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FUNDING OF ENVIRONMENTAL INITIATIVES AND THEIR INFLUENCE ON FEDERAL PUBLIC LANDS

OVERSIGHT HEARING

BEFORE THE

COMMITTEE ON RESOURCES
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

TUESDAY, MAY 23, 2000, WASHINGTON, DC

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OVERSIGHT HEARING ON: FUNDING OF ENVIRONMENTAL INITIATIVES AND THEIR INFLUENCE ON FEDERAL PUBLIC LANDS

TUESDAY, MAY 23, 2000

HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES
Washington, DC

The committee met, pursuant to notice, at 2 p.m., in room 1324 Longworth House Office Building, Hon. Helen Chenoweth-Hage (acting chairman of the committee) presiding.

STATEMENT OF THE HON. HELEN CHENOWETH-HAGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Ms. CHENOWETH-HAGE. The Committee on Resources will come to order.

The committee is meeting today to hear testimony on the funding of environmental initiatives and their influence on Federal public land policies.

Recently, one of the lead stories in Philanthropy magazine was about foundation funding of environmental organizations. Now, the article said that today foundations have much of the public agenda, and nowhere more so than in the area of environmentalism, where foundations collectively spend upwards of $500 million per year that we know of.

Today we are here to analyze the relationship among large foundations, environmental groups, and the Federal Government in Federal public land management policy, in regards to recreation, timber harvests, mining, and other public lands issues. We will also explore the impacts of these policies on local communities. Environmental groups are relying more and more on a core of wealthy, nonprofit foundations to fund their operations.

The largest environmental grantmaker—the $4.9 billion Pew Charitable Trusts—gives more than $35 million annually to environmental groups. Other large wealthy foundations such as the Turner Foundation, W. Alton Jones, and Lucile and David Packard Foundations, are not far behind Pew in their grantmaking to environmental groups.

Foundations have funded environmental advocacy campaigns for more wilderness, curtailing timber harvests, and mining, breaching dams, and Federal control of ecosystem planning. An example of this type of activity is the Heritage Forest Campaign, the subject of an oversight hearing on February 15, 2000, by the Subcommittee on Forests and Forest Health.

The Heritage Forest Campaign, a coalition whose sole purpose appears to be lobbying the Clinton-Gore administration to implement the Roadless Initiative, which would withdraw up to 60 million acres of national forest lands from multiple use. This campaign is largely organized and funded by tax-free grants from charitable foundations such as the Philadelphia based Pew Charitable Trusts, with $4.9 billion in assets—the fifth largest U.S. charitable foundation.

Now, since September 1998, Pew has given the National Audubon Society more than $3.5 million in tax-free grants to organize the Heritage Forest Campaign, a coalition of about a dozen environmental groups. The sole objective of the campaign appears to be the creation of widespread public support for the Clinton-Gore administration's initiative to restrict access on 60 million acres of national forest lands.

The Heritage Forest Campaign illustrates several potential problems with foundation-financed environmental political advocacy, namely the lack of fair, broad-based representation, and the absence of accountability. Particularly disturbing is this administration's acquiescence to the campaign in the setting of policy.

At a recent hearing on the Roadless Initiative, I asked George Frampton, Director of the Council on Environmental Quality, for the names of all those attending any meetings he had held regarding the development of the Roadless Initiative. The list he sent in response is a who is who in the environmental community. Even more telling is that not one individual representing recreation, industry, academia, county commissioners, or local schools were in attendance. Only representatives of the national environmental groups participated.

Not only was the public excluded during these meetings, but so was Congress. The administration's Roadless Initiative appears to be an attempt to bypass the role of Congress. Under Article IV, Section 3, of the United States Constitution, Congress possesses the ultimate power over management and use of lands belonging to the United States.

If the Roadless Initiative is universally popular, why can't the Heritage Forest Campaign get it enacted by Congress through the normal legislative process? Administrative directives, such as the Roadless Initiative, bypass Congress and centralize policymaking authority within the hands of unelected bureaucrats in the executive branch.

Foundation-funded advocacy groups make backroom deals, thus denying the average citizen a voice and input into the policy through their elected representatives in Congress. As a result, our Government becomes more remote and unresponsive to the needs of the average citizen.

To whom is the Heritage Forest Campaign accountable? This campaign is put together by foundations, not the participants. The grantees are accountable to the foundations that fund them, not their own members. Foundations have no voters, no customers, and no investors. The people who run big foundations are part of an elite and insulated group. They are typically located hundreds or even thousands of miles from the communities affected by policies they advocate.

They receive little or no feedback from those affected by their decisions, nor are they accountable to anyone for promoting policies which adversely affect the well-being of rural people and local economies. Today's witnesses will tell us how their communities are being crushed by an inaccessible and faceless movement, wielding great power and influence.

The role of large foundations in funding environmental advocacy raises some fundamental questions. Foundation wealth shapes public policy at the expense of all counter views. Even worse, those skeptical of foundation-supported policies are often smeared by foundation-funded media campaigns in an attempt to marginalize them in the debate. Even alternative environmental solutions are rejected out of hand as environmental groups mold their programs and their agenda to please the large grantmakers.

Does foundation-financed advocacy prevent full and fair public debate on public lands issues? Is the average citizen's voice and input in the government decisionmaking process drowned out by foundation-funded advocacy groups?

The most fundamental question of all is, what happens to the towns and communities affected by policies resulting from foundation-funded advocacy? The people living in these communities are left with a ruined local economy. Their towns lack the income to provide even basic services. Their schools have no revenue to teach their children.

The important issue here is whether the foundation strategies used to fund the environmental movement are buying undue influence for those groups on public lands policy. I believe it will become very clear during this hearing that this isn't an issue concerning the environment, but rather one concerning power and its use for political ends, with rural communities being trampled in the process.

[The prepared statement of Ms. Chenoweth-Hage follows:]

STATEMENT OF THE HONORABLE HELEN CHENOWETH-HAGE
at Oversight Hearing on
Funding of Environmental Initiatives and Their Influence on Federal Public Lands Policies

May 23, 2000

Recently, one of the lead stories in *Philanthropy* magazine was about foundation funding of environmental organizations. The article said that today,"foundations set much of the public agenda, and nowhere more so than in the area of environmentalism, where foundations collectively spend upwards of $500 million per year." Today we are here to analyze the relationship among large foundations, environmental groups, and the federal government in federal public land management policy in regards to recreation, timber harvests, mining and other public lands issues. We will also explore the impacts of these policies on local communities.

Environmental groups are relying more and more on a core of wealthy non-profit foundations to fund their operations. The largest environmental grant-maker, the $4.9 billion Pew Charitable Trusts, gives more than $35 million annually to environmental groups. Other large, wealthy foundations, such as the Turner, W. Alton Jones, and Lucille and David Packard Foundations, are not far behind Pew in their grantmaking to environmental groups.

Foundations have funded environmental advocacy campaigns for more wilderness, curtailing timber harvests and mining, breaching dams and federal control of ecosystem planning. An example of this type of activity is the Heritage Forests Campaign, the subject of an oversight hearing on February 15, 2000 by the Subcommittee on Forests and Forest Health. The Heritage Forests Campaign, a coalition whose sole purpose appears to be lobbying the Clinton-Gore Administration on the Roadless Initiative, which would withdraw up to 60 million acres of National Forest lands from multiple use. This Campaign is largely organized and funded by tax-free grants from charitable foundations, such as the Philadelphia-based Pew Charitable Trusts ($4.9 billion in assets), the fifth largest U.S. charitable foundation.

Since September 1998, Pew has given the National Audubon Society more than $3.5 million in tax-free grants to organize the Heritage Forest Campaign, a coalition of about a dozen environmental groups. The sole objective of the Campaign appears to be the creation of widespread public support for the Clinton-Gore administration's initiative to restrict access on 60 million acres of national forest lands.

The Heritage Forest Campaign illustrates several potential problems with foundation-financed environmental political advocacy, namely the lack of fair, broad based representation and the absence of accountability. Particularly disturbing is this Administration's acquiescence to the Campaign in the setting of policy. At a recent hearing on the Roadless Initiative, I asked George Frampton, Director of the Council on Environmental Quality, for the names of all those attending any meetings he held regarding the development of the initiative. The list he sent in response is a who's-who in the environmental community. Even more telling is that not one individual representing recreation, industry, academia, county commissioners, or local schools were in attendance. Only representatives of the national environmental groups participated.

Not only was the public excluded during these meetings but so was Congress. The Administration's Roadless Initiative appears to be an attempt to bypass the role of Congress. Under Article IV, Section 3 of the United States Constitution, Congress possesses the ultimate power over management and use of lands belonging to the United States. If the roadless initiative is universally popular, why can't the Heritage Forest Campaign get it enacted by Congress through the normal legislative process? Administrative directives, such as the Roadless Initiative, bypass Congress and centralize policy-making authority within the hands of unelected bureaucrats in the Executive Branch. Foundation-funded advocacy groups make back room deals thus denying the average citizen a voice and input into the policy through their elected representatives in Congress. As a result, our government becomes more remote and unresponsive to the needs of the average citizen.

To whom is the Heritage Forest Campaign accountable? This Campaign is put together by foundations -- not the participants. The grantees are accountable to the foundations that fund them -- not their own members. Foundations have no voters, no customers, no investors. The people who run big foundations are part of an elite and insulated group. They are typically located hundreds or even thousands of miles from the communities affected by policies they advocate. They receive little or no feedback from those affected by their decisions, nor are they accountable to anyone for promoting policies which adversely affect the well-being of rural people and local economies. Today's witnesses will tell us how their communities are being crushed by an inaccessible and faceless movement wielding great power and influence.

The role of large foundations in funding environmental advocacy raises some fundamental questions. Foundation wealth shapes public policy at the expense of all counter views. Even worse, those skeptical of foundation supported policies are often smeared by foundation funded media campaigns in an attempt to marginalize them in the debate. Even alternative environmental solutions are rejected out of hand as environmental groups mold their programs and agenda to please large grantmakers.

Does foundation financed advocacy prevent full and fair public debate on public lands issues? Is the average citizen's voice and input in the government decision-making process drowned out by foundation-funded advocacy groups?

The most fundamental question of all is "What happens to the towns and communities affected by policies resulting from foundation funded advocacy?" The people living in these communities are left with a ruined local economy. Their town lacks the income to provide even basic services. Their schools have no revenue to teach their children.

The important issue here is whether the foundation strategies used to fund the environmental movement are buying undue influence for these groups on public lands policy. I believe it will become clear during this hearing that this isn't an issue concerning the environment but rather one concerning power and its use for political ends – with rural communities being trampled in the process.

I look forward to listening to today's witnesses. I want the record to show that representatives from the following foundations were invited to testify before us today and all declined to appear. These organizations are the Pew Charitable Trust, W. Alton Jones Foundation and the Turner Foundation. Some of our witnesses came several thousand miles to testify, yet foundations in Philadelphia and Charlottesville couldn't make it.

