

The Green Pipeline

U.S. donors pump hundreds of millions into Canadian groups opposed to the Keystone XL pipeline

By Brian Seasholes

Summary: *The Keystone XL pipeline to transport Canadian oil to U.S. refineries along the Gulf Coast would significantly help American workers and our national security, yet major American donors like the Pew Charitable Trusts have piped millions of dollars to Canadian environmental groups that fight any development of that nation's oil sands resources. The mainstream media have largely ignored this meddling in Canada's politics, but the lack of transparency and the possible conflicts of interest involved deserve scrutiny.*

In January, President Obama denied a permit for the construction of the Keystone XL pipeline, which would roughly double the flow to the United States of oil from Canadian oil sands. Keystone XL is crucially important because Canada is projected to increase its production of oil sands crude from 1.6 million barrels per day currently to 5 million barrels per day by 2030. By 2015, U.S. refineries in the Midwest expect to reach the limit of their capacity to refine “heavy” (highly viscous) crude, which includes oil sands crude.

The only viable option to absorb the projected increase of oil sands crude is to send it to refineries along the U.S. Gulf Coast. These refineries represent about half the country's refining capacity, or 8.7 million barrels per day. Of this, approximately 35%, or 3 million barrels per day, is heavy oil capacity, and this share is increasing. But currently no pipeline can get Canadian heavy oil to



Vivian Krause is the independent blogger who uncovered U.S. organizations' attempt to meddle in Canadian politics to stop the Keystone XL pipeline.

the Gulf—hence, Keystone XL.

The Gulf Coast is the only option because refining heavy oil is tricky and requires very costly equipment—up to \$2 billion for just one medium-sized piece of equipment known as a coking unit—and Gulf refineries already have such equipment in place.

Building new refineries, or refitting existing refineries that were designed to process light or medium grades of crude, would cost billions of dollars and take years, perhaps more than a decade, to complete. And any new or retrofitted refineries would face a big hurdle, namely, the large number of the permits required, all of which could well be held up by lawsuits from the same litigious

groups that oppose Keystone XL.

Although refineries configured for heavy crude can process lighter grades of oil, this is not financially feasible because refining grades for which refinery equipment was not designed puts the process out of sync and results in idling expensive equipment and an

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oversupply of “lighter” refined products, such as gasoline.

So the only realistic option for American companies to refine the growing supply of Canadian heavy oil is to increase pipeline capacity to get the oil to the Gulf Coast, and Keystone XL is the only solution on the table. Conversely, if pipeline capacity is not increased, the cost to Americans will not only be measured in lost jobs and lower GDP but in decreased national security, because Gulf Coast refiners that can’t get heavy oil from Canada will continue to seek it from their current sources, mainly Mexico, Venezuela, Brazil, and Colombia.

The two largest exporters of heavy crude to the United States, Mexico and Venezuela, have declining output. Mexico’s reserves are drying up, while Venezuela’s output has declined because the industry is controlled by Hugo Chávez’s government, which funnels money into the pockets of Chávez’s domestic supporters and foreign allies (like Cuba) rather than into maintenance. Keystone XL would give America the chance to wean itself from Venezuelan oil, resulting in billions of fewer dollars for the Chávez regime. This is in America’s national security, energy security and foreign policy interests because Venezuela is increasingly undemocratic, is

a destabilizing force in Latin America, provides safe haven to terrorists (most notably Colombia’s FARC insurgents), props-up Cuba, gives aid to dictators around the world such as Syria’s Bashar Assad, and has become a close friend of Iran, including aiding that country’s efforts to produce nuclear weapons by helping Iranians explore for uranium in Venezuela.

Environmental costs will also arise if the Keystone pipeline is blocked. Canada is attractive to the United States as a source for heavy oil not only because its supply is less subject to potential disruptions from political instability, but also because large spills are much less likely with a pipeline than with oceangoing tankers from Latin America.

On May 4, TransCanada, the pipeline’s builder, resubmitted its application for Keystone XL. President Obama will be under considerable pressure from those in favor and opposed to Keystone XL to make a final decision before elections in November. Those in favor point out the economic advantages of oil sands, including 21,000 current U.S. jobs—a number projected to increase to 465,000 by 2035¹—as well as the national security benefits of importing oil from a neighboring democracy instead of undemocratic governments thousands of miles away. *Washington Post* columnist Robert Samuelson called rejection of Keystone XL “an act of national insanity.”

