

From Facebook to Faceplant

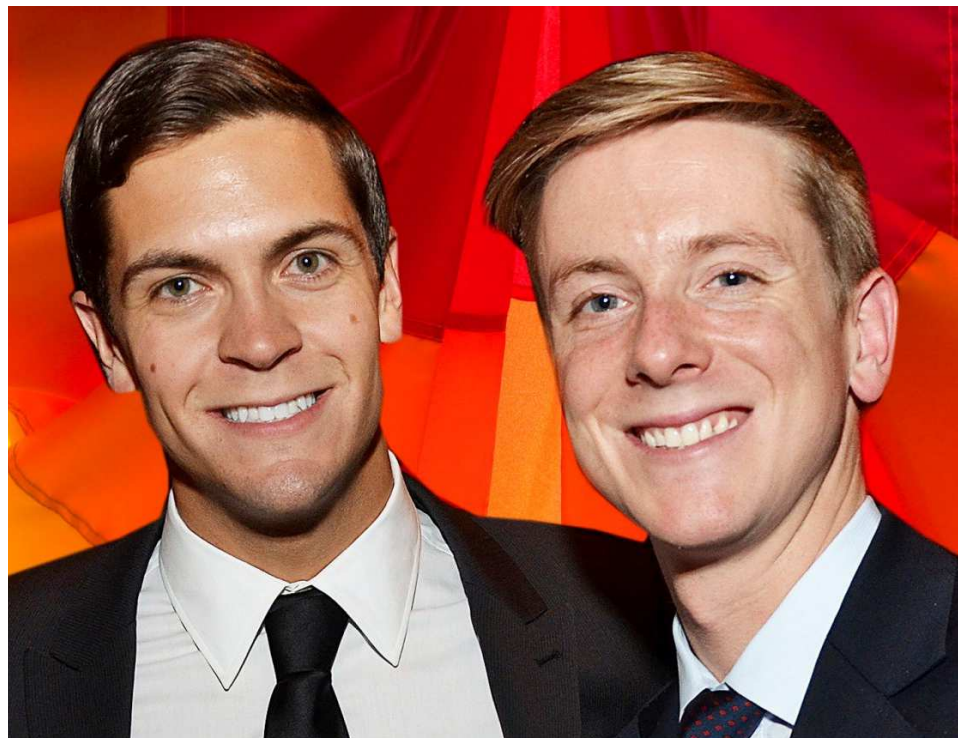
The rise and fall of a left-wing power couple

By Barbara Joanna Lucas

Summary: *Chris Hughes had the good fortune—in both senses—to be roommates with Facebook’s founders at Harvard. Next he was the 2008 Obama campaign’s social media wiz. He married a boyfriend with political ambitions, and it looked as if the power couple could parlay Hughes’ fortune into a seat in Congress, the ownership of a flagship liberal journal, and much more. The mainstream media cooed. And then it all began to fall apart.*

After growing accustomed to the adoration of the liberal establishment and the fawning press coverage that inevitably accompanies it, the bubble finally burst for Chris Hughes and Sean Eldridge. To paraphrase a movie title from last year, one could easily describe 2014 as the terrible, horrible, no good, very bad year for the power couple.

The *New York Times* once heralded the duo as a “powerful combination.” Hughes is a co-founder of one of the most successful and transformational ventures in American history and now owns a legendary liberal magazine. Eldridge dumped much of Hughes’ vast fortune into a campaign for U.S. Congress in a district that President Barack Obama carried handily. So certain was Eldridge of picking up the U.S. House of Representatives



Sean Eldridge (L) and Chris Hughes (R) in an undated photograph.

seat for the Democrats, he reportedly had a consulting firm draw a roadmap for his path to being the first openly gay president.

But the power couple may have already hit the ceiling of success and influence. Eldridge was buried in the November election, after outspending his opponents by 3-to-1. For Hughes, the *New Republic*, a 101-year-old magazine, is in near-collapse after a staff exodus in protest of Hughes’ management.

