Chevron Invests in Political Campaigns

Billionaires, such as the oilmen Koch Brothers, have exploited the bulldozing of campaign-finance laws to press their special interests but publicly traded corporations have been more hesitant, with the notable exception of Chevron, as Michael Winship notes.

By Michael Winship

When the *Citizens United* decision came down in 2010, many feared the Supreme Court had unleashed vast and unfettered campaign contributions from corporations bent on tightening their hammerlock on government and politics.

That hasn't happen as much as anticipated yet. Individual billionaires and millionaires have dominated the scene instead. Perhaps it's in part because some corporations dipping their toes into new modes of campaign funding have been rebuffed by hostile consumer and stockholder reaction: witness the backlash in 2010 when Target contributed $150,000 to a 501(c)(4) supporting anti-gay rights gubernatorial candidate Tom Emmer in Minnesota.

But other corporate giants seem to have no such qualms about negative public feedback. Chevron, for example. Based in California, the multinational energy company is the third largest producer of crude in the world and greedily grateful for ongoing, generous subsidies from Congress.

According to the *Los Angeles Times*, "In 2013, its revenue topped those of Warren Buffett's Berkshire Hathaway Inc., Apple Inc. and General Motors Co., trailing only retailer Wal-Mart Stores Inc. and rival Exxon Mobil Corp. In August, Chevron reported $57.9 billion in revenue for the second quarter, which ended

June 30."

Yes, Chevron has money to burn look at the millions and millions the company has spent fighting the $9.5 billion in damages they were ordered to pay by the Ecuadorian Supreme Court for pollution of part of the Amazon rainforest. That extravagance extends to electioneering as well, and not only to federal races but right down to a local city council election.

Chevron has made big contributions this campaign cycle to the National Republican Senatorial and Congressional Committees, U.S. Senate Minority Leader Mitch McConnell and Texas Senator John Cornyn, Senate minority whip as well as an influential member of the Senate Finance Committee.

What's more, the Center for Responsive Politics' OpenSecrets.org reports that Chevron recently donated $1 million to the Congressional Leadership Fund, "a conservative super PAC with ties to Karl Rove's dark money network in early July, a rare instance of a prominent publicly traded company taking advantage of the post-*Citizens United* rules on corporate involvement in politics. It's not the first time Chevron has made such a donation, in the 2012 cycle, it gave $2.5 million to the same group" At the time, the Public Campaign Action Fund noted, "The donation appears to be the largest from a publicly-traded corporation in the post-*Citizens United* era."

In the midterms so far, OpenSecrets says "the super PAC has spent just $504,000 on ads, mounting attacks on three Democrats, particularly Rep. Pete Gallego (D-Texas). But CLF has already paid out close to $2.2 million to a media buying firm for 'pre-payment' of ads that have yet to run; that money almost certainly will be spent, it's just a question of when and where."

One other place we know that Chevron has targeted for its electoral cash largesse is the city of Richmond, California (population 107,571), site of one of the state's two largest oil refineries both owned by Chevron.

In August 2012, toxic smoke from a fire at the Richmond refinery (there had been other serious fires in 1989 and 1999) sent 15,000 residents to local hospitals seeking treatment, many of them for respiratory problems. A year later, Chevron paid $2 million in fines and restitution and pled no contest to six charges that included, the *Associated Press* reported, "failing to correct deficiencies in equipment and failing to require the use of certain equipment to protect employees from potential harm."

Around the same time as the settlement, Richmond's City Council decided to file its own suit, accusing Chevron of "a continuation of years of neglect, lax oversight and corporate indifference to necessary safety inspection and repairs." Fourteen other incidents of toxic gas releases from the refinery since 1989 were cited in the filing.

Richmond Mayor Gayle McLaughlin told Democracy Now's Amy Goodman, "We owe it to our community to totally ensure their safety and to bring forward and safeguard the rights of our community to live, play and work without the threat of injury because of Chevron and with the threat of Chevron bringing forward yet another incident due to the lack of safety in their facilities. We really feel strongly. This is serious in Richmond, and we're not backing down."

