

U.S. Programs 2011-2012 Budget: Contents

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Note: Physical binders with material for the budget discussion were sent to all Board members earlier this month. The memo in this section is the same memo that was in the binder.

(To go to a specific document, click “menu,” then hold the “alt” key and type the page number for the document (you will see the numbers you type in a window across the bottom of the screen), then click enter, which is the button with the arrow. The Kindle will take you to that document, and you can use the “next page” and “previous page” bars to navigate through it.)

MEMORANDUM

TO: U.S. Programs Board
FROM: Ann Beeson
DATE: September 9, 2010
RE: U.S. Programs Budget and Strategy Overview for 2011-12

Enclosed for your review is the proposed U.S. Programs budget for 2011-12. We are grateful for the guidance of the Board budget committee as we developed the materials, and to the Board advisors who provided feedback on the plans and budgets for each program. This memo is intended to supplement the enclosed budget materials with an analysis of the overall climate for reform on our issues in the next two years and a summary of trends and shifts in the U.S. Programs budget that we believe are necessary to advance our goals in the current climate. The memo is organized as follows:

- The external climate for advancing open society in the U.S.
- New, expanding, and shifting areas of work
- Contracting areas of work

The budget binders include a summary of the budget and a number of charts that illustrate budget trends and analyze categories of spending. The binders also contain four-page plans for each of our programs, which summarize each program's goals (based on the three-year strategic plans presented to the Board last year), identify lead grantees and recent accomplishments, and propose strategies for 2011-12 and the expected impact. The final page of each plan describes the context for reform, identifies the needs of the field, and outlines significant variances in planned spending from 2010 to 2011-12. The binders also include a list and data about U.S. Programs key grantees and a snapshot of our policy reform priorities.

I. The external climate for advancing open society in the United States

During the Bush Administration, the funding and advocacy strategies of the Open Society Foundations' U.S. Programs were primarily oppositional and we worked defensively to challenge unjust policies and expose abuses of power.¹ From 2008-2010, our funding helped groups advance an affirmative open society policy agenda in the hopes of a more friendly Administration and we rapidly launched a number of innovative programs to counter the impact of the economic crisis. While we secured a range of critical victories over the last 18 months, our collective hope for more substantial, long-term progress has been tempered by the economic crisis and persistent threats to a well-functioning democracy. As we develop and implement our goals and strategies for 2011-12, we will continue to sprint towards success on issues within reach while steadily building capacity to strengthen open society over the long-term.

¹ Beginning this year, the family of over 30 foundations created by George Soros is referred to collectively as the "Open Society Foundations", or "OSF".

Continuing Challenges

Partisan gridlock in Washington has made it extremely challenging to advance our issues inside the Beltway. The Tea Party is channeling popular discontent and anger at government and Wall Street to foment xenophobia and racism. Rapidly shifting demographics in the United States are fueling fear and backlash against Latino immigrants. Hate violence is increasing. The very fact of an African-American President has lulled many into believing that the country has overcome intolerance, while headlines expose the ugly reality – from the “birthers” to the outcry over plans to build a Muslim community center in Lower Manhattan.

The Great Recession has devastated already vulnerable families and communities, required states to drastically reduce their budgets, and shrunk philanthropic investments. National foreclosure rates continue to exceed those during the Great Depression and are three times higher in communities of color. The country continues to experience high and persistent unemployment rates. The national crisis facing black men and boys is more severe today than when we launched the Campaign for Black Male Achievement, with unemployment figures double the national average and few signs that the educational achievement gap is narrowing.

Many entrenched threats to open society have not been priorities for the Administration – including mass incarceration, the “War on Drugs,” and persistent inequality. Our grantees and partners have new allies on the Hill and in federal agencies who welcome ideas and input, but progress on these issues continues to be slow.

President Obama pledged to fix the nation’s broken immigration system, but vocal opposition doomed the short-term potential for reform. To counter pressure from the right, the Administration stepped up enforcement efforts and is now deporting more people than during the Bush years. The passage of SB 1070 in Arizona marked a new low point and spawned copycat bills and growing anti-immigrant rhetoric. A similar offensive from the right on national security policy, and growing fears of “home-grown terrorism,” has weakened the Administration’s resolve to confront abusive “War on Terror” tactics.

Success in 2009-10 in the Face of Significant Challenges

Despite these sobering and continuing challenges, we have made significant progress on a number of issues in the past year and a half. On drug policy issues, federal healthcare reform included expanded access to treatment; the federal ban on needle exchange was lifted; the crack/powder cocaine federal sentencing disparity was substantially modified; and the Rockefeller drug laws in New York were finally amended. Nine states significantly expanded community-based addiction treatment.

Showing a renewed commitment to tackling the nation’s indigent defense crisis, the Department of Justice created a new Access to Justice office. The federal government agreed to match funds to expand the Civic Justice Corps, an OSF-initiated program that helps adjudicated youth obtain jobs and education. Nineteen states adopted policies to reduce incarceration, and some states saw decreases of up to 12%; the Maryland prison

population decreased by 1000. Four states and a number of municipalities (including Baltimore) “banned the box” requiring job applicants to disclose criminal convictions. The Supreme Court banned the sentencing of juveniles to life without parole, and death sentences are at historic lows.

Despite major setbacks on immigration reform, the immigrants’ rights movement continues to grow in strength and capacity. SB 1070 has been enjoined (the lawsuit is now on appeal), and pro-immigrant groups from around the country continue to send advocates to Arizona and to develop strategies to prevent traction on copycat bills. OSF grantees organized a large Washington march this spring that reinvigorated the immigrant grassroots movement, and immigrant young people courageously joined together in public “coming out” efforts to build public will for passage of the DREAM Act.

On the national security front, within his first few days in office President Obama announced his intention to close Guantanamo. Our grantees laid the groundwork for Obama’s commitment and led to executive orders to end torture and secret prisons and mandate review of U.S. interrogation and detention policies. The Administration also launched an important and far-reaching Open Government Directive, based on a comprehensive blueprint developed by our grantees.

There is a growing consensus to reform the country’s broken election system. OSF helped to launch a high-level Committee to Modernize Voter Registration along with a parallel effort to advance reform in the states. A special campaign, which OSF coordinated jointly with other funders, also ensured that hard-to-reach populations were counted in the 2010 census, which will be critical as states engage in redistricting next year. OSF grantees thwarted a legal challenge in the Supreme Court to the Voting Rights Act, and grantees continue fighting similar challenges at the state level.

With support from OSF, a number of groups also formed a coalition to reform federal education policies that perpetuate the “school-to-prison pipeline.” OSI-Baltimore’s work has helped reduce school suspensions from 25,000 in 2006 to 12,000 in 2010. OSF grantees helped to build public will to include equal opportunity guarantees in the American Recovery and Reinvestment Act; ensure fair pay for women through the Lily Ledbetter Act; and remedy discrimination in health and human services for same-sex couples. The Rights Working Group launched a national campaign that brings together traditional civil rights organizations, immigrants’ rights groups, and Arab, South Asian, and Muslim communities to challenge profiling by law enforcement.

OSF-initiated national and state coalitions worked to ensure transparency and equity in the distribution of billions of federal stimulus dollars, and our grantees also advocated for the expansion of anti-poverty programs in the federal budget. OSF grantees played a leading role in establishing the new Bureau of Consumer Financial Protection and helped to eliminate abuses in subprime lending. Complementing our advocacy, the Special Fund for Poverty Alleviation and the Campaign for Black Male Achievement delivered millions of dollars to direct service programs to broaden educational opportunities for disconnected youth, expand access to employment, and to improve access to benefits.

We leveraged federal funds to fight poverty, and our grantees helped to craft the federal Fatherhood, Marriage and Healthy Families Innovation Fund.

Forecast for 2011-12

As we move into 2011-12, there are lessons to be learned from our successes and ongoing challenges. OSF and our partners must continue to press for short-term federal reforms and to “seal the deal” on issues from closing Guantanamo to truly ending the “War on Drugs.” We must ensure that promises are matched with concrete policy shifts, and continue to hold the Administration accountable on immigration reform, indigent defense reform, government transparency, and more. We must also press for effective implementation of recent reforms (in areas including national security, expanded access to drug addiction treatment, and the economic recovery).

