

The Politics of Environmental Defense, Inc.

Will John Kerry Listen to ED Trustee Teresa Heinz Kerry?

by Ron Arnold

Summary: Teresa Heinz Kerry has had close personal and financial ties to Environmental Defense for at least 20 years. With Heinz Kerry as First Lady, Environmental Defense would have considerable leverage in setting the prospective environment and energy agenda of a John Kerry administration.

Environmental Defense, Inc. (ED) is a well-connected Washington, D.C. political advocacy group. Its staff, many of whom were influential in the Clinton administration, is consulted by members of Congress. The media reports its research studies as news. And its budget (\$42 million in 2002 according to its tax forms) guarantees that ED can pay for the lawsuits (more than a dozen active in 2002) and lobbying (\$805,455) that are the principal reason for its existence. ED's targets are oil and other natural resource companies and the Bush administration. Its revenues come from the dues of its 400,000 members, from private foundations — and from federal EPA grants.

This election year, ED is operating in high gear. Teresa Heinz Kerry, a member of the ED board of trustees for 20 years, could become the nation's First Lady in six months. Not surprisingly, ED is backing the presidential candidacy of John Kerry through its institutional membership in the League of Conservation Voters, which has given Kerry its official endorsement.

Earlier this year, Heinz Kerry bowed to pressure from her husband's campaign and "suspended" her membership on the



Environmental Defense president Fred Krupp would fight John Kerry's campaign proposals to promote natural gas development.

Environmental Defense board, where she has been vice-chair for the past 12 years. But the wealth she dispenses through her foundation philanthropy and her political connections make her an obvious presence at ED.

Heinz Kerry is a member of the board of three Pittsburgh-based foundations that are worth \$1.24 billion. She is:

- Chairman of board of the Howard Heinz Endowment (2002 assets: \$773.3 million), which in that year made grants of \$43.7 million.

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- Member of the board of directors of the Vira I. Heinz Endowment (2002 assets: \$399.2 million), which made grants of \$17.9 million.

- Chairman of board of the Heinz Family Foundation (2002 assets: \$69 million), which made \$4.8 million in grants. (For background on the Heinz foundations and their giving to environmental groups, see “The Heinz Foundations and the Kerry Campaign,” *Foundation Watch*, April 2004).

The three Heinz foundations had total 2002 giving of \$66.4 million, and environmental activist groups were major recipients of their grants. From 1992 to 2003, ED received \$3,447,819 in grants from the foundations — \$601,000 in 2001-2003, and \$2,846,819 from 1992 to 2000.

Teresa Heinz Kerry is no token spouse on a philanthropy banquet dais. She is an active and forceful participant in the world of big foundation grantmaking. She vows to continue her foundation work if her husband becomes president. Because a president’s wife is not considered a public official, federal law cannot prohibit her from having outside financial interests.

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What can Environmental Defense tell us about a prospective John Kerry administration? Plenty. ED is well positioned to write the short list of nominees for every environment-related appointment in a potential Kerry administration — and to orchestrate their Senate confirmation. Who can doubt that Teresa Heinz Kerry will influence ED’s recommendations as a former board member and continuing grantmaker — and influence her husband’s assessment of those recommendations as a First Lady?

ED Activists Inside the White House

Past White House Democrats have appointed Environmental Defense activists to policymaking positions, and a Kerry administration would be no different. The Carter administration named Kathy Fletcher, the director of the Rocky Mountain Office of what was until 1999 called the Environmental Defense *Fund* (EDF), to be White House Domestic Policy Council advisor for the environment, and EDF staff scientist Leo M. Eisel to be director of the U.S. Water Resources Council. Bill Clinton appointed former EDF vice-chairman (1983-1990) Frank E. Loy as Undersecretary of State for global affairs. During his 1988 bid for the Democratic presidential nomination, Al Gore hired Arlie Schardt, EDF’s executive director for five years in the 1970s, as his national press secretary.

Environmental Defense does not act alone. Overall, the Clinton administration gave activists and operatives from more than a dozen environmental groups more than 50 key political appointments to the EPA, the Departments of Agriculture, Commerce, Energy, Interior, State, and the Office of Management and Budget. It also showered taxpayer dollars on nonprofits in the environmental movement. A search of the EPA’s Grants Information and Control System (GICS) database shows that from 1993 through 2000 these groups received federal grants:

- Environmental Defense Fund received 43 EPA grants totaling \$4,522,725.

