

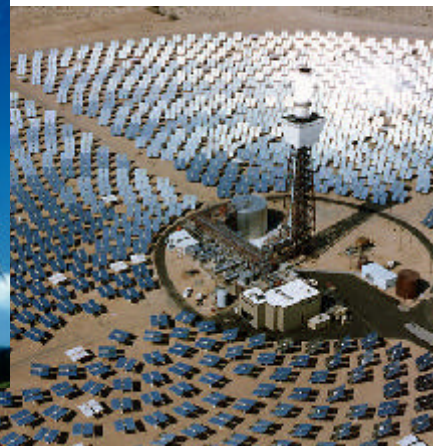
De-Energizing the Market *The Energy Foundation*

by Jennifer Locetta and David Hogberg

Summary: *The website of the Energy Foundation claims that its mission is “to advance energy efficiency and renewable energies—new technologies that are essential components of a clean energy future.” But take a closer look at the policies it supports and its grants to energy and environmental advocacy groups. They won’t make the U. S. less dependent on oil or decrease pollution. If anything, they could make our highways less safe and do terrible damage to our economy.*

Events in recent months have increased concern about America’s energy future: skyrocketing gasoline prices in the wake of supply disruptions caused by Hurricane Katrina; environmental propaganda about the supposed effect of global warming on tropical storms; Congress passing an energy bill panned as “No Lobbyist Left Behind”; and high home-heating costs due to increased demand for natural gas. Energy has become the focus of political debate and it promises to be a major issue in the future.

A major player in national debates over energy policy is the San Francisco-based Energy Foundation (EF). Its website claims that its mission is “to advance energy efficiency and renewable energies—new technologies that are essential components of a clean energy future.” But if the Energy Foundation’s priorities become America’s energy priorities, our national energy infrastructure will look far different from how it does today.



Wind and solar power are two examples of renewable energy sources the Energy Foundation wishes to support through legislation and other means.

The president of the Energy Foundation, Eric Heitz, claims that the foundation shies away from national politics. When asked about his thoughts on the Energy Bill, Heitz replied, “No comment. We do not engage in lobbying. Our work is bipartisan.”

Really? The Energy Foundation has four major grant program and project areas: Climate, Power, Buildings, and Transportation. (A fifth program funds energy efficiency projects and renewable energy research in China.) A closer look at foundation activities suggests that while it may not directly seek to influence legislation, the Energy Foundation selects energy and environmental groups for funding that do indeed have a national energy policy agenda. And the energy policies these groups advocate are not in America’s best interests.

Free Markets or Government Mandates?

The Energy Foundation was the brain-child of alternative energy activist Hal Harvey. In 1991 he convinced three big foundations—the Pew Charitable Trusts, the

January 2006

CONTENTS

**De-Energizing the Market:
The Energy Foundation**
Page 1

Philanthropy Notes
Page 8

FoundationWatch

Rockefeller Foundation, and the John D. and Catherine T. MacArthur Foundation—to provide grants totaling \$20 million over three years to establish a foundation focused exclusively on energy issues.

The Energy Foundation has become quite adept at attracting major financial supporters, which it calls “partners.” In 1996 the Mertz-Gilmore Foundation (2003 assets: \$100 million) became an Energy Foundation partner. Beginning in 2003, it decided to devote its energy program budget exclusively to the foundation. The McKnight Foundation (2003 assets: \$1.9 billion) became a partner in 1998. The David and Lucile Packard Foundation (2004 assets: \$5.3 billion), a partner since 1999, has supported the Energy Foundation’s U.S. Clean Energy Program (now called the Climate Program) and the China Sustainable Energy Program. In 2002, the William and Flora Hewlett Foundation (2003 assets: \$6 billion) also became a partner. (The Rockefeller Foundation discontinued its support because the foundation was so successful.) Table 1 displays how much these foundations have contributed to the Energy Foundation in recent years.