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Hughes in particular has been a golden boy of Democrats and much of the mainstream media. The co-founder of Facebook claims to believe in ideas and was hyped on the cover of *Fast Company* magazine as “The Kid Who Made Obama President.” That’s because he left his job at Facebook to establish My.BarackObama.com, a social network for Obama supporters in the 2008 campaign, which succeeded in revolutionizing door-knocking, fundraising, and get-out-the-vote efforts. Hughes and Eldridge were on the cover of the *Advocate*, a gay magazine, for its special “40 under 40” issue. Hughes ranked number 28 on the “Power List,” for *OUT*, another gay magazine. As gay journalist James Kirchick wrote in the Daily Beast, “they racked up favorable coverage in the mainstream press, and even more sycophantic mentions in the gay press.”

“One suspects that had this couple been heterosexual and conservative, the initial media attention would not have been quite so toadying,” Kirchick added. “We would have no doubt been treated to endless stories about how a ‘rapacious’ ‘right-wing’ millionaire, who had done nothing to earn his

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fortune, set out to destroy one of liberalism’s great institutions all the while enabling his power-mad spouse to ‘buy’ a seat in Congress. But everything about the Hughes-Eldridge pairing militated against such a portrayal. The prospect of a fresh-faced, conventionally liberal, gay couple hit every media sweet spot.”

Now, Hughes at least is the subject of journalistic wrath for destroying an iconic liberal-progressive institution.

Hughes had decided to use his millions to buy some journalistic influence in the nation’s capital, since a lot of other rich guys have sought to become media moguls. After acquiring the *New Republic* in March 2012, he named himself publisher and editor-in-chief.

The *New Republic* was co-founded in 1914 by progressive icons Walter Lippmann, Herbert Croly, and Walter Weyl. Though never a money maker, the magazine was very influential among policymakers and was sometimes called the “inflight magazine for Air Force One.” (The *New Republic* and other agenda-setting left-wing magazines were examined in the January 2015 *Organization Trends*.)

Hughes vowed not to go for so-called “click bait” that drives traffic for other liberal outlets like the Huffington Post, and he asserted quite sentimentally that he spent hours reading old issues on microfiche in the New York Public Library (*New York Times*, May 4, 2012).

Hughes insisted his motivation was “the future of high-quality long-form journalism” and transforming that type of journalism to tablets. He further pledged to “expand the amount of rigorous reporting and solid analysis” from the magazine (*New York Times*, March 9, 2012).

It initially appeared that the magazine’s editor Richard Just—who approached Hughes

about buying the magazine—would also stay on board, but among Hughes’ first acts was to fire Just as editor. He then hired some big name journalists and redesigned both the magazine and the website, and in the process alienated a chorus of influential liberal-left journalists.

Washington Post columnist Dana Milbank, a liberal and a reliable barometer of Washington media establishment thought, went from praising Hughes for “doing the Lord’s work” in “rescuing” the magazine, to claiming by the end of last year that the millionaire was “a dilettante and a fraud” (*Washington Post*, Dec. 8, 2014).

Doling Out to Democrats

Hughes and Eldridge have hosted several Democratic fundraising events at their 4,000 square foot home in the fashionable SoHo neighborhood of New York City. Among the politicians fêted have been New York Sens. Kirsten Gillibrand and Charles Schumer, and a fundraiser for House Democrats was graced by House Minority Leader Nancy Pelosi of California. For a sense of the praise this garnered the couple from left-wing political insiders, consider this representative comment:

“In a short period of time, Sean and Chris have had a big impact on the political life of New York,” Democratic political strategist and former Clinton White House aide Richard Socarides said. “They are very generous with their money and time. They are young, rich, smart and good-looking. It’s a pretty powerful combination” (*New York Times*, May 4, 2012).

In the 2012 and 2014 election cycles, Hughes contributed \$42,400 to the Democratic Congressional Campaign Committee to help get House Democrats elected. In 2011 and 2012, he spent \$35,800 on the re-election of his old boss, President Obama.

From the 2010 through the 2014 election cycles, Hughes contributed \$161,000 to the ActBlue independent political action committee established in 2004, which allows anyone to raise money over the Internet for Democratic candidates. ActBlue is popular with the Democratic Party’s “net roots,” that is, with the party’s network of far-out bloggers and online activists who were around even before Obama’s campaign used Hughes’ skills to rally the online activists around a single candidate.