- Natural Resources Defense Council (23 grants: \$3,592,458).

- World Wildlife Fund (16 grants: \$1,879,474).

- Center for Marine Conservation (15 grants: \$1,344,019).

- National Audubon Society (13 grants: \$991,641).

- National Wildlife Federation (11 grants: \$426,159).

- The Nature Conservancy (158 grants: \$6,219,744).

It is known that Clinton EPA Administrator Carol Browner invited EDF and more than a dozen other environmental groups into the agency on a routine basis. In late 1999, I interviewed an EPA legal staff employee and two other EPA workers who told me off-the-record that Administrator Browner’s calendar and email files would reveal that about 18 environmental groups virtually directed government policy, writing large numbers of regulations affecting nearly every industry in the nation.

National news sources confirmed the close linkage between environmental groups and White House policymakers. For instance, the *Washington Post* reported (August 25, 2000):

Mindful that Republicans could occupy the White House in less than six months, the Clinton administration is working feverishly to issue a host of new regulations supported by environmentalists and other liberal-leaning groups but opposed by many business and industry organizations.

When Landmark Legal Foundation, a Washington, D.C.-based public interest law firm, heard reports that environmental groups were writing agency rules, it filed a Freedom of Information Act request seeking agency records, specifically:

Any and all documentation identifying the names of individuals, groups and/or organizations outside the EPA with which the EPA, EPA employees, EPA contractors

and/or EPA consultants have had communications of any kind relating to all rules or regulations for which public notice has not been given, but which public notice is planned by the EPA between September 7, 2000 and January 20, 2001, including but not limited to the rules or regulations referenced in the attached news articles. (Landmark FOIA request, Sep. 7, 2000.)

Landmark never got the list, but it won a court injunction against the EPA to prevent the destruction of computer hard drive records that might show which non-governmental organizations were acting like government agencies. Clinton officials erased the hard drives anyway. U.S. District Judge Royce C. Lamberth subsequently held the EPA in contempt, ordering the agency to pay Landmark's expenses and attorney's fees.

Did environmental groups have privileged and unaccountable access to federal rulemaking? Environmental Defense knows. Teresa Heinz Kerry knows.

ED: Partisan or Sell-Out?

When George W. Bush took office in January 2001, many Clinton environmental appointees returned to their nonprofit jobs in the green movement. But they also remained deeply immersed in and committed to Democratic Party politics. That seems to be the case with Environmental Defense, whose nonpartisan credentials are questioned by two groups with very different political agendas.

The first is defenders of the free market who seek to counter environmentalist assertions. David Almasi, executive director of the National Center for Public Policy Research, a Washington, D.C.-based think tank, says, "I know that ED's president, Fred Krupp, is nominally a Republican, but his organization acts like just another Democratic Party 'Dump Bush' campaign committee, with its anti-business, pro-regulation program, especially its fanatical opposition to President Bush's oil and gas development policy."

Tim Hermach, executive director of Oregon's radical Native Forest Council, sees ED's political gamesmanship from a different angle. He says, "Environmental Defense is a pseudo-environmental, pro-corporate Democratic Party front group that has abandoned its grassroots base for compromised Beltway political power, while we're out here taking the principled stands such as Zero Cut for old-growth forests."

ED's record justifies both points of view. "Sue the bastards!" was its rallying cry when what was then called the Environmental Defense Fund (EDF) was set up in 1967. The group's founders were lawyers and scientists whose mission then was to prohibit the pesticide DDT. After DDT was banned in 1972, EDF's motto didn't change, but the group did. Founding trustee Arthur Cooley later wrote, "People began coming to us with cases and we saw that there could be a big agenda."

The "big agenda" turned out to be an intense campaign of lawsuits and lobbying against private sector industry. During the 1970s, EDF's "Chemical of the Month Lawsuit" campaign (as critics dubbed it) capitalized on its DDT victory with a torrent of litigation against everything from tiny amounts of lead in tableware to methylene chloride in paint stripper. EDF lobbyists pushed for command-and-control regulation: they wanted to stop new coal mining and the construction of nuclear power plants, nullify private property rights in wetlands, and block the development of new oil and gas sources.