Ms. CHENOWETH-HAGE. I look forward to listening to today's witnesses. I want the record to show that representatives from the following foundations were invited to testify before us today, and all declined to appear. Those organizations are the Pew Charitable Trust, W. Alton Jones Foundation, and the Turner Foundation. Some of our witnesses came several thousand miles to testify, yet foundations in Philadelphia and Charlottesville just couldn't make it.

So now I will recognize and introduce our first panel as we begin the—since the ranking member isn't here, I would like to defer to the gentleman from Michigan for any opening statements he may have.

STATEMENT OF THE HON. DALE KILDEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. KILDEE. Thank you, Madam Chair. I shall be very brief.

We have a wide range of foundations in the country. They represent every part of the political and ideological spectrum. And I think you and I would basically agree, even with your conservative point of view and my liberal point of view, that Government should have a natural reluctance to limit their advocacy and their areas of interest and support.

But I do appreciate the fact that you are having the hearing today because knowledge is power.

Ms. CHENOWETH-HAGE. I thank the gentleman from Michigan.

[Prepared statement of Hon. Don Young follows:]

STATEMENT OF THE HONORABLE DON YOUNG
at Oversight Hearing on
Funding of Environmental Initiatives and Their Impact on Local Communities

May 23, 2000

Recently, one of the lead stories in *Philanthropy* magazine was about foundation funding of environmental organizations. The article said that today,"foundations set much of the public agenda, and nowhere more so than in the area of environmentalism, where foundations collectively spend upwards of $500 million per year." Today we are here to analyze how large foundations, environmental groups, and the federal government interact in shaping federal land management policy relating to recreation, timber harvests, mining and other public lands issues. We will also explore the impacts of these policies on local communities.

Environmental groups are relying more and more on a core of wealthy non-profit foundations to fund their operations. The largest environmental grant-maker, the $4.9 billion Pew Charitable Trusts, gives more than $35 million annually to environmental groups. Other large, wealthy foundations, such as the Turner, W. Alton Jones, and Lucille and David Packard Foundations, are not far behind Pew in their grantmaking to environmental groups.

The role of large, tax-exempt foundations in funding environmental advocacy raises some fundamental questions. When used to finance "public interest" group advocacy, foundation wealth can have an enormous influence on shaping the issues and in determining which public policy is adopted. The foundations funding environmental groups all have similar viewpoints, and countering views are ignored. Even worse, those skeptical of foundation supported policies are often smeared by tax-exempt foundation funded media campaigns in an attempt to marginalize them in the debate. Even alternative environmental solutions may be rejected out of hand as environmental groups mold their programs and agenda to please large grantmakers.

Does tax-exempt foundation financed advocacy prevent full and fair public debate on public lands issues? Is the average citizen's voice and input in the government decision-making process drowned out by foundation-funded advocacy groups?

The most fundamental question of all is "What happens to the towns and communities affected by policies resulting from foundation funded advocacy?" The people living in these communities are left with a ruined local economy. Their town lacks the income to provide even basic services. Their schools have no revenue to teach their children.

The important issue here is whether the foundation strategies used to fund the environmental movement are buying undue influence for these groups on public lands policy. I believe it will become clear during this hearing that this isn't an issue concerning the environment but rather one concerning power and its use for political ends – with rural communities being trampled in the process.

I look forward to listening to today's witnesses. I particularly want to welcome Jack Phelps from Ketchikan, Alaska. He is the Executive Director of the Alaska Forest Association. I want the record to show that representatives from the following foundations were invited to testify before us today and all declined to appear. These organizations are the Pew Charitable Trust, W. Alton Jones Foundation and the Turner Foundation.

And now I will introduce the first panel—Mr. Robert Huberty, Executive Vice President of Capital Research Center in Washington, DC.; Mr. Jack Phelps, Executive Director of the Alaska Forest Association in Ketchikan, Alaska; Mr. Ted Miller, Chairman, Pulp and Paperworkers Resource Council in Gorham, New Hampshire.

As has been explained to you, it is the intention of the Chairman to place all of our outside witnesses under oath. It is a formality of the committee, when I chair the committee, that is meant to assure open and honest discussion and shouldn't affect the testimony given by the witnesses.

I believe that all of the witnesses were informed of this before appearing here today, and that they have each been provided a copy of the committee rules. So if you will please stand and raise your hand to the square.

[Witnesses sworn.]

And now the Chairman recognizes Mr. Huberty for his testimony.

STATEMENT OF ROBERT HUBERTY, EXECUTIVE VICE PRESIDENT, CAPITAL RESEARCH CENTER, WASHINGTON, DC.; JACK PHELPS, EXECUTIVE DIRECTOR, ALASKA FOREST ASSOCIATION, INC., KETCHIKAN, ALASKA; AND TED MILLER, CHAIRMAN, PULP AND PAPERWORKERS RESOURCE COUNCIL, GORHAM, NEW HAMPSHIRE

STATEMENT OF ROBERT HUBERTY

Mr. HUBERTY. I will summarize my comments, if I might, from my written testimony.

Thank you for inviting Capital Research Center to testify on how environmental initiatives are funded. My name is Robert Huberty, and I am Executive Vice President of Capital Research Center, which is based in Washington, DC.

Capital Research Center studies charity, philanthropy, and the nonprofit sector. We take a particular interest in the role of public interest organizations and their impact on American politics and society. We do not solicit or accept any government contracts or grants.

Capital Research Center has published a number of recent studies about the groups that comprise today's environmental movement. We think there is inadequate public understanding about the underlying philosophy of these groups, the ties and linkages among their leaders, and, most particularly, their access to funders and to public policymakers.

Specifically, today I would like to talk about the role of the grantmaking foundations that provided financial support for the Heritage Forests Campaign. These foundations have orchestrated a major public relations campaign to advocate for changes in Government regulatory policies.

Last October 13th President Clinton directed the Forest Service to prepare a study that would ban road building on parts of the national forest system that are currently roadless, but that Congress has not agreed to designate as permanent wilderness areas. The President's speech was anticipated by the Pew Charitable Trusts,

which acknowledges that it organized the campaign to promote the Roadless Initiative.

On September 24, 1998, the Pew Trusts made a grant of $1,415,000 to the National Audubon Society, as you indicated. One year later, September 23, 1999, it gave an additional grant of $2,150,000, for 15 months "to complete a public education effort for permanent administrative protection of the largest remaining tracts of pristine old growth remaining in the U.S. national forests."

The purpose of the Pew grant money was to assemble organizations working under Audubon's supervision to orchestrate the Roadless Campaign. The campaign has 24 organizations as campaign partners, and its web site indicates that it also receives financial support from the W. Alton Jones Foundation and the Turner Foundation. And my written testimony contains a chart with additional information compiled from public sources on foundation funding for the initiative.

The Pew Trusts are major funders of the campaign, but besides the Audubon grants, in 1998, it gave $800,000 to the Earthjustice Legal Defense Fund. Just this March 16th, it gave the Alaska Conservation Foundation $500,000. Pew also gave the National Environmental Trusts $3 million in grants in 1999 and in 2000 for general operating support. The Heritage Forests are one of their four target areas.

The Pew Trust is not the only foundation promoting the Roadless Initiative. As you know, the World Wildlife Fund and the Conservation Biology Institute asked the David and Lucile Packard Foundation for a grant of $650,000 for roadless area mapping.

Now, the groups supervised by the Audubon Society, with grants from Pew and other foundations, recently expressed their opinion of the Forest Service recommendations that were issued on May 9th, and they were dismayed. In looking at their web sites, you can see a remarkable uniformity.

They say that the President is not to blame, but they assert that his administration has failed to implement his vision. They are disappointed that the Forest Service recommends a ban on new roads but does not permanently ban logging and offroad vehicle use.

They are appalled at the decision to defer action on the Tongass National Forest, and they are unhappy that the ban applies to inventoried areas of 5,000 or more acres, but not to the uninventoried areas of 1,000 acres or more. And they urge their followers to turn out for the public comment meetings that were organized last week.

Congress and the public have good reason to question the funding priorities of large foundations. Private foundations are peculiar creations of public law. Their assets are tax exempt. Contributions to them are tax-deductible. They are often established to avoid estate taxes.

Government gives a foundation these privileges with the expectation that its trustees will respect the intentions of the donor who established it and that those intentions are benevolent and charitable.

Certainly, a foundation may support research and education programs. But when a foundation organizes a lobbying campaign on

highly divisive political issues, when it uses its largess to task one nonprofit organization—the Audubon Society—to coordinate the lobbying of other nonprofits, then the Congress should ask whether the spirit of the law is being upheld.

The Pew Charitable Trusts may respond, and if they were here they might respond, that they are doing what they have a right to do, that others do it, and that no one has called on them to stop doing it. But by making themselves merely another Washington lobbying group, they undermine, in my opinion, the traditions and institutions of philanthropy which are a very vital part of our society.

Thank you very much.

[The prepared statement of Mr. Huberty follows:]

Testimony of Robert Huberty
Executive Vice President
Capital Research Center

Before the
U.S. House of Representatives
Committee on Resources
The Honorable Don Young, Chairman
May 23, 2000

Chairman Young:

Thank you for inviting Capital Research Center to testify on how environmental initiatives are funded. My name is Robert Huberty and I am executive vice president of Capital Research Center, which is based in Washington, D.C. Capital Research Center studies charity, philanthropy and the nonprofit sector. We take a particular interest in the role of public interest organizations and their impact on American politics and society. We do not solicit or accept any government grants or contracts.

Capital Research Center has published a number of recent studies about the groups that comprise today's environmental movement. We think there is inadequate public understanding about the underlying philosophy of these groups, the ties and linkages among their leaders, and, most particularly, their access to funders and to public policymakers.[1]

We have argued that the central public policy goal for environmental groups is at odds with the needs of individuals and communities. Environmental groups today seek the preservation of natural resources *from* human use over their protection *for* human use. Certainly this is the goal of one recent environmental initiative, The Heritage Forests Campaign, on which I would like to focus my comments today.

Specifically, I would like to address the role of grantmaking foundations that provided financial support for the Heritage Forests Campaign. These foundations have orchestrated a major public relations campaign to advocate for changes in government regulatory policies. They would have the federal government immediately and permanently halt road-building and logging in national forests, and, as others have testified at an earlier Resource subcommittee hearing, this comes at the expense of individuals and communities who depend on the national forests for their livelihoods.

In addition, theirs is a political campaign to spur regulatory actions by the Executive branch without the consent of the Congress.

Last October 13 President Clinton directed the Forest Service to prepare a study that would ban road building on parts of the National Forest System that are currently roadless but that Congress has not agreed to designate as permanent wilderness areas. The President's speech was anticipated by the Pew Charitable Trusts, which

acknowledges that it organized the campaign to promote the roadless initiative. On September 24, 1998 the Pew Trusts made a grant of $1,415,000 to the National Audubon Society for this purpose.[2] On September 23, 1999 it gave the Society an additional grant of $2,150,000 for 15 months "To complete a public education effort for permanent administrative protection of the largest remaining tracts of pristine old growth remaining in U.S. national forests."[3]

These grants were made at the behest of Daniel Beard, public policy director of the National Audubon Society and a former head of the bureau of reclamation in the Clinton Administration. As Mr. Beard revealed in the September 18-19 minutes of the Audubon Society's board meeting (which have been subsequently deleted from the Society's website), the purpose of the Pew grant money was to assemble organizations working under Audubon "supervision" to orchestrate the roadless campaign.[4] The Campaign lists twenty-four organizations as Campaign "partners." The Campaign's website www.ourforests.org also indicates that it receives financial support from the W. Alton Jones Foundation and the Turner Foundation.[5] In the chart accompanying my testimony there is additional information compiled from websites and public sources on other foundations that have funded advocacy for the roadless initiative.

