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Tea Party Inc.: The Big Money and Powerful Elites

about 3 hours ago

Tea Party Inc.: The Big Money and Powerful Elites Behind the Right Wing's Latest Uprising

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October 26, 2010

This article was reported in collaboration with The Investigative Fund at The Nation Institute.

Win or lose, the Tea Party movement will come away from next week's elections triumphant, having injected into the Republican Party a group of candidates pledged to the dismantling of government and wed to the religious right. Of the movement's dozen favored candidates for U.S. Senate, all are anti-abortion, and five oppose it even in cases of rape and incest. Among their number are Colorado's Ken Buck, who has compared homosexuality to alcoholism, and Nevada's Sharron Angle, who wants to demolish both the Department of Education and the Environmental Protection Agency. Major GOP players, from political strategist Karl Rove to former Bush speechwriter David Frum, have fretted publicly over Tea Party extremism, with Frum complaining of the movement's "paranoid delusions."

But it has now become clear that these Tea Party "outsiders" are all part of an inside game, a battle for control of the Republican party.

Though billed as a people's movement, the

Tea Party wouldn't exist without a gusher of cash from oil billionaire David H. Koch and the vast media empire of Rupert Murdoch. Many of the small donations to Tea Party candidates have been cultivated by either Fox News Channel, a property of Murdoch's News Corporation, or the Americans for Prosperity Foundation, chaired by Koch. The movement's major organizations are all run, not by first-time, mad-as-hell activists, but by former GOP officials or operatives.

Taken together, Americans for Prosperity, FreedomWorks (another far-right political group seeded by the Kochs) and Murdoch's News Corp, owner of Fox News and the Wall Street Journal, form the corporate headquarters of a conglomerate one might call Tea Party, Inc. This is the syndicate that funds the organizing, crafts the messages, and channels the rage of conservative Americans at their falling fortunes into an oppositional force to President Obama and to any government solution to the current economic calamity. Groups such as Tea Party Express, Tea Party Nation, and the FreedomWorks-affiliated Tea Party Patriots; the bevy of political consultants for hire; and various allied elected officials can be understood as Tea Party, Inc.'s loosely affiliated subsidiaries. The Web sites of FreedomWorks, Americans for Prosperity and the Tea Party side projects of Fox News Channel's Glenn Beck are linked with those of Tea Party Express and Tea Party Patriots, all of which in turn solicit support for Tea Party candidates.

The armies of angry white people with their "Don't Tread on Me" flags, the actual grassroots activists, are not the agents of the Tea Party revolt, but its end users, enriching the Tea Party's corporate owners just as you and I enrich Google through our clicks.

Coming Out Party

Tea Party, Inc. was on full display in our

nation's capital in late August, when Glenn Beck gathered his angry white multitudes at the Lincoln Memorial on the anniversary of Martin Luther King's historic "I Have a Dream" speech. The tens of thousands of Tea Partiers who showed up for this political revival were mobilized by untold hours of free promotion on Murdoch's network, while a related "Take America Back" convention, held the day before at Constitution Hall, was convened by FreedomWorks.

At that event, the crowd was treated to a trailer for a forthcoming film called Runaway Slave, narrated by Rev. C.L. Bryant, an African-American pastor from Louisiana identified as "a former NAACP radical," who made the case that liberalism is yet another means of enslaving black people.

"[I]n the black community," Bryant says in the film, "there's always somebody who's gotta keep them niggers in control." A photo of Jesse Jackson flashed on the screen. Then one of Al Sharpton. Some images flashed by so quickly that they were barely discernable. One was of a wriggling maggot.

Before the night was out, Glenn Beck himself graced the stage, asking the crowd to "expect miracles" at the next day's rally.

A few miles away, a more sedate crowd was jammed into a Marriott ballroom for a gala dinner that wrapped up yet another activist conference, the Defending the American Dream Summit, this one convened by the Americans for Prosperity Foundation. Striding toward the podium to the opening strains of "New York, New York" was chairman Koch. Tall and dapper in a precisely tailored dark suit, the 70-year-old stood in sharp contrast to the 2,500 middle-class women in pastel frocks and men in department-store sport coats who populated the ballroom tables.

Koch prefers to be known for the hundreds of

millions he lavishes on his adopted city's cultural institutions -- the New York City Ballet, the Metropolitan Museum of Art, and the Metropolitan Opera, to name a few. But the quieter largess behind events like these, dispensed by David Koch and his brother Charles, has reshaped Washington, D.C., and our national politics. Though Americans for Prosperity, which he founded, and its foundation, whose board he chairs, have been instrumental in organizing the Tea Party movement, Koch still publicly claims to have no Tea Party ties, making tonight's appearance notable.