Foundation partners and other grantmaking organizations keep the Energy

Foundation well financed. However, as a grant recipient that makes grants to other nonprofit groups, the foundation appears to be heavily dependent on its funders and its financial base has been slipping in recent years. According to its Form 990s, the Energy Foundation had declining total assets of \$47.4 million in 2002, \$42.5 million in 2003, and \$35.3 million in 2004. Its total grants in those years were, respectively, \$21.6 million, \$19.8 million, and \$17.9 million.

At first glance, EF president Hal Harvey, a Stanford University engineering graduate, seemed to be a policy moderate, willing to embrace free markets to solve energy problems. For instance, in the foundation’s first annual report, he wrote, “A utility is unlikely to pursue efficiency aggressively if his or her company cannot generate a fair return on investment.” Harvey also wrote that the “free market has problems, but it also has great power.” His aim for the Energy Foundation was to “help build alliances between different interests...[such as] industry, regulators, environmentalists, and consumers.”

However, Harvey’s paean to the free market was tempered by his liberal idealism. A long-time activist, he had an ambitious agenda in mind. A 1991 *Associated Press* story noted that Harvey claimed that the technology already existed to reduce America’s energy bill by half: “It’s not radical. It’s nothing mystical. It’s new and exciting and it’s available.” He argued that energy waste could be cut if the latest window technology was used in all new construction, and he called for the widespread use of fluorescent lighting and more efficient electrical motors. “In the past, electric utilities have been regulated so that the more power they sell, the more money they make,” he said at the time. Harvey approached energy problems from the perspective of a social engineer, not someone who believed in the free market: “One of our aims is to get the regulations changed so utilities can profit by selling (efficiency) instead of building more power plants. And that’s a fundamentally hard thing to understand—make more money by selling less electricity.”

It is little surprise, then, that Harvey wanted to change government regulations, not eliminate them. Before establishing the Energy Foundation, he worked in 1986-1989 for the

Rocky Mountain Institute, which is headed by alternative energy advocate Amory Lovins. Lovins might be called an energy utopian. A thinker of big thoughts rather than a political organizer, he has long advocated renewable energy as the basis for what he calls a “soft energy path” for the U.S. Lovins got his start by authoring *Eryri, the Mountains of Longing*, a book commissioned by radical environmentalist David Brower about an endangered Welsh park. Lovins spent several years as the British representative of Brower’s group, Friends of the Earth, before starting the Rocky Mountain Institute with his lawyer-academic-activist wife, L. Hunter Lovins, in 1982. Lovins has made very clear his belief about government’s role in society: “The role of government is to steer the boat, not to row it—that is the job of business and others.”

Hal Harvey did not approach energy problems from a free-market perspective: “One of our aims is to get the regulations changed so utilities can profit by selling (efficiency) instead of building more power plants. And that’s a fundamentally hard thing to understand.”

Some of the Energy Foundation’s early grants did go to groups focusing largely on energy concerns. For example, the American Council for an Energy-Efficient Economy received a grant of \$500,000 to show that existing technologies could make cars more efficient without sacrificing performance or safety. The foundation also helped fund a new magazine called *Home Energy*. However, from the beginning the Energy Foundation allied itself with the environmentalist left. Its initial set of grants went to the Sierra Club Legal Defense Fund (now called EarthJustice) and to the Natural Resources Defense Fund.

Editor: Joseph de Feo

Publisher: Terrence Scanlon

Foundation Watch

is published by *Capital Research Center*, a non-partisan education and research organization, classified by the IRS as a 501(c)(3) public charity.

Address:

1513 16th Street, N.W.
Washington, DC 20036-1480

Phone: (202) 483-6900

Long-Distance: (800) 459-3950

E-mail Address:

jdefeo@capitalresearch.org

Web Site:

<http://www.capitalresearch.org>

Reprints are available for \$2.50

prepaid to Capital Research Center.

It also provided start up money to the Environmental Law and Policy Center of the Midwest.

A look at Harvey's political contributions also shows his political colors. In 2003 he donated \$2,500 to the Democratic National Committee, \$2,000 to the Howard Dean campaign, and \$1,000 to the John Kerry campaign. In 2004 he donated another \$2,000 to the Kerry Campaign. While the Energy Foundation is officially "nonpartisan," someone with fairly liberal political sympathies steered its early course.

