

Jane Mayer: Behind Dark Money

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Greg Dalton: From the Commonwealth Club of California, this is Climate One changing the conversation about America's energy, economy and environment. I'm Greg Dalton. In the show today we'll learn why the United States has not made more progress healing the climate that supports our lifestyle and our economy. My guest is Jane Mayer, a staff writer for the New Yorker and author of the 2016 best-selling book *Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right*. The book chronicles the political influence of well-known characters such as Charles and David Koch, John Olin and Sheldon Adelson, as well as their operatives working behind the scenes. Jane Mayer's recent reporting focuses on Robert Mercer, the reclusive hedge fund tycoon and climate skeptic behind the Trump presidency.

She also wrote the 2008 bestseller *The Dark Side: The Inside Story of How the War on Terror Turned Into a War on American Ideals*. Over the next hour, we'll explain Jane Mayer's *Dark Side* and include questions from our live - not her dark side.

[Laughter]

Dark Side with Jane Mayer and include questions from our live audience here in Silicon Valley. Please join me in giving a warm welcome to Jane Mayer.

[Applause]

So Jane, you start the book focusing on the Koch brothers and note that these libertarians inherited a fortune that was made in part by doing business with two of history's most notorious dictators, Joseph Stalin and Adolf Hitler. Connect those dots for us.

Jane Mayer: Well, the father in the family, Fred Koch, figured out a new way to refine oil in this country and he had a hard time selling it. The major oil companies were kind of blocking him and so he, in order to make money, took his discovery elsewhere. And the first thing he did was build up the Soviet Union's oil business for Stalin. And then I was trying to figure out what this family was about and get the family stories and somebody said to me, well then the father went over to Germany to do

some work and it was sort of the late 1930s and I was thinking Germany in the late 1930s that's a strange time and place to be working.

So I started digging a little bit deeper and sure enough it turned out that he and a partner were building a refinery that had to be greenlighted by Hitler and that became very important to the Hitler war effort in World War II according to all kinds of historians that I interviewed about World War II and military-industrial history.

So the father denied that but when you're doing a book like this you really don't know what you're gonna find, but not only had the father gotten this refinery bill for Hitler, but he had been quite impressed with the German culture and brought back a nanny to raise the Koch brothers who turned out to be a Nazi. So I was thinking, you know, how often do you get a Nazi nanny for the two of them.

[Laughter]

Yeah, billionaires who were dominating American politics. It was kind of like one of those days when you're sitting alone on a book and you think, Oh God, thank you. It's just too interesting. I can't wait to tell people this story, so.

Greg Dalton: And you write that there's someone who works for the Koch family, Clayton Coppin, who actually connected this father figure with some of the ideology of the family.

Jane Mayer: Well, yeah. So Clayton Coppin, he was actually at first a libertarian himself and a professor of history and he was hired by the Koch family to do a kind of a secret biography first of the company and then of the family. And so he went through all the papers in the family and letters and interviewed people and he came up with this theory that I thought was very interesting about why Charles Koch is such an ardent Libertarian. And his thought was that Charles's father Fred was this overbearing sort of John Wayne-like character who was very tough on these boys and that Charles was attracted to an ideology that sort of crushed all kinds of rules and limits, libertarianism. He had this ideal of no rules, no government. The government was in - and according to Clayton Coppin, the final thing that could stop him after his father and so he wanted to just tear it all down.

I'm not a psychiatrist, I don't know if that's a fair interpretation. I was not able to interview Charles and David Koch, but I thought it was certainly worth noting that a man who spent a number of years doing a kind of a secret history of the family for the family came up with this theory. And yeah, it's fascinating.

Greg Dalton: So they inherit this money and they actually are kind of, sort of, came sideways into their political activism, it was kind of for tax planning reasons you write. It wasn't like that they had political ambitions, like they had all this money, they had to find tax efficient ways to use it, and they started giving it away to these organizations. So tell us how they got involved in politics.

Jane Mayer: So first, they were raised by their father Fred who became extremely anti-Communist after working with Stalin and seeing people he knew were killed and sent off to Gulags. And so he came back to this country and helped found the John Birch Society and the boys were raised in that environment. And Charles and David were both members of the John Birch Society as young men.

So they were kind of inculcated in their worldview, but they also had inherited hundreds of millions of dollars each. Each of these boys did, there were four in the family actually. And their father's estate planning hit upon a mechanism which was if you could put away some of the money and donate the interest to charity, you could avoid paying inheritance taxes. And so rather than just

giving it to, you know, United Way or some existing charity, they created a family foundation and they gave the money to that and then started pouring that into conservative causes. So it made them - and David Koch has talked about this. He became a philanthropist for tax reasons to avoid inheritance taxes. And they found that it gave them a lot of influence. To give away that kind of money every year. It makes you have a super loud voice in this country and they kind of liked it.

Greg Dalton: And you write about there's a person named Rob Stein who's kind of mapped out the influence of the right in this concerted effort of think tanks, beachheads at universities. So sketch out that grand plan for us.

