CAPITAL RESEARCH CENTER

Foundation Watch

The Pew Charitable Trusts

Global Warming Power Nexus

by Ron Arnold

Summary: The Pew Charitable Trusts recently became a public charity. The change in legal status will enable the multi-billion dollar foundation to take an even more active role in advocating sweeping policies to combat the alleged global warming threat. These policies, such as carbon taxes, would entail wrenching changes in the American people's standard of living.

Former Clinton Administration official Eileen Claussen is president of the Pew Center on Global Climate Change.

The Philadelphia-based Pew Charitable Trusts is one of the nation's largest and most influential philanthropic foundations. The Pew Charitable Trusts are actually an interlocking set of seven trusts established by the children of turn-of-the-century oil baron Joseph N. Pew, and stewarded by the family's private investment bank, the Glenmede Trust Company, which is the trustee of the seven charitable trusts. Glenmede manages $14 billion of total Pew family wealth, about $4 billion of which belongs to the Pew Charitable Trusts.

The first Pew Trust, the Pew Memorial Trust, was established in 1948. In 2002, the seven trusts reported $3,753,638,080 in assets and total giving of $238,534,822. The charitable programs are managed separately from Glenmede, which has its own CEO and is referred to as "the bank." The charitable trusts are led by President and CEO Rebecca Rimel. Pew Charitable Trusts has a professional staff of 144 and a public affairs staff of ten. By contrast, the entire staff of the Annenberg Foundation, which has an endowment comparable to Pew's, consists of nine employees. Pew's staff is overseen by a 15-member board of directors; about half are Pew family members.

Pew has been a leading donor to environmental groups for nearly two decades. Its Environment Program, directed by Joshua S. Reichert, gave 31 grants in 2002 totaling $39,493,500—the program's environmental giving has averaged more than $30 million annually for a decade. Since 1990, Pew Charitable Trusts has given over $300 million to more than 100 environmental groups.

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The primary mission of the Environment Program, according to Pew documents, is "to reduce the generation of greenhouse gases that contribute to global warming." It shows in Pew's heavy donations to groups with substantial climate change campaigns:

- $19,046,000 (1995-2002) to Earthjustice Legal Defense Fund (formerly the Sierra Club Legal Defense Fund), which files numerous lawsuits involving industrial emissions;

- $11,568,000 (1991-2000) to Natural Resources Defense Council (NRDC) and $6,353,413 (1990-2000) to Environmental Defense, two leading global warming opponents;

- $24,000,000 (1998-2002) to Strategies for the Global Environment, Inc., parent corporation of the Pew Center on Global Climate Change;

- $31,896,000 (1995-2002) to the National Environmental Trust, a media outlet created by Pew and others, and noted for its concentration on climate change issues;

- $2,927,500 (1992-2002) to the Union of Concerned Scientists, an outspoken critic of fossil fuels.

These and many other beneficiaries join Pew in demanding that the U.S. must adopt the severe energy cuts called for by the 1992 United Nations Framework Convention on Climate Change (http://www.unfcc.de), and its 1997 Kyoto Protocol. The protocol targets carbon dioxide as the chief greenhouse gas that is allegedly causing temperatures to rise worldwide. It would require the United States to reduce its CO_2 emissions to seven percent below 1990 levels, while imposing no restrictions on major developing nations.

The principal mission of Pew and its climate change grantees is to persuade the media, policymakers and the American public to accept Kyoto's CO_2 limits. Since 1988, even before the U.N. Convention and Kyoto, Pew has given grants that help develop political and communications strategies to spread the global warming message. Pew's aim: to choreograph the politically feasible steps necessary to move the U.S. away from the use of fossil fuels—coal, oil, and natural gas—despite the severe disruption it would cause to the economy and the serious lifestyle decline it would force upon the American people.

According to estimates prepared by the U.S. Energy Information Administration (EIA), U.S. ratification of the U.N. climate treaty would cause gasoline prices to rise from 14 to 66 cents per gallon by the year 2010. Electricity prices would increase in the range of 20 percent to 86 percent. And the U.S. economy would lose $400 billion in GDP annually. An independent study commissioned by six African-American and Hispanic organizations found that the treaty requirements would likely put 864,000 black Americans and 511,000 Hispanics out of work.

