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HOW BILLIONAIRES ARE RESHAPING POLITICS,  
PHILANTHROPY, AND SOCIETY

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## P R O C E E D I N G S

MR. WEST: Good morning. I'm Darrell West, Vice President of Governance Studies at the Brookings Institution, and I would like to welcome you to this launch of my new book, *Billionaires: Reflections on the Upper Crust*. And for those of you who are interested, we'll be selling books out in the hallway outside the auditorium immediately following this event. For those of you who are watching the live book TV broadcast, books are available online at Amazon and at leading bookstores. If you want additional information, you can check out our book page at [Brookings.edu\billionaires](http://Brookings.edu/billionaires). That's [Brookings.edu\billionaires](http://Brookings.edu/billionaires), and it has links to TV interviews, opeds, and the rankings that we have put out on the top U.S. as well as global billionaires. And if you want to join in the virtual conversation surrounding this topic, we will be using #Billionaires for this event. That's #Billionaires. So feel free to join in with any comments or questions that you have.

What I'd like to do is start with a very short video explaining why I wrote this book. It shows how my background in rural Ohio led to my interest in this subject. So, we'll start with the video.

(Video plays.)

"I started out poor. I grew up on a dairy farm in Southern Ohio. So, I used to milk the cows before I would go to school every morning. When my parents first moved to that house, it did not have running water or an indoor bathroom. The cows got running water before the house did, because it was more important for the barn to have it.

"Through education, I attended public high schools and public universities. I spent 26 years teaching political science at Brown University and met my

first billionaire.

Eventually came to Washington, D.C., and now I work as a vice president at the leading in tank think the world.

“We now are seeing billionaires become much more active in trying to influence the election process. They’re spending tens or hundreds of millions of dollars pursuing their own partisan objectives, often in secret from the American public, and so it’s really the combination of wealth and secrecy that is most problematic about the contemporary period. I wrote the book to provide a much better understanding of who these people are and how they are using their money in the political process.

“The big challenge of our current period in having all these billionaires with great fortunes is oftentimes they’re able to influence elections and government in secret.

“I was talking with a wealthy individual, and he described what he called a give-a-center strategy. If you can get one senator to basically put a hold on an appointment you don’t like or stop a bill that you don’t want, that can be a very powerful way to affect the political process.

“The Supreme Court decisions have put huge loopholes into our campaign finance laws. There used to be much more required disclosure. Now, wealthy people can influence the process. They can spend tens or hundreds of millions of dollars in secret and nobody else knows about it. Wealthy people have the right to try and influence a process in the same way that every other American does, but we need to know how this big money is coming into the political process.”

Okay, so I’d like to thank George Soros, Christine Jacobs, and the video team at Brookings for producing that video. I thought they really did a great job on that.

So, I wrote this book, because I was really curious about billionaires. I wanted to know who they are, how they got rich, and what are they doing with their immense wealth. I also wanted to know what they are like as individuals. Between teaching at Brown University for 26 years and now being at Brookings for about 6 years, I've had encounters with a number of different billionaires, so I think my experiences reveal some interesting tidbits about their mentality and their viewpoints.

I was once visiting a billionaire friend of mine in Palm Beach, and of course he has a beautiful place right on the water overlooking the ocean. One morning we were sitting on the patio overlooking the water when a helicopter flew very noisily right down the coast, kind of completely disturbing the serenity of that morning. And my friend rolled his eyes and said, oh, that's my neighbor. And it turns out that instead of driving his car two miles down the road to go to the golf course, this guy flew his helicopter. So, this is an example of billionaires annoying other billionaires. (Laughter)

In 2012, I had an experience of a billionaire annoying me. (Laughter) I was asked that year about the possibility of Donald Trump speaking at the Republican National Convention, and I joked in the article that Republicans should actually send him on an all-expenses trip around the world, because if he actually spoke at the convention, he would bring the party nothing but trouble.

Now, I didn't really think too much about making those comments, but the morning my quote appeared in the paper, I got a call from Trump's assistant requesting my email address. And shortly thereafter his assistant sent me an angry message from the billionaire himself, and what Trump had done was he pasted my comment about him into the body of the email and then he wrote in big, black, bold letters: "Darrell, you are a 'fool.' Best wishes, Donald J. Trump." You know, I really

appreciated the “best wishes” there. I actually have this note framed in my office. The only thing I didn’t understand was he put air quotes around “fool” and that made me think that I was actually being more stupid than a typical fool. And, you know, prior to that interaction I hadn’t realized there were actually gradations in being a fool. And that’s the note that he sent.

But it was the first billionaire that I met at Brown University who propelled this book, and that actually is Ted Turner. About 20 years ago, Ted Turner came to Brown to give a lecture, and his visit was noteworthy because he’d actually been kicked out of Brown for disciplinary code violations mainly involving wine and women, and I’m not sure if it was in that order or not. So, we hosted him for a lecture and he came with his then wife, Jane Fonda. So, you know, this is a big deal for the university. It was a glitzy occasion. And he actually gave a very funny speech. He said that his favorite thing about having a ranch out west was being able to urinate off the front porch, which for this Ivy League crowd was a little racy for us but, you know, we laughed. But then he turned more serious, and in his remarks he discussed wealth, and he said the first million is the hardest. After that, money begets money and everything else is easier. Wealthy people have social, economic, and political connections; and those things make it much easier to make money.

So, I thought a lot about that comment during the 2012 presidential elections. We saw a number of super wealthy individuals pour a lot of money into the campaign. Of course, the most famous individuals doing that were Charles and David Koch, who devoted hundreds of millions of dollars seeking, first, to defeat President Obama and then, now, of course they’re very active in this year’s campaign.

Sheldon Adelson wasn’t far behind. He was an early supporter of Newt

Gingrich but then shifted to Romney during the general election.

But it turns out that they are not the only billionaires who are politically active. Michael Bloomberg this year has put \$50 million into fighting gun violence. He's also very active in promoting immigration reform.

George Soros supports a number of liberal grassroots organizations.

Tom Steyer is probably one of the less known of the politically active billionaires, but this year he pledged a hundred million dollars to raise public awareness about climate change.

So, in researching this phenomenon, I discovered it's really not just an American phenomenon, but it is a global development. Billionaires actually have run for office in 12 different countries around the world, and most of the time they actually end up winning. The most famous is Berlusconi in Italy, but more recently we have the case of Poroshenko, who is the new president of Ukraine.

The political activism of these and other billionaires raises important questions about excessive political influence, conflicts of interest, and poor transparency when it comes to money and politics.

We're seeing what I call in the book the wealthification of politics in society at many different levels. And many have written about the economic consequences of well, I wanted to look at the political impact of a great wealth.

So, there are 1,645 known billionaires, according to *Forbes* magazine, and 492 of them live in the United States, and I think it's really important to understand the impact they're having on our political process.