The Pew Charitable Trusts are the major funders for this campaign. In 1998 it gave a grant of $800,000 to the Earthjustice Legal Defense Fund "For public education on national forest protection issues."[6] On March 16, 2000 it gave the Alaska Conservation Foundation (ACF) $500,000 "To support a campaign to seek permanent administrative protection of 14 million acres of roadless land in the Alaska Rainforest."[7] (The year before ACF gave the Alaska Rainforest Campaign an $11,000 "rapid response" grant for "Internet advertising to generate comments on National Forest Roadless Areas.") Pew also gave the National Environmental Trust $3,000,000 in grants in 1999 and in 2000 for general operating support. The Trust, which was formed in 1994 with $10 million in foundation grants, most notably from Pew, coordinates media outreach on selected environmental issues. Heritage Forests is one of its four target areas.[8]

I would point out that the source of wealth for the Pew Trusts comes from energy exploration and development. Joseph N. Pew, Sr. was the founder of the Sun Oil Company, a major oil producer and refiner. His son, J. Howard Pew (1882-1971) left nearly all his $100 million estate to the J. Howard Pew Freedom Trust, one of the Pew Charitable Trusts, instructing that it be used to "acquaint the American people" with the "evils of bureaucracy," "the values of a free market," and "the paralyzing effects of government controls on the lives and activities of people." How do the Pew Trusts honor the intentions of their donor by supporting a campaign to permanently end logging in a large portion of the national forests?[9]

The Pew Trust is not the only foundation promoting the roadless initiative. As you know, The World Wildlife Fund and the Conservation Biology Institute asked the David and Lucile Packard Foundation for a grant of $650,000 for "roadless area mapping and related policy support" for Alaska, Washington state, Oregon and California. The grant application, which the Resources Committee obtained from the Forest Service, says "We

have a huge opportunity to influence the Forest Service and perhaps other agencies to move progressively on the roadless areas issue and perhaps others."[10] If the Packard Foundation approves this grant it appears that they will be supporting the environmental groups' expectation that they are taking over Forest Service responsibilities for determining roadless policies. This is a practice that has provoked dissent even within the Forest Service itself.[11]

The groups supervised by the National Audubon Society with grants from Pew and other foundations say they are dismayed by the Forest Service recommendations that were issued on May 9. In looking at their websites you can see a remarkable uniformity. They say the President is not to blame, but assert that his Administration has failed to implement his "vision." They are disappointed that the Forest Service recommends a ban on new roads, but does not permanently ban all logging and off-road vehicle use. They are appalled that it defers a decision on Alaska's Tongass National Forest until the year 2004. They are unhappy that the ban applies to inventoried areas of 5000 or more acres but does not include uninventoried areas of 1000 or more acres. Finally, they urge their followers to turn out for the information and public comment meetings organized by the Forest Service that began last week.

The Congress and the public have good reason to question the funding priorities of large foundations. Private foundations are peculiar creations of public law. Their assets are tax-exempt. Contributions to them are tax-deductible. They are often established in order to avoid estate taxes. The government gives a foundation these privileges with the expectation that its trustees will respect the intentions of the donor who established it, and that those intentions are benevolent and charitable.

Certainly a foundation may support research and education programs. But when a foundation organizes a lobbying campaign on a highly divisive political issue, when it uses its largess to task one nonprofit organization -- the National Audubon Society -- to coordinate the lobbying of other nonprofits, then Congress should ask whether the spirit of the law is being upheld. The Pew Charitable Trusts may respond that they are doing what they have a right to do, that others do it, and that no one has called on them to stop doing it. But by making themselves merely another Washington lobbying group, they undermine the traditions and institutions of philanthropy which are a vital part of our society.

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1. James Sheehan, *Global Greens: Inside the International Environmental Establishment* (1998); Jonathan Adler, *Environmentalism at the Crossroads* (1995); April 2000 *Foundation Watch (FW)* on the Tides Foundation; February 2000 *FW* on the American Heritage Rivers Initiative; December 1999 *FW* on the Pew Charitable Trusts; July 1999 *FW* on the Funders Network on Sprawl, March 1999 on Ted Turner's U.N. Foundation; May 1999 *FW* on the W. Alton Jones Foundation.; March 1999 *Organization Trends (OT)* on environmentalism in the schools; November 1998 *OT* on 'greening' world trade; April 1997 on the Environmental Grantmakers Association.

[2] FC Search: 1998 grant of $1,415,000 from Pew Charitable Trusts to National Audubon Society "for campaign for permanent administrative protection of largest remaining tracts of pristine old growth remaining in U.S. national forests"

[3] www.pewtrusts.com 1999 Pew Charitable Trusts grants.

[4] www.undueinfluence.com/hidden.htm. This information is contained in the website for author Ron Arnold's book *Undue Influence* (2000).

[5] Alaska Rainforest Campaign, American Lands Alliance, California Wilderness Coalition, Colorado Environmental Coalition, Defenders of Wildlife, Earthjustice Legal Defense Fund, emediacy, Free the Planet, Greater Yellowstone Coalition, Idaho Conservation League, Kettle Range Conservation Group, National Audubon Society, National Environmental Trust, Natural Resources Defense Council, Northwest Ecosystem Alliance, Oregon Natural Resources Council, Save Our Wild Salmon, Southern Appalachian Forest Coalition, Southeast Alaska Conservation Council, Southwest Forest Alliance, The Wilderness Society, U.S. Public Interest Research Group, Washington Wilderness Coalition, Wildlands CPR

[6] FC Search

[7] www.pewtrusts.com 1999 Pew Charitable Trusts grants.

[8] www.environet.policy.net The others are global warming, children's environmental health and clean air.

[9] See Martin Morse Wooster, *The Great Foundations and the Problem of 'Donor Intent,'* (Capital Research Center, 1998) for more information on the Pew Trusts, pp. 44-50.

[10] John Hughes, "GOP says draft memo shows Clinton forest initiative is biased," Associated Press (March 13, 2000).

[11] Scott Sonner, "Memos show internal criticism of Forest Service roadless plan," Associated Press (March 17, 2000)

Foundation Grants to Heritage Forests Campaign Participants for Roadless Advocacy

Foundation	Grantee	Amount	Year
Brainerd (Seattle) brainerd.org $50.6 mill. assets (1999) $2 mill. in grants	American Lands Alliance	20,000	1999
Brainerd	Oregon Natural Resources Council	18,000	1998
Brainerd	Technology Project (build online community to support Heritage Forest Campaign)	25,000	2000
Brainerd	Washington Wilderness Coalition	53,000	2000
Bullitt (Seattle) bullitt.org $111 mill. assets (1997) $5.5 mill. in grants	Alaska Rainforest Campaign through the Alaska Conservation Foundation (ACF)	90,000	1998-1999
Bullitt	American Lands Alliance	50,000	1999
Bullitt	American Lands Alliance	50,000	2000
Bullitt	National Audubon Society	10,000	1998
Bullitt	National Audubon Society	50,000	1999
Bullitt	Oregon Natural Resources Council	30,000	1998
Bullitt	Oregon Natural Resources Council	20,000	1999
Bullitt	Natural Resources Defense Council	30,000	1998
Bullitt	Natural Resources Defense Council	30,000	1999
Bullitt	Rockfeller Family Fund – Technology Project (internet organizing)	20,000	2000
Bullitt	Washington Wilderness Coalition	20,000	2000
Goldman Fund (S.F.) goldmanfund.org $368 mill. assets (1998) $8.3 mill grants-environ't	Alaska Rainforest Campaign	100,000	1997-1998
Goldman Fund	American Lands Alliance	40,000	1998-1999
Goldman Fund	Friends of the River (designated to Sierra Nevada Protection Campaign)	200,000	1997-1998
Charles Stewart Mott Flint, MI; mott.org $2.3 billion assets (1998) $84.7 mill. in grants	Alaska Rainforest Campaign	200,000	1998-1999

W. Alton Jones-Charlottesville, VA wajones.org $414 mill. assets (1998) $18.8 mill in grants ("sustainable world")	Oregon Natural Resources Council	80,000	1998
W. Alton Jones	Southern Appalachian Coalition	75,000	1998
W. Alton Jones	Kettle Range Conservation Group	36,000	1998
Pew Charitable Trusts-(Philadelphia) pewtrusts.org $4.9 billion assets (1999) $211 million grants $35 mill. Environment (30 grants)	Earthjustice Legal Defense Fund	800,000	1998-1999
Pew Charitable Trusts	Alaska Rainforest Campaign through ACF	400,000	1999
Pew Charitable Trusts	Southwest Forest Alliance (through National Audubon Society)	225,000	1998
Pew Charitable Trusts	Southern Appalachian Coalition (through Southern Environmental Law Center)	650,000	1998-1999
Pew Charitable Trusts	Sierra Nevada Forest Protection Campaign (through Friends of the River Foundation)	300,000	1998
Pew Charitable Trusts	National Audubon Society "for campaign for permanent administrative protection of largest remaining tracts of pristine old growth remaining in U.S. national forests"	1,415,000	1998
Pew Charitable Trusts	National Audubon Society "o complete a public education effort for permanent administrative protection of the largest remaining tracts of pristine old growth remaining in U.S. national forests."	2,150,000	1999
Pew Charitable Trusts	Sierra Nevada Forest Protection Campaign (through Friends of the River Foundation)	500,000	1999
Pew Charitable Trusts	Southwest Forest Alliance (through National Audubon Society)	300,000	1999
Rockefeller Family Fund (NYC) rfffund.org $54 million assets (1996) $1.9 million in grants	American Lands Alliance "Organizing and outreach to train forest activists and achieve national forest protection goals."	25,000	1999
Surdna (NYC) surdna.org $573 million assets (1998) $20 million in grants	Alaska Rainforest Campaign	200,000	1998-1999
Surdna	Southern Appalachian Coalition	250,000	1998-1999
Surdna	Western Ancient Forests Campaign (now American Lands Alliance)	150,000	1998-1999
Turner Foundation (Atlanta) $190 million assets (1997) 18.2 million in grants	Alaska Rain forest Campaign (through Alaska Conservation Foundation	102,000 60,000	1997 1998