Hughes also gave \$38,000 to various other Democratic candidates since 2008, including Virginia Sen. Mark Warner, New Jersey Sen. Cory Booker, and former Wisconsin Sen. Russ Feingold. Hughes maxed out, of course, in contributions to Eldridge’s 2014 House campaign.

From Hickory to Harvard

Regardless of his politics and lifestyle, conservatives might respect Hughes’ entrepreneurship and ambition. But aside from Facebook, where he was far from the real brains behind the operation, and setting up the precursor for Obama’s pet 501(c)(4), Organizing for Action, he has had few other successes.

Before lurching left, Hughes grew up in the conservative town of Hickory, N.C. In the 2008 election “they went pretty solidly for McCain there,” he said. Hughes was an only child; his father was a traveling paper salesman, and his mother was a school teacher. The young Hughes was ambitious and applied to prep schools, receiving what he said was generous financial assistance to attend the ultra-elite Phillips Academy in Andover, Mass. The school’s alumni include John F. Kennedy Jr. and numerous college presidents, as well as both presidents Bush.

Hughes left home at 15 for the boarding school. In fact, prior to anointing himself editor-in-chief at the *New Republic*, his only



Eldridge and Hughes on the campaign trail in 2014.

journalism experience came as editor of the school paper known as the *Phillipian*. He was also in the high school’s Democratic Club and in student government. “I went to boarding school Southern, religious, and straight, and I left boarding school not being at all religious and not being straight,” Hughes told *Fast Company* in one of a few glowing profiles the magazine published.

He won a scholarship to Harvard University. There he was roommates with Mark Zuckerberg and Dustin Moskovitz. He joined in with the two to help launch what was then called The Facebook, an online social network for Harvard students. Hughes was a history and literature major and did not know how to write software code like his techie roommates Zuckerberg and Moskovitz. But the two techies, at least at the time, didn’t have great social skills for selling a product. So Hughes became the marketer and customer service chief of The Facebook, trying to think of reasons other students would want to be part of the social network. “He is fortunate he found himself in the same room,” David Kirkpatrick, author of a book about Facebook told the *New York Times*. “He is more socially adjusted than the rest of them.”

During the summer break of 2004, their sophomore year, the three entrepreneurs went to Palo Alto, Calif., seeking venture capital to take national what would become the enormously successful website Facebook (the definite article “the” was excised).

Zuckerberg and Moskovitz dropped out of Harvard and moved to Silicon Valley. Hughes returned to finish his degree. But he stayed connected with his friends and worked heavily on marketing and public relations for Facebook during his senior year. After graduating, he joined his friends in running the company that was becoming a cultural phenomenon.

“Chris was the leading product manager for the share functionality on the site,” Matt Cohler, an early Facebook executive told *Fast Company*. “He was the perfect sounding board for product ideas.”

My.BarackObama.com

Then along came something more alluring. Hughes got swept up in the “hope and change” that was Obama-mania in 2008, as many people under 30 did at the time. It’s not as if the decision was difficult. Upon leaving Facebook, he cashed out with \$700 million in

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stock. When he announced he was leaving, Hughes recalled that Zuckerberg “kept saying ‘Really?’” Hughes, a confirmed Obama idolator, told *Fast Company*, “I wouldn’t have left Facebook for any other person or at any other time.” His title with the campaign was Online Organizing Guru.

During the campaign, Obama proclaimed, “One of my fundamental beliefs from my days as a community organizer is that real change comes from the bottom up. And there’s no more powerful tool for grass-roots organizing than the Internet.”

The campaign’s social network was named Obama for America, and it had the address My.BarackObama.com that allowed supporters to join local pro-Obama groups, create lists of friends, set up events, share blog posts and photos, get updates, news streams, and establish personal fundraising pages—all sort of like Facebook. Hughes applied the Facebook principles of keeping things relevant and keeping things local for users.

“All social networks have different goals,” Hughes explained. “We have a social network for a particular goal, and that’s electing Barack Obama. We don’t need to know if you like chocolate ice cream” (*Chicago Tribune*, Sept. 23, 2007).