In 2001, Harvey left the Energy Foundation to join the Hewlett Foundation, where he now serves as Environment Program Director. Eric Heitz, then the Energy Foundation's program officer, became its president. Like Harvey, Heitz is a graduate of Stanford, with an undergraduate degree in engineering and a masters degree in resource planning. Heitz does not have a long history in the environmental movement. In an interview with Capital Research Center, Heitz said he considered himself "more of an engineer than an environmentalist." Before coming to the Energy Foundation in 1991, Heitz was a consultant who worked on international energy projects. He came to the Energy Foundation, he said, because the prospect of new technologies that "could grow the economy with less pollution" intrigued him. Heitz also serves on the board of the Tuolumne River Trust, the website of which boasts that he fell in love with his wife while training as a river guide.

Research Champion or Policy Advocate?

The Energy Foundation has four major U.S.-based programs, the purpose of which is

to alter the way America gets its energy.

Climate: The Climate Program is "a partnership of the David and Lucile Packard Foundation and the Energy Foundation," according to the EF website. It aims to reduce pollution caused by global warming by supporting work on state and regional greenhouse gas plans and cap-and-trade pro-



Hal Harvey left the Energy Foundation in 2002 to become Environmental Program Director at the William and Flora Hewlett Foundation.

grams, carbon taxes, and "other direct controls" to reduce pollution. The hypothesis that pollution is the cause of global warming is an article of faith among many advocates of stringent government controls on emissions.

Power: This program supports work on renewable energy sources, energy efficiency improvements in the utility sector, and removing "market and regulatory barriers to

renewables, efficiency, and clean distributed generation." The aim here is to reduce carbon emissions and pollutants such as sulfur dioxide emitted by the electric and gas utility industries. To meet future U.S. energy needs the program would have the nation use more renewable energy sources such as wind, geothermal, solar, and biomass (animal waste and plant remains that can be used as a fuel source). The project has examined various forms of state legislation encouraging more use of renewables.

Buildings: This program supports policies to increase energy efficiency in U.S. homes and businesses. It supports tougher building codes and tightening national standards for energy efficiency in household appliances and other materials. The Energy Foundation claims such policies reduce "global-warming" emissions and save consumers money.

Transportation: This program endorses new vehicles and fuels that reduce dependency on oil and reduce "global warming" emissions. It promotes "advanced vehicle technologies" such as hybrids, and investment in biofuels like ethanol and biodiesel. It supports stricter emissions controls on the federal and state levels, and particularly promotes "California's unique regulatory authority over vehicle emissions" as a model for other states.

In his interview with CRC, Heitz downplayed the role the Energy Foundation plays in shaping national policy. "We fund groups that propose 'model' policies," he said. "If policymakers decide to adopt them, then more power to them." Yet there is ample

Table 1: Grants to the Energy Foundation

Foundation	2000	2001	2002	2003	2004
Pew Charitable Trusts	\$5,149,000	\$1,400,000	\$1,773,000	-	\$150,000
Packard Foundation	\$13,000,000	\$11,284,000	\$8,000,000	\$4,500,000	\$5,700,000
Joyce Mertz-Gilmore Foundation	\$6,800,000	-	\$3,400,000	-	\$1,700,000
McKnight Foundation	-	\$2,500,000	-	\$8,100,000	-
William and Flora Hewlett Foundation	-	\$6,255,000	\$7,000,000	\$7,000,000	\$4,080,000
Other Foundations	-	\$25,000	\$50,000	\$450,000	\$500,000
Total	\$24,949,000	\$21,464,000	\$20,223,000	\$20,050,000	\$10,430,000

material on its website to suggest that the Energy Foundation tries to play a much larger role in national policy than Heitz lets on.

For instance, a webpage devoted to the Buildings Program states that the Energy Foundation supports efforts to “[e]stablish stringent state and national appliance and equipment standards.” It also criticizes the Department of Energy for being “late in setting many new [appliance efficiency] standards.” Similarly, the Transportation Program makes grants to “[r]educe vehicle greenhouse gas emissions through national policies.” The section boasts, “Policy leadership at the state and federal levels can help commercialize” advanced vehicle technologies.



