or electoral success the Omidyar Nexus has achieved. The various schemes Omidyar's bankrolled to transform America's elections, warp redistricting, and flip Congress to the Democrats have been multi-million-dollar failures by their own standards. Is Progressivism closer to the total victory it craves in 2022 than it was in 2002? I doubt even the most hardened leftists would claim such.

But all this cash has drawn unprecedented scrutiny of the foundations abusing America's generous charitable sector for political gain. If the nation cracked down on them and restore philanthropy to its original purpose—loving our neighbors—the philanthropoid Left would be utterly doomed.

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

# DECEPTION & MISDIRECTION



# THE POLITICAL ACTIVITIES OF TAX-EXEMPT ENTITIES

Scott Walter

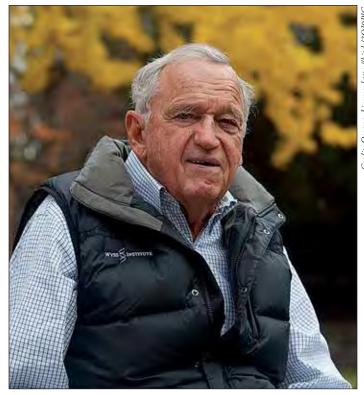
Summary: On May 4, 2022, Scott Walter, president of Capital Research Center, testified before a subcommittee of the U.S. Senate Committee on Finance. He testified on problems connected to the intersection of politics and tax-exempt entities, ranging from "Zuck bucks" to a foreign billionaire's "dark money" contributions to liberal political causes to a partisan left-wing network of websites masquerading as local news sites, among other abuses. Yet while other witnesses advocated "donor disclosure" as a solution, Walter argued—in agreement with the NAACP, ACLU, and Human Rights Campaign—that such compelled disclosure would likely lead to private citizens being harassed by mobs and worse.

Chairman Whitehouse, Ranking Member Thune, and distinguished members of the Subcommittee, thank you for the honor of testifying, especially on problems connected to the intersection of politics and tax-exempt entities—something we at Capital Research Center have studied for decades. When I first heard the hearing's title, I assumed it referred to current scandals raging in both the tax-exempt sector—such as so-called "Zuck bucks"—and also in the IRS itself—such as the illegal leaking of confidential tax returns to ProPublica.

Just in the last few months, many more scandals have erupted. For instance, the political activities of billionaire Hansjörg Wyss, a non-U.S. citizen, has caused a watchdog group to launch an FEC lawsuit. As *The Hill* summarizes the suit, Wyss allegedly

used two nonprofit organizations, the Wyss Foundation [a 501(c)(3) private foundation] and the Berger Action Fund [a 501(c)(4) group], to contribute millions of dollars to the Sixteen Thirty Fund and the New Venture Fund, two so-called dark money groups that fund liberal causes through operations like The Hub Project and Demand Justice.

The Hub Project funded by this foreign billionaire was started, the *New York Times* reports, "in 2015 by one of Mr. Wyss's charitable organizations, the Wyss Foundation, partly



Just in the last few months, many more scandals have erupted. For instance, the political activities of billionaire Hansjörg Wyss, a non-U.S. citizen, has caused a watchdog group to launch an FEC lawsuit.

to shape media coverage to help Democratic causes." The *New York Times* report adds that

The Hub Project is part of an opaque network managed by a Washington consulting firm, Arabella Advisors, that has funneled hundreds of millions of dollars through a daisy chain of groups supporting Democrats and progressive causes. The system of political financing, which often obscures

Scott Walter is president of Capital Research Center.

the identities of donors, is known as dark money, and Arabella's network is a leading vehicle for it on the left.

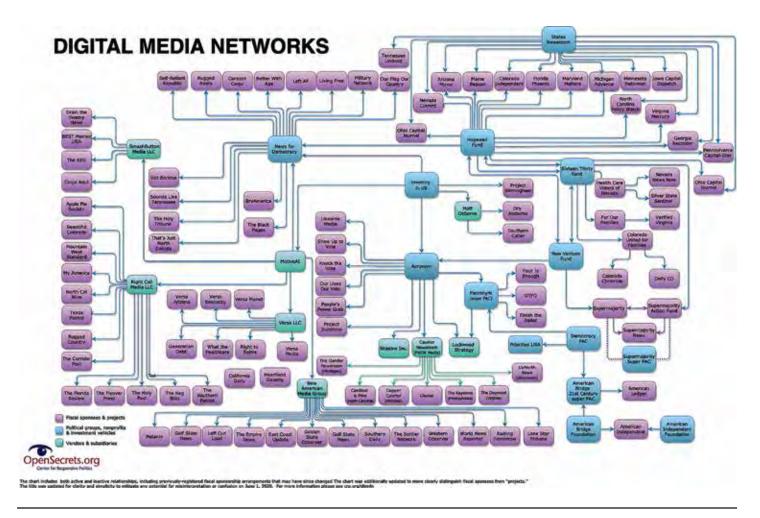
Another recent controversy, exposed by Capital Research Center, involves the Arabella network's support for two secretive groups, Governing for Impact and Governing for Impact Action Fund, which are fiscally sponsored projects under, respectively, a 501(c)(3) and a 501(c)(4) nonprofit managed by Arabella. The groups have surreptitiously worked with Biden Administration officials to re-shape dozens of controversial regulations, with \$13 million of funding from one of billionaire George Soros's foundations.

Other recent exempt-organization scandals include the exposure of ostensible news networks designed to appear as local news outlets but actually are efforts supported by mega-donors like Kathryn Murdoch and Reid Hoffman that are designed to influence the public's political views. As the left-leaning website OpenSecrets reports, "'Dark money' networks hide political agendas behind fake news sites." OpenSecrets reports that "ACRONYM, a liberal [501(c)(4)] dark money group with an affiliated super PAC called PACRONYM," is "behind Courier Newsroom, a network

of websites emulating progressive local news outlets. Courier has faced scrutiny for exploiting the collapse of local journalism to spread 'hyperlocal partisan propaganda.'" I note that an accompanying OpenSecrets chart describing this political influence operation lists three of Arabella Advisors' umbrella nonprofits, the 501(c)(3) New Venture Fund and Hopewell Fund, and the 501(c)(4) Sixteen Thirty Fund:

These kinds of political operations by exempt organizations disturb many Americans.

Across the political spectrum, people see exempt organizations enjoying elite power and wealth, and employing it in anti-democratic ways. This concern has even led a Democrat-invited witness today, professor Philip Hackney, to call for abolishing private foundations entirely, an admittedly extreme reaction, but perhaps one that will grow if Congress continues to dig into the true history of the sector—something that could happen whichever party has control of Senate and House next year. I can document, mostly from left-leaning sources, that both the problems with the sector, and also the IRS's dangerous tendency to selectively enforce its rules, go back decades.



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# If someone still insists (c)(4)s are a major plague, I can only reply that the problem comes mostly from the blue side of the spectrum.

I especially want to show how (c)(3) private foundations and (c)(3) public charities violate limits on their political activities. Let me begin with the Ford Foundation, because soon after I criticized it before Chairman Whitehouse at a Judiciary subcommittee hearing he held last year, he told a legal podcast that the Ford Foundation is "an amazingly well-established public interest foundation that doesn't seem to have much in the way of a political motive or purpose."

Those words are jarring in this room, where many recognize that the Ford Foundation's half-century of left-wing activism has significantly shaped the laws governing political activities of tax-exempt entities. Ford's grants for partisan voter registration in 1967 so outraged Congress, both of whose houses were under Democratic control, that it passed the landmark Tax Reform Act of 1969, whose restrictions still largely shape what's legally permissible for private foundations and public charities.

As professor Karen Ferguson explains in a book-length history of Ford, the so-called "McGeorge Bundy amendments"—named for the antagonism the foundation's president directed toward the House Ways and Means Committee—"put strict new controls on philanthropies' political involvement." Another legal scholar adds, "The concerns of Congress at which the law struck had roots reaching back for more than two decades...." The Democratic staff of the Joint Committee on Internal Revenue Taxation, in their "General Explanation of the Tax Reform Act of 1969," stated at the time: "In several instances called to Congress's attention, funds were spent in a way clearly designed to favor certain candidates. In some cases, this was done by financing registration campaigns in certain areas...." As we shall see, these abuses, especially involving voter registration with partisan results, continue through our day.