When Ronald Reagan became president in 1980, EDF demonized his Interior Secretary, James Watt, particularly over energy policy, and hardened its ties to the Democratic Party. EDF had become an anti-industry partisan attack machine, as Almasi alleges.

However, in 1984, a registered Republican, Frederic D. Krupp, took over as EDF's executive director. It was a move favored by Teresa Heinz, then a new board member. Heinz was looking for practical solutions to environmental problems and had

just created a small family foundation with her husband, Pennsylvania Republican Senator H. John Heinz III.

Krupp, a 1974 Yale graduate with a University of Michigan law degree, was practicing law in New Haven and in 1978 had become co-founder of the Connecticut Fund for the Environment. Upon taking over at EDF, Krupp shook things up by calling for "a new generation of environmentalists" who understood that solving environmental problems meant addressing legitimate social needs. "One can't just oppose the problem without finding a way to meet the need," he wrote in a November 1986 *Wall Street Journal* essay. Business journals began to praise Krupp for his willingness to work with industry and for his ability to "speak capitalism." This did not endear him to some environmentalists.

As EDF executive director, Krupp believed environmentalists had to calculate the impact of their policies if they were to find politically feasible ways to achieve their goals. He even hired professional economists! Under Krupp, EDF explored market-related environmental controls such as emissions trading. Under emissions trading, a plant that reduces its air pollution receives "credits" from a regional authority for the amount of the reduction of, say, 50 tons of nitrogen oxides per year. It may then sell a "credit" for the 50 tons to another plant, which then is allowed to emit up to that level of new pollution each year. The total emissions of all industries under the regional authority cannot exceed a government-imposed "cap," giving rise to the term "cap-and-trade" for such programs.

Teresa Heinz liked this approach, and so did her husband, Senator Heinz. In 1988 he and Colorado Democratic Senator Tim Wirth co-sponsored a bipartisan measure to commission a study, *Project 88: Harnessing Market Forces to Protect Our Environment*. (The project's director, Robert N. Stavens, was a former EDF staff economist transplanted to Harvard's Kennedy School of Government.) Its final report strongly endorsed emissions trading. The incoming President, George H.W. Bush, also approved the concept and sig-

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naled Congress to include emissions trading in the Clean Air Act Amendments, which he signed into law in November 1990. Under Krupp — and with a little help from Teresa Heinz Kerry — EDF had become a Washington power center that created “art of the possible” public policies, as Tim Hermach alleges.

Foundations Rule

Krupp joined EDF at a moment when the environmental movement was undergoing profound structural change. In 1985, a handful of foundation executives began meeting to assess their grantmaking to environmental groups. Out of those meetings emerged a new organization, the Environmental Grantmakers Association (www.ega.org), a consortium of “golden donors” who focused on the environment. Strategy-minded leaders like Donald K. Ross of the Rockefeller Family Fund and Joshua Reichert of the Pew Charitable Trusts were frustrated by the environmental movement’s failure to become a social and political force. They believed the movement was hurt by ineffective lobbying, disorganized programs, haphazard public outreach, undisciplined egos, and group competition for funds. Environmental Grantmakers Association member-foundations pressed for change.

EGA adopted three principal methods to resolve the muddle. These methods substantially changed EDF — and transformed the philanthropy of Teresa Heinz.

- **Prescriptive grants:** Several early EGA leaders designed their own large-scale programs for the environment, and they included advocacy components — prescriptions for social change. Besides the usual research and education, they urged that foundation programs include provisions for influencing public opinion, mobilizing constituents, filing lawsuits and button-holing public officials. When a program design was complete, EGA urged the foundation to identify an array of nonprofit organizations that were adequate to fill all the program niches. Each nonprofit could be assigned to carry out a particular part of the overall agenda. Then the foundation could offer grants to the selected groups and fund only those groups willing

to follow the prescription and work according to the plan. Prescriptive grantmaking demanded that grantees coordinate their actions with each other to produce measurable results.