Regardless of one's opinion on global warming, one thing is certain: the technology simply doesn't exist to support a modern industrial economy based on non-fossil fuels. Despite that obstacle, Pew's well-planned global warming strategy and vast wealth have made it the prime mover of the environmental movement's campaign to phase out fossil fuels.

The Energy Foundation: Pooling the Resources of Environmental Grantmakers

Pew didn't achieve that pivotal status alone. Part of Pew's strategy is *leveraging*, the "never act alone" approach that builds coalitions of like-minded donors and creates new entities to attack the problem from many angles. Even a determined foundation with a nearly $4 billion endowment acting by itself would be hard pressed to consolidate the environmental movement's energies into a concerted global warming campaign.

Thus, in 1991, Pew joined with two other giant philanthropies, the John D. and Catherine T. MacArthur Foundation ($4.2 billion assets 2001) and the Rockefeller Foundation ($2.6 billion assets 2001), to create a single-purpose consortium that argues against fossil fuels: the San Francisco-based Energy Foundation. They were joined within a few years by four other foundations, including the powerhouses David and Lucile Packard Foundation ($6.1 billion assets) and the William and Flora Hewlett Foundation ($5.1 billion assets). Today the Energy Foundation has some $50 million of its own in the bank and its seven constituent foundations list over $23 billion in combined assets. This conglomerate is critical to Pew's success as the pre-eminent climate change leader.

The Energy Foundation (2002 assets $48.9 million; 2002 grants $14.4 million) describes itself as "a partnership of major foundations interested in sustainable energy"—fossil fuels are conspicuously absent from its agenda. Its 2002 annual report observes, "reliance on fossil fuels endangers public health, jeopardizes national security, and constrains sustainable economic development."

The Energy Foundation's grant amounts, about $90 million from 1997 to 2001, are less significant than its total focus on non-fossil fuels. Many Energy Foun-

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New Tax Status Allows Pew to Aggressively Lobby for Economically Draconian Anti-Fossil Fuel Policies

The *Wall Street Journal* said in an unsigned editorial, "Beginning this year, the Pennsylvania-based Pew Charitable Trusts changed their legal status from private foundation to public charity.

"Here's the catch: Pew argued that its seven trusts should be counted separately to fulfill the charity requirement demonstrating broad public support. Incredibly, both the IRS and the Pennsylvania Attorney General agreed—even though these seven trusts are centrally administered and share the same executive management.

"Pew's new status frees it up to spend money directly, to raise even more money, and to devote up to 5% of its annual $200 million budget to lobbying. That's a lot of K Street lunches."

It's actually more than that. Public charities usually follow the so-called "20-and-5" lobbying rule: spend no more than 20 percent of the organization's annual revenue for direct lobbying (group influences legislators) and spend no more than 5 percent for grass roots lobbying (group urges others to influence legislators). Groups are subject to an excise tax if they spend more than permitted, and can lose their exempt status if they exceed the permitted amounts by more than 50 percent over a 4-year period.

So, following the IRS "20 and 5 rule," the 5 percent is only the grass roots portion of the allowance (Pew gets others to influence legislators); Pew can now spend 20 percent for its own direct lobbying (Pew influences legislators). $40 million a year might even buy the K Street restaurant.

WSJ quoted the Foundation Management Institute's Neal B. Freeman: "It's the perfect vicious circle. With this tax change, trusts that were set up with money from the Sun Oil Company will now be used to lobby for a Kyoto Treaty whose primary victims will be America's energy companies."

dation grants promote conservation measures such as efficient appliances and vehicles, or the development of biomass, wind, solar and fuel cell energy sources, but a substantial number of grants merely oppose fossil fuels. For example, the purpose of a $27,000 grant to the Sierra Club Foundation in 2001 was stated as: "To enact administrative state regulations and policies emphasizing renewable, rather than fossil fueled, forms of distributed generation." Similarly, a $30,000 grant to CALPIRG (California Public Interest Research Group) Charitable Trust was: "To launch a statewide field campaign during the summer of 2001 to steer the public debate about energy policy away from fossil fuel and toward renewable energy power plants."