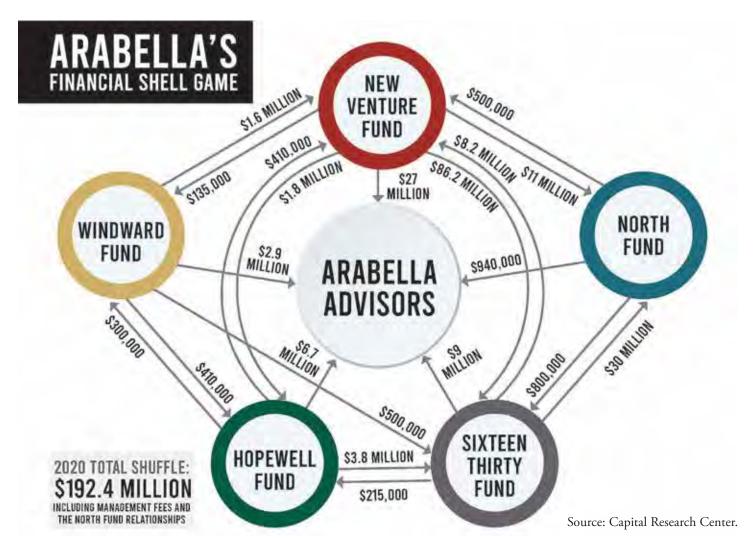
# **Several Wrong Roads**

How to respond to these serious problems? First, of course, Congress and the relevant Executive Branch authorities should investigate the details much more thoroughly, so that Members and Americans at large have a richer understanding of the facts. Beyond that, I urge you, first, not to go down several wrong roads.

**Don't Focus on 501(c)(4)s.** Actual law-breaking by (c)(4) s should, of course, be punished appropriately, but (c)(4) s are not very significant in American politics, especially in terms of money. In the 2018 election cycle, contributions to political parties, candidates, and other FEC-reporting groups that OpenSecrets did not classify as "dark money" amounted to around \$5 billion, whereas OpenSecrets-classified "dark money" spending was only \$123 million—a rounding error. And more importantly both those rivers of cash combined are dwarfed by money flowing to 501(c)(3) "charities" that are active in public policy (think tanks, media watchdogs, advocacy groups). We at Capital Research Center calculated that river of money at approximately \$20 billion for the 2018 cycle, with a left-wing dominance of almost four to one.

If someone still insists (c)(4)s are a major plague, I can only reply that the problem comes mostly from the blue side of the spectrum, since in the 2018 cycle, OpenSecrets calculated blue "dark money" was \$81 million vs. \$42 million for red money (around two to one), while in the 2020 cycle, blue dominance grew to \$85 million vs. \$21 million (four to one). The *New York Times* agrees with this conclusion; see its recent report subtitled, "A New York Times analysis reveals how the left outdid the right at raising and spending millions from undisclosed donors to defeat Donald Trump and win power in Washington." The *Times* added, "While the Kochs pioneered the use of centralized hubs to disseminate dark money to a broader network, the left has in some ways improved on the tactic —reducing redundancy, increasing synergy, and making it even harder to trace spending back to donors."

Every year, one of the loudest complaints about 501(c)(4) activity is the annual "Captured Courts" report that's closely identified with this Subcommittee's chair and Sen. Stabenow. This year's edition at least does not claim, as last year's did with no evidence whatsoever, that "dark money" was "originally a Republican political device." But this year's edition continues the refusal to acknowledge the existence of a left-wing network that more honest observers, such as the just-cited New York Times report, have highlighted, namely, the Arabella network that fiscally sponsored the groups that lead the Left's battles to shape the courts. This omission is even more bizarre, given that this year's "Captured Courts" devotes itself almost entirely to criticizing the legal structure of a conservative network of nonprofits, without mentioning that the founders of this network—in an Axios news story



"Captured Courts" itself cites—have explicitly stated that they patterned their network's structure after that of Arabella.

Of course, one understands why "Captured Courts" prefers to keep Arabella in the dark: If tax-exempt "dark money" is all bad, Arabella is much badder than the conservatives being targeted. "Captured Courts" laments \$400 million raised by the conservative network from 2014- 2018, but hides the fact that Arabella's network raised \$2.16 billion in the same years. "Captured Courts" also complains that the conservative network's groups "move money back and forth," but in just *one* year, Arabella's network shuffled among its groups a sum equal to almost half the conservative network's entire revenues for *four years*.

While conservatives have criticized Arabella, non-conservatives have especially critiqued the network's (c)(4) components. Politico, for example, called the (c)(4) Sixteen Thirty Fund a "massive 'dark money' network," and the *Washington Post* editorial page, after reading Politico's

report, was outraged that Sixteen Thirty's top donors anonymously gave \$51.7 million, \$26.7 million, and \$10 million. The Post judged that Sixteen Thirty caters to "big campaign donors who want to have impact but hide their identity." Last November, an *Atlantic* interview with Arabella's then-president carried the headline, "The Massive Progressive Dark-Money Group You've Never Heard Of: Over the past half decade, Democrats have quietly pulled ahead of Republicans in untraceable political spending. One group helped make it happen." The *Atlantic* asked Arabella's president, "Do you feel good that you're the left's equivalent of the Koch brothers?" The president replied, "Yeah."

### Don't Think Beefed-Up IRS Enforcement Will Cure the

Ills. Another wrong road to fixing the tax-exempt sector would be to imagine that more IRS enforcement of rules will eliminate all the problems. While some routinely broken rules do need more enforcement, that must be balanced against the terrible temptations the IRS places before administrations of both parties. From FDR through Nixon,



A study by academics from Harvard's Kennedy School, Stockholm University, and the American Enterprise Institute compared voter turnout in the 2010 election, when Tea Party groups did not face IRS suppression, with turnout in the 2012 election, after the IRS's scandalous obstruction blunted such groups' ability to organize.

the IRS repeatedly used selective enforcement as a political weapon, and entire books have been needed to chronicle this ugly abuse of governmental power.

One would think this Subcommittee's chair would be especially alive to this danger.

After all, he chaired a hearing similar to this one in April 2013, the culmination of more than a year's efforts by him and leaders of his party to repeatedly demand heightened IRS enforcement of political abuses by exempt groups. At that April 2013 hearing, these demands were highlighted yet again, with Chairman Whitehouse complaining the IRS "rarely challenges a group's 501(c)(4) designation based on political activity." After the hearing, the chairman's staff sent the Justice Department examples of conservative groups he had in mind for prosecution. But the very next month, the scandal surrounding IRS exempt organizations' thenhead Lois Lerner erupted, after she had a question planted at a Bar Association meeting that allowed her to apologize for improperly targeting conservative groups seeking IRS

recognition. She did this just ahead of the appearance of a damning report by the Treasury Inspector General for Tax Administration, which in turn caused Chairman Whitehouse to address the Senate on "the scandal that the IRS appears to have targeted organizations for inquiry based on Tea Party affiliation. Obviously, that's wrong."

This wrongness may have had a considerable political effect: A study by academics from Harvard's Kennedy School, Stockholm University, and the American Enterprise Institute compared voter turnout in the 2010 election, when Tea Party groups did not face IRS suppression, with turnout in the 2012 election, after the IRS's scandalous obstruction blunted such groups' ability to organize. The study observed that the 2010 success largely occurred because of "grassroots activities" involving 501(c)(4)s, and it estimated that similar functioning in 2012 "would have brought the Republican Party as many as 5–8.5 million votes compared to Obama's victory margin of 5 million."

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# Coerced donor disclosure is now clearly seen as a weapon by many in politics.

Alas, despite the scandal, Lois Lerner received little accountability for her actions, including for being held in contempt by the U.S. House of Representatives, and she continues to succeed at keeping a lengthy deposition of her in a major lawsuit under court seal. In a more recent IRS misconduct scandal there is also little accountability; namely, the publishing by ProPublica of private tax information possessed by the IRS, and then either leaked by IRS employees or illegally accessed by persons outside the IRS. This follows other scandals of leaked information, used as a political weapon, such as a case in which the IRS admitted it illegally disclosed the Schedule B donor list of the National Organization for Marriage. It is especially disturbing to see the Chairman of the Finance Committee recently sit with ProPublica for an interview and never raise the issue of that media outlet's use of confidential tax information that they almost certainly possess only because someone committed a crime.

There are more reasons to think increased IRS enforcement won't solve all the tax- exempt sector's issues: First, as Brad Smith and the lawyer Gregory Colvin argued at the 2013 version of this hearing, the IRS is not well-designed for understanding and regulating political activities. That explains why the Service has never been able to give guidance on the topic that is even remotely clear. Demanding more from the IRS will only further confuse matters and deserve to be called, "The DC Election Lawyers Full Employment Act." As Mr. Colvin stated, "the fundamental problem affecting enforcement on 501(c)(4) nonprofits" is that "the tax rules are vague, unpredictable, and unevenly applied." That was a decade ago and is likely to be true a decade hence.

**Heightened Disclosure Is Another False Path.** Brad Smith at the 2013 hearing and today is perhaps America's most eloquent explainer of the grave limitations on donor disclosure's ability to improve the political activities of private groups.