One of the things I wanted to look at is there are several aspects that I think are particularly important in terms of the context in which this activism is taking

place. One is the high level of income concentration that we're seeing.

Here I have a chart from Thomas Piketty and Emanuel Saez, which shows the dramatic rise of income concentration between 1913 and 2012. Income concentration reached a high -- this is among the top 1 percent in terms of the percent of the income that they earn -- in 1928, it reached a high point of 21 percent, meaning the top 1 percent of Americans at that point in time got 21 percent of the income. But then you can see in the years after World War II the income concentration dropped. It actually reached a low point of 8 percent in 1976.

So, people say, you know, the wealthy always are going to be wealthy, and every country has this. When you look at American history, it actually fluctuates up and down. Policies make a difference. And of course what we've seen in recent years is it's now come back up and is now back to about 20 percent.

The top 1 percent have very distinctive political views compared to the general public. Political scientists Ben Page, Larry Bartels, and Jason Seawright did a very interesting study where they compared the political views of the top 1 percent versus the general public in the United States. They used identical questions. They asked a battery of questions to each of them and then essentially compared the results. And what you can see here is on a variety of issues -- here I talk about Medicare; views about schools and also views about health care.

On all of these issues, the top 1 percent have distinctive views, and they generally prefer a more limited role of government.

Eighty-seven percent of the wealthy favor cuts in Medicare in order to reduce budget deficits compared to 27 percent of the general public.

In regard to schools, 35 percent of the rich believe government should

spend whatever is necessary to ensure that all children have a good public education compared to 87 percent of the general public that feels that way.

And then on health care, 41 percent of the wealthy say they're willing to pay more in taxes to provide health care for all compared to 59 percent of the general public. So, the rich are very politically active. They obviously have a lot of money. They have distinctive views.

Perhaps one of the more troubling things that I discovered in the course of doing my research was what one wealthy individual described to me as a "get a senator" strategy. I heard that term and I thought, okay, tell me about this. What are you talking about? And what this individual said is that there are some ultra-wealthy individuals who practice this particular strategy.

I mean, we all see congressional gridlock. We see the hyper polarization, the extreme partisanship that afflicts our process. It turns out the big money is in the middle of some of those problems. The wealthy people have discovered that the way to stop legislation is to find a sympathetic senator and get him or her to basically use obstructionist tactics. This can include placing holds on appointment that you don't want. And I should point out these are secret holds, so we generally don't know who is behind the hold or what their particular reason is; we can just see the fact that these appointments languish for months and months without any movement. You can filibuster to stop legislation. So, there are a variety of different activities that fall within this category.

The *New York Times* actually had a very interesting story about this involving Bill Ackman, who's a Wall Street financier, and his campaign against Herbalife. Ackman has been on this campaign against Herbalife. He has lots of complaints about

its business model and has shorted the stock. He was able to get Massachusetts Senator Ed Markey to write letters to the Securities and Exchange Commission as well as the Federal Trade Commission demanding an investigation into this company. And the day that that investigation became public, the stock price fell, which was a big help to Mr. Ackman.

It's kind of similar to a recent *New Yorker* cartoon that some of you may have seen which shows this wealthy man in this really nice office with really big windows saying, "I own one plane, two yachts, four houses, and five politicians."

When you look historically, we often have had various organizations in American society that help us keep track of what is going on in the political process, and of course the news media are a big part of that. They have been the major oversight organization. Reporters are the people who help the rest of us keep track of what is going on in the political process. It's a way to kind of assume some balance in the system.

But of course what we've seen in recent years has been the news media have been devastated by the financial crisis and the growth of free information on the Internet. And this has been especially harmful at the level of state government.

Here I have a chart drawing on research conducted by the *American Journalism Review*, which basically shows, over time, the number of journalists covering state government. They've done surveys. They've found that in 1998 there were 513 journalists that were basically working full time to cover state government. By 2003, that number had dropped to 468. By 2009, which is the last year in which they have done this survey, which number was down to 355. I think most of the people I talk to think if you actually did the survey today, that number would be a lot less than 355.

So, as a result of both the opportunities and the lack of oversight, some billionaires have shifted a lot of money into state referenda and state policy advocacy, knowing that there is actually a lot less oversight there than what we see here in our nation's capital.

So, we've seen people get very involved in same-sex marriage, marijuana legalization, immigration, pension reform, Obama Care -- you name the issue. There often is big money behind this. So, the problem that I see in thinking about this whole topic of money and politics, especially when it comes to billionaires, is a lot of people suffer from ideological blinders.

When I talk to liberals, they love it when liberal billionaires spring into action and spend a lot of money and if you support immigration reform you think it's great that Michael Bloomberg is investing a lot of money. If you're worried about gun violence, you think that is a good thing. Conservatives love it when their rich people do exactly the same thing. But I think what all of us need to do is, really, step back and think about the system as a whole. We need to think about the impact of great wealth on government, on society, and on economic opportunity.

In the conclusion of my book, I argue that we need policies that promote better transparency and promote broader economic opportunity.

Henry Ford was someone who understood the value of reasonably paid employees. Here's a picture of him. He was famous for paying his factory workers double the going rate, and when people asked him about it he said, look, I need customers to buy my products; it's in my self-interest for me as a factory owner to pay my workers a good share and not only because it helps them live but they then can purchase my cars.

So, businesses need workers in order to thrive and to be successful. So, I suggest that we need more equitable tax policy; we need public investments in education and health care.

And I close the book with a personal story and saying that I am living proof of this argument, because in the last chapter I tell a story about being a young kid who woke up one day with swollen joints, a sore throat, and a high fever. A doctor looked at my symptoms and immediately sent me to the hospital. I had developed rheumatic fever, which is a bacterial disease that attacks the joints and the heart valves, and at age 11, I had rheumatic fever.

Now, today, nobody in America gets that disease. It is a developing world illness. There are still many kids in Africa who get this, and they don't have access to antibiotics. Many of the people who get this, even today, end up dying by age 20.

But in 1966 when I had rheumatic fever, I was fortunate that there was a miracle cure, penicillin, that just came on the market a few decades earlier. It had gone into mass production. And through a publicly funded hospital I was cured.

I went on to a productive life. I went to a public university, got a graduate degree, taught in the Ivy League for 26 years, and then ended up teaching at what I view is the world's top think tank. So, I won the lottery in terms of life fortunes.

Dale, who is my friend who is also shown in this picture, was not quite as fortunate as I was. After this picture was taken, he was in a farming accident and lost his big toe. He never got much of an education. He struggled economically his entire life, and he died last year.

So we have two young boys who grew up in exactly the same area; two very different outcomes. There obviously are many things that go into life fortunes and

explain why some people had an easier time than others. But we need public policies that keep the American dream alive for the next generation of young kids.

