Who funded the ISO? An analysis of the financial basis of pseudo-left politics

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In March, the International Socialist Organization (ISO) voted to dissolve itself several weeks after restructuring its leadership with a faction dominated by people recruited on the basis of identity politics.

The ISO was, historically, the product of an opportunist fusion of Pabloites and Shachtmanites in the aftermath of the breakdown of the anti-war and protest politics of the 1960s and 1970s. In the course of several decades, following the trajectory of middle-class politics, the ISO moved ever further to the right. Its political line combined support for the AFL-CIO bureaucracy, a general orientation to the Democratic Party, and support for human rights imperialism. The increasingly dominant theoretical influence on the ISO was exerted by various forms of identity politics, which developed into an obsessive, bordering on psychopathic, preoccupation with issues related to race and gender.

On this reactionary basis, the ISO pandered to and recruited subjective middle-class nationalists and feminists, particularly among a slew of academics, for whom politics was largely a means of self-promotion and personal advancement. Whatever tenuous association the ISO retained with the working class was mediated through the AFL-CIO bureaucracy.

The right-wing forces the ISO cultivated and elevated into leadership took over the party in February. Within a few weeks, allegations relating to an alleged incident of sexual assault, dating back to 2013, were revived to provide a pretext for the dissolution of the ISO. Those involved in instigating the dissolution are now publishing hysterical and self-fixated screeds on *Socialistworker.org*. For example, *Socialistworker.org* presently features an "Open Letter to Some Ex-Leaders of the ISO," which includes the following account of the author's tortured path to self-awareness:

> Due to my familial guidance, I have inserted myself into emotionally intelligent therapeutic spaces when and where I felt they were applicable to me. Despite, of course, having some critiques, this was a stage of my own psychological journey that I would never minimize in regards to my own recovery and growth.
>
> By accepting—and rejecting where I found it apt—the emotional knowledge of therapeutic spaces and psychological theory, and fitting that into my political understanding of the emotional realities of capitalism, I gained a somewhat unconventional perspective in my criticisms of the left: namely, that without psychological and emotional understanding, we will be incapable of delivering socialism.

The author continues:

> I have been granted a model of dealing with one's demons—I cannot fully express what a privilege that is. I have been granted the necessary tools to walk the difficult path of tackling one's very self. It's one of the foundational features of happiness, and one that, it seems apparent to me, none of you possess. You would not be acting this way if you did. While that may be an explanation for your abusive ways, it is not an excuse.

Reading such deranged postings, the old adage about the inmates taking over the asylum comes to mind. But the adage needs to be amended. The inmates, having taken over the asylum, proceeded as quickly as possible to burn it down.

The protracted right-wing degeneration of the ISO found expression not only in the composition of its membership, but also in its financial structure.

A review of the tax filings of the nonprofit umbrella organization of the ISO and Haymarket Books—the Center for Economic Research and Social Change (CERSC)—reveals that the ISO was, to a great extent, funded by Democratic Party-led think tanks and nonprofits.

The "Big Three" Democratic Party-linked foundations supporting the ISO

A full 37 percent of CERSC's funding has been from grants by Democratic Party-aligned think tanks and nonprofits. Since 2007-08, CERSC has received $3,172,117 from foundations and think tanks. In large part through these grants, CERSC's revenue flow increased four-fold, from $1,055,100 in 2007-08 to $4,245,626 in 2016-17. Its cash-on-hand has increased by 1,175.6 percent, and its total assets have increased from $420,700 to $2,956,775 (603.1 percent) over the same period.

A significant portion of the individual donations came from less than a dozen wealthy individuals who gave over $100,000 each. We refrain from giving their names to preserve their privacy, but several of these high-dollar donors also gave substantial sums to establishment Democratic candidates and national Democratic Party campaign committees.

Of the revenue from nonprofit grants, roughly 85 percent—$2,709,617—comes from just three nonprofits: the Lannan Foundation, the Tides Foundation and the Wallace Fund.

A review of these three organizations' histories and qualifications for grant-making shows CERSC has developed close relationships with powerful institutional supporters and the Democratic Party executives who carefully control the funds' purse strings.