Jane Mayer: Right. So Rob Stein is someone who is a liberal, who studied the Kochs to try to figure out what they were doing and he put together this massive chart that looks like something from *A Beautiful Mind*, that movie where, you know, you might be crazy looking at it. But in fact what he's - he credits them with doing is founding something that he calls movement conservatism or movement philanthropy, basically taking philanthropy, weaponizing this idea of giving money away to good causes. But instead of them being things like funding hospitals or, you know, libraries, they were funding politics, political projects and every year they'd pour more money into it and it became kind of political machine for them, a tax-deductible political machine.

Greg Dalton: Running up against the administrative states and we're gonna show a clip here. Doreen Carlson's husband Donald worked for 23 years at Koch refinery in the Minneapolis area until he got sick. Here's the story of Doreen Carlson.

[Start Clip]

Doreen Carlson: *I'm Doreen Carlson. I live in Inver Grove Heights, Minnesota. My husband is Donald Carlson who passed away 20 years ago. He worked for Koch Refinery and had become exposed to benzene which caused a pre-leukemic disease. He did have to clean tanks. When he first started working there, there wasn't any uniform, they wore their regular clothes. Yeah, it smelt like gas, the boots would be soaked too, the clothes were pretty dirty. I knew it didn't smell great but I hadn't heard much about the toxicity of, you know, the products naturally until he got sick. In August 1995, they said he couldn't work anymore and he was in the hospital in January of 1997, and he passed away that February 28th.*

So I got a letter from the lawyer within a month of my husband's death, Koch wanted to talk to me and offered me money. They didn't do anything wrong and I would have to sign a confidentiality agreement. I started doing my own research and realized the thing had been going down since 1990 and they waited till it was 9. I think they weren't supposed to tell until it was like 14. So I fought with him as long as I could and I had another reason for not selling it. I thought maybe it would go on the record somewhere that he died of this so that maybe someone else wouldn't have to fight so hard. Within a few minutes of going in the courtroom, Koch then said give her the work comp what they should've given my husband before he died. It was a very rude awakening for people who live in a world where you follow the rules and then you find out that people who are the most successful and important they don't have to follow the rule. It's kind of a hard thing to swallow.

[End Clip]

Greg Dalton: That was Doreen Carlson whose husband died of cancer after working at a Koch refinery for 23 years being exposed to toxic levels of benzene. She did not settle. And Jane Mayer, how many Doreen Carlsons, how many Donald Carlsons are there out there. Do we know?

Jane Mayer: Well, I mean, you know, it's impossible to say with specificity how many they are. But

this fight is the fight that is it, the core of politics today in many ways and the core of the Kochs' fight. What happened was beginning and around the 1970s with the environmental movement and with Ralph Nader there was a push in this country to try to make workplaces safer.

The discovery that a lot of the things that could - kind of chemicals were toxic and that we needed to try to have regulations that would control human exposure to these things. And the problem for Koch Industries was that was expensive and complying with those laws cost them. And Doreen Carlson's husband was, you know, a casualty of that right there in the middle of that fight. He worked for Koch Industries for 23 years as she says, he was a very dedicated worker, he was known as Bull because he was a bull of a man who would do any job. And when he got sick they kind of hid from him what he was exposed to and what this was all about. And then when he died, Koch Industries refused to give this widow Workmen's Compensation for it. She says, they were gonna give her a pittance, a little payment and shut her up, make her sign a nondisclosure agreement.

There were many people who worked for Koch Industries who have had to sign nondisclosure agreements and one of the things that was hard about writing the book that I did was you can't interview an awful lot of people because legally they are not allowed to talk to you and they're very scared they're going to be sued somehow. But anyway, she is a really interesting kind of American character, someone who just held her ground and she said I won't take your money, I'm going to tell my story and you're gonna pay me Workmen's Compensation because you killed my husband by exposing him to these chemicals. And they went round after round, and finally she was taking them to court and they were actually literally outside the courtroom in the courthouse building when the officials from Koch Industries said, all right give her the money, give her the Workmen's Comp. And it was, you know, I thought it was quite moving when I interviewed her I was kind of amazed and, you know, she's not rich, not incredibly well-educated, but she did it because she wanted people to understand what this is really about.

And she just said to me when I interviewed her they are fighting regulations and they are saying that regulations are bad for people in this country. Regulations are what saves the lives of people like my husband.

[Applause]

Greg Dalton: How often do little people - actually it's not little, average people take on the Koch Empire? Is it something like they just - is it a cost of doing business where they occasionally settle a suit like this and they're making so many profits that just like sexual harassment suits the Fox News sort of thing, it's part of, you know, you pay a little bit as you go along.

Jane Mayer: They've had an epic legal history, I mean, they've had some enormous cases and some of the biggest environmental cases in the country are against Koch Industries.

And I mean not surprisingly because the EPA classifies them as the largest producers of toxic waste in the country and one of the largest air polluters, climate polluters and water polluters. But there are small people who stood up to this and many of them were kind of my heroes as I was writing the book. And again, there are often people who are, you know, not particularly powerful. There's one, there is the story of a man in the book named Phil Debose who worked for Koch Industries for many years and he went along with a lawsuit that accused Koch Industries of cheating and lying and covering up their pollution. And it went on and on and on and eventually in a civil case version of the original suit, he and his side won. And so I said to him, he lives down in Louisiana and when I interviewed him there were like dogs barking in the background and I said to him, how did you do that against this, this is the second largest private company in America.