We must also confront a number of emerging challenges with new and expanded resources. We need to expose and challenge xenophobia and racism and to redouble our efforts on civic and public education. The Supreme Court’s decision in *Citizens United* allows corporations to spend unlimited sums in support or opposition to candidates, skewing the balance of power between corporations and the voting public. We should support policy proposals that would lessen the impact of the decision and level the playing field. The redistricting process presents a once-in-a-decade opportunity to ensure fair voting representation, but the process is likely to be highly partisan. We need to support organizations working to ensure a fair, open, and transparent map-drawing cycle in which communities participate, influence the system, and protect representational gains made by minorities.

To respond to persistent poverty and inequality made worse by the Great Recession, we must deepen our investment in advocacy to ensure economic security through job creation, workforce development training, foreclosure prevention, and efforts to repair the nation’s tattered social safety net. We will continue to support programs to lessen the disproportionate impact of the recession on African-American men, and to strengthen our advocacy through complementary direct service funding and federal partnerships leveraged by the Special Fund for Poverty Alleviation, CBMA, and OSI-Baltimore. We will also take advantage of the fiscal crisis to confront the excessive costs of over-incarceration and to promote more cost effective and just criminal justice policies.

Recognizing that policy change in Washington is likely to become even more challenging following the mid-term elections, we must continue to expand and strengthen organizations and constituencies engaged on our issues outside of the Beltway. As the Tea Party movement has once again demonstrated, large scale networks of engaged and informed people can shift public will on policy issues. To highlight just one example, continuing to strengthening the immigrants’ rights movement and to expand non-partisan voter engagement across the country can help stop Arizona copycat bills, render anti-immigrant rhetoric toxic to politicians, and ultimately build broad scale support for comprehensive immigration reform. Investment in the grassroots and grass tops is necessary to broaden public support for much-needed reforms and to hold the Administration and Congress accountable to its promises. Expanding our funding in the

states will complement the work of our many strong organizational partners in Washington, DC, while advancing innovative policy reforms at the state level.

It is more clear than ever that we cannot expect any single Administration to magically eliminate all the threats to open society in the United States, but rather we must continue to invest in a range of strategies at the federal and state levels including expert policy advocacy, direct service, base-building, litigation, research, and public education.

II. New, expanding, and shifting areas of work

Shift in overall spending: George Soros has authorized U.S. Programs to propose a budget of \$320 million over two years, with the understanding that the annual budget for U.S. Programs will be \$150 million beginning in 2013. Because of the reduction in the Special Fund for Poverty Alleviation (SFPA) budget, the overall budget for U.S. Programs shows a decrease from 2010 to 2011-12 from a total budget of \$192,817,618 in 2010 to \$168,891,456 in 2011 and \$150,922,941 in 2012. Excluding the SFPA budget, however, there is an increase in overall spending on other U.S. Programs, from \$110,151,607 in 2010 to \$136,233,887 in 2011 and \$143,907,901 in 2012. See Tab 2 for a one-page summary of the proposed budget, showing these shifts, and a detailed breakdown of proposed spending by goal within all of the programs.

Expanding the budget for the Campaign for Black Male Achievement: As endorsed by George Soros and the Board during our February and May 2010 Board meetings, the Campaign for Black Male Achievement is becoming a long-term program rather than a time-limited initiative and its budget is increasing significantly. In accordance with feedback from the Board, we are proposing a budget for CBMA that scales up gradually over the next couple of years rather than proposing a higher level of spending in 2011 that tapers down after that (as originally proposed). The increase in CBMA's budget will enable the Campaign to deepen significantly the level of investment in three regions; expand funding on education, employment, and strengthening families; and launch a fellowship program and leadership institute. See Tab 11.

Expanding support for drug policy reform through a new stand-alone Campaign for a New Drug Policy: The Campaign for a New Drug Policy brings together and expands our prior work to reform sentencing practices, expand access to treatment, and promote harm reduction practices. The Campaign seeks to generate the public will to move from the "War on Drugs" framework to one that embraces public health, protects public safety, and supports economically sound communities. (In prior years, this work was included within the budgets for the Criminal Justice Fund and the Closing the Addiction Treatment Gap program.) See Tab 13.

Renewing the National Security and Human Rights Campaign for two years: With a well-mobilized field, there is still an opportunity to win significant gains in public policy and prevent Bush-era national security policies from becoming the norm. For these reasons, we are requesting an extension of the Campaign for another two years. See Tab 12. A detailed memorandum evaluating the first three years of the National Security and

Human Rights Campaign and proposing goals and strategies for the next two years will be included in the September Board book. The plan and request for renewed funding will be reviewed during a panel discussion at the Board meeting.

Incorporating the time-limited Neighborhood Stabilization Initiative into a more permanent portfolio within the Equality and Opportunity Fund to advance economic security more broadly in response to the recession: Because of the ongoing impact of the Great Recession, and the success of efforts seeded through the Neighborhood Stabilization Initiative (NSI), NSI will now become part of a more permanent economic security portfolio in the Equality and Opportunity Fund that will combine work on housing equity with support for efforts to ensure a social safety net. The overall level of funding for the Equality and Opportunity Fund (EOF) shows a decrease because of elevated funding levels over the last few years for two special initiatives housed with EOF, NSI and support for comprehensive immigration reform (discussed below). See Tab 8.

Shifting immigrants' rights funding, which is included in the budget of the Equality and Opportunity Fund, from a short-term campaign strategy to a long-term field-building strategy: Support for immigrants' rights remains a top priority for U.S. Programs. The overall level of funding for immigrants' rights shows a decrease because of elevated funding levels over the past few years for support of the Reform Immigration for America Now Campaign. Because short-term prospects for reform are now slim, we are shifting from a time-limited campaign strategy to a long-term field building strategy, which requires fewer resources but will provide more stable funding to advance reform over the long term. See Tab 8.

Increasing funding for OSI-Baltimore through an agreement to temporarily alter the match requirement: Between 2006 and 2010, when OSI-Baltimore first began to diversify its funding sources, George issued a challenge grant, offering a 1:2 match for all funds raised from individuals, corporations and other foundations. Under this agreement, OSF has provided two million dollars in funding annually to OSI-Baltimore for the past several years. (OSF also covers certain overhead expenses for OSI-Baltimore.) In a meeting with OSI-Baltimore Board representatives in June, George Soros agreed to temporarily alter the match requirement, and to provide some funding without requiring a match for the next couple of years. OSF will provide a total of \$4,000,000 in funding to OSI-Baltimore in 2011, gradually reducing the total to \$3,000,000 annually by 2015. The proportion of funding without a match will gradually decrease so that OSF's full \$3,000,000 contribution to OSI-Baltimore in 2015 must be matched. See Tab 10.

Gradual increases in the budgets of core programs to provide more stable funding of organizations that are advancing U.S. Programs' long-term priorities: During the preliminary budget discussion at the May 2010 Board meeting, the Board recommended meaningful increases for long-term, core programs over the next two years. These increases will be used to expand support for long-term goals as well as to provide seed funding for new areas. The increase in the Criminal Justice Fund budget will provide expanded support to address excessive immigration enforcement practices, the

development of a police accountability portfolio, and additional state-based advocacy. The increase in Democracy and Power Fund budget will expand funding of non-partisan voter engagement to catalyze participation from African-American, Latino, immigrant, and youth communities in particular, and to ensure a fair and just redistricting process. The increase in the Transparency and Integrity Fund will expand support for election reform, judicial independence and journalism.

Establishing a separate budget line for large anchor grantees to enable more stable, long-term funding and to provide more flexibility in the core program budgets: U.S. Programs supports approximately nine organizations that advance multiple OSF issues at a level of \$500,000 or more annually. These grantees include Leadership Conference on Civil and Human Rights, Center on Budget and Policy Priorities, Center for American Progress, Advancement Project, Center for Community Change, Brennan Center, and others. To more effectively manage these important grants and to enable multi-year funding, we have established a separate budget line for these grants in 2011-12. See Tab 4.

Establishing a separate budget line to augment and expand state-based funding: In the past few years, in recognition of the potential for reform at the state and local level on many open society issues, a number of U.S. Programs began to expand grantmaking at the state level to complement our national grantmaking strategies. We now propose to identify a few key states for increased investment to advance a range of issues, and we seek approval for a separate budget line to augment our existing state-based funding through individual programs. We have drafted a separate memo for the Board, to be included in the September Board book, which proposes a strategy for expanded grantmaking in Louisiana and Texas beginning in 2011, as well as research and development of another 3-4 potential states beginning in 2012.

Establishing separate budget lines to ensure flexibility for funding future Chairman's Grants and other Board-initiated projects within the U.S. Programs' budget: To ensure adequate funding within the U.S. Programs budget for grants initiated by George Soros and other Board members, we have created a separate budget line of \$5 million for Chairman's Grants and \$5 million for other Board-initiative projects per year.