Pipeline opponents include environmental pressure groups who oppose oil sands because they see its extraction and processing as especially destructive to the environment, and because they oppose carbon-based fuels in general. James Hansen, the U.S. government’s most outspoken scientist on climate change, claims exploiting Canada’s oil sands would represent “game over” for

1. http://www.api.org/aboutoilgas/oilsands/upload/economic_impacts_of_new_oil_sands_projects_alberta.pdf.

global warming.

David vs. Goliath – But Which is Which?

Media accounts and policy discussions of oil sands and Keystone XL usually portray the adversaries as David vs. Goliath: small, underfunded environmental pressure groups taking on big, wealthy corporations. In reality, the activists, especially in Canada, look less like grassroots groups than like subsidiaries of large U.S. institutional donors, many with billions of dollars of assets—organizations that have funneled colossal amounts of money to anti-oil sands groups over the past decade.

While the U.S. media have paid scant attention to this funding stream, a handful of Canadians have picked up the slack. The first to blow the whistle were left-wing Canadian activists, who feared funding from U.S. donors would make “green” pressure groups less confrontational and more likely to cut deals with governments and corporations. Then in the mid-2000s left-wing journalists in Canada blew the whistle, most notably Peter Cizek, Dru Oja Jay, and Macdonald Stainsby, with the Pew Charitable Trusts as their favorite target.²

But it was Vivian Krause, a single mother and independent blogger in British Columbia, who brought the issue to national attention in Canada. Over the past five years Krause has made heroic efforts working out of her home on her “own nickel,” as she puts it. She estimates that over the last 12 years, major U.S. donors have poured roughly \$300 million into various Canadian environmental pressure groups and projects. Of this total, I estimate that at least \$199 million went to anti-oil sands activities. Most of the remaining \$101 million went to the same pressure groups for work on other issues, such as conservation of salmon and forests. Money is fungible, of course, which means grants

2. <http://www.dominionpaper.ca/articles/1473>

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for other purposes free up money for opposing oil sands development.³

This outside funding raises a number of troubling issues. First, it appears U.S.-based charitable institutions are meddling in Canadian politics. Second, the Canadian pressure groups receiving this funding look less like independent grassroots organizations than they do subsidiaries of their U.S. paymasters, waging a fake grassroots (“Astroturf”) campaign. Third, much of this U.S. funding is characterized by a lack of transparency about its recipients, which obscures who is funding anti-oil sands and anti-Keystone XL efforts. Fourth, such a massive amount of money, shuffled across international borders with little public scrutiny, creates a great potential for conflicts of interest and self-dealing.

Even by the standards of well-funded environmental pressure groups, \$199 million is a staggering amount of money. While some of this funding has been directly targeted for the purpose of opposing the use and transportation of oil sands, other funding has been more indirect and targeted at issues and regions that affect the oil sands.

A geographic pattern emerges from these grants. Pew concentrates on the boreal forest of interior Canada, where the oil sands are located, while Moore, Hewlett, and Packard direct most of their funding to coastal British Columbia in hopes of blocking a pipeline and tankers that would allow oil sands oil to be exported to Asia.

Pacifying the Pacific Coast

Funding to groups in British Columbia spiked in 2007 after Enbridge, a Canadian company, announced plans in 2006 to build the Northern Gateway Pipeline, a dual pipeline that would allow Albertan oil to be shipped to Asia by tanker.

