



June 15, 2012

# Dark Money in Politics

**BILL MOYERS:** *This week on Moyers & Company...*

<http://billmoyers.com/episode/full-show-dark-money-in-politics/>

THOMAS FRANK: We have just come through this sort of extraordinary real world demonstration of the folly of our financial system, of all the stuff that we've been doing, the deregulation of the last 30 years, the setup of the Federal Reserve system, however you want to put it, it has all failed us.

BILL MOYERS: And...

MONIKA BAUERLEIN: You no longer really have one person, one vote. You have one person, one vote, one million dollars.

CLARA JEFFERY: So essentially you can create the regulatory landscape that you want if you can, essentially, buy elections.

BILL MOYERS: Welcome. If you're visiting a candidate this summer and looking for a thoughtful house gift, might we suggest a nice super PAC? Thanks to the Supreme Court and Citizens United, they're all the rage among the mega-wealthy. All it takes is a little paperwork and a wad of cash and presto, you can have, as *"The Washington Post"* describes it, a *"highly customized, highly personalized"* political action committee.

It's easy – super PACs come in all amounts and affiliations. You don't have to spend millions, although a gift that size certainly won't be turned aside. Cable TV tycoon Marc Nathanson got a super PAC for his friend, longtime Democratic Congressman Howard Berman from California, and all it cost was \$100,000. Down in North Carolina, Republican congressional candidate George Holding received a handsome super PAC that includes \$100,000 each from an aunt and uncle and a quarter of a million from a bunch of his cousins. Yes, nothing says family like a great big, homemade batch of campaign contributions.

GEORGE HOLDING: 2012 is the most important election we're ever going to have.

BILL MOYERS: You can start a super PAC on your own or contribute to one that already exists. Super PACs are available for every kind of race – presidential, congressional or statewide. But there are other ways you can help buy an election. Look at the Wisconsin recall campaign of Republican Governor Scott

Walker. At least fourteen billionaires rushed to Walker's side. He outraised his Democratic opponent by nearly eight to one. Most of his money came from out of state. More than sixty million dollars were spent, and \$45 million of it for Walker alone. Here are just a few of the satisfied buyers:

Wisconsin billionaire Diane Hendricks contributed more than half a million dollars on Scott Walker's behalf. Fearful the United States might become "*a socialistic ideological nation*," she's an ardent foe of unions – and against, in her words, "**taxing job creators.**" True to her aversion to taxes, she paid none in 2010, despite being worth, according to "*Forbes Magazine*," about \$2.8 billion dollars. Before he launched his crusade against the collective bargaining rights of working people, Governor Walker held this conversation with Diane Hendricks.

DIANE HENDRICKS: Any chance we'll ever get to be a completely red state, and work on these Unions?

SCOTT WALKER: Oh yeah.

DIANE HENDRICKS: And become a right-to-work? What can we do to help you?

SCOTT WALKER: Well, we're going to start in a couple weeks with our budget adjustment bill. The first step is we're going to deal with collective bargaining for all public employee unions, because you use divide and conquer.

BILL MOYERS: And so he did. Walker also hauled in checks from the Texas oligarch Bob Perry for nearly half a million. Perry made his fortune in the home building business and is best known nationally for contributing four and a half million dollars to the Swift Boat campaign that smeared the Vietnam War record of Democratic presidential candidate John Kerry back in 2004.

Then there's casino king Sheldon Adelson, who gave Scott Walker's cause \$250,000. Of course, that's a drop in the old champagne bucket compared to the \$21 million Adelson's family gave to the super PAC that kept Newt Gingrich in the race long after the formaldehyde had been ordered. Adelson did not long mourn Gingrich's passing, and is now giving as much as \$10 million to the pro-Romney super PAC Restore Our Future.

Next up on Scott Walker's list of beneficent plutocrats: Rich DeVos, owner of the Orlando Magic basketball team and co-founder of the home products giant Amway, which, thanks to Republican leaders in Congress, once shared in a \$19 million tax break after a million-dollar DeVos contribution to the Republican Party. He's a long-time member of the secretive Council for National Policy, a who's who of right-wing luminaries.

And Louis Moore Bacon, the billionaire founder of the hedge fund Moore Capital – which in 2010 was fined \$25 million for attempted commodities manipulation. A big backer of Romney, he, too came to Walker's aid in Wisconsin.

I could go on and name more, but you get the picture. These are the people who are helping to fund what the journalist Joe Hagan describes as a "*tsunami of slime.*"

FEMALE: Newt Gingrich: too much baggage.

BILL MOYERS: Even as they are afforded respectability in the value-free world of plutocracy, they can hide the fingerprints they leave on the bleeding corpse of democracy.

And that's how the wealthy one percent does its dirty business. They want to own this election. So if there are any of you left out there with millions to burn, better buy your candidate now, while supplies last.

This is no time to mince words and thank goodness, Thomas Frank never does so. In a recent essay in Harper's Magazine -- *"It's a rich man's world"* -- he wrote: *"Over the course of the past few decades, the power of concentrated money has subverted the professions, destroyed small investors, wrecked the regulatory state, corrupted legislators en masse, and repeatedly put the economy through the wringer. Now it has come for our democracy itself."*

Strong stuff, and typical of Thomas Frank, the historian and journalist. His book, *What's the Matter with Kansas?* was a best seller about how we so willingly allow money and ideology to subvert government, against our own self-interest. Now, we have his latest -- *Pity the Billionaire*, in which the worst economy since the 1930s has led to a revival of power for the very people who brought it about. Thomas Frank, welcome.

THOMAS FRANK: It's my pleasure to be here.