Showing other spending in the U.S. that is not counted within the U.S. Programs' budget "below the line": To provide a more thorough accounting of OSF spending on domestic issues, we have indicated other U.S. spending not counted against the U.S. Programs budget "below the line" on the budget summary. This line includes the 2011 budget for the Performing Arts Recovery Initiative and a handful of other previously approved Chairman's grants. While the 2010 "below-the-line" figure is aligned closely with actual spending, the 2011-12 figures are less precise because of the nature of this spending. See Tab 2.

III. Contracting areas of work

Reducing the Special Fund for Poverty Alleviation budget, which will wind down in 2012: At the May 2010 Board meeting, the Board decided that the budget previously approved for the Special Fund for Poverty Alleviation (SFPA) would be at the Board's discretion to reallocate to other programs as needed. The Board recommended that staff evaluate grants in the SFPA pipeline and make every effort to honor firm commitments and to minimize reputational costs. The enclosed memo provides the Board with a more precise accounting of grants in the SFPA pipeline with analysis of the impact of reducing SFPA's budget, as well as a complete list of all of SFPA's previous and planned grants from 2009 to 2012 under a reduced budget. The Special Fund began in 2009 and will complete its spending in 2012. See Tab 14.

The Seize the Day Initiative ended in 2010: As planned, the Seize the Day Initiative will close in 2010. In early 2011, staff will prepare a memo for the Board evaluating the special initiative and summarizing its accomplishments.

The JEHT Emergency Fund ended in 2010: As planned, the JEHT Emergency Fund will close in 2010. (The JEHT Fund was included in the international budget though U.S. Programs staff managed most of the grants.) The time-limited initiative enabled rapid response funding in 2009-10 to support existing OSF and U.S. Programs grantees impacted by the sudden closure of the JEHT Foundation in late 2008. The staff has been working with grantees that receive support through this Fund to ensure that they understand the time-limited nature of the funding and to help them through this transition.

Performing Arts Recovery Initiative will close in 2011: As planned, the Performing Arts Recovery Initiative will close in 2011. Grantees were identified and given initial grants in 2010. If minimum requirements are met, the same grantees will receive second and final installments in 2011.

U.S. Programs Budget Discussion Guest Biographies

Strobe Talbott

Strobe Talbott assumed the presidency of the Brookings Institution in July 2002 after a career in journalism, government, and academe. His immediate previous post was founding director of the Yale Center for the Study of Globalization. Before that, he served in the State Department from 1993 to 2001, first as Ambassador-at-large and special adviser to the Secretary of State for the new independent states of the former Soviet Union, then as Deputy Secretary of State for seven years.

Mr. Talbott entered government service after 21 years with *Time* magazine. As a reporter, he covered Eastern Europe, the State Department, and the White House, then was Washington bureau chief, editor-at-large and foreign affairs columnist. He was twice awarded the Edward Weintal Prize for distinguished diplomatic reporting.

His twelfth book, *Fast Forward, Ethics and Politics in the Age of Global Warming*, which he co-authored with William Antholis, Brookings Managing Director, was published in May 2010. His past books include: *The Great Experiment: The Story of Ancient Empires, Modern States, and the Quest for a Global Nation*, published in January 2008, which combines historical and political analysis with personal reflection on efforts to forge a peaceful community of nations. His past books also include: *Engaging India: Diplomacy, Democracy and the Bomb*; *The Russia Hand*; *At the Highest Levels* (with Michael Beschloss); *The Master of the Game*; *Reagan and Gorbachev* (with Michael Mandelbaum); *Deadly Gambits*; *Reagan and the Russians*; and *Endgame*. He translated and edited two volumes of Nikita Khrushchev's memoirs in the early 1970s.

He has also written for *Foreign Affairs*, *The New Yorker*, *Foreign Policy*, *International Security*, *The Economist*, *Financial Times*, *The New York Times*, the *New York Review of Books*, *The Washington Post* and *Slate*.

Mr. Talbott has been a fellow of the Yale Corporation, a trustee of the Hotchkiss School and the Carnegie Endowment for International Peace, a director of the Council on Foreign Relations, the North American Executive Committee of the Trilateral Commission, and the American Association of Rhodes Scholars, and a member of the participating faculty of the World Economic Forum. He is currently a member of the Aspen Strategy Group, a fellow of the American Academy of Arts & Sciences, the Academy of Diplomacy, and, in 2007-08, served as a member of the National Commission on War Powers.

Born in Dayton, Ohio, in 1946, he was educated at Hotchkiss, Yale (B.A., '68, M.A.Hon., '76) and Oxford (M.Litt., '71). He has honorary doctorates from the Monterey Institute, Trinity College, Georgetown University and Fairfield University, and he has been awarded state orders by the presidents of Estonia, Finland, Germany, Lithuania, Poland, and the Kings of Sweden and Belgium.

John Simon

John Simon is Augustus Lines Professor Emeritus of Law and Professorial Lecturer at Yale Law School, where he has taught since 1962, including service as Deputy Dean (1985-1990) and Acting Dean (1991).

He is a graduate of Harvard College (1950) and Yale Law School (1953), served from 1953 to 1958 in both military and civilian capacities as an assistant to the General Counsel, Office of the Secretary of the Army, and practiced law in New York with the firm of Paul, Weiss, Rifkind, Wharton & Garrison from 1958 to 1962. At Yale Law School he has specialized in teaching and research related to (a) the nonprofit sector and philanthropy (since 1963) and (b) elementary and secondary education (since 1966). He was the founding Director (from 1977 to 1982) of the Yale Program on Nonprofit Organizations, an interdisciplinary research center.

Outside of the university, Mr. Simon has served on a number of boards and committees active in the field of philanthropy—as a trustee of the Open Society Institute, president and trustee of the Taconic Foundation, trustee and founding chair of the Cooperative Assistance Fund, trustee and Vice President of the Smokey House Center, and trustee of the Rockefeller Archives Center, the Council on Foundations and the Foundation Center. He also serves as a trustee of the Grove Street Cemetery.

Mr. Simon's publications include *The Ethical Investor* (with Jon Gunnemann and Charles Powers), Yale University Press, 1972. He received an honorary doctor of laws degree from Indiana University in 1989 for his contributions to scholarship in philanthropy.

THE NEW YORKER

A REPORTER AT LARGE

COVERT OPERATIONS

The billionaire brothers who are waging a war against Obama.

by Jane Mayer

AUGUST 30, 2010



David H. Koch in 1996. He and his brother Charles are lifelong libertarians and have quietly given more than a hundred million dollars to right-wing causes.

On May 17th, a black-tie audience at the Metropolitan Opera House applauded as a tall, jovial-looking billionaire took the stage. It was the seventieth annual spring gala of American Ballet Theatre, and David H. Koch was being celebrated for his generosity as a member of the board of trustees; he had recently donated \$2.5 million toward the company's upcoming season, and had given many millions before that. Koch received an award while flanked by two of the gala's co-chairs, Blaine Trump, in a peach-colored gown, and Caroline Kennedy Schlossberg, in emerald green. Kennedy's mother, Jacqueline Kennedy Onassis, had been a patron of the ballet and, coincidentally, the previous owner of a Fifth Avenue apartment that Koch had bought, in 1995, and then sold, eleven years later, for thirty-two million dollars, having found it too small.

The gala marked the social ascent of Koch, who, at the age of seventy, has become one of the city's most prominent

philanthropists. In 2008, he donated a hundred million dollars to modernize Lincoln Center's New York State Theatre building, which now bears his name. He has given twenty million to the American Museum of Natural History, whose dinosaur wing is named for him. This spring, after noticing the decrepit state of the fountains outside the Metropolitan Museum of Art, Koch pledged at least ten million dollars for their renovation. He is a trustee of the museum, perhaps the most coveted social prize in the city, and serves on the board of Memorial Sloan-Kettering Cancer Center, where, after he donated more than forty million dollars, an endowed chair and a research center were named for him.

One dignitary was conspicuously absent from the gala: the event's third honorary co-chair, Michelle Obama. Her office said that a scheduling conflict had prevented her from attending. Yet had the First Lady shared the stage with Koch it might have created an awkward tableau. In Washington, Koch is best known as part of a family that has repeatedly funded stealth attacks on the federal government, and on the Obama Administration in particular.