One line would transport gas condensates from British Columbia to Alberta. Condensates are needed to make the

Anti-oil sands grants to Canadian groups from U.S. donors

Pew Charitable Trusts	\$57.2 million
Gordon & Betty Moore Foundation	\$56.8 million
William & Flora Hewlett Foundation	\$40.8 million
David & Lucille Packard Foundation	\$28.4 million
Sea Change Foundation	\$5.5 million
Oak Foundation	\$4.8 million
Rockefeller Brothers Fund	\$2.0 million
Wilburforce Foundation	\$2.0 million
Misc. (Bullitt, Brainerd, NY Community Trust, Westwind)	at least \$1.7 million

TOTAL \$199.2 million or more

Chart covers 1999 to 2011 using data available on donors’ websites and compiled by blogger Vivian Krause (http://fairquestions.typepad.com/rethink_campaigns). Amounts are understated, because donors’ websites sometimes cover only part of that time period. Totals include grants indirectly related to oil sands, such as (1) grants for coastal British Columbia intended for resource planning—which in many instances aims to block a proposed pipeline to bring oil sands oil from Alberta to a tanker port in British Columbia; and (2) grants related to climate change and the Kyoto protocol. (In Canada, the oil sands issue has become the biggest focus of anti-“climate change” groups.) Grants related to salmon farming are not included, even though anti-salmon farming grants probably subsidized anti-oil sands activities.

thick oil derived from oil sands thin enough to be pumped through a pipeline. The other line would transport the thinned oil from Alberta to British Columbia for shipment to Asia. The oil sands industry is eager for the pipeline because Asian buyers will pay higher prices for Canadian oil than the oil would fetch from U.S. buyers. If the Northern Gateway Pipeline is not built, the industry estimates it will lose \$8 billion per year in foregone revenue from 2017 to 2025.³

Another way U.S. institutional donors seek to block Canadian oil sands development is by funneling money, directly and through pressure groups, to British Columbian native groups called “First Nations” that oppose tanker traffic and the Northern Gateway Pipeline. Since 1999, U.S. donors have provided at least \$12 million to First Nations and pressure groups supporting them. One

3. <http://www.energy.gov.ab.ca/Org/pdfs/WoodMackenzieWestCoastExport.pdf>.

focus of funding has been efforts by the Haida First Nation to gain sovereignty over the islands and surrounding waters of Haida Gwaii, previously known as the Queen Charlotte Islands, off British Columbia’s north coast. Tankers must pass by the islands to reach the port that is the proposed pipeline’s terminus. U.S. donors have contributed \$1.4 million toward the landmark title case, which, if successful, will dramatically increase the rights First Nations have over the lands and waters they claim, including the ability to block resource-use projects and potential tanker traffic. In addition, U.S. donors have channeled an additional \$1.4 million to the Haida to curry favor and strengthen the group’s ability to win the case and manage its resources.

While the Haida Gwaii case is the most advanced and potentially most significant effort to help First Nations assert control over British Columbian lands and waters, large U.S. donors have also heavily funded the Pacific North Coast Integrated Management Area

(PNCIMA) Initiative, a planning body composed of “stakeholders”—including First Nations, private entities like Enbridge, and government authorities from local to national. The PNCIMA Initiative is charged with creating a blueprint to implement Canada’s Oceans Act for all of British Columbia’s coastal waters and lands that impact the coast, even if they are over a hundred miles from it. Since 2006, U.S. donors have contributed \$17.2 million to the PNCIMA Initiative, much of that going to First Nations.

In December 2010, Enbridge brought to the Canadian government’s attention the fact that U.S. donors and the Canadian pressure groups they support had taken over the process and were steering it in a distinctly anti-oil sands direction by opposing the proposed Northern Gateway Pipeline and oil tanker traffic. Eight months later, the government announced it was withdrawing from an \$8.3 million PNCIMA funding agreement with Tides Canada, a donor entity with strong ties to other PNCIMA Initiative funders. But by November 2010, U.S. donors—primarily the Gordon and Betty Moore Foundation—had already stepped in to fill the funding gap, providing \$16.6 million in grants to PNCIMA—96 percent of its budget—which funded the Initiative through 2011.

Pew in the Boreal

Pew Charitable Trusts has taken the lead in Canada’s interior. Starting around 2000, Pew began funneling tens of millions of dollars to protect the Canadian boreal forest, a predominantly coniferous forest that stretches from the Atlantic Coast to the Yukon in a swath approximately 620 miles wide. Pew is especially keen on the boreal forest because the foundation believes oil sands operations in northern Alberta are a major contributor to “climate change” (by adding to the release of carbon dioxide into the atmosphere through the cutting down of trees, which store carbon, as well as the oil production itself).