The Wheelabrator Shasta biomass energy plant in Anderson, California relies on woodchips for energy.

Finally, the page for the Climate Program states that its goal is “to develop and promote U.S. state and regional policies to reduce global warming pollution in order to build models for and momentum toward federal climate policy.” Surely the purpose of focusing on the state and regional level isn’t simply to build models and momentum. The Foundation observes: “[A]ctivity in the states will build *the political base necessary* to secure strong climate policy at the federal level” [emphasis added].

Energy Foundation grants to national policy and activist groups reflect its push to affect national policy. Here is just a sample of the groups receiving EF grant support:

Natural Resources Defense Council

The powerhouse Natural Resources Defense Council (NRDC) used its Energy Foundation grants to promote renewable energy at the national level. Between 2002 and 2004 NRDC received three grants totaling \$150,000 to co-fund a “comprehensive study of biomass as a major future energy source for the U.S. and assess policies that could accelerate a robust transition.” In December 2004 NRDC released a study entitled “Growing Energy. How Biofuels Can Help End America’s Oil Dependence,” which contained a large section on biomass. The report also recommended “adopting a renewable fuels stan-

dard and a requirement that all new light-duty vehicles be flex-fuel, or capable of running on gasoline or biofuels.” It then noted that the Energy Bill “does contain a renewable fuels provision that offers a starting point. This provision should be improved, adopted, and expanded over time to ensure that biofuels develop along a sustainable path.”

Environmental Defense (ED)

Environmental Defense has received substantial sums—\$825,000 from 2001 to 2004—for its “Clean Car Campaign.” The Energy Foundation grants are intended to support ED efforts to encourage consum-

ers to buy environmentally friendly cars and pressures auto-makers to invest more in hybrid technology. Prior to 2004, Energy Foundation grants for the Clean Car Campaign helped support the work of Dr. John DeCicco of Environmental Defense, who is known for his research on automobile efficiency.

ED’s Clean Car Campaign does have a national policy focus. Its website contains many “Alerts and Updates,” which encourage viewers to contact members of Congress. These “Alerts and Updates” complain that tightened federal fuel economy standards for light trucks and SUVs weren’t severe enough; they denounce the Energy Bill for introducing a fuel efficiency “loophole” for SUVs; and they urge the Senate to support tax credits for advanced technology vehicles.

20/20 Vision Education Fund

From 2001-2002, the Fund received \$130,000 in grants from the Energy Foundation, which, according to the foundation’s tax returns, were for the purpose of preparing “an analysis of the energy, economic, and job impacts of raising CAFE [Corporate Average Fuel Economy] standards.” Energy Foundation support went beyond funding a study. In 2001 20/20 Vision received another grant of \$20,000 “to conduct a grassroots outreach on the need for higher CAFE standards.”

The 20/20 Vision Education Fund mission is to mobilize the grassroots, increasing citizen participation in decisions concerning peace and the environment. Its programs promote clean air, healthy forests, and nuclear disarmament.

Alliance to Save Energy

ASE is another strong advocate for increased vehicle fuel efficiency. One ASE press release on the Vehicle and Fuel Choices for American Security Act of 2005 observes that the legislation “could significantly reduce U.S. dependence on foreign oil—but only if it were fully funded and implemented by Congress and the administration.” In 2004 ASE received \$25,000 from the Energy Foundation “to promote higher national fuel economy standards and other programs that improve vehicle efficiency.”

Founded in 1977, the Alliance to Save Energy (ASE) works to promote “energy efficiency worldwide to achieve a healthier economy, a cleaner environment and energy security,” according to its website. In 2001, the Energy Foundation gave ASE a \$250,000 grant to “analyze and promote the benefits of new national energy efficiency policies.” ASE also received a \$230,000 grant to “analyze and promote the benefits of U.S. Department of Energy (DOE) and Environmental Protection Agency (EPA) energy efficiency programs.” From 2002-2003 ASE received Energy Foundation grants totaling \$650,000 for the purpose of analyzing and promoting the

“benefits” of “national energy efficiency policies.”