With his brother Charles, who is seventy-four, David Koch owns virtually all of Koch Industries, a conglomerate, headquartered in Wichita, Kansas, whose annual revenues are estimated to be a hundred billion dollars. The company has grown spectacularly since their father, Fred, died, in 1967, and the brothers took charge. The Kochs operate oil refineries in Alaska, Texas, and Minnesota, and control some four thousand miles of pipeline. Koch Industries owns Brawny paper towels, Dixie cups, Georgia-Pacific lumber, Stainmaster carpet, and Lycra, among other products. *Forbes* ranks it as the second-largest private company in the country, after Cargill, and its consistent profitability has made David and Charles Koch—who, years ago, bought out two other brothers—among the richest men in America. Their combined fortune of thirty-five billion dollars is exceeded only by those of Bill Gates and Warren Buffett.

The Kochs are longtime libertarians who believe in drastically lower personal and corporate taxes, minimal social services for the needy, and much less oversight of industry—especially environmental regulation. These views dovetail with the brothers' corporate interests. In a study released this spring, the University of Massachusetts at Amherst's Political Economy Research Institute named Koch Industries one of the top ten air polluters in the United States. And Greenpeace issued a report identifying the company as a "kingpin of climate science denial." The report showed that, from 2005 to 2008, the Kochs vastly outdid ExxonMobil in giving money to organizations fighting legislation related to climate change, underwriting a huge network of foundations, think tanks, and political front groups. Indeed, the brothers have funded opposition campaigns against so many Obama Administration policies—from health-care reform to the economic-stimulus program—that, in political circles, their ideological network is known as the Kochtopus.

In a statement, Koch Industries said that the Greenpeace report "distorts the environmental record of our companies." And David Koch, in a recent, admiring article about him in *New York*, protested that the "radical press" had turned his family into "whipping boys," and had exaggerated its influence on American politics. But Charles Lewis, the founder of the Center for Public Integrity, a nonpartisan watchdog group, said, "The Kochs are on a whole different level. There's no one else who has spent this much money. The sheer dimension of it is what sets them apart. They have a pattern of lawbreaking, political manipulation, and obfuscation. I've been in Washington since Watergate, and I've never seen anything like it. They are the Standard Oil of our times."

A few weeks after the Lincoln Center gala, the advocacy wing of the Americans for Prosperity Foundation—an organization that David Koch started, in 2004—held a different kind of gathering. Over the July 4th weekend, a summit called Texas Defending the American Dream took place in a chilly hotel ballroom in Austin. Though Koch freely promotes his philanthropic ventures, he did not attend the summit, and his name was not in evidence. And on this occasion the audience was roused not by a dance performance but by a series of speakers denouncing President Barack Obama. Peggy Venable, the organizer of the summit, warned that Administration officials "have a socialist vision for this country."

Five hundred people attended the summit, which served, in part, as a training session for Tea Party activists in Texas. An advertisement cast the event as a populist uprising against vested corporate power. "Today, the voices of average Americans are being drowned out by lobbyists and special interests," it said. "But you can do something about it." The pitch made no mention of its corporate funders. The White House has expressed frustration that such sponsors have largely eluded public notice. David Axelrod, Obama's senior adviser, said, "What they don't say is that, in part, this is a grassroots citizens' movement brought to you by a bunch of oil billionaires."

In April, 2009, Melissa Cohlma, a company spokesperson, denied that the Kochs had direct links to the Tea Party, saying that Americans for Prosperity is "an independent organization and Koch companies do not in any way direct their activities." Later, she issued a statement: "No funding has been provided by Koch companies, the Koch foundations, or

Charles Koch or David Koch specifically to support the tea parties." David Koch told *New York*, "I've never been to a tea-party event. No one representing the tea party has ever even approached me."

At the lectern in Austin, however, Venable—a longtime political operative who draws a salary from Americans for Prosperity, and who has worked for Koch-funded political groups since 1994—spoke less warily. "We love what the Tea Parties are doing, because that's how we're going to take back America!" she declared, as the crowd cheered. In a subsequent interview, she described herself as an early member of the movement, joking, "I was part of the Tea Party before it was cool!" She explained that the role of Americans for Prosperity was to help "educate" Tea Party activists on policy details, and to give them "next-step training" after their rallies, so that their political energy could be channelled "more effectively." And she noted that Americans for Prosperity had provided Tea Party activists with lists of elected officials to target. She said of the Kochs, "They're certainly our people. David's the chairman of our board. I've certainly met with them, and I'm very appreciative of what they do."

Venable honored several Tea Party "citizen leaders" at the summit. The Texas branch of Americans for Prosperity gave its Blogger of the Year Award to a young woman named Sibyl West. On June 14th, West, writing on her site, described Obama as the "cokehead in chief." In an online thread, West speculated that the President was exhibiting symptoms of "demonic possession (aka schizophrenia, etc.)." The summit featured several paid speakers, including Janine Turner, the actress best known for her role on the television series "Northern Exposure." She declared, "They don't want our children to know about their rights. They don't want our children to know about a God!"

During a catered lunch, Venable introduced Ted Cruz, a former solicitor general of Texas, who told the crowd that Obama was "the most radical President ever to occupy the Oval Office," and had hidden from voters a secret agenda—"the government taking over our economy and our lives." Countering Obama, Cruz proclaimed, was "the epic fight of our generation!" As the crowd rose to its feet and cheered, he quoted the defiant words of a Texan at the Alamo: "Victory, or death!"

Americans for Prosperity has worked closely with the Tea Party since the movement's inception. In the weeks before the first Tax Day protests, in April, 2009, Americans for Prosperity hosted a Web site offering supporters "Tea Party Talking Points." The Arizona branch urged people to send tea bags to Obama; the Missouri branch urged members to sign up for "Taxpayer Tea Party Registration" and provided directions to nine protests. The group continues to stoke the rebellion. The North Carolina branch recently launched a "Tea Party Finder" Web site, advertised as "a hub for all the Tea Parties in North Carolina."

The anti-government fervor infusing the 2010 elections represents a political triumph for the Kochs. By giving money to "educate," fund, and organize Tea Party protesters, they have helped turn their private agenda into a mass movement. Bruce Bartlett, a conservative economist and a historian, who once worked at the National Center for Policy Analysis, a Dallas-based think tank that the Kochs fund, said, "The problem with the whole libertarian movement is that it's been all chiefs and no Indians. There haven't been any actual people, like voters, who give a crap about it. So the problem for the Kochs has been trying to create a movement." With the emergence of the Tea Party, he said, "everyone suddenly sees that for the first time there are Indians out there—people who can provide real ideological power." The Kochs, he said, are "trying to shape and control and channel the populist uprising into their own policies."

A Republican campaign consultant who has done research on behalf of Charles and David Koch said of the Tea Party, "The Koch brothers gave the money that founded it. It's like they put the seeds in the ground. Then the rainstorm comes, and the frogs come out of the mud—and they're our candidates!"

The Kochs and their political operatives declined requests for interviews. Instead, a prominent New York public-relations executive who is close with the Kochs put forward two friends: George Pataki, the former governor of New York, and Mortimer Zuckerman, the publisher and real-estate magnate. Pataki, a Republican who received campaign donations from David Koch, called him "a patriot who cares deeply about his country." Zuckerman praised David's "gentle decency" and the "range of his public interests."

The Republican campaign consultant said of the family's political activities, "To call them under the radar is an understatement. They are underground!" Another former Koch adviser said, "They're smart. This right-wing, redneck stuff works for them. They see this as a way to get things done without getting dirty themselves." Rob Stein, a Democratic political strategist who has studied the conservative movement's finances, said that the Kochs are "at the epicenter of the anti-Obama movement. But it's not just about Obama. They would have done the same to Hillary Clinton. They did the same with Bill Clinton. They are out to destroy progressivism."

Oddly enough, the fiercely capitalist Koch family owes part of its fortune to Joseph Stalin. Fred Koch was the son of a Dutch printer who settled in Texas and ran a weekly newspaper. Fred attended M.I.T., where he earned a degree in chemical engineering. In 1927, he invented a more efficient process for converting oil into gasoline, but, according to family lore, America's major oil companies regarded him as a threat and shut him out of the industry. Unable to succeed at home, Koch found work in the Soviet Union. In the nineteen-thirties, his company trained Bolshevik engineers and helped Stalin's regime set up fifteen modern oil refineries. Over time, however, Stalin brutally purged several of Koch's Soviet colleagues. Koch was deeply affected by the experience, and regretted his collaboration. He returned to the U.S. In the headquarters of his company, Rock Island Oil & Refining, in Wichita, he kept photographs aimed at proving that some of those Soviet refineries had been destroyed in the Second World War. Gus diZerega, a former friend of Charles Koch, recalled, "As the Soviets became a stronger military power, Fred felt a certain amount of guilt at having helped build them up. I think it bothered him a lot."