Thank you very much.

What I'd like to do is to invite our panelists up, and we will continue our conversation.

I'd like to welcome our distinguished visitors today. All these individuals have great experience in various aspects of American politics. They've reported on many of the major controversies in the field.

Peter Overby is the power, money and influence correspondent at National Public Radio. I do have to say I like that title a lot. (Laughter)

MR. OVERBY: Thank you.

MR. WEST: That should keep you very busy in this town.

MR. OVERBY: None of that has rubbed off on me.

MR. WEST: So, I'm sure many of you have heard Peter on the radio. He's been at NPR since 1994. He's covered all of the most important money and politics issues: the Newt Gingrich funding issues, Bill Clinton's fundraising problems, soft money; the passage of McCain-Finegold; the Jack Abramoff scandal; various Supreme Court decisions; Citizens United; and McCutcheon; and then now the recent rise of Super PACs. He has won several awards, such as the Alfred I. DuPont Columbia Silver Baton and also the Radio and Television Correspondents Association Annual Award for Excellence.

Ruth Marcus is a columnist and editorial writer at the *Washington Post*. She focuses on American politics and domestic policy. She's been with the *Post* since 1984. She joined the national staff in 1986 and has covered a wide variety of issues

including campaign finance, the Justice Department, the Supreme Court, and the White House. She joined the Editorial Board in 2003 and began writing a regular column in 2006.

John Harwood is the Chief Washington Correspondent for CNBC and is also a political writer for the *New York Times*. He writes the weekly column, "A Political Memo" for the paper, and in addition to CNBC, John offers political analysis on NBC's *Meet the Press* and also the PBS show *Washington Week in Review*, among other television and radio programs.

Brody Mullins is a reporter for the *Wall Street Journal* based in D.C., and in that position he covers business, lobbying, and campaign finance. He started his career at the *National Journal's* "Congress Daily" and later at Roll Call where he covered Congress and lobbying. He has twice won the Everett McKinley Dirksen Award for Distinguished Reporting on Congress. He also won the George Polk Award and received an award from the National Press Club for best political reporter under the age of 33.

So, I'm going to start with --

MR. MULLINS: Back when I was under 33.

MR. HARWOOD: He's not eligible for (inaudible). Laughter.

MR. WEST: Well, that's still a great way to start your career.

So, I'm going to start with Peter.

So, you have great expertise in money and politics. What do you see as the political impact of billionaires, and has their influence changed over time?

MR. OVERBY: Well, billionaires' influence has changed, just because when you start looking at the history of money in politics there weren't any billionaires yet. You have the inflation factor. But there has always been good money in politics. That's a

given in America. One popular example is Eugene McCarthy's campaign in 1968, which was basically financed by 11 guys. So, you know, you have that history.

What you have now is -- after a period of more disclosure, more openness, and more campaign contribution limits; you have a rise in unlimited contributions and a rise in non-disclosed money being prominent in the political system: the 501(c) (4) s and other 501(c) groups, but mainly (c) (4) s.

And you talk about the finite number of billionaires in this country. We don't know how many of them are active in politics. We know a few of them. You know, we know the Koch brothers; we know Tom Steyer, George Soros, et cetera. But most of the people on that list, we don't know if they're politically active or not, and if they're active through 501(c) (4) s, we can't know unless it leaks. So, there's an undefined -- it's an unanswerable question.

MR. WEST: Well, wait a minute. But I asked it, so you have to answer by definition. (Laughter)

MR. OVERBY: Yes, I gave you a history instead.

MR. WEST: That's actually very helpful to have that background.

So, Ruth, what do you see as the political impact of billionaires?

MS. MARCUS: Well, you know, it's very interesting because in some ways you could sort of go to the history and say, and even kind of leaving aside the inflation point, you know, when millionaire was a big deal, the capacity of big money -- now big money has to start with a "b" but it used to start with an "m" -- the capacity of big money to influence politics has always been there, you know, go back to robber barons, but go to the modern era and look at *Buckley v. Valeo*. The public concerns that were unleashed, and correctly so, actually, and Citizens United to some extent, have their

genesis in *Buckley*.

The capacity of individual billionaires to spend as many of their billions and billions as they want by themselves in politics has been there since 1974. And actually one question we could ask is not why is this happening now and ring our hands about it, but why wasn't it happening previously, because limits on individual spending on independent expenditures have never been in place. I do think that it's fascinating to think about that question, because there has been a change in the culture where there seems to be more willingness on both sides of the political spectrum or throughout the political spectrum, if you throw in Mayor Bloomberg, to spend millions and be kind of proud of it.

I couldn't agree more with the question, the issues and concerns that Darrell and Peter have raised about secrecy, because it is in fact the toxic nexus between big money and secrecy where you have the biggest problem, and the scariest unknown figure in your presentation is the number of reporters at state houses, because when you take big money and you take secrecy and you take away coverage, you have a huge problem.

But that said, I think that the willingness of these billionaires to be kind of unabashed about their desire to influence the political process is, to some extent -- I mean, we know about a lot of Sheldon Adelson's spending, because he was proud to tell us about it. The Kochs, who used to operate in even more secrecy, have just decided to embrace it. People like Tom Steyer kind of want the coverage. It's fascinating to have the capacity to amass billions. You also have to kind of have the ego to want people to know it and know how you're spending it. But in some ways, in addition to the more troubling developments, I think that's a kind of interesting one.

MR. WEST: So, Brody, you focus on business law being campaign finance. What are you seeing in this area?

MR. MULLINS: Well, the first thing I want to say is that my comments are just my own comments, not of -- you know, my billionaire, Rupert Murdoch, was a really good guy. (Laughter) And he's just trying to help the country. (Laughter)

But I think that the --

MS. MARCUS: As is my billionaire. (Laughter)

MR. WEST: Jeff Bezos.

MS. MARCUS: Good point.

MR. MULLINS: Right.

So, I think that part of the way the system has been developed now is for the law of unintended consequences. It came from the 2002 campaign finance reform legislation where, at the time, businesses and unions and billionaires could give unlimited sums of money to the political parties, and at the time everyone thought that was a bad thing. And so we passed legislation to ban these unlimited contributions to the political parties, and a few years later that money, not able to go to the political parties, started going to these outside groups.

And it took a few years (inaudible) to get to the system that we have now, but what we basically used to have is a system where people could give million-dollar donations to the Republican Party, the Democratic Party, and it was disclosed, and we knew who was giving money, and it went to two forces that were bringing politics together. They were both trying to be big tents.

And we had, at the time, southern Democrats; we had Republicans. In New England we had people who were all across the spectrum in both political parties,

and they came to Washington and they sort of compromised, because people from various different parts of the country agreed with each other whether they Republicans or Democrats.