- **Synthetic environmental groups:** When a grantmaker noticed gaps in the capacity of the environmental movement to carry out its large-scale program, EGA urged it to *create* new groups adequate to fill the gap. The grantmaker should also pick their key staff, determine the level of funding, and mandate a specific performance — it might even maintain the pretense that the new groups were the product of a spontaneous “grassroots” initiative. “Americans for the Ancient Forest,” created in 1990, is an early example of a synthetic group.

- **Donors are players:** Besides demanding that their grantees coordinate their actions according to its own plan, EGA urged foundations to coordinate their own grantmaking with other foundations. EGA members gravitated to special interest clusters — eight or ten foundations focused on wilderness or air quality, endangered species or urban sprawl — to leverage their donor assets and concentrate their power. Some foundations even ran their own projects without grantees.

Some environmental movement leaders reportedly were incensed by these heavy-handed tactics. To that reaction the Rockefeller Family Fund’s Donald Ross responded at the 1992 EGA annual meeting: “Too bad. They’re players. We’re players.”

By the late 1980s, the environmental movement was becoming a cohesive force. No longer a jumble of Quixote-like grassroots groups riding off in all directions, it was more coordinated, grant-driven, and increasingly controlled by little-known foundation donors. The Environmental Defense Fund was one of the first of the activist groups to accept foundations as major players in the environmental movement — and to accept their prescriptive grant money. Krupp took the requirement for coordination very seriously, writing in his newsletter in 1987, “*EDF* *empha-*

sizes close communications with other national, international, and state environmental groups. Much of this cooperation happens behind the scenes, as we agree on which group is best equipped to lead a joint project, for example.”

Perhaps ED’s closest behind-the-scenes collaborator today is the Natural Resources Defense Council. ED and NRDC operate joint projects and litigate as co-plaintiffs in numerous lawsuits. Both organizations are based in New York City, only a long Manhattan block-and-a-half apart. They each had 2002 annual revenue of about \$40 million (ED: \$42,129,333; NRDC: \$49,298,504). Both receive extensive funding from member foundations of the Environmental Grantmakers Association.

And beginning with the Clinton administration, both ED and NRDC became multi-million-dollar beneficiaries of government grants:

- In 1995-2003, ED received 48 grants totaling \$5,218,682. Forty-seven were from EPA and one from the Interior Department’s Private Stewardship Grant Program.

- In 1993-2000, NRDC received \$3,592,458 in 23 grants, all from EPA.

Teresa Heinz Kerry as Environmental Grantmaker

Teresa Heinz Kerry has an intuitive grasp of how symbiotic private wealth and public funds can be. As a board member for both grantmaking foundations and grantseeking nonprofits she understands how it is possible to leverage donations with taxpayer money.

She also understands the need for behind-the-scenes cooperation. Indeed, she is the reason Senator Timothy Wirth co-sponsored Project 88 with her Republican husband. Since 1970, Heinz Kerry has been a close friend of Wren Winslow Wirth, the wife of the former Senator. Both women are avid environmentalists. (Tim Wirth was subsequently undersecretary for global affairs in the State Department and is currently president of the United

Nations Foundation, which billionaire Ted Turner founded in 1998 and to which he committed \$1 billion over 10 years for the support of U.N. programs. U.N. Foundation grants offer classic examples of prescriptive grantmaking on a global scale.)

According to the *Boston Globe*, Teresa Heinz persuaded Wren Wirth to join her on the Environmental Defense Fund board of trustees in 1983. Likewise, Wirth persuaded Heinz to join her on the Windie Foundation board of trustees, which was created in 1987 from the bequest of her mother, Julia D. Winslow. Wirth's small grantmaking foundation (2002 assets — \$31 million; total giving — \$1.5 million) has emphasized population control grants: Population Action International, \$50,000 (1998), \$50,000 (1999); Population Communications International, \$20,000 (2000); Population Services International, \$50,000 (2000); Zero Population Growth, \$10,000 (1999), \$15,000 (2000). It was later renamed the Winslow Foundation.

In 1991, Senator Heinz died with four others in a twin-engine plane crash, leaving his widow heir to his vast fortune, estimated to be worth more than \$500 million. In 1992, Teresa Heinz rejected invitations to run for her husband's Senate seat and built a new life for herself as a philanthropist and funder of environmental causes. The latter brought her into the life of John Kerry.