In 1958, Fred Koch became one of the original members of the John Birch Society, the arch-conservative group known, in part, for a highly skeptical view of governance and for spreading fears of a Communist takeover. Members considered President Dwight D. Eisenhower to be a Communist agent. In a self-published broadside, Koch claimed that "the Communists have infiltrated both the Democrat and Republican Parties." He wrote admiringly of Benito Mussolini's suppression of Communists in Italy, and disparagingly of the American civil-rights movement. "The colored man looms large in the Communist plan to take over America," he warned. Welfare was a secret plot to attract rural blacks to cities, where they would foment "a vicious race war." In a 1963 speech that prefigures the Tea Party's talk of a secret socialist plot, Koch predicted that Communists would "infiltrate the highest offices of government in the U.S. until the President is a Communist, unknown to the rest of us."

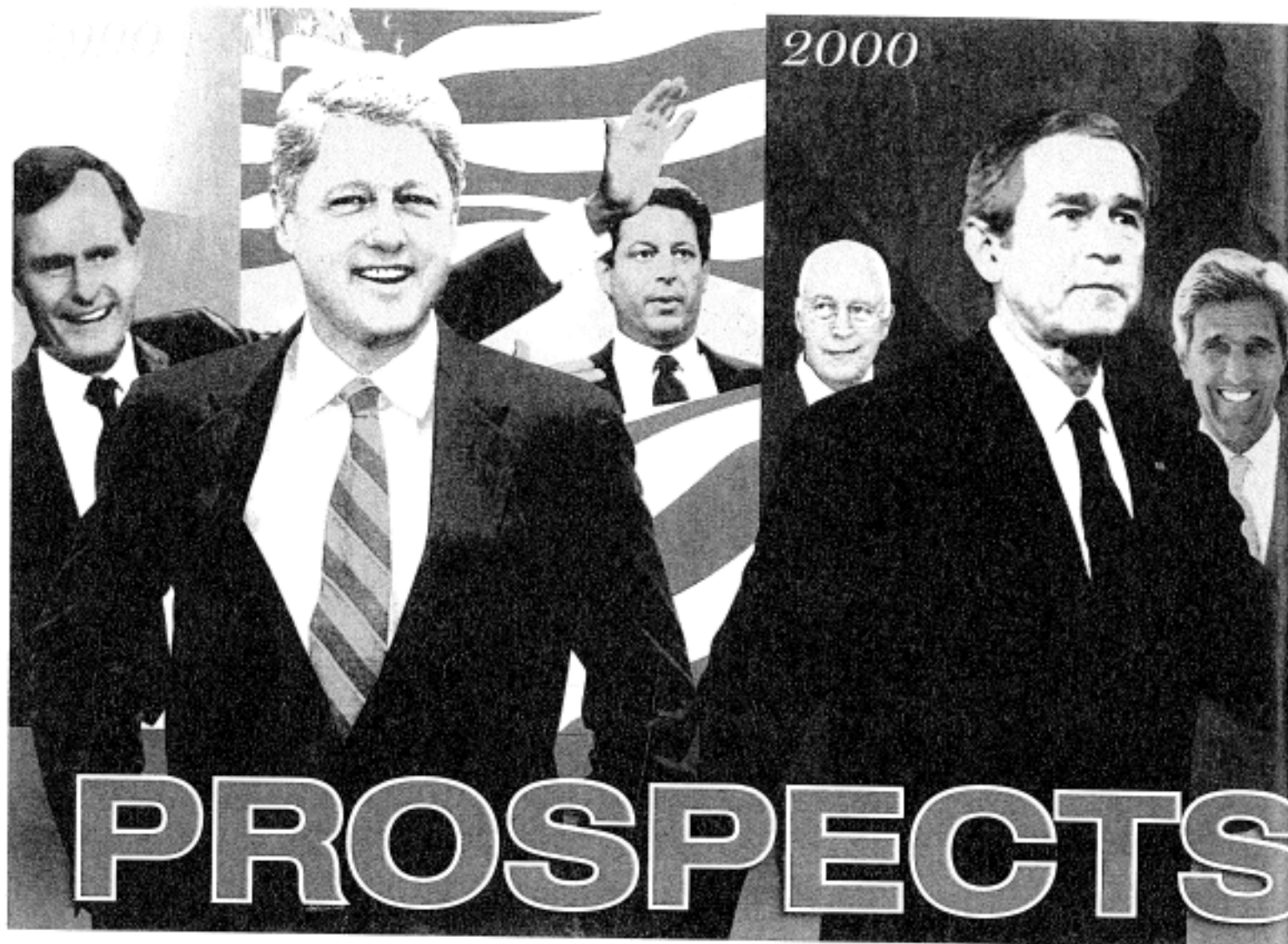
Koch married Mary Robinson, the daughter of a Missouri physician, and they had four sons: Freddie, Charles, and twins, David and William. John Damgard, the president of the Futures Industry Association, was David's schoolmate and friend. He recalled that Fred Koch was "a real John Wayne type." Koch emphasized rugged pursuits, taking his sons big-game hunting in Africa, and requiring them to do farm labor at the family ranch. The Kochs lived in a stone mansion on a large compound across from Wichita's country club; in the summer, the boys could hear their friends splashing in the pool, but they were not allowed to join them. "By instilling a work ethic in me at an early age, my father did me a big favor, although it didn't seem like a favor back then," Charles has written. "By the time I was eight, he made sure work occupied most of my spare time." David Koch recalled that his father also indoctrinated the boys politically. "He was constantly speaking to us children about what was wrong with government," he told Brian Doherty, an editor of the libertarian magazine *Reason*, and the author of "Radicals for Capitalism," a 2007 history of the libertarian movement. "It's something I grew up with—a fundamental point of view that big government was bad, and imposition of government controls on our lives and economic fortunes was not good."

David attended Deerfield Academy, in Massachusetts, and Charles was sent to military school. Charles, David, and William all earned engineering degrees at their father's alma mater, M.I.T., and later joined the family company. Charles eventually assumed control, with David as his deputy; William's career at the company was less successful. Freddie went to Harvard and studied playwriting at the Yale School of Drama. His father reportedly disapproved of him, and punished him financially. (Freddie, through a spokesperson, denied this.)

In 1967, after Fred Koch died, of a heart attack, Charles renamed the business Koch Industries, in honor of his father. Fred Koch's will made his sons extraordinarily wealthy. David Koch joked about his good fortune in a 2003 speech to alumni at Deerfield, where, after pledging twenty-five million dollars, he was made the school's sole "lifetime trustee." He said, "You might ask: How does David Koch happen to have the wealth to be so generous? Well, let me tell you a story. It all started when I was a little boy. One day, my father gave me an apple. I soon sold it for five dollars and bought two apples and sold them for ten. Then I bought four apples and sold them for twenty. Well, this went on day after day, week after week, month after month, year after year, until my father died and left me three hundred million dollars!"

David and Charles had absorbed their father's conservative politics, but they did not share all his views, according to diZerega, who befriended Charles in the mid-sixties, after meeting him while browsing in a John Birch Society bookstore in Wichita. Charles eventually invited him to the Kochs' mansion, to participate in an informal political-discussion group. "It was pretty clear that Charles thought some of the Birch Society was bullshit," diZerega recalled.

DiZerega, who has lost touch with Charles, eventually abandoned right-wing views, and became a political-science professor. He credits Charles with opening his mind to political philosophy, which set him on the path to academia;



America's 20-Year Tug-of-War

BY PAUL STARR

I t's months before the November elections, and Republicans have practically broken out the champagne to celebrate their coming victories, while many liberals are chalking up prospective losses to the failure of the president and congressional Democrats to be ambitious enough. Excuse me if I don't join in the "precrinations." The elections may turn out badly, but the achievements of the administration's first year and a half have been more than respectable, and I doubt that more progressive policies could have borne fruit quickly enough to alter the results in November. Nor do I believe that Democrats have overreached, only to suffer the predictable reaction from a "center right" society. If the economy were growing smartly, the conservative complaints about too much government would have little resonance.

But the facts are what they are. Most Americans have felt the impact of the recession only since Barack Obama took office, and though they can't hold him responsible for the original meltdown, they also haven't seen the economy come roaring back. "It could have been worse" isn't much of a campaign slogan.