On top of all this, Chevron has long sought approval of a billion-dollar modernization plan for its refinery but had to deal with pressure from local officials for additional air pollution restrictions and other safety requirements. This summer, the city council finally approved the plan when improvements were promised as well as $90 million in "community benefits."

Presumably, Chevron, vexed by such governmental interference, decided enough was enough. Cue the campaign cash machine. Turn on the pumps.

Harriet Rowan, a first-year student at the University of California at Berkeley's Graduate School of Journalism, is an intrepid reporter at the website *Richmond Confidential*, created by UC/Berkeley to train its journalism students and offer in-depth coverage of Richmond not provided by Bay Area mainstream media. On Oct. 10, Rowan reported, "Chevron has funneled $3 million into a trio of campaign committees to influence the Nov. 4 Richmond city election, including a nearly $1.3 million contribution on Aug. 8, according to newly-filed campaign documents.

"The committees, each a variation of Chevron's 'Moving Forward' campaign, spent about $1.3 million on the Richmond mayoral and city council races as of the end of September, much of it on attack ads targeting local officials who are critical of Chevron's massive local refinery."

"Moving Forward" describes itself as "a coalition of labor unions, small businesses, public safety and firefighters associations. Major funding by Chevron" "Major," as in 99.7 percent of the money, according to Harriet Rowan. Moving Forward was created after the 2012 fire to advance the oil company's political interests in Richmond and this year has especially targeted for attack three city council candidates, including Gayle McLaughlin, who cannot run for re-election as mayor but is seeking a council seat.

The assault also has come from a Chevron-funded website called the *Richmond Standard*, described by *Los Angeles Times* columnist Michael Hiltzik as "purporting to be a news portal for residents of Richmond," but in reality run by “an employee of Chevron’s PR firm named Mike Aldax.”

What’s more, voters allegedly have been subjected to massive “push polling” that is, telephoned attacks on candidates thinly disguised as opinion surveys. Author, activist and Richmond resident Steve Early writes that one such pollster told him, among other slurs posed as survey questions, that Gayle McLaughlin and fellow council candidate Eduardo Martinez were part of “a group of radicals out of touch with Richmond voters.”

The *Los Angeles Times*’ Hiltzik estimates that given the dollars being spread around, “Chevron is preparing to spend at least $33 for the vote of every resident of the city 18 or older.” He writes:

“For a corporation to manipulate a municipal election on this scale should be illegal. Chevron may pose as a company enjoying its free speech rights, as secured through the Supreme Court’s 2010 Citizens United decision, but a pincer movement employing pantsfuls of money and misleading, manipulative ‘news’ demonstrates the potential of a big company’s speech to drown out every other voice.”

His words were echoed by independent U.S. Sen. Bernie Sanders of Vermont, who visited Richmond last week and said, “We are not living in a democracy when giant corporations like Chevron can buy local governments. That’s called oligarchy, not democracy. We have got to fight back.”

Meanwhile, second graders at Peres Elementary School in Richmond were delighted by the appearance of the Oakland A’s “loveable elephant” Stomper. The mascot arrived in a Chevron car, delivering iPads and other Apple products worth a little under a thousand dollars, courtesy of Chevron’s Fuel Your School program. “The kids were extremely excited,” their teacher said. “There was a lot of laughing.”

At least they can’t vote, yet.

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Beneath the Ukraine Crisis: Shale Gas

Exclusive: Behind the geopolitics pitting Russia against the West and the ethnic tensions tearing Ukraine east and west another backdrop for understanding this deepening conflict is the big-money competition for Ukraine’s oil and natural gas, writes Nat Parry.

By Nat Parry

The crisis gripping Ukraine has plunged transatlantic relations to their lowest point since the Cold War and threatens to send Ukraine into an armed conflict with potentially dire consequences for the country and the wider region.