To grasp the Energy Foundation's actual impact, it is necessary to factor in the targeted programs of its seven originators. The Pew Charitable Trusts ($238 million grants 2002) has its Environment Program; the MacArthur Foundation ($179 million grants 2002) has its Program on Conservation and Sustainable Development; the Packard Foundation ($349 million grants 2002) has its Science and Conservation program; the Hewlett Foundation ($194 million grants 2002) has its Environment Program; the Rockefeller Foundation ($129 million grants 2002) has its broad array of social change programs that help inject global warming messages into science, art and culture. A junior member, the McKnight Foundation ($1.5 billion assets 2002) has its Environment Program and gave total grants of $86.9 million in 2002. The smallest member, the Mertz-Gilmore Foundation, has an Energy Program devoted entirely to the Energy Foundation, and gave total grants of $4.3 million in 2002.

A few highlights illustrate who these grants influenced, some high profile, others virtually unknown, but all acting in concert to spread the global warming message:

• Hewlett Foundation grants: $1.3 million to Environmental Defense (1994-2001); $1 million to NRDC (1990-2001); $475,000 to the Sierra Club (1998-2001); $250,000 to World Resources Institute in 1995.

• MacArthur Foundation grants: $6.5 million to Natural Resources Defense Council (1988-2001); $3.5 million to Environmental Defense (1992-2001); $615,365 to Greenpeace (1997–2001); $601,000 to the Sierra Club (1994-1997).

• Packard Foundation grants: $12.3 million to Environmental Defense (1993-2002); $2.2 million to the Sierra Club (2000-2002); $769,000 to NRDC (1988-2001).

• Pew Charitable Trusts grants: $6.3 million to U.S. Public Interest Research Group (1997-2001); $4.4 million to the National Religious Partnership for the Environment (1993-2001); $1.8 million to World Resources Institute (1988-2002).

• Rockefeller Foundation grants: $1 million to World Resources Institute (1993-2001); $285,000 to NRDC (1989-1999); $100,000 to the National Religious Partnership for the Environment in 1993; $20,000 to Greenpeace (1996-2001).

The synergism of this network means the public opinion impact of the whole is greater than the sum of its parts, even though the headlines feature only those who got the money and not those who gave it.

Pew Center on Global Climate Change

The Pew Trusts' leveraging strategy created another new entity in 1998: the Pew Center on Global Climate Change. The Trusts created the Center with a $4.27 million startup grant and has invested more than $24 million in the Center to date. Pew, in keeping with its network-building style, convinced a half dozen other foundations to contribute another $8 million. Recent grants include: the Energy Foundation ($200,000-2001; $250,000-2000); W. Alton Jones Foundation, Inc. ($50,000-1999); Oxford Foundation, Inc. ($50,000-2002); the David and Lucile Packard Foundation ($280,000-2002); Turner Foundation ($150,000-2000); and Wallace Global Fund ($73,000-1999).

Center president Eileen Claussen is a talented and shrewd leader with an impressive background. For six months in 1997 she was the Clinton Administration's Assistant Secretary of State for oceans and international environmental and scientific affairs (the Senate did not confirm her; she was a recess appointment); before that Special Assistant to President Clinton and Senior Director for Global Environmental Affairs at the National Security Council from 1993 to 1996; and more than 20 years at the US Environmental Protection Agency.

She launched the Pew Center with a big television and print advertising campaign. It featured the logos of 13 prominent corporations and the cheery message that we can cope with climate change and keep both the environment and the economy healthy. The ads ended with the tagline: "Climate change is serious business for all of us."

Neither the ad campaign nor the 13 supportive corporations said anything about phasing out fossil fuels, and all 13 were totally dependent on fossil fuel energy. The kickoff campaign was followed by a stream of technical papers, meetings and press releases, all emphasizing greenhouse gas emissions and "reasonable regulatory measures," but none discussing the agenda to phase out fossil fuels.