BILL MOYERS: This week Jamie Dimon, CEO of JPMorgan Chase testified before the Senate Banking Committee on how his bank got it wrong on risk management. What would you think if I told you that seven members of the Senate Banking Committee have been big recipients of money from JPMorgan Chase?

THOMAS FRANK: I would not be surprised, not in the least. That's obviously where JPMorgan would be spending its lobbying dollar would be on the, you know, giving to the campaigns of the people on that committee. That's the wisest strategic choice for them.

BILL MOYERS: And get this. The bank has been the second largest contributor to Senator Tim Johnson, Democrat, the chairman of the committee.

THOMAS FRANK: And I got news for you. They also, I mean, you know this already, they also were one of the biggest donors, or their, I should say their employees, to President Obama's campaign in 2008 and also to, I believe, to John McCain's campaign in 2008. This is the nature of what they do. They spread their spread the wealth around, you know.

BILL MOYERS: And there's more. One of Senator Johnson's former staffers is now one of JPMorgan's chief lobbyists. And the chairman's present top assistant used to be a lobbyist for a law firm that worked for JPMorgan. I mean, this wasn't a hearing. This was a reunion of the Gambino family.

THOMAS FRANK: Well, look, this is what we call in Washington the revolving door, okay. And this, if your viewers haven't heard of this they need to learn about it right away because this is how Washington works. It works is that people go back and forth from, typically from Capitol Hill staffs to working for lobby firms or directly for these, you know, the clients of the lobby firms that have to do with the interests that they used to work on when they were on Capitol Hill.

And then they go back and lobby to their former boss, right, and convince him or her to vote one way or the other. And that's how you get ahead in lobbying is you start out working for someone on Capitol Hill, a powerful senator on a given committee. And then you go and essentially sell that expertise, sell that, you know, the fact that your friends with that guy to, you know, to a lobbying firm or to a bank or to whoever. That's totally how it works.

BILL MOYERS: It's an interlocking cartel and it's serious business. How can we claim to have a representative government when they really are representing the people who bought the campaigns and not the voters who voted for them? It's a serious question.

THOMAS FRANK: Well, there are people who, I'm going to get cynical on you here, Bill. There are people who believe that the more money we have in politics the closer we become to a democracy. They think it's better for there to be more money in politics.

Why do they think that? Because they think that the market is a democracy, that markets are democracy and that government is, when government interferes in the economy it's illegitimate by definition. And so the more money we get in there the more it allows entities like JPMorgan to defend themselves against the sort of, you know, the heavy-handed meddling of some, you know, Washington bureaucrat.

BILL MOYERS: But what does it say when members of the Senate Banking Committee have received \$13 million over the last few years from the financial services industry? And these are the guys who are supposed to protect the common folks out there from the predatory lenders. I mean, what happened?

THOMAS FRANK: They haven't done a very good job, have they?

BILL MOYERS: That's the answer.

THOMAS FRANK: They've done exactly the opposite. I mean, you can look over their record over the last 20 years, all the amazing ways in which they deregulated the financial industry, I mean, this is the story of our time.

And they deregulated this aspect, the other aspect, everything, you know, overturned the Glass-Steagall rules, you know, that's the biggest example. But my favorite one, actually this wasn't the Senate that did this, this was the Bush administration. A lot of states have laws against predatory lending and were enforcing those laws.

And this would have stopped the housing bubble in its tracks, you know, the no-doc loans and this kind of nonsense that was going on. The Bush administration preempted those laws, the state level laws and

said, "No, no, predatory lending is now only going to be enforced at the federal level and here's how we're going to enforce it: By doing nothing."

BILL MOYERS: There's also a report out this week from Senator Bernie Sanders, the independent Senator from Vermont. Would you believe according to his figures that 18 former and current directors from Federal Reserve Banks, including Jamie Dimon, directly benefited from the financial bailouts after the 2008 crisis?

THOMAS FRANK: That's not a surprise. It's cronyism in this kind of extreme otherworldly dimension. When the bailouts happened and when all of this stuff was on the front pages, it was the kind of moment that really shakes the faith of an entire nation.

It was so disturbing. Well, first the financial crisis was disturbing, the failure of Lehman Brothers, Merrill Lynch going down, Chrysler and GM declaring bankruptcy. One after another on the headline of the newspaper, it was the pillars of middle class life crumbling around us.

And it was astonishing, okay. And then the second chapter, the bailouts, with this enormous price tag where these guys on Wall Street, the bankers just whistled up the resources of the public Treasury for their own benefit, you know. And the country could have gone in any of several different directions. Now, I was looking at this from the perspective of the 1930s.

BILL MOYERS: When the collapse of the economy brought out a large social protest and --

THOMAS FRANK: Exactly, there were even --

BILL MOYERS: -- and a demand --

THOMAS FRANK: There were bailouts then in the '30s. The Hoover administration did massive bailouts of the banks. And it was exactly the same thing. It was rampant cronyism. I'll tell you a story. So the head of Hoover's bailout agency, it was called the Reconstruction Finance Corporation. The guy that Hoover put in charge of it had been Calvin Coolidge's vice president, you know, this is cronyism already, right?

At one point the guy quits his job as head of the bailout agency and goes back to his bank in Chicago. Couple months later he comes to the Reconstruction Finance Corporation which he had just, a few weeks before, been the head of and says, "*Oh, I need a bailout,*" and they give him one. And the country is, like, outraged, right? Because ordinary people have lost their jobs, unemployment is at 30 percent, whatever it is.