Decisions about granting such substantial portions of money are not made lightly. Well-connected networks of money managers, attorneys and philanthropists study grant requests and carefully determine which organizations meet the fund's "mission statement." Every dollar spent

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must meet the goal that powerful corporate donors had in mind when contributing to the fund. If an organization's activity controverted the interests of the fund's contributors, it would not receive funding.

The Tides Foundation, established by an R. J. Reynolds tobacco heiress, is currently heavily funded with millions of dollars from billionaire George Soros, who gave the Democratic Party $20,664,693 to support its candidates in the 2016 election, according to Opensecrets.org. Soros Fund Management was the sixth largest institutional backer of the Hillary Clinton campaign in 2016, funding her campaign to the tune of an additional $10,556,763 million.

The Tides Foundation funded the public relations campaign supporting Barack Obama's right-wing, pro-corporate Affordable Care Act in 2010 through the Health Care for America Now organization. According to Influencewatch.org, the Tides' largest financial supporters include the Ford Foundation and commercial funds like the Vanguard Charitable Endowment Program, the Fidelity Investments Charitable Gift Fund and the Schwab Charitable Fund.

Other Tides funders include the Bill and Melinda Gates Foundation, the AT&T Foundation, the ChevronTexaco Foundation and the Verizon Foundation. The US Agency for International Development (USAID), a CIA-linked government organization, has also provided funding for the Tides Foundation.

The Lannan Foundation is a nonprofit founded by J. Patrick Lannan, a financier who advised John F. Kennedy and served as director of the International Telephone and Telegraph Corporation for 36 years.

During the 1930s, before Lannan's tenure, ITT funded Heinrich Himmler and, through its subsidiary, C. Lorenz AG, controlled 25 percent of the German company that manufactured parts for Luftwaffe jets during the Second World War. In 1972, the *New York Times* reported that ITT was actively involved in pressuring the Nixon administration to assassinate Chilean President Salvador Allende—a task which was accomplished the following year with the coup that brought fascist military dictator Augusto Pinochet to power. Lannan was serving as ITT director at the time of ITT's involvement.

The *Times* wrote in July 1972: "The ITT plan called for extensive economic warfare against Chile to be directed by a special White House task force, assisted by the Central Intelligence Agency; the subversion of the Chilean armed forces; consultations with foreign governments on ways to put pressure on the Allende regime, and diplomatic sabotage." CIA documents published in 2000 showed ITT was actively involved in the coup itself.

Today, the Lannan Foundation's revenue and funding for CERSC derives from a corporate trust fund whose stockholdings include Amazon, AIG, American Express, Bank of America, Northrup Grumann, Citigroup, Halliburton, JPMorgan Chase, General Motors, Dow Chemical, Duke Energy, Boeing, Bombardier, and many other banks, oil companies and weapons manufacturers.

The Lannan Foundation is presently run by J. Patrick Lannan's son, J. Patrick Lannan, Jr., who sat on the board of directors of Federal Signal Corporation for 20 years. In the mid-70s, when Lannan, Jr. sat on the board, Federal Signal manufactured 70 percent of all civil defense warning systems in the US and later acquired a massive $47 million contract from the Air Force to manufacture military equipment.

The Wallace Global Fund, named after Democratic Vice President Henry Wallace, also made major contributions to several Democratic Party organizations, including the Wellstone Action Fund. The Wallace Global Fund is co-chaired by Henry Wallace's grandson, Scott Wallace, who ran for Congress as a Democrat in Pennsylvania's 8th Congressional District in 2018 and lost by a narrow margin.

According to its website: "We at the Wallace Global Fund see ourselves as a funder and supporter of social movements; to do this, we are committed to using all of the tools at our disposal to advance new ideas and strategies to achieve change. One way we do this is by maximizing the impact from our investment dollars in addition to our grants."

The Wallace Fund uses its endowment (overseen by RBC Wealth Management) to ensure "strong democratic institutions."

"The [Wallace] foundation is doing fantastic work," Wallace told a local Pennsylvania newspaper after winning the Democratic nomination. "We have it set on a good direction, and I can continue to do that kind of work in Congress. Instead of researching and studying problems and advising solutions, I will have the opportunity to write the solutions and work across the aisle to get them done."