American Council for an Energy-Efficient Economy (ACEEE)

Between 2002 and 2004 ACEEE received three grants totaling \$410,000 from the Energy Foundation to promote national energy efficiency policies. To this end, ACEEE press releases praise Congress for providing more funding for energy efficiency programs run by the Department of Energy; they also praise the Senate for including energy efficiency tax incentives in the Energy Bill.

According to its website, ACEEE “is a

nonprofit organization dedicated to advancing energy efficiency as a means of promoting both economic prosperity and environmental protection.” It carries out that mission by “advising policymakers and program managers.” In 2000 ACEEE received two \$80,000 grants from the Energy Foundation, the first “to investigate innovative policy options to increase vehicle fuel efficiency,” and the second “to develop analysis of federal and state policies to advance industrial energy efficiency policies.” As with EF grants to 20/20 Vision and ASE, ACEEE would later receive additional Energy Foundation money to promote fuel economy standards based on

Lobbying by Other Means?

Energy Foundation President Eric Heitz made it very clear in his interview with CRC that the Energy Foundation does not fund lobbying. A spokesperson for the American Council for an Energy-Efficient Economy was equally adamant: “Money we use for lobbying is kept separate from what we receive from the Energy Foundation.” Yet it is worth noting that these groups do lobby the federal government, sometimes on issues dealing with alternative energy. Some of their proposed measures, such as tax incentives for renewable fuels, did eventually find their way into the Energy Bill.

According to lobbying records available on the U.S. Senate website (sopr.senate.gov) the Alliance to Save Energy (ASE) spent over \$20,000 in 2001 and \$132,000 in 2002 lobbying the House of Representatives, the Senate, the EPA, and the Department of Energy. The issues on which the ASE lobbied included funding for energy conservation programs and the EPA Energy Star program, an energy conservation program for consumers

and businesses. In 2003 and 2004 ASE spent \$100,000 and \$60,000 on lobbying the federal government on a host of issues, including the Energy Bill. Specifically, the ASE pressed for the inclusion of “energy efficiency provisions” and “tax measures to spur increased energy efficiency” in the Energy Bill.

In 2001 the American Council for an Energy-Efficient Economy (ACEEE) also lobbied the Congress, DOE and EPA on a number of energy-related bills (e.g. the Clean Efficient Automobiles Resulting From Advanced Car Technologies Act, the Energy Self-Sufficiency Act for the 21st Century, and the Energy Security and Tax Incentive Policy Act). In 2004, ACEEE lobbied Congress on the Energy Bill. Although it is not clear from the lobbying reports what specific provisions ACEEE wanted, it’s easy to surmise. In 2003 ACEEE noted that the Energy Bill before Congress contained worthwhile provisions such as “the appliance standards provision and the energy efficiency tax incentives,” but failed “to increase fuel economy standards.” In

2005, ACEEE praised the Senate Finance Committee for approving an amendment to the Energy Bill including incentives for “hybrid and other high-efficiency and alternative-fuel vehicle buyers.”

The Natural Resources Defense Council (NRDC) spends hundreds of thousands of dollars each year on lobbying the federal government. From 2002-2004 it lobbied Congress on the Energy Bill to “increase renewable energy, energy efficiency and fuel economy,” according to Senate records. It also may have lobbied Congress to support “biomass”—the use of animal waste and the remains of plants as a renewable energy source. On its website, NRDC criticized Senators Jon Kyl (R-AZ), Frank Murkowski (R-AK), and Larry Craig (R-ID) for offering a 2002 amendment that would reduce the percentage of electricity that utility companies would be required to generate from “renewable energy sources, such as wind, biomass, geothermal, and solar power.” The senators’ amendment was not adopted.

foundation-funded research. The foundation provided \$25,000 for this purpose in 2003.