While Hughes worked for Obama, the *New York Times*, *Chicago Tribune*, and other media profiled the *wunderkind*, drowning the Obama campaign in positive on-the-trail coverage. Still, Hughes said the innovative Obama campaign didn’t always prioritize the online organizing, and early on it devoted nearly all its resources to winning Iowa, viewing My.BarackObama.com as a “step child.”

After the Iowa win, participation in My.BarackObama.com skyrocketed. But when the jubilation from Iowa hit a brick wall with Hillary Clinton’s New Hampshire win, that’s when the volunteer networks that



David Plouffe

Hughes helped establish took on more than stepchild status.

“When we turned to the community, they were there. We sent staff into Colorado and Missouri for caucuses, and the staff was already half-organized,” Obama campaign chief David Plouffe said. “We were there to support the people, but that simply would not have been possible if we did not have a set of online tools that enabled us to do that. It wasn’t just a tactic. Chris made that happen” (*Fast Company*, April 1, 2009).

After logging onto the network, viewers also saw a list of Neighbor-to-Neighbor campaigns on the screen, with a list of undecided voters or “leaning Obamas” who needed to be called, as Hughes nailed down geography, age, profession, and various other demographic information—all of which was helpful in the microtargeting that was used in the re-election campaign.

When the ugly videos of Rev. Jeremiah Wright surfaced, showing Obama’s pastor of two decades going on anti-American and racist tirades from the pulpit, the My.BarackObama.com Rapid Response Group pushed the *New York Times* to make a correction that Obama was not in the church on the day that Wright delivered one of his most severe sermons.

Hughes’ online organization played a key role in mobilizing Obama voters, but it would be a bit much to call him “the kid who made Obama president,” as *Fast Company* claimed. Clever strategic image-making by Plouffe and old Chicago hand David Axelrod, along with more than a few missteps by Hillary Clinton and John McCain, played a role.

Philanthropy and Nonprofits

After Obama was safely installed in the White House, Hughes launched his next venture in 2010, Jumo.com, designed as a

social network for connecting nonprofits and charities with donors and volunteers around the globe. If the goal was to achieve good public relations, it was a success, as more warm and fuzzy reporting followed.

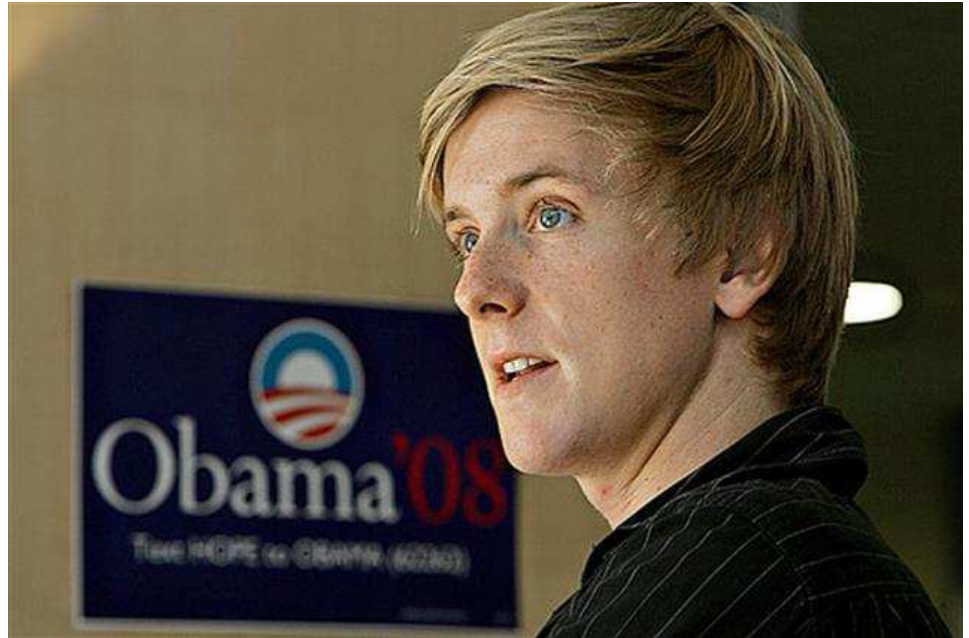
“We’ll be matching people based on their skills and interests with organizations around the world that need their input,” Hughes told *Fast Company*. “It’s a discovery process that first matches, then helps people build relationships, then lets people share their resources.”