Coerced donor disclosure is now clearly seen as a weapon by many in politics, as was made clear when I testified last year to the Judiciary Subcommittee on the Federal Courts. After the hearing, I received a personal letter from Chairman Whitehouse, asking me to disclose Capital Research Center's donors. I replied that in our day, in addition to the traditional moral reasons for respecting anonymous giving, "The practical reason for opposing disclosure arises from the very real threats, felt across the political spectrum, of mob

harassment and worse. And Mr. Chairman, just as your side has more groups, active for more years, and possessed of far more 'dark money,' so does your side have more mobs." I prefer to "stand with the NAACP of Bull Connor's Alabama, and with the NAACP of today, and with the ACLU and the Human Rights Campaign, in opposition to government schemes to force private citizens to disclose their donations."

Later, in Questions for the Record, I was asked why, if I claim the Left has more "dark money," I object to all sides having their donors disclosed equally? I replied that this question fit with the testimony given by the head of People for the American Way (incidentally, a 501(c)(4) incubated by the Tides Foundation), who said, "The hypocrisy that you see from the right is, they claim that there's more dark money on the left, and yet they refuse to be transparent. Well, it would seem that if the first were true, then the second would be a no-brainer." The logic behind this argument is clear: Forced donor disclosure harms both the donors and the groups forced to disclose; therefore conservatives should support laws that will harm their opponents more than themselves.

As I replied then, this question reveals the central disagreement between the party of forced government disclosure, and the party of citizens' privacy: "I do not wish to harm donors and groups I disagree with, and I respectfully urge you to end your campaign to harm donors and groups you disagree with."

Rather than take these wrong roads to improving the exempt sector, we should recognize that the biggest reason politicized money is pouring into tax-exempt groups of all varieties is because of what is wrongly called campaign finance "reform." I sympathize with those across the spectrum who do not like dollars going into politics because they do not trust politicians, and who do not like to see exempt dollars playing a big political role. But would there be nearly so many dollars going to exempt groups if campaign finance "reform" hadn't squeezed money out of parties and candidates? In The Blueprint, a book that reports with sympathy on the Democratic takeover of Colorado's politics in the years after the Bipartisan Campaign Reform Act of 2002 (BCRA), the authors explain how big donors became more important than the traditional party apparatus:

campaign finance reform had completely changed the rules of the game. By limiting the amount of money candidates and political parties could raise and spend, the new law had seriously weakened candidates—and all but killed political parties.

Similarly, the liberal journalist Sasha Issenberg in his 2012 book, *The Victory Lab: The Secret Science of Winning Campaigns*, reports how private foundations like Carnegie escape the campaign finance strictures that throttle political actors under FEC rather than IRS regulation:

Because the tax code allowed nonprofit organizations to run registration and turnout drives as long as they did not push a particular candidate, organizing "historically disenfranchised" communities (as Carnegie described them) became a backdoor approach to ginning up Democratic votes outside the campaign finance laws that applied to candidates, parties, and political action committees.

It should be no surprise that a billionaire foundation like Carnegie reveled in escaping BCRA, because billionaire foundations pushed the Act through, weakening other political actors and greatly strengthening their own political roles. In "Astroturf Politics: How liberal foundations fooled Congress into passing McCain-Feingold," John Fund reported in 2005 that a study by Political MoneyLine "found that of the \$140 million spent to directly promote liberal campaign reform in the last decade, a full \$123 million came from just eight liberal foundations," including Carnegie, Ford, and Soros's Open Society. Fund quotes a talk given by a former executive of Pew Charitable Trusts, the biggest donor among the foundations at \$40 million, who confessed after the bill passed that the target of those millions was "535 people" in Congress, in whose minds the foundations hoped "to create an impression that a mass movement was afoot."

Pew's strategist is clear that he aimed to fool you Members of Congress: If, he confesses, you "thought this was a Pew effort, it'd be worthless." So the conspiracy had "to convey the impression that this was something coming naturally from beyond the Beltway." Fund concludes there was never a grassroots drive for campaign finance reform. And Pew knew it: two months before the bill passed, Pew Research Center polled Americans, asking them to rank 22 issues in order of importance: campaign finance reform came in dead last.

So, policymakers' aim should be to reverse this harmful trend that currently moves money out of the FEC realm—where, I note, disclosure is much less controversial—and

into the IRS realm of exempt groups. This should be done not only because the IRS is not the proper regulator of political activity, but also because the 501(c)(3) realm of charity is a critical pillar of civil society, strengthening all of us when it nobly allows us to help each other outside politics. Government, and the politics that surround it, are supposed to *serve* civil society, not take over this private realm which charity requires to flourish.

The two best levers policymakers have to move politically motivated money back to the FEC's world and out of the IRS exempt world are, first, much higher limits—or none at all—on "hard" dollar donations. Second, no (c)(3) entity—private foundation or public charity—should be allowed to fund or execute voter registration and get-out-the-vote (GOTV). Those activities are only legal now if (c)(3)s carry them out in nonpartisan fashion, but in this age of microtargeting, there is far too high a risk that they will not be carried out in such a fashion.



Sen. Sheldon Whitehouse told a legal podcast that the Ford Foundation is "an amazingly well-established public interest foundation that doesn't seem to have much in the way of a political motive or purpose."

Some years back, a panelist at a think tank talkfest urged that these voter turnout activities continue to be legal. When I asked her if she could name a single (c)(3) in America that actually conducts them on a nonpartisan basis, the room full of (c)(3) leaders, mostly left-leaning, laughed knowingly, while another panelist, Democratic pollster Celinda Lake, nodded. Even the woman I asked grinned for a moment before delivering a non-answer.

In the interest of full disclosure, I admit that (c)(3) voter turnout work is an unusual instance in the political world where the two sides don't use the same weapons. While (c)(3) voter turnout operations are common among the blues, they are rare among the reds. I recently asked Karl Rove about this. He has done more red registration and GOTV than any person alive, much of it through 501(c)(4)s that Chairman Whitehouse urged the IRS to prosecute a decade ago. But asked if he had ever used (c)(3) foundation money to fund, or (c)(3) public charities to execute, registration and GOTV, Rove said he never had, and seemed shocked at the thought.

I would prefer this practice be forbidden to (c)(3)s, but failing that, it should be declared clearly permissible to all. Currently, the uncertainty that surrounds it leads reds to fear the next Lois Lerner if they dare try it, while blues use fig leaves like "civic participation" to cover their naked partisanship as they pursue it with gusto.

# **Other Exempt Organization Problems**

I must add brief sketches of some of the many problems raised by exempt groups that we at Capital Research Center have documented.

The Page Gardner Empire. Ms. Gardner, a former Sen. Ted Kennedy staffer, has launched multiple interlocking groups, including the (c)(3) Voter Participation Center and (c)(4) Center for Voter Information. The left-leaning groups' work has drawn criticism from the Washington Post (for confusing voters and not being nonpartisan), National Public Radio (for allegedly illegal automated calls that seemed aimed to suppress African American votes for Barack Obama in a primary against Hillary Clinton), and ProPublica, whose headline explains, "A Nonprofit with Ties to Democrats Is Sending Out Millions of Ballot Applications. Election Officials [in both parties] Wish It Would Stop." That "nonprofit with ties to Democrats" is the (c)(3) Voter Participation Center, whose partisanship is confirmed by Victory Lab's liberal author: "Even though the group was officially nonpartisan, for tax purposes, there was no secret that the goal of all its efforts was to generate new votes for Democrats."

The Voter Registration Project. This (c)(3), co-located with the for-profit, Democratic- aligned consulting firm Grassroots Solutions, oversaw a secretive, multi-year, \$100+ million plan to use (c)(3)s and (c)(4)s to turn out millions of Democratic voters in battleground states. The project began in 2015, when a Democratic for-profit consultant sent a draft plan to a Democratic-aligned PAC (EMILY's List), who bounced it to Hillary Clinton's campaign manager, John Podesta. The Foundation, who also sent Podesta a plan version in an email with the subject line, "new (c)(3) version." That email's Microsoft Word attachment has tracked changes that revealed how the original, partisan plan, which would only be legal for "hard dollar" entities to execute, had been re-worded lightly into something (c)(3) foundations could fund and (c)(3) "charities" could conceivably get away with. A sample editing change: an "enormous" difference in "potential political outcomes" in the original version became an enormous difference in "potential voter participation outcomes" in the "new (c)(3) version."

The plan was executed, with the help of numerous (c)(3) s and (c)(4)s, including the Civic Participation Action Fund, America Votes, States Voices, Center for Popular Democracy, and the Tides Foundation. Despite all the millions of dollars—and votes—and dozens of nonprofits involved, no mainstream media story on this project has ever appeared, nor as far as we know, any IRS investigation.

"Zuck Bucks." This term is used to describe the roughly \$400 million that one billionaire family, Mark Zuckerberg and Priscilla Chan, used to "help" government election officials in nearly every state conduct the 2020 election. The funds originated from donor-advised funds at the Silicon Valley Community Foundation and were sent to two (c)(3)s, the Center for Tech and Civic Life and the Center for Election Innovation and Research, which in turn sent them to Secretaries of State and local election offices. (Let me note an additional \$25 million was contributed by an Arabellamanaged (c)(3).) The two Centers were founded and still run by persons with strong Democratic and left-wing ties. CEIR's founder/leader was hired as an election attorney at the Justice Department in the Clinton Administration and left in 2005 under an ethics complaint cloud. He later worked at the Pew Charitable Trusts and the (c)(4) People for the American Way, which inaugurated our modern political battles for Supreme Court nominees with its famous, multimillion-dollar smear campaign of Robert Bork's nomination in 1987.