National Commission on Energy Policy

The name of the National Commission on Energy Policy (NCEP) suggests that it is an official government body. No so. The “commission” was created in 2002 by left-leaning foundations, including the William and Flora Hewlett Foundation, the Pew Charitable Trusts, the John D. and Catherine T. MacArthur Foundation, David and Lucile Packard Foundation, and Energy Foundation. NCEP started out with \$10 million to make recommendations on national energy policy. The Energy Foundation contributed \$1.1 million in March 2002 and added a \$400,000 grant in July 2002 earmarked to create “a high-level, bipartisan commission to develop an environmentally and economically sound national energy policy.”

Although the NCEP touts itself as bipartisan, it is stacked with defenders of government policy solutions to energy problems. The NCEP co-chairs are John P. Holdren, the Teresa and John Heinz Professor of Environmental Policy at Harvard University and a former member of the Council of Advisors on Science & Technology during the Clinton administration; William K. Reilly, former EPA head under George H.W. Bush and a former president of the World Wildlife Fund; and John W. Rowe, CEO of the energy-producing

Exelon Corporation. Other members of the commission include former U.S. Rep. Philip R. Sharp (D-IN); Ralph Cavanagh, senior attorney and co-director of the Energy Program at the Natural Resources Defense Council; former CIA director James Woolsey; and Martin B. Zimmerman, a former Ford Motor Company vice president.

NCEP produces research that acknowledges the role markets play in energy, but it advocates programs in which markets operate within the framework of government rule-making. For example, it would reform CAFE standards to include “tradable CAFE cred-



Swimmers outside an Icelandic geothermal plant, which relies on wells of hot water for energy.

its” allowing automakers “that find it relatively costly to meet the fleet standard [to] buy credits from those that cost-effectively exceed current fuel economy requirements, for either cars or trucks.” Regarding climate change and global warming, the NCEP calls for adaptation policies, but notes that such policies are only “‘buying time’ to implement the substantial emissions reductions that are likely to be needed over the long-run.” The NCEP calls for creation of a “greenhouse gas emissions trading program” under which the federal government would issue permits to companies before they are allowed to emit carbon dioxide and other greenhouse gases.

The Energy Foundation may not lobby for legislation, but its published material and grants reveal its lofty ambitions for a national public policy on energy. Would Americans benefit?

The Perils of Renewable Energy

Is the Energy Foundation’s agenda good for America? Would the nation benefit from government regulations that

- require increased use of renewable energy,
- impose stricter efficiency standards on appliances,
- mandate higher fuel standards for automobiles,
- limit the amount of carbon dioxide emitted into the atmosphere?

One might ask: If renewables are such a good source of energy, why doesn’t the market embrace them? Why do they generate barely three percent of the nation’s electricity? After all, the utility companies typically have slim profit margins. If wind, biomass, and solar could generate cheaper electricity than coal and natural gas, why wouldn’t utility companies rush to use them instead? The answer is that they are not

cheaper. Despite a bevy of federal tax credits, the cheapest sources of renewable energy—biomass and wind—produce electricity at nearly twice the cost as coal or natural gas.

Nor is ethanol a solution. The recently passed Energy Bill increased the ethanol mandate—the amount of ethanol that refineries must blend with gasoline—from 4 billion gallons per year to 7.5 billion gallons. Without that mandate, refineries would not produce such a large amount of ethanol—it just isn’t profitable enough. Refineries pass the cost for ethanol on to the consumer, which means that consumers pay more for each gallon of gasoline.

Neither do renewable fuels reduce pollution to the extent that their advocates claim. To grow corn and convert it to ethanol requires petroleum for fertilizer, pesticides, and fuel for farm equipment. That almost offsets the pollution that is eliminated when autos

The work of the
Capital Research Center
continues solely through the
generosity of our contributors.

Please remember
Capital Research Center
in your will and
estate planning.
Thank you for your support.

Terrence Scanlon, President

burn ethanol. Biomass isn't much better. A review by economists Thomas Sundquist and Patrik Soderholm found that the amount of environmental damage done by biomass is greater than that of nuclear power, about equal to that done by natural gas, and only slightly better than coal.