Moscow’s alleged meddling in eastern Ukraine and its earlier annexation of Crimea spurred worldwide rebukes and much international commentary regarding the growing East-West divide. But one aspect that we have heard less about is the corporate struggle for Ukraine’s oil and natural gas. By some accounts, it is this struggle that is as much to blame for the current crisis as any geopolitical tug-of-war between East and West.

Ukraine has Europe’s third-largest shale gas reserves at 42 trillion cubic feet, according to the U.S. Energy Information Administration. While for years U.S. oil companies have been pressing for shale gas development in countries such as Britain, Poland, France and Bulgaria only to be rebuffed by significant opposition from citizens and local legislators concerned about the environmental impacts of shale gas extraction including earthquakes and groundwater contamination caused by hydraulic fracturing or “fracking” there has been considerably less opposition in Ukraine, a country that has been embroiled in numerous gas disputes with the Russian Federation in recent years.

Russia’s state-owned Gazprom, controlling nearly one-fifth of the world’s gas reserves, supplies more than half of Ukraine’s gas annually, and about 30 percent of Europe’s. It has often used this as political and economic leverage over Kiev and Brussels, cutting gas supplies repeatedly over the past decade (in the winters of 2005-2006, 2007-2008, and again in 2008-2009), leading to energy shortages not only in Ukraine, but Western European countries as well. This leverage, however, came under challenge in 2013 as Ukraine took steps towards breaking its dependence on Russian gas.

On Nov. 5, 2013 (just a few weeks before the Maidan demonstrations began in Kiev), Chevron signed a 50-year agreement with the Ukrainian government to develop oil and gas in western Ukraine. According to the New York Times, “The government said that Chevron would spend $350 million on the exploratory phase of the project and that the total investment could reach $10 billion.”

In announcing the deal, President Viktor Yanukovych said that it “will let Ukraine satisfy its gas needs completely and, under the optimistic scenario, export energy resources by 2020.” Reuters characterized the deal as “another step in a drive for more energy independence from Russia."

The United States offered its diplomatic support, with Geoffrey Pyatt, the U.S. ambassador to Ukraine, saying, "I'm very determined to cooperate with the Ukrainian government in strengthening Ukraine's energy independence."

U.S. Assistant Secretary of State for Europe Victoria Nuland spoke at an international business conference sponsored by Chevron on Dec. 13, 2013, after just returning from Kiev where she handed out cookies and sandwiches to demonstrators on the Maidan. In her speech, she urged Ukraine to sign a new deal with the IMF which would "send a positive signal to private markets and would increase foreign direct investment that is so urgently needed in Ukraine." This is important for putting Ukraine "on the path to strengthening the sort of stable and predictable business environment that investors require," she said.

Although stability and predictability are not exactly the words that people would associate with Ukraine these days, Western energy companies have continued to maneuver for corporate rights over Ukraine's shale gas deposits. Last fall, officials were in negotiations with an ExxonMobil-led consortium to explore for hydrocarbons off Ukraine's western Black Sea coast.

On Nov. 27, the Ukrainian government signed another production-sharing agreement with a consortium of investors led by Italian energy company Eni to develop unconventional hydrocarbons in the Black Sea. "We have attracted investors which will within five to seven years maximum double Ukraine's domestic gas production," Yanukovych said following the agreement.

At the time of Yanukovych's ouster in February, Chevron and the Ukrainian government had been negotiating an operating agreement for the shale development effort in western Ukraine, and Chevron spokesman Cameron Van Ast said that the negotiations would go forward despite Yanukovych fleeing the country. "We are continuing to finalize our joint operating agreement and the government continues to be supportive," Van Ast said.

Royal Dutch Shell is also engaged in the country, having signed an agreement last year with the government of Yanukovych to explore a shale formation in eastern Ukraine. When it comes to Crimea, numerous oil companies including Chevron, Shell, ExxonMobil, Repsol and even Petrochina have shown interest in developing its offshore energy assets.