In reality, compared to the average type of crude oil refined in the U.S., oil produced from oil sands is only 6 percent more energy intensive if the complete life cycle of oil use (“well to wheels”) is analyzed, which takes into account extraction, processing, transportation, and consumption.⁴ In addition, the potential impact of oil sands on Canada’s boreal forest is very small—four percent, or 35 million acres out of 791 million total acres—little of which will be stripped of trees.⁵

Around 20 percent of the oil sands can be exploited by surface mining, which entails cutting down the trees and digging up the sands. In terms of acreage, the potential extent of surface mining is 1.18 million acres, or a miniscule 0.15 percent of Canada’s boreal forest. At any given time only a small fraction of this area is being actively mined—currently, 164,000 acres. After mining is complete, under Canada’s stringent environmental laws, the companies must return the land to its original state, which means that over the ensuing decades boreal forest will once again emerge. The remaining 80 percent of the oil sands have to be exploited through a much less intrusive method of extraction that leaves most of the forest intact.

Interestingly, after Hewlett took up the boreal conservation cause in 2003, its funding patterns closely matched those of Pew. This suggests Hewlett ceded much of its decision making to Pew. Of the nearly \$41 million Hewlett has given Canadian anti-oil sands groups, \$13.7 million—34 percent—went directly to Pew. How Pew disbursed the money is unclear. This lack of transparency is a recurring feature of much U.S. funding of anti-oil sands groups.

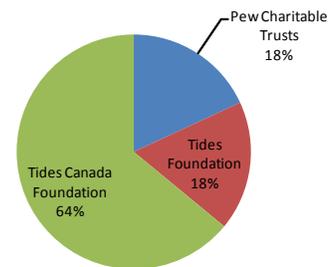
Lack of Transparency

4. http://www.api.org/aboutoilgas/oilsands/upload/cera_oil_sands_ghgs_us_oil_supply.pdf.
 5. <http://www.capp.ca/UpstreamDialogue/OilSands/Pages/default.aspx>.

Transparency is one of the hallmarks of democracy, good government, and an open society. Unfortunately, U.S. donors’ funding of anti-oil sands groups displays a troubling lack of transparency. Approximately \$83.7 million—42 percent—of that funding has been funneled in such a way that the link between foundation grants and the Canadian recipients are unknown to the public.

The cases of the (U.S.) Tides Foundation and Tides Canada show how this works. Both groups receive funding from other donors and then pass the money on to various organizations, such as those opposed to oil sands. Tides and Tides Canada are not required to reveal which donors provide funding for the various grants—or actually, re-grants—that the two Tides foundations make. This conceals which donors are funding what causes and groups. San Francisco-based Tides pioneered this approach upon its founding in 1976. Tides Canada has taken an identical approach since its founding in 2000.

\$83.7 million pass through three “foundations”



In the case of Pew, however, \$15.2 million—18 percent—of the \$83.7 million gives only a partial picture of the Trusts’ role as a pass-through, because it represents only what Pew processed for the Hewlett and Moore foundations—\$13.7 million and \$1.45 million, respectively. Omitted from this total is the \$42.6 million in additional grants for which Ducks Unlimited, in a similar fashion as Tides, appears to have served as a pass-through for Pew.

Something Fishy with This Duck

Of Pew's \$57.2 million in grants for Canada's boreal forest, \$42.64 million (75 percent) went to Ducks Unlimited, the best-known American waterfowl conservation group. The involvement of Ducks Unlimited and the huge sum it received from Pew are strange because, while the boreal region is the second most important breeding habitat for North American ducks, the amount of boreal forest impacted by oil sands is, as we've seen, very small.

So, what is Ducks Unlimited up to? Like the two Tides Foundations, it seems to be functioning as a pass-through for U.S. donors. In March 2009, Pew gave Ducks Unlimited \$4.4 million, partly for "consulting contracts with the Boreal Songbird Initiative," according to Pew. It turns out the Boreal Songbird Initiative "is a project of the Pew Environment Group," according to its website. In short, Pew gave money to Ducks Unlimited that Ducks Unlimited gave back to Pew. A brief look at some Pew grants to Ducks Unlimited reveals much about the relationship between the two.

- The initial grant Pew made to Ducks Unlimited (or at least the first one acknowledged on Pew's website) was \$2.1 million in 2000 "to establish a nongovernmental organization to lead conservation efforts to protect the Canadian boreal forest."