The demographic makeup of the midterm electorate will probably exacerbate the problem. Because of the disproportionate fall in turnout among young and minority voters typically seen in midterm elections, congressional Democrats are especially vulnerable to the losses a president's party normally suffers at this point. Seniors will likely be overrepresented among the voters, and according to surveys, they are the one age group that remains unhappy about the Democrats' greatest achievement—health-care reform.

There is still time for the president to recover by 2012 and win a second term with another congressional majority. But whatever happens, we need a longer view of the political challenges and an appreciation of the deeper forces at work. No party owns this age; every liberal advance is a struggle. Still, if liberals are right about the fundamental realities and what ought to be done about them—and I believe we are—there is every reason to be confident that we will prevail.

The American Prospect at Twenty

In this special section, current and former Prospect writers and editors consider the issues that have preoccupied us since our first issue came out in 1990 and assess the state of progressivism today.



PAST AND FUTURE

THE AMERICA THAT WENT TO THE POLLS in 2008 wanted an escape from recent history. George W. Bush's public-approval ratings had plunged to Nixonian lows, and in the primaries, even Democrats said, in effect, they were tired of the Clintons. The rejection of John McCain in the general election extended the repudiation of the past more broadly. Give us a fresh start, the voters were saying, and what better way to make that point than to elect Obama.

Besides symbolizing a historic break in his very person, Obama promised two things in particular: first, not just an end to the Iraq War but a transformed American image and chance for a new beginning in the very parts of the world that have come to seem most threatening; and second, the possibility of transcending the bitter partisan divisions in domestic politics. In short, a rational and constructive new era, abroad and at home.

But, of course, no president could do all these things, certainly not in two years. We cannot escape from recent history as if it were merely a bad dream. During the campaign, when he wasn't being morphed into Abraham Lincoln, Obama was compared to John F. Kennedy, and as the economic crisis

deepened, the analogies were to Franklin D. Roosevelt. Even as Americans hoped to put recent history behind them, they conjured up impossible historical standards for Obama to meet.

If this pattern were peculiar to the past two years, we could

Both conservatives and liberals have looked in vain for a decisive victory in the great political contest of our times.

ascribe it entirely to the Obama phenomenon. But extreme swings in sentiments about their leaders have become so common among Americans that the pattern invites, if not a clinical diagnosis, then a historical one. Conservatives have had their share of disappointments; George W. Bush, like his father, is now denounced for having enlarged government. And it has been a long time since a Democratic leader lived up to progressives' hopes. But the problem may be the expectations.

Both conservatives and liberals have been looking for a decisive victory in the great political contest of our times. Periodically, one side advances its cause and dares to believe

that it has achieved a definitive political realignment, but its advances turn out to mobilize the opposition more than its own supporters. In the great tug-of-war of the past 20 years, there has been no conclusive move in either direction. For all their unhappiness with the state of the nation, many Americans are nervous about change, entrenched interests buttress the status quo, and there is a dearth of popular movements with any staying power. Rising liberalism among the young and the increasing diversity of society, particularly the growth

The "war on terror" has created a political dynamic not unlike that of the Cold War, strengthening the right at the expense of a divided left.

of the Hispanic population, have worked to the advantage of Democrats. But other developments in both international and domestic politics have offset those advantages, at least for a time. As a result, the last two decades present a clear picture, though it is not the picture some of us wanted or expected.

TWENTY YEARS AGO—THAT HAPPENS TO BE when we started *The American Prospect*—there were legitimate grounds for believing that the United States was on the cusp of a new liberal era. The collapse of Soviet communism opened a new chapter in world history. Domestically, it seemed, the end of the Cold War would relax the fears that fed right-wing politics and free up revenue and resources previously devoted to defense.

After a decade in power, furthermore, conservatism in 1990 appeared to be exhausted. The *Prospect's* first issue that spring included an article by Arthur M. Schlesinger Jr., "The Liberal Opportunity," arguing that the history of the 20th century had shown "a fairly regular alternation in American politics between private gain and public good as the dominating motives of national policy." Progressivism took off in 1901 when Theodore Roosevelt became president, the New Deal arrived with FDR in 1933, and the New Frontier emerged with JFK in 1961. After each liberal era came a more conservative one: the Harding-Coolidge-Hoover 1920s, the Eisenhower 1950s, the Reaganite 1980s. If the rhythm held, Schlesinger argued, the 1992 election could begin another era of liberal advances—that is, if liberals could seize the opportunity that the times presented.

The Democrats did return to power with a young and energetic president, and for a while it looked as if Schlesinger's cycle was playing out as anticipated. Bill Clinton's first budget sharply altered federal priorities, raising the Earned Income Tax Credit for low-wage workers and increasing taxes on the top income bracket. But even though Republican predictions of economic disaster never materialized, and the ensuing prosperity would help re-elect Clinton, his early moves united and energized Republicans, enabling them to win control of Congress in 1994 and prevent Democrats in the '90s from achieving anything comparable to the earlier progressive periods.

To be sure, the prosperity of the Clinton years looks pretty good now. And if things had turned out differently in Florida in 2000, and Al Gore had been able to build on Clinton's accomplishments, we might see Clinton as having initiated a more substantial progressive era. Instead, the 20 years since 1990 have been an even split: two years of the first Bush followed by eight years of Clinton; eight years of the second Bush followed by two years of Obama.

Despite George W. Bush's failure to win the popular vote in 2000, his election enabled Republicans to entrench themselves in power in three ways. They used the budget surplus they inherited from Clinton for a tax cut for the rich, creating long-term fiscal problems that continue to constrict liberal initiatives. Bush's two Supreme Court appointments solidified the conservative majority among the justices. And when the United States was attacked on September 11, Bush was able to define the response, to capitalize on the ensuing national unity, and to take the

country to war in Iraq under the blanket rubric of the "war on terror." Going to war while cutting taxes was something new in history. Gore's leadership could have used the 9/11 moment for different ends.

Because of the way the Republicans were able to frame it, the war on terrorism has served as the functional equivalent of the Cold

War. Islamism is not comparable to communism; it doesn't represent a general ideological rival to liberal democracy in the United States, Europe, or Latin America. Nonetheless, as the United States has been drawn into wars in distant and unfamiliar places, the war on terrorism has created a domestic political dynamic not unlike that of the Cold War, strengthening the right at the expense of a divided left.

Wars cannot be wished away. After saying that Bush was wrong to go into Iraq without finishing off al-Qaeda in Afghanistan, Obama could not have ended the Afghan War without severe repercussions. Obama may yet succeed; we must hope he does. But America finds itself attempting to do what may simply not be in its power—to deny havens to al-Qaeda and the Taliban in the Af-Pak border region that neither Kabul nor Islamabad have been able to govern.

TWENTY YEARS AGO, THE STRUGGLE between liberals and conservatives didn't map as well onto the division between Democrats and Republicans as it does today. Congress included more than a few Republicans who were willing to work with Democrats, as well as Democrats who more than occasionally sided with Republicans. Today the Republicans are far more likely to find partners among the Democrats than the Democrats are to find partners among the Republicans. The polarization of the parties has been asymmetric. While the Democrats include influential moderates (particularly on fiscal issues), the GOP has shifted sharply to the right. Yesterday's conservatives, like Sen. Robert Bennett of Utah, who lost his seat in his own party's caucuses this year, are no longer conservative enough for the party here.



With the far right holding the dwindling number of GOP moderates in check, Obama never had a chance of transcending partisan divisions. It wasn't unwise of him to express that aim, which corresponded to a widely felt hope. During the post-World War II period when Republicans accepted much of the New Deal, and the ideological differences between the parties narrowed, Americans became accustomed to bipartisanship, and liberalism occupied the center. But the Republicans aren't interested in continuing that tradition of cooperation, and America's political

Events like the financial collapse and the oil spill keep reminding people that they need a competent government to rein in the market.

institutions afford plenty of opportunity for obstruction. Not only do the constitutional checks and balances make change difficult; the status-quo bias in our institutions is all the greater now that the use of the Senate filibuster has become routine.

Together, the evolution of America's parties and political institutions create the basis for a historic impasse—which is why health-care reform and financial regulation have been such notable achievements. Yet as important as those are, fiscally conservative Democrats have been able to combine with Republicans to hobble economic policy, block a second stimulus, and risk a double-dip recession. Although different policies probably wouldn't have made enough of a difference this fall, they could be devastating in 2012 if the recession persists.

In the article he wrote for the *Prospect's* first issue, Schlesinger observed that many people believe politics is about power, while others think it is about image, and he granted there is some truth in both of those views. But in a democracy, he continued, politics is "above all about the search for remedy."