And he said, well we had something that was stronger than the Koch brothers. And I said, what was that? And he said, the truth. So, you know, you can't make up lines like this. It's pretty incredible.

Greg Dalton: Did you get insiders to talk to you? These are people who are no longer affiliated with the company. How about people inside now and what kind of cloak of secrecy is there around the Koch Empire?

Jane Mayer: There's a lot of secrecy. They'll talk to people who they feel are going to, you know, give them good publicity, but I think they didn't think that was going to be me.

[Laughter]

And so, I had a very hard time getting cooperation from them and part of the reason the book took five years was it took a number of years to get sources.

I did finally get sources on the inside but I really can't describe them without compromising sources. But it wouldn't have been possible to tell the story in the kind of detail I did without cooperation from people.

Greg Dalton: The Koch brothers used to operate in this whole organization, used to operate in darkness. Largely thanks to you and your reporting there is a lot more light on it now. How has that changed the way it operates that there's more scrutiny?

Jane Mayer: Well, they've done a lot to try to improve their image and it's been interesting to watch. Luckily there was – particularly after 2012 when they put a ton of money into trying to elect Romney and defeat Obama and when that didn't work out they went back to the drawing board to try to figure out what went wrong. And what's interesting is they had a meeting with a number of the big donors that they work with whose money was being pooled and there was a tape that leaked of the discussion. And it's almost comic; at some point they say you know what we've discovered from they did all these focus groups and polling and stuff and they came back and they said, you know people think we're greedy.

[Laughter]

Greg Dalton: How much did that cost?

Jane Mayer: And they don't trust us. And so they actually embarked on a pretty large image renovation project that included and you can hear it when you listen to this tape, they talk about what they've discovered they need to do is form unlikely alliances with people who the public wouldn't expect them to work with and to do things that look like they're not self-interested. So it was pretty soon after that that they started talking about criminal justice reform which has become one of their big issues.

And working with a number of black leaders putting money into the historically black colleges in the United Negro College fund. And they've been working on this and I mean you could be cynical, I'm probably somewhat cynical about this and think, you know, this is all in, you know, working towards cleaning up their image and trying to be more effective politically. But at least they are putting some money into some good causes while they're, you know, serving their own cause.

Greg Dalton: One of the organizations associated with ALEC, a lot of corporations have stepped back or no longer renewed their membership in the American Legislative Exchange Council. Google, Coca-Cola, McDonald's, Walmart, Bank of America have stepped back from ALEC so has that affected ALEC's effectiveness or has it just morphed into something else?

Jane Mayer: I think it's still relatively effective. I mean, what the Kochs did and it's interesting to look at at this point when people are sort of throwing up their hands and saying, well what can we do in this country. They have a very interesting and for them it was an effective playbook which was they went local. They started in a place that was way, way far out on the right fringe of American politics. So far out that William F. Buckley called them anarcho-totalitarians. And so they had no ability to really have much power from where they were. But they've moved in the years since about 1980 till now, they've moved their vision to the center of the Republican Party and really captured the Republican Party in many ways. And so how did they do it? One of the things they did was they went local. They went to state legislatures where their money went further and they pushed candidates that shared their view, they funded campaigns on the local level and they pushed their legislation in the state legislatures where it doesn't take that much money to try to sort of buy off a legislator or convince a legislator, to put it.

And so they worked at it and worked at it, and 2010 was really their killer year for taking over state legislatures and it was a particularly strategic one, and they knew this at the time. 2010 was the year that there was a new census, they come out every 10 years, and the legislatures were gerrymandering the congressional districts after that. And so they knew if you could put Republicans in all these state legislatures in the majority, they would draw up the congressional districts for the next 10 years. And they did and they gerrymandered districts all over the country that is given, you know, wonderful advantages in places like North Carolina to the conservative Republican candidates. And so, you know, you look at this playbook and you can see, you could learn a lot from it really. And, you know, anyway I think it's instructive to see how they did it.

Greg Dalton: And it's interesting that both Arnold Schwarzenegger and Barack Obama out of office are focusing on redistricting in that area, playing a little bit of catchup with the Koch brothers.

Jane Mayer: The Democrats were I have to say asleep at the switch on this one. And, you know.

[Applause]

Greg Dalton: In 2008, Barack Obama and John McCain basically had the same position on climate change. It's something we can fix, we need to do it. In 2012, it did not play in the campaign at all. There was climate silence. 2016, there was polarization, Clinton and Trump being in very different places. How much of that is due to the funding from the people you've been writing about?

Jane Mayer: I would argue that the best example of the influence money has in politics in this country is climate change policy.