In 1992, President George H. W. Bush sent Teresa Heinz to the United Nations "Earth Summit" in Rio de Janeiro. Senator Heinz had introduced his wife to his colleague Senator Kerry at an Earth Day rally in 1990, but they got better acquainted in Rio. She has said she was impressed with Kerry's dedication to environmental issues. Kerry "has a lot in common with John Heinz," Wren Wirth recently told *USA Today*. They were married in 1995.

As a philanthropist, Teresa Heinz Kerry embraces the three-point grantmaking philosophy developed by the Environmental Grantmakers Association.

Prescriptive Grants: The Heinz family foundation fits the EGA mold; it appears totally prescriptive. Consider this language in its first annual reports: "Contributions only to pre-selected organizations; unsolicited applications not considered." The Environmental Defense Fund was one of the pre-selected organizations. Today, the Heinz Family Philanthropies remains prescriptive, but its language is more indirect. Its website advice: "The Heinz Family Philanthropies works as an operating foundation; as a result, very few unsolicited grant proposals are funded."

The term "operating foundation" has a more precise definition under section 4942(j) of the U.S. Tax Code: It's a 501(c)(3) organization classified by the IRS as a private foundation that spends at least 85 percent of its revenue "directly for the active conduct of the foundation's exempt purpose." An operating foundation may also make grants, but the sum is small relative to the funds used for the foundation's own programs. Thus, the Heinz family foundation's in-house Heinz Awards program receives millions of dollars every year. Grants in the \$10,000-\$100,000 range also go to Environmental Defense, Inc. and other environmental groups, but these are by invitation only and serve Heinz's in-house purposes.

Synthetic environmental groups: A 1997 *Boston Globe* series on the growing influence of foundations over the environmental movement highlighted this strategy by using as an example the Heinz foundations. "If existing environmental groups can't do the job," wrote reporter Scott Allen, "foundations may set up new ones. This year, officials at the Heinz Endowments of Pittsburgh set up a \$700,000 organization to scrutinize deregulation of the electric industry, complete with a 'grassroots' coordinator to whip up support among groups such as the elderly and organized labor."

Donors are players: The three Heinz foundations had combined assets of \$1.24 billion and made grants of \$66 million in 2002. All are members of the Environmental Grantmakers Association. Their pre-

scriptive grantmaking and synthetic groupmaking confirm that donor Teresa Heinz Kerry is most definitely a player. As First Lady she will have the power and the will to advance — or thwart — any Kerry administration policy.

A Kerry Energy Policy

Environmental politics as it's practiced today operates on a fairly simple premise: "You Can Never Be Clean Enough or Green Enough." Under certain circumstances, this could make a Kerry administration vulnerable to attack from its supporters, or even its own political appointees — and from the President's wife.

Consider energy policy. The issue of global warming has made it the keystone of environmentalist political strategies for nearly a decade. After all, everyone is affected by the climate. If it's too hot for too long, politicians are apt to blame global warming, which can be blamed on industrial emissions, which are blamed on fossil fuels (i.e. Big Oil). Increasingly, this has become an article of faith not open to logical argument or debate.

John Kerry's campaign statements tend to adopt this rhetoric. For instance, in June 2003 he said: "My plan for energy independence calls for a hydrogen-based energy economy by 2020." In a Kerry administration, "An Energy Trust would finance research into expanded use of alternative energy, and would be funded by diverting the royalties that energy companies pay for the right to drill for oil and natural gas on public lands."

Kerry knows better, but he has chosen to play politics with the energy issue. In fact, half of current energy royalties go to the state of origin (Kerry is unlikely to change this) while the other half go to the general fund of the U.S. Treasury. Congress draws on the fund when it appropriates money for the National Renewable Energy Laboratory (NREL), part of the Department of Energy, which actually does what Kerry says should be done by his proposed Energy Trust, an off-budget slush fund. Through NREL, the Bush administration currently funds research to expand the use of wind, solar, biomass,

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geothermal, and hydrogen power, and even zero-emission technology for coal-fired electric power generation.

