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## Tea Party Gains Control Over Republican Policy Incubators

By: Julie Bykowicz - December 07, 2012

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The Republicans' anti-tax Tea Party wing, which failed in its goal to defeat President Barack Obama and the Senate Democratic majority, is rising to leadership positions in policy and activist groups that have guided the party's direction for years.

South Carolina Senator Jim DeMint, who helped insurgent candidates oust incumbent Republicans in primaries, announced yesterday that he will lead the Washington-based Heritage Foundation, a group that has served as an incubator for the party's policy and legislative ideas for decades.

Last week, former Republican House Majority Leader Dick Armey confirmed his resignation as chairman of FreedomWorks, telling Mother Jones Magazine that the Tea Party activist group was moving in an "unproductive" direction. FreedomWorks president Matt Kibbe, who now fills Armey's void, will maintain its direction, the group's spokeswoman said.

Kibbe, in interviews and public appearances, refers to himself as part of the "Tea Party."

"The old establishment isn't quite sure what to do with us yet," he said in an Aug. 27 online video interview with The Blaze, a media company owned by former Fox News host Glenn Beck.

### ***Legal Dispute***

The turnover at two of the party's most influential aligned organizations comes just months after the Cato Institute, another Washington-based organization, settled a legal battle aimed at preventing it from being taken over by David and Charles Koch, industrial billionaires who helped finance an expansion of the Tea Party movement through Americans for Prosperity.

"What you've got is a great movement with great ideas that's now becoming a true force," said Brent Bozell, president of For America, a nonprofit that advocates for Christian values. He praised the pick of DeMint to head Heritage as "a master stroke. It's just the kind of move that will rejuvenate conservatism."

Republican presidential nominee Mitt Romney's loss last month has prompted soul searching within the party, and Tea Party leaders are seizing the opportunity to show their strength and shift power in their direction.

"When you don't even mention the words 'Tea Party' at the Republican National Convention, you get the results you saw with the Romney campaign," said Jenny Beth Martin, co-founder of the Tea Party Patriots, a national network of activists.

### ***'Positive Thing'***

Newt Gingrich, a former House speaker and presidential candidate this year, said it's a "profound" time for Republicans, describing DeMint's new role as "a very positive thing."

DeMint said in an interview on CNN that he plans to use Heritage, a 40-year-old institution, to shape and sell policies that reflect the small-government, anti-tax wing of the party.

"The Heritage Foundation is the premier think-tank research organization - the premier idea group for the conservative movement," he said. "This will give me the opportunity to help take our case to the American people and to translate our policies into real ideas."

Matt Calabria, director of financial regulation studies at the Cato Institute, said DeMint's hiring "is recognition by Heritage that the energy is not with the Republican establishment." The choice "shows they are moving more toward the Tea Party than the mainstream."

Cato has always had "a fair amount of sympathy" for the Tea Party, Calabria said, because their philosophies of smaller government and stronger individual rights are closely aligned.

### ***CEO Ousted***

Still, Cato faced a leadership challenge of its own this year, as the Kochs sought great control over the group they provided seed money to found. A settlement in June ousted the group's CEO, Ed Crane, and replaced him with John Allison, the former chief executive officer of BB&T Corp.

Crane said in a statement in March that Charles Koch had been trying to "transform Cato from an independent, nonpartisan research organization into a political entity that might better support his partisan agenda."

The settlement prevents that from happening, both sides said.

DeMint, 61, who reported a maximum net worth of \$65,000 on his 2010 Senate financial disclosure forms, replaces longtime Heritage President Edwin Feulner, who received more than \$1 million in compensation last year, the group's tax forms show.

### ***Heritage's Finances***

Heritage raised \$65.7 million last year, a decline from the \$74 million it raised in 2010, the tax documents show. As a nonprofit, it doesn't disclose its donors' identities.

In addition, the foundation ran a \$7.9 million deficit last year and a \$2.1 million deficit in 2010, the tax documents show. DeMint is a prodigious fundraiser; his Senate Conservatives Fund super-political action committee raised more than \$13.7 million for the 2012 elections. He used the money in part to make donations to Tea Party candidates.

DeMint is a "conservative kingmaker" who helped elect Florida Senator Marco Rubio, Kentucky Senator Rand Paul, Wisconsin Senator Ron Johnson, Texas Senator-elect Ted Cruz, and Arizona Senator-elect Jeff Flake, Erick Erickson wrote in a post yesterday on Red State, a conservative website.

"Without Jim DeMint we would still have a conservative movement that is part and parcel the Republican Party in name, word, and deed," Erickson said. "DeMint showed the Republican Party can be challenged from within and that conservatism can be distinctly voiced from within the party moving it right, not moving with it."

### ***Generational Change***

The departures of Feulner, a founding trustee of Heritage in 1973, and Armev, who helped start FreedomWorks in 2004 --both in their 70s -- signal a generational turnover, said Colin Hanna, president of Let Freedom Ring, a political group that has worked with the Tea Party, "and that's a good thing. We have a very deep bench."

The circumstances surrounding Armev's departure from FreedomWorks are unclear. The Associated Press obtained what it said was a confidential contract showing an agreement that Armev receive \$8 million in \$400,000 annual installments from FreedomWorks board member Richard Stephenson, founder of the Cancer Treatment Centers of America.

The contract was dated Sept. 24, and the AP said Armev agreed to stay on until after the election. His resignation e-mail, obtained and posted online by Mother Jones, shows he wants FreedomWorks to strip his name from its website and all other documents.

Armev couldn't be reached for comment. Kibbe didn't return e-mails or calls requesting comment.

### ***'Winning Constituency'***

"FreedomWorks' direction has been, and always will be, to build a winning constituency of grassroots activists who stand for the principles of individual liberty and constitutionally-limited government," FreedomWorks' spokeswoman Jackie Bodnar said in an e-mail. "We had an incredibly successful year building our community in 2012, we are heading full steam ahead into 2013 to advance those principles."

Armev's decision came as a surprise to some FreedomWorks donors.

“I’m in the dark as to what’s happening at FreedomWorks and was surprised to see the announcement,” Wyoming investor Foster Friess said in an e-mail to Bloomberg News. “I don’t know why Arney and Kibbe came to loggerheads.”

Freiss gave \$100,000 this year to FreedomWorks’ super-political action committee, part of at least \$20 million it spent on the 2012 federal elections.

Michael Darland, a retired technology entrepreneur who lives in Bellevue, Washington, said Arney’s departure won’t dissuade him from giving to FreedomWorks. He said he learned about Arney’s departure from the news, just as Friess did. Kibbe sent him an e-mail this week inviting him to call with questions.

“I didn’t become interested in them because of Matt Kibbe or Dick Arney or anyone else. I liked what they stood for, and what they still stand for,” Darland said in an interview. “I have every reason to believe they still share my ideals of limited government and less taxes.”