Turner	Oregon Natural Resources Council (Roadless Area Project)	15,000	1998
Turner	Southern Appalachian Forest Coalition	30,000	1997
Turner	Western Ancient Forests Campaign	30,000	1998
Wilburforce (Seattle) wilburforce.org $15 million assets (1997) $1.9 million in grants (83)	American Lands Alliance – Wild Utah Forest Campaign	40,000	1998
Wilburforce	Forest Water Alliance (through The Wilderness Society)	50,000	1998
Wilburforce	Oregon Natural Resources Council – Oregon Wild Campaign	40,000	1998
Wilburforce	Kettle Range Conservation Group	35,000	1999
Wilburforce	American Lands Alliance	33,000	1999
Educational Found'n of America (Westport, CT) efaw.org $210 million assets (1997) $20.6 million in grants	The Wilderness Society – Protecting Colorado's Roadless Areas	150,000	1998-1999
Compton Foundation Menlo Pk, CA $104 mill. assets (1997) $6.4 mill in grants	Sierra Nevada Forest Protection Campaign (through Friends of the River Foundation)	40,000	1998
Kongsgaard-Goldman (Seattle) kongsgaard-goldman.org $84,000 assets (1997) $988,000 in grants	Oregon Natural Resources Council	10,000	1998
Kongsgaard-Goldman	American Lands Alliance	10,000	1998
Northwest Fund for the Environment	American Lands Alliance	9,000	1999
Rockefeller Brothers Fund (NYC) rbf.org $462 mill. assets (1998) $12.3 mill in grants	Alaska Rainforest Campaign	50,000	1998
Rockefeller Brothers Fund	American Lands Alliance	100,000	1998
Rockefeller Brothers Fund	Natural Resources Defense Fund	150,000	1998-1999
Weeden (NYC) weedenfdn.org $30.6 mill. assets (1998) $1.6 mill. in grants	Forest Water Alliance	20,000	1998

Weeden	Save America's Forests	10,000	1998
Weeden	American Lands Alliance	20,000	1998
Weeden	California Wilderness Coalition	20,000	1999

Ms. CHENOWETH-HAGE. Thank you, Mr. Huberty.

And the Chair recognizes Mr. Jack Phelps for his testimony.

STATEMENT OF JACK PHELPS

Mr. PHELPS. Thank you. My name is Jack Phelps. I am the Executive Director of the Alaska Forest Association, which is the Statewide forest products industry trade association for Alaska.

The AFA represents about 90 member companies directly doing business in the forest products industry in Alaska and their employees, and about another 160 companies that are supportive of the industry in terms of vendors and that sort of thing.

The Tongass National Forest in southeast Alaska has historically supported a commercial forest industry that has provided stable year-round employment for the communities of the region and accounting for one-third of the region's economy. Over the past decade, however, declining timber harvests from the Tongass National Forest have eliminated thousands of jobs and millions of dollars from the regional economy.

According to a recent study produced by the McDowell Group, a research firm based in Juneau, and I quote, "Since 1990, the volume of timber harvested from the Tongass National Forest has dropped from 470 million board feet to 120 million board feet annually, a 75 percent decline." In fact, the Tongass timber harvest is at the lowest point since 1954, which was the year in which industrial timber harvests began in southeast Alaska.

Throughout the 1960's and 1970's, the Tongass timber harvests ranged from 400 to 600 million board feet per year, fluctuating in response to world markets for pulp and lumber products. Market conditions pushed the Tongass harvest to a low point in 1985, about 230 million board feet. And the harvest increased to 470- in 1990 before beginning a steady decline throughout the 1990's in response to political forces and changing resource management practices.

The McDowell report goes on to say timber industry employment is at its lowest point in over 30 years, now directly accounting for only 670 jobs. At its peak in the 1970's, it generated 4,000 timber industry jobs in southeast Alaska. As recently as 1990, the industry accounted for 2,400 direct jobs. Since 1990, however, the industry has lost jobs at a rate of 200 jobs per year. This includes the closures of pulp mills in Sitka, in Ketchikan, and a large saw mill in Wrangell.

These mills were the single largest employers in each of these communities. Most recently, Metlakatla lost its largest private sector employer with the October closure of the saw mill.

The loss of 1,700 pulp mill, saw mill, and logging jobs during the 1990 to 1998 period has rippled through local economies, resulting in additional job loss. Based on the U.S. Forest Service employment multiplier for the region's timber industry of 1.8, the job loss total is estimated at approximately 2,900 jobs. This job loss translates into a loss of over 100 million dollars in annual payroll in southeast Alaska.

The loss of year-round family wage jobs has hit small communities the hardest. For most of the 1990's, for example, Wrangell has struggled with a 40 percent unemployment rate. Small commu-

nities on Prince of Wales Island are now beginning to feel the serious economic harm resulting from cessation of activities related to the Ketchikan pulp mill.

While Congress has attempted to soften the blow by providing disaster relief money to the communities of southeast Alaska, this only helps in the short term and is no substitute for long-term employment at wage levels that sustain families and communities. It has affected those family's abilities to get health insurance as well.

A factor significantly contributing to this decline is the—have been the activities of radical groups in the region. These groups have mounted sustained propaganda campaigns aimed at convincing the American public and the national administration that the timber industry has been devastating the Tongass National Forest by its logging activities. A look at the statistics on that—of harvest on that forest deny that assertion.

The efforts of the anti-development groups are sustained by huge grants of money from large charitable trusts which receive tax protection from the Federal Government and are, therefore, subsidized by the American taxpayers, including the taxpayers in southeast Alaska who are losing their living and their way of life due to the efforts of these groups.

For example, in 1997 and 1999, the Pew Charitable Trust gave $1.2 million to the Alaskan Conservation Foundation which routed most of that money into Tongass-related activities, including a grant of $529,000 to the Alaska Rainforest Campaign in 1998. I have detailed many of these in an inter alia list in my written testimony, but I would point out to the committee that this represents only the tip of the iceberg. These grants are hard to track down, but they are voluminous.

It should be noted that these expenditures leverage the significant amount of other taxpayers' dollars running into the millions that were used by the agency to defend itself against these appeals and litigation. Furthermore, the committee should be aware that it is this very activity that greatly increases the cost of the timber sale program in Alaska.

The same groups then turn around and publicly criticize the agency for running a deficit timber sale program and call it a subsidy to the industry. A recent Forest Service report shows that nearly half of the cost of the timber sale program in Alaska is attributable to the cost of NEPA compliance, including the costs of appeals and litigation.

This taxpayer subsidized activity must be stopped or at least controlled. It is simply wrong for the American taxpayers to be supporting efforts aimed at destroying the economies of small American communities in Alaska and elsewhere.

The United States is a country where people are free to hold whatever political and religious views they want to, and to actively pursue their own political goals. The Alaska Forest Association does not object to that. We do object, however, to having those groups use tax shelters to pursue their political ends when those ends directly harm other people and destroy the economies of rural communities.

We, therefore, ask this committee to carefully investigate the activities of these huge, wealthy foundations, and the use of their tax

shelters to promote campaigns that are wreaking devastation on the rural communities of our country.

Thank you very much for the opportunity to testify.

[The prepared statement of Mr. Phelps follows:]

TESTIMONY

BEFORE THE HOUSE COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES
THE HONORABLE DON YOUNG
CHAIRMAN

May 23, 2000

Jack E. Phelps
Executive Director
Alaska Forest Association
111 Stedman St., Suite 200
Ketchikan, Alaska 99901

Influence of Foundation Funding on Federal Forest Policy in Alaska
Testimony before the House Committee on Resources
May 23, 2000

Mister Chairman and Members of the Committee:

My name is Jack Phelps and I am the Executive Director of the Alaska Forest Association, the statewide forest products industry trade association for Alaska. The AFA represents approximately 90 member companies, mostly small businesses, doing business in the forest products industry in Alaska. In addition, the AFA represents approximately 160 Associate member companies who provide goods and services to Alaska's statewide timber industry. The mission of the Alaska Forest Association is to advance the restoration, promotion and maintenance of a healthy, viable forest products industry, contributing to economic and ecological health in Alaska's forests and communities.

The state of Alaska contains within its borders 248,000,000 acres of federal land, including the two largest forests in the 191,000,000 acre National Forest System. These two forests are the Tongass and the Chugach National Forests encompassing nearly 17 million acres and more than 5.5 million acres, respectively.

The Tongass National Forest in Southeast Alaska has historically supported a commercial forest industry that has provided stable, year-round employment for the communities of the region, accounting for one-third of the region's economy. Over the past decade, however, declining timber harvests from the Tongass National Forest have eliminated thousands of jobs and millions of dollars from the regional economy. According to a recent study by the McDowell Group, a research firm based in Juneau,

> Since 1990, the volume of timber harvested from the Tongass National Forest has dropped from 470 million board feet to 120 million board feet annually, a 75 percent decline. In fact, the Tongass timber harvest is at its lowest point since 1954. Throughout the 1960s and 1970s Tongass timber harvests ranged from 400 to 600 million board feet per year, fluctuating in response to world markets for pulp and lumber products. Market conditions pushed the Tongass harvest to a low-point in 1985, about 230 million board feet. The Tongass harvest increased to 470 million board feet in 1990 before beginning a steady decline throughout

> the 1990s in response to political forces and changing resource management practices.

The McDowell report goes on to say,

> Timber industry employment is at its lowest point in over 30 years, now directly accounting for only about 670 jobs. At its peak, in the 1970s, the Tongass generated 4,000 timber industry jobs in Southeast Alaska. As recently as 1990, the Tongass timber industry directly accounted for 2,400 logging, sawmill and pulp mill jobs in Southeast. Since 1990, however, the industry has lost jobs at a rate of about 200 jobs per year. This includes the closure of the Alaska Pulp Corporation (APC) mill in Sitka in 1993, the APC sawmill in Wrangell in 1994 and the Ketchikan Pulp Company mill in Ketchikan in 1997. These mills were the single largest employers in each of these communities. Most recently, Metlakatla lost its largest private sector employer with the October 1999 closure of the Annette Island sawmill.
>
> The loss of 1,700 pulp mill, sawmill and logging jobs during the 1990 to 1998 period has rippled through local economies, resulting in additional job loss. Based on the U.S. Forest Service employment multiplier for the region's timber industry of 1.8, the total job loss is estimated at approximately 2.900 jobs. This job loss translates into a loss of over $100 million in annual payroll in Southeast Alaska.

The loss of year-round, family wage jobs has hit small communities the hardest. For most of the 1990s, for example, Wrangell has struggled with a 40 percent unemployment rate. Small communities on Prince of Wales Island are now beginning to feel the serious economic harm resulting from the cessation of activities related to the former Ketchikan Pulp Company pulp mill in Ketchikan. While Congress has attempted to soften the blow by providing disaster relief money to the communities of Southeast Alaska, this only helps in the short term and is no substitute for long-term employment at wage levels that will sustain families and communities.

Another result of this downturn that is devastating to many families in the region is the loss of health insurance available to families working (or formerly working) at timber industry jobs. Lower employment levels in the industry has made it increasingly difficult for the Tongass Timber Trust to maintain a group health insurance plan that is available at a reasonable cost to small and medium size

companies and their employees. The Trust is currently facing the probability that it will have to cease operation, leaving many families in the region with no available health care coverage.