The Democrats will lose ground this year because they've failed to provide economic remedies fast enough. But the long-run problem for Republicans is that remedy is not what they have been offering—not for health care, for which they barely offer even the pretense of a solution; not for the recession, which their ideas would aggravate; not for immigration, one of several issues they want to exploit without facing up to the facts; not for climate change, which many of them entirely deny; not for energy, where their

favorite response, as summed up in the chant, "Drill, baby, drill," was drowned in the Gulf oil spill. Events like the financial collapse and the oil spill keep reminding people that they need a competent and activist government to rein in the market. Unless conservatives abandon ideological fantasy and denial and become a responsible partner in government, progressives will dominate the search for remedy. And if that is what political tug-of-war is all about, we will ultimately win it. **TAP**



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lated markets) that proposed revamping liberalism to

To a reader, the *Prospect's* "liberal fundamentalism" was

winning elections but to full social and economic justice



BLOGS & STORIES

PRINT

The New McCarthyism

by *Peter Beinart*

September 12, 2010 | 11:06pm

The politics of mosques and Korans show America to be in the worst spasm of paranoia and bigotry since the Cold War. Peter Beinart on the political roots of the enemy within.

With each new attack on a mosque, each new anti-Muslim slur by a prominent politician or pundit, each new poll showing that large swaths of Americans think President Obama is lying about his faith, it becomes clearer that we are in the midst of a national psychosis: the worst spasm of paranoia and bigotry of the post-Cold War age. The interesting question is: Why now?

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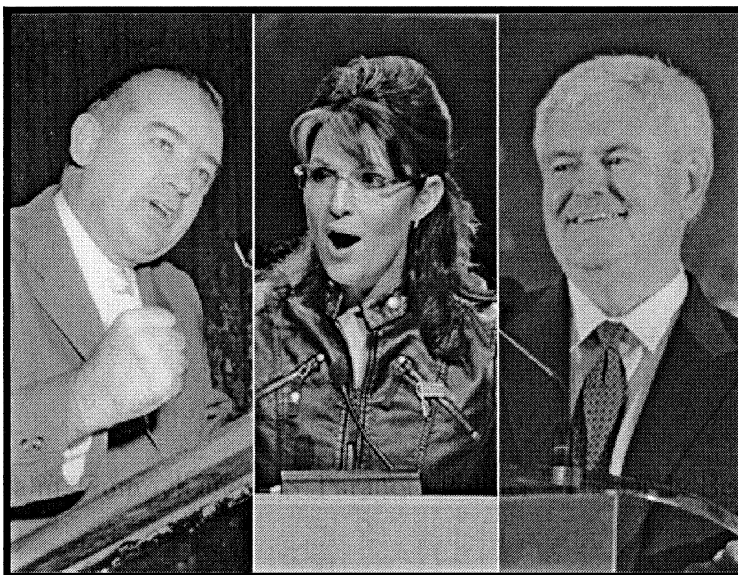
The answer lies in the intersection of isolationism and war. At first glance, it seems odd that America is witnessing this eruption of anti-Muslim hate now rather than immediately after the 9/11 attacks. But historically, it's not odd at all. Consider the "red scares" of the early and mid-20th century. In April 1917, the United States entered World War I. That fall, the Bolsheviks seized power in Russia. But it wasn't until more than a year later, in November 1919, that Woodrow Wilson's attorney general, A. Mitchell Palmer, began arresting and deporting thousands of communists, anarchists, immigrants, and labor radicals.

The hysteria that fueled the Palmer Raids resulted partly from World War I itself, which produced a wave of ultra-nationalism, initially targeting Americans of German descent. But by late 1919, Americans had soured on the war. Palmer's raids began, in fact, the very month that the Senate rejected the Treaty of Versailles, thus spurning Wilson's effort to permanently entangle the United States in European affairs. Less than 18 months after that, Congress passed the Emergency Quota Act of 1921, which virtually cut off immigration from Eastern and Southern Europe. The paranoid anti-communism of the Palmer Raids, in other words, represented an inversion of the jingoism spawned by war. Frustrated in their efforts to remake Europe, Americans turned their fury inward, redirecting it toward the "enemy within," which could be defeated at lower cost in money and blood.

The awful irony is that persecuting Muslims at home actually endangers American security, just as the red scares of the mid-20th century aided the USSR.

America's second red scare, which began in the late 1940s, featured a similar dynamic. Many of the politicians who screamed loudest about communist subversion in the early years of the Cold War had been isolationists before World War II. And many remained isolationists of a sort. Joseph McCarthy and other Midwestern Republicans were generally skeptical of the NATO alliance, which, like the Treaty of Versailles, required the United States to permanently commit its money and men to Europe's defense. In contrast to Harry Truman, who especially after 1950 began dramatically building up America's army and extending America's commitments overseas, Republicans like McCarthy and Robert Taft offered a cheaper, simpler strategy for the nascent Cold War. First, they proposed building up the Air Force, and telling the USSR that the U.S. would retaliate against communist aggression by dropping nuclear bombs. Second, they insisted that the communist threat was largely domestic, and could be eradicated at minimal expense by exposing the hundreds of Soviet agents nestled in the State Department. As McCarthy said in the famous February 1950 speech where he waved a piece of paper ostensibly containing the names of communist spies, "the reason we

find ourselves in a position of impotency is not because the enemy has sent men to invade our shores but rather because of the traitorous actions” of people at home. It was a convenient lie, which allowed a war-weary nation to imagine that the U.S. could have prevented Eastern Europe and China from falling to communism without spilling a drop of American blood.



AP Photo (3)

• [John Avlon: The Tea Party's Northern Insurgency](#)

• [Benjamin Sarlin: The Tea Party's Corporate Ally](#)

• [Will Bunch & Douglas E. Schoen Debate the Tea Party's Influence](#)

All of which brings us to today. For many years now, the Pew Research Center has been asking Americans whether the U.S. should “mind its own business internationally and let other countries get along the best they can on their own.” In 2002, Americans rejected this baldly isolationist statement by well over two to one. Last December, when Pew asked again, it found that Americans agreed with it by a margin of five points. In both 2002 and 2009, Democrats proved slightly more isolationist than Republicans, probably because of their greater antipathy to America’s wars abroad. But among Democrats, isolationist sentiment has proven more stable. Where it has jumped dramatically has been among Republicans, who were 22 points more likely to endorse Pew’s statement last year than in 2002.

Partly, this rising Republican isolationism is the result of no longer trusting America’s commander in chief. As an internationalist-minded, religiously inclusive conservative, George W. Bush kept GOP isolationism in check, just as he curtailed GOP Islamophobia (and, for that matter, GOP hostility to Hispanic immigrants). But there’s something deeper at play than just a switch of presidents. Ever since 9/11, according to opinion polls, Republicans have worried more about terrorism than have Democrats. Initially, this fear translated into overwhelming support for military action abroad. But as Republicans (like everyone else) have grown tired and embittered by America’s wars, they have turned their anxiety inward, lured by the same idea that attracted Palmer and the McCarthyites: that America could guarantee its safety on the cheap by ferreting out the real threat, which resides within.

The awful irony, of course, is that persecuting Muslims at home actually endangers American security by fueling al Qaeda recruitment, just as the red scares of the early and mid-20th century handed propaganda victories to the USSR. The harsh truth is this: The United States will always have to pay a greater price overseas than most Americans want, and despite that, Americans will never enjoy the level of security they feel they deserve. That’s the messy reality that Americans, and particularly Republicans, want to ignore. Far easier, as Sarah Palin and Newt Gingrich understand, to find a despised, terrified minority that you can vanquish without ever losing a GI or racking up a dollar of debt. In a few days, on the morning of Yom Kippur, we Jews will read the following, from Leviticus: “the he-

goat designated by lot for Azazel shall be stood alive before Hashem, to provide atonement through it." It's an ancient idea, the scapegoat, onto which the nation transfers its burdens and sins. Now we Americans have a new one, the American Muslim, and a new set of sins for which we will, I pray, one day atone.

Peter Beinart, senior political writer for The Daily Beast, is associate professor of journalism and political science at City University of New York and a senior fellow at the New America Foundation. His new book, The Icarus Syndrome: A History of American Hubris, is now available from HarperCollins. Follow him on Twitter and Facebook.