- In 2006, Pew gave Ducks Unlimited \$5.3 million, "to protect North America's boreal forest by providing support for the Canadian Boreal Initiative and other conservation organizations" (emphasis added). By directing who at least one of the grant recipients was to be, Pew provides a telling indication that it was running the show and Ducks Unlimited was taking orders as a pass-through.

- In 2007 Pew gave Ducks Unlimited an additional \$4.86 million "to protect North America's Boreal forest by continuing to host the Canadian Boreal Initiative." Apparently the Canadian

Boreal Initiative is the "nongovernmental organization" Pew directed Ducks Unlimited to form in 2000.

- In 2009 Pew gave Ducks Unlimited the aforementioned \$4.4 million "to protect Canada's Boreal Forest by providing support to the main partner in the International Boreal Conservation Campaign, providing annual support for Ducks Unlimited boreal campaign staff, the Canadian Boreal Initiative project within Ducks Unlimited, and consulting contracts with the Boreal Songbird Initiative and other key IBCC campaign partners." And who is the "main partner" of the International Boreal Conservation Campaign, as well as the founder and host of the Boreal Songbird Initiative? None other than Pew Charitable Trusts. According to Pew's website, the International Boreal Conservation Campaign, like the Boreal Songbird Initiative, is a project of the Trusts. In addition, the grant directs Ducks Unlimited to give money to Pew's Boreal Songbird Initiative and "other key IBCC partners." Again, according to Pew's website four of the nine partners are the Canadian Boreal Initiative, Ducks Unlimited, Ducks Unlimited Canada, and the Boreal Songbird Initiative, which are groups Pew essentially controls or exerts significant influence over when it comes to boreal conservation.

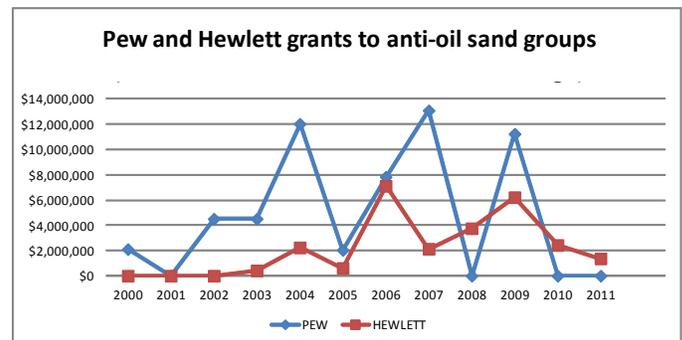
I contacted Pew and Ducks Unlimited, asking why Pew gave money to Ducks Unlimited that was, in turn, given back to Pew. Ducks Unlimited did not respond to repeated requests for information. I did hear from Steve Kallick, Pew's point person for boreal forest conservation, but he did not answer my question about the Pew-Ducks Unlimited relationship and obfuscated the issue further by implying Pew's role in the International Boreal Conservation Campaign was as

an equal member with the other partner organizations. He neglected to mention that Pew founded the Campaign in 2000, employs the Campaign's Director, Manager, a public relations staffer, and an administrative assistant (himself, Matthew Jacobson, Elyssa Rosen, and Gretchen Tearle, respectively), hosts the Campaign's website, and identifies the Campaign as "The Pew Environment Group's International Boreal Conservation Campaign" on its website.⁶ Clearly, the International Boreal Conservation Campaign is Pew's program.

Conflicts of Interest

Nonprofits and charities should always

avoid even the appearance of conflicts of interest. The Canadian Boreal Initiative has not always lived up to this standard. The Initiative was "established by the Trusts in 2001 to protect Canada's boreal forest," Pew says. Larry Innes, currently a Special Advisor to the Initiative, was the group's Executive Director from



2005 to January 2012, and currently serves as a Special Advisor. (Curiously, the Initiative's online profile of Innes, accessed September 6, made no mention of his previous seven-year role as Executive Director.) While Executive Director, Innes doled out approximately \$2 million per year of Pew funding, with about half going to environmental pressure groups and half to First Nations.⁷ As of 2009, Innes had distributed around

6. <http://www.pewenvironment.org/campaigns/international-boreal-conservation-campaign/id/8589935770/goals/>.