A factor significantly contributing to the decline of the timber industry in Southeast Alaska has been the activities of several radical environmental groups in the region, assisted substantially by large national environmental organizations. These groups have mounted sustained public propaganda campaigns aimed at convincing the American public and the national administration that the timber industry has been devastating the Tongass National Forest by its logging activities. The facts, however, are otherwise. More than 90 percent of the high volume old growth which existed in the Tongass National Forest in 1954 is still standing and the vast majority of it is currently in permanently protected status. Of the approximately 5.6 million acres of commercial forest land in the Tongass, only 576,000 acres are currently available for logging at any time. The rest is protected in perpetuity for wilderness and recreation purposes.

The efforts of the anti-development groups are sustained by huge grants of money from large charitable trusts which receive tax protection from the Federal government and are therefore subsidized by the American taxpayers, including the taxpayers in Southeast Alaska who are losing their living and their way of life due to the efforts of these groups.

For example, in 1997 and 1999, the Pew Charitable Trust gave $1.2 million to the Alaska Conservation Foundation which routed most of that money into Tongass-related activities. This included a grant of $529,000 to the Alaska Rainforest Campaign in 1998 for staff operations and $100,000 in three 1998 grants to the Southeast Alaska Conservation Council (SEACC) for the Tongass effort. In 1999, SEACC and its affiliate, the Tongass Conservation Society, received $55,000 from the Wilburforce, Brainerd and Weeden foundations to support their anti-development efforts in Southeast Alaska.

In 1998 alone, the Alaska Rainforest Campaign received direct grants of $450,000 from three tax protected foundations (Surdna, $200,000; Charles Mott, $200,000; and Rockefeller Brothers, $50,000). This is in addition to a $60,000 grant from the Turner Foundation that was funneled through the Alaska Conservation Foundation the same year. This taxpayer subsidized funding was used to slow down or halt timber sales and timber sale planning efforts that are desperately needed by the remaining timber industry in Southeast Alaska – an industry that has already been seriously crippled by

the efforts of these same groups. The tactics used include filing appeals and/or litigation on nearly every timber offering put forth or contemplated by the U.S. Forest Service in pursue of the agency's Congressionally mandated responsibility to manage its timber for commodity production.

It should be noted that these expenditures leveraged a significant amount of other taxpayer's dollars, running into the millions, that were used by the agency to defend itself against these appeals and litigation. Furthermore, the committee should be aware that it is this very activity that greatly increases the cost of the timber sale program in Alaska. The same groups then turn around and publically criticize the agency for running a deficit timber sale program and call it a subsidy to the industry. A recent Forest Service report shows that nearly half of the cost of the timber sale program in Alaska is attributable to the costs of NEPA compliance, including the costs of appeals and litigation.

This taxpayer subsidized activity must be stopped, or at least controlled. It is simply wrong for the American taxpayers to be supporting efforts aimed at destroying the economies of small American communities in Alaska and elsewhere. The United States is a country where people are free to hold whatever political and religious views they want to hold, and to actively pursue their own political goals. The Alaska Forest Association does not object to that. We do object, however, to having those groups use tax shelters to pursue their political ends when those ends directly harm other people and destroy the economies of rural communities. We therefore ask this Committee to carefully investigate the activities of these huge, wealthy foundations and the use of their tax shelters to promote campaigns that are wreaking devastation on the rural communities of this country.

Attached to my written testimony are charts showing recent foundation funding for anti-development groups in Alaska and the Executive Summary of the McDowell report mentioned in my oral testimony.

Thank you very much for the opportunity to testify before you today on this very important matter. I will be happy to try to answer any questions you may have.

Attachment A
Foundation Grants to Alaska Environmental Groups
1994 - 2000

Year(s)	Foundation	Recipient	Amount
1994	Ruth Mott Foundation	Alaska Conservation Foundation (for ARC)	$25,000
1994-95	Surdna Foundation	Alaska Rainforest Campaign	200,000
1995	Brainerd Foundation	Alaska Clean Water Alliance	15,000
1995	Brainerd Foundation	SEACC	14,500
1995	Brainerd Foundation	Tongass Conservation Society	10,000
1995	Bullitt Foundation	Alaska Conservation Foundation	120,000
1995	Pew Charitable Trust	Alaska Conservation Foundation	470,000
1995	Surdna Foundation	Alaska Conservation Foundation	50,000
1995	Rockefeller Family Fund	Alaska Conservation Foundation	40,000
1995-96	Rockefeller Brothers Fund	Alaska Conservation Foundation	200,000
1996	Surdna Foundation	SEACC	25,000
1996	Rockefeller Family Fund	SEACC	20,000
1996	Patagonia	SEACC	9,000
1996	Brainerd Foundation	Tongass Conservation Society	15,000
1996	Brainerd Foundation	SEACC	17,750
1996	Brainerd Foundation	SEACC	20,000
1996	Brainerd Foundation	Sitka Conservation Society	15,000
1996	Brainerd Foundation	Alaska Conservation Foundation	12,000
1996	Turner Foundation	Alaska Conservation Foundation (for ARC)	5,000
1996-97	Charles S. Mott Foundation	Alaska Conservation Foundation	200,000
1997	Pew Charitable Trust	Alaska Conservation Foundation	800,000
1997	Turner Foundation	Alaska Conservation Foundation (for ARC)	102,000
1997	Wilburforce Foundation	Forest Service Employees for Env. Ethics	40,000
1997-98	Goldman Fund	Alaska Rainforest Campaign	100,000
1998	Brainerd Foundation	SEACC	50,000
1998	Brainerd Foundation	Tongass Conservation Society	10,000
1998	W. Alton Jones	Alaska Conservation Foundation	100,000
1998	W. Alton Jones	SEACC	100,000
1998	Rockefeller Brothers Fund	Alaska Rainforest Campaign	50,000
1998	Weeden	SEACC	20,000
1998	Turner Foundation	Alaska Conservation Foundation (for ARC)	60,000
1998	Turner Foundation	SEACC	30,000
1998-99	Charles S. Mott Foundation	Alaska Rainforest Campaign	200,000
1998-99	Surdna Foundation	Alaska Rainforest Campaign	200,000
1998-99	Bullitt Foundation	Alaska Conservation Foundation	90,000
1999	Weeden	SEACC	20,000
1999	Wilburforce Foundation	SEACC	25,000
1999	Pew Charitable Trust	Alaska Conservation Foundation	400,000
2000	Weeden	SEACC	20,000

Attachment B

Recent Grants from the Alaska Conservation Foundation to Support the Alaska Rainforest Campaign

Organization	Amount	Year	Purpose
Alaska Institute for Sustainable Recreation and Tourism	12,500	1998	Community-based conservation in Alaska's coastal rainforest areas
Alaska Rainforest Campaign	11,000	1999	Internet advertising to generate comments on National Forest Rosdiess Areas
Tongass Conservation Society	9,400	1999	Collaborative management of forest lands
Alaska Rainforest Campaign	529,000	1998	Staff operations
Alaska Audubon	10,000	1998	
Alaska Center for the Environment	75,000	1998	
Alaska Wilderness League	10,000	1998	
Defenders of Wildlife	25,000	1998	
Earthjustice Legal Defense Fund	90,000	1998	
Eyak Rainforest Preservation Fund	5,000	1998	Participate in Copper River Coalition to protect Copper River Delta from timber and coal development
Natural Resources Defense Council	83,000	1998	
Sierra Club/Alaska Field Office	30,000	1998	
Sitka Conservation Society	7,500	1998	
Sitka Conservation Society	5,000	1998	Operating support
Southeast Alaska Conservation Society (SEACC)	90,000	1998	
SEACC	2,000	1998	SEACC's role in a changing Southeast Alaska economy
SEACC	8,000	1998	Operating support

Economic Impacts of Declining Tongass Timber Harvests

Prepared for:

Sealaska Corporation
City of Wrangell
Ketchikan Gateway Borough
Alaska Forest Association

Prepared by:
McDowell GROUP
Juneau Anchorage

February 2000

Executive Summary

The purpose of this study is to measure the economic effects of the decline in the Tongass National Forest timber industry. Since 1990, the volume of timber harvested from the Tongass National Forest has dropped from 470 million board feet to 120 million board feet annually, a 75 percent decline. Timber industry employment is at its lowest point in over 30 years, now directly accounting for only about 670 jobs. At its peak, in the 1970s, the Tongass generated 4,000 timber industry jobs in Southeast Alaska.

The loss of 1,700 timber industry jobs during the 1990 to 1998 period has rippled through the regional local economies. The total job loss (including direct and indirect jobs) is estimated at approximately 2,900 jobs and over $100 million in annual payroll in Southeast Alaska. Further, a 75 percent reduction in Tongass stumpage receipts has affected nearly every local government in Southeast and has been especially harmful to the region's smaller communities.

The economic effects of the declining Tongass timber harvest are still unfolding. Additional direct employment losses include the recent closure of the Annette Island sawmill in Metlakatla. Additional lay-offs will occur as KPC completes the harvest associated with its contract extension. Further, the long-term, indirect economic consequences of timber industry declines will continue to unfold in communities that have lost key employers, especially in Ketchikan, and in communities dependent on Tongass stumpage receipts.

Finally, it is important to recognize that the economic impacts of declining timber harvest have been mitigated to some degree by the $110 million in Tongass disaster relief funds distributed to Southeast's timber dependent communities. If these funds had not been made available the economic out-fall in Wrangell, Sitka and Ketchikan, among others, would undoubtedly be more severe than recorded in this report.

Key findings of this study are summarized below:

Regional Employment and Income Impacts

- Region-wide, the social and economic impacts of the decline in the timber industry have been masked by growth in Juneau, where 40% of the region's population resides. Juneau has historically had little economic dependence on the timber industry.

- Since 1993 (when the first large mill closure occurred), wage and salary employment in Juneau has grown by 13 percent (a gain of about 1,800 jobs). Meanwhile, employment in the smaller urban communities (Ketchikan, Sitka, Petersburg, Wrangell and Haines) has declined by seven percent, a loss of 1,100 jobs.

- Payroll in the region's smaller urban centers decreased by five percent overall between 1993 and 1998.

- Real (inflation-adjusted) personal income has declined by five percent across the Southeast region, except in Juneau where it has increased by six percent.

Impacts in Ketchikan

- The March 1997 closure of KPC's pulp mill resulted in the loss of 425 jobs and $20 million in annual payroll. Through 1998, the timber industry in Ketchikan had suffered a loss of about 500 jobs overall.

- Total employment and payroll in Ketchikan are down by 12 percent since 1995. The community has suffered a net decline of 950 jobs and $30 million in annual payroll. Real payroll (adjusted for inflation) has dropped 16% since 1995.

- Since mill closure in 1997, Ketchikan's population has dropped by 700 residents, a five percent drop. Ketchikan's population actually peaked in 1995 and has declined in four consecutive years. Most, if not all, of this population decline can be attributed to the reduced timber industry activity. Since 1995, Ketchikan's population has declined by 800 residents.

Impacts in Wrangell

- The 1994 closure of Alaska Pulp Corporation's sawmill in Wrangell put 225 employees out of work. Mill closure resulted in the loss of 20% of all wage and salary jobs in Wrangell.