CTCL's founders/leaders came from a now-defunct (c)(4) so politically powerful that the *Washington Post* dubbed it, "the Democratic Party's Hogwarts for digital wizardry." These partisans, operating in (c)(3) garments in 2020, distributed

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### If Zuck Bucks are legitimate, then there's nothing to stop a Russian oligarch, or a Communist Chinese princeling, or an oil sheik from donating the same way.

in effect the largest political donation in American history. Their grants went to over 2,000 government offices in nearly all states. In many states, most of the offices receiving grants were in local jurisdictions won by the Republican presidential candidate. Yet with minimal analysis of the money flows, a clear pattern of Democratic partisanship appears. Capital Research Center has detailed state-level analysis for all of the battleground states, with all of our data publicly posted. Even a few data points reveal the partisanship:

- In Pennsylvania, the highest per capita funding of a Biden county (Philadelphia) was \$6.56, while the highest per capita funding of a Trump county (Berks) was \$1.10.
- In Arizona, the unfunded parts of the state saw Republican presidential turnout increase even higher than Democratic presidential turnout (46% to 40%). But where Zuck Bucks flowed, that pattern completely reversed, with Democrats increasing turnout 81% to Republicans' 66%.
- In my home state of Virginia, average per capita funding for Democratic counties was about double the funding for Republican counties, and 90% of funding went to Democratic counties.

In short, the funding went disproportionately to the most vote-rich areas for Democrats, and the margins in the funded parts of the battleground states were always larger, often far larger, than the margin for the state as a whole: In Pennsylvania, Zuck Buck localities went for the Democratic presidential candidate by 692,000 votes, compared to the state's margin of 81,000; in Georgia, the difference was 604,000 to 12,000. Zuck Bucks, as one wit put it, were "the real Kraken."

The simple way to understand Zuck Bucks is to imagine the reaction if the partisanship were reversed: Picture the response to the news that Charles Koch had sent nearly a half-billion dollars to a (c)(3) staffed by alumni of a (c)(4) Karl Rove group like Crossroads GPS. The *New York Times* and CNN would report every unsavory detail with outrage, and Chairman Whitehouse would make an impassioned speech on the Senate floor to decry this abuse—and I would cheer him on. Because as I have testified to state leg-

islatures, this kind of nonprofit abuse is a threat to *both* parties. And it opens the door to foreign election interference, because if Zuck Bucks are legitimate, then there's nothing to stop a Russian oligarch, or a Communist Chinese princeling, or an oil sheik from donating the same way, because (c)(3)s have no restrictions on foreign donations, nor any campaign finance limits. Surely all Americans can agree that letting billionaires privatize our elections using charitable organizations is wrong. No wonder 18 states have enacted restrictions on such funding. And if you doubt that funding's partisanship, consider that six gubernatorial vetoes have been issued on similar bills in other states, all by Democratic governors.

### The Growth of (c)(3) Foundation Grants to (c)(4)

**Groups.** While it is not in all cases illegal for a private foundation to give to a (c)(4) group, the high legal hurdles are serious enough that for many years, very little foundation money was risked in this way. This is certainly a more dubious type of grant than the more often discussed grants from foundations to donor-advised funds, and anyone who seeks less politicization of exempt organizations should resist this practice. The Atlantic Philanthropies, based in Bermuda, has spent itself out, but before the end it created politically active (c)(4)s like the Atlantic Advocacy Fund and the Civic Participation Action Fund, and it strongly encouraged other foundations to up their giving to (c)(4)s.

Atlantic's own (c)(4) giving was utterly unrestrained, because its offshore base meant it never had to disclose its giving, nor was it bound by any U.S. restrictions on giving. And so it gave millions to Democratic-aligned PACs like Color of Change PAC and Immigrant Voters Win PAC, as well as super PACs like the League of Conservation Voters Victory Fund. Above all, Atlantic was the driving monetary force behind Health Care for America Now (HCAN), the (c)(4) umbrella group created to pass Obamacare. Atlantic supplied \$27 million of HCAN's \$60 million campaign, leading Atlantic's then-leader Gara LaMarche to brag that the bill's passage was "the culmination of a campaign" by Atlantic and its allies. Oddly, the usual opponents of "dark money" never seem to have complained about a "dark money" group funded largely by an offshore donor that did not have to file standard disclosures.

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# Sometimes (c)(3) public charities make grants to (c)(4) "dark money" groups, which again is not simply illegal but should receive scrutiny.

A related item: sometimes (c)(3) public charities make grants to (c)(4) "dark money" groups, which again is not simply illegal but should receive scrutiny. One fascinating recent example involves one of the Chairman's favorite public charities, the Center for Media and Democracy (CMD) that supplies much of the material for his famous charts. In recent years, CMD was one of the largest donors to American Family Voices, a 501(c)(4) whose director, Lauren Windsor, helped the Lincoln Project fan the flames of racism and deceive voters in Virginia's 2021 gubernatorial contest, as I noted in the *Wall Street Journal*.

Open Society Funding in Elections Abroad. Leaked internal documents from the Open Society Foundations, headquartered in New York City, appear to show an intention from the top to deliberately alter election outcomes in other countries, particularly in the 2014 elections for the European Parliament and some national parliaments in Europe. In the early 2010s, OSF became increasingly worried that trends in Europe were creating a hostile environment for OSF. To counter and even reverse these trends, OSF adopted "a two-level strategy to reduce the number of opponents of the open society who get elected." Open Society Initiative for Europe (OSIFE) distributed \$5.7 million to organizations "to turn out the vote" in sympathetic constituencies. Open Society European Policy Institute (OSEPI) was assigned to "engage pan-European parties to influence their manifestos and campaigning tactics." These efforts to achieve particular election outcomes appear hard to reconcile with U.S. tax law on nonprofits.

# Possible Democracy Alliance "Coordination" Between Types of Groups Not Allowed to Coordinate. The

Committee on States is a partner organization to the Democracy Alliance, which is a collective of wealthy Democratic and left-wing individual and institutional donors. In a slide presentation at a 2014 Alliance meeting that the Free Beacon obtained, the Committee staff "noted that there is a 'legal firewall' between, on the one side, nonpartisan 501(c)(3) groups and independent expenditure political groups, and, on the other, state political action committees, political parties, and campaign committees." But, the Beacon report continues,

Subsequent slides explain how that firewall can be circumvented, illustrated by arrows traversing the visual "firewall."

Political "investors" can give to all categories of groups, one slide notes. Another slide details Committee donors' roles as *coordination*, strategy, targeting, and accountability.

Political vendors operating as for-profit corporations that focus on "data, analytics, and research" can also work with all categories of groups, another slide explains.

A state Democratic Party cannot share information with a super PAC operating there, for example, but a private corporation that controls extensive voter data can work with both.

One such group, Catalist, is among the Democracy Alliance's core network of supported groups. The company, a limited liability corporation, is the data hub of the Democratic Party, providing extensive voter information to political groups, parties, and candidates, some of which are legally prohibited from coordinating their efforts.

The slides indicating all these connections or "coordination" made by donor-investors plus a Catalist-type LLC should generate considerable scrutiny. Surely a congressional committee interested in examining the political activities of tax-exempt groups would want to learn more about these arrangements.

Open Society Coordination of Voter Registration/GOTV with Other Foundations. A January 2011 memo appeared in the DCLeaks archive that was addressed to George Soros; Sherilynn Ifill, the incoming head of his main (c)(3) foundation; and the rest of its board. The authors were Andy Stern, then-head of the politically powerful Service Employees International Union and the most frequent outside visitor to Barack Obama's West Wing, and Deepak Bhargava, head of the (c)(3) Center for Community Change. Entitled, "New Thinking on 2012 Election and Beyond," and written at the very beginning of that election cycle, the memo stresses voter registration in "OSF's priority constituencies," and "focusing resources in cities and states where OSF issue priorities ... will be on the ballot or featured prominently in public discourse." Another priority includes "experimenting with more collaborative models for campaign communications." The memo urges \$3.5 million in funding

to "Win Pre-Determined Substantive Changes in Open Society Priorities that will be Resolved in 2012 City and State Elections," with a narrow focus on "key places such as California, Maryland, Ohio, and Wisconsin."

If anyone wonders whether Open Society and similar left-of-center funders collaborate on this kind of electoral work, the memo has a budget, "Currently Projected Voter Engagement Funder Budgets for 2012," which lists Ford at the most generous, with a hoped-for \$20 million; Open Society next at \$16.3 million; Wellspring Advisors, \$10 million; Carnegie, \$5.6 million; and nine more sources for a total desired budget of \$84.4 million. Recall the *Victory Lab* observation in 2012 that Carnegie aimed at "ginning up Democratic votes outside the campaign finance laws that applied to candidates, parties, and political action committees," and consider whether this Open Society memo does not also deserve the interest of a committee concerned about political activities of exempt groups.