Because it starts out with going back with, you know, from Nixon and the Bush presidencies, environmental policy was in the very beginning a bipartisan issue. And what's happened is, it's been captured by one party, this anti-climate change push comes from the Republican Party which is funded by the fossil fuel industry. And they have focused their efforts on that and they really moved the whole party in their direction with money. And that you now have - there was a chart that the New York Times ran very recently, I don't know if people saw it, but if you take a look - it's a graph of the whole country and it shows what opinion on climate changes and all across the country in almost every state, every county, people in this country believe climate change is real, it's a danger, it's caused by man-made activities and we should do something about it. I live in Washington DC where the Congress is and where Scott Pruitt is the EPA director, it's almost the only place that has exactly the opposite point of view. And there's really no other explanation for it except the money that's going into those people's pockets. I'm sorry.

Greg Dalton: If you're just joining us, this is Climate One from the Commonwealth Club. I'm Greg

Dalton and we're talking with Jane Mayer, author of the 2016 bestseller *Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right*.

We talked to a University of California, Berkeley researcher about his relationship with Charles Koch. He told us don't believe everything you hear.

[Start Clip]

Richard Muller: *My name is Richard Muller. I am a retired professor of physics at the University of California at Berkeley, cofounded along with my daughter Elizabeth something what we call Berkeley Earth to answer outstanding questions about climate change.*

This was about six years ago. And the current state of the belief was that 97% of all scientists agree that climate change was real and caused by humans. I mean I was a skeptic but the word skeptic has several meanings. And in science every scientist has a duty to be skeptical. I didn't know whether global warming was twice as bad as they were saying or half as bad or nonexistent. I just felt that the published papers did not meet the scientific standards that I had been trained were the minimal scientific standards for science.

Mr. Koch came to a presentation of mine and I talked to him afterwards and he was interested. This was Charles, the Charles Koch Foundation. He had no, as near as I can tell, no preconceptions as to what our answer would be. He was very interested in finding out what our answer would be so he helped support us.

The rule was that he wouldn't hear our results before they were published. And in the end we concluded that global warming was real. I don't know whether I convinced him or not, but I do know that he is currently saying global warming is real and caused by humans. He is saying that he's not sure it's bad for humanity, that's a separate issue that Berkeley Earth has not addressed.

People make a caricaturization of people they don't know. They have no idea what Mr. Koch is really like. They have no idea what I'm like. The caricature is that I was a skeptic. Mr. Koch funded me because he wanted to prove it was wrong. I proved it was right and he deeply now regrets having done that. The truth is nowhere near that.

[End Clip]

Greg Dalton: That was researcher Richard Muller, a former climate change skeptic who now accepts the scientific consensus. Jane Mayer, your response to his story and how it reflects your reporting.

Jane Mayer: Well, he's not in my book, but you know, I guess he's a physicist, not a climate scientist, right.

Greg Dalton: Correct.

Jane Mayer: And I would say he's also not a historian from what I can tell because he says in this clip that Charles Koch came to him with an open mind in 2012. And by then, okay, by then between 2005 and 2008 alone the Koch family put \$25 million into funding denial of climate change. They were described by Greenpeace as kingpins of denial in this country. Between 2003 and 2010, according to Robert Brulle, who's a professor at Drexel who's followed the money on climate change, there was \$500 million in this country put into denial of climate change. A lot of that came from the Kochs. And so he may be able to follow the stars or physics, but I don't think he follows the money, sorry.

Greg Dalton: And the related theme is this idea of beachheads that Richard Muller is, University of California Berkeley there's others. So tell us about beachheads and how the funding goes into universities to sort of advance ideas and buy scholarship.

Jane Mayer: Yeah, I mean, you know, and this has been a longer project which is served to create kind of what Kellyanne Conway might call alternative facts. And so there are centers that the Kochs fund now in 350 universities and colleges in this country that are aimed at sort of promoting their ideology. You know, and I think, one other thing I want to say about this clip that's interesting is that it is true that Charles Koch has now said in more recent time that he thinks well maybe there is climate change. And, you know, he would - it's become I think almost impossible to deny though Scott Pruitt is still questioning it.

But listen to the second thing that he's saying, it's something that this man who I just wrote about in the New Yorker, who's worked with the Kochs and on political projects funding them too. Bob Mercer also says they are saying, okay maybe climate change is real, but maybe it's going to be great. And so they are sort of describing how it made result in more arable land, you know, greater crop productions and things like that. I mean, they have yet to say we need to do something about it and stop it. And that's what I will, you know, that day may come, it may become impossible not to face that but I haven't heard them get there yet.

Greg Dalton: Let's talk a little bit about Bob Mercer. He was a Cruz supporter who switched to Trump. One of the people you interviewed in your recent New Yorker article said Trump would not be president were if not for Bob Mercer. So tell us about him and his daughter.

Jane Mayer: Sure. The person who said that is Nick Patterson who is someone who worked with Bob Mercer for many years at a hedge fund that Bob Mercer runs, Renaissance Technologies. Bob Mercer is a brilliant, brilliant computer scientist and mathematician who used to work at IBM where he and the team did kind of preliminary work for Google Translate. They figured out how you could use computers to take all the jumble of data that language is and translate one language into another. They then, he was recruited by a hedge fund that thought well maybe you could use those same skills to take the jumble of data in the stock markets and the commodities markets and take a computer and write algorithms that would allow you to predict how the markets are going to move, give you the jump as traders on other traders.