And now you've taken that money and said it can't go to political parties. It goes to, now, these outside groups, which are, for the most part, pretty extreme. So, you don't have candidates coming to Washington who are supported by (inaudible) groups. Instead, you have candidates who come to Washington who are, in general, more extreme. You have no Republicans in New England; you have no Democrats, for the most part, in the south; California is almost all Republicans -- I'm sorry, Democrats -- the coasts are Democrat, the (inaudible) Republicans, and so you come to Washington. People can't compromise, and I think that was really all, in effect, an unintended consequence of the 2002 reform.

MR. WEST: John, what's your view of the political impact of billionaires?

MR. HARWOOD: First of all, I think we'll have an interesting control experiment. If sales of this book make you a billionaire, we will find out how much your views have to change. (Laughter)

MR. WEST: And if this happens, I will be happy to disclose that publicly. (Laughter)

MR. HARWOOD: I must say, I think of topics like the effect of billionaires a little bit like I think the topic of, say, media bias, which conservatives complain about. It's true. It's a factor. But I tend to think it's not as large a factor independently as the critics fear it is.

And you talked about that in your book -- you know, does Obama's election, reelection -- is that proof that money doesn't determine election outcomes? I

think it doesn't. It influences them, but it's one of a number of factors, and, you know, Brody was describing, really, structural changes in American politics that, to me, are the greatest determinant of election outcomes, and those have been going on for some time, like, decades since the 1950s as our politics have sorted out.

I also think that if you look at it more broadly, you can make an argument that the real problem with money in politics is much bigger than the 1 percent. Maybe it's the 15 percent, because the way we've had a divergence of life fortunes and economic success in our country, you could look at our system and say that public policy is made for the interest of upper middle-class people, not necessarily billionaires only, because of the rise of income inequality and the stratification in society and the way perpetuates itself through our education system and many other issues.

So, I think it matters. I think money tends to balance out whether it's billionaire-to-billionaire money or billionaire-to-online money.

I was so struck in 2004 when Howard Dean in a phenomenon that really had nothing to do with billionaires -- I believe it was the third quarter of 2003 -- raised more money in that quarter than Bill Clinton had raised in any quarter when he was running for reelection as President of the United States. So, the technology and information infrastructure that we have makes it possible to innovate and figure out new ways of balancing the effects of people like the Koch brothers or George Soros.

MR. WEST: Right. So, John was mentioning the election impact in 2012. I want to ask about the 2014 election, so Harry Reid is of course regularly attacking the Koch brothers. Tom Steyer's next gen climate action Super PAC has run ads taunting the Koch brothers. I think that's a little risky myself.

Crossroads GPS advertising has attacked Steyer as "California

billionaire who," it says, "stands to profit from blocking the Keystone Pipeline," so I'll just throw this out for anybody on the panel who wants to address it. How is all of this dueling billionaire activity going to affect the 2014 elections, if at all?

MS. MARCUS: Actually, I think I would argue not very much at all. It's a little bit -- and we saw this when Senator Reid was having his kind of daily attack on the Koch brothers and sort of say what's this about? And, really, what it's about, to me -- not to sound too cynical -- is we don't have anything else to talk about on both sides --

MR. HARWOOD: And it's so cynical. (Laughter)

MS. MARCUS: And where better to be cynical than on this panel with this group.

I just wanted to stake out the cynicism portfolio. Look, I really think that it's a little bit on both sides of a base revving-up mechanism to go and attack the other guys' billionaires, but I don't think it's the kind of thing that resonates with most voters, and I really think what most voters seeing this stuff should say is, okay, that's fine, but what are you all about -- which actually gets me to something I wanted to challenge John on, which is --

MR. WEST: All right, food fight.

MS. MARCUS: -- a challenge in the nicest possible way.

Because you were saying that you thought things would work themselves out -- billionaire versus billionaire -- and I really take your point, which I think is an overly good one about the powerful impact of Internet advertising and somewhat leveling the playing field, but in terms of billionaire versus billionaire, how do you stake that assertion against what I think are really kind of troubling differentials in Darrell's chart about attitudes of the -- these weren't billionaires, but these were the top 1 percent really

clear ideological differentials from the general population, which definitely tilted in the right "word" direction -- not "correct" direction.

MR. WEST: John, do you want to respond?

MR. HARWOOD: Well, sure, but are you talking about a disparity in a Parsons sense or a disparity between the political views of billionaires versus everybody else?

MS. MARCUS: Well, I think it might sort of -- it might end up being the same question, right? If you're a billionaire and you think that there should be less government spending on health care or less government spending on education, you're going to probably gravitate toward one political party rather than another.

MR. HARWOOD: Yes, but a couple of things. First of all, that is also in the service of the point that I was making more broadly about people with money -- not billionaires but people with money, upper middle-class people. They care a lot more about deficit reduction than ordinary people do. So, to some extent that's not a function of billionaires; it's a function of income inequality and different ways of looking at the world.

But you also have -- as the Gene McCarthy story indicated that Peter mentioned, you've got billionaires, individuals who are willing to spend money in the service of values that are out of step with their class. And, in fact, the Democrats' improvement, politically speaking, with people with money is an important factor in leveling what we're talking about. Democrats are doing a lot better with people with post-graduate educations -- successful baby boom liberals who've gone into business. And so I think that gives them the capacity to respond to the co-libertarian shrink-government kind of world view, maybe not in a dollar-for-dollar way but in a way that is sufficient to

advance competing arguments.

MR. WEST: Peter and Brody, how do you see money playing out in the 2014 elections?

MR. MULLINS: I'm sorry, the money or the billing errors?

MR. WEST: Oh, either.

MR. OVERBY: Okay. I think that we see hints that the billing error issue resonates with voters. I just did a story last week about the mention of the senate race in Michigan where they had just -- the League of Conservation Voters had just run an ad tying the Republican candidate, Terri Lynn Land, to the Koch brothers. And Suffolk University pollsters were polling just as that ad was ending, and they get to the open-ended question: What's the first thing you think of when I say the name of the candidate? And for Terri Lynn Land, a significant number -- I think it was 4 percent of the respondents -- said the first thing they thought of when her name was mentioned was Koch Brothers, big business -- basically that phrase. So, you know, does this stick till the election? I don't know. But the fact that it's registering at all that way, I think it goes back basically to Harry Reid kind of setting the stage for the Democrats to do this kind of advertising. And Koch groups attack Tom Steyer or grassroots attack Tom Steyer -- I think that just plays into it.

MR. WEST: Brody, do you think these attacks and counterattacks are going to make any difference, or is the election going to end up being decided on other issues?