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PRINT



Do Not Pity the Democrats

http://www.truthdig.com/report/item/do_not_pity_the_democrats_20100913/

Posted on Sep 13, 2010

By Chris Hedges

There are no longer any major institutions in American society, including the press, the educational system, the financial sector, labor unions, the arts, religious institutions and our dysfunctional political parties, which can be considered democratic. The intent, design and function of these institutions, controlled by corporate money, are to bolster the hierarchical and anti-democratic power of the corporate state. These institutions, often mouthing liberal values, abet and perpetuate mounting inequality. They operate increasingly in secrecy. They ignore suffering or sacrifice human lives for profit. They control and manipulate all levers of power and mass communication. They have muzzled the voices and concerns of citizens. They use entertainment, celebrity gossip and emotionally laden public-relations lies to seduce us into believing in a Disneyworld fantasy of democracy.

The menace we face does not come from the insane wing of the Republican Party, which may make huge inroads in the coming elections, but the institutions tasked with protecting democratic participation. Do not fear Glenn Beck or Sarah Palin. Do not fear the tea party movement, the birthers, the legions of conspiracy theorists or the militias. Fear the underlying corporate power structure, which no one, from Barack Obama to the right-wing nut cases who pollute the airwaves, can alter. If the hegemony of the corporate state is not soon broken we will descend into a technologically enhanced age of barbarism.

Investing emotional and intellectual energy in electoral politics is a waste of time. Resistance means a radical break with the formal structures of American society. We must cut as many ties with consumer society and corporations as possible. We must build a new political and economic consciousness centered on the tangible issues of sustainable agriculture, self-sufficiency and radical environmental reform. The democratic system, and the liberal institutions that once made piecemeal reform possible, is dead. It exists only in name. It is no longer a viable mechanism for change. And the longer we play our scripted and absurd role in this charade the worse it will get. Do not pity Barack Obama and the Democratic Party. They will get what they deserve. They sold the citizens out for cash and power. They lied. They manipulated and deceived the public, from the bailouts to the abandonment of universal health care, to serve corporate interests. They refused to halt the wanton corporate destruction of the ecosystem on which all life depends. They betrayed the most basic ideals of democracy. And they, as much as the Republicans, are the problem.

“It is like being in a pit,” Ralph Nader told me when we spoke on Saturday. “If you are four feet in the pit you have a chance to grab the top and hoist yourself up. If you are 30 feet in the pit you have to start on a different scale.”

All resistance will take place outside the arena of electoral politics. The more we expand community credit unions, community health clinics and food cooperatives and build alternative energy systems, the more empowered we will become.

“To the extent that these organizations expand and get into communities where they do not exist, we will weaken the multinational goliath, from the banks to the agribusinesses to the HMO giants and hospital chains,” Nader said.

The failure of liberals to defend the interests of working men and women as our manufacturing sector was dismantled, labor unions were destroyed and social services were slashed has proved to be a disastrous and fatal misjudgment. Liberals, who betrayed the working class, have no credibility. This is one of the principle reasons the anti-war movement cannot attract the families whose sons and daughters are fighting and dying in Iraq and Afghanistan. And liberal hypocrisy has opened the door for a virulent right wing. If we are to reconnect with the working class we will have to begin from zero. We will have to rebuild the ties with the poor and the working class which the liberal establishment severed. We will have to condemn the liberal class as vociferously as we condemn the right wing. And we will have to remain true to the moral imperative to foster the common good and the tangible needs of housing, health care, jobs, education and food.

We will, once again, be bombarded in this election cycle with messages of fear from the Democratic Party—designed, in the end, to serve corporate interests. “Better Barack Obama than Sarah Palin,” we will be told. Better the sane technocrats like Larry Summers than half-wits like John Bolton. But this time we must resist. If we express the legitimate rage of the dispossessed working class as our own, if we denounce and refuse to cooperate with the Democratic Party, we can begin to impede the march of the right-wing trolls who seem destined to inherit power. If we again prove compliant we will discredit the socialism we should be offering as an alternative to a perverted Christian and corporate fascism.

The tea party movement is, as Nader points out, “a conviction revolt.” Most of the participants in the tea party rallies are not poor. They are small-business people and professionals. They feel that something is wrong. They see that the two parties are equally responsible for the subsidies and bailouts, the wars and the deficits. They know these parties must be replaced. The corporate state, whose interests are being championed by tea party leaders such as Palin and Dick Armey, is working hard to make sure the anger of the movement is directed toward government rather than corporations and Wall Street. And if these corporate apologists succeed, a more overt form of corporate fascism will emerge without a socialist counterweight.

“Poor people do not organize,” Nader lamented. “They never have. It has always been people who have fairly good jobs. You don’t see Wal-Mart workers massing anywhere. The people who are the most militant are the people who had the best blue-collar jobs. Their expectation level was high. When they felt their jobs were being jeopardized they got really angry. But when you are at \$7.25 an hour you want to hang on to \$7.25 an hour. It is a strange thing.”

“People have institutionalized oppressive power in the form of surrender,” Nader said. “It is not that they like it. But what are you going to do about it? You make the best of it. The system of control is staggeringly dictatorial. It breaks new ground and innovates in ways no one in human history has ever innovated. You start in American history where these corporations have influence. Then they have lobbyists. Then they run candidates. Then they put their appointments in top government positions. Now, they are actually operating the government. Look at Halliburton and Blackwater. Yesterday someone in our office called the Office of

Pipeline Safety apropos the San Bruno explosion in California. The press woman answered. The guy in our office saw on the screen that she had CTR next to her name. He said, 'What is CTR?' She said, 'I am a contractor.' He said, 'This is the press office at the Department of Transportation. They contracted out the press office?' 'Yes,' she said, 'but that's OK, I come to work here every day.' "

"The corporate state is the ultimate maturation of American-type fascism," Nader said. "They leave wide areas of personal freedom so that people can confuse personal freedom with civic freedom—the freedom to go where you want, eat where you want, associate with who you want, buy what you want, work where you want, sleep when you want, play when you want. If people have given up on any civic or political role for themselves there is a sufficient amount of elbow room to get through the day. They do not have the freedom to participate in the decisions about war, foreign policy, domestic health and safety issues, taxes or transportation. That is its genius. But one of its Achilles' heels is that the price of the corporate state is a deteriorating political economy. They can't stop their greed from getting the next morsel. The question is, at what point are enough people going to have a breaking point in terms of their own economic plight? At what point will they say enough is enough? When that happens, is a tea party type enough or [Sen. Robert M.] La Follette or Eugene Debs type of enough?"

It is anti-corporate movements as exemplified by the Scandinavian energy firm Kraft&Kultur that we must emulate. Kraft&Kultur sells electricity exclusively from solar and water power. It has begun to merge clean energy with cultural events, bookstores and a political consciousness that actively defies corporate hegemony.

The failure by the Obama administration to use the bailout and stimulus money to build public works such as schools, libraries, roads, clinics, highways, public transit and reclaiming dams, as well as create green jobs, has snuffed out any hope of serious economic, political or environmental reform coming from the centralized bureaucracy of the corporate state. And since the government did not hire enough auditors and examiners to monitor how the hundreds of billions in taxpayer funds funneled to Wall Street are being spent, we will soon see reports of widespread mismanagement and corruption. The rot and corruption at the top levels of our financial and political systems, coupled with the increasing deprivation felt by tens of millions of Americans, are volatile tinder for a horrific right-wing backlash in the absence of a committed socialist alternative.

"If you took a day off and did nothing but listen to Hannity, Beck and Limbaugh and realized that this goes on 260 days a year, you would see that it is overwhelming," Nader said. "You have to almost have a genetic resistance in your mind and body not to be affected by it. These guys are very good. They are clever. They are funny. They are emotional. It beats me how Air America didn't make it, except it went after [it criticized] corporations, and corporations advertise. These right-wingers go after government, and government doesn't advertise. And that is the difference. It isn't that their message appeals more. Air America starved because it could not get ads."

We do not have much time left. And the longer we refuse to confront corporate power the more impotent we become as society breaks down. The game of electoral politics, which is given legitimacy by the right and the so-called left on the cable news shows, is just that—a game. It diverts us from what should be our daily task—dismantling, piece by piece, the iron grip that corporations hold over our lives. *Hope* is a word that is applicable only to those who grasp reality, however bleak, and do something meaningful to fight back—which does not include the

farce of elections and involvement in mainstream political parties. Hope is about fighting against the real forces of destruction, not chanting "Yes We Can!" in rallies orchestrated by marketing experts, television crews, pollsters and propagandists or begging Obama to be Obama. Hope, in the hands of realists, spreads fear into the black heart of the corporate elite. But hope, real hope, remains thwarted by our collective self-delusion.



AP / Elise Amendola