The Pew Center's publicity statements acknowledged that the climate change debate is steeped in contentious technical argument. Its IRS "exempt purpose" is "legitimizing the issue of global climate change and establishing it as one requiring significant and sustained action by industry, the public and the United States government." However, Pew's ultimate goal is starkly clear. Claussen says repeatedly that the Kyoto treaty "is at best a modest first step on a long journey" whose unstated destination is to phase out fossil fuels, a sentiment echoed throughout the environmental movement and among its many foundation donors.

But Pew recognized early on that such a draconian agenda – especially given the lack of viable fuel alternatives — would not sell on Main Street America. To make its program politically feasible, the Center's work must be incremental and optimistic. Center president Claussen repeats the kickoff campaign's tone with boilerplate speeches like one she gave to the Environmental Council of the States in 2003. Claussen assured listeners "that there are many actions that can be taken with no negative economic impact, and that, with careful planning and execution, and with continued technological development, we can address this problem and still have a growing global economy."

To bolster that message, the Pew Center publishes numerous reports, including a 2003 document, *U.S. Technology Policy and Lessons for Climate Change.* It remains vague on the issue of what exactly to do about fossil fuels. "In the case of climate change, the main problem is...carbon dioxide... which is released by burning natural gas, coal, and oil and fuels the world's economies," writes Edward S. Rubin, the report co-author. "(Carbon dioxide) from fuel combustion is a major source of global warming, along with a number of other greenhouse gases that are metered in smaller amounts... In order to stabilize the atmospheric levels of (carbon dioxide) and other greenhouse gases, major long-term changes in the way we use energy will be needed and will be essential." Rubin did not describe the changes.

Another Pew Center report, *Are Uncertainties in Climate and Energy Systems a Justification for Stronger Near-term Mitigation Policies?* (2001), talks about "transition," presumably to the much-vaunted "hydrogen economy," but says nothing specific. It does say that "such a transition would require the adoption of strong policies, e.g., carbon taxes, tradable emission rights, regulations on energy efficiency, transfer payments to deal with distributional inequities, enhanced R&D on new energy technologies, politically acceptable and cost-effective sequestration techniques, etc. There will be winners and losers, and fair burden of sharing of transition costs." But co-authors Stephen H. Schneider (Stanford University) and Christian Azar (Chalmers University of Technology) stay vague about policy outcomes and costs. (Who are the "winners" and "losers"? What is the shared burden and what makes it "fair"?)

The Pew Center also cultivates support for its message with high-level conferences. In league with the Aspen Institute—a non-profit group of mostly business and finance executives—the Pew Center held a March 2004 conference titled, "A Climate Policy Framework: Balancing Policy and Politics," that advocated the U.S. adoption of Kyoto treaty restrictions.

The "Pew Center on Global Climate Change" is actually a name with no legal standing: it's not a 501(c)(3) group listed in IRS Publication 78, the government's cumulative index of all exempt organizations. The corporate organization receiving the $4.27 million Pew start-up grant is Strategies for the Global Environment, Inc., an umbrella group for the Pew Center on Global Climate Change and for a second Pew-initiated group called the Center for SeaChange. The latter group was created in 2003 from an earlier project under the Strategies umbrella, the Pew Oceans Commission.

Strategies for the Global Environment's $4.27 million start-up grant did not come directly from the Pew Charitable Trusts but was passed through the Energy Foundation, which states that the grant was made, "In support of an initiative aimed at encouraging the U.S. to reduce the emission of greenhouse gases that are contributing to warming the earth's climate."

Strategies for the Global Environment, Inc. has an eleven-member board of directors. The chairman of the Strategies board is Theodore Roosevelt IV, managing director of investment house Lehman Brothers. Another influential Strategies board member is Leslie Carothers, president of the Environmental Law Institute (ELI) in Washington, D.C., where Eileen Claussen is a member of the board. For eleven years Carothers was vice president for environment, health and safety at United Technologies Corporation, manufacturer of jet airliner engines. Board member Frank E. Loy also serves on the Environmental Defense board and was President Clinton's Under Secretary of State for Global Affairs.