It's catastrophe and this guy who, you know, politically connected is getting a bailout. And the country reacted though not with Tea Party movement, not with, you know, people demanding more deregulation. It reacted by electing Franklin Roosevelt and it reacted with an enormous labor movement and all the things that we remember from the 1930s.

And when I watched this stuff happen, you know, the banks getting their bailouts I thought we're going to see that happen again, we're going down the tracks of, you know, very well-worn tracks. We can all see what's coming.

BILL MOYERS: And everybody was saying, *"Come on Barack, give us an FDR, right?"*

THOMAS FRANK: That's right. I thought it was a Roosevelt moment. And he certainly had the public, the kind of public adulation that Franklin Roosevelt had in 2008. Remember those crowds when he was inaugurated, all those people out on the National Mall. He was something like a national savior. People really thought it's Franklin Roosevelt all over again. Didn't work out that way.

BILL MOYERS: But recently Barack Obama sent his campaign manager, Jim Messina, to New York to assure the financial services industry, Wall Street, that when they heard Barack Obama talk populist rhetoric on the campaign trail he wasn't going to demonize them.

THOMAS FRANK: He wasn't going to demonize Wall Street? Oh no. This is the amazing thing to me, that we have just come through this sort of extraordinary real world demonstration of the folly of our financial system, of all the stuff that we've been doing, the deregulation of the last 30 years, the setup of the Federal Reserve system, however you want to put it, it has all failed us.

And we haven't been able to rise to the challenge and do anything, you know, to fix it in a really structural way like they did in the 1930s. We haven't done that. And Barack Obama who had that opportunity and had both houses of Congress and had, I mean, the world at his feet in 2008 could have gone in any direction he chose, instead chose to basically follow in the footsteps of the sort of tepid centrist Democrats before him, you know, to do little regulatory things here and there, to use some sort of mean-sounding rhetoric at times, but to not really change anything.

And the failure is the Democrats. Democratic Party has by and large not risen to the challenge. I mean, this is not the party of Franklin Roosevelt, it's not the party of Lyndon Johnson. This is a party that can't, you know --

BILL MOYERS: And Barack Obama for all of his virtues and intelligence is not a man of the people.

THOMAS FRANK: No, he's not. And he also, he's a man of academia. He's a man who believes in experts and expertise as we've seen in many, many, many, all the different sort of arenas of his presidency whether you're talking about the war in Afghanistan or whether you're talking about the financial crisis.

This is a man who defers to experts, believes in expertise. He does not have much sympathy for, say the labor movement. He can't go out there and tell you why, say the regulatory agencies failed. He can't, it doesn't make sense to him. He can't talk about these things that everybody wants to know about.

Now, on the other side you've got a movement, the conservative movement, a right wing populist movement that talks a very good game, that speaks to people's anger and that offers them a kind of idealism, a kind of hope that perversely draws on a lot of the rhetoric of the 1930s and models itself after a lot of the movements of the 1930s.

And what they offer, this is interesting. What they offer, the dream, the sort of utopia, the vision that they have for the future of our country is pure free markets. And they say this all the time. It's not me making this up. You go to any Tea Party rally --

BILL MOYERS: That's right. We've covered them. You're exactly right.

THOMAS FRANK: -- and they talk about this. If we can just get government out of the way and we can reach out, you know, and --

BILL MOYERS: But getting government out of the way is what helped bring down the economy --

THOMAS FRANK: Of course, but they say the only problem is that government, you know, yes, we deregulated all that stuff, we deregulated all through those years, but we didn't go far enough. And so you can say to them, *"Well, look at the record of George W. Bush, the champion deregulator. Look at all the amazing things that he did to set Wall Street loose to deregulate."*

And they're like, *"Well, George W. Bush was not a real conservative."* They say this all the time. It's very easy for them to, you know, because they're such purists and such ideologues to excommunicate someone like George W. Bush from their movement and say, *"Well, he wasn't pure enough."* Ten years ago they had little statues of him on their desks, you know. But how he's thrown out of the movement, *"Not pure enough"* --

BILL MOYERS: That's their idealism?

THOMAS FRANK: -- because of the bailouts.

BILL MOYERS: Their idealism is their unblinking faith in the free market?

THOMAS FRANK: Yes, and this is an idea that when I first started writing about it was something that you only saw from the Jamie Dimons of the world.

I called it market populism. It was something that you saw on CNBC in the early days, in the stock market boom of the '90s. You would see it in, like, personal investment books and I made fun of it. Today it is everywhere. It is epidemic, and it's not just the high and the mighty that believe this stuff now, that believe that markets are both a natural phenomenon and a democratic phenomenon. This is average people all across America that believe this.

BILL MOYERS: But you're a historian. Why has this happened?

THOMAS FRANK: Our anger turned from Wall Street to Washington, and it happened in a very short period of time. If you remember back to 2009 when the bailouts were going on the sort of high point of public anger came when AIG, remember these guys? This is a company that should not exist any longer.

These are the people that invented, they didn't invent the credit default swap, but they sort of took it to its logical extreme. And these guys were not only bailed out, they were handing out bonuses to the

executives in the division that had invented the credit default swap and had done all these crazy things. And the public was so angry. This is in March of '09. I remember the feeling.

BILL MOYERS: Yeah, I do to. I was reporting on it.

THOMAS FRANK: People were furious. And then all of a sudden the direction changed and it went away from AIG and over to Washington. And we decided that the real villains in all of this was Washington. And--

BILL MOYERS: But Tom, why wouldn't you feel that way if you saw how the banking committee is dominated by money from Wall Street, if you see the revolving door you talked about, if you know that 18 members of the Federal Reserve Board of Directors benefiting from the bailout, if you see the deregulators helping Wall Street despite all this? Why wouldn't your anger be directed toward Washington?