But Kerry knows any scenario to create energy alternatives will produce only a small fraction of America's total energy demand. His own energy proposals put the greatest emphasis on producing more natural gas (methane), the cleanest currently available fossil fuel. Unlike oil, 99 percent of our natural gas is produced in North America (83 percent in the U.S., 16 percent in Canada in 2002). Kerry is well aware that 1,200 trillion cubic feet of natural gas is technically recoverable in the lower 48 states. At projected consumption rates, this represents about a 60-year supply of natural gas.

Kerry also knows that gas production declines and wells need to be replaced by new exploration. Every year, 900 to 1,000 rigs must drill more than 7,000 new wells just to keep production from falling. So his remarks during the Democratic presidential debates last September, "There is no physical or metaphysical way for the United States of America to drill its way out of this problem," are more pretense than policy. Kerry is ready to drill plenty, as he indicated in a June interview with the American Gas Association's magazine (www.aga.org). Consider the six-point plan he outlined:

1. I would enter into a new North American Energy Partnership with our neighbors to the north in Canada and to the south in Mexico to expand the supply of natural gas.

2. I would move as quickly as possible to construct a pipeline to bring the 35 trillion cubic feet of known natural gas reserves on the North Slope of Alaska to the lower 48 states.

3. I would support enhancement of the domestic natural gas pipeline infrastructure to provide sufficient transportation networks for this fuel.

4. I would support development of advanced technologies that can allow us to use natural gas more efficiently.

5. I would support environmentally responsible exploration in the lower 48 and in already-approved areas in the western Gulf of Mexico, including deep water.

6. Finally, I would ensure appropriate and adequate enforcement of the market so that it operates in a lawful, transparent and fair manner.

These are sensible proposals. What's odd is that the Bush administration's National Energy Policy report already promotes much the same thing. Even odder: Environmental Defense — whose vice chairman has been Teresa Heinz Kerry — has filed suit to block a critical part of the report.

In May 2004, Environmental Defense and its co-plaintiffs, the National Wildlife Federation, National Parks Conservation Association, Montana Environmental Information Center and others, sued the U.S. Interior Department to stop gas exploration and production in Montana and Wyoming. These areas were already open to drilling. However, the plaintiffs claimed the government had failed to protect national parks and wilderness areas from air pollution caused by gas exploration.

The 107-page exquisitely detailed complaint, filed in U.S. District Court at Missoula, ends by asking the Court to "order Defendants not to issue any leases or permits for the development of oil and gas or coal-bed methane, or allow the development of oil and gas or coal-bed methane on leased lands" until a new Environmental Impact Statement is prepared and all existing approvals are ruled illegal. An ED win will reduce America's domestic natural gas supply — and increase prices.

If John Kerry is elected president, will Environmental Defense withdraw its lawsuit? Not a chance. This is a "sweetheart suit," whereby zealous government agency insiders quite literally implore environmental groups to sue them so they can settle out of court and impose new rule restrictions without judicial review or congressional oversight. We know at least one

former ED attorney works in an Interior Department environmental compliance unit. Has he given ED attorneys enough data to make things look bad enough for a lawsuit?

Hardball

Would Environmental Defense sue a Kerry administration after endorsing John Kerry for president? Inside-the-Beltway types know better than to ask such a question.

Consider this example of how environmental activists working for Bill Clinton managed to sabotage his administration's energy policies. In 1996, Kathleen McGinty, chair of the White House Council on Environmental Quality and a former Al Gore Senate staffer, secretly collaborated with the Southern Utah Wilderness Alliance on a plan to persuade President Clinton to use his authority under the Antiquities Act of 1906 to proclaim the Grand Staircase-Escalante National Monument. The effect of the proclamation was to put the gigantic Kaiparowits coalfield — over 62 billion tons of low-sulfur coal — off-limits to development forever. National monument designations were first used to preserve small but remarkable natural sites such as Wyoming's Devil's Tower, the first monument proclaimed by Theodore Roosevelt. Succeeding presidents expanded the size of monuments to encompass whole regions.

Clinton was ignorant of the size or fuel potential of the monument he designated. Utah's Republican Gov. Michael Leavitt told White House Chief of Staff Leon Panetta, "The president of the United States needs to know that he is setting aside a part of my state that is equal in size to Rhode Island, Delaware and Washington, D.C. put together."