Wallace raised $14,172,465 in his congressional bid, including $144,467 from the finance and insurance industries, and campaigned on a pro-Israel platform, stating, "Israel unequivocally has the right to defend itself and keep its people safe against threats from both military aggression and terrorism." His campaign website notes, "I firmly oppose the BDS movement, which is hostile to Israel and incompatible with any balanced approach to a two-state solution."

Wallace also called for implementing Malthusean methods for controlling "population growth." Another major Wallace Fund recipient is "Population Connected," whose website states, "Irresponsible people who have more than two children should be taxed to the hilt for the privilege of irresponsible breeding."

Additional foundation grants for the ISO

Among the funds that support CERSC with tens of thousands of dollars are the New York Community Trust, which gave the organization $20,000 in 2015. The New York Community Trust is overseen by the Democratic Party government of New York City, and its board of directors includes executives from the Ford Foundation and various corporate and real estate firms. The pro-corporate Annenberg Foundation also gave CERSC $25,000 in 2016-17.

Though not yet reported in public tax filings, the website for the Rockefeller Brothers Fund, operated by the offspring of the Rockefeller fortune, notes that it provided a $40,000 grant to CERSC in 2018.

The donation was part of the fund's "Peacebuilding Program," which the website describes as "focus[ing] on conflicts that have a disproportionate influence on global insecurity and violence and in which the United States has a significant involvement." This recent grant is no doubt bound up with the open support given by the ISO to US imperialist interventions, exemplified by its support for the CIA-backed "rebels" in Syria.

Grants from the Rockefeller Brothers Fund are selected by "Peacebuilding" program director Perry Cammack, who, the fund's website explains, "worked for more than a decade on Middle East diplomatic, security, democracy, and economic issues in the United States government. From 2003–2013, he worked as an advisor to then-Senators Joseph Biden and John Kerry on the Senate Foreign Relations Committee. He served as a member of the policy planning staff of Secretary of State John Kerry from 2013–2015."

A 2011 document explaining the purpose of the "Peacebuilding program" makes clear its pro-imperialist character. Its aim is to "encourage an effective US approach to conflicts in the context of a multipolar world."

Further, the program's directors "propose a program that aims to identify drivers of conflict and address them through enhanced diplomacy and support for constituencies for peace. Its approach would be to strengthen and align institutions and actors at the multilateral, regional, state, and local levels. Lastly, it would take into account an evolving role

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for the United States, encouraging it to address transnational threats through a new style of engagement in the context of our multipolar world."

The Rockefeller Brothers Fund also receives its money from a wide array of banks and major corporations.

CERSC obtained $67,500 from the Hassib Sabbagh Foundation. The fund's namesake was the founder of the Consolidated Contractors Company (CCC), which, according to Wikipedia, was "the region's largest multinational and one of the largest contractors worldwide. Sabbagh was a billionaire and ranked 16th on the world's richest Arabs" before dying in 2010.

According to a 2010 obituary in the *Washington Post*, Sabbagh's company "benefited from the economic construction boom of Dubai and provided offshore services to the oil and gas industries in the countries of the Persian Gulf." CCC constructed part of "a 1,100-mile pipeline to the coast of Turkey for a group led by BP, Europe's largest oil company."

In addition, the *Post* obituary noted that "Mr. Sabbagh was a donor to the Carter Center, which was founded in 1982 by former president Jimmy Carter… Carter said in 2005 that Mr. Sabbagh was 'one of my earliest and strongest allies in pursuing peace in the Middle East.'" Carter also called Sabbagh "a trusted adviser."

CERSC has also received $25,000 from the UNZ Foundation, a right-wing organization led by Republican businessman and former California Senate candidate Ron Unz. Alongside support for the ISO, Unz has also supported neo-Nazi anti-immigrant groups like VDare. The *Harvard Crimson* reported in 2016:

"Over the course of his career as a conservative intellectual and political activist, Ron K. Unz '83—now a candidate for Harvard's Board of Overseers and US Senate in the state of California—has donated tens of thousands of dollars to an organization he describes as 'quasi-white nationalist.'

"Unz's public tax filings connect the Silicon Valley multimillionaire with VDARE, a group the Southern Poverty Law Center describes as an 'anti-immigration hate website,' in addition to several writers who have published articles arguing that white people are genetically superior and homosexuality is a transmittable disease, among other extreme views."