7. <http://www.dominionpaper.ca/articles/1473>.

\$26 million.⁸

More curious, however, is the intersection between Innes's role running the Canadian Boreal Initiative and his job as a partner with Olthuis, Kleer, Townshend, for-profit law firm based in Toronto. The Athabasca Chipewyan is a First Nation funded by the Canadian Boreal Initiative while Innes was Executive Director.⁹ In November 2011, the Athabasca Chipewyan sued Shell Oil over Shell's alleged failure to honor agreements to protect adequately the Nation's land on which it was mining oil sands. A press release announcing the lawsuit stated Olthuis, Kleer, Townshend will provide the Nation's legal representation and gives as a contact "Larry Innes -- Lawyer, Othius Kleer Townshend."¹⁰ Unless Larry Innes and his firm handled the case pro bono, this raises the possibility of a conflict of interest. I asked Innes whether he was being paid to represent the Athabasca Chipewyan while he was ultimately responsible for doling out Pew funding as Executive Director of the Boreal Conservation Initiative. His response: attorney-client privilege prevented him from answering the question! Of course, simply answering yes or no would not have violated the privilege. Like Steve Kallick, Innes was unwilling to be transparent about even the most basic facts. Given the hundreds of millions of dollars U.S. donors have spread around to Canadian First Nations and pressure groups, it is likely other conflicts of interest exist.

Ironically, when the Canadian Supreme Court declined to hear the case in February 2012, Innes complained, "we have a Conservative government here in Alberta, Conservative government nationally, and appointed Conservative

judges. They all work together, cohab with each other."¹¹ Of course, the same can be said of Innes and friends.

The effects of all this U.S. funding are quite significant, ranging from influencing government policy to publishing reports that garner widespread media coverage and are cited as evidence against the proposed Keystone XL pipeline. I've mentioned the PNCIMA Initiative and the Haida Gwaii land and water rights court case. Another example is a 2008 report on the negative effects of oil sands operations on migratory bird populations, co-published by three groups funded by Pew Charitable Trusts: the Boreal Songbird Initiative (a Pew project), the Pembina Institute, and the Natural Resources Defense Council. The study estimated that 6 million to 166 million birds could die over the next 30-50 years due to oil sands operations. The report's methodology is fundamentally flawed, its range of potential bird deaths is so large that it renders the estimate essentially invalid, and many of the bird species cited as threatened made minimal or essentially no use of the boreal forest potentially affected by oil sands operations.¹² Yet several media outlets, including the *New York Times*, *Washington Post*, and Reuters, reported the story uncritically. It was also picked up by the *Tehran Times*, a mouthpiece of the Iranian government eager to cast Canadian oil as environmentally dirty compared to Iranian oil. Of course, the article fails to mention that revenues from Iran's "clean" oil are used to fund the country's nuclear program, support

international terrorism, and suppress human rights within Iran. The flawed report has also been cited in comments submitted to the State Department opposing permission for the Keystone XL pipeline.

Effects of the Krause Investigation

Krause's lonely crusade to expose how U.S. institutional donors funnel hundreds of millions of dollars to Canadian pressure groups has produced impressive results from the Canadian government and media. Krause rose to prominence in late 2010 as a result of three events that year: her blog's launch and two op-eds she wrote for Canada's largest newspapers. This produced an avalanche of media coverage over the next year and a half, including three front-page stories in Canadian newspapers based on her research. This coverage likely represents millions of dollars of earned media caused by one researcher operating out of her home with essentially no financial support.

Krause's work has been almost wholly responsible for the Canadian government's scrutinizing major U.S. donors and the Canadian environmental pressure groups they fund. Krause testified before a Parliamentary committee in 2010 and 2012, and her work inspired Senator Nicole Eaton to launch an inquiry—somewhat akin to the U.S. House or Senate holding a hearing—into what the Senate called "the interference of foreign foundations in Canada's domestic affairs and their abuse of Canada's existing Revenue Canada Charitable status," according to the Senator. Since then, seven other Senators have supported the inquiry.