The Pew Center's board has embraced every congressional bill controlling CO_2 to date: the 1998 Chafee-Lieberman Senate bill giving companies credit for early CO_2 reductions; the similar 2002 Hagel-Voinovich Senate bill; the high-profile 2003 McCain-Lieberman Senate cap-and-trade bill; the 2003 Byrd-Stevens Senate measure establishing a White House CO_2 czar; and the 2004 Gilchrest-Olver cap-and-trade House bill.

But Pew and the environmental movement have suffered some stunning setbacks. In 1997 the U.S. Senate unanimously refused to ratify the Kyoto treaty and in March 2001, shortly after taking office, President George W. Bush reaffirmed the federal government's opposition. The President's position was clear and certain: "I oppose the Kyoto Protocol because it exempts 80 percent of the world, including major population centers such as China and India, from compliance, and would cause serious harm to the U.S. economy. The Senate's vote, 95-0, shows that there is a clear consensus that the Kyoto Protocol is an unfair and ineffective means of addressing global climate change concerns."

In 2002, the Bush Administration again thwarted the Pew Trusts when it offered its own plan based on voluntary guidelines to deal with emissions. The Pew Center's Claussen responded with a *New York Times* op-ed characterizing the president as a "climate change dropout."

The Pew Center on Global Climate Change, high profile as it has become, is only the latest addition to the Pew environmental movement network. There is a long track record behind it.

Pew's Evolution: Political Agenda Betrays Founder's Beliefs

Pew Charitable Trusts has drawn fire from critics for abandoning the intent of the original donors. In his book *The Great Philanthropists and the Problem of 'Donor Intent,'* Martin Morse Wooster cites J. Howard Pew's purpose in establishing the J. Howard Pew Freedom Trust in 1957: to acquaint the American people with "the evils of bureaucracy," "the values of the free market," and "the paralyzing effects of government controls on lives and activities of people."

Since the current executives took over in the mid-1980s, you won't find the Pew Trusts acquainting anyone with anything like that. "The political ghosts of Pew's past are gone," according to Pew president and CEO Rebecca W. Rimel. For example, in 1994, the Pew Trusts helped create a media outlet called Environmental Strategies (re-named the Environmental Information Center and now known as the National Environmental Trust), which sponsored, in the words of the *National Journal*, a "bare knuckles paid-media campaign" to defeat Congressional deregulation. Thus, J. Howard Pew's foundation helped to pay for ads stating that the "new Congress" is "bedding down with corporate polluters," yet, as *Philanthropy Roundtable* noted, "he built the fortune that became the Pew Trusts by being precisely the kind of person vilified in those ads."

In 1998, the *Philadelphia Inquirer* quoted former Pew program director Kevin Quigley as saying, "The donors would not only be rolling in their graves these days, they would be gyrating at very high speeds."

They would likely be dismayed that not only had their legacy shifted far left of center, but it had also become arrogant in its charity, putting forward strategic goals to be achieved, calling its gifts "investments," and expecting a return on its investment in the form of measurable social change results.

Philanthropy Roundtable in 2002 reported that Pew's changes were "raising concerns over a kind of imperial overstretch that has led largely unaccountable foundations to inject themselves into the governing process and dream up projects rather than support the work of existing organizations."

Pew has spread that kind of "imperial overstretch" to many other foundations. Inventing projects and finding grantseekers willing to perform them has become so common that it even has a name in the jargon of the trade: "prescriptive grantmaking." That means the foundation writes the prescription for social change and grant recipients make it happen. It also means that if there's no existing organization suitable to fill a particular prescription, the foundation will create its own surrogate, as with the Energy Foundation and the Pew Center on Global Climate Change.

Pew's president Rebecca Rimel is unabashed about her programs "injecting themselves into the governing process." She once famously told a University of Pennsylvania audience, "Philanthropic foundations are sometimes criticized for having a social agenda. Well, you know what? They're right!"