- As a result of mill closure, total Wrangell payroll dropped by 30 percent ($9.4 million) between 1993 (the last full year of mill operations) and 1995. In 1998, Wrangell payroll totaled $24.8 million, still 19 percent below the pre-mill closure level.

- Real (inflation adjusted) payroll dropped by 33 percent between 1993 and 1995 and remains 29 percent below the pre-mill closure level.

- Since peaking in 1994 at 2,754 residents, Wrangell's population dropped by seven percent to the 1999 level of 2,549 residents.

Impacts in Sitka

- The 1993 closure of Alaska Pulp Corporation's Sitka mill resulted in the loss of approximately 400 jobs and annual payroll of $18 million. The jobs and payroll constituted 10 percent of the local employment base and 16 percent of all local wage and salary income.

- The indirect economic shock associated with the loss of the community's largest employer was mitigated to a substantial degree by several factors, including generous severance packages offered by APC, growth in the local health care sector and tourism growth.

- Despite these mitigating factors, Sitka's population is still about four percent below the pre-mill closure level. Wage and salary employment and payroll in 1998 were five percent below the pre-closure level.

- Real (inflation-adjusted) payroll in Sitka in 1998 was 15% below the pre-closure level.

Impacts in Rural Southeast Alaska

- The population of rural Southeast Alaska has declined seven percent since 1996. This includes the Skagway/Hoonah/Angoon census area, the Prince of Wales/Outer Ketchikan census area and Yakutat Borough.

- Employment in the Skagway/Hoonah/Angoon census area dropped by nine percent between the 1995 peak of 2,128 jobs and the 1998 average of 1,943 jobs (a decline of 185 jobs). Payroll peaked in 1997 at $62 million, then fell 18 percent to $51 million in 1998.

- In the Outer Ketchikan/Prince of Wales census area, employment has been more stable at around 2,200 jobs, though a 2.5 percent decline was reported for 1998 compared to 1997.

- In the Outer Ketchikan/Prince of Wales census area, real payroll declined by about ten percent Between 1995 and 1998. Real personal income declined by four percent between the 1995 peak and 1997 (the most recent available data).

- Rural communities have also suffered from the decline in shared Tongass stumpage receipts. Stumpage revenues to rural Southeast Alaska communities have declined by 75 percent over the past three years.

- In FY 1999, a total of $1.7 million in stumpage receipts were distributed to Southeast communities, mostly to the smaller communities. For federal fiscal years 1995 through 1997, shared receipts averaged $7.4 million annually.

- Southeast's rural education attendance areas (REAAs) have been particularly hard hit by declining timber receipts. For the FY 1995 to 1997 period, timber receipts generated an average of $1 million in funding for rural schools, and averaged about $900 in funding per rural student. Funding for rural students dropped to $210,000 in FY 1999, or about $180 per student, a decline of 80% from the 1995-97 level.

Impacts in Southeast Alaska's Native Villages

- Southeast's predominantly Native communities have suffered from a combination of declining Tongass harvests and declining ANCSA harvests. Collectively, Southeast Alaska communities with 60 percent or more Native population have experienced a five percent population decline since 1996.

- Among Southeast Alaska communities composed of 60 percent or more Alaska Natives, only the very small community of Kasaan has not experienced some population decline in recent years.

- For example, from its 1993 peak of 636 residents Angoon's population has declined by nine percent. Hydaburg's population has declined 14 percent since 1993. Klukwan's population is down 15 percent; Yakutat's 11 percent.

- The population decline in Southeast's Native villages is coupled with very low household income and employment rates. The percentage of Native households living below the U.S. Heath and Human Services poverty level ranges from a low of 20 percent in Kasaan to a high of 77 percent in Angoon. Similarly, unemployment rates among Native villagers ranges from a low of 14 percent in Hydaburg to a high of 54 percent in Angoon and 60 percent in Kasaan.

- Economic out-fall of declining Tongass timber harvests continues. In October 1999 Metlakatla lost its largest private sector employer with closure of the Annette Sawmill.

Ketchikan Daily News
Weekend Edition
May 13-14, 2000

END OF THE WEEK

Battle continues

By LEW M. WILLIAMS, Jr.
For the Ketchikan Daily News

The decision on whether to prohibit road construction in roadless areas of Tongass National Forest is postponed until the 5-year review of the 1999 Tongass Land Management Plan. That is scheduled for April 2004, according to a proposed ban on roads in national forests issued Tuesday by the Clinton Administration.

"If it were determined that inventoried roadless areas on the Tongass merit protection by applying the road building prohibition, a forest plan amendment or revision would be initiated with full public involvement," officials said. That means the battle over the Tongass continues.

The Forest Service is soliciting comments on its roadless plan for the next 60 days. The proposal, which would affect 155 national forests in 39 states, has drawn an unprecedented amount of public response.

The agency held 200 hearings on the proposal and plans 200 more. It received 365,000 comments from the public, more than 336,000 of which were form letters or postcards similar to those a local environmental group, Friends of the Tongass, hopes to assemble advocating a road ban in the Tongass and closing it to logging.

The Washington Times described the proposed road ban in 43 million acres of the nation's forests as a "back-down" from an initial proposal to eliminate logging, mining and some forms of recreation in the nation's forests.

Environmental leaders said the Forest Service's plan was not what Clinton intended for his environmental legacy when he called for regulations banning new roads. However his cabinet officer in charge of the Forest Service said that the president's orders were followed.

"The president made it clear not to turn the national forests into museums, rather to move to protect roadless areas and to continue to responsibly manage timber activity. This shows that environmental stewardship and economic development can go hand in hand," Agriculture Secretary Dan Glickman said.

That expresses a change in attitude by the Clinton Administration after its extreme restrictions on the Tongass and its wilderness declarations in other states created huge "museums" areas.

Sierra Club Director Carl Pope said his organization plans an extensive advertising campaign during the next 60 days urging the public to call for a logging ban. Pope said the campaign will be the "largest citizen mobilization the environmental community has ever undertaken."

Environmentalists said they were disappointed the plan "exempted the nation's largest forest ... from any logging restrictions." They must mean "any MORE logging restrictions." The allowable cut in the Tongass has been reduced from 450 million board feet a year in 1990 to 187 million board feet today. Environmental appeals further reduce the 187 million.

This column reported two weeks ago, that environmentalists will staff an office in Ketchikan during the tourists season. They hope to get 20,000 postcards signed in Ketchikan urging further restrictions, a road ban and an end to all commercial logging in the Tongass.

Sitka Conservation Society, Alaska Rainforest Campaign, along with Joshua Martin of Indiana and Donna S. Anderson of Ketchikan, are coordinating the summer campaign to accumulate signatures on the postcards. We wrote that they intended to accumulate them with Ketchikan postmarks. But Anderson says the cards, instead, will be forwarded to Anchorage with the signers' names and addresses. She viewed this column as an attack on their right to express an opinion. We didn't attack. We only reported what they said in a national publication.

They wrote that "the wise use movement has held Ketchikan in its grip for over a decade ... Resident businesses and locals in southeast Alaska are too scared stiff of Murkowski, Stevens, Young, the local political gangsters, and chamber of commerce to speak up in favor of Tongass inclusion."

One of Anderson's supporters also wrote a letter attacking a Ketchikan Daily News editorial. The editorial said residents are "more frightened of half-truths and propaganda being used to further erode the economic base of southern Southeast Alaska. If that's what environmental groups are bringing to Ketchikan this summer, we wish they wouldn't bother. There's been too much already."

Marcel LaPerriere of Ketchikan called that editorial half-truth and propaganda. LaPerriere wrote: "It's a blatant misuse of the press to twist half-truths to further your ideas. Please take time to check the facts closer in the future."

Check the facts? The Department of Labor reports that Ketchikan has lost 1,000 jobs in five years. The number dropped from 7,900 in 1995 to a current 6,900. That's the result of the pressure to lock up more and more of the Tongass from logging, thus running mills out of business. What will another five years bring with an amendment to the Tongass Land Management Plan in 2004?

Friends of the Tongass appear intent on joining with the Sierra Club to shut down the remaining mills — Seley, Gateway Forest Products, Viking Lumber — by denying them timber.

It takes a psychiatrist, not a columnist, to explain why people seek to malign their neighbors and destroy the economy of their community and their employers.

Ketchikan Daily News
Thursday, May 11, 2000

POINT OF VIEW

'Friends of the Tongass' inundates tourists

By DICK COOSE

Spend your "Summer In The Tongass." Sounds like a great invitation doesn't it? Who wouldn't want to spend a pleasant summer in beautiful Southeast Alaska amidst the wilds of the Tongass? The offer is made especially attractive because "shelter and nourishment" will be "available to all who participate" "in hitting the Ketchikan's half-million tourist with literature" about the Tongass.

The objective is "to bring in 20,000-plus comments in favor of" including the Tongass National forest in Clinton's roadless plan which places an additional 60 million acres of public land off limits from the public. Because there aren't 20,000 people in Ketchikan, those comments will have to come from its visitors. Unsuspecting and uninformed visitors will be the target of a campaign run by a group called "Friends of the Tongass."

The "Friends of the Tongass" invitation came in an email package from the "National Forest Protection Alliance" (NFPA), which is a national group advocating the end of all commercial activity on all nation forests. According to this email alert "the wise-use movement has held Ketchikan in its grip for over a decade," and "the truth: resident businesses and locals in Southeast Alaska are scared stiff of Murkowski, Steven, Young, the local political gangsters, and the Chamber of Commerce to speak up in favor of Tongass inclusion."

According to the NFPA, the Sitka Conservation Society (SCS), Alaska Rainforest Campaign (ARC), along with Joshua Martin (Indiana) and Donna Anderson (Ketchikan) are coordinating this summer campaign out of Ketchikan.

The campaign will collect comments from visitors to Ketchikan and Prince of Wales, will hold benefits, barbecues and fund-raisers, and will sponsor an entry in Ketchikan's Fourth of July parade. The group's main issue will be President Clinton's roadless policy. As we know, roads are the backbone of our economy and our health. Roads provide access for tourism, logging, mining, general transportation and personal recreation.

As current president of the Ketchikan Chamber of Commerce, a Borough Assembly member, and a 20-year citizen of Southeast Alaska, I am offended by the accusations. You should be too. Forest land management should be based on science, using common sense, local knowledge and professionally trained managers. The political science and postcard biology being used by groups like the "Friends of the Tongass," is damaging forest health and local economies, and is kicking people off national forest lands.

Increasingly, Outside dollars are funding programs to end access to Alaska public land. Earlier this year the Rockefeller Foundation gave a large endowment to the Alaska Conservation Alliance, an umbrella group for most of Alaska's environmental extremists (including ARC and SCS).

The non-profit Pew Foundation recently allocated $10 million to help create more wilderness areas. It is likely that at least some of these dollars have been funneled into Ketchikan for use in this campaign against visitors and the local economy.

Visitors to Ketchikan and Southeast Alaska should be allowed to enjoy their visit to the Tongass and its communities. They should be able to enjoy all Ketchikan has to offer — historical sights, tours, shopping and the beautiful surrounding scenery. It would be a shame to see our visitors return home disappointed because they were bombarded with literature about saving the Tongass from further destruction.