"Six years ago, when we launched this organization," he said in his uneasy and halting style, "we envisioned a grassroots organization of Americans from all walks of life banded together to advance economic freedom and prosperity by limiting government's reach, and curbing government's growth, reining in government spending. We envisioned an organization that would boldly and unapologetically defend the free-market economy. The Tea Party is Koch's dream come true; the Washington summit, he told attendees, was designed to train grassroots activists in the defense of the "free-market economy" and "to send a message to the political class that these activists [are] energized and watching" its members.

The Capitol Hill Franchise

The self-appointed head of Tea Party, Inc.'s Capitol Hill division is the junior senator from South Carolina, Jim DeMint. DeMint is the top Senate recipient of donations from the Koch Industries' PAC, reeling in \$22,000 in the current election cycle for a race he stands virtually no chance of losing. The Kochs' PAC is also the number three donor to DeMint's PAC, the Senate Conservatives Fund, which he spends on other races.

In DeMint, the Kochs found a politician who

will make no compromises on their far-right agenda, favoring tax cuts and opposing health-care reform, green energy, labor unions and regulation of any kind. Last year, DeMint received the Americans for Prosperity Foundation's George Washington Award, bestowed upon the senator by Koch himself. Speaking at the organization's summit in August, Koch said DeMint "has consistently stood for freedom against this big-government agenda." In backing DeMint's power play against leaders of the Republican establishment, particularly his challenge to the power of Senate Minority Leader Mitch McConnell, the Kochs stand poised to push those establishment leaders into the same uncompromising positions.

Echoing DeMint's agenda are Rep. Michele Bachmann, a Minnesota Republican who, in July, founded a Tea Party Caucus in the House of Representatives, and Rep. Mike Pence, a Republican from Indiana, who is House GOP conference chairman and a charter member of the new caucus. Both are Tea Party favorites, and Bachmann is a regular speaker at Americans for Prosperity events. At the Americans for Prosperity Foundation's RightOnline conference, held in Las Vegas in July, Pence used a luncheon address to make the case for melding the free-market Tea Party agenda with the values of the religious right, while Bachmann entertained a banquet crowd with her plan to phase out Social Security.

FreedomWorks has its eye on a political transformation in the Senate, and is closely allied with DeMint, whose PAC is spending hundreds of thousands of dollars on behalf of many of the same Tea Party-backed Senate candidates endorsed by the FreedomWorks PAC, including Sharron Angle (currently in a tight race against Senate Majority Leader Harry Reid), Rand Paul in Kentucky, Marco Rubio in Florida, and Utah's Mike Lee. (Bachmann's Tea Party Caucus was announced the day after Paul, addressing FreedomWorks activists on a July 13

conference call, suggested a Tea Party caucus for the Senate.) Each of these candidacies began as primary challenges to establishment Republicans endorsed by McConnell.

In September, Huffington Post political columnist Sam Stein cited a Democratic strategist who said that by the midterms' close, Americans for Prosperity will have spent \$45 million on organizing "voter education" and get-out-the-vote activities that test the limits of legal nonprofit expenditures. Actually, Americans for Prosperity president Tim Phillips told me his plan was to raise and spend even more, though he wouldn't name a figure. Even the lesser amount, according to tax filings, would represent a tripling of its funds since 2008.

FreedomWorks also hopes to triple its revenue, from \$3 million in 2008, according to tax filings, to an anticipated \$10 million this election cycle, according to Adam Brandon, the group's communications director. In a fundraising video sent by FreedomWorks to new members, leaders announce that every dollar raised will be matched by an unnamed donor. Both Brandon and Koch Industries spokesperson Melissa Cohlmiya say that FreedomWorks has received no funding from the Kochs or their foundations since 2004, so there is likely another high-roller involved. But neither FreedomWorks nor Americans for Prosperity, nor its foundation, is required by law to disclose its donors and -- like advocacy organizations across the political spectrum -- they don't.

At any rate, the vast expenditures on organizing have worked in at least one way: FreedomWorks' membership had reached nearly 1.1 million by mid-October, according to the group's Web site ticker. Americans for Prosperity claims 1.5 million members and chapters in 31 states.

Both groups excel at training activists and

spreading the word for Tea Party candidates, who have raked in a significant portion of their campaign donations from small donors, according to the Center for Responsive Politics. When Angle's campaign announced earlier this month that it had raised a whopping \$14 million since June, spokesperson Jarrod Agen told the Washington Post that 96 percent of those donations were \$200 or less. (At press time, neither Angle nor the FEC had released official filings.)