### **Conclusion**

Political participation by Americans is a wonderful gift and to be encouraged, but it is best pursued in the traditional political avenues of campaigns, candidates, and parties, *not* 

the exempt sector, and especially not the charitable (c)(3) world. I urge you to protect America's civil society by protecting the charitable space under your oversight. Like prof Philip Hackney, "I believe deeply in the power of a fiercely independent and courageous civil society that empowers the voices of all in our communities."

One way to do that is to refrain, on the political or FEC side of giving, from using campaign finance "reform" to throttle support for groups or interests. I heartily agree with Chairman Whitehouse in his 2013 hearing when he praised a point made by Ranking Member Cruz and declared,

I want the record of the hearing to reflect that I think we have agreement amongst everyone that it is never the government's position or proper role to determine based on the amount of influence that a political group or interest or individual has that they have too much. That is a role, I think, for the voters to determine.

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



# 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.



## ORGANIZATION TRENDS



#### **BIRTH OF THE ABORTION INDUSTRIAL COMPLEX**

The bizarre world of eugenics, abortion, and mail-order erotica—brought to you by Big Philanthropy.

By Hayden Ludwig

**Summary:** "Love thy fellow man by murdering him" might be the commandment of the god of the abortion industry. Armed with billions of dollars from tax-exempt foundations and nonprofits, pro-abortion activists work 365 days of the year to codify federal funding for abortion and to grind down restrictions on abortion. We expose one such network, rooted in the population control movement of the 1950s, that brings it all together.

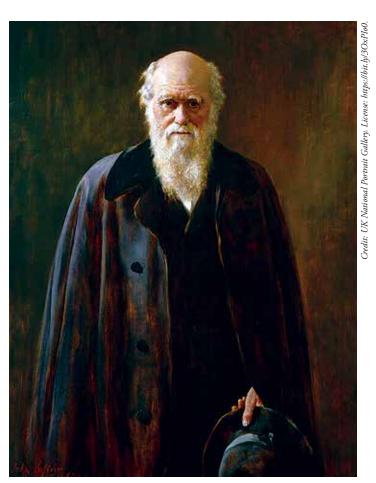
There's a straight line from the heyday of Social Darwinism in the 19th century to the eugenics movement of the 1930s, through the death of the Third Reich. It ends in population control, forced sterilization, the Sexual Revolution, and mass abortion. A century ago Western elites called it cutting-edge "science." Today, they call it "philanthropy."

Most Americans believe our society learned its lessons from trying to breed the perfect human, what German race thinkers called the "Übermensch." Many also believe that subsequent attempts to stop population growth—especially by poor Indians, Asians, and Africans—are a mistake we've put behind us.

But these efforts at global social engineering never really died; they mutated. Today, we're living with the poisonous fruit of more than a century of so-called progressives' deadly pursuit of utopia. Call it the Abortion Industrial Complex: an industry that churns through billions of dollars each year trying to snuff out as much life as possible. This article exposes that industry's dark origins by tracing the story of one pro-abortion network, which uses the profits from selling sex toys to terminate the lives of unborn Africans.

#### The "Race Betterment" Club

Eugenics (in Greek, "well-born," "good stock," or "beautiful offspring") was a pseudoscience popular in the late 19th through mid-20th centuries derived from the theories of Darwinism and natural selection, but applied to humans. Francis Galton, Charles Darwin's cousin and close friend, coined the term. He saw eugenics as "the study of the agen-



There's a straight line from the heyday of Social Darwinism in the 19th century to the eugenics movement of the 1930s, through the death of the Third Reich.

cies under social control that may improve or repair the racial qualities of the future generations, either physically or mentally."

Like improving the quality of wheat, flowers, or horses through careful and intentional mating, Galton and his fellow eugenicists believed they could breed out undesirable traits in people: hereditary diseases, low intelligence, even ugliness.

Hayden Ludwig is a senior research analyst at CRC.

Today, that idea sounds absurd and repulsive. But far from being a fringe movement, eugenics was wildly popular in its heyday—at least among elites—and lavishly funded. In 1906, Corn Flakes inventor John Harvey Kellogg (today's left-wing W.K. Kellogg Foundation was founded by his brother) bankrolled the creation of the Race Betterment Foundation in Battle Creek, Michigan, to ensure that only individuals with the proper racial pedigree had children. In 1917, the Rockefeller family and Carnegie Institution of Washington (now the Carnegie Institute for Science) built the Eugenics Record Office at the Cold Spring Harbor Laboratory on Long Island to support the heredity research of Charles Davenport, a brilliant biologist, statistician, and early geneticist, who founded the International Federation of Eugenics Organizations in 1925.

Eugenics also flourished alongside genuine scientific inquiry into heredity. Davenport laid important groundwork for James Watson and Francis Crick's 1953 discovery of DNA's double helix structure, research that was conducted at Cold Spring Harbor Laboratory. Watson himself has defended the theory of eugenics while criticizing eugenic policies like forced sterilization and, in the Third Reich, murder. He's also pointed out that eugenicists' goal of creating a genetically perfect society is elusive:

The problem is that we're not genetically equal .... So what do you do with the unfit? You can give them charity, you can try and cure their diseases ... or Hitler's solution was just kill them. But of course it wouldn't have created the perfect race because a new unfit would have been created. And so it's a constant problem that we have to deal with.

"I think the main lesson to be learned is the State shouldn't make genetic decisions," he's said. Yet Watson's point neatly illustrates why eugenics—whose advocates included some conservatives, such as Theodore Roosevelt and Winston Churchill—was championed by socialists, militant atheists, and the 20th-century Progressive movement: The theory jibed with their belief in the power of social engineering to retool entire nations. For these early and optimistic adopters, there was simply no limit to science's ability to transform humanity and rid it of hunger, disease, poverty, war, and all other social evils. Curbing unwanted population growth through sterilization was an act of mercy.

The Supreme Court agreed in the 1927 case *Buck v. Bell*, with Chief Justice Oliver Wendell Holmes Jr.—a Progressive and secularist hero—opining of Virginia's forced sterilization law that just as "the public welfare may call upon the best citizens for their lives" in public service the state is also

free to curb reproduction "in order to prevent our being swamped with incompetence.

It is better for all the world if, instead of waiting to execute degenerate offspring for crime or to let them starve for their imbecility, society can prevent those who are manifestly unfit from continuing their kind. ... Three generations of imbeciles are enough [emphasis added].

These advocates coined the phrase "race betterment" to describe their work or, as Margaret Sanger and the early advocates for birth control termed it, "family planning"—a term used today by abortion activists largely ignorant of its origins. Sanger herself believed that the "Eugenic Movement and the Birth Control movement ... should be and are the right and left hand of one body," referring to the American Birth Control League, the immediate predecessor of Planned Parenthood. By "birth control" Sanger meant vastly more than contraception; it was an ideology of socialist liberation in which a nation used eugenic policies to engineer itself into utopia.

Adolf Hitler's National Socialists took these ideas to their natural conclusion. Among the first statutes passed by Hitler's government in 1933 was the Law for the Prevention of Hereditarily Diseased Offspring, inspired by model legislation drafted by American Eugenics Society president Harry H. Laughlin. The statute established genetic health courts consisting of a judge and doctor with the power to forcibly sterilize individuals suffering from "deficiencies," including alcoholism. By 1945, over 400,000 people were sterilized by these courts.

Far from disturbing British and American eugenicists, Germany's law sparked campaigns for sterilization measures in their own countries. "Sterilization should not be considered a punishment," the American Birth Control League declared in a press release signed by Sanger. It even suggested that pensions be paid to "all paupers, morons, feebleminded, mentally and morally deficient persons, who will submit to sterilization," which they concluded was a much better solution than "pass[ing] them out a dole while they increase their numbers tenfold."

## Marie Stopes and British Population Control

Few Americans have heard of Marie Carmichael Stopes, yet she might be considered the UK's Margaret Sanger and the face of British family planning and eugenics.



Few Americans have heard of Marie Carmichael Stopes, yet she might be considered the UK's Margaret Sanger and the face of British family planning and eugenics.

There are interesting parallels between the women. Sanger and Stopes were born within a year of each other (1879 and 1880, respectively) and were early and outspoken feminists who each married twice. Both were intellectually curious and shared a high view of education: Sanger studied to become a nurse before giving up her educational pursuits after marriage, while Stopes was an accomplished paleobotanist who attended the Universities of London and Munich. Both saw family planning as a way to improve both women's health and social conditions in an era when the infant mortality rate in America was 99.9 deaths per 1,000 live births (today it's 5.8) and 70 women died per 10,000 births (now just 1 in 10,000). Both used journalism and activism to advance their political agendas.