THOMAS FRANK: They certainly deserve a really, really big helping of public anger. And there's a lot of terms, look, I imagine I'm going to make fun of the Tea Party movement, and that's certainly what Pity the Billionaire is about, but let's give them some concessions right off the bat.

When they talk about crony capitalism they're right. When they talk about what you just said, all these interconnections between the banks and the legislators, they're right. When they talk about, they use this term, "*the ruling class*," that term is totally right on the money. That's a term that we should be throwing around these days. These --

BILL MOYERS: But the ruling class is --

THOMAS FRANK: --people are, they are in bed with each other, you know.

BILL MOYERS: But the ruling class is funding their movement, the Koch brothers, the --

THOMAS FRANK: Exactly, this is the --

BILL MOYERS: -- big corporations, Wisconsin.

THOMAS FRANK: -- this is the funny thing that instead of saying, instead of looking at the present situation and saying the regulatory system broke down, we need stricter oversight on these people, we need a political, you know, we need Washington to at least be strong enough and smart enough to supervise these guys and make sure this never happens again which was the response that we had in the 1930s.

Their response is, "*It's impossible to regulate these guys.*" What we have to strive for instead is some kind of pure free market system, so get government out of the way all together. Stop trying to regulate them. And you see the kind of people who've been elected, as a result of this populist anger out there in the country, get in office and immediately go to war against the Securities and Exchange Commission that's supposed to regulate Wall Street.

They want to hammer those guys into the ground. They go after the, what is the new, the only sort of substantial new regulatory agency, the Consumer Financial Protection Bureau, they go after those guys. They've tried to de-fund them. You know, they wanted to make sure Elizabeth Warren would not be chairman of it.

They've gone to war against regulation, against the very idea of government oversight of the financial markets. This is fascinating. How can you react to, you know, three decades of financial deregulation leads to this collapse, this tremendous disaster and our response as a nation has been to say, *"Well, we need more of that. We need to deregulate more."*

BILL MOYERS: Is one of the reasons money in politics, both of us know there's nothing new about money in politics in American history. What's the difference now?

THOMAS FRANK: Well, there's two things. One is the sheer size of it. We've really turned it loose. The Citizens United decision, we're going to see a wave of money like we've never seen before. The 2010 midterm elections dwarfed what they call independent expenditures which is expenditures by PACs and super PACs were two times what they were in 2008. So there's that.

The other thing is that we are so blasé about the money. It doesn't shock us anymore. You know, and there was a time when, you know, John McCain is a Republican, was offended by money in politics. Today, you know, we've all sort of made our peace with it.

BILL MOYERS: You raised Citizens United. When Justice Anthony Kennedy wrote the majority opinion for the other conservative judges he said flatly quote, *"This court now concludes that independent expenditures, including those made by corporations, do not give rise to corruption or the appearance of corruption."* Can anyone, seriously now, can anyone in touch with reality believe that?

THOMAS FRANK: I don't see how you can. To say that that doesn't give rise to the appearance of corruption when the billionaires are more or less directly, you know, staking these men to run for the presidency and --

BILL MOYERS: And when you've got the banking committee taking money from JPMorgan whose CEO is testifying?

THOMAS FRANK: But even worse when he wrote those words the country was in the throes of this populist outrage at Wall Street because, you know, Wall Street had been able as I said before to get itself a bailout. The connection between private wealth and the, you know, and public power and the force of government had never been more clear.

And that's the moment when he wrote that decision saying, *"Well, that is by definition, we hereby decree that that is not corrupt and that it's not even, it doesn't even appear to be corrupt."* And yet the country's politics are being moved by that very perception at that same moment.

BILL MOYERS: Someone you know, the writer E.J. Dionne says that the Citizens United decision is part of quote, I'm quoting, "*A larger initiative by moneyed conservatives to rig the electoral system against their opponents.*"

THOMAS FRANK: That's right.

BILL MOYERS: You agree with that?

THOMAS FRANK: No doubt about it. For a long time the people have been talking about the conservative movement and their effort to develop some kind of permanent lock on power. And I think that Citizens United might be the thing that actually delivers that not because it's going to give Republicans per se a lock on power or give them a permanent majority or anything like that. You're still going to have a two party system no matter what happens, but it will tilt our politics in a certain direction. It will draw both parties by a sort of force of gravity in a certain direction. Before you can even, when you put such a price tag on elected office, and this has been going on for years, but today it's way up there in the hundreds and hundreds and hundreds of millions of dollars to run for the presidency.

And who knows how many millions to run for the United States Senate and a couple million to run for the House of Representatives. When you put a price tag like that on political office you automatically rule out lots of people and lots of ideas from the competition.

If you have to be able to reach out to the billionaire community and make your case to the billionaire community even before you begin, even before you start running for office, you know, automatically a lot of ideas and a lot of ideas that are very traditional, very American, you know, red, white and blue ideas are automatically off the table. You have to be able to please that class of donors before you even start.

BILL MOYERS: So our choices are narrowed to candidates favored by the rich?

THOMAS FRANK: The choices have already been made for us instead of, you know, 20 candidates out there, they've chosen two candidates who've made it through the money primary and that's who we get to take our pick from.

BILL MOYERS: Tom, here's the dilemma. I know a lot of good citizens who are simply giving up. Two nights ago I was with some old friends out in the Midwest, your part of the country, and one of them looked at me and said, "*I don't know what to do, so I'm just bailing out.*" And she was serious.