The Chamber of Commerce will be working hard all summer to make sure Ketchikan visitors don't get the wrong idea about our community or the Tongass. We will be working with local citizens, businesses, governments and the Alaska Congressional Delegation to ensure visitors are permitted to enjoy their time in Ketchikan without being accosted by carpetbaggers selling postcard biology. To that end, the chamber is reviving the Yellow Ribbon Campaign. Join in and welcome Ketchikan's visitors by actively participating in the Yellow Ribbon Campaign.

(Dick Coose is president of the Ketchikan Chamber of Commerce.)

Ms. CHENOWETH-HAGE. Thank you, Mr. Phelps.

And the Chair recognizes Mr. Miller for his testimony.

STATEMENT OF TED MILLER

Mr. MILLER. My name is Ted Miller. I am an elected trustee and a card-carrying member of PACE Local 75 out of Berlin, New Hampshire, part of the union representing 700 mill workers in my area. I am also active in the Pulp and Paperworkers Resources Council, an organization representing labor in over 100 wood product mills throughout the country.

I have run for public office in the past as a Democrat, and I will be doing so again. I am here to testify about how foundation grants affecting public policy have already caused job loss in my community and threaten more jobs and also recreation opportunities.

In 1990, the Jessie B. Cox Foundation awarded the Appalachian Mountain Club a $315,000 grant to promote a greenline strategy for the northern forests. In other words, the object is for the government to buy land and put it off limits to almost all human activity.

As a direct result, the Northern Forest Alliance was created. This coalition of over 30 environmental groups includes the Appalachian Mountain Club, the Sierra Club, the Wilderness Society, and the National Audubon Society. They have targeted over eight million acres of private-owned lands in northern New England and upstate New York to become Government-owned lands.

Over $2 million from foundations, including Pew Charitable Trust, the John Merck Fund, the Richard King Mellon Foundation, as well as the Jessie B. Cox Foundation, was given to the Northern Forest Alliance for the purpose of advocating for huge purchases of private lands by the Government.

About 85 percent of the 26 million acre northern forest is in private ownership. The major ownership of these lands is with the forest product industry, most of whom provide raw materials for their use and that of other producers. Under this current land ownership pattern, forest growth has exceeded harvest since 1920. This could not have happened if they were harvesting at the rate many environmental groups claim.

In New Hampshire alone, the forest product industry provides almost 17,000 direct and indirect jobs and almost $4 billion in direct and indirect income. This is only possible because most of the land is in private ownership.

Over the last two decades, the White Mountain National Forest where I live and the nearby Green Mountain National Forest have had their annual timber harvest severely reduced, largely because of foundation financed activism. The impact on the local economy has been felt. The loss of timber revenue has resulted in a higher cost for community residents for their schools and roads. Good-paying timber jobs have been lost as well.

For these reasons, those who want to see more Government-owned lands are not the people who have lived and worked in the northern forest area for generations. It is foundation funds that are going to groups like the Northern Forest Alliance and the AMC, whose spokesman, Dave Publicover, told an audience at a meeting in North Conway, "If my grandchildren can come up here and see

a cougar, then we have done something right. If not, we have failed, no matter how many jobs there are."

In advocating for large Government land purchases, Mr. Publicover doesn't care if almost 10,000 pulp and paperworkers throughout the northern forest lose their jobs. The AMC doesn't care if almost 10,000 pulp and paperworkers throughout the northeast lose their jobs. The Northern Forest Alliance doesn't care if almost 10,000 pulp and paperworkers lose their jobs.

And it is obvious that the wealthy foundations giving huge grants to those organizations don't care if 10,000 pulp and paperworkers lose their jobs. Indeed, that seems to be one of their goals.

It is our only hope that you care about our jobs and that you care enough to say no to the foundations who are advocating huge Government land purchases. More Government lands may be in the best interest of the various foundations, but they are not in the best interest of the economy.

More Government lands are not in the best interest of the American worker. And, as we have learned, more Government lands are not in the best interest of the environment either.

I have submitted further documentation with the Records Clerk. And on behalf of the 700 pulp and paperworkers of Local 75, I thank you for your time and this opportunity.

[The prepared statement of Mr. Miller follows:]

Pulp and Paperworkers Resource Council

Ted Miller - Chairman, Berlin-Gorham Chapter Telephone home 466-5739, work 342-2882

387 Main St.
Gorham, NH 03581

My name is Ted Miller. I am an elected trustee of Local 75, a part of the PACE International Union representing about 700 millworkers in the pulp and paper mills of Berlin and Gorham, NH. I am also active in the Pulp and Paperworkers Resource Council, an organization representing union workers in over 100 wood product mills throughout the country. I have run for public office in the past as a Democrat, and I will be doing so again. I am here to testify about how foundation grants affecting public policy have already caused job loss in my community and threaten not only more jobs, but also recreation opportunities.

In 1990 the Jessie B. Cox foundation awarded the Appalachian Mountain Club a $315,000 grant in their words "for the support of a collaborative project of Maine Audubon, Audubon Society of NH, Conservation Law Foundation, and the Appalachian Mountain Club to develop a northwoods coalition in order to prioritize high value natural lands in the north woods of New England, and to promote a greenline strategy for the northern forests". In other words, the object is for the government to buy land and put it off limits to almost all human activity. If anyone is unfamiliar with the term "greenlining" it refers to drawing a green line around a large area on a map and designating that area for preservation. The object is to have the federal government buy that land and then put it off limits to most if not all timber harvesting as well as in many cases no longer allowing hunting, snowmobiling, or all-terrain vehicle access to that land.

About 85 % of the 26 million acre northern forest which stretches from the coast of Maine through northern NH and Vermont and across upstate New York is in private ownership. The major ownership of these lands is with the forest product industry most of whom use their lands to provide raw materials for their use and that of other producers. Under this current land ownership pattern, forest growth has exceeded harvest since 1920. Many of these producers have been in business for generations, some such as the mill where I work have been providing needed jobs and products for the economy **for over 100 years. This could not have happened if they were harvesting at the rate many environmental groups claim.**

As a direct result of the 1990 grant to the AMC from the Jessie B. Cox foundation, **the Northern Forest Alliance was created. With the AMC acting as their fiscal agent, this coalition of over 30 environmental groups has targeted over 8 million acres of private-owned lands to become government-owned lands. It took a great deal of research to uncover that over two million dollars from foundations**

including Pew Charitable Trusts, the John Merck Fund, the Richard King Mellon Foundation, as well as Jessie B. Cox foundation were given to the Northern Forest Alliance for the purpose of advocating for huge purchases of private lands by the government. The total amount of foundation grants for this purpose is much higher.

The basic intent for all these foundation grants was to establish a coalition of environmental groups who would develop and promote a strategy for establishing a series of nature preserves throughout the 26 million acre northern forest. It was in April of 1995 that the AMC in their monthly magazine listed their goal to "protect through public ownership the Northern Forest's great wild areas". In that issue, they went on to list a total of 10 areas encompassing over 8 million acres to be purchased by the government. Yet, that was not enough. Only one year later, in a memo that was meant to be secret, from an AMC executive to a director of the Northern Forest Alliance, four more areas totaling several hundred thousand acres were targeted. In that memo, it was stated "as you know, the plan has changed somewhat. These areas will not be put into any type of public document at this time (i.e., the upcoming Wildlands Report). They are for internal use..." Sure enough, when the afore mentioned Wildlands Report came out in February, 1997, it advocated the government purchasing the eight million acres targeted in the AMC magazine, and made no reference to further land acquisitions. Yet, it is now obvious that even if eight million acres of private land in northern New England and New York state were to be bought by the government, environmental groups operating with foundation money and approval would want even more.

After 4 years of a congressionally funded study, the Northern Forest Lands Council in 1994 stated in its conclusions "*The current land ownership and management patterns have served the people and forests of the region well. We are seeking reinforcement rather than replacement of the patterns of ownership and use that have characterized these lands for decades*". Nowhere in the entire report were large government land acquisitions called for.

In a recent report prepared for the Society for the Protection of New Hampshire Forests, one of the oldest conservation organizations in the country, and one of the driving forces behind the creation of the White Mountain National Forest, it was determined that **in New Hampshire alone, the forest product industry provides almost 17,000 direct and indirect jobs, and almost 4 billion dollars in direct and indirect income. In Maine, whose mass is equal to the area covered by the entire rest of New England, those figures may be well over three times as high. This is only possible because most of the land is in private ownership.**

With most of the northern forest in private hands, the science of forestry has been able to prove that that a well managed forest not only provides needed jobs and products for the economy, it also grows better and provides better for a wider variety of wildlife than a preserved forest. Even the softwood forests of northern Maine

which were heavily cut in the early 1980's to salvage trees being killed by a massive spruce budworm infestation are now well on the road to recovery.

Forest management on government-owned lands is a far different story. Like other national forests where the amount of timber harvested has been reduced by as much as 90 % **over the last two decades, the White Mountain National Forest where I live and the nearby Green Mountain National Forest have** also **had their annual timber harvest severely reduced, largely because of foundation-financed activism. The impact on the local economy has been felt. The loss of timber revenue has resulted in higher costs for community residents for their schools and roads. Good paying timber jobs have been lost as well. For these reasons, those who want to see more government-owned land are not the local people who have lived and worked in the northern forest for generations.**

In August of 1999, three environmental groups who belong to the Northern Forest Alliance released a joint effort publication titled "Mountain Treasures: Roadless Areas in the White Mountain National Forest". In this report, the Appalachian Mountain Club, The Wilderness Society, and the Conservation Law Foundation called for the designation of more roadless areas in the WMNF. Because of wilderness designation, roadless areas, and other designations, only 45 % of the WMNF is currently available for timber management. These groups are calling for a further reduction that would have only 30 % of the forest available for timber management. Among other things, the report calls the area potential habitat for the wolverine, an animal that never existed in this area, and currently is on the endangered specie list. If that animal were introduced to our national forest, it would lead to further restriction on land use in this area and surrounding areas. This heavily-biased report came out in support of the President's roadless initiatives a full two months before the President and the US Forest Service went public with that initiative. The extensive bibliography references lead one to believe that foundation monies were also likely involved in the publication and advocacy of this report as well.

It is wealthy foundations such as PEW Charitable Trusts, Jessie B. Cox, and others who have decided that they want to have the government make huge land purchases throughout northern New England and upstate New York. It seems they are doing everything in their power to make this happen. This includes grants in an attempt to silence and discredit the mostly local people and private land owners who in growing numbers are disagreeing with foundation and environmentalist philosophy. An example of this was a $25,000 grant from the Winslow foundation to the AMC, in the foundations words "To aid in the coordination of a three-year New England regional response to the Property Rights/Me Firsters Movement". While doing research for his book "Undue Influence", Ron Arnold uncovered more than ten similar foundation grants.