CERSC is not obligated to report the content of its grant requests to the IRS as part of its tax filings. CERSC's grant requests would, however, make for interesting reading. How did CERSC pitch the ISO and Haymarket to the New York City government, the Obama administration official leading the Rockefeller Brothers Fund, or the managers of the fortunes of Democratic Party activists like George Soros and Scott Wallace?

These powerful Democratic Party-linked nonprofits would not have given over $3 million in corporate money to CERSC if the organization had anything to do with socialist revolution or fighting for the interests of the working class.

Haymarket Books

Haymarket Books has become the chief vehicle through which CERSC deploys the funds it acquired through grant contributions.

In 2015-16, CERSC reported $1,615,833 in contributions and grants, but just $1,157,602 in income, which came largely from book sales. In 2016-17, however, CERSC's contributions and grants fell by over half-a-million dollars to $1,067,688. However, CERSC's income rose to over $3 million despite this fall in contributions. The difference was to be found in the increased profitability of Haymarket.

The high dollar nonprofit grants from prior years allowed CERSC to dramatically increase expenditures on book promotion, printing and distribution costs, travel associated with book sales and, critically, royalties to authors.

From 2007-08 to 2016-17, CERSC spending on book sales increased more than any other expense. In 2007-08, the organization spent just $40,347 on travel, $66,190 on book promotion, $56,997 on book distribution and $46,419 on royalties to authors.

By 2016-17, however, CERSC was spending $629,549 on travel (a 1,460 percent increase), $237,478 on book promotion (258 percent increase), $693,107 on book distribution costs (1,116 percent increase) and $533,223 on royalties (1,048 percent increase). The sharpest increase since 2012-13 was in spending on royalties, which skyrocketed by 501 percent from $88,707.

The Haymarket expenditures on royalties, book distribution and book promotion are a key mechanism by which the ISO and other pseudo-left organizations expand their influence by gathering a network of academics through publishing contracts and book writing grants.

In this way, powerful figures within the Democratic Party are cultivating an intellectual climate based on racial politics and academic anti-Marxism.

A March 27, 2019 article in the *Chicago Reader* notes that "Haymarket publishes 40 to 50 books a season" and that many books "have gone through several printings of up to 60,000 copies each." The *Reader* quotes Haymarket publicity director Jim Plank, who says Haymarket's readership has grown "explosively" in recent years.

The article shows how Haymarket is seeking to cultivate a broader audience on issues of racial and identity politics:

"There are many, many people who are becoming politicized in new ways," Plank told the *Reader*, adding that Haymarket's audience includes "anyone who's remotely on the left." Plank explained, "For us, it's obvious that there's people who read across all identities and political perspectives, who are looking for things that reflect themselves. That's where we start from." The *Reader* explained that Haymarket does not force "white editors" on "writers of color" and that "Haymarket's editors cultivate relationships with up-and-coming writers of color."

The *Reader* notes, "Following its commitment to publishing diverse voices, Haymarket hires more people of color than most publishers. Of its staff of 18, Plank says, about 66 percent are white, and 33 percent are people of color." Haymarket's increasing sales have also led to an increase in CERSC employee compensation, according to the organization's tax filings.

Haymarket and CERSC issued a statement on Haymarket's Facebook page after the ISO crisis emerged in public that affirmed Haymarket's status as "the flagship project" of CERSC. The statement explained:

"When concerns about actions outside of the CERSC on the part of some members of the CERSC board came to our attention, we took immediate action. An entirely new board has since been constituted with individuals who have our full support and confidence."

The break-up of the ISO has undoubtedly produced a vicious, back-room struggle over CERSC's resources. The intensity of the ISO's crisis was clearly heightened by the high stakes of taking control of the increasingly lucrative and influential Haymarket Books.

Ultimately, the boosting of Haymarket as a purveyor of identity politics is inextricably linked with the ISO's rightward political direction and its increasingly affluent social composition. The millions of dollars CERSC received from Democratic Party-linked think tanks put wind in the sails of those upper-middle class forces within the ISO that took over the organization and immediately dissolved it.

In public statements posted in the aftermath of the ISO dissolution, the organization's long-time former leaders—even those who voted for liquidation—have expressed regret that the crisis led to the destruction of the entire organization after over 40 years of existence. But the ISO has

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reaped what it had sown. In the end, it collapsed under the weight of the right-wing forces they themselves unleashed.

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