U.S. News & World Report described the scene after Leavitt departed:

This could cost [Utah Democratic representative Bill] Orton his congressional seat, Panetta fumed, angry that his former White House colleague and fellow Democrat had been kept out of

the information loop by a “sneaky” McGinty. Panetta said he’d recommend that the president not go through with the plan. Stephanopoulos concurred. McGinty flared and threatened to quit, yelling that it was the right thing to do and too late to stop it now.

The administration caved and Clinton issued McGinty’s proclamation. Kathleen McGinty is now Pennsylvania Secretary of Environmental Protection. She could be on ED’s short list for EPA Administrator. An EPA under McGinty could easily derail a Kerry administration energy program.

EPA Administrator Carol Browner — the mentor who hired McGinty for Gore’s Senate staff — showed how to do that in the Clinton administration. Urged on by the Environmental Defense Fund, NRDC and the Sierra Club, she announced an increase in federal air quality standards, forcing cities and states to further tighten their already-strict State Implementation Plans or lose federal highway funding. Democrats in Congress were furious: Michigan Rep. John Dingell threatened to “go to war” with the White House.

Once again Clinton was blindsided by environmentalist treachery, which was spearheaded by grantmaking foundations. One nonprofit, the Environmental Information Center, generated a storm of publicity in favor of the new regulations. It was one of those synthetic environmental front groups incorporated in 1994 by Pew Charitable Trusts’ staffer Tom Wathen, Rockefeller Family Fund executive Donald Ross, NRDC head Frances Beinecke and Conservation Law Foundation leader Douglas Foy.

Clinton managed to tinker with the standards long enough to delay the worst of them for five years, but he publicly announced his support for the new regulations. Still, administration officials were so angry they even told the *Washington Post* that the President did not appreciate the power play.

What green activists did to Clinton they will do to Kerry.

Kerry vs. Environmental Defense, Inc.

Environmental Defense has fought, blocked, delayed and harassed the Bush administration on each of the six points that John Kerry proudly claims for his own energy agenda:

Point 1: Cross-border partnerships with Canada and Mexico: In October, 2003, ED published a critical report, “Pollution Without Borders: How Power Plants in U.S.-Mexico Border States Threaten Human Health and the Environment.” The title alone discloses ED’s hostility to cross-border partnerships.

Point 2: Sending Alaska’s North Slope natural gas to the Lower 48: ED adamantly opposes further development of the North Slope. A 2003 ED news release comments, “Environmental degradation will only get worse if extractive activities in the region are increased.” ED has lobbied to stop oil and gas exploration in a tiny corner of the vast 17 million-acre Arctic National Wildlife Refuge (ANWR). (By voting against ANWR Kerry supported the ED position.)

Point 3: More domestic pipelines: ED couches its ideological opposition in safety terms. A May 2000 report states that pipeline accidents “caused over 200 deaths, nearly 3,000 injuries, about \$780 million in reported property damage, and spilled over 62 million gallons of oil and other hazardous liquids.” ED was instrumental in defeating Sen. John McCain’s proposed “Pipeline Safety Act,” characterizing it as “too weak.”

Point 4: Advanced technology for natural gas efficiency: Improving the technology is not on ED’s program agenda. A 2002 report, “Safe and Secure: Meeting America’s Electricity Needs,” promotes alternative fuels and calls for eliminating natural gas pipelines.

Point 5: Land and water exploration: Since 1995 ED has protested, lobbied or filed suit to stop oil and gas exploration or development on federal land.

Point 6: Enforcing the market: For years ED has pushed to “reframe public policy” to accommodate “market mechanisms.” But ED public policies inevitably overwhelm the market with government command-and-control regulations.

Conclusion

Assume a Kerry administration attempts to enact energy policies like those proposed by the Bush administration and seconded by candidate John Kerry in his *American Gas* magazine interview. Will the environmental establishment accept a hydrogen-based, alternative-rich energy economy? The evidence suggests otherwise. In a now-famous 1977 interview, environmental guru Amory Lovins, head of the Rocky Mountain Institute — and recipient of the \$250,000 1998 Heinz Award in the Environment — told *Mother Nature Magazine*, “If you ask me, it’d be little short of disastrous for us to discover a source of clean, cheap, abundant energy *because of what we would do with it.*” That’s still the political outlook of environmentalists.