Pew's "imperial overstretch" raised more concern in January 2004 when its original IRS tax status as a private foundation was changed to "publicly supported." That meant the $4 billion endowment would be allowed to lobby. (See Box on page 3)

Pew Trusts Funding History

The Pew Charitable Trusts has long opposed fossil fuels, which is an odd way to honor the philanthropic intentions of members of the Pew family who founded the Sun Oil company, a major oil producer and refiner. Joshua Reichert, the powerful director of Pew's Environment Program, once told me his goal for the 90,000-job, $161 billion U.S. coal industry. It was simple: "buy them out." This was in a personal conversation after our debate at an October 2002 annual meeting of the Society of Environmental Journalists. But his remark gives perspective on Pew's long record of grants that directly or indirectly oppose fossil fuels.

In 1988, as NASA's James Hansen was warning the U.S. Senate of the dangers of global warming, the Pew Charitable Trusts gave the University of California at Santa Barbara $120,000 to study "the impact of climate change on northern temperate forest reserves," Pew's first climate change grant. The grant also illustrates how the issue of climate change can impinge upon virtually anything: the air goes everywhere, forests, farms, cities, deserts, oceans.

In 1991, Pew helped fund the 1992 U.N. Framework Convention on Climate Change with a $90,000 grant to the World Resources Institute in Washington D.C. "to promote international convention on climate change in which world's major nations will agree to take specific actions to reduce threat of global warming, as well as to design policies for meeting carbon dioxide reduction goals in U.S."

With the offer of big grants, environmental groups quickly discovered they were deeply interested in the role of fossil fuel as a cause of global warming. Soon the Trusts gave these grants:

- $100,000 to the Center for Innovative Diplomacy (1991);
- $150,000 each to Natural Resources Defense Council (1992), the Environmental Defense Fund (1992) and the Southern Environmental Law Center (1998, 1999);
- $200,000 to the Delaware Valley Citizens Council for Clean Air (1998);
- $320,000 to the National Religious Partnership for the Environment (2001);
- $325,000 to the Center for Energy Efficiency and Renewable Technologies (1998)
—all for global warming-related projects.

Some Pew grant descriptions use ambiguous and sanitizing language of a type that has drawn critical comment; in a *New Yorker* article, social critic Dwight Macdonald dubbed this writing style "foundationese." It appears importantly in the description of $4.2 million worth of grants (1997-1998) Pew gave to Boston's Clean Air Task Force (CATF), a group skilled in filing lawsuits against fossil fuel users. The description stated: "for Clean Air Task Force's efforts to accelerate retirement of nation's most polluting coal and oil-fired power plants."

What it didn't say was that it targeted 540 older power plants that produce 51 percent of America's electricity. Accelerating their shutdown—and some are being modernized instead—would leave the nation with an electric energy gap of disastrous proportions. So the fine-sounding "foundationese" mischaracterizes the real situation.

Funneling grants through third-parties is another Pew strategy that widens its power network and expands its influence. The CATF grant went to New York's Pace University Law School to support the activists' lawsuits. Another $3.4 million Pew grant went to Pace in 1999 "to reduce harmful air emissions from nation's electrical power plants." Altogether the Pew Trusts gave Pace $8.1 million for anti-fossil fuel projects.

CEO Rebecca Rimel discussed what is perhaps Pew's most astute grantmaking strategy in a May 2002 interview with *Philanthropy Roundtable* magazine: "We can be smart about what we do—we can be what I call 'raging incrementalists,' by which I mean we can be very focused and very strategic and use resources, ideas, individuals, and institutions out there to move the needle on certain key issues." That's a long way of saying "be demanding about getting to your goal a little at a time." Rimel's "raging incrementalism" is best reflected in the Pew network-building strategy of recruiting business leaders to the climate change cause, which has become a specialty of the Pew Center on Global Climate Change.

Co-opting Big Business: The Business Environmental Leadership Council

To implement its upbeat little-by-little strategy Pew has assembled a thirty-eight member "Business Environmental Leadership Council" (BELC) to carry its message.