One "voter education" exercise I witnessed was the dispatch of participants in July's RightOnline conference to canvass the Las Vegas suburbs, armed with a script about Harry Reid. "Reid voted for the failed \$800 billion stimulus plan that has wasted our tax dollars on more government," it read. "Reid's policies will make government bigger, waste more money, drive up budget deficits and kill jobs."

The canvassers had just heard Angle, Reid's opponent, deliver the conference's closing speech. But as they boarded vans for their deployments, they were reminded this was, of course, a nonpartisan exercise " since the Americans for Prosperity Foundation, a nonprofit, is forbidden from endorsing candidates.

The Money Men

The Tea Party's two major patrons are fabulously wealthy. David Koch is heir to the fortunes of Koch Industries, described in 2008 by Fortune as the largest privately held corporation in the United States, and was ranked by Forbes as one of the world's richest people, with an estimated personal wealth of \$17.5 billion. Rupert Murdoch, founder and CEO of News Corp -- ranked by Fortune as world's second-largest entertainment company -- was also rated by Forbes among the world's wealthiest, with personal wealth of \$6.3 billion.

Koch Industries, with David as executive vice-president and his brother Charles as CEO, presides over a vast conglomerate of oil and gas interests, as well as holdings in timber and chemicals. Since the 1970s, the two men have funded and controlled a large network of right-wing institutions, launching the libertarian Cato Institute in 1977 and the Mercatus Institute in 1985, all of which advocate business deregulation under the rubric of "free markets."

Both cornerstones of Tea Party Inc. -- FreedomWorks and the two entities comprising Americans for Prosperity -- sprang from Koch's riches. FreedomWorks rose from the ashes of Citizens for a Sound Economy, an early Astroturf group and think tank he founded during the Reagan years to advocate for lower taxes, less regulation, and smaller government. CSE was rebranded as FreedomWorks in 2004, after a corporate-style merger with Empower America, founded by the late Republican Congressman Jack Kemp to limit government and privatize government services.

That same year, Koch rebranded CSE's foundation as the Americans for Prosperity Foundation and founded its sibling organization, Americans for Prosperity.[i] Koch hired the politically connected Tim Phillips to serve as president of both organizations. (Phillips is a business partner of former Christian Coalition director Ralph Reed in a political consulting firm, Century Strategies, which was implicated, but never charged, in the bribery scandal that sent Jack Abramoff to prison.)

Koch and his allies built the underpinnings for a movement not quite ready to be born. The absent ingredient was rage. But by 2009, with the collapse of the economy and the election of the nation's first African-American president, the supply chain of rage was complete, and the Tea Party came roaring to life. Rupert Murdoch gave the new movement

legitimacy by means of sympathetic columns in the Wall Street Journal, boosterism from Sean Hannity and Glenn Beck and a regular media platform on Fox News Channel for Tea Party personalities and candidates. As Jane Mayer remarked in her New Yorker profile of the Kochs, the Tea Party had at last turned their private agenda into a mass movement.

The role of these groups in launching the movement is indisputable. In concert with Glenn Beck's 912 Project, FreedomWorks did the logistical organizing for the first Tea Party march on Washington, in September 2009. Beck launched the 912 Project on his Fox News Channel show, promoted the march on his show and mobilized for it through a social networking Web site built by his production company.

Since then, the groups have been tearing through the Murdoch-Koch agenda. Americans for Prosperity says it convened, through an offshoot, some 300 rallies against health-care reform, and once the healthcare bill was passed in March, the organization quickly moved to block cap-and-trade as a means of regulating carbon emissions. In fact, at an Americans for Prosperity Foundation conference I attended in Pittsburgh in August 2009, cap-and-trade was already being introduced as the next Tea Party battle. This is a longstanding priority for Koch Industries, a major polluter heavily invested in old energy technologies. In a March 2010 report, Greenpeace said that, over the years, the Koch brothers have "quietly funneled" nearly \$50 million to "climate-denial front groups that are working to delay policies and regulations aimed at stopping global warming."

Wall Street Journal columnist Stephen Moore -- a member of the newspaper's editorial board and a former fellow at the Koch-funded Cato Institute -- told the gathering of Tea Party activists he thought global warming was "the greatest hoax of the last 100 years."

He called the climate change agenda "not just evil, but contrary to the free-market system that made this country great."