THOMAS FRANK: Look, I have the same problem myself. I also have an answer. I have a solution for it. You want to hear what it is?

BILL MOYERS: I do.

THOMAS FRANK: We need third parties in this country. And by that I don't mean another third party supported by billionaires, that centrist, you know, in the sort of Ross Perot manner. I mean parties that

represent different opinions on the spectrum in the manner of the populist party in the 1890s which was really the last time we saw a third party movement, you know, that contested the ballot from the bottom all the way to the top, you know, and they were a real political party. Unfortunately the techniques that the populists used are against the law in most states. If we were to repeal those laws you might have a vibrant third party scene again.

BILL MOYERS: But the two parties, the Republicans and the Democrats make sure that those --

THOMAS FRANK: That those laws stay in place, exactly --

BILL MOYERS: Yeah, that the barriers are not taken down.

THOMAS FRANK: Well, I'll tell you the other thing we need, and this is even, I mean, everything is going against me here, a labor movement. I mean, it just seems as I look back over all the books that I've written and we look back over our lives what's missing from when we were young and what and where we are now, what made that world, you know, in the 1960s, different from this world that we're in today, and the answer just leaps out at you: it was a strong labor movement.

BILL MOYERS: But do you think the returns in Wisconsin suggest that is --

THOMAS FRANK: No, I don't think that's in the cards. And the Democratic Party could have made it a possibility with something like the Employee Free Choice act in the Obama years and they declined, they decided not to do it. They didn't really lift a finger for their friends in the labor movement and are watching them just get wiped out.

BILL MOYERS: If we become as you suggest we are already becoming, a country of rich people, what's the odds then of reversing that --

THOMAS FRANK: Well, we're not going to be a country of rich people, Bill. Some people are going to be rich. We're going to be a country ruled by rich people. We already are to a certain degree, and there's a word for it, plutocracy: Rule by wealth. And there's no doubt in my mind, I mean, this is the direction we've been heading for a long time.

We came to a turning point and we didn't turn. We came to a point where the plutocracy had utterly discredited itself, had ruined all of our savings, you know, smashed our 401ks, defrauded us in countless ways, corrupted our government as we saw in the Bush years and the Jack Abramoff, Tom DeLay years and we came to a turning point and we didn't turn. We decided no, we got to double down on this. We need, you know, a stronger dose of that bad medicine. That's where we are today.

BILL MOYERS: So why pity the billionaire?

THOMAS FRANK: That's sarcasm, Bill.

BILL MOYERS: No, no, Tom Frank sarcastic? Tom Frank, the book is Pity the Billionaire. Very good reading. Thank you very much for being with me.

THOMAS FRANK: Oh, it's my pleasure.

BILL MOYERS: It's not just the wealthy, their super PACs and the candidates they buy who profit from all this money. Dan Froomkin and Paul Blumenthal at *"The Huffington Post"* report that the top 150 political consultants and media buyers already have grossed nearly half a billion dollars in this election cycle, and there's still five months left to go.

These vast amounts of cash, much of it from anonymous sources, have rightly been described as "dark money," and few have pursued the dark money trail more vigilantly than the people who coined that phrase, the hard working journalists at *Mother Jones* magazine.

Clara Jeffery and Monika Bauerlein have been the co-editors of *Mother Jones* since 2006. Clara Jeffery was senior editor at Harper's Magazine and worked at *"Washington City Paper"* in Washington, DC. Monika Bauerlein was the investigative editor of *Mother Jones* and an editor at *"City Pages"* in Minneapolis-St. Paul. Their *"Dark Money"* project is produced with support from the Schumann Media Center, of which I'm president; their latest issue of *Mother Jones* is a spellbinding look at dark money's history in the forty years since the Watergate scandal brought down Richard Nixon in a tangled web of break-ins and bagmen.

Welcome to both of you.

CLARA JEFFERY: Thank you very much.

MONIKA BAUERLEIN: Thank you Bill.

BILL MOYERS: Love your cover. *"Want To Buy An Election?"* Dracula with has jacket open and an American flag in it. *"Want To Buy An Election?"*

Both parties play this game. Both parties raise as much money as they can, go as close to the law as they can, will do almost anything to raise it. But is there some distinction between the money that flows through the Republican Party and the money that flows through the Democratic Party?

MONIKA BAUERLEIN: It used to be more equivalent than it is today. We remember covering the Clinton era scandals and at that time, that was really a time when we saw the Democratic Party being, turning to big business and to Wall Street for funding that was no longer coming from organized labor and other Democratic constituencies. But now it's the money coming from conservative and deregulatory interests is so much larger and so much —

CLARA JEFFERY: More extreme.

MONIKA BAUERLEIN: Better focused in many ways, that it puts to shame what Democrats can do.

CLARA JEFFERY: I mean let's look back at Obama's ability to raise, you know, a pretty decent amount of money from Wall Street. And, you know, Obama managed, for better or for worse, the response to the recession. Did not come down heavily on the banks. Did not, you know, no one's in jail. There's been some scolding but nothing's really happened to the hedge fund managers. To the big banks. And yet that

money is not 100 percent, but close to 100 percent going to Romney this time because those interests see in Romney and see in the Republicans that their agenda is going to be pushed to where they want it. That it is a more extreme, pro-business, deregulatory climate that the Republican party is eager to usher in.

MONIKA BAUERLEIN: Both sides can play this game but Republicans have an inherent advantage in that their natural constituency has a lot more money. Outside expenditures, the kind of money that we tend to refer to as dark money, is, you know, about two thirds to three fourths Republican and the rest is on the Democratic side. I'm sure Democrats and liberals in general would take more of that kind of money if it were —

CLARA JEFFERY: Sure.