MR. MULLINS: You know, it's hard to say. Stepping back a little bit, we're still in a period of elections where most of the money is still being spent by candidates and political parties of the old system, and the money being spent by the

outside groups and donated by billionaires is still not a majority amount of money being spent. Now, obviously, there are just a few names who are putting a lot of money out there, but so far elections are being battled the way we want them to be battled, which is by candidates. That's going to quickly change. This election actually may be the tipping point where outside groups and billionaires and millionaires spend more money on the election than candidates themselves. And if we keep going in this direction, we'll get to 2016 and beyond where all of a sudden the candidates aren't being able to get their own messages out, because these other groups are battling above them about their own campaigns. And I think that's going to get -- that's a point where I think it's pretty dangerous for democracy when the candidates who are running for office aren't even allowed to control their own message. And we're not there yet. But we're heading there, and there are no signs of legislation to change anything, and I think that will be a pretty scary prospect if it comes this election or the next election or the one after.

MR. HARWOOD: I do think though we ought to remember that ads matter less and messages matter less than they did before. So much of our politics is structural, and it is well known to the vast majority of voters what team they're on and their cultural identification. They're people who care about the environment and income inequality and don't like the prevalence of guns in our society, know what team they're on, and know which way to vote to advance that team; and the same is true of people on the other side. You've got increasing stratification of our politics by race. White voters, overwhelmingly in very large numbers, vote for Republican candidates; and Blacks -- and increasingly Hispanics -- are locked down for Democrats, and so that influence of the attack ad and other campaign materials I think is on a pretty narrow band of voters.

MR. WEST: When we look ahead to 2016, it strikes me that Democrats

haven't quite decided how they feel or what they want to do about billionaires, because on the one hand you have Harry Reid, who's kind of fighting them rather publicly on the floor of the Senate, and then you have this read-for-Hillary Super PAC, which is not quite her Super PAC but it's --

MS. MARCUS: Ready to be.

MR. WEST: Yes, it's ready to be -- is signing up billionaires, and so I think Democrats can't decide whether they should fight them or join them. So, when we look ahead to 2016, how do you see this whole thing evolving both on the Republican side as well as on the Democratic side?

Anybody who wants to jump in.

MR. OVERBY: Well, one thing that we're seeing already is that with the Koch brothers and, to a lesser extent, with Tom Steyer, the billionaires are building their own ground organizations, which -- you know, you keep going this direction. You do TV ads, you do ground organization, the Koch network has its own voter database just like a political party does. Where is the line between a political party and something like the Koch network? I'm not saying that the Koch network is a political party, but they're doing a lot of the things that a political party does.

MS. MARCUS: But you mentioned Super PACs, and so I think it's really important to continue to distinguish between the kind of billionaire spending that we're talking about, because we can lament or discuss the rise of the Super PAC as a force in American politics, but at least we know through Super PACs what billionaires or millionaires or the rest of us are contributing and spending. And I think that my bigger worry is not billionaires banding together and billionaires' Super PACs but billionaires spending money that I don't even know about. And to that extent, I guess I'd argue that

the fault isn't in our billionaires; it's in the rules that we've allowed to be written that allow them to operate without any sunshine on them. The fact that we have a tax code that allows tax exempt organizations to engage in what anybody out there from first grade on understands is political activity is really a criminal public policy and it needs to be changed.

The IRS understands it needs to be changed. The IRS needs to get itself out of the business of politics so then everybody would be better off. And the FEC needs to get itself into the business of these things, but we need either regulatory changes or legislation to make that happen, and I think we all understand the entrenched interests that work against that, which leads to a 2016 setup that doesn't just see the explosion of Super PAC spending that's disclosed but the continuing rise of 501(c)(4)/501(c)(6) spending that's not disclosed.

MR. WEST: Brody?

MR. MULLINS: Yes. I couldn't agree more. I think all of us as reporters obviously are going to be in favor of disclosure, but the problem with our election system now is oftentimes we don't know who is spending money. So, 10 years ago if we were all to get in this room and sit down and try to come up with the worst possible system for financing our campaigns, we'd probably end up with what we have now where people could spend as much money as they want to and they don't have to disclose what their needs are and the candidates themselves don't control the message. And that's where we are now. It's a pretty terrible system. And the disclosure part I think is worse.

MR. HARWOOD: I would say, Darrell, to pick up on your point about ready for Hillary, I don't think Democrats are ambivalent about how they feel about billionaires. I think every single one would be welcome if they show themselves to be on

the Democratic team and bring their checkbook. Billionaire is not a disqualification for the Democratic Party as long as you're on their side. And they've got some and they'll use them as best they can.

And, again, you know, on the influence of the super wealthy spenders, I think back to Sheldon Adelson. He bet his money on Newt Gingrich. You know, how effective was that? Where did that go? You had another one -- I forget the name of the guy -- who invested very heavily in Rick Santorum.

MR. WEST: Friess.

MR. HARWOOD: Yes, Friess. And I'm sure any Democrat would be delighted if he spends a billion dollars on Rick Santorum in the next primary election. But, you know, you can make a difference, but there's only so much of a difference you can make.

MR. WEST: Why don't we open the floor to questions from the audience. There's a gentleman in the very back with his hand up.

So, we have a microphone that will come back to you. If you can give us your name and your organization.

And those of you who are watching the webcast, if you'd like to submit questions, you can do so through #Billionaires.

MR. HERSHEY: Yes, thank you very much. I'm Lauren Hershey. About 30 years ago, I was a guest scholar here at Brookings.

MR. WEST: Welcome back.

MR. HERSHEY: Thank you. I come back as often as I can.

I want to thank the panelists. Wonderful discussions. Lots of questions I could ask as an attorney who helped to break up AT&T. But I want to try to make it easy.

I'm a Virginian. There was a federal trial in Richmond recently. \$177,000 bought some favors. Will you please comment on that?

MS. MARCUS: What comment are you -- could you be more specific in what you're thinking about?

MR. HERSHEY: No, I think in about three years there will be a Supreme Court decision called *U.S. v. Robert and Maureen McDonnell* -- or vice versa, *McDonnell vs. U.S.* So, the question is how does that play out in the psyche or the consciousness of the American voter today?

And I can give you sort of the other side of the coin. There are two new populisms going on in the United States. One is the Tea Party; the other is the left wing of the Democratic Party. Senator from Ohio and senator from Massachusetts represent them. I invite your comments. What else is there out there that is happening that is illustrated or that you would interpret or comment on from these two phenomena -- the new populisms, left/right, Democrat/Republican, and the McDonnell conviction in Richmond about two weeks ago?