What about federal appliance efficiency standards? Proponents often argue that while efficiency standards may increase the price of appliances for consumers now, they produce greater savings on energy costs in the future. But a Cato Institute paper by Ronald J. Sutherland notes that these estimates "underestimate energy efficiency gains that would occur absent government mandates." The proponents also overestimate how much benefit consumers derive from efficient appliances. Factoring in these considerations, Sutherland finds that government efficiency standards may cost consumers between \$46 billion and \$56 billion through 2050, with a disproportionate amount of the cost falling on the poor.

Increasing CAFE standards also carries substantial risks. Higher mandatory CAFE standards give manufacturers an incentive to produce lighter vehicles, which are less safe than heavier ones. One study has found that the risk of automobile fatality has risen 27 percent since the introduction of CAFE standards. Nor is it entirely clear that increasing CAFE actually decreases pollution or oil consumption. Consumers often delay the purchase of new vehicles when CAFE standards go up because more efficient vehicles are often more expensive. As a result, consumers keep older, less efficient cars longer, thereby increasing pollution. Finally, research also shows that people tend to drive vehicles that get better gas mileage more than they would otherwise, thereby offsetting any reduction in oil consumption. The law of unintended consequences is at work in the policy proposals of Energy Foundation grantees.

And what about imposing a greenhouse gas emissions-trading scheme on the nation as envisioned by NCEP? To see how that would work, look at what's happening in Europe, which has adopted the Kyoto Protocol. Most European states have fallen far behind their Kyoto targets. To compensate

for this failing many countries could decide to purchase "carbon credits" from nations like Russia that meet their Kyoto targets. But research by the firm Global Insight into how much it would cost for Germany, Italy, Spain and the United Kingdom to purchase such credits finds that these countries would see an average decline of two percent in gross domestic product and a combined loss of 1.5 million jobs. The United States is the largest greenhouse gas emitter in the world. One can only imagine what the economic impact of such a scheme would be here.

The policies supported by the Energy Foundation and the groups it funds will not make the United States less dependent on oil or decrease pollution. If anything, they could make our highways less safe and do terrible damage to our economy.

Conclusion

America's energy future should be determined by the free market. We are far more likely to have cheap, efficient energy when energy suppliers have to compete for consumers. Unfortunately, the Energy Bill passed by Congress this year contains all kinds of tax breaks for oil, gas, renewable energy, and efficient appliances. In short, it does very little to establish a true market in energy.

Were the Energy Foundation and the groups its supports to have their way, the results would be even worse. Energy companies and, ultimately, consumers would be required to use more costly renewable energy. Consumers would drive more unsafe cars and purchase more expensive appliances. Expensive global warming regulations would hamper our economy. The Energy Foundation would do better to put its resources into funding studies on how to make renewable energy more efficient and how to develop technologies that emit less greenhouse gases without sacrificing economic growth. By contrast, giving money to groups that "study" how to implement government-imposed solutions does little to make America's energy future more secure. **FW**

Jennifer Locetta was a summer intern at CRC. David Hogberg edits CRC online research programs "Education Watch" and "Greenwatch." He also co-hosts "Organization Watch," CRC's monthly radio program.

Capital Research Center's
**GUIDE TO
NONPROFIT
ADVOCACY**

by Christopher Morris

CRC's invaluable "who's who" among leading advocacy groups: their finances, their leaders, their agendas.

Concise profiles of 80 major organizations, plus thumbnail sketches of conservative state policy groups.

Single copy \$10, or three for \$25

To order, call
800-459-3950

**You can probe the
backgrounds of many of the
organizations profiled in
*Organization Trends***

by visiting our
online database at

www.capitalresearch.org

You can also retrieve past issues of
CRC newsletters, including

Organization Trends

Foundation Watch

Labor Watch

Compassion and Culture

Past issues may be ordered for \$2.50 each. Orders must be prepaid. For information or credit card orders, call (800) 459-3950.