And so it's worked fantastically, Renaissance Technologies it's based in Long Island, it's a small and very secretive hedge fund that has been described by many financial publications as the most lucrative hedge fund in the world and Bob Mercer is the co-manager of it at this point.

Greg Dalton: And his daughter, Rebecca Mercer was described as one person as the first lady of the alt-right.

Jane Mayer: That is what another conservative said that she wants to be - Bob Mercer's got a daughter who is about I think she's 43 years old now. And what happened when this family got so rich they were, you know, kind of ordinary middle-class very brainy family, but the kids went to public school and they didn't live in a fancy house. But when the father got to this hedge fund and it started minting money he started earning what people think is about \$135 million a year. And he had, it allowed him and the family to kind of indulge their wildest dreams. And among the dreams was really changing the direction of American politics and that's his daughter is the political activist in the family. And she's wanted to really change the kind of politics we have in the country. Again, they want to push it way off to the kind of libertarian far right.

Greg Dalton: We're talking with New Yorker writer Jane Mayer at the Commonwealth Club. I'm

Greg Dalton. And we're gonna go to our lightning round, a series of brief questions and brief answers for Jane Mayer.

First one is true or false. Billionaire Bob Mercer was sued in 2013 by three of his household staff for failure to pay overtime as promised?

Jane Mayer: This is true, but he had an excuse. He docked their wages because they hadn't followed his instruction to throw out every shampoo bottle when there was two-thirds or more used.

Greg Dalton: True or false. When CIA director Mike Pompeo was in the House of Representatives, he was known as the Congressman from Koch?

Jane Mayer: That is correct.

Greg Dalton: True or false. The billionaires you have researched have compiled a dossier detailing your darkest secrets?

Jane Mayer: Well at least they thought they were my darkest secrets.

[Laughter]

Greg Dalton: This is a one-word answer. Which American politician rose to power in the last century more fueled by oil money than any other?

Jane Mayer: Probably Lyndon Baines Johnson.

Greg Dalton: Didn't expect that one, did you? Last question, if you could interview anyone of the living billionaires in your book, Dark Money which one would you choose?

Jane Mayer: I really would love to talk to Charles Koch. I think he's a fascinating and major figure in our politics.

Greg Dalton: That ends our lightning round. Let's give Jane Mayer a round of - for making it through that.

Jane Mayer: Thank you.

[Applause]

[CLIMATE ONE MINUTE]

Announcer: How to counteract the firehose of dark money being pumped into the Republican political agenda? Billionaire activist Tom Steyer hopes to do just that with his support of environmental causes. And when he visited Climate One during last year's campaign season, Steyer pointed out that Democrats aren't the only voters who care about clean energy.

Tom Steyer: *If you go around the country and ask Republicans, do you want the government to accelerate the move to clean energy, you get 75% Republicans who want that. So it's not true that Republicans aren't up the learning curve. They're different from Democrats. They're not as positive about clean energy, but they're very positive about clean energy and they've moved a lot in the last two years, specifically pretty much in lockstep with American business. So as American businesses actually come around to we have to do it; we can do it; we can make money doing it. It's a good thing for us to be part of for a whole bunch of reasons, including the fact that we're patriotic Americans.*

Republican voters have moved the exact same way.

The Republican elected officials are in a very different place on energy and climate than Republican voters.. And the country is ready to move but we are being held hostage by elected officials who are not actually representing the views of their own constituents, of their own party.

Announcer: That's Tom Steyer, business leader and philanthropist, speaking at Climate One in 2016. Now, back to Greg Dalton and his guest, author Jane Mayer.

[END CLIMATE ONE MINUTE]

Greg Dalton: What motivates you, you've written about Robert Mercer, we haven't talked much about Richard Scaife, John Olin. These people have more money than anyone can imagine. What motivates them? Is it money, is it love, is it power?

Jane Mayer: You know, one of the things that struck me when I was writing about them was - and people have said about for instance about Trump that he can't be doing this for money because he's got enough money. But what I discovered with a lot of these people is for many of them there's never enough money.

And it's not really about money for, you know, for getting the groceries or whatever. The money is a measure of their success and power and maybe their acclaim and who knows maybe it's their father's love whether or not they got enough in the inheritance. I mean there's one woman whose story I love in the book, she's a minor figure, but her name is Susan Gore of the Gore-Tex family. And she was very rich and they were dividing up the inheritance in her family on the basis of how many kids each of the siblings in the family had. And she had one less child than the other siblings so she literally went to court to try to adopt her ex-husband.

[Laughter]

And it went through many rounds, eventually it was ruled not a legitimate strategy.

[Laughter]

Greg Dalton: I wonder how much she was gonna pay him to say, yeah, let me adopt you. What is the relationship of these people, some of them call Trump a clown. Many of them you write Bob Mercer did not support Trump some of them supported Mike Pence first. What's the relationship with Trump?

Jane Mayer: With which one, with the Mercers or with the -

Greg Dalton: Mercers, yeah.