Jumo initially raised \$2.5 million from individual donors and asked for more donations. But neither philanthropic donors nor the public at large were as enamored of Hughes as the media had been. The project flopped after less than a year and merged with Good, a media company focused on various social issues (*New York Times*, May 4, 2012).

Hughes does not appear to have set up his own personal charitable foundation, but he remains active in the world of philanthropy. He is a member of the board of trustees of the Miami, Fla.-based John S. and James L. Knight Foundation (2013 assets: \$2.4 billion). The foundation gives largely to journalism projects and left-wing activist groups. On its website the foundation states that it “supports transformational ideas that promote quality journalism, advance media innovation, engage communities and foster the arts. We believe that democracy thrives when people and communities are informed and engaged.”

Hughes joined a philanthropic organization in 2011 that takes an interesting approach to helping those in need: giving them money directly. The entity, called GiveDirectly, “does the most basic and yet most radical thing in the world,” he said, “which is give poor people money. No strings attached.”

As one media outlet reports:



“He went on to describe how the organization uses mobile phone technology to provide recipients in countries like Kenya with a pair of \$500 cash transfers. Outlining the entire process took perhaps 30 seconds, highlighting one of the signal traits of GiveDirectly: how simple and easy-to-grasp the concept behind it is. At a time when surveys show philanthropic donors increasingly impatient for transparency and accountability as to how their money is spent, that makes the upstart charity a threat to more established nonprofits, if not the entire international aid model. Which clearly appeals to Mr. Hughes. If GiveDirectly catches on, he says, ‘it has the potential to be to be very disruptive to a very big industry’” (Observer.com, April 10, 2014).

The philanthropic cliché, “Don’t just give a man a fish—teach him how to fish” is still valid “unless the man doesn’t even have a fishing rod.” Groups such as UNICEF say people in rural Kenya, for example, get by on under a dollar a day. “What we’re talking about is extreme poverty where people literally don’t have enough food or the basic things to survive,” said Hughes, who now serves on the group’s board of directors. “What they need is a leg up. A cash infusion

can enable them to buy a roof for their hut,” and instead of worrying about keeping dry, recipients can take action and “get a job or send their kid to become a mechanic.”

His experience with Jumo taught him to be skeptical of the international development firmament, which he says doesn’t do enough data-crunching and self-analysis. “Introducing really rigorous metrics and evaluation into international development is something in theory everyone is in support of,” he says, “but it’s actually pretty rare.”

According to Observer.com:

“Since its founding in 2011, GiveDirectly has raised more than \$22 million, and Mr. Hughes says it is already seeing the kind of measurable progress it expects. Last fall, the results of an independent evaluation by Innovations for Poverty Action, using random control trials, showed major improvement in a number of key areas—‘things like the incidence of domestic violence going down by 40-45 percent’ in families that received cash transfers, incomes rising by 40 percent and hunger among children decreasing.”

Hughes' Better Half

Sean Eldridge did not have the same humble beginnings as Hughes. The son of two physicians from Toledo, Ohio, he attended one year at Deep Springs College, a two-year all-male college in California, which mixed academics with working on a cattle ranch. The small school's students herded cows in between classes. But he left college to travel to the East Coast to work for a moving company in Boston. That's where Eldridge met Hughes, during a lunch at Harvard Square, according to the *New York Times'* account.

Eldridge later transferred to Brown University, where he earned a degree in philosophy in 2009. He was accepted into Columbia University School of Law, but dropped out to be a full-time activist. The gay group Freedom To Marry hired Eldridge as the communications director. He was shortly promoted to political director. His hiring and rise in the organization came after Hughes had donated \$250,000 to the organization (*Advocate*, April 11, 2011).

"We can always write a check," Eldridge told the *New York Times*, "But we thought it was more important to get our friends to support issues."