MONIKA BAUERLEIN: — available, but it's just not.

BILL MOYERS: Mother Jones was the first I saw that used the term "*dark money*." What were you after there? Why that term?

CLARA JEFFERY: Well, we were searching around for a metaphor and we had some celestial inspiration, as it were, because like dark matter, which is something that's in the universe and we know is very powerful but we don't really understand it and we can't really see it and we're only beginning to be able to measure it, that's true of dark money especially since Citizens United. There's just so much unregulated, undisclosed money flowing through super PACs and their 501(c)s that are going to candidates. And, to paraphrase John McCain, very often we don't know where the money's coming from, who it's going to, what its purpose is. It's just out there. We can see the effects of it later but we don't really know in anything close to real time what's being raised and spent.

BILL MOYERS: I want to show you an ad that I think is a perfect example of dark money. Your reporter, marvelous reporter, Andy Kroll, as the Wisconsin recall was taking place, followed the money back to a Virginia based super PAC called The Coalition For American Values, which spent something like \$300,000 on ad time in each of Wisconsin's seven major media markets. But let me play this ad for you.

KAREN, Teacher: I didn't vote for Governor Walker.

LINDA, Contract Administrator: I did not vote for Scott Walker.

TIM, Machinist: I didn't vote for Scott Walker, but I'm definitely against this recall.

JIM, Restaurateur: Recall isn't the Wisconsin way.

KAREN: There's a right way. There's a wrong way. I think this is the wrong way.

JIM: I elected him to do a job.

BOB, Hospitality: Let him serve it out.

BOB, Purchasing Agent: Living in a democracy you have to have faith in who the people elect.

CHAD, Foreman: I didn't vote for Scott Walker but I'm against the recall.

JOE, Laborer: And I agree. I agree with you.

WOMAN'S VOICE: End the recall madness. Vote for Scott Walker June fifth.

MONIKA BAUERLEIN: That ad is really a perfect example of what we call dark money because, as you saw at the very end. It names a treasurer. And that is literally the sum total of the information really that's available about this group. You know, when our reporter, Andy Kroll, tried to figure out who was behind this ad buy he found, you know, a P.O. Box in Milwaukee that leads to a P.O. Box in Virginia, that leads to nothing. And that is possible now, especially in the wake of Citizens United, the Supreme Court decision. And it doesn't allow voters to make up their own mind about where this message this very sensible sounding message from, you know, Bob and Chad and so forth is coming from.

BILL MOYERS: And the message is, you know, people would say it's a legitimate message. If you may not believe that recall was the way to punish the governor or —

CLARA JEFFERY: Sure. And interestingly a lot of people who declare that they didn't really like Walker or his policies, but they did not vote to recall him because they did not think this was the right remedy. Now would they have had that opinion so firmly with if the state had not been bombarded by these ads for a week ahead of time? It's impossible to say. But what we can say is that this group, you know, Andy was able to figure this out the day before the election. That this group was dumping all this money in and who they were as best we know. But that's still precious little information for the voters of Wisconsin to really judge who's trying to influence them.

BILL MOYERS: What does it mean that the money can't be traced? That the public, the voters, the other candidate, the opponents, cannot figure out who's putting up this money. What are the implications of that?

MONIKA BAUERLEIN: Well, that's really the question that you want to know as a participant in a policy debate is who is my opponent? Who am I debating? And what is their motivation for making the argument that they're making? That's all part of the totality of information that in a democracy citizens should have available to them. And with dark money that's really not possible because you get a message, a very well crafted, stage managed message, and you can't assess for yourself whether the person telling you this has an ulterior motive. And that's why historically we've had conflict of interest laws and we've looked at lobbying disclosure and we've looked at, we've had legislation limiting how much money you can invest in a political campaign because people fully understand that those vested interests make a difference.

CLARA JEFFERY: I mean Americans have had essentially the same debates about the role and size of government and who should be helped by government and to what extent since our founding, right? That's a fair debate. It's a worthy debate. But if you are being influenced by things and you don't know who is doing it and the messages are maybe not 100 percent honest, shall we say. If it's advertising. If it's push polling and robocalls that imply things about your candidate that are not true, that

fundamentally changes the debate from one that's a fair and honest debate that should be held vigorously to something that's just much more insidious. And when the power stacks up on to the side of the wealthy again and again then you're talking about the large portion of people in this country essentially being disenfranchised.

BILL MOYERS: Do you think there's a connection between Citizens United and what happened in Wisconsin?

MONIKA BAUERLEIN: There's a direct connection. There is absolutely no doubt about it. When you look at the money that flowed into that campaign. That was made possible in part by Citizens United because Citizens United wiped out the clean elections laws in states like Wisconsin and wiped out a tradition of disclosure. People were able to play the game in a way that they would never have been able to had Chief Justice Roberts and Justice Alito and the rest of the Citizens United majority not paved the way for them.

BILL MOYERS: You say something in your joint editorial, *"The right recognizes something that few on the left recognize. That campaign finance law underlies all other substantive law."* What does that mean?

CLARA JEFFERY: It doesn't matter whether your primary issue is Second Amendment issues or abortion rights or the environment. All of those policies are made by politicians that are now deeply and unhappily influenced by the kind of money that's sloshing through the system. So essentially you can create the regulatory landscape that you want if you can, essentially, buy elections.

BILL MOYERS: Take the role of the U.S. Chamber of Commerce, which represents these very huge corporations. And the instant that the Supreme Court ruled in Citizens United, the Chamber of Commerce said, *"We're going to be a big player."* And even when a district court —

CLARA JEFFERY: That's right.