Both women had politically active parents interested in contemporary scientific topics. Sanger's father, Michael Higgins, was a devout socialist who practiced amateur phrenology, the pseudoscience of studying skull shapes to determine one's profession and intelligence. Henry Stopes practiced paleontology while his wife, Charlotte, was a Shakespearean scholar active in Scottish feminist circles. The pair met through their membership in the British Association for the Advancement of Science.

Margaret Sanger was a lifelong leftist close to the most prominent socialists and Marxists in America, while Stopes was more conservative (at least in contrast to her contemporaries in the Birth Control movement). Yet both women were surprisingly critical of abortion—Stopes outright opposed it—preferring instead to help mothers avoid "compulsory pregnancy" by popularizing contraception.

One of Sanger's few criticisms of the Soviet Union during her 1934 glamor trip to the workers' paradise was that the country was encouraging too many abortions. "Four hundred thousand abortions a year indicate women do not want to have so many children," she told one Soviet doctor. "In my opinion," she later wrote, "it is a cruel method of dealing with the problem [of unwanted pregnancy] because abortion, no matter how well done, is a terrific nervous strain and an exhausting physical hardship."

In 1912, Stopes attended the inaugural congress of the British Eugenics Society, where she became a member. She met Sanger a year later at a Fabian Society meeting, a radical socialist organization in Britain that opposed such things as private property. Through the society Stopes was

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### "[A]bortion, no matter how well done, is a terrific nervous strain and an exhausting physical hardship."—Margaret Sanger

later introduced to prominent British socialists such as the playwright George Bernard Shaw, with whom she frequently corresponded.

Sanger encouraged Stopes's activism, and in 1913 Stopes published a book on her vision of marriage (made controversial given her then-recent divorce). The book—a best-seller that put Stopes on the national stage—was eventually published with funding from Humphrey Verdon Roe, a philanthropist whom she later married after the two were introduced by the secretary of the pro–population control Malthusian League.

#### **Feminism Marries Social Engineering**

The period between the world wars was the high-water mark of the birth control and eugenics movements, which in many cases fused with the older suffrage movement.

Stopes's expanded vision of feminism was rooted in helping married women bear only the children they *want* to bear, rather than risking pregnancy each time they have sex with their husbands. Unlike Sanger, Stopes praised parenthood and marriage: "[E]very lover desires a child. Those who imagine the contrary, and maintain that love is purely selfish, know only of the lesser types of love."

But it was also tinged by an authoritarian and communal view of "wanton" parenthood and inferior "breeding," as her allies often put it. "The power of parenthood ought no longer to be exercised by *all*, however inferior, as an 'individual right' [emphasis original]," she wrote in the 1920 book *Radiant Motherhood: A Book for Those Who are Creating the Future.* "It is profoundly a duty and privilege, and it is essentially the concern of the whole community.

[S] ociety allows the diseased, the racially negligent, the thriftless, the careless, the feeble-minded, the very lowest and worst members of the community, to produce **innumerable tens of thousands of stunted, warped, and inferior infants.** If they live, a large proportion of these are doomed from their very physical inheritance to be at the best but partly self-supporting, and **thus to drain the resources of those classes above them which have a sense of responsibility.** The better classes, freed from the

cost of the institutions, hospitals, prisons and so on, principally filled by the inferior stock, would be able to afford to enlarge their own families, and at the same time not only to save misery but to multiply a hundredfold the contribution in human life-value to the riches of the State [emphasis added].

In 1921, Stopes and Roe founded the first birth control clinic in the British Empire offering contraception advice to married women, then a highly stigmatized topic. (Interestingly, the clinic—which after her death offered abortion services—shut down exactly a century later in 2021.) Their preferred device was the "Pro-Race cervical cap" sold by the Society for Constructive Birth Control and Racial Progress, which the couple established alongside the clinic in 1921 to "promote eugenic birth control" and block "reckless breeding" among the "unfit."

The "unfit" included the poor, the disabled, racial minorities, and Jews. One anecdote recalls Stopes refusing to allow Jewish refugees from Nazi Germany to attend a lunch because it would "offend her other guests."

Stopes attended the 1935 World Population Conference in Berlin along with numerous highly regarded scientists, including Charles Davenport; Harry H. Laughlin of the American Eugenics Society; Theodore Lathrop Stoddard, who coined the term "under-man" (in German, *Untermensch*) in his writings on white supremacy; and Madison Grant, who believed in conserving natural resources for the benefit of the "Nordic Race" to the exclusion of "lesser" races. A later report published by the conference noted, "Marie Stopes demanded that scientifically trained minds examine the prerequisites for human conception and give directions for regulating them from the point of view of breeding up the human stock."

In August 1939—one month prior to the outbreak of World War II—Stopes sent Adolf Hitler a copy of her book *Love Songs for Young Lovers* and a letter: "Dear Herr Hitler, love is the greatest thing in the world: so will you accept from me these that you may allow the young people of your nation to have them?" Ugly as it is, however, Stopes wasn't really a Nazi sympathizer nor warm to the Soviet Union, and she strongly supported Britain throughout the war. Her prejudices were rather more in-line with those of 19th century

conservative, upper-class Britons—one of her unpublished poems reads, "Catholics, Prussians, / The Jews and the Russians, / All are a curse / Or something worse."

**Eugenics Evolves** 

Prewar Germany was home to cutting-edge eugenic policies, drawing in countless British and American eugenicists—to their later embarrassment. Unsurprisingly, the eugenics lobby evaporated virtually overnight after the Allies discovered the Holocaust, permanently entangling the two in the public mind. But that movement didn't truly die. It evolved into population control.

The 1950s was the era in which social engineering became the pursuit of philanthropists and cosmopolitans—literally "citizens of the world"—rather than 1930s Darwinian scientists. Now absent the imagery of Josef Mengele-type murderers in lab coats, it had become fashionable for wealthy Westerners to help the world's newly independent, postcolonial countries curb their irresponsible propagation. As an issue, "population" was the "climate change" of its day.

As early as the 1940s the Rockefeller Foundation had funded the development of cross-breeding plant technologies and practices, massively expanding food production in Mexico. This "Green Revolution" was a major philanthropic success launched in part to stave off poverty and communist influence abroad. But its grantmaking came to be colored by ecologist William Vogt's influential and apocalyptic 1948 book *Road to Survival*, which warned that capitalism had caused a "population explosion" that would quickly outstrip the Earth's natural resources unless humans adopted universal contraception.

Incidentally, Vogt's popularization of overpopulation fears illustrates the common ancestor of today's environmentalists and abortion activists: He was simultaneously Planned Parenthood's national director from 1951 to 1962 and secretary of the World Wildlife Fund (now the Conservation Foundation). His writings inspired Rachel Carson to write *Silent Spring* in 1962, sparking a nationwide anti-pesticide campaign against DDT and ultimately the modern environmentalist movement.

Vogt's alarmism has since been put to bed: Global population in 1951 was just 2.6 billion, one-third of today's 7.8 billion people, while food production has risen exponentially. Yet his theory of a global "carrying capacity" is still with us, only rebranded as "limits to growth,"

"sustainability," and "planetary boundaries." Vogt, who came to believe humanity was doomed, committed suicide in 1968.

## Rockefeller: Population Control Merges with Philanthropy

One of Vogt's converts was John D. Rockefeller III, grandson of the famous Standard Oil co-founder and head of the family's two philanthropies: the Rockefeller Brothers Fund and the Rockefeller Foundation. Rockefeller traveled extensively throughout Asia after World War II and observed food shortages and instability, conditions he blamed on Asian cultural backwardness and overpopulation, making the region ripe for Soviet communist influence.

In response, he founded the Population Council in 1952 with a \$100,000 endowment. Modern civilization, the think tank concluded, had "reduced the operation of natural selection by saving more 'weak' lives and enabling them to reproduce," resulting in "a downward trend in ... genetic quality." Its goals, a boost in agriculture and a "reduction of fertility," were supported by a Planned Parenthood director, reconstructed eugenicists, academics from Princeton and Columbia Universities, a representative from the United Nations Population Division (still around today), and Rockefeller Foundation population chief Marshall C. Balfour.

#### **Socialism and Mass Sterilization in India**

One of the council's most infamous targets was India, which became independent from the British Empire in 1947. In 1952, Balfour—whose *New York Times* obituary remembers him as "active in population control efforts"—became the Population Council's liaison to the Indian government, where he hoped to curb both overpopulation and possible communist influence. Independent India was socialist but not aligned with the Soviet Union. What followed was an unprecedented campaign of state-sponsored "family planning" led by Prime Minister Jawaharlal Nehru, who believed his 376 million countrymen constituted a severe "population problem."

Under pressure from Planned Parenthood, the United Nations Fund for Population Activities, the Ford and Rockefeller Foundations, and the Population Council, India's government paid women to use intra-uterine devices (IUDs) and men to be sterilized. The World Bank loaned India \$66 million for sterilization efforts in the 1970s.