Jane Mayer: So the Kochs by this last year, by 2016 they had very high hopes of finally putting in someone in the White House who would be kind of their candidate. And they put together a group of major conservative donors that had pledged \$889 million that they were going to spend in this last election cycle. And they were just waiting for the Republican nominee to emerge and as you remember, what were there 17 different candidates? And they pretty much could've lived with almost any of them except Trump. And the wrong one came out from their standpoint. And so they were kind of have a crisis and they started pouring their money instead into congressional, gubernatorial, senate races and even lower level races all over the country instead.

So they've had a kind of a complicated relationship with Trump. Many of the people that they have

worked with and even some of their funders from their group, such as Betsy DeVos are now part of the Trump administration and there's more and more reporting that's coming out. There was just something recently that shows how many people are, you know, in senior levels in the Trump administration who were previously working for the Kochs and there are a lot of them, which is, you know, it's not just and there are people like Mike Pompeo who you mentioned at the CIA and Mike -

Greg Dalton: Is Pence their guy?

Jane Mayer: I've got to say Mike Pence in 2012 when Charles Koch was trying to figure out who he would really want to have run for president, Mike Pence was his number one choice. So Pence is someone that they love. And Marc Short who's working for Mike Pence in the White House, I can't remember if he's his Chief of Staff or some top job for Mike Pence, ran the Koch's money, their whole political money operation until, you know, a year and a half ago. So you've got people in there who are kind of Koch people. But Trump himself is not their kind of politician. For one thing, they feel he's not conservative enough. They feel that he, you know, he supports big expensive programs like Social Security and Medicare. And that's big government from their standpoint that they want to get rid of.

So Mercer on the other hand, Rebekah Mercer and Bob Mercer became the funders who really saved Trump's neck in the final round of the campaign. Trump was really in rocky shape in the very end after that tape came out, the Access Hollywood tape, his chief, the man that was running his campaign, Paul Manafort had to quit under, you know, with one headline after another tying him to Russian and Ukrainian oligarchs; it was a mess.

And Cruz had failed, the Mercers were looking for a candidate and they really wanted to defeat Hillary Clinton. And Trump was the last man standing and they jumped in, said we'll give you a couple million dollars but you've got to hire our people. And they had their own political operatives who'd been working with them. One was Steve Bannon and another was Kellyanne Conway, who was running their outside political PAC. And so their people and their money helped really sort of drag Trump over the finish line.

Greg Dalton: At any point did you get people to acknowledge the irony that these people who want to shrink government have made fortunes from government contracts?

Jane Mayer: I think it's a wonderful question. And it's not just government contracts. I mean one of the things that made Bob Mercer such a success again, as I mentioned, was this work he did at IBM. And IBM didn't really fund it properly and they needed more money and it wasn't going to work unless they could find outside funding and where did they go? The federal government. They went to the Defense Department and DARPA funded that work that they did. And it was that success that then helped him, you know, be seen as someone to hire by Renaissance Technologies. So he owes the federal government lots. But for some reason he according to the people I interviewed who work with them, once said he wants to shrink the federal government down to the size of a pinhead. And he now says he doesn't think anybody should get government aid, that it coddles people and that people need to make it on their own.

Greg Dalton: Looking ahead, what have these people that you've written about, what have they done to pass it on to the next generation? We've talked about Rebekah Mercer don't know about the Kochs or others. What plans are there for their causes to outlive these individuals?

Jane Mayer: Well I mean, as far as passing it on to the next generation. One of the things that's literally alive and in front of Congress that both the Kochs and the Mercers have pushed for it is to get rid of estate taxes. You can then pass it onto the next generation without paying anything. And I

think that it's something it's that, you know, I really think in this country we don't want to become an aristocracy where there's just one class that owns so much of the goods in this country and the wealth in this country because it begins to destabilize the democracy if it gets too out of whack. You know it's hard to have one man one vote and everyone be politically equal when you have that kind of inequality going on and so I worry about that.

Greg Dalton: In 2011, the feuding Koch brothers had a cease-fire; there had been a civil war. Tell us about that that settlement and then you end with a line from Bill Koch talking about his brothers.

Jane Mayer: Well, yeah, this is not The Brady Bunch, the Koch family. They for decades, the brothers litigated against each other. They are four brothers, people think of two. The two we know was one team and there was another team of brothers on the other side and they were fighting over the family money and control of Koch industries. And it got so nasty that when there was a family funeral, their mother died. They passed by each other and wouldn't speak to each other. And anyway, eventually, you know, they're constantly in the courts and eventually they had what they called the global settlement. And among the terms of the global settlement are that neither, no brother is allowed to disparage another brother and that each time if they do, there will be a fine and it's an escalating fine and it's so much money that they don't disparage each other.

[Laughter]

Greg Dalton: A little more than fining your teenagers when they swear a little bit like \$.50 it's more than that I think.

Jane Mayer: It's a bit more than that.

Greg Dalton: If you're just joining us we're talking with Jane Mayer, author of the bestseller book *Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right*. I'm Greg Dalton. We'll go to our first question here.

Male Participant: Hi my name is Jeff Curtson, I'm from Concord, California. And you mentioned for the future and one way that they can keep control the future, you mentioned Betsy DeVos.

And I'm concerned about the future of education in this country as the second after climate that education, the future of education is a problem and how they want to take money out of the public education system and put it into private schools where their teaching alternative facts as fact.