Andrew R. Wheeler, staff director and general counsel of the Senate Environment and Public Works Committee, has observed how the environmental movement operates on Capitol Hill. Earlier this year he came to this conclusion, speaking at a forum of the American Gas Association, the same group John Kerry addressed. Said Wheeler: “Environmental group leaders don’t want development, period — they believe *any* development harms nature, and they won’t tolerate it.”

That’s the hard political reality Kerry will face if he becomes president. The environmental movement certainly approves of much of candidate Kerry’s policy agenda. But his energy policy is already dead on arrival. Environmental Defense — and Teresa Heinz Kerry — will make sure of that.

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

PhilanthropyNotes

NASCAR has resumed its giving to **Jesse Jackson** and his **Rainbow/PUSH Coalition**. CNSNews.com reports that Jackson spoke at a NASCAR-sponsored luncheon at the 33rd Annual Rainbow/PUSH Coalition conference in Chicago held in early July. Says George Pyne, NASCAR's vice president of marketing, "To the extent that Rainbow/PUSH is committed to making NASCAR more diverse, we support them." Reports of NASCAR donations in the April 2003 *Organization Trends* generated fan criticism, forcing the organization to end its gifts to the Rainbow/PUSH sports division estimated at \$250,000 over the last few years. Says critic **Peter Flaherty**, president of the **National Legal and Policy Center**, "Despite the expression of opposition from thousands of NASCAR's fans last year to NASCAR's support of Jackson, it looks like NASCAR is now fully embracing him." He added, "Many, many NASCAR fans will be appalled at this new development."

Senator John Kerry and **Teresa Heinz Kerry** have financial and personal ties to **Ken Lay** and **Enron**. Kerry and his wife reported ownership of more than \$250,000 in Enron stock before the firm's collapse in 2001. The Kerry campaign also accepted a \$1,000 contribution from Enron in November 2001, which Kerry returned a month later. The campaign did accept a \$250 contribution from an Enron accountant in May, which it will not return. A spokesman has said the campaign will keep money from individuals who haven't been implicated in the alleged fraud. Kerry's Senate financial disclosure documents reveal that Ken Lay had been a trustee of the Heinz Center, a nonprofit foundation established by Heinz Kerry and who is currently on a leave of absence as the board of trustees Vice Chair. Lay remained a trustee even after Enron collapsed. A Heinz Foundation spokesman defended Lay's service, arguing that he had "a good reputation in the environment community."

An EPA inspector general's audit of **Environmental Protection Agency (EPA)** grants has found that the **Consumer Federation of America (CFA)**, a 501(c)(4), illegally received \$4.7 million in grants between 1996-2001. CFA should have been ineligible to receive funding because as a 501(c)(4) it lobbies the agency. The IG report showed that EPA provided the grants by sending the money through the **Consumer Federation of America Foundation (CFAF)**, a 501(c)(3) that is technically eligible to receive grants because it doesn't lobby. But the CFAF, established by CFA in 1972, has no employees, office location or overhead expenses. The grant money was intended to fund public education campaigns about indoor air pollutants. Instead, the work was performed by CFA and not the non-functioning foundation. The IG recommended that CFA return the money to EPA.

The **Internal Revenue Service (IRS)** has announced that it will disallow improper tax deductions for gifts of real estate to charitable organizations. Taxpayers taking illegal deductions may be subject to penalties. The IRS crackdown is in response to abuses at the **Nature Conservancy**, which the IRS is currently auditing. Last year, the *Washington Post* reported that the Conservancy repeatedly bought land, added development restrictions, and then resold the property at reduced prices to trustees and supporters. The buyers then made cash gifts to the Conservancy roughly equal to the difference in price and claimed a deduction. In announcing the tougher rules on land donations, IRS Commissioner Mark Everson said, "We've uncovered numerous instances where the tax benefits of preserving open spaces and historic buildings have been twisted for inappropriate financial benefit." Everson added, "Taxpayers who want to game the system and the charities that assist them will be called to account."

Hawaii Attorney General Mark Bennett warned eight nonprofits in the state not to make additional loans to directors and officers because the loans violate state law. Bennett decided not to prosecute the organizations because in all but one case they had been repaid.