BILL MOYERS: -- distinct judge required that they disclose the money they're giving they just thumbed their nose at the court and said, *"We're not going to."*

CLARA JEFFERY: Right. That ruling came down a few weeks ago and that district court was essentially saying groups like the Chamber of Commerce, *"You will have to disclose your donors."* And the Chamber of Commerce said, *"No, we're not going to do that. We'll wait for appeal."* And I think it's a pretty straightforward calculus. A) They can have, by spending in this election they can guarantee the results that they want in these elections. But also they're looking at a Supreme Court that has come down quite clearly on the side of deregulation.

BILL MOYERS: So the Chamber of Commerce can contribute unlimited amount of money that it has collected from corporations and wealthy individuals and we'll never know where that money is coming from, right?

MONIKA BAUERLEIN: Well interestingly yes, they can. Exactly. And that's what one of the things that everybody was wondering after Citizens United first came down was who will be the first. Which

corporations, which individuals will expose themselves to public scrutiny by going in and taking advantage of their freedom to spend money however they like, wherever they like.

And the answer it turned out is nobody. Everybody likes to hide behind an organization with an innocuous name like Americans for Prosperity and, you know, Americans for Apple Pie. And spend unlimited, unregulated money without any scrutiny and any disclosure.

CLARA JEFFERY: Or they give their money to the Chamber knowing full well that the Chamber will spend their money, generally, to eliminate regulations that are onerous to businesses, whether they're clean water and clean air act type of regulations or tax regulations or, you know, pushing for things that are would reign in the sub-prime industry. That the Chamber of Commerce is going to try and make it the least friction to business as possible. And so corporations don't want to be known that they've dumped a ton of money into one particular race, but they can give money to the Chamber with the full knowledge that the Chamber will do it. And, furthermore, the Chamber then has filtered money through things like the Republican's Governor Association, so it's this just, you know, ever-changing, complicated set of, like three card Monty where the money's under there and it eventually gets to where they want it to go, but you can't really trace it.

MONIKA BAUERLEIN: It's particularly bad at the state level, actually. That's something that even people who have followed the evolution of dark money don't really fully understand. Is that at the federal level it created this new structure of super PACs and, you know, 501(c)s and so forth, but at the state level a national or federal organization can go into Wisconsin, register as a politically active corporation, check a box on a form, and never tell anybody anything other than, *"Yes, our income comes from, you know, another P.O. Box in another state which gets its income from another P.O. Box in another state."*

BILL MOYERS: Should you be and we be looking at the money going into the races for Congress and the Senate as much as we look at the money going into the presidential race?

CLARA JEFFERY: Maybe more so.

MONIKA BAUERLEIN: If not more so. We will be looking at it very closely. And you know what else, we will be looking at that nobody is really paying attention to yet is if you can get a lot of bang for your buck in a state-wide election like this one and you might be able to get even more bang for your buck in targeting a few seats in a state House and swinging the majority in a state legislature you can get untold bang for your buck in a judicial race.

If you decide to invest in removing a judge who is in a habit of ruling in favor of consumers, for instance, or for upholding government regulations, if you can get rid of those people, as people have done. There have been fascinating John Grisham-worthy cases of corporations and corporate executives specifically investing in judicial races.

CLARA JEFFERY: Like our old friend Bob *"Swift Boat"* Perry, who has given money to every single member of the Texas Supreme Court, which —

BILL MOYERS: In their race for office?

CLARA JEFFERY: Uh-huh. Which ruled in his favor regarding a lawsuit involving the sort of quality and conditions of-- he makes his money by being a mass -- the biggest home builder in America. And basically people who were suing him for having shoddy construction. You know, they ruled in his favor. It's impossible to say that they wouldn't have otherwise, but here's the thing. The appearance of corruption is almost as bad as actual corruption because it just makes people think that they have no stake in their government.

BILL MOYERS: Well, I agree with you about the appearance of corruption and that was the main argument when I was young in journalism. But the fact of the matter is it seems to me, as a journalist today, it is the actual corruption, the payback in which the donor gets favorable regulations or favorable judicial decisions. That's corruption. It's bribery by another name.

CLARA JEFFERY: And I think what's interesting is it also works, to some extent, the other way. When the politicians are shaking down lobbyists because they so desperately need the money in the race. I mean the lobbyists are saying, *"You know, it's not us shaking them down. They're shaking us down."* But they are locked in this arms race where they just have to raise more and more money. I mean we broke down how much Congress people have to raise per hour. And say in the case of our own Senator Barbara Boxer, it's if she just fundraises for 40 hours a week she has to raise \$2,400 an hour. I mean that's just a phenomenal amount of money that they have to raise. And, you know, ordinary people don't have that money to give.

MONIKA BAUERLEIN: So it's not even so much listening to some specific person who gave you some specific contribution. And I think that's how people used to look at it. But now it's really much more about, *"Can I have a career in politics if I routinely antagonize the interests, the only interest that can afford to underwrite a campaign?"* And that's something that everybody from a city council member all the way to the president has to contend with.

BILL MOYERS: So how do we change the game? The Supreme Court has essentially said, *"Money is speech, corporations are people. Therefore under the First Amendment a government cannot stop corporations from spending almost anything they want to spend."* That's pretty awesome. How do you change it?

MONIKA BAUERLEIN: The start really probably is information. Because even to us, you know, when we work on these stories a lot of the time it's not so much outrage that grips us as it is astonishment. You know, we follow this stuff for a living and we're still flabbergasted some of the time at what we find. And transparency, fortunately, is not something the Supreme Court stops us from doing.