MS. MARCUS: Well, about the McDonnells, I would say that to the outside observer cynical voter, the corruption that was disclosed there and that the jury decided was criminal behavior there really just ratifies what voters, many voters at least, think is business as usual. I mean, I've always been struck -- Peter, you probably, Brody; John, you probably have as well -- by the degree to which many voters actually think the system is so much more corrupt than it actually is, that there are lobbyists coming with bags of money and plopping them on the desks of lawmakers for their own personal use. I mean, what's really interesting about --

MR. HARWOOD: They have reporters, too. (Laughter)

MS. MARCUS: And a very interesting thing about the McDonnell case is that if he was dealing with a campaign donor and getting campaign contributions that were disclosed and he was simultaneously doing relatively minor official acts for this donor, would there be a criminal case there at all? The benefits, probably not. The benefits were going to him personally, and that really transformed it. But I think from the point of view of voters, it's probably all of a piece of this big disgusting mess that they think of as (a) Washington and (b) politics.

MR. OVERBY: Yes, I think the public doesn't recognize the distinction that Washington runs on that campaign contributions aren't bribes.

MR. HARWOOD: I would just say that I think elements of the left and right populism you refer to flow from the same source, which is that our system, our economy is not delivering rise in incomes to families in a way anywhere like we did in 2002, and I think that engenders a -- you know, people get different notions of why that's true, and some of it could flow from the corruption system; some of it could flow from immigration; some of it could flow from the increasing wealth of the 1 percent and the ways in which the 1 percent tilt the playing field. But all of those things -- I think the underlying fact is that people are anxious and scared about their economic futures and that plays out in the political process.

MR. WEST: Christine has a question from our webcast audience.

CHRISTINE: Thanks, Darrell.

You touched on a little bit in this with your remarks earlier, but for the larger panel can you get into your perspective on the psychology of billionaires -- what drives them, what makes them tick, who are these people?

MR. WEST: Great question.

MR. HARWOOD: I will say one thing that -- I don't think I have any friends who are billionaires, but I have a friend who might be close to that, and I think that I'm struck, in talking to him, at the way in which he, oddly in my opinion, feels besieged by the political system. And like this whole notion of pitch forks and people coming after people with money that engenders sort of an attitude of trying to push back really hard.

I remember having a conversation with this guy at a college reunion early before the 2012 election, and he was asking me, why does Obama hate successful people so much? And I didn't know how to answer, because it seemed like a crazy question actually. But there is a sense that -- and I don't know if there's a psychology that's part guilt or it's simply bell protection. But there is a sense of everyone else who's not doing so well being after them and a little bit comical to my way of thinking (audio skips). That's the only exposure I've had to what I think might be responsible.

MR. MULLINS: Well, I don't know any billionaires -- or I didn't until I met Darrell. (Laughter)

MR. WEST: I like your optimism, by the way.

MR. MULLINS: This may be counterintuitive, but I don't recall casual wisdom, but I don't think that billionaires spend all this money on elections for a pure business point of view. I don't think the Koch brothers say we need a change in policy so we can make more money. I think it's how they feel ideologically whether you're on the right or on the left. I could be wrong, but these guys make billions of dollars a year and they're only spending a hundred millions and they think it's going to affect their business? Wouldn't they spend more money if they really thought this went directly to their bottom lines?

So, I feel the same thing for Sheldon Adelson. I don't think that he's

spending money on casino regulations. He's spending money on other causes he has.

So, it appears --

MS. MARCUS: He's spending money on casino regulations.

MR. MULLINS: Some money, but I just don't think a lot of these people -  
- if they thought that these elections were so important to their own bottom lines, they  
would spend more money. So, I think it's more just ideological.

MR. OVERBY: Adelson seems to want to be a person of power within  
the Republican conservative movement. You know, yes, he threw away his money on  
Gingrich, but the result of that was that now all the candidates are coming to him and  
saying, hey, how about me? So, you know, I think for him, he likes to be in a position of  
power, and his spending in the 2012 cycle helped establish him that way.

MS. MARCUS: You know, I think one thing that we haven't touched on  
is the really interesting -- and it kind of goes to the what are they motivated by; are they  
simply trying to protect their wealth or are they trying to promote their world view? And I  
think it's probably more the latter, and so one of the things that I think is a really  
interesting distinction is the difference between billionaires spending their money on  
candidates and billionaires spending their money on causes. And it strikes me in part  
because of the countervailing influence of individual donations through the Internet that  
billionaires spending money on causes -- and you write about this some, Darrell --  
actually could be a more powerful, and, depending on what your position is and where  
the billionaires sort themselves out, more pernicious role in terms of the impact on state  
referenda. My billionaire, Steve Basos -- I don't know if he thinks of himself that way --  
spends a lot of money on a cause that --

MR. HARWOOD: You're not going to get far if you call him Steve.

(Laughter)

MS. MARCUS: Jeff. Oh, my God. Yes, you know what? There you go, I'm done. I retire. Can we undo the tape. As long as I -- not enough caffeine this morning. Jeff Bezos, my billionaire, spend a lot of money on referenda in Washington State on marriage equality, which passed. Great use of money. I would venture to guess that his 2.5 million there was a lot better return on investment than 2.5 million on Newt Gingrich or whoever his individual candidate of choice might have been. So, I think that's a really interesting distinction to raise on the billionaire and billionaire incentive to be involved in this and psychology of involvement.

MR. WEST: I think that's a --

MS. MARCUS: Thanks for saving me, John.

MR. WEST: I think that is an important point, kind of the state-level activity that we're seeing, especially around referenda policy ideas and so on, because the thing is, if you think about kind of two or three or five million dollars going into a medium-size state -- like, if you want to talk about ROI, it's like you could really have an impact. So, in some of these campaigns, you end up with one-sided campaigns, and if you have a weak media role, that could be a bad combination. If there's a lot of competition, if it's a fair campaign and there's spending on both sides, that's not something I would worry about by myself.

MR. HARWOOD: Just wait to see what happens when they try to outlaw helipads at golf courses like your friends. (Laughter)

MR. WEST: Yes, that Palm Beach guy is going to be in big trouble.

Peter, you have a -- can we get a microphone over here. It's coming up from behind you.

MR. SHUTLEY: Thank you. I'm Peter Shutley, retired from Brookings.

I'm struck at the moderation of the panel on this issue. You know, this money's always influenced U.S. politics; it's not new; there's Democrats, there's Republicans, so it's on both sides -- and I think this is a much more nefarious issue development than the panel seems to believe on, and let me throw two thoughts out and get your feedback -- two negative thoughts.

One is the rising public opinion polls that show the American public thinks the system can be bought. Higher and higher percentages. I think it's in the mid-'80s or something. And when the public has such a negative view of the influence of money, that's terrible for the whole system.

A second negative impact is in the past a would-be candidate needed to develop a broad base of financial support, get lots of contributors to run. Now, all you need is one billionaire. You don't need to develop any message that affects the broad swath of the people that's broadly accepted. You get Adelson behind you, and that's all you need. A second major negative impact of billionaires on money.

Reactions?