Jane Mayer: I think that's a very legitimate concern. Because they, you know, if you go back the best way to understand what the Kochs really want is to look at the campaign platform of the Libertarian Party in 1980, which is when Charles Koch got David to run as vice president of the United States. And it lays out what they really want and they want to abolish almost every part of the government and privatize everything including education. And so that of course breaks down standards and kind of a consensus understanding of what facts really are in this country. And Betsy DeVos has worked with them in this project for years. She's a billionaire and has put a lot of money into the Koch's, you know, political activities.

And, you know, she - the subtitle of this book describes them as radicals and the reason I did that was because they describe themselves as radicals. They want to pull things out, the government out by the root. This isn't sort of, you know, just a little trimming. They have a radical vision of reorienting America and education is incredibly important. They put money into it themselves as I said they've got educational sort of institutes in something like 350 colleges and universities. And when they talk about it among themselves and it's on that tape that leaked out, they talk about it as

a pipeline. It's their talent pipeline and what they're doing is trying to train the next generation to think the way they did.

Greg Dalton: Betsy DeVos' brother who some people don't know Erik Prince, founder of Blackwater is back in the news these days. Let's go to our next question.

Male Participant: Hi, I'm Judd Williams in Mill Valley and I wanted to find out if you ran into many friends of Russia. We've seen that Rex Tillerson is a friend of Russia and that Michael Flynn is a friend of Russia. And it seems to me that the oil business is really not just a national affair any longer.

Jane Mayer: You know, that's interesting isn't it because supposedly this policy of the Trump administration is anti-globalism and, you know, economic nationalism, yet you've got these multi, you know, national corporations like Koch industries and Exxon Mobil who are, you know, given big platforms in this government now. I haven't seen, you know, the nefarious ties that everyone they were all looking for between the Kochs and or the Mercers and the Russians. There's, you know, lot of reporting yet to be done.

Greg Dalton: Let's go to our next question. Welcome to Climate One.

Male Participant: Seems to be there are some dots that are not connected here. We see the Koch's father had vision for the long game: leave lots and lots of money for family for generations. Yet, if these Koch brothers have their way, there's, what's gonna be left? The climate change will leave the place inhabitable.

Jane Mayer: Well, you know, that's a good question. You have to wonder what is the vision of this radical libertarianism, where does it bring us? And it's one of the things, you asked who'd I want to talk to, Charles Koch. It's one of the questions I feel like nobody ever asks, what is your actual real-world vision of what a world would look like with no government that regulates anything and no taxes, you know, I mean it sounds in some ways like, you know, the most failed states in Latin America where there's nothing but crime and serve warlords, you know, where does this take us. And on the climate, you know, all I can conclude is that the Kochs are deeply devoted to their company and to their bottom line.

And so long as they can stave off attacks on carbon and keep United States buying fossil fuels, they're making money and it matters a lot to them. So I see no other explanation for it. Because in the end of the day, one of the things that's interesting about the Kochs also is both Charles and David are graduates of MIT and they have graduate degrees from MIT too. These are not stupid men who don't understand science. And so at a certain point reality conflicts with their politics, and they've chose to stick with their politics and their bottom line. I think they had to make a choice and that's where they are.

Greg Dalton: Are they closely aligned with Exxon and these large oil companies we buy their gasoline. They can't afford to do the things, say the things that they'd say. Is there a break there, it's not a -

Jane Mayer: Well, the difference is Exxon Mobil is a publicly held company. I mean and if you take a look at some of the companies that are really most reactionary in this country. A lot of them are privately held, they're not accountable to stockholders and they don't have to tell anyone what they're really doing. And it's especially true in the fossil fuel area. If you look at the smaller independent coal, gas and oil companies they are the farthest right companies you can find in this country and a lot of them are privately owned.

Greg Dalton: Let's go to our next audience question. Yes, welcome.

Female Participant: Barbara Wyndham. My question is how much of the Mercer, Koch influence was enabled by Citizens United and what is the chance that it's likely to get reversed?

Jane Mayer: So I think the chances were better before the last election because you had one candidate who was vowing to overturn it. I think that, you know, despite writing this series of books with the darkness and the dark that in the title, I'm kind of an optimist in believing that when things get dark in this country that people push back. And, you know, this experiment with Citizens United hasn't been with us all that long. It was 2010 when the court made that ruling. And I think we're pretty much getting a graphic illustration of what's wrong with it. You're beginning to see eccentric billionaires warring over, you know, who's going to control American politics. Is it going to be the Trump family, the Mercer family, the Koch family? It's so far from the idea of what most Americans have about what these philosophies -

Greg Dalton: And to be fair there are families on the left too, there's billionaire families.

Jane Mayer: The Soros family if you want to throw them in.

Greg Dalton: Steyer, yeah.

Jane Mayer: The Steyer family. Even, you know, maybe even if you're an environmentalist and a Democrat you might feel very uncomfortable that the Steyer family is pouring that much money in. And it's, you know, I think they would argue they're trying to balance out the other side and that they don't, they prefer not to be doing it but just the same, it's not a pretty picture. And I think I have to believe people are going to fight back about it. I think a lot of the energy behind Bernie Sanders and even energy behind Trump was discussed in the country about sort of the idea that big money is ruling.

Greg Dalton: We're talking with Jane Mayer from The New Yorker. Let's go to our next question. Welcome.

Male Participant: Hello. My name is Peter Ross I retired from teaching mathematics here. More importantly in the late 50s I played rugby with Charlie, Bill and David at MIT for two years.

Jane Mayer: Yay.

[Laughter]

Male Participant: I didn't know that they were wealthy and we never discussed politics in those days. So my question is I read your book very carefully and it seems very well documented. What I wonder is, since the book has become a bestseller, has anyone in the Koch family tried to contact you about minor inaccuracies or threatened lawsuits or something else?

Jane Mayer: Well, thank you. I hear they were good athletes, especially Charles, right. But, no, and it's a point of pride and relief I have to say that nobody's refuted anything of any importance in this book. There's a name misspelled here or there or a title here or there something like that. When it came out and there was a front-page story about the Koch's connection to the refinery in Nazi, Germany, the Koch's spokesman said that they had only built part of the refinery, not all of the refinery. So that's as close as we got to anything that they complained about. And I thought, you know, that's pretty good.

Greg Dalton: Let's go to our next question.

Male Participant: Hi. I'd like you to explain a little about the role of Dark Money in climate change, fossil fuel and more particularly about what happened at Standing Rock.

Jane Mayer: Okay so, I have not covered Standing Rock and so I don't feel expert enough about that to know. But the role of fossil fuel money as dark money has been it's been fascinating. It's a very large part of the dark money from what we can tell. The problem with dark money is you can't follow it that well. But what you can see is that there was a lot of fossil fuel company money going into funding denial of climate change. And then a few years ago, a lot of that money disappeared from visibility in kind of disclosed forms and instead it seems to have been funneled to one organization in particular. It's called Donors Trust and it's a group that you can put money in and it goes into a central pool and it then spends money but you can't see whose money is being spent. It kind of takes the fingerprints off and so Donors Trust now puts a lot of money into organizations that deny climate change, but you can't see if it's the Koch's money or, you know -

Greg Dalton: Exxon.

Jane Mayer: - anybody, Exxon's money. It's a screen and you can just see that it seems as if a lot of the money moved through Donors Trust now.

Greg Dalton: Let's go to our next question for Jane Mayer.

Male Participant: Hi, my name is Ed. I was just wondering you described kind of this system of dark money. How unique is that kind of to America just in the way it works compared to other countries. Do other countries and the corruption kind of work differently elsewhere around the world?

Jane Mayer: Yes, and in most, you know, sort of sophisticated Western democracies there are so many more rules controlling the amount of money that's going into political campaigns. And we are way off the charts in terms of allowing the rich to spend the way they are in terms of, you know, as I said sophisticated Western democracies. There are places in the world, there are oligarchies where the government is, you know, completely overwhelmed and run by the people with most money. Places like Russia and it's where, you know, a model that I hope we're not trying to emulate.

Greg Dalton: Also in parliamentary democracies the parliament declares an election season it's more time bound. We have forever perpetual campaigns these days, the spending never stops. Let's go to our next question.

Male Participant: Thank you. I'm Don Draper from San Jose. I have two questions. The first is do you have any insight into why Trump is so enamored with Russia and with Putin. I know everybody around him has had contacts and -

Jane Mayer: So I don't know. I think it's really strange because obviously there's, you know, for most people there's not a lot to admire in Putin. So I'm not an expert in this, I did meet with the man, Steele who had the Steele dossier and talked to him about it a little bit and that was very interesting. His vision of it would kind of make you think that the Russians were manipulating Trump. That they had kind of - that he was sort of something of a kind of a willing fool for them, somebody who was useful and that they could cultivate him and there was kind of an exchange of information back and forth. I also assume that maybe, you know, Trump seems to really admire raw power and have very little respect for sort of the, you know, what we think of as kind of soft power and so maybe he, you know, I just don't know. This is a really obviously it's an area where if you're a reporter covering politics now living in Washington, we're all asking the same questions and working as hard as we can to figure what is going on. I mean every day is more shocking than the

last.

[Applause]

Greg Dalton: Let's have our last question for Jane Mayer.

Female Participant: Okay, my name is Catherine, I'm from San Francisco. And I read your book and I think it should be required reading in every high school.

[Laughter]

Jane Mayer: Thank you.

[Applause]

Female Participant: So I'm kind of curious actually I'm kind of hopeful. Has Hollywood come knocking yet?

[Laughter]

Jane Mayer: So - yes, but -

[Applause]

But for some reason I'm not allowed to say more about it. So, you know, and I hope someday it turns into something great that Louis B Mayer of, you know, auditorium will care about, you know.

Greg Dalton: We've been talking with Jane Mayer, author of *Dark Money: The Hidden History of the Billionaires Behind the Rise of the Radical Right*. I'd like to thank our audience here at the Commonwealth Club of California and Silicon Valley and those listening online on-air. It's been a pleasure to be with you. Good night.

[End]