Believing that Crimea's onshore and offshore fields will live up to expectations, these companies have greatly expanded their exploration of the Black Sea off the Crimean peninsula. Some analysts believe that one of Vladimir Putin's motivations for annexing Crimea was to ensure that Gazprom will control

Crimean offshore energy assets in addition to ensuring the continued use of Crimea as host to Russia's Black Sea Fleet.

It is clear that all of these oil and gas companies backed by their governments, including those of the Russian Federation and the United States are deeply embroiled in the Ukrainian crisis, with much invested and much at stake. But with their disproportionate influence over Ukraine's future, it should be kept in mind that the number one responsibility of any corporation is to increase profit margins for its shareholders, not necessarily to promote the democracy or sovereignty of the countries they are operating in.

This is particularly the case for Chevron and Shell, both of which have been implicated in major human rights violations in Nigeria. Chevron has been accused of recruiting and supplying Nigerian military forces involved in massacres of environmental protesters in the oil-rich Niger Delta, and Shell has faced charges of complicity in torture and other human rights abuses against the Ogoni people of southern Nigeria.

With this in mind, the Ukrainian people whether in the east of the country or the west might want to rethink what is meant by "energy independence," and whether the future they seek can truly be met by placing their hopes in the benevolence of foreign oil and gas companies.

Nat Parry is the co-author of *Neck Deep: The Disastrous Presidency of George W. Bush.*

Corporate Interests Behind Ukraine Putsch

Behind the U.S.-backed coup that ousted the democratically elected president of Ukraine are the economic interests of giant corporations from Cargill to Chevron which see the country as a potential "gold mine" of profits from agricultural and energy exploitation, reports JP Sottile.

By JP Sottile

On Jan. 12, a reported 50,000 "pro-Western" Ukrainians descended upon Kiev's Independence Square to protest against the government of President Viktor Yanukovych. Stoked in part by an attack on opposition leader Yuriy Lutsenko, the protest marked the beginning of the end of Yanukovych's four year-long government.

That same day, the Financial Times reported a major deal for U.S. agribusiness titan Cargill.

Despite the turmoil within Ukrainian politics after Yanukovych rejected a major trade deal with the European Union just seven weeks earlier, Cargill was confident enough about the future to fork over $200 million to buy a stake in Ukraine's UkrLandFarming. According to Financial Times, UkrLandFarming is the world's eighth-largest land cultivator and second biggest egg producer. And those aren't the only eggs in Cargill's increasingly-ample basket.

On Dec. 13, Cargill announced the purchase of a stake in a Black Sea port. Cargill's port at Novorossiysk, to the east of Russia's strategically significant and historically important Crimean naval base, gives them a major entry-point to Russian markets and adds them to the list of Big Ag companies investing in ports around the Black Sea, both in Russia and Ukraine.

Cargill has been in Ukraine for over two decades, investing in grain elevators and acquiring a major Ukrainian animal feed company in 2011. And, based on its investment in UkrLandFarming, Cargill was decidedly confident amidst the post-EU deal chaos. It's a stark juxtaposition to the alarm bells ringing out from the U.S. media, bellicose politicians on Capitol Hill and perplexed policymakers in the White House.

It's even starker when compared to the anxiety expressed by Morgan Williams, President and CEO of the U.S.-Ukraine Business Council, which, according to its website, has been "Promoting U.S.-Ukraine business relations since 1995." Williams was interviewed by the International Business Times on March 13 and, despite Cargill's demonstrated willingness to spend, he said, "The instability has forced businesses to just go about their daily business and not make future plans for investment, expansion and hiring more employees."

In fact, Williams, who does double-duty as Director of Government Affairs at the private equity firm SigmaBleyzer, claimed, "Business plans have been at a standstill."