MR. HARWOOD: Gingrich didn't win the Republican nomination, and Obama was reelected. As a service-level response, I think that -- first of all, I don't think it's the case that you look back and candidates in the past -- they didn't have wealthy patrons who were making it happen for them. That's everybody from Ronald Reagan, who had a group of very, very (audio skips); Richard Nixon, Gene McCarthy as the (audio skips). I just -- I don't think it is that radically different, and I don't think it is that (inaudible) guarantee of success. I do think it's corrosive that people believe the system is (inaudible) but, again, I think a lot of that blows from their feelings about their own

economic prospects and (audio skips) what they're getting out of (audio skips).

MR. WEST: Brody, you wanted to jump in on that?

MR. MULLINS: Yes. I agree that money has always been in politics.

What I was trying to say earlier is the problem is, I think, how the money is being spent. It's no longer being run through the political parties that bring candidates together instead of being run by unaccountable outside groups who often don't need to disclose their source of the money or who they're spending money for. I think that's the problem. So, you end up having candidates come to Washington who are beholden to the extremes of either party and not candidates who come to Washington with a sort of sense of more balance. I think that's the problem -- sort of how money is flowing, not that there is money.

MR. WEST: And if I could add an international component to this, because as I mentioned earlier, billionaires have run for office in 12 different countries and often been very successful. Bruce Coney is of course the most famous example.

But when you start looking at what happened once these people actually are in office -- I mean, the point that Peter raises about public cynicism. In all of these countries, there always are charges of cronyism, conflicts of interest, insider dealings. I mean, you can kind of look at Italy, Thailand, and Georgia where there has been a lot of evidence of this.

Of course, in the developing world, they don't have the rule of law that we have. They don't have the economic opportunities. In many of those countries they have a small number of billionaires. The thing that actually makes me most optimistic in terms of the future is the fact that we have 500 billionaires, and on most issues there's some diversity of viewpoints among them. But you can go into other countries. There

may be three billionaires or five billionaires or seven billionaires. They always have very close relationships with the people in government and at least a massive public cynicism in those countries.

MS. MARCUS: And perhaps even less active regulation and disclosure than we have.

MR. WEST: Absolutely.

Steven.

MR. KOLTAI: Thank you. My name is Steven Koltai. I'm a guest scholar here at Brookings working in international entrepreneurship as a foreign policy tool. I think that the point that was made about the corrosive effect of all of this is a really important one, because it's one of the reasons why there's so much excitement about your book. We all know this is happening, and here is a book that talks about it. And one of the things that I thought was especially interesting was the under-the-radar revelations that you made the acumen marquee Herbalife example.

We all know about the few household name billionaires and the candidates they've supported. What we don't know is what we don't know, so when you match that with the chart that you showed about the decline in investigative journalism -- which is why I especially wanted to ask this question of this panel of journalists -- you have a very nervous-making situation.

So, my question is: It seems to me that there are two answers, and I'd like to hear your ideas about which of these are most realistic to happen. The first --

MR. WEST: Just give us the question; don't give us the answers.

(Laughter)

MR. KOLTAI: Well, the -- no, first question is what is -- how do we

increase the transparency, given the numbers that you showed of journalist declines? Or, second option is campaign finance reform and the likelihood of that.

MS. MARCUS: I actually can say something optimistic for a change, which is I would suggest that among major news organizations there are actually more resources dedicated toward covering money in politics now than there was when I first started writing about it in 1995/'96 that you weren't doing then, Peter. But it was not a boom area of journalism, and we learned after the 1996 fundraising scandal that it was really worth paying a lot of resources and attention to. And I think there is no major news organization without a reporter dedicated, I'd venture to guess, toward covering money in politics. That's a really good thing. It doesn't counterbalance the failure of many news organizations to have local- and state-level reporters or to even to have reporters dedicated toward covering their congressional delegations.

Think about the Duke Cunning corruption, which was there for the looking at. You looked at his financial disclosure forms. You went to look at the properties he had. And it was evident on his face; it took reporting to bring that to light.

On the boarder question of the prospects for campaign finance reform, you know what they are.

MR. HARWOOD: I will sound a more pessimistic note than Ruth --

MS. MARCUS: He just wants to fight with me. (Laughter)

MR. HARWOOD: -- about state-level journalism. When I was in the Tallahassee Bureau of the St. Petersburg *Times* in '83 and '84, we were engaged in a process that we split the cost with the *Miami Herald*, called the greening of the legislature. It was staff intensive. We had several people working on it. Every single action or vote that was taken in the legislature we associated the money with the

legislators and how they voted, and that was the theme of our coverage. Well, my newspaper yesterday announced 5 percent pay cuts for every single person who worked there and warned of impending layoffs. The paper has shrunk dramatically from the size that it had. So had the *Miami Herald*. In fact the *Herald* shrunk even more. So, I think that that's just an emblem of the data that you saw in Darrell's presentation of the shrinking number of people covering state legislators on this topic and every other topic.

MR. WEST: Beth, do you have someone who has a question there?

This gentleman right there? Yes?

MR. BECKEL: My name is Michael Beckel. I'm a reporter at the Center for Public Integrity on the money and politics beat, and going back to '96 and 2000-2002, the last round of campaign finance reform laws came out these scandals, and I was curious if the panelists thought that attitudes toward wealth and big money had changed months since then, if people were wrong to be outraged about those things, if we were allowed to give more money to the parties directly, you know, if it was sort of a situation where if Bush or Obama had guests coming back to the Lincoln bedroom maybe there would be raffles -- some small-dollar donors would get to go as well as the big dollar-donors. But what does it really take to have a scandal that would affect things these days?

MR. HARWOOD: The whole business of political money and fundraising and all that is much more out in the open than it used to be. So, the baseline level of cynicism is a lot higher.

When I started on this feed, campaigns did not want to talk about their fundraising; lobbyists didn't like to talk about their lobbying and all that; and now the campaigns are bragging about how much money they raise, and the parties are bragging

about it. The only people who aren't bragging about it are the C-4s basically.

MS. MARCUS: And some of them are bragging.

MR. HARWOOD: Yes.

MS. MARCUS: If not disclosing.

MR. HARWOOD: So, it's a lot more out in the open. Therefore, I think that the potential for scandal is greater, because it's more generally understood what's going on, you know, what the norms are. And when you go past those norms -- and I think it's easier to tell the story if a billing error is involved than if some corporate lobbyist is involved. So, maybe we're on the train headed down the tracks toward the --

MR. MULLINS: Yes, and to get even more cynical -- do you mind if I jump in there for even more cynicism? Oh, my --

MS. MARCUS: I don't need any competition.

MR. MULLINS: The laws are made by people who win, and the people who win are people who do well under the system, so they have no intent to come to Washington and change the rules so that some other guy can win down the road. And that's really a problem, and that's why in campaign finance and in ethics reform nothing happened until there was scandal. It happened with Abramoff in the *Post*. That happened with, back in '74, Watergate. That's how we got campaign finance in the first place. So, it really will take a scandal for there to be some sort of change.