Pew, the Energy Foundation and the Turner Foundation spent $400,000 to organize the council from 1998 to 2000.

BELC members have included Lord John Browne, group chief executive of British Petroleum (BP); Sir Phillip Watts, chairman of Royal Dutch Shell before he was forced to resign in a scandalous overstatement of oil and gas reserves; George David, CEO of United Technologies Corporation; and John G. Drosdick, CEO of Sunoco. Ironically, Sunoco is the restructured successor to Sun Oil, the source of the $3.7 billion endowment that powers the Pew Charitable Trusts' opposition to fossil fuels.

BELC has no mission statement, but its pronouncements show its solidarity with the Pew Center: "The members of the BELC recognize that the risks and complexities of climate change are so important that we must work together to meet this challenge." BELC lists four "beliefs" it shares with the Pew Center:

- Enough is known to take action now.
- Businesses should reduce emissions and invest in new technology.
- "The Kyoto agreement represents a first step in the international process, but more must be done."
- We can address climate change and sustain economic growth with "reasonable policies, programs and transition strategies."

The Center showcases BELC star power to praise companies that lower their greenhouse gas emissions. For example, "In 1998, BP targeted a 10% reduction from 1990 levels in operational greenhouse gas (GHG) emissions. Having already lowered greenhouse gas emissions by 10 percent, BP has now committed that net emissions will be at these reduced levels at the end of the decade."

Two BELC member companies—BP (UK) and Royal Dutch Shell (Netherlands)—are within the European Union, which has ratified the Kyoto treaty, so their chairmen had no real alternative.

What's in it for BELC members? Their endorsements won't mollify the environmental community. Greenpeace hasn't stopped protesting BP efforts to develop new oil fields.

The obvious answer is emissions trading. That's a way government forces consumers to pay for emissions by 1) legislating a limit ("cap") on total allowable emissions; 2) permitting companies to emit more than the cap by buying "tradable emissions credits" from 3) companies that emit less than the cap and 4) allowing both to continue emissions under a government regulatory scheme.

Companies might also get credits for pumping CO_2 into holes in the ground or for planting trees that absorb the CO_2—called "carbon sequestration," which might explain why Weyerhaeuser, "the tree growing company," joined the BELC. In other words, you can sell a ton of carbon dioxide that you didn't produce to someone who produced a ton too much—for cash—and the government doesn't put either of you in jail. If you have lower emissions when the game starts, you win. As in any Ponzi scheme, the player who joins the game last loses most. That may explain why BELC has 38 corporate members. Perhaps they dream of being energy brokers overseeing a global trading network and leapfrogging ahead of other producers: it's easier brokering paper than drilling for oil or gas.

The system can be imposed one region at a time—New York Governor George Pataki is currently working to create a regional market in which power plants can buy and sell carbon dioxide credits—but a global scheme requires a comprehensive international system of government controls over CO_2 and other greenhouse gases.

The Pew Network: Power and Pressure

The Pew Charitable Trusts' CEO Rebecca Rimel and Environment Program director Joshua Reichert are well aware of these intricacies and use such corporate self-interest to promote their goal of phasing out fossil fuels. The main reason the Trusts changed its tax status was to be able to lobby, and climate change legislation is clearly a prime target. The 2003 McCain-Lieberman "Climate Stewardship" bill (S. 139) is a "cap-and-trade" scheme that gives companies credit for early reductions in emissions. That's the formula for creating the American segment of a global trading network, the first step toward phasing out fossil fuels.

The White House has signaled that it opposes the bill because it requires "deep and immediate cuts in fossil fuel use" to meet an "arbitrary" goal that would drive up household energy bills and gas pump prices. Claussen's assessment: "The bill would establish ambitious and binding targets for reducing U.S. greenhouse gas emissions," she told a Utah audience. She also used the word "mandatory" four times in seven paragraphs.

McCain-Lieberman came to a Senate vote in October 2003 and lost 55-43. The Pew Center's Claussen put on a happy face, telling the *Washington Post*, "It really means that the people in this country and many in Congress are interested in our doing something about climate change."