Or mail your check to:

Capital Research Center
1513 16th Street, N.W.
Washington, D.C. 20036

PhilanthropyNotes

The family of **Charles and Marie Robertson** are involved in a bitter legal dispute with **Princeton University** over the concept of “donor intent.” The family charges that Princeton has not used the endowment established by the Robertsons for its intended purpose of preparing graduate students at the **Woodrow Wilson School of Public and International Affairs** for careers in foreign policy and diplomacy. The endowment is now valued at \$650 million. The Robertson family recently commissioned a poll by **Zogby International** that should hearten the supporters of donor intent. Among its findings: 97 percent of respondents said it was a “very” or “somewhat” serious matter if charities spend money donated to them on unauthorized projects, while 78.7 percent said they would “definitely or “probably” stop giving to an nonprofit organization that accepts contributions for one purpose and uses the money for another.

In mid-December the **American Red Cross** announced the resignation of **Marsha J. Evans**, president since 2002. Interestingly, the **Associated Press** noted that the announcement “came hours before a **House subcommittee** hearing in Washington focusing in part on Red Cross’s response to **Katrina**.” Spokesman **Charles Connor** denied that Evans’s oversight of the charity’s often-criticized response to Hurricane Katrina was the cause, citing the board of governors’ “concerns about her management approach, and coordination and communication with the board.” With a fifty-member board, it’s no wonder the Red Cross can’t seem to hold onto a president for more than three years at a time these days.

Human Events ran a story on December 15 reporting the donations that some corporate foundations made to groups opposing **Judge Samuel Alito**’s nomination to the **Supreme Court**. Recorded are the **AT&T Foundation**’s grants of \$1 million over the past six years to the **Congressional Black Caucus (CBC) Foundation**, the **Mexican American Legal Defense and Education Fund**, and the **NAACP** and its affiliates, all of which oppose Alito. **Wal-Mart** has donated to both the CBC Foundation and the NAACP. The **UPS** and **Time Warner** foundations have given to the **Leadership Conference on Civil Rights**, and the **Eastman Kodak Charitable Trust** gives generously to **People for the American Way**. Though these foundations say they have not earmarked their gifts for judicial nominations, there is no denying that a gift transmits tacit approval of the recipient. For instance, if one really opposed the work of **Dr. Kevorkian**, then one wouldn’t hire him—not even to remove a splinter.

The **Chronicle of Philanthropy** reported in December that one year after the **tsunami** struck Southeast Asia, only a third of the \$1.6 billion raised by U.S. charities has been spent. No doubt the omnipresent and affecting imagery of the destruction prompted unusual generosity, especially from first-time donors. Most groups plan to use the rare glut of cash to engage in long-term rebuilding efforts. Notably, **Save the Children** has begun printing regular progress reports detailing its use of tsunami funds, and it has created an Office of Stakeholder Accountability to audit its activities in the region. Kudos to Save the Children—if only more charities would follow its lead.

David Lynch, the director behind **Twin Peaks**, **Blue Velvet**, and **The Elephant Man**, recently formed the **David Lynch Foundation for Consciousness-Based Education and World Peace** (current assets: \$410,000). Lynch—a proponent of Transcendental Meditation (T.M.) who sits and quietly repeats a mantra to himself twice a day for twenty minutes—has ambitious plans. The **New York Times Magazine** reported on December 11 that he envisions a \$7 billion endowment to fund, among other things, T.M. training for students. A brilliant idea—perhaps if everyone susceptible to New Age nonsense hid away each day to chant mantras to himself, the rest of us would have some peace—for twenty minutes at a time.

In mid-December, **Harvard** and **Georgetown** universities each announced \$20 million gifts from Saudi **Prince Alwaleed bin Talal bin Abdulaziz Al Saud**, a member of the Saudi royal family known for his \$23 billion fortune and his philanthropy. The gifts will establish the **Prince Alwaleed Bin Talal Islamic Studies Program at Harvard University** and expand (and rename) the **H.R.H. Prince Alwaleed bin Talal Center for Muslim-Christian Understanding at Georgetown**. No word on the fate of Christian Studies at King Saud University at Riyadh.