In March 2012, Canada's federal budget provided \$8 million for the Canada Revenue Agency to increase oversight and audits of registered charities, in particular to insure they don't engage in impermissible political advocacy. Also, beginning in March 2012, Ethical Oil, a Canadian pro-oil sands pressure

11. <http://www.ammsa.com/publications/alberta-sweetgrass/supreme-court-won%E2%80%99t-hear-acfn-appeal-challenging-consultation-proces>

12. The report mentions population declines of all three species of scoter, a type of diving duck. But one species, the black scoter, doesn't nest in the oil sands region. The report highlights the black-throated green warbler as another species supposedly suffering because of oil sands operations, but it fails to mention that the boreal forest of Alberta is on the western-most edge of its breeding habitat, so any oil sands effect is negligible.

8. <http://s3.amazonaws.com/offsettingresistance/offsettingresistance.pdf>.

9. <http://s3.amazonaws.com/offsettingresistance/offsettingresistance.pdf>.

10. <http://www.ienearth.org/news/athabasca-chipewyan-first-nation-serves-shell-canada-with-intent-to-sue-over-tar-sands-projects.html>.

group, used Krause's work to file a series of complaints with the Canada Revenue Agency against three anti-oil sands pressure groups—Environmental Defence, Tides Canada, and the David Suzuki Foundation—that have received substantial funding from U.S. donors.

U.S. foundations have also responded to Krause's work. According to Krause, 15 foundations and pressure groups—in yet more instances of lack of transparency—have removed or rewritten information on their websites since she started looking at their activities. Three such examples are the websites of three U.S. foundations that funded opposition to tanker traffic for the proposed Northern Gateway Pipeline: Rockefeller Brothers, Bullitt, and Wilburforce. They removed or rewrote online grant descriptions to eliminate references to potentially illegal political advocacy. In 2009 the Bullitt Foundation made a grant to the Dogwood Initiative, a British Columbia pressure group, “to expand an outreach campaign to mobilize urban voters for a federal ban on coastal tankers.” Foreign groups are not supposed to engage in lobbying, which includes advocating specific legislative initiatives like tanker bans. After Krause exposed this grant, Bullitt rewrote the description of it to read, “to engage and educate citizens on the potential risks of tankers on BC's inside passage and the Fraser River.” When Krause asked Bullitt about the grant, Denis Hayes, the foundation's President and an icon of environmentalists because he was coordinator of the first Earth Day in 1970, dissembled by terming the original grant description “a careless mischaracterization.”¹³

The Wilburforce Foundation and the Rockefeller Brothers Fund took a different approach; they simply erased from their websites embarrassing information uncovered by Krause. In 2010 Wilburforce granted \$50,000 to the Tides

Canada Initiatives Society, an arm of Tides Canada, “to support and organize First Nations communities impacted by potential tanker traffic associated with the Enbridge pipeline project in the Great Bear Rainforest.” That's how the website read on February 18, 2011, but by February 22, the grant description disappeared entirely, leaving only the date, recipient, and amount granted. This occurred a few days after the National Post ran Krause's op-ed exposing Wilburforce's efforts to get people in British Columbia to register for the Liberal Party, whose candidate for Provincial Premier would be receptive to environmental pressure groups.

In 2008 the Rockefeller Brothers Fund made a grant of \$50,000 to the Sage Foundation “to develop a Web site: Oil Sands Tourism, which works to educate American tourists and tour operators about the damage being done to Alberta by the unsustainable extraction of tar sands, and by doing so, to increase pressure on Alberta policymakers to shift development plans onto a more sustainable track.” The grant description, as it currently appears on Rockefeller's website, says only, “to develop the Web site, Oil Sands Tourism.”

Conclusion

Much more should be done to follow up on Krause's efforts and to pressure the U.S. media to join the Canadian media in paying attention to her exposés. Yet, other than a few thousand dollars in honoraria, she has had to finance her own efforts. For the most part, pro-energy groups and even the pipeline industry itself, which has hundreds of billions of dollars at stake, have failed to support journalistic and academic efforts that expose the pipeline's opposition.

It would have cost the corporations that have invested \$138 billion in the oil sands over the past twelve years—and are projected to invest an additional \$180 billion over the next decade—a pittance to support Krause's work, but

they didn't step up to the plate. In June 2012, Krause stopped her investigative work in order to find a paying job to support herself and her daughter.