The country's new prime minister, Indira Gandhi, suspended the constitution in order to institute mass compulsory sterilization campaigns. India's northern provinces came to be called the "vasectomy belt."

Poor harvests in the 1960s only escalated things. President Lyndon Johnson refused to provide food to the famished country until it agreed to incentivize sterilization. Nehru's daughter and the country's new prime minister, Indira Gandhi, suspended the constitution in order to institute mass compulsory sterilization campaigns. India's northern provinces came to be called the "vasectomy belt."

Villages were ringed with armed police, the men trundled out at sword- and gun-point and told they would be forcibly sterilized per the national quota. No one was allowed to have more than two children. Women had IUDs forcibly inserted. Those who resisted were beaten, loaded onto buses, and brought to hospitals to be sterilized. "Everyone had a number," one man recalled. "We were taken in a line—one after the other ... number-wise."

The government rewarded teachers and public employees with bonuses for getting their neighbors and family members sterilized. In some states people with more than three children were banned from holding a government job, a major source of employment in the socialist country, until they were sterilized. Elsewhere, teachers' salaries were withheld until they were sterilized. Some states withheld food.

There are no clear statistics on the number of victims from India's "emergency," as the mid-1970s is called, but it probably ranges in the tens of millions. In 1976 alone 6.2 million men were sterilized, 15 times the number sterilized by the Nazis over their 12 years in power.

India was—and remains—the greatest success story in the dark history of population control, yet it's hardly remembered in the West. It represents the imperial power of

Western social engineers, ultra-wealthy foundations, and the amoral ideology of Scientism to destroy the lives of millions in the pursuit of their godless vision of perfection. Even so their plans wouldn't have gone anywhere if India's socialist leadership hadn't permitted a mass eradication of its own people. Amazingly, the Population Council wanted to go even further, with its president suggesting in 1969 that the Indian government ought to distribute a "'fertility control' agent" in urban water supplies.

This wasn't philanthropy, but eugenics reborn on a scale that would've made the Third Reich blush. It was decades in the making. As early as 1936, Margaret Sanger used the example of "tired," "pathetic" Indians to justify eugenic ideas in a propagandistic radio address:

I turned to the social worker, 'Ask this mother how many children she has,' and I pointed to a woman in a ragged sari squatting on the street and holding a baby in her arms.

"Six," was the answer.

"And how many dead?" I asked.

"Five," she answered.

"And how many more do you want," I pursued. She threw out her hands in a pathetic gesture. A look of fear came into her tired, lined face.

"Please God, no more!"

By 1952, her message—like eugenics—had evolved. In Bombay, Sanger demanded that the government "see that those who do not have the individual initiative and intelligence to plan and control the size of their families should be assisted, guided, and directed in every way to eliminate the undesirable offspring, who usually contribute nothing to our civilization, but use up the energy and resources of the world."

Disgust with India's teeming masses—and powerfully influenced by William Vogt's overpopulation warnings—also inspired biologist Paul Ehrlich's notorious 1968 book *The Population Bomb*, in which he warned that the world would implode from overpopulation by the 1980s unless we adopted extreme socialist and environmentalist policies, including a one-world government to redistribute planetary resources. (He's since revised our impending doom to a hazier date.) Even leftists at the *New Yorker* today admit that the environmentalism Ehrlich helped create has a "racist history."

India's sterilization campaign never really ended, either, though it's no longer advanced at the end of a gun. The country sterilized 4 million people between 2013 and 2014,



Engenics advocates coined the phrase "race betterment" to describe their work or, as Margaret Sanger and the early advocates for birth control termed it, "family planning."

almost all of them women, accounting for 37 percent of the world's female sterilization in 2011. Of course, the Indian model gave rise to communist China's infamous one-child policy, enacted in 1980 and ended in 2016.

The Population Council is also still focused on thinning out humanity, but like the rest of the population control movement, it's morphed into a pro-abortion organization. Today the group brags that it "played an important role in ... decriminaliz[ing] early abortion in Mexico City." It retains strong institutional support: Nearly 46 percent (\$38.6 million) of its 2016 budget came from the U.S. government, millions more from the United Nations and, naturally, the Rockefeller Foundation.

The Population Council even has a special title for its toptier donors: "John D. Rockefeller 3rd Visionaries."

#### **An Empire Run on Sex**

Marie Stopes died of breast cancer in 1958; her clinics went bankrupt in 1975. A year later, two men—British-born Tim Black (2014–1937) and Phil Harvey (1938–2021), an American—took over the original clinic formed in 1921 to create Marie Stopes International, now organized as an abortion provider. But the pair's foray into population reduction started years earlier.

Black and Harvey were both abortion activists in the late 1960s who met at the University of North Carolina, where they pursued master's degrees in population dynamics with fellowships paid for by the Population Council and the Ford Foundation. Harvey and Black shared an entrepreneurial vision of preventing "unwanted pregnancy."

The pair soon devised an idea of marketing condoms through the mail, an approach to family planning that could target poor, rural countries with few-to-no abortion providers or hospitals—notably India and Nepal, where Harvey had traveled. (It was also illegal to mail contraception in the United States.)

The result was Adam & Eve, an adult erotica company whose proceeds funded a "sister" nonprofit, Population Services International (PSI), formed in 1970 with a grant from the U.S. Agency for International Development (USAID) and still a top abortion and contraception provider in some 60 poor countries.

American sales of condoms, sex toys, pornography, and lingerie from Adam & Eve fueled PSI's early "social marketing" campaign in Kenya, Harvey and Black's name for



British-born Tim Black (not shown) and Phil Harvey, an American—took over the original clinic formed in 1921 to create Marie Stopes International, now organized as an abortion provider.

the effort to destigmatize birth control abroad. It also got the company in trouble with President Reagan's Justice Department in 1986 for violating obscenity laws. In 1990, Adam & Eve sued the government for violating its First Amendment rights. Three years later it dropped the lawsuit in exchange for a modest fine and an agreement by the Justice Department not to prosecute further. In 2015, Adam & Eve was charged with sending explicit magazines to an 8-year-old and 16-year-old in Utah. In 2020, Adam & Eve paid a \$35,000 settlement after a lawsuit alleged the company only hired women for its sales jobs.

PSI is massive. It brought in \$447 million in 2020 alone and spent over \$5.2 billion between 2008 and 2018, much of it from Warren Buffett's Susan Thompson Buffett Foundation and the Bill and Melinda Gates Foundation, the most prolific funders of family planning programs in the world. These grants are typically earmarked for "motivating positive behavior change by clients of sex workers" (prostitutes), HIV/AIDS education, and increased condom use. The bulk of this money is then redirected to organizations in Africa, Asia, and Latin America whose names, unfortunately, are rarely recorded in IRS Form 990 disclosures.

The group's goal is to encourage sex without pregnancy and educate women and girls in hopes of discouraging them from having large families. A secondary goal is combating malaria and addressing insufficient clean water supplies.

PSI has received close to \$317 million in federal funding—all of it from USAID—since 2007. Its largest grant, \$149 million for "advancing progress in malaria service delivery," was promised under the Trump administration in 2018. But money is fungible. Federal funding for non-abortion activities frees up other resources to support abortion. In 2020, PSI spent \$195 million on ensuring "universal access" to abortion and contraception, far more than it spent on malaria prevention (\$137 million) and sanitation (\$82 million).

Harvey added another nonprofit cog to his growing sex empire in 1989: DKT International, named for D.K. Tyagi, India's assistant commissioner of family planning in the 1960s. DKT is also funded by donations from Adam & Eve.

DKT brought in \$144 million in 2020 to provide cheap birth control and abortifacients in poor countries. In 2017,

the group acquired distribution rights for a manual vacuum aspiration (MVA) technology to perform "uterine evacuations"—literally sucking out fetuses and embryos from the fetus—from the abortion advocacy group Ipas, which it markets in 100 countries. Like PSI, DKT receives huge grants from the Buffett and Gates Foundations.

#### **Marie Stopes International, Abortion Queen**

Population Services International, DKT International, and Adam & Eve reveal how the population control movement has changed since the 1960s yet remains fundamentally the same. This network promotes local health and sanitation right alongside prostitution and birth control to encourage sex without procreation on a massive scale. It discourages large families and—like any product of the Sexual Revolution—imposes a Western, libertine vision of consequence-free sex upon poor nations. Add to that an obsession with mass abortion and the bizarre, sex-fueled circle is complete.

Marie Stopes International (MSI) performed at least 30 million abortions between 2015 and 2020. Next to Planned Parenthood, MSI is one of the largest abortion providers in the world, yet it's practically unknown in the United States.

Nearly half of the countries in which it operates are in Africa, where abortion is largely illegal—not that the group's leadership apparently cares.

