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Invisible Hands

Dark money is undermining our democracies, and it's never darker than when channelled through lobby groups masquerading as think tanks

A mere two millennia after Roman politicians paid mobs to riot on their behalf, we are beginning to understand the role of dark money in politics, and its perennial threat to democracy. Dark money is cash whose source is not made public, that is spent to change political outcomes.

The **Facebook/Cambridge Analytica scandal** unearthed by Carole Cadwalladr and the mysterious funds channelled through Northern Ireland's *Democratic Unionist Party* **to the Leave campaign** in England and Scotland have helped to bring the concept to public attention. But these examples hint at a much wider problem. Dark money can be seen as the underlying corruption from which our immediate crises emerge: the collapse of public trust in politics, the rise of a **demagogic anti-politics**, assaults on the living world, public health and civic society. **Democracy is meaningless without transparency.**

The techniques now being used to throw elections and referendums were developed by **the tobacco industry**, and refined by **biotechnology**, **fossil fuel** and **junk food companies**. Some of us have spent years exposing the fake grassroots campaigns they established, the false identities and bogus scientific controversies they created, and the way in which public broadcasters and other media outlets have been played by them. Our warnings went unheeded, while the ultra-rich learnt how to buy the political system.

The problem is exemplified, in my view, by the *Institute of Economic Affairs (IEA)*. In the latest reshuffle, two ministers with close links to the institute, Dominic Raab and Matthew Hancock, have been promoted to the front bench, responsible for issues that obsess the *IEA*: Brexit and the *NHS*.

Dominic Raab credits the *IEA* with **supporting him** "in waging the war of ideas." Matthew Hancock, in his former role as Cabinet Office minister, notoriously ruled that charities receiving public funds **should not be allowed** to lobby the government. His department **credited the IEA** with the research that prompted the policy. This rule, in effect, granted a monopoly on lobbying to groups like the *IEA*, which receive their money only from private sources. Hancock has **received a total of £32,000** in political donations from the *IEA*'s chairman, Neil Record.

The *IEA* has lobbied consistently for a hard Brexit. A **report it published on Monday** as an alternative to Theresa May's *White Paper* calls for Brexit to be used to tear down the rules protecting agency workers, to deregulate finance, annul the rules on hazardous chemicals and weaken food labelling laws. Darren Grimes, who was **finned by the Electoral Commission** on Tuesday for spending offences during the *Leave campaign*, now works as the *IEA*'s digital manager.

So what is this organisation, and on whose behalf does it speak?

If only we knew.

It is rated by the accountability group *Transparify* as “highly opaque”. In my view, all that distinguishes organisations like the IEA from acknowledged public relations companies like *Burson Marsteller* is that we don’t know who it is working for. The only hard information we have is that, for many years, it has been funded by *British American Tobacco (BAT)*, *Japan Tobacco International*, *Imperial Tobacco* and *Philip Morris International*. When this funding was exposed, the IEA claimed that its campaigns against tobacco regulation were unrelated to the money it had received.

Recently, it has been repeatedly dissing the NHS, that it wants to privatise; campaigning against controls on junk food; attacking trade unions; and defending zero hour contracts, unpaid internships and tax havens. Its staff appear on the BBC, promoting these positions, several times a week. But never do interviewers ask the basic democratic questions: who funds you, and do they have a financial interest in these topics?

The BBC’s editorial guidelines seem clear on this issue:

“We should make checks to establish the credentials of our contributors and to avoid being ‘hoaxed’”.

In my view, the entire IEA is a hoax. As Adam Curtis has revealed (ironically on the BBC’s website), when the institute was created in 1955, one of its founders, Major Oliver Smedley, wrote to the other, Antony Fisher, urging that it was

“imperative that we should give no indication in our literature that we are working to educate the Public along certain lines which might be interpreted as having a political bias. ... That is why the first draft [of the Institute’s aims] is written in rather cagey terms.”

The two men were clear about its purpose: to become a public relations agency which would change society along the lines advocated by the founder of neoliberalism, Friedrich Hayek. It should not, Hayek urged them, do any actual thinking, but become a “second-hand dealer in ideas”.

The IEA became the template for other neoliberal institutes. It was financed initially from the fortune Anthony Fisher made by importing broiler chicken farming into the UK. Curtis credits him with founding 150 such lobby groups around the world.

While dark money has been used to influence elections, the role of groups like the IEA is to reach much deeper into political life. As its current director, Mark Littlewood, explains,

“We want to totally re-frame the debate about the proper role of the state and civil society in our country ... Our true mission is to change the climate of opinion.”

Astonishingly, the IEA is registered as an educational charity, with the official purpose of helping “the general public/mankind”. As a result it is exempted from the kind of taxes about which it complains so bitterly. Charity Commission rules state that

“an organisation will not be charitable if its purposes are political.”

How much more political can you get? In what sense is ripping down public protections and attacking the rights of workers charitable? Surely no organisation should be registered as a charity unless any funds it receives above a certain threshold (say £1000) are declared?

Last week, the *Charity Commission* **announced that**, after thinking about it for just 60 years, it has decided to examine the role of the *IEA*, to see whether it has broken its rules. I don't hold out much hope. In response to a complaint by Andrew Purkis, a former member of the *Charity Commission's* board, the commission's regulatory compliance department **claimed that** the *IEA* provides a

"relatively uncontroversial perspective accepted by informed opinion."

If the commission sees *hard Brexit*, privatising the *NHS* and defending tax havens as uncontroversial, it makes you wonder what circles they move in.

I see such organisations as insidious and corrupting.

I see them as the means by which money comes to dominate public life, without having to declare its hand.

I see them as representing everything that has gone wrong with our politics.

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