Apparently, he wasn't aware of Cargill's investment, which is odd given the fact that he could've simply called Van A. Yeutter, Vice President for Corporate Affairs at Cargill, and asked him about his company's quite active business plan. There is little doubt Williams has the phone number because Mr. Yuetter serves on the Executive Committee of the selfsame U.S.-Ukraine Business Council. It's quite a cozy investment club, too.

According to his SigmaBleyzer profile, Williams "started his work regarding Ukraine in 1992" and has since advised American agribusinesses "investing in the former Soviet Union." As an experienced fixer for Big Ag, he must be fairly friendly with the folks on the Executive Committee.

Big Ag Luminaries

And what a committee it is, it's a veritable who's who of Big Ag. Among the luminaries working tirelessly and no doubt selflessly for a better, freer Ukraine are:

—Melissa Agustin, Director, International Government Affairs & Trade for Monsanto

—Brigitte Dias Ferreira, Counsel, International Affairs for John Deere

—Steven Nadherny, Director, Institutional Relations for agriculture equipment-maker CNH Industrial

—Jeff Rowe, Regional Director for DuPont Pioneer

—John F. Steele, Director, International Affairs for Eli Lilly & Company

And, of course, Cargill's Van A. Yeutter. But Cargill isn't alone in their warm feelings toward Ukraine. As Reuters reported in May 2013, Monsanto, the largest seed company in the world, plans to build a $140 million "non-GM (genetically modified) corn seed plant in Ukraine."

And right after the decision on the EU trade deal, Jesus Madrazo, Monsanto's Vice President for Corporate Engagement, reaffirmed his company's "commitment to Ukraine" and "the importance of creating a favorable environment that encourages innovation and fosters the continued development of agriculture."

Monsanto's strategy includes a little "hearts and minds" public relations, too. On the heels of Mr. Madrazo's reaffirmation, Monsanto announced "a social development program titled "Grain Basket of the Future" to help rural villagers in the country improve their quality of life." The initiative will dole out grants of up to $25,000 to develop programs providing "educational opportunities, community empowerment, or small business development."

The well-crafted moniker "Grain Basket of the Future" is telling because, once upon a time, Ukraine was known as "the breadbasket" of the Soviet Union. The CIA ranks Soviet-era Ukraine second only to Mother Russia as the "most economically important component of the former Soviet Union."

In many ways, the farmland of Ukraine was the backbone of the USSR. Its "fertile black soil" generated over a quarter of the USSR's agriculture. It exported "substantial quantities" of food to other republics and its farms generated four times the output of “the next-ranking republic.”

Although Ukraine’s agricultural output plummeted in the first decade after the break-up of the Soviet Union, the farming sector has been growing spectacularly in recent years. While Europe struggled to shake-off the Great Recession, Ukraine’s agriculture sector grew 13.7% in 2013.

Ukraine’s agriculture economy is hot. Russia’s is not. Hampered by the effects of climate change and 25 million hectares of uncultivated agricultural land, Russia lags behind its former breadbasket.

According to the Centre for Eastern Studies, Ukraine’s agricultural exports rose from $4.3 billion in 2005 to $17.9 billion in 2012 and, harkening the heyday of the USSR, farming currently accounts for 25 percent of its total exports. Ukraine is also the world’s third-largest exporter of wheat and of corn. And corn is not just food. It is also ethanol.

Feeding Europe

But people gotta eat, particularly in Europe. As Frank Holmes of U.S. Global Investors assessed in 2011, Ukraine is poised to become Europe’s butcher. Meat is difficult to ship, but Ukraine is perfectly located to satiate Europe’s hunger.

Just two days after Cargill bought into UkrLandFarming, Global Meat News (yes, “Global Meat News” is a thing) reported a huge forecasted spike in “all kinds” of Ukrainian meat exports, with an increase of 8.1% overall and staggering 71.4% spike in pork exports. No wonder Eli Lilly is represented on the U.S.-Ukraine Business Council’s Executive Committee. Its Elanco Animal Health unit is a major manufacturer of feed supplements.