The Media Storm

It is not unusual for op-ed pages to reflect the bias of an outlet's owners. It is highly unusual, however, for news operations to engage in outright political organizing on behalf of a CEO's agenda. Yet that's just what certain Fox News hosts and Wall Street Journal columnists seem to be doing on behalf of Rupert Murdoch, who is opposed to regulation of any kind, hates taxes, and despises labor unions -- having famously broken unions at his UK newspapers.

News Corp's best-known personalities accomplish this by working hand in glove with the like-minded ideologues at Americans for Prosperity. Fox News hosts, along with Stephen Moore and fellow Wall Street Journal columnist John Fund, are regular speakers at conferences sponsored by the Americans for Prosperity Foundation. At the group's 2009 RightOnline conference, a third of the plenary speakers were News Corp writers and pundits, including Moore and Fund, as well as Jim Pinkerton and Michelle Malkin, who were paid Fox commentators at the time. Fox News personality John Stossel spoke against health-care reform at three rallies sponsored by Americans for Prosperity, while Sean Hannity, host of a prime-time Fox News show, live-broadcast Americans for Prosperity's 2009 Tax Day protest in Atlanta -- and the network preempted regular programming to present it. Moore and Fund also shill for the foundation's anti-regulatory "worker education" project, known as Prosperity101.

The door swings the other way as well. By means of his regular presence on Fox's airwaves and column at the FoxNation Web site, Americans for Prosperity vice president Phil Kerpen was instrumental in building the

case against Obama green jobs adviser Van Jones, who was ultimately forced to resign his White House post.

At last year's RightOnline conference, I asked Americans for Prosperity president Tim Phillips if his group worked in partnership with News Corp, given the presence of so many of its personalities on the roster.

"Not at all, not at all," he replied with a laugh. "The fact is, the Wall Street Journal's my favorite newspaper; I love those guys. I like what they write. I look at Steve Moore and John Fund, and those are two of the smartest guys. But there's no partnership -- financially, understood, or anything else."

News Corp enjoys a similarly friendly -- if similarly informal -- relationship with FreedomWorks. In early October, FreedomWorks was promoting its Take America Back campaign -- a get-out-the-vote effort -- with a photo of Glenn Beck standing before his iconic blackboard. The FreedomWorks' Web site also featured an audio message from Beck: "I've been sayin' it for weeks. If you care about freedom, you must get involved. If you really want to end tyranny in Washington, you must get involved. And the group you need to find out about is FreedomWorks. Take America back -- FreedomWorks.org." Just days ago, Beck's image was used in a splash screen to solicit contributions for FreedomWorks' PAC.

To Rupert Murdoch, Glenn Beck is much more than a broadcaster; he's Murdoch's lead community organizer. His show has leached revenue since the civil rights group Color of Change launched a boycott of his advertisers, reportedly chasing away at least 100. But his act is far more profitable to News Corp in another way -- by creating the conditions for a stripping away of federal regulations that limit the growth of News Corp and its bottom line. And so Beck's rants become more shrill and his claims more preposterous, whether he

is stoking racial fears or recalling that old bogeyman threat of looming socialism -- a theme straight out of the John Birch Society, of which the Kochs' father, Fred, was a founding member.

The Campaigns

In Washington, D.C., Adam Brandon, FreedomWorks' communications director, is bubbling over with excitement at the end of a long, hot July day. "I'm racking up the frequent flyer miles," he says of his relentless weekend trips to train Tea Party activists in how to chalk up wins for candidates FreedomWorks' PAC has endorsed.

FreedomWorks doesn't aim to elect just any Tea Party candidate to office: as with DeMint's Senate Conservatives Fund, its endorsements seem designed to undermine the current GOP establishment, push the party rightward and further an anti-regulatory agenda. Well before others joined in, FreedomWorks embraced far-right insurgencies, notably those of Marco Rubio and Rand Paul. Both endorsements put FreedomWorks at loggerheads with Sen. McConnell, whose candidates -- including his hand-picked protg in his home state of Kentucky -- were vanquished.

DeMint's PAC spends hefty amounts on behalf of its endorsed candidates, including \$447,000 for Rubio and \$95,000 for Paul (\$95,000). FreedomWorks matches DeMint's cash with ground forces. The PAC runs an online "service center," where, according to FreedomWorks president Matt Kibbe, Tea Partiers "get the tools they need to turn a protest into a sophisticated, turn-out-the-vote effort." Those tools include walking maps, door-hangers, talking points, and "a sophisticated phone-banking system that is going to allow you to make calls in all of our targeted races." If you're an activist in Wisconsin, FreedomWorks can set you up to turn out voters for Rand Paul in Kentucky.

Combined, these Tea Party outfits have proven that they have the potential to decide elections.