Kyoto—one step at a time.

Conclusion

Behind Claussen's remarks stand hundreds of fossil fuel opponents ranging from the huge and famous Sierra Club to the small and obscure National Religious Partnership for the Environment, from the Energy Foundation, with its MacArthur, Rockefeller, Packard and Hewlett foundation colleagues, to the Pew Center for Global Climate Change, with its Business Environmental Leadership Council.

And behind them stands the Pew Charitable Trusts.

The public needs to know.

Ron Arnold is Executive Vice President of the Center for Defense of Free Enterprise, a free-market think tank based in Bellevue, Washington.

PhilanthropyNotes

President Bush's re-election campaign and the Republican National Committee filed a complaint with the Federal Election Commission charging that Senator John Kerry's presidential campaign is illegally coordinating political advertising with anti-Bush "527" political committees, including **MoveOn.org**, the **Media Fund** and **America Coming Together.** Said RNC Chief Counsel Jill Holtzman Vogel, "Senator Kerry, who supported the Bipartisan Campaign Finance Reform Act, is now the beneficiary of the single largest conspiracy to violate campaign-finance laws in history." The GOP charges the Media Fund and MoveOn.org with spending nearly $10 million in anti-Bush ads since Senator Kerry clinched the nomination on March 2. One Media Fund ad explained Kerry's tax plan before he made it public.

MoveOn.org, the Internet-based liberal advocacy group, is capitalizing on former White House advisor Richard Clarke's allegations that the Bush Administration ignored terrorism threats before September 11. In March, MoveOn's political action committee sent an e-mail fundraising appeal to the group's two million subscribers. "Help us get Clarke's comments in front of the American people in a new hard-hitting ad," the letter states. In less than three hours, the MoveOn appeal generated $1 million from 23,000 donors.

The H.J. Heinz Company is distancing itself from **Teresa Heinz Kerry** and the **Heinz Endowments,** which she chairs, after receiving phone calls from consumers vowing to boycott company products. Teresa Heinz Kerry and her children own more than three percent of the company's outstanding stock. However, the company explains that it makes no contributions to the Endowments whose wealth is derived from the estate of the late Senator H. John Heinz. His grandfather founded the Heinz Company. The company sent nearly 50 letters to radio and television talk shows to counter the impression that H.J. Heinz is aiding the Kerry campaign and the Heinz Endowments. Said company spokeswoman Debbie Foster, "It's just crazy. We haven't been involved in politics since Morris the Cat for President in 1988" – a reference to a spoof ad campaign H.J. Heinz ran that election year. The Endowments give to major environmental groups such as the Natural Resources Defense Council and Environmental Defense that lobby against the Bush Administration's policies. They also make grants to the controversial left-wing **Tides Foundation** and **Tides Center—**$4.3 million between 1995 and 2001. The Tides Foundation funds many anti-war groups, including September 11 Families for Peaceful Tomorrows, an organization of some family members that has been critical of the Bush Administration's response to terrorism.

The April election of new board members to the **Sierra Club** exposed bitter divisions within the 700,000-member environmental organization over immigration and other issues. The Club voted to replace five members of the 15-member board, who serve staggered three-year terms. But due in part to the organization's lax rules which allow anyone who pays the $25 membership to participate in the election as a voter or board candidate, this year's elections generated numerous candidates representing opposing views. The most contentious centered on immigration. The Sierra Club, like most of the environmental movement, views population growth as an ecological threat and supports policies that slow or cut global population levels. The Club has long been on record as endorsing a stable U.S. population to reduce alleged strains on the environment. But the Sierra Club leadership has rejected endorsing policies to limit U.S. immigration rates to avoid offending ethnic lobbies within the liberal movement. In 1998, the Club voted to remain neutral on the question of immigration to avoid dividing the organization. But since then, several board members have been elected who favor restrictions, such as former Colorado Gov. Dick Lamm. To counter the anti-immigration faction, **Morris Dees of the Southern Poverty Law Center** decided to run as a candidate to the board, urging members to "vote against the greening of hate."