Until industry and pro-energy groups realize what's at stake, engage in effective public education campaigns, and support independent journalism on environmental issues, Vivian Krause's case will be typical of those who stand in the way of the powerful environmental lobby.

GW

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**Many thanks,
Terrence Scanlon
President**

13. http://fairquestions.typepad.com/rethink_campaigns/2011/01/careless-mischaracterization.html.

GreenNotes

“In their recently adopted platforms, the two major parties take widely varying positions on “climate change.” **Democrats** call it a top priority, while **Republicans** mock the idea that it poses a grave, preventable threat to national security.

The Republican platform for 2012 drops the 2008 platform’s section on “addressing climate change responsibly.” The new platform states that the party opposes “any and all cap-and-trade legislation.” Republicans say that the **Obama** administration’s national security strategy “subordinates our national security interests to environmental, energy, and international health issues, and elevates ‘climate change’ to the level of a ‘severe threat’ equivalent to foreign aggression. The word ‘climate,’ in fact, appears in the current President’s strategy more often than **Al Qaeda**, nuclear proliferation, radical Islam, or weapons of mass destruction.”

In contrast, Democrats proclaim: “We know that global climate change is one of the biggest threats of this generation—an economic, environmental, and national security catastrophe in the making. We affirm the science of climate change, commit to significantly reducing the pollution that causes climate change, and know we have to meet this challenge by driving smart policies that lead to greater growth in clean energy generation.” Thus, they suggest that climate change is caused by unspecified “pollution” (presumably carbon dioxide, which is not a pollutant) and they seem to be justifying so-called “clean energy” projects such as **Solyndra**.

Of course, no one denies the reality of “climate change.” Climate change is a constant throughout earth’s history: The Sahara was grassland until roughly 5,000 years ago, when it turned into desert, and New York City’s Central Park is littered with boulders left by the recession of the Wisconsin glacier about 12,000 years ago. Interestingly, neither instance of climate change is believed to have been caused by SUVs, coal-fired power plants, human breath, or other sources of atmospheric carbon dioxide.

The **U.S. House of Representatives**, by a vote of 245-161, passed the “No More Solyndras” Act. The measure is intended to prohibit any additional loan guarantees for future energy boondoggles such as the failed manufacturer of solar cells that gives the legislation its name. Some watchdog groups, including the **Competitive Enterprise Institute** and the **Heritage Foundation**, criticized the legislation because it would allow projects already “in the pipeline” to move forward. **Ryan Alexander** of **Taxpayers for Common Sense** called that “a glaring loophole” that would okay roughly 50 current projects, “Including one that could cost taxpayers 15 times more than we lost on Solyndra.” Analysts for the **National Taxpayers Union** said that, despite that flaw, they considered the measure a step in the right direction.

As noted by the Heritage Foundation, “Venture capitalists are perfectly capable of making these investments and reaping the rewards from risk or suffering the losses from bad investments. . . . There are two types of companies that receive loan guarantees: economically uncompetitive companies, such as Solyndra, that could not obtain private financing for a reason; and potentially competitive companies, which use the loan guarantee to offset risk and pad their bottom lines. Neither case can be justified.”

Proponents of government support for “infant industries” often claim that subsidies are needed to help get a new industry off the ground. But as **Milton Friedman**, the Nobel Prize-winning economist, noted, “The infant industry argument is a smoke screen. The so-called infants never grow up.” Today, 20 years after the creation of the wind Production Tax Credit -- now \$5 billion a year -- the wind industry hangs on only through a combination of government mandates (such as forcing utilities to buy wind power, which raises everyone’s electric bills) and taxpayer-provided subsidies such as the PTC. Now, with the prospect of cheap electricity generated with natural gas for many years to come, wind power is looking less like the wave of the future than like the 900-to-2,000-year-old technology that it is. The wind PTC is up for renewal, and some 64 groups, representing taxpayers, scientists, and grassroots conservationists, have called on Congress to let it expire at the end of the year. Even liberals such as the editorial writers of the **Oregonian** newspaper recognize the wind PTC as corporate welfare, asking: “How long is the public expected to subsidize the wind industry until it’s forced to stand on its own?”