When I asked whether FreedomWorks' endorsements were chosen in part to undermine McConnell, Brandon declined to answer directly, but his response revealed the intimate ties between his outfit and DeMint's. DeMint has been stalwart on behalf of FreedomWorks' positions, Brandon explained. These include opposition to healthcare and energy reform and labor unions. But DeMint needs more people like him in the Senate in order to create something of a caucus -- "a new power center," Brandon called it.

Their combined might was recently on display in Utah, where DeMint and FreedomWorks joined forces to replace incumbent Republican Senator Bob Bennett. DeMint's PAC and FreedomWorks' PAC each rank among the top twelve donors to Bennett's challenger, Tea Partier Mike Lee.

In Utah, candidates must win delegates at their state party convention; primaries take place only if a run-off is needed. So FreedomWorks helped pack the convention with Tea Party-allied delegates, and Lee showed convention-goers a video endorsement by DeMint. Bennett lost his seat that day, coming in third with 26 percent of the vote. (The remainder was split between Lee and another Tea Party candidate.) Lee prevailed in the subsequent two-way primary, with more help from DeMint's PAC, which has spent \$315,000 on his behalf, including \$184,000 in so-called "independent expenditures," according to FEC filings.

Suppliers and Subsidiaries

While Americans for Prosperity, FreedomWorks and News Corp run the boardroom of Tea Party, Inc., a growing number of national organizations have sprung

up to provide a range of services; call them the suppliers. Some have similar names -- Tea Party Patriots, Tea Party Nation, Tea Party Express -- though they compete ferociously. Reed's Faith & Freedom Coalition provides a unique service to Tea Party Inc.: the promise of delivering religious-right voters to its candidates. Like the big players, these groups, too, are run by former Republican officials or political consultants.

Tea Party Patriots, perhaps the most substantial of these groups, was born of FreedomWorks, as co-founder Jenny Beth Martin points out in a FreedomWorks video, and its state chapters do the on-the-ground organizing for FreedomWorks' agenda. Martin, a former Republican political consultant in Georgia, coordinates the group with Mark Meckler, a Northern California attorney who previously ran an online political consultancy with GOP ties.

More flamboyant is Tea Party Express, another name for Our Country Deserves Better, an anti-Obama PAC founded by Howard Kaloogian, the California attorney who orchestrated the recall of Gov. Gray Davis. The group has already weathered controversy -- its spokesperson, radio talk-show host Mark Williams, was forced to exit the organization in July after authoring a demeaning satire of NAACP president Ben Jealous. But Tea Party Express has nevertheless raised \$6.6 million this election, according to recent FEC data, making it, in the estimation of the New York Times, "the single biggest independent supporter of Tea Party candidates." And the group has racked up primary victories for Tea Party insurgents such as Christine O'Donnell in Delaware, who benefitted from \$250,000 in Tea Party Express ad buys; Joe Miller in Alaska, who beat incumbent Lisa Murkowski with the aid of \$550,000 from the group; and Angle, who has enjoyed nearly \$1 million in "independent expenditure" advertising by the group, according to FEC filings.

"Sharron Angle, in my opinion, wouldn't have won [the Republican primary] without the Tea Party Express," California Republican consultant and Tea Party organizer Eric Odom told participants in this year's RightOnline conference.

Reed's Faith & Freedom Coalition, which seeks to unite the Tea Party and the religious right, is provides a unique service to Tea Party Inc.: delivery of religious-right voters to its candidates. On September 11, Reed brought together a few hundred activists for a strategy briefing at Washington, D.C.'s Mayflower Hotel. The event featured speakers from the GOP's glory days, from Karl Rove to Newt Gingrich. There Reed instructed activists on how to "move the needle" when the polls are against you.

"We're building databases of faith-based and fiscal conservatives in every key congressional race, U.S. Senate race or governor's race, and a lot of targeted state legislative races," Reed explained. "Those voters are going to be contacted an average of seven times. We're gonna mail 'em, we're gonna phone 'em, if we have an e-mail, we're gonna e-mail 'em, if we have a cell phone number, we're gonna text-message them. And at the end, we're gonna knock on their door."

Reed's big announcement of his new Faith & Freedom Coalition took place in August 2009, at an Atlanta rally against health-care reform convened by Americans for Prosperity, the organization fronted by his old business partner, Tim Phillips. FreedomWorks chairman Dick Arney delivered the keynote address, and Fox News contributor Herman Cain made the business case against health-care reform.

Phillips couldn't make it to Atlanta that day. He was stuck in Pittsburgh, at his RightOnline conference, rubbing elbows with

the stars of Rupert Murdoch's News Corp."