After New York State passed a law legalizing gay marriage, the Hughes-Eldridge marriage became legally recognized. With the issue having gone his way in his home state, Eldridge stepped aside from his role in Freedom to Marry, while still advising the group. He decided to shift his focus to campaign finance reform, the *Times* reported. An odd choice, perhaps, for someone who would dump tons of his family money into his own campaign.

Eldridge Campaign: A Bad Start for the Roadmap

Hughes told *New York Magazine* of his "husband" Eldridge that "He's 26. He's going to do all kinds of things in politics, but I don't think there's any rush." Nine months later,



Steven Brill

Eldridge announced his candidacy in New York's 18th Congressional District, running against Rep. Chris Gibson (R-N.Y.)

Obama carried the district by six points in 2012, so Gibson was seen as vulnerable. Democrats, who fell in love with the liberal philanthropic gay couple, were eager to have a candidate who could self-finance his campaign and outspend the incumbent. The idea was to put Eldridge in Congress, while Hughes became a media mogul in Washington, shaping influence through a once-powerful institution.

James Kirchick reported in the *Daily Beast* that "a source close to Eldridge told me that he had SKDKnickerbocker draw up a plan for him to become the first openly gay president of the United States." That may be tricky, given the constitutional requirement that a president be a native-born American; Eldridge was born in Canada and at one point held both Canadian and Israeli citizenships.

In response to the *Daily Beast* report, Anita Dunn of SKDKnickerbocker commented, "The suggestion that SKDKnickerbocker drew up a presidential plan for Sean Eldridge

is untrue and ludicrous on its face, as we have told other reporters who asked us about this urban myth. Sean's goal is to serve in Congress and we were proud to work with him on his campaign."

Dunn may well be telling the truth, but to say it's ludicrous seems a bit of a stretch. Surely this would not be the only time a political consulting firm was asked by a first time candidate to draw a blueprint for reaching the White House. Both Eldridge and Hughes have proven ambitious and with barely any negative media, there's little reason to presume humility from either.

Ahead of his House campaign, Eldridge established Hudson River Ventures, a for-profit economic development project in the congressional district. He went around the district doling out grants and loans ranging from \$50,000 to \$500,000 to local businesses, such as Prohibition Distillery, Continental Organics and Bread Alone bakery, claiming the "investments" would create jobs. Eldridge donated another \$250,000 to a 3-D printing project at State University of New York, New Paltz, which is part of the district, according to *Politico*.

If the goal was to buy votes, it didn't work very well. Anyone who thinks money runs politics should study this race, where Eldridge outspent Gibson by 3-to-1, gave millions to local businesses, and still was wiped out 65-35 percent. One can only hope his other investments in the district pay off better.

Broken Promises at The New Republic

Just a few weeks after his life partner was humiliated on Election Day, Hughes took actions that led to the implosion of the magazine he was supposed to save.

He ousted Franklin Foer as editor, the second editor to go under his ownership. Foer had just praised the magazine's legacy at the 100th anniversary gala. Hughes instead hired Gabriel Snyder, a former editor at the Gawker website and the Atlantic Wire. He also hired Guy Vidra as the chief executive, who asserted the magazine was now a "vertically integrated digital media company."

Nearly the entire staff and many of its contributors left the magazine in protest, demoralized by Hughes' mismanagement. Numerous recently departed staffers, as well as long since departed staffers, wrote obituaries for the *New Republic* and blamed Hughes. A *Washington Post* headline from December 14 read, "Chris Hughes: From savior to villain at The New Republic."

Alec MacGillis, one of the *New Republic* writers who bolted, discovered Hughes' idea of journalism when he wrote a critical cover story about Obama's relationship with hedge fund managers. Both the president and the hedge fund managers were near and dear to Hughes' heart. Hughes yanked the story "at the last second," MacGillis said. "I'm pretty sure we had to chase the issues to the press."

It's not the only time the owner ran interference to protect his old boss, Obama. Hughes had promised to run a 24,000-word piece

by Steven Brill on the American health care system that was, among other things, critical of Obamacare. Hughes delayed the publication to run an interview he did with Obama, and not exactly a hard-hitting one. So Brill took the piece to *Time*, and it won a National Magazine Award.