It is foundation funds that are going to groups like the Northern Forest Alliance and the AMC, whose spokesman Dave Publicover told an audience at meeting in North Conway in March, 1994 "if my grandchildren can come up here and see a

cougar, we've done something right. If not, we've failed, no matter how many jobs there are".

In advocating for large government land purchases, Mr. Publicover doesn't care if almost 10,000 pulp and paper workers throughout the northern forest lose their jobs. The AMC doesn't care if almost 10,000 pulp and paper workers lose their jobs. The Northern Forest Alliance doesn't care if almost 10,000 pulp and paper workers lose their jobs. And, it is obvious that the heads of the various wealthy foundations giving huge grants to those organizations don't care if 10,000 pulp and paper workers lose their jobs, either. Indeed, that seems to be one of their goals. Our only hope is that you care about our jobs and that you care enough to say no to the foundation people who are advocating huge government land purchases. More government land purchases may be what the leaders of various foundations want, but that has too often proven to be harmful to local and regional economies. More government land purchases are not in the best interest of the American worker, and as we have learned, more government land purchases are not in the best interest of the environment, either.

Thank you for your time and this opportunity.

Sincerely,

Ted Miller
Gorham, NH

[The information referred to follows:]

Managing for Multiple Benefits on the **White Mountain National Forest**

prepared by the
New Hampshire Timberland Owners Association
54 Portsmouth Street, Concord, NH 03301
phone (603) 224-9699, fax (603) 225-5898

The White Mountain National Forest (WMNF), created by Congress upon passage of the Weeks Act in 1911, is an area managed for multiple benefits, including wildlife, recreation, wilderness, timber, and water quality. Since its founding, the WMNF has sought to balance these uses. In doing so, it has provided ecological and economic benefits to the communities of New Hampshire and Maine, as well as the rest of New England and the nation.

Today, the WMNF encompasses roughly 774,000 acres in New Hampshire and Maine. It is a working forest managed for timber, recreation, wildlife, water quality and scenic values. In New Hampshire, the WMNF represents roughly 13 percent of the state's land base, and is a significant economic, recreational and environmental resource for the citizens of the state.

Recently, two environmental organizations -- the Sierra Club and Conservation Project -- proposed that the WMNF become a National Park. This change in designation would have profound implications for the management of the land, and would overturn years of hard work and dedication by citizens of New Hampshire and New England. In response to many of the statements made by those few who have proposed changing the status of the National Forest, the New Hampshire Timberland Owners Association has prepared the following information for our members, opinion leaders and others interested in learning the facts about multiple use management.

Information continued on the following pages should help individuals understand the management of the White Mountain National Forest, and how multiple use management benefits the citizens of New Hampshire and New England.

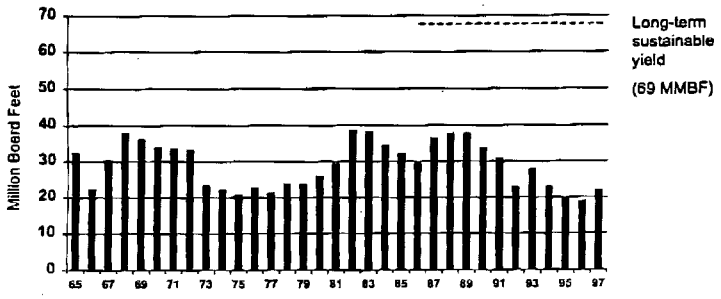
How is management of the White Mountain National Forest decided?

Several federal laws govern the White Mountain National Forest, including the Multiple Use-Sustained Yield Act, the National Forest Management Act and the National Environmental Policy Act. By law, every ten to fifteen years each National Forest must develop a long-term management plan, which determines how land is used, how much timber harvesting will occur and where, what areas will be primarily used for recreational purposes, as well as other management decisions. This management plan, called the Land and Resource Management Plan or "Forest Plan" is developed using input from the public, organizations, local communities and Forest Service employees.

The last Forest Plan for the WMNF was approved in 1986, with extensive involvement from conservation organizations from New Hampshire and New England. The Forest Service is now in the process of revising this plan.

Is the primary function of the White Mountain National Forest logging?

No, the WMNF is managed for many benefits, timber harvesting being just one of them. The majority of the land is designated for uses other than timber harvesting; including 115,000 acres of congressionally designated Wilderness. Of all of the land within the WMNF, less than half (44%) is available for timber harvesting, and much of this may never be harvested. The 345,000 acres designated as available for timber harvesting can produce a sustainable supply of 69 million board feet (MMBF) per year. According to the Forest Plan, no more than 35 MMBF (roughly half of the growth) can be harvested each year, and in recent years it has dropped to roughly 20 MMBF.



This chart shows the level of timber harvesting on the WMNF since 1965, which have been consistently below sustainable levels.

How much clearcutting occurs on the White Mountain National Forest?

Clearcutting is used infrequently by the WMNF as one part of forest management and habitat management programs, along with many other harvest methods. Individual clearcuts on the WMNF are limited to no more than 30 acres in size, and most are much smaller. Each year, as part of commercial timber sale program, the WMNF clearcuts a total of 300 to 400 acres, or one two thousandth (1 / 2,000) of the land. These clearcuts, carefully designed to take into account visual impacts and other resource concerns, provide young regeneration which many wildlife species rely upon as habitat or food sources and industries rely upon for timber. Scientific literature suggests that most mammal species found on the WMNF tend to utilize managed forestland, including clearcuts.

Is timber harvesting on the White Mountain National Forest a subsidy to the forest products industry?

No, timber harvesting on the WMNF is not a subsidy. By law, all timber sales are sold at a competitive auction. This auction, similar to methods used by many private landowners, assures that the WMNF receives the highest market value for all of the timber it sells. In fiscal year 1997, the timber purchasers on the WMNF paid a bid premium (percent over advertised price) of 59%. The assertion that timber harvesters get something they don't pay full market value for is simply not true.

In recent years, "below-cost" timber sales have received much attention on the WMNF. "Below-cost" sales occur when the timber sold at full market value does not cover all of the expenses. This happens for many reasons, including the many expense of incorporating the many environmental rules and regulations that exist on the WMNF, money paid to local communities for roads and schools under federal laws, long-term investments in forest roads, and money devoted to the Knutson-Vandenberg fund for wildlife habitat improvement. Environmental regulations on the National Forest are among the strictest in the nation. While all of these are important for timber harvesting on federal lands, they contribute to the appearance of "below-cost" sales.

What does remain clear is that the timber program on the WMNF provides benefits to New Hampshire and New England well in excess of its costs. Recent figures indicate that WMNF timber sale expenses are roughly $1 million more than revenue generated by these sales. However, the same figures show that timber sales on the WMNF generated $3.8 million in federal income taxes, resulting in a significant positive net return to the federal treasury and taxpayers. Timber sales on the WMNF also provide roughly 450 jobs for New Hampshire and Maine citizens, generating over $25 million in employment-related income to local communities.

Is Wilderness being protected in the White Mountain National Forest?

Yes. Wilderness continues to be an important component of multiple-use management. Wilderness areas are designated by the United States Congress as areas where nature is left unmanaged by humans, and humans are only visitors. In the WMNF, Wilderness areas exist in the Presidential Range-Dry River, Sandwich Range, and the Pemigewasset areas in New Hampshire, and the Caribou-Speckled area in Maine. These Wilderness areas, totaling 115,000 acres, are areas where logging, downhill skiing, alpine huts and facilities for other human uses are prohibited.

Does logging hurt wildlife on the White Mountain National Forest?

Timber sales are the primary tool for managing vegetation for wildlife habitat on the WMNF. Timber harvesting is carefully managed, in consultation with professional wildlife biologists, to provide diverse wildlife habitat and forest products. Many species on the WMNF -- including deer, moose and songbirds -- benefit from the regeneration caused by timber harvesting. Because harvesting only occurs on a limited acreage each year, habitats are carefully conserved to provide for abundant wildlife on the WMNF.

What can you do to keep the White Mountain National Forest a working forest, providing environmental and economic benefits to New England?

- Call or write your Senators and Congressional Representatives and let them know that you want the White Mountain National Forest to remain a working forest.

	State	District	Washington
Senator Bob Smith	NH	(603) 634-5000	(202) 224-2841
Senator Judd Gregg	NH	(603) 225-7115	(202) 224-3324
Rep. Charlie Bass	NH	(603) 226-0249	(202) 225-5206
Rep. John E. Sununu	NH	(603) 641-9536	(202) 225-5456
Senator Olympia Snowe	ME	(207) 874-0883	(202) 224-5344
Senator Susan Collins	ME	(207) 945-0417	(202) 224-2523
Rep. Tom Allen	ME	(207) 774-5019	(202) 225-6116
Rep. John Baldacci	ME	(207) 942-6935	(202) 225-6306

- You can write to Senators at the U.S. Senate, Washington, DC 20510
- You can write to Representatives at the House of Representatives, Washington, DC 20515
- Write a letter to the editor of your local paper, supporting the continued multiple-use management of the White Mountain National Forest
- For more ideas, contact the NH Timberland Owners Association at (603) 224-9699.

Sources:

- Land and Resource Management Plan, White Mountain National Forest. 1986.
- National Forest Timber Sale History, White Mountain National Forest. 1997.
- Timber Sale Program Information Reporting System, U.S. Forest Service. 1998.
- White Mountain National Forest Ten Year Monitoring Summary, 1996 Annual Report. U.S. Department of Agriculture, Forest Service.

UNDUE INFLUENCE

WEALTHY FOUNDATIONS, GRANT-DRIVEN ENVIRONMENTAL GROUPS, AND ZEALOUS BUREAUCRATS THAT CONTROL YOUR FUTURE

Ron Arnold

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Page 5

A local environmental group called the Okanogan Highlands Alliance (see chart, page 13) has conducted a campaign against the mine for years. The group's leader, David Kliegman, has in-depth contacts with big money: the Bullitt Foundation gave the group $25,000 in 1998 with the blunt comment, "The grant supports the organization's efforts to halt Battle Mountain Gold's proposed mine and prevent a precedent for chemical-leach mining in Washington State."

You can almost see Patsy crying over the bee farm.

When the Forest Service approved the Crown Jewel mine, Kliegman used the computer network of the environmental movement—funded in part by Seattle-based desktop-publishing millionaire Paul Brainerd (he created PageMaker)—to generate vociferous protests.

Brainerd is another story. We'll unfold that in the next chapter.

The conflict followed a well-worn pattern: environmentalists striving to generate a level of anxiety sufficient to kill the mine and demean Houston-based Battle Mountain; supporters touting the mine's safety features and economic benefits and bragging up Battle Mountain's excellent operating plan.

Ground has yet to be broken for the Crown Jewel mine.

Rural cleansing. Dismantling industrial civilization piece by piece.

Everywhere in rural Washington you'll find grassroots outfits with names such as the Upper Columbia Resource Council, the Ferry County Action League, and the Okanogan County Citizens Coalition (OC3).

Over the years, these local economy support groups have seen their hopes dashed time and again. They witness their communities and way of life being systematically destroyed and they have no power to stop it. The conflicts have gone on for so long and taken such a disastrous toll that rural economy support activists who were once fired up and eager to fