

Mont Pelerin 'body-snatchers' are brainwashing your congressman

In the 1950s, Hollywood cranked out a horror film classic, "The Invasion of the Body-Snatchers," about alien invaders who took over the planet Earth by turning people into glazed-eyed zombies. Last autumn, a team of "Conservative Revolutionists" from the Heritage Foundation, joined by talk show host Rush Limbaugh, closeted the newly elected Republican members of Congress for several days of "orientation" in Baltimore, Maryland, to prepare them to implement their own "conservative" brand of mass execution, the Contract with America. By the time the Heritage team finished their work, many of the freshman lawmakers looked more like the "pod people" from the Hollywood horror flick than the human beings who had been voted into office just a few weeks earlier.

The Heritage Foundation "experts" used techniques that had been perfected in the Pyongyang POW camps of the Korean War, using repetitive chants, slogans, and attack group "therapy" to break down the resistance of any members

of the group who dared to question the von Hayek radicals' recipe for the 104th Congress.

And to make sure that the brainwashing "took," all the participants were handed *The New Member's Guide to the Issues*, a binder full of sound byte-sized "policy guidelines," followed by a list of "experts" to be consulted on every twist and turn of policy.

The "experts" were all drawn from a collection of think tanks that are all products of the Mont Pelerin Society's postwar insurgency. It is this crowd of "Hayekian revolutionists"—not the constituency-elected congressmen and congresswomen—who are slated to make the crucial policy decisions.

Here are profiles of some of the leading Mont Pelerin Society front outfits that are behind this latest assault upon America. The dossiers were prepared by Leo F. Scanlon, Jeffrey Steinberg, Scott Thompson, Charles Tuttle, and Anthony Wikrent.



The Heritage Foundation

214 Massachusetts Ave. NE, Washington, D.C. 20002
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Key personnel

Richard Mellon Scaife. Vice chairman of the board. Major funder of Heritage Foundation and other Conservative Revolution institutions through his role as chairman of the Allegheny Foundation, Carthage Foundation, and Sara Mellon Scaife Foundation, as well as other trusts. Publisher and owner, Tribune-Review Publishing Co., Inc., Greensburg, Pennsylvania.

Edwin J. Feulner. President of Heritage Foundation, 1977-. Chairman of Institute for European Defense and Strategic Studies, London, 1979-. Member, International Insti-

tute for Strategic Studies, London. Mont Pelerin Society. Philadelphia Society. Member, board of trustees of the Manhattan Institute, 1977-, Rockford Institute, Lehrman Institute, Roe Foundation.

Midge Decter. Executive director, Committee for a Free World, 1980-90. Distinguished fellow, Institute on Religion and Public Life, 1991-. Wife of Norman Podhoretz, who edits *Commentary*. Former member of Young People's Socialist League (YPSL).

Robert H. Kieble. Member, Mont Pelerin Society, Philadelphia Society.

Thomas L. Rhodes. President, *National Review*.

The Hon. Frank Shakespeare. Held various posts with CBS, including executive vice president. Director, United States Information Agency, 1969-73. President RKO General, Inc., 1975-85. U.S. ambassador to the Holy See, 1987-89. Chairman, Heritage Foundation, 1975-85; director, 1989-. Chairman, Radio Free Europe/Radio Liberty, Inc., 1976-85. Director, Lynde and Harry Bradley Foundation.

The Hon. William E. Simon. U.S. Treasury secretary, 1974-77, when he enforced the Phase I-III wage-price controls and decoupling of the dollar from gold. Senior positions

in various investment houses. President, John M. Olin Foundation. Member, board of overseers, Hoover Institution on War, Revolution, and Peace. Member, executive committee, Bretton Woods Committee. Director, Kissinger Associates, Inc. Founder, honorary chairman, Institute for Educational Affairs.

The Hon. Jay Van Andel. Co-founder, chairman, Amway Corp. Board of directors chairman, Jamestown Foundation. Knighted Grand Officer of Orange-Nassau, the Netherlands.

Joseph Coors. Former chief executive officer, Adolph Coors Brewing Co.

Dr. Stuart M. Butler. Vice president and director, Domestic Policy Studies. Ph.D., St. Andrews University. Member, British Fabian Society.

Richard V. Allen. Distinguished fellow. Chairman, Asian Studies Advisory Council. President, Richard V. Allen Co. Former Assistant to the President for National Security Affairs, Reagan administration. Heritage claims that he initiated the North American Free Trade Agreement (NAFTA).

Dr. William Bennett. Distinguished fellow, Cultural Policy Studies. Senior editor, *National Review*. U.S. secretary of education, 1985-88. National Drug Control Policy Director, 1989-90.

Peter Ferrara. Senior fellow. Cato Institute adjunct scholar.

Jack Kemp. Distinguished fellow. Founder and co-director with William Bennett of Empower America. Former U.S. secretary of housing and urban development. Former member, U.S. House of Representatives.

Edwin Meese III. Ronald Reagan Fellow in Public Policy. Visiting distinguished fellow, the Hoover Institution. U.S. attorney general, 1985-88. Counsellor to President Reagan, 1981-85.

Kenneth Wright Clarkson. Adjunct scholar. Member, Mont Pelerin Society, Philadelphia Society.

Donald J. Devine. Adjunct scholar. Member, Mont Pelerin Society, Philadelphia Society.

William Herbert Peterson. Adjunct scholar. Member, Mont Pelerin Society.

Dov Solomon Zakheim. Adjunct scholar. Member, International Institute for Strategic Studies, Royal Institute for International Affairs (Chatham House).

History

Founded in 1973 with the financial assistance of Joseph Coors, Heritage was transformed during a 1976-77 personnel shakeup into what one Heritage staff member called "an outpost for British intelligence in the United States."

Under Edwin J. Feulner, who was named president after the shakeup that shoved Coors aside, many British citizens linked to the royal household and its intelligence apparatus were placed in key policy positions at Heritage. They have

ranged from Robert Moss, who formerly edited *The Economist Foreign Reports*, to Stephen Haseler, one of the first Heritage Fellows and a leader of the British Fabian Society, to Stuart Butler, who was initially a policy analyst at Heritage and is today vice president and director of Domestic Policy Studies. Butler, too, had been a member of the British Fabian Society.

Many of these new personnel were associated either with the monetarist Mont Pelerin Society or the International Institute for Strategic Studies.

Stuart Butler has stated that he is in the United States "to inculcate America with British ideas." This is certainly the case for the issues textbook prepared by Butler for the Heritage Foundation brainwashing sessions with new Republican members of Congress, titled *The New Members' Guide to the Issues*. Butler has previously drafted reports on "Free Enterprise Zones" and on "Deindustrialization of the United States." Butler has coupled his view of free enterprise zones with the leftist battlecry of "local" or "community control." Butler has been increasingly an advocate of deindustrialization since at least 1977, when he said in a speech:

"First, the Marxists are right: Industry has been rationalizing. Large-scale organization has won out over small-scale. There have been massive increases in productivity—even in slow-developing, low-productivity Britain. *If we'd been efficient, it would all doubtless have been much worse*" (emphasis added).

In place of heavy industry, Butler proposed the following:

"Look at the classified ads in London's *Time Out*. You'll find a rich and even bizarre collection of enterprises, ranging from ear piercing to unisex sauna to air freight, from whole food shops to a College of Acupuncture Clinic to Krishnamurti Videotapes. They may sound funny, but it may sound less funny in 1977 if they prove to be the growth industries."

This destruction of a Hamiltonian *dirigist* policy to foster heavy industry and general scientific and technological progress is the goal of nearly all Heritage Foundation policies today.

Funding

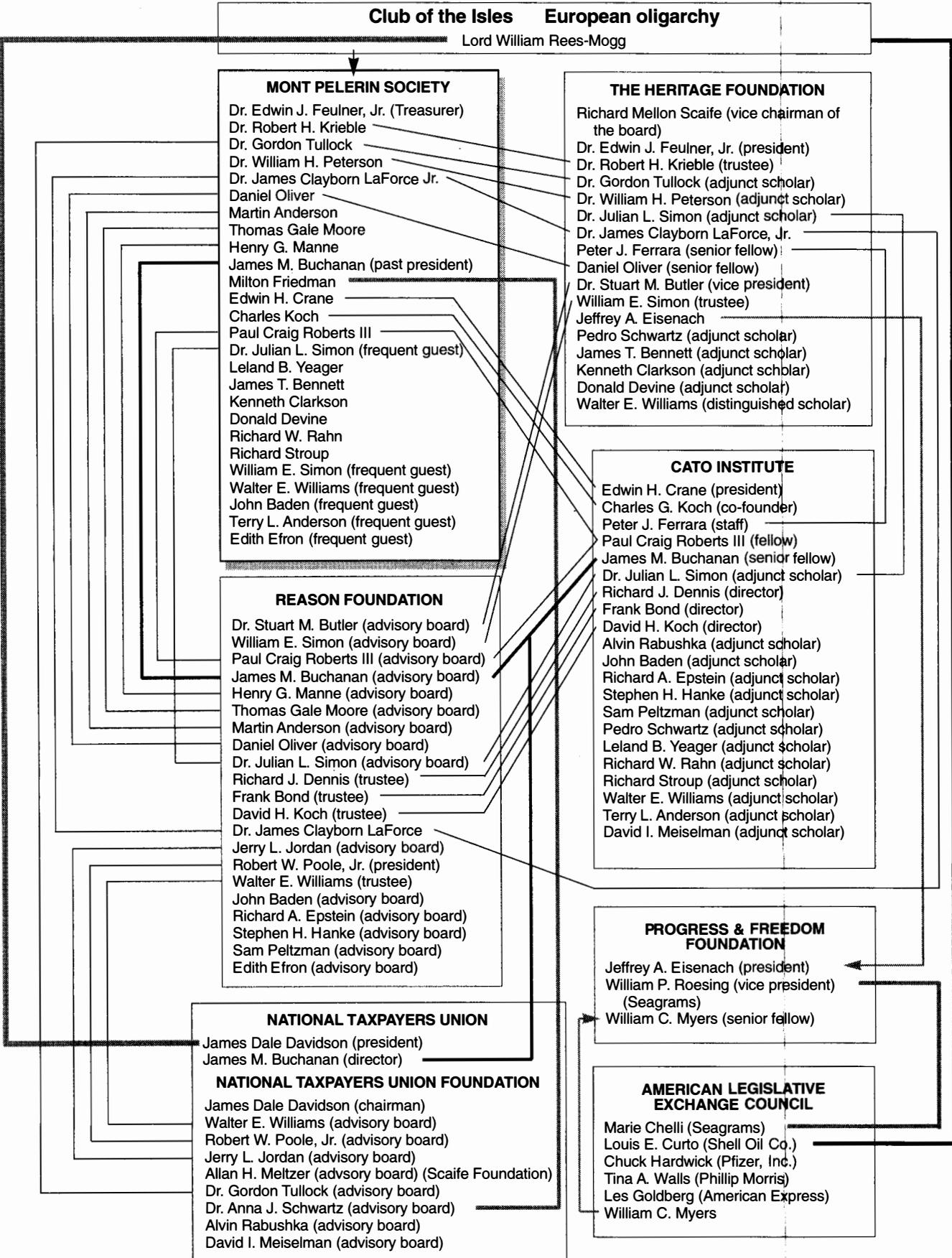
Foundations: Lynde and Harry Bradley, Carthage, Castle Rock, Shelby Cullom Davis, Grover Hermann, M.J. Murdoch, Samuel Roberts Noble, John M. Olin, Henry Salvatore, Sarah Scaife, Scaife Family, Starr, Jay and Betty Van Andel, Aequus Institute, JM, Herrick, and General Electric.

Corporate: Amway, Farish and Farish, Readers Digest, SmithKline Beecham, Shell Oil, Union Pacific, Coors, Eli Lilly, GM, Archer Daniels Midland, Amoco, Ashland Oil, Alcoa.

Policies

Heritage publishes frequent policy papers spelling out a detailed legislative agenda. The most recent document, is-

FIGURE 1
Interlocking directorates of the Conservative Revolution



sued for a training seminar for newly elected members of Congress, *The New Members' Guide to the Issues*, advocates: balanced budget amendment, radical reduction of capital gains tax, defense cutbacks based on an isolationist foreign policy, and super-majority to pass any new tax increases—all key elements in the GOP's "Contract with America." Heritage openly peddles the Conservative Revolution, as evidenced by a recent policy report titled *Continuing the Conservative Revolution*, authored by Stuart Butler.



Reason Foundation

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Key personnel

Robert W. Poole, Jr. President, Trustee. Member, Young Americans for Freedom. Former head, Radicals for Capitalism. Advisory board, National Taxpayers Union Foundation. Leadership, Libertarian Party.

Frank Bond. Trustee; see Cato Institute.

Richard J. Dennis. Trustee; see Cato Institute.

David H. Koch. Trustee; see Cato Institute.

Richard Fink. Trustee. Vice president, Koch Industries. Board, Claude R. Lambe Charitable Foundation. Board, Charles G. Koch Charitable Foundation. Board, David H. Koch Charitable Foundation. Chairman, Humane Studies Foundation.

Walter E. Williams. Trustee. See National Taxpayers Union.

William R. Allen. Advisory. Vice president, Institute for Contemporary Studies 1986-90. President, International Institute of Economic Research 1974-86.

Martin Anderson. Advisory member. Mont Pelerin Society, American Economic Society.

John Baden. Advisory. Cato Institute, adjunct scholar. Foundation for Research on Economics and the Environment. Frequent guest at Mont Pelerin Society meetings.

James M. Buchanan. Advisory member. See National Taxpayers Union.

Stuart Butler. Advisory Board; see Heritage Foundation.

Edith Efron. Advisory. University of Rochester. Frequent guest at Mont Pelerin Society meetings.

Richard A. Epstein. Advisory. Cato Institute, adjunct scholar. Author, *Cases and Materials in Torts*, 1990; *Takings: Private Property and the Power of Eminent Domain*, 1985. Editor, *Journal Legal Studies*, 1981-91. *Journal of Law and Economics* 1991-. Editorial board, *Yale Law Journal*.

Stephen H. Hanke. Cato Institute, adjunct scholar. Heritage Foundation, adjunct scholar. Economics professor, Johns Hopkins University.

Gilbert Harman. Co-director. Cognitive Sciences Lab 1986-; chair, Cognitive Studies Program 1992-. Philosophy professor, Princeton University, 1963-. Author, *Skepticism and Defenition of Knowledge*, 1990.

Jerry L. Jordan. Advisory. See National Taxpayers Union.

J. Clayborn LaForce, Jr. Member, Mont Pelerin Society, Economic History Association. Board of directors, National Bureau for Economic Research 1975-88, Rockwell International, Eli Lilly & Co., Shearson V.I.P. Separate Account. Board, Lynde and Harry Bradley Foundation. Board of overseers, Hoover Institute, 1979-. Member, National Council on Humanities at National Endowment for the Humanities, 1981-88. Adjunct scholar, Heritage Foundation.

Henry G. Manne. Member, Mont Pelerin Society. Dean, professor, chairman of Law and Economics Center, George Mason University 1986-. Director, Economic Institutes for Federal Judges 1976-89. Author, *Insider Trading and the Stock Market*, 1966. Editor (with James Dorn), *Economic Liberties and the Judiciary*, 1987. Adjunct scholar, Cato Institute.

Thomas Gale Moore. Member, Mont Pelerin Society, American Economics Association, Southern Economics Association, Western Economics Association. Adjunct scholar, Cato Institute 1982-. Member, Council of Economic Advisers, 1985-89.

Daniel Oliver. Member, Mont Pelerin Society. Heritage Foundation, senior fellow. Distinguished fellow, Citizens for a Sound Economy Foundation, 1991-93. General counsel, U.S. Department of Education, 1981-83, U.S. Agriculture Department 1983-86. Chairman, Federal Trade Commission 1986-89. Counsel, Administrative Conference U.S. 1983-89.

Sam Peltzman. Cato Institute, adjunct scholar. Director, Center for Study of the Economy and the State 1992-. Senior staff economist, Presidents Council of Economic Advisers, 1970-71. Editor, *Journal of Law and Economics*. Member, American Economics Association.

Alvin Rabushka. Cato Institute adjunct scholar. Advisory board, National Taxpayers Union Foundation, Hoover Institute.

Paul Craig Roberts III. Member, Mont Pelerin Society, drafted original Kemp-Roth Bill 1976. Assistant secretary of treasury for economic policy 1981-82. William E. Simon professor of political economy Georgetown University Cen-

TABLE 1

Funding for the think-tanks of the Conservative Revolution

Source of funds	American Legislative Exchange Council	Atlas Foundation	Center for the Study of Public Choice	Citizens for a Sound Economy	Cato Institute	Competitive Enterprise Institute	George Mason University	George Mason University Foundation	Heritage Foundation	Institute for the Economics of Taxation	Manhattan Institute	National Center for Policy Analysis	National Taxpayers Union	Progress & Freedom Foundation	Reason Foundation
Amoco	\$														
Anheuser-Busch	\$														
Archer-Daniels-Midland															
ARCO	\$				\$										
Ashland Oil	\$														
Bechtel Corp.															
British Petroleum															
Chevron Corp.	\$														
Coca-Cola Co.	\$				\$									\$	\$
Eli Lilly & Co.	\$					\$			\$						
Lilly Endowment, Inc.										\$		\$			\$
Exxon Corp.	\$				\$										\$
Ford Motor Co. Fund	\$					\$	\$		\$					\$	\$
General Electric Foundation	(1)						\$		\$					\$	\$
Golden Rule Insurance Co.														\$	\$
Mobil Oil Corp.	\$							\$							\$
Morgan Stanley															\$
Pfizer, Inc.	\$				\$										\$
Phillip Morris Cos.	\$				\$										\$
Phillips Petroleum	\$														\$
Jos. Seagram & Sons, Inc. Fund	\$				\$									\$	\$
Shell Oil Co.	\$				\$				\$						\$
Skadden Arps S. M. & Flom															\$
SmithKline Beecham	\$								\$	\$					\$
Texaco Foundation	\$								\$			\$			\$
Unocal Corp.															\$
Aequus Institute									\$						\$
Armstrong Foundation	\$				\$										\$
Lynde & Harry Bradley Foundation	\$		\$		\$		\$		\$					\$	\$
Carthage Foundation		\$							\$		\$	\$			\$
Earhart Foundation		\$	\$		\$		\$	\$							\$
Malcolm Forbes Foundation															\$
Ford Foundation															\$
Grover Hermann Foundation					\$				\$						\$
Charles G. Koch Foundation	(2)				\$									\$	\$
David Koch Foundation				\$	\$	\$							\$		\$
Claude R. Lambe Foundation		\$		\$	\$	\$	\$		\$		\$	\$	\$	\$	\$
Phillip M. McKenna Foundation	\$		\$		\$	\$	\$		\$		\$	\$	\$	\$	\$
Milkin Family foundations					\$										\$
JM Foundation	\$			\$	\$	\$			\$		\$	\$			\$
John M. Olin Foundation	\$		\$		\$		\$		\$		\$	\$	\$	\$	\$
Pioneer Institute															\$
Roe Foundation					\$				\$						\$
Sarah Scaife Foundation			\$		\$	\$		\$	\$	\$	\$		\$		\$
Scaife Family Foundation									\$						\$
Smith Richardson Foundation						\$		\$			\$		\$		\$
Starr Foundation							\$		\$						\$
Van Andel Foundation									\$						\$

Notes: (1) General Electric Capital Corp.; (2) Koch Industries Inc.

The dollar signs signify that a corporation or foundation has provided funds to that think-tank or institution sometime during the 1991-93 period, according to corporate reports and tax records which are available at the Foundation Center in Washington, D.C.

ter for Strategic and International Studies 1982-. Chairman, Institute of Political Economy 1985-. Distinguished fellow, Cato Institute.

Emanuel S. Savas. Director, Privatization Research Organization 1986-. Assistant secretary for policy research and development, HUD, 1981-83. Adviser on privatization for government of Poland 1990-. Author, *Privatizing the Public Sector*, 1982; *Moscow's City Government*, 1985. Editorial board, *Urban Affairs Quarterly*, *Privatization Report*, *Privatization Watch*.

Julian Simon. Advisory. Heritage Foundation, adjunct scholar. Cato Institute, adjunct scholar. Frequent guest at Mont Pelerin Society meetings.

William E. Simon. Advisory. See Heritage Foundation.

History

The Reason Foundation was founded in 1978 in California, devoting itself to advancing the ideals of a free society based on private property, individual liberty, and free markets, all within the British Liberal framework. Its flagship publication, *Reason* magazine, had been started as a libertarian newsletter within collegiate networks in 1968. CEO Robert Poole contributed to and later bought the publication with a group of investors in 1970. Poole began working in libertarian politics earlier in college, through his involvement with William F. Buckley's Young Americans for Freedom and as head of Radicals for Capitalism. Poole worked up to leadership ranks of the Libertarian Party, which had been abundantly financed by the Koch family interests.

Reason Foundation efforts stress opposition to all forms of government "intervention" into the economy. Reason's policy emphasis: privatization of infrastructure and promotion of drug legalization.

Reason established its Privatization Center in 1992, touted as the nation's foremost privatization information source for public officials throughout the country.

Funding

Foundations: Armstrong, Lynde and Harry Bradley, Capital Fund (Milken), Malcolm Forbes, Grover Hermann, JM, Charles G. Koch, David H. Koch, Liberty, Lilly Endowment, Philip M. McKenna, Milken Family, Pacific Research Institute, Pioneer Research Institute, Roe, Sarah Scaife, Smith Richardson, Van Andel, Winchester, John M. Olin, Claude R. Lambe.

Corporate: Amoco, Annheuser-Busch, ARCO, Bechtel, Bristol-Myers Squibb, Chevron, Coca-Cola, Exxon, Ford Motor, General Electric, Mobil, Morgan Stanley, Pfizer, Philip Morris, Phillips Petroleum, Shell Oil, Skadden Arps Slate Meagher & Flom, Unocal, Watson Land.

Policy

In an economy where stagnating tax revenues and strained budgets are not able to cope with increased needs for

services, Reason's main influence has been in "transforming government" through facilitating "partnerships" with the private sector. Reason has worked closely with the mayors of Indianapolis and Philadelphia, and governors of Massachusetts and Texas, in efforts to privatize public services.

The privatization of infrastructure—roads, bridges, airports, water and waste-disposal systems—has been a primary focus. The mayor of Los Angeles advocates the Reason Foundation's policy on privatizing the city's airport, as well as trash collection. Reason wants the air traffic control system privatized, and recently the head of the Federal Highway Administration used Reason policy to promote privatizing portions of the interstate highway system.

The foundation is heavily involved in educational structuring. Poole, as early as 1971, wrote position papers promoting vouchers as the most politically feasible way to "break the state's education monopoly." The contracting out of services—including teachers—is prominent among their plans.

Reason also promotes deregulation and legalization of drugs. It works closely with the pro-legalization movement's Drug Policy Foundation, and took to the airwaves recently upon then-Surgeon General Joycelyn Elders's suggestion that drug legalization be "studied."

Reason also promotes "free market" solutions to the "environmental crisis."



Progress and Freedom Foundation

1250 H Street NW, Suite 550, Washington, D.C. 20005
(202) 484-2312

Key personnel

Rep. Newt Gingrich. The Republican congressman from Georgia, currently Speaker of the House, was the intellectual founder of the Progress and Freedom Foundation (P&FF), drawing from key personnel from his political action committee, GOPAC. (See profile, page 65).

Alvin Toffler. Not formally an official of the foundation, Toffler did co-author its major policy document, "A Magna Carta for the Knowledge Age." For more than 20 years, Toffler, a pop cult futurist, was a mentor and "guru" to Gingrich. He was involved in the Marxist movement and reportedly was an active member of a Trotskyist organization in 1950s. Writer for the *New Republic*, 1957. Later hired by *Fortune*. Author of *Future Shock*, 1970, followed by *Mega-*

trends, *The Third Wave*, and *War and Anti-War in the 21st Century*. Taught at the New School for Social Research. Popularizer of the fraudulent idea that civilization has moved beyond the industrial age to a post-industrial "information society," free of government regulation and large industrial corporations.

Dr. Jeffrey Eisenach. President. Director, the Heritage Foundation. Former staff researcher, American Enterprise Institute and the Hudson Institute. Former senior economist, Federal Trade Commission and the Office of Management and Budget. President of GOPAC before taking control of P&FF.

George A. Keyworth. Chairman of the board. Former science adviser to President Ronald Reagan and director of the physics division of Los Alamos National Laboratory.

Arianna Huffington. Pop cult feminist and New Age author. Wife of former California congressman and recently defeated GOP U.S. Senate candidate Michael Huffington.

Frank J. Hanna III. Chief executive officer of HBR Capital merchant banking fund. Former corporate lawyer.

James C. Miller III. Counselor for Citizens for a Sound Economy and the Tax Foundation. Fellow, Center for the Study of Public Choice, George Mason University. Senior fellow, Hoover Institute. Former director, Office of Management and Budget (1985-88). Defeated by Oliver North in 1994 for GOP nomination for U.S. Senate from Virginia.

William P. Roising. Vice president for public policy of Joseph E. Seagram & Sons.

William C. Myers. Corporate secretary and director of operations for P&FF. Former vice president of American Legislative Exchange Council. Earlier director of Free Congress Foundation, State Policy Network, and South Carolina Policy Council.

Michael Vlahos. Military and foreign affairs specialist for P&FF. Former project director, Center for Naval Analysis. Director, security studies, Johns Hopkins School of Advanced International Studies. Late 1970s through early 1980s employed by Defense Nuclear Agency and Central Intelligence Agency.

Vin Weber. Former six-term congressman. Former director of Empower America.

Heather Higgins. Former portfolio manager and VP for U.S. Trust. Former editorial writer at the *Wall Street Journal* and assistant editor of the *Public Interest* magazine.

History

Founded in 1993 as a "non-profit, non-partisan idea center" according to a 1995 Mission Statement, the foundation was established in reality at the initiative of Rep. Newt Gingrich to advance his political credentials and to propagandize the post-industrial worldview of futurists Alvin and Heidi Toffler. P&FF published a book in 1994 by the Tofflers, *Creating a New Civilization: The Politics of the Third Wave*, with a lengthy introduction by Gingrich. The book was ini-

tially published by Ted Turner, owner of the Cable News Network and a leading New Age propagandist.

More recently, P&FF published *Cyberspace and the American Dream: A Magna Carta for the Knowledge Age*, aggressively peddling the replacement of modern industry with information-based society. The document was authored by Keyworth, the Tofflers, and George Gilder, a director of the Mont Pelerin Society-founded Manhattan Policy Institute and a contributor to *National Review*.

P&FF markets a college-level "American history" course by Gingrich titled "Renewing American Civilization," which peddles a twisted version of American history based on the writings of British East India Company propagandist Adam Smith, the Tofflers, and other futurists like Peter Drucker. P&FF has recently come under scrutiny due to large infusions of funds from corporate sponsors anxious to get backing from Speaker of the House Gingrich. In a recent *Washington Post* interview, foundation President Eisenach admitted that funds are pouring in and that the group plans to move into new offices and greatly expand its operations.

Funding

AT&T, the Lynde & Harry Bradley Foundation, Cox Cable Communications, Federal Express, Forbes, Inc., GE Foundation, Golden Rule Insurance Company, IBM Corp., Claude R. Lambe Charitable Trust, Lockheed Aeronautical Systems, Northwestern National Life, the Randolph Foundation, Joseph E. Seagram & Sons, Inc., Siemens Corp., Solvay Pharmaceuticals, Southern California Edison, John W. Uhlmann Foundation, Windway Foundation, BellSouth, W.H. Brady Foundation, the Coca-Cola Company, Cox Broadcasting, the R&J Ferst Foundation, Ford Motor Company Fund, Georgia Power, Intel Corp., Johnson & Johnson Corp., the Charles G. Koch Charitable Foundation, Mortgage Insurance Companies of America, the Samuel Roberts Noble Foundation, John M. Olin Foundation, Scientific Atlanta, Siemens Energy and Automation, Turner Broadcasting System Inc., Windway Capital Corp., *Wired* magazine.

Policies

The foundation seeks to transform the Republican Party into the avant-garde agency peddling Toffler's "Third Wave" post-industrial theories inside the federal government, and from there, around the world. The August 1994 issue of the foundation's newsletter, *Future Insight*, described this process as follows: "The Third Wave, and the Knowledge Age it has opened, will not deliver on its potential unless it adds social and political dominance to its accelerating technological and economic strength. This means repealing Second Wave laws and retiring Second Wave attitudes. It also gives to leaders of the advanced democracies a special responsibility—to facilitate, hasten and explain the transition."



American Legislative Exchange Council

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Key personnel

Board of directors is comprised of elected state and local officials. Current members: national chairman, Sen. Ray Powers, Colorado; first vice chairman, Rep. Dale Van Vyven, Ohio; second vice chairman, Sen. Joseph Manchin III, West Virginia; treasurer, Rep. Bonnie Sue Cooper, Missouri; secretary, Sen. Brad Gorham, Rhode Island; immediate past chairman, Rep. Harold J. Brubaker, North Carolina; *ex officio* members, Allan E. Auger, Coors Brewing Co.; Samuel A. Brunelli, executive director.

Private Enterprise Board: chairman, Allan E. Auger, Coors Brewing Co.; first vice chairman, Tina A. Walls, Philip Morris, Inc.; second vice chairman, Alan Bronson Smith, Nationwide Insurance Companies; secretary, Edward D. Failor, Iowans for Tax Relief; immediate past chairman, Ronald F. Scheberle, GTE Corporation.

Other board members: Marie Chelli, Joseph E. Seagram & Sons, Inc.; Louie Curto, Shell Oil Company; Les Goldberg, American Express Co.; Roger L. Mazingo, R.J. Reynolds Tobacco Company; Daniel J. Zaloudek, Koch Industries.

History

Founded in 1973 to recruit state and local elected officials and promising future candidates to radical free market outlook. Functions as a grassroots arm of major Washington, D.C. think-tanks including Heritage Foundation, Cato Institute, Reason Foundation (all share personnel and funding sources, especially from the Koch family), National Taxpayers Union, Gun Owners of America, U.S. English, and the Christian Coalition.

Sources familiar with ALEC activities report that in recent years, the group has de facto merged with Rev. Paul Weyrich's Free Congress Committee and also enjoys very close grassroots ties to the Christian Coalition and key personnel from the now-defunct Moral Majority.

Funding

ALEC is funded primarily by the corporate contributions

of the leading representatives of the liquor interests (Seagrams, Hiram Walker, Distilled Spirits Council), tobacco industry (Philip Morris, R.J. Reynolds), and gambling interests (Promus, Argosy Gaming Company, Maximus, Del Webb Corp.), the major law firms associated with those enterprises, the prison privatization/convict labor lobby (Corrections Corporation of America, private bail bonding associations), insurance corporations, a segment of the energy industry (particularly the British-dominated firms such as Shell and ARCO), Walmart, Amway, a large number of Fortune 500 companies, and an array of national industry lobbying organizations. A major role in ALEC funding is played by the Koch family.

Policies

ALEC is the prime source of an effort to destroy the government created under the articles of the Constitution of the United States, and replace it with elements drawn from the Articles of Confederation and the Constitution of the Confederate States.

In December 1994, at an orientation conference for newly elected state legislators in Washington, D.C., ALEC feted Walter Williams, a Hayekian economics professor at George Mason University, who urged the audience to organize a new "secession." He noted that this proposal elicits the objection, that the Civil War was a bloody failure to do just that. "But that was the second attempt," he said. "Who knows what will happen the third time?"

An address to the same conference by Rep. Harold Brubaker of North Carolina, the immediate past national chairman of ALEC, is typical of the lies and Confederate propaganda which interweave American Legislative Exchange Council literature. Brubaker was sounding the theme that the only legitimate government is that government created by state legislatures, and therefore, state legislatures should see themselves as sovereign and superior to the federal government.

"Indeed," he said, "it is the states that created every government in the nation. And the states themselves are the creation of the people. . . . Constitutionally, the United States and its entire federal structure are the creation of state legislatures."

For 20 years the American Legislative Exchange Council and its allied National Taxpayers Union (NTU) have been spreading the call for a constitutional convention (an effort which came dangerously close to success during the Reagan presidency), for the explicit purpose of undermining the general welfare and equal justice clauses of the Constitution. The latest permutation is the campaign to "revive the Tenth Amendment" which is all the rage among populists and their radio talk show hosts. Like the "unfunded mandates" and "balanced budget" issues, this latest fad is the carefully cultivated work of ALEC and the collection of thieves, mobsters, and multinational cartels which are funding the

populist movement.

ALEC proposes that states create a Constitutional Defense Council, funded by the state treasury, and other sources, to organize challenges to "the Authority granted to, or assumed by, the federal government" and to conduct "any other activity that is deemed appropriate by the Council." At the December conference in Washington, Larry Pratt of the ALEC-affiliated Gun Owners of America, openly called for the creation of state militias which should be prepared to do battle with the Army of the United States. Pratt is associated with Ambrose Evans-Pritchard, and his zombie Larry Nichols, who has made violent threats against President Clinton.

The pet peeve of American Legislative Exchange Council Executive Director Sam Brunelli is the fact that public employees, on average, still enjoy wages and benefits only somewhat below the 1960s standard. Brunelli wishes to crush this in order to bring them into the Dickensian world of part-time employment, minimum wages, and "death care" administered by the health maintenance organizations (HMOs) that the corporations he speaks for have created for the rest of the working population.

Brunelli and the American Legislative Exchange Council would accomplish this by "privatizing" various public services. This effort has been promoted among state and local governments for years, and has never caught fire, much to ALEC's chagrin. The American Legislative Exchange Council points to the reason this is so: The savings promised by the privateers rarely materialize, and when they do, they are based on cutting the benefits and health care packages of the "privatized" workforce.

ALEC produces model legislation urging state governments to revolt against the "unfunded mandates" of the federal government. According to studies which underlie the legislation, there is no reliable, quantifiable, definition of what "unfunded mandates" are or what they cost—except for Medicaid, which is the most visible entitlement program, and represents the lion's share of the "unfunded mandates" that are targeted for cuts.

The American Legislative Exchange Council is closely tied to the corporations and institutions that are attempting to revive widespread use of convict labor. Legislation pushed by ALEC has been used in several states to privatize some correctional institutions. As with other social services, there are no "savings," other than those created by lowering the wages and benefit packages of guards and employees, and cutting manpower. Many states have found that the cost of constructing private prisons and managing them to mandated standards, is prohibitive for private contractors, and therefore, according to ALEC, privatization is frequently abandoned. The industry, which is strongly supported by ALEC spokesman William Barr, is looking to convict labor to produce a margin of profit.



NATIONAL TAXPAYERS UNION

National Taxpayers Union, NTU Foundation

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Key personnel

James Dale Davidson. Chairman. Educated at University of Maryland, B.A., and Pembroke College, Oxford. Principal of Strategic Advisors Corp., Baltimore, "an asset management group for wealthy individuals." Chairman of Agora Publishing, Baltimore. Partner in Harwood Association (real estate partnership). Partner in Brain Damage (real estate partnership). Director, Pembroke College Foundation. Member, United Oxford-Cambridge Club. Former chairman of *Hulbert Financial Digest*. Author of *The Eccentric Guide to the United States*, 1977; *The Squeeze*, 1980; *The Plague of the Black Death: How to Survive the Coming Depression*, 1993; co-author with Lord William Rees-Mogg, *Blood in the Streets*, 1987, and *The Great Reckoning*, 1992.

Gregory Barnhill. Director. Managing director for international sales, Alex. Brown & Sons, oldest investment bank in the United States, Baltimore.

William Bonner. Director. Publisher of Agora, Inc., Baltimore.

Mark Hulbert. Director. President and publisher, *Hulbert Financial Digest*. Columnist for *Forbes*.

Curtin Winsor. Director. Director, Riggs Investment Management Corp.

Jerry L. Jordan. Advisory Board. President, Federal Reserve Bank of Cleveland. Advisory Board, Reason Foundation. Cato Institute adjunct scholar. Member, American Bankers Association Economic Advisory Committee. Member, President Reagan's Council of Economic Advisers, 1981-82. Served as president of the National Association of Business Economists.

Prof. Allan H. Meltzer. Advisory Board. Professor at Carnegie-Mellon University. Director, Sarah Scaife Foundation. Director, Commonwealth Foundation. Director, Global Economic Action Institute. Governor, Federal Deposit Insurance Corp. Visiting scholar, American Enterprise Institute, 1989—. Chairman, Shadow Open Market Committee. John M. Olin Professor of Political Economy and Public Policy, 1980-91. Member, President's Economic Policy Advisory Board, 1988-90. Fellow, Hoover Institute, 1977-78. Visiting professor, University of Chicago, 1964-65. Member, Cos-

mos Club. Member, Philadelphia Society (vice-president, 1981-83).

Prof. David Meiselman. Advisory Board. Virginia Polytechnic Institute. Special unit on derivatives.

Robert W. Poole, Jr. Advisory Board. President and trustee, Reason Foundation. Member, Young Americans for Freedom. Former head, Radicals for Capitalism.

Dr. Alvin Rabushka. Advisory Board. Hoover Institute.

Dr. Anna J. Schwartz. Advisory Board. National Bureau for Economic Research. Co-author with Milton Friedman, *A Monetary History of the United States*.

Prof. Gordon Tullock. Advisory Board. Professor of economics, George Mason University's Center for the Study of Public Choice. Member, Mont Pelerin Society. Author, with James M. Buchanan, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, 1962. Tullock "has always been a central figure in the effort to revitalize old-style political anarchism as a new brand of libertarianism."

Walter E. Williams. Advisory Board. Trustee, Reason Foundation. Heritage Foundation distinguished scholar. Cato Institute adjunct scholar. John M. Olin distinguished professor of economics. Board chairman, Center for Market Processes, George Mason University. Member, Virginia Gov. George Allen's commission for states rights. Fill-in talk show host for Rush Limbaugh.

Paul S. Hewitt. Vice president for research. Founder and former president, Citizens for Generational Equity. Adjunct fellow, Hudson Institute.

Neil Howe. Chief economist. Former director of research, Citizens for Generational Equity. Former managing editor, the *American Spectator*. Co-author with Peter G. Peterson of *On Borrowed Time: How the Growth of Entitlement Spending Threatens America's Future*, 1990.

James M. Buchanan. Advisory member, Mont Pelerin Society, president 1984-86. Member, American Economics Association. Executive committee, American Academy for Arts and Sciences. Nobel Prize in economics, 1986. Founder, Center for Study of Public Choice, George Mason University, 1969. Editor, with R. Tollison, *The Theory of Public Choice*, 1972; *Freedom in Constitutional Contract*, 1978; *Liberty Market and State*, 1985; *Economics and Ethics of Constitutional Order*, 1991.

History

According to the group's literature, 22-year-old University of Maryland graduate student James Dale Davidson founded the National Taxpayers Union in 1969, after becoming disenchanted with the Richard Nixon for President campaign, on which he had worked as a volunteer. Davidson claims he wanted to establish a group that would end wasteful government spending.

In 1975, James Clark, then a Maryland state senator,

approached Davidson about a resolution for a constitutional convention to adopt a balanced budget amendment, which Clark had just shepherded through the Maryland legislature. The NTU adopted the balanced budget amendment as its number-one priority, and by 1979 had obtained the support of 30 state legislatures. The NTU blames "several far-right and extremist groups" for joining with the AFL-CIO in 1987 to persuade some state legislatures to rescind their call for a constitutional convention.

Funding

The combined financial statement of the NTU and the NTU Foundation for 1993 states that total funding amounted to \$5.1 million; of this, \$2.7 million came from dues and contributions, and \$2.2 million came from new member dues. The balance came from other types of income, including publication sales.

A 1989 booklet celebrating the 20th anniversary of the founding of the NTU extends "special thanks" to, among others: K. Tucker Anderson, Louise Clark, Sol Erdman, Richard Headlee, Michael Keiser, Charles Koch, E.A. Morris, Joyce Pillsbury, Robert Wilson, and Templeton Funds Management.

Policies

The NTU proclaims that its number-one goal since 1975 has been a balanced budget amendment to the U.S. Constitution. The group claims credit for helping pass the Gramm-Rudman-Hollings Deficit Reduction Act of 1982, and for helping initiate the drive to have state legislatures call for a U.S. constitutional convention to enact a balanced budget amendment.

Before the collapse of the Soviet Union, the NTU repeatedly called for reducing U.S. spending in defense of its European and Asian allies, and for cutting "generous military pensions."

In the early 1990s, the NTU campaigned to eliminate the social safety net under America's elderly, including the release of a 1993 publication by staffer Paul Hewitt, claiming that the agenda of the American Association of Retired Persons would "bankrupt America."

The NTU claims to be against wasteful spending, but it appears that any government spending on the development of new technologies is "wasteful" to the group. The NTU brags that it led in eliminating funding for: the Supersonic Transport; the Clinch River Breeder Reactor; the Synthetic Fuels Corp.; the Superconducting Super Collider, the Advanced Metal Nuclear Reactor, and the Advanced Solid Rocket Motor.

On Jan. 31, 1995, the National Taxpayers Union announced that it had formed a coalition with the Friends of the Earth, to campaign against funding for: the National Ignition Facility at Lawrence Livermore National Laboratory; the Gas Turbine-Modular Helium Reactor; the development of Ad-

vanced Light Water Reactors; the Yucca Mountain High-Level Nuclear Waste Repository; the Tokamak fusion reactor at Princeton University; the Atomic Vapor Laser Isotope Separator; the Advanced Neutron Source at Oak Ridge, Tennessee; the Clean Coal program; \$450 million in other coal research and development programs; the Rural Electrification Administration; the Bonneville Power Administration; various dams, water projects, and hydroelectric projects, not just in the United States, but around the world; various irrigation projects, including the Coastal Flood Insurance reform; the Natural Disaster Protection Fund Proposal; the Army Corps of Engineers Inland Waterways Operations and Management Budget; and the Corps of Engineers Civil Works program.



Cato Institute

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Key personnel

Edward H. Crane. President and CEO. Member, Mont Pelerin Society. Member, national advisory board, National Organization for the Reform of Marijuana Laws. Board of directors, Institute for Research on the Economics of Taxation and Americans to Limit Congressional Terms. Member, National Taxpayers Legal Fund (board of directors 1978-82). National chairman, Libertarian Party (1974-77). Best of friends with *Bell Curve* author Charles Murray.

William A. Niskanen. Chairman. Member, Public Choice Society, Western Economic Association, American Economic Association, Council of Economic Advisers (1981-85). Founder, National Tax Limitation Committee. Staff economist, RAND Corp. (1957-62). Staff director, Department of Defense (1962-64). Division director, Institute for Defense Analysis (1964-70). Assistant director, Office of Management and Budget (1970-72).

David Boaz. Executive vice president. Research director, Clark for President Committee (1980). Executive director, Council for a Competitive Economy (1978-80). Executive director, Young Americans Foundation (1975-76). Board of directors, Center for Independent Thought. Author, *The Crisis in Drug Prohibition*, 1990; *Liberating Schools: Education in the Inner Cities*, 1991.

James A. Dorn. Vice president for academic affairs. Editor, *Cato Journal*. Research fellow, Institute for Humane Studies, George Mason University. Member, White House Commission on Presidential Scholars (1984-90). Public Choice Society. Hayek Fund grantee at the Institute for Hu-

mane Studies (1986-87).

Doug Bandow. Senior fellow, 1984-. Senior policy analyst, Reagan for President Committee 1979-80; Office of President Elect 1980-81. Special assistant to the President for policy development at White House, 1981-82. Editor, *Inquiry* magazine, 1982-84. Editor, *Protecting the Environment*, 1986.

Stephen Moore. Director, fiscal policy studies. Co-author, "Contract with America." Visiting fellow, Joint Economic Committee, 1994. Research coordinator, National Commission on Privatization, 1987. Special consultant, National Economic Commission, 1988. Former Grover Hermann fellow in budgetary affairs at Heritage Foundation. Co-author, with Heritage's Stuart Butler, *Privatization: A Strategy for Taming the Federal Budget; Slashing the Deficit: A Blueprint for a Balanced Budget by 1993; Doomsday Delayed: America's Surprisingly Bright Natural Resource Future*.

Paul Craig Roberts. Distinguished fellow. Member, Mont Pelerin Society. See Reason Foundation.

James M. Buchanan. Distinguished fellow. Member, Mont Pelerin Society. See Reason Foundation.

P.J. O'Rourke. Mencken Research Fellow. Editorial board, *American Spectator*. Former editor, *National Lampoon*. Writer, current chief foreign affairs desk, *Rolling Stone*.

John A. Baden. Adjunct scholar. See Reason Foundation.

Ronald A. Bailey. Adjunct scholar. New River Media. Contributing editor, *Reason* magazine.