The *New Republic* had always had a reputation of being more intellectually honest than more extremist publications like the *Nation*. While Hughes and Eldridge are still in good standing with the Democratic Party for their deep pockets, Hughes is scorned by the mainstream media for what he did to a once vaunted publication. The magazine still exists, but for how long is questionable.

The horrendous fall should not be a surprise to anyone. Hughes and Eldridge's stellar rise came from one unaccomplished college grad who married up to someone who just happened to have the right college roommates. It was a tidal wave that was almost certain to crash.

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Terrence Scanlon, President

PhilanthropyNotes

Foreign governments are drowning the **Bill, Hillary, and Chelsea Clinton Foundation** in donations to win favor with **Hillary Clinton** in case she becomes president. The philanthropy abandoned its self-imposed prohibition on collecting funds from foreign governments “and is winning contributions at an accelerating rate, raising ethical questions as Hillary Clinton ramps up her expected bid for the presidency,” the *Wall Street Journal* reports. Recent donors include the **United Arab Emirates, Saudi Arabia, Oman, Australia, Germany**, and a Canadian government agency advocating for the **Keystone XL** pipeline. Mrs. Clinton has yet to declare she is running for the presidency.

For the first time in the state’s history, Maine’s Governor, **Paul LePage** (R), has proposed taxing the real estate holdings of almost 90 percent of the state’s nonprofits, including summer camps, *Nonprofit Quarterly* reports. LePage said he is doing this “to eliminate the income tax and send the money back to communities so people can decide what services they want and who is going to pay for them.”

Despite President **Obama**’s strict ban on hiring lobbyists, senior HUD official **Debra Gross** continued for years to direct a left-wing nonprofit, **Council of Large Public Housing Authorities** (CLPHA), that benefited from HUD’s decisions, according to **Judicial Watch**. Before leaving HUD where she was Deputy Assistant Secretary in the Office of Policy, Programs, and Legislative Initiatives in Public and Indian Housing, Gross “went to town at HUD, pushing to change inconvenient rules and regulations to benefit CLPHA and hiring her like-minded industry pals to work within her division at the agency.” Gross even acknowledged that she violated HUD’s conflict of interest rules and then failed to recuse herself from dealings touching upon CLPHA’s interests, a HUD inspector general’s report found.

White-shoe law firm **Covington & Burling** announced that the CPA-Zicklin Index, which ranks companies’ political disclosure practices, intends to issue rankings for all 500 companies that are included in the S&P 500 Index. The annual index is a report jointly issued by the **Center for Political Accountability**, a nonprofit, and the **Zicklin Center for Business Ethics Research** at the Wharton School of the University of Pennsylvania.

Goldman Sachs WATCH

Goldman Sachs Group and anti-Wall Street crusader Sen. Elizabeth Warren (D-Mass.) both love the 2010 Dodd-Frank banking “reform” law, but for different reasons, the *Wall Street Journal* editorializes. Warren favors the law “because she says it punishes the big banks.” Goldman favors the law because it hurts its smaller competition. “More intense regulatory and technology requirements have raised the barriers to entry higher than at any other times in modern history,” Goldman Sachs CEO Lloyd Blankfein confessed at a recent conference. Goldman will be able to seize even more market share in the future because “only a handful of players” will likely be able “to effectively compete on a global basis.”

In other news, hedge fund Eaglevale Partners LP, operated by Hillary Clinton’s son-in-law, Marc Mezvinsky, made a huge bet that the Greek economy would turn around. It lost, reports the *Wall Street Journal*, and conditions are expected to worsen in the Hellenic state whose voters just put the radical left-wing anti-austerity Syriza party in power. The main Eaglevale fund “dropped 3.6% last year, far trailing the 5.7% rise for similar hedge funds tracked by HFR Inc.,” and a smaller fund “focused only on Greece plunged 48% last year, said the person familiar with the situation, hurt by the belief Greece’s economy will see a quick rebound.” A key investor in the fund: Goldman CEO Blankfein. Goldman helped to raise capital for the fund, the newspaper reports.