And it is also notable that Monsanto’s planned seed plant is non-GMO, perhaps anticipating an emerging GMO-unfriendly European market and Europe’s growing appetite for organic foods. When it comes to Big Ag’s profitable future in Europe, the stakes couldn’t be higher.

For Russia and its hampered farming economy, it’s another in a long string of losses to U.S. encroachment, from NATO expansion into Eastern Europe to U.S. military presence to its south and onto a major shale gas development deal recently signed by Chevron in Ukraine.

So, why was Big Ag so bullish on Ukraine, even in the face of so much uncertainty and the predictable reaction by Russia?

The answer is that the seeds of Ukraine’s turn from Russia have been sown for the last two decades by the persistent Cold War alliance between corporations and foreign policy. It's a version of the "Deep State" that is usually associated with the oil and defense industries, but also exists in America's other heavily subsidized industry, agriculture.

Morgan Williams is at the nexus of Big Ag's alliance with U.S. foreign policy. To wit, SigmaBleyzer touts Mr. Williams' work with "various agencies of the U.S. government, members of Congress, congressional committees, the Embassy of Ukraine to the U.S., international financial institutions, think tanks and other organizations on U.S.-Ukraine business, trade, investment and economic development issues."

As President of the U.S.-Ukraine Business Council, Williams has access to Council cohort, David Kramer, President of Freedom House. Officially a non-governmental organization, it has been linked with overt and covert "democracy" efforts in places where the door isn't open to American interests, a.k.a. U.S. corporations.

Freedom House, the National Endowment for Democracy and National Democratic Institute helped fund and support the Ukrainian "Orange Revolution" in 2004. Freedom House is funded directly by the U.S. Government, the National Endowment for Democracy and the U.S. Department of State.

David Kramer is a former Deputy Assistant Secretary of State for European and Eurasian Affairs and, according to his Freedom House bio page, formerly a "Senior Fellow at the Project for the New American Century."

Nuland's Role

That puts Kramer and, by one degree of separation, Big Ag fixer Morgan Williams in the company of PNAC co-founder Robert Kagan who, as coincidence would have it, is married to Victoria "F*ck the EU" Nuland, the current Assistant Secretary of State for European and Eurasian Affairs.

Interestingly enough, Ms. Nuland spoke to the U.S.-Ukrainian Foundation last Dec. 13, extolling the virtues of the Euromaidan movement as the embodiment of "the principles and values that are the cornerstones for all free democracies."

Nuland also told the group that the United States had invested more than $5 billion in support of Ukraine's "European aspirations," meaning pulling Ukraine away from Russia. She made her remarks on a dais featuring a backdrop emblazoned with a Chevron logo.

Also, her colleague and phone call buddy U.S. Ambassador to Ukraine Geoffrey Pyatt helped Chevron cook up their 50-year shale gas deal right in Russia's kitchen.

Although Chevron sponsored that event, it is not listed as a supporter of the Foundation. But the Foundation does list the Coca-Cola Company, ExxonMobil and Raytheon as major sponsors. And, to close the circle of influence, the U.S.-Ukraine Business Council is also listed as a supporter.

Which brings the story back to Big Ag’s fixer, Morgan Williams.

Although he was glum about the current state of investment in Ukraine, he’s gotta wear shades when he looks into the future. He told the International Business Times, “The potential here for agriculture/agribusiness is amazing production here could double. The world needs the food Ukraine could produce in the future. Ukraine’s agriculture could be a real gold mine.”

Of course, his priority is to ensure that the bread of well-connected businesses gets lavishly buttered in Russia’s former breadbasket. And there is no better connected group of Ukraine-interested corporations than American agribusiness.

Given the extent of U.S. official involvement in Ukrainian politics, including the interesting fact that Ambassador Pyatt pledged U.S. assistance to the new government in investigating and rooting-out corruption, Cargill’s seemingly risky investment strategy probably wasn’t that risky, after all.

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