Richard Epstein. Adjunct scholar. See Reason Foundation.

Steve H. Hanke. Adjunct scholar. See Reason Foundation.

Jerry L. Jordan. Adjunct scholar. See Reason Foundation.

Don Lavoie. Adjunct scholar. Comparative economics professor at Center for Market Processes, George Mason University.

Henry G. Manne. Adjunct scholar. Member, Mont Pelerin Society. See Reason Foundation.

David I. Meiselman. Adjunct scholar. Professor, Virginia Polytechnic Institute and State University. Advisory board, National Taxpayers Union Foundation.

Thomas Gale Moore. Adjunct scholar. Member, Mont Pelerin Society. See Reason Foundation.

Gerald P. O'Driscoll, Jr. Federal Reserve Bank of Dallas.

Sam Peltzman. Adjunct scholar. See Reason Foundation.

Alvin Rabushka. Adjunct scholar. Hoover Institute. NTU Foundation advisory board.

Pedro Schwartz. Adjunct scholar. Iberagentes, S.A. Adjunct scholar, Heritage Foundation.

Julian L. Simon. Adjunct scholar. Adjunct scholar, Her-

itage Foundation. See Reason Foundation.

Richard Stroup. Member, Mont Pelerin Society. Senior associate, Political Economy Research Center 1980-. Professor, Montana State University. Director, Interior Department Office of Policy Analysis, 1982-84. Member, American Economics Association, Western Economics Association (executive committee, 1985-88), Philadelphia Society, Public Choice Society.

Thomas Szasz. Adjunct scholar. State University of New York, Health Science Center, Syracuse, 1956-. Contributing editor, *Reason* magazine. Staff, Institute of Psychoanalysis, 1951-56. Author, *Pain and Pleasure*, 1957; *Law, Liberty and Psychiatry*, 1963; *Our Right to Drugs: The Case for a Free Market*, 1992. Contributing editor, *Libertarian Review*. Alfred R. Lindesmith award for writing, Drug Policy Foundation, 1991. Named Humanist of the Year, American Humanist Association, 1973.

Norman B. Ture. Adjunct scholar. President, Institute for Research on the Economics of Taxation, 1983-. Staff, Treasury Department, 1951-55; Joint Economic Committee, 1955-61; National Bureau of Economic Research, 1961-68; Planning Research Corp., 1968-71. Undersecretary for economic affairs, Treasury Department, 1981-82. Heritage Foundation, adjunct scholar.

Walter E. Williams. Adjunct scholar. Heritage Foundation, distinguished scholar. See Reason Foundation.

Leland B. Yeager. Member, Mont Pelerin Society, Royal Economic Society, American Finance Association. Department chairman, University of Virginia.

K. Tucker Anderson. Funder. Director, Cumberland Associates (key financial backer to 1994 Newt Gingrich election campaign). Funder, National Taxpayers Union (NTU).

Frank Bond. Funder. Founder, Holiday Health Spas. Head, the Foundation at Timonium, Maryland. Trustee, Reason Foundation.

Richard Dennis. Funder, director. Trustee, Reason Foundation. President, Dennis Trading Group. President, Chicago Resource Center. Funder, board member, Drug Policy Foundation.

David H. Koch. Funder. Trustee, Reason Foundation. Executive vice-president, Koch Industries. Head, David H. Koch Charitable Foundation. Chairman, Citizens for a Sound Economy Foundation. Fred C. Koch Charitable Foundation. Vice presidential candidate, Libertarian Party, 1980.

Charles G. Koch. Funder. President, Koch Industries. Head, Charles G. Koch Charitable Foundation; Claude R. Lambe Charitable Foundation; Humane Studies Foundation; Fred C. Koch Charitable Foundation; KochPac, contributing \$145,000 to 1994 election campaigns. Director, Institute for Humane Studies, George Mason University. Funder, NTU. Cato has received \$21 million of Koch money over the years.

Howard S. Rich. Funder. President, U.S. Term Limits. Funder, NTU. Chairman, Laissez Faire Books.

Michael Keiser. Funder. Funder, NTU.

Robert Wilson. Funder. Funder, NTU.

History

Cato was founded in California in 1977 as the think-tank of the Libertarian Party. Libertarian Party national chairman Ed Crane joined up with Charles de Ganahl Koch, heir to Koch Industries, a huge oil, gas, and petrochemical fortune and the second biggest privately held corporation in the United States, to found the Cato Institute, as a tax-exempt organization. Cato moved to Washington in 1981, to become a leading "conservative" voice promoting extreme austerity, homosexual rights, drug legalization, and sharply restricted U.S. foreign policy.

Funding

Foundations: American Petroleum Institute, Armstrong, Lynde and Harry Bradley, Capital Fund (Michael Milken), Earhart, Grover Hermann, William and Flora Hewlett, J.M. Mayer & Morris Kaplan, David H. Koch, Vernon K. Kriebel, Claude R. Lambe (Koch), Roe, Sarah Scaife, Soros-Hungary.

Corporations: Ameritech, Amoco, ARCO, Chase Manhattan Bank, Chicago Mercantile Exchange, Citicorp/Citibank, Coca-Cola, Emerson Electric, Enron, Exxon, Federal Express, Golden Rule Insurance, Koch Industries, Pfizer, Philip Morris, Procter & Gamble, Prudential Securities, Joseph A. Seagram & Sons, Shell Oil, Sun Refining & Marketing, Tenneco Gas, Transco Gas, Upjohn.

Policies

Radical shrinking of the federal government, shutting down all Executive branch agencies except State, Justice, and a miniaturized Defense Department, with all other government powers relegated to the states. Advocates drug legalization and "gay rights."

Cato's newly released *Handbook for Congress* calls for six-year congressional term limits, takes the federal government totally out of welfare and education.

Cato radical austerity program would shut down agricultural subsidies, food stamps, Head Start programs, low-income housing assistance, elementary and secondary education grants, wastewater treatment grants, and the space station, along with 100 other agencies and programs. Federal lands, supposedly valued at \$100 billion, would be sold. Radical tax reform proposal would replace income tax with sales tax and eliminate capital gains taxes altogether. Major boondoggle for real estate and stock speculators.

Social Security reforms top its domestic agenda, with a proposed increase in the retirement age to 70. Workers under 50 would be allowed to shift some of their Social Security payroll taxes into individual investment accounts—i.e., privatized funds. Cato would eliminate all bilateral and multilateral foreign aid. Following the lead of the Mont Pelerin Society, Cato even calls for shutting down the International Monetary Fund and World Bank. All U.S. military technology projects would be ended and the military budget shrunk to \$204 billion by 2000.