MSI was banned from Zambia in 2012 for carrying out 490 illegal abortions. In Uganda, a former MSI staffer has alleged that MSI performs illegal abortions under the cover of merely supplying women with birth control. The pro-life group Human Life International has also recorded instances of MSI carrying out unlawful abortions in Tanzania. And in 2007, journalists recorded the head of MSI's South African chapter boasting before a British conference that "we do illegal abortions all over the world."

In Kenya—Harvey and Black's first birth control target—the government barred MSI from offering abortion services, since the national constitution stipulates that "the life of a person begins at conception." Nevertheless, in 2020

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The Susan Thompson Buffett Foundation and the Bill and Melinda Gates Foundation are the most prolific funders of family planning programs in the world.

police caught the local MSI clinic pitching the decomposing corpses of 10 babies that it had illegally aborted into a dumpster. They later arrested two unregistered medical practitioners for allegedly performing illegal abortions in the group's Nairobi facility, which they soon shut down.

Undoubtedly these activists see themselves as heroes defying unjust laws. Yet African pro-life groups view them as Western colonizers "determined to wipe out the poor races of the world," hardly a stretch given Marie Stopes's own view of the masses "unfit" to have children.

MSI may give Africans the cold shoulder, but it wouldn't dare offend Black Lives Matter. In 2020 the group rebranded as "MSI Reproductive Choices" during the ongoing Black Lives Matter summer riots in order to distance itself from its namesake and her support for eugenics. Keeping Marie Stopes' initials changes nothing about its history. (Amusingly, "MSI" is also the acronym of Benito Mussolini's Italian Fascist party.)

Either way, MSI is bankrolled by American and British taxpayers. USAID has funneled \$187 million to MSI and its African affiliates since 2010 to support "family planning" campaigns, spending, which continued under President Trump since all of the commitments were locked in by the Obama administration. Britain's equivalent to USAID—the Foreign, Commonwealth, and Development Office—has granted \$455 million to MSI since 2009.

The group attacked Trump for reinstating the Mexico City Policy—what the Left calls the "Global Gag Rule"—a policy banning nongovernmental organizations from using federal funds "to pay for the performance of abortions as a method of family planning, or to motivate or coerce any person to practice abortions." Under Trump, MSI-US complained that the Mexico City Policy cost the group "\$30 million in annual USAID funding," or \$120 million "over Trump's full term"—funds that would have been used to perform an estimated 7.8 million abortions. Last year MSI-US endorsed the Democrats' radical Global HER Act, which promises to codify federal funding of abortions overseas—"permanently repeal[ing]" the Mexico City Policy. Biden rescinded the ban eight days after taking office.

MSI-US, the organization's American 501(c)(3) affiliate, also serves as a conduit for shifting foundation money to the mothership in Britain. Between 2002 and 2020, MSI-US redistributed \$655 million—97 percent of its income—to Marie Stopes International in London from the Buffett, Gates, Packard, and Hewlett Foundations. Warren Buffett alone supplied a whopping 88 percent of MSI-US's income between 2009 and 2020 (that's \$508 million) and three-quarters of its revenues in 2020 alone.

Many on the Left consider tax exemption a government subsidy. By their logic, that's a *lot* of taxpayer funding for abortion.

For years, Marie Stopes International has been caught performing hundreds of "botched abortions." In 2021, MSI's Australian branch admitted that 1 in 20 women retain fragments of the baby and/or placenta in their uterus following an MSI abortion. In 2016 the British government reported over 2,600 "serious incidents" at MSI clinics in Britain, the results of failing to follow "basic safety procedures." In 2017, government inspectors discovered that Marie Stopes staff were "encouraged" to suggest patients undergo abortions because it was "linked to their performance bonuses," a feature the inspectors called the group's "cattle market culture." A year later, it was discovered that female MSI staffers were paid 45 percent less than their male counterparts.

Marie Stopes doctors reportedly pressured female patients as young as 16 years old to undergo abortions, often ignoring or bulk-signing the pre-consent forms required by British law to ensure that women understand the consequences of aborting their babies. (MSI has denied wrongdoing.) One woman with learning disabilities was reportedly "allowed to have an abortion without fully understanding the procedure or consequences," the Daily Mail reported, "She arrived alone at the clinic in Sandwell, West Midlands, and became distressed just before the procedure. Doctors went ahead anyway—despite not clearly explaining the procedure—and spoke to her 'insensitively.'"

#### The Future of Abortion Inc.?

In March 2022 MSI joined a coalition of organizations demanding abortion be decriminalized worldwide. But history may come to see the move as the desperate last stand of a dying industry.

While MSI was trumpeting global abortion, Britain's General Medical Council, which oversees the country's medical practitioners, dropped sanctions against a Roman Catholic doctor who helped dozens of women reverse chemical abortions administered by MSI. Of the 65 women Dr. Dermot Kearney treated, 32 went on to deliver healthy babies. The council initially suspended his practice after MSI complained that Kearney had "imposed his personal beliefs" on the patients but reversed its decision after Kearney demonstrated he wasn't guilty of misconduct. One of the mothers he treated cradled her son while speaking to a journalist: "Without Dr Kearney we wouldn't have him, this beautiful life."



In March 2022 MSI joined a coalition of organizations demanding abortion be decriminalized worldwide. But history may come to see the move as the desperate last stand of a dying industry.

In 2021, Marie Stopes International's Australian branch announced it was closing abortion clinics that were no longer financially viable—just three years *after* the state of Queensland decriminalized abortion.

In America, the Supreme Court recently overturned *Roe v. Wade.* At least 13 states have "trigger laws" that severely restrict abortion once the decision was overturned, but some of those laws have been challenged in court.

But even after *Roe*'s demise pro-lifers will face an uncertain future of abortion pills delivered by mail. At-home abortions is the new frontier of the war on population, a project that's been in development for decades.

George Soros's Open Society Foundations, for instance, spent at least \$1 million in 2001–2002 funding Planned Parenthood's "nationwide mifepristone affiliate readiness project," one of the key drugs used to induce a chemical abortion legalized by the Food and Drug Administration in 2000. The Packard Foundation gave another \$4 million starting in 2001 to the National Abortion Federation "for a media campaign to promote awareness of mifepristone" and "medical abortion education." And in 2012 the MacArthur Foundation gave \$223,000 to Population Services

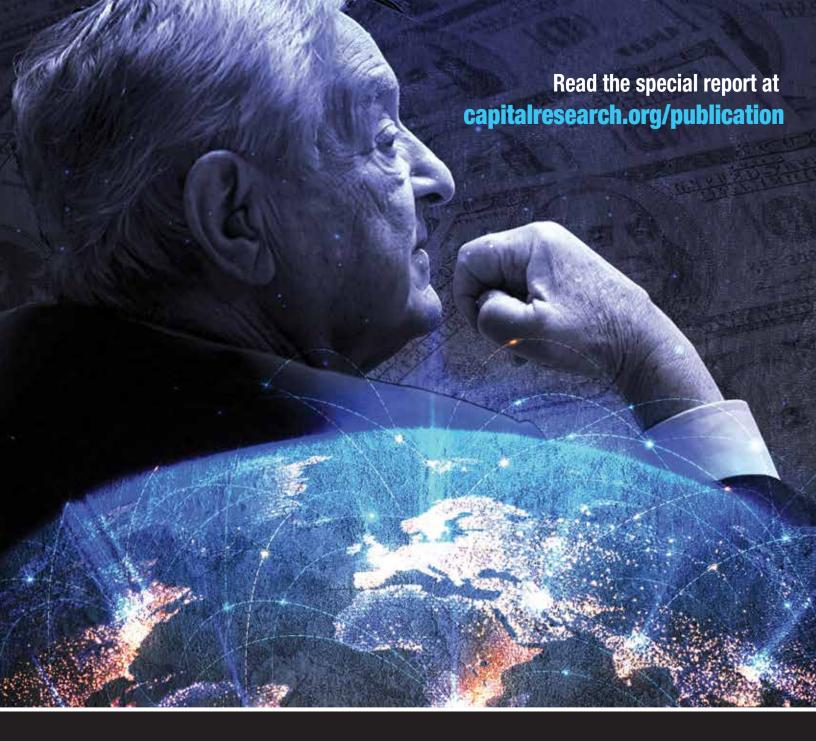
International "to increase availability access and use of miso-prostol," which is used in conjunction with mifepristone.

Over 600 British medical professionals signed an open letter in March 2022 calling for an end to at-home abortion pills, which were temporarily legalized during the COVID-19 pandemic. Ghoulishly, BBC polling suggested that numerous women had been given abortion pills without their consent, some violently.

Amazingly, a former MSI senior staffer led an undercover investigation in 2020 that discovered that abortion pill providers were illegally mailing out pills without verifying names, dates of birth, and gestational dates.

Abortion activists in the U.S. netted a record-smashing \$3.4 billion in 2020 alone, evidence that it will remain a pillar of the professional Left. But money only goes so far. What's clear is that the war to save the unborn won't be won in Washington, but on Main Street, USA.

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# MAPPING SOROS'S "PHILANTHROPY" AT HOME AND ABROAD





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