The Supreme Court came right out and said, *"Transparency is a good thing. It's Congress' job to make sure there is transparency. You over there, take care of that."* Knowing full well, of course, that it's very, very difficult to get an incumbent in Congress to mandate transparency. But in theory there's nothing to stop the Congress from passing fantastic disclosure legislation tomorrow.

BILL MOYERS: Well, in fact there was a Disclose Act introduced a couple of years ago and the Republicans killed it. Mitch McConnell in the Senate killed the Disclose Act. That's not very encouraging.

CLARA JEFFERY: But it's back. It's back. It's winding its way through Congress again. And this time John McCain, for example, who did not speak out for it the last time, has started to speak out on its behalf. So there is a chance that that could pass.

MONIKA BAUERLEIN: And then once you have that and you no longer have dark money filling every crevasse of the political system and there's sunshine on some of these activities, then you can start having a conversation about do we want this to happen? Who is buying and selling your politics for you? And with that comes potentially momentum for change.

CLARA JEFFERY: Shame. Shame is a great motivator. And sunshine would allow, you know, us to see who is doing this and for what reason. And in real time. I mean that's completely possible. It's not like, you know, in the days of old where if someone gave money the FEC couldn't possibly know for a full quarter. I mean they can know right away. We just need the laws to demand that transparency happen immediately.

MONIKA BAUERLEIN: In fact we have fantastic tools. I mean now with what's available online you could really make this kind of information available in real time to voters in every channel imaginable. You could annotate every political statement with pop up video showing who paid for it.

CLARA JEFFERY: Create a Twitter stream showing exactly who gave when and what, you know, in real time. So that's all technologically possible. It's just a matter of pressuring Congress first to pass the Disclose Act or something like it and to have similar measures in the state houses. And just to bring some transparency back. And really what can be the argument against transparency?

BILL MOYERS: Yeah, what can be the argument against transparency?

CLARA JEFFERY: Not a good one that can think of. I mean, I can see all kinds of reasons why corporations and other vested interests wouldn't want people to know that they're doing this, but it's really hard to make an argument, a public argument.

BILL MOYERS: Clara Jeffery and Monika Bauerlein, thank you very much for being with me.

CLARA JEFFERY: Thank you so much for having us, Bill.

MONIKA BAUERLEIN: Thank you.

BILL MOYERS: Another grandson graduated from high school this past weekend, and we were there for the festivities. From the hamburgers, hot dogs, and bratwurst, through the memories recollected with laughter and tears on the front porch long after the ceremonies ended.

I never tire of these rituals. Like the pickle relish and mustard on the bratwurst, like life itself, they are bittersweet. Nostalgia and anticipation in equal portions. Where did that little kid go? Yesterday he was squealing in the sand box, chasing the cat, soaring on the old tire swing, hanging from the elm out front, stubbing his toe, smacking his lips over the last morsel of watermelon, teasing grandma from atop the backyard slide, and begging for one more round of *"Charlie and the Chocolate Factory."*

Now, in blazer, tie, and white pants, trying to stifle a big grin, he marches past us with his classmates, so tall he has to duck and swipe away a vine dangling from the makeshift trellis that separates the past from the future.

The searing Minnesota sun threatened to cook us, until the headwinds of a gathering summer storm cut the heat. No one seemed in a hurry for the afternoon to end. But it was a relief when the commencement speaker, eloquent defender of the liberal arts, proved to be both wise and mercifully brief. The crowd laughed when he asked: *"Have you ever found yourself saying, 'That speech would probably have been perfect if it had been longer?'"*

The school chorus, as if to tell us to relax, they know the score, belted out John Mayer's *"No Such Thing"*:

*"I want to run through the halls of my high school I want to scream at the Top of my lungs I just found out there's no such thing as the real world Just a lie you've got to rise above."*

And that's when it hit me: how we've let these kids down. The mess we've handed them. The huge debts. An economy producing too few jobs and vast inequality. A rich man's country with a flailing middle class. The tenuous prosperity of everyday people wiped out by Wall Street insiders and Washington hucksters, still up to their old tricks. And far below the water line, like those passengers on the Titanic, the poor, traveling as always at the cheapest rate, trapped in steerage.

How did we become a country of such ugly, stupid politics? One party, doddering and feckless; the other, radical, and reckless, and downright mean, driven by unblinking ideologues with kamikaze souls.

How did we become the United States of Denial? On the flight out, I read the report in a recent issue of the journal *"Nature"* by a team of 22 scientists, warning that in the lifetime of these high school graduates, Earth could reach a tipping point. As we put more and more pressure on our life support system, our crops, fisheries, and clean water, the diversity of species that enable us to be here, the planet could be plunged into uncharted territory from which there's no return.

These scientists are parents and grandparents, too, and they reject despair. The report's lead author told interviewers: *"My bottom line is that I want the world in 50 to 100 years to be at least as good as it is now for my children and their children."* It's not too late to change course, he says. *"We are a clever species. We have the solutions to these ... problems in our grasp."*

But, for the denial. I snap out of my reverie. I hear our grandson's name being called, see him handed his diploma, watch the whole class rise, and think: *"They just might do it. Just might pull us back from the edge. Get us on the right track again."*

The musicians strike up the recessionary, and here they come, to applause and cheers and tears, once more through the trellis and on beyond.

At our website, *BillMoyers.com*, you'll see that with a little help from our friends at *Mother Jones* we've created a *Money & Politics* spotlight page. You'll find reporting, tools and links, all aimed at pulling dark money out of the shadows.

That's all at *BillMoyers.com*. See you there and see you here, next time.

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