MS. MARCUS: I'm going to out-cynic you --

MR. HARWOOD: Okay.

MS. MARCUS: -- and say that the capacity for scandal may be greater but the capacity to respond to scandal is less. I think back to the 2000 campaign. During the primaries there was a group that popped up. I'm not remembering its name. It was a

527 organization, which was a political organization, but back then it didn't have to disclose its donors. It was spending what then seemed like an unbelievable sum, which to my recollection was two to three million. This was during the Republican primary campaign. And we couldn't figure. It was, I think, in support of -- I can't remember whether it was in support of John McCain or in support of George W. Bush. Somebody else here who's got a less creaky memory than I have is going to jump in and help me.

MR. HARWOOD: They were attacking McCain.

MS. MARCUS: They were attacking --

MR. HARWOOD: It was the Wyly brothers.

MS. MARCUS: It was the -- I was going to say it was the Wyly brothers. But I'm not sure whether they were attacking McCain or supporting him of favor of Bush. But all of a sudden this thing popped up on the horizon. I was an editor at the time, and my reporter went out and basically, just by dint of banging on people, these Wyly brothers came forward. They had no responsibility to disclose this 527.

Well, within a few months, Congress had actually passed -- McCain pushed, because back in the days when McCain cared about campaign finance reform, McCain pushed and Congress passed legislation that's still on the books. It requires 527 groups that are operating outside of regular political committees to disclose their campaign spending and donations. That happened within the election cycle, as I recall. Our capacity to respond in that same election cycle or even in anticipation of the next election cycle seems to me in response to a similar scandal to be vastly reduced.

MR. HARWOOD: I probably should, at this point, in the spirit of full disclosure explain my cameo in the 1996 Clinton fundraising scandals. In 1997 Republicans were investigating -- and Fred Thompson had a committee -- and I got a call

one day from an investigative reporter at the *Boston Globe*, who also happened to be a friend of mine, who said I want to know why you attended one of the Clinton fundraising coffees and why you didn't disclose that to your readers at the *Wall Street Journal*. And I said what are you talking about? Of course I didn't go to a Clinton fundraising coffee, and he says, well, I've got a document that says you did. Well, it turned out later that what happened was the White House databases got kind of screwed up because there's a John Harwood who worked for the *Wall Street Journal*, and there was a John Harwood who was the Speaker of the House in Rhode Island who later went to prison for corruption. And these things got merged --

MR. WEST: I actually know that John Harwood. (Laughter)

MR. HARWOOD: And these things got merged, so he wrote in the paper the next day that I denied having attended --

MR. WEST: Although he actually did not go to prison for corruption. There were a bunch of other people who did.

MR. HARWOOD: Okay.

MR. WEST: Christine has a question from our webcast audience.

MS. JACOBS: Thanks. Can the panel talk about any differences, if there are any, between sort of the established billionaires -- the Shel Adelsons of the world and whatnot -- with the emerging money elite coming out of Silicon Valley, the Mark Zuckerbergs of the world?

MR. HARWOOD: The emerging elite is going to be a lot more reflective of the younger generation in terms of being socially liberal. I mean, I think generally speaking, it's going to be a more democratic group, or at least more democratic on a certain set of issues than the older money group that we're talking about.

MR. WEST: Although there are also --

MR. HARWOOD: Preparing some (inaudible).

MR. WEST: Yes. There is a libertarian (inaudible) there.

MS. MARCUS: Right, but more libertarian, more socially liberal. More marriage equality, more probably reproductive rights, more -- well, you see it in Tom Steyer -- focus on environmental climate change issues.

MR. WEST: The other aspect of that that is interesting is what happens when the current billionaires start passing away -- like, what happens to their money? Like, a number of these people are pretty conservative in their views. They often have children or grandchildren who do not share their viewpoints.

We actually have had an interesting example of this. The late Harold Simmons, who was a Dallas billionaire who passed away last year -- some of his fortune has gone to two daughters who have supported Hillary Clinton, they supported Barack Obama, and they support reproductive rights. Harold Simmons himself said Barack Obama was the most dangerous man in America because of the threat to the free-enterprise system. So, I'm not sure how he feels about what his daughters are going to be doing with his money.

Tom, do you have a question? Wait. We have a microphone coming up to you.

TOM: One comment about the sort of parties versus the outside groups. I think it really mischaracterizes how our politics have evolved. If you look carefully at the parties and how involved they are, it's strategically and every other way in elections, especially the swing elections. They've never been as influential today as they've been. Even most of the really big and influential Super PACs are informally attached to the

parties so that we really do have two big team operations and all of the emphasis on what's the chamber doing within the Republican Party to support the establishment is a pittance of what's really going on.

The parties are ideologically polarized. They're funding their allies among billionaires and others, and that's where the game is, and having the money come directly to them would probably not make much of a difference electorally, but it might make the donors a little more influential than they are right now.

Picking up on the last thing, Darrell, we now have a movement among some billionaires, a campaign to give back half. And I'm just curious, outside the immediate political arena, what can you say about what's happening in the billionaire community? I mean, beyond referendums, interest in big issues, but other things that might come closer to public goods?

MR. WEST: I mean, a number of billionaires that I have looked at are actually very forward looking in their policy agenda. Like, they're kind of thinking down the road in terms of robotics and what kind of social impact that's going to have, kind off-shore communities. Peter Thiel is a libertarian who has been big on that. There's research on -- stem cell research. I mean, these are individuals who are very visionary. That's, in large part, how they made their money. Like, they saw something that was not happening; they found a niche, and then they ended up making money on it. So, in their philanthropy, they're kind of thinking long term in exactly the same sort of way.

And as you point out, Bill Gates and Warren Buffett have proposed the giving a pledge in which billionaires give away at least half of their money during their lifetime. So, there are 1600 billionaires around the world. Slightly less than 10 percent have actually signed for that. Many of them are in the United States. There hasn't been

that much interest outside the United States. I know they actually went to China to try to sign up Chinese billionaires for the giving pledge, had a big dinner; at the end of the dinner, nobody signed up.

But we do have the very interesting case -- Alibaba just went public this week. Jack Ma, the leader behind the firm, is actually starting to do some philanthropy inside China. He's worried about air pollution, and so he's focused very much on the environment. Of course he's cognizant of kind of billionaire activism. It can get you in trouble in your home government. So, he keeps telling government officials I want to work with you -- like, I'm not working against you on this issue. So, I think there are lots of interesting things going on in that area.

We're out of time, but I want to thank our panelists. Peter, Ruth, John, and Brody -- I think your comments really added a lot. I really appreciate learning your insights.

And for those of you who want books, we have them out in the hallway.

So, thank you very much for coming.

\* \* \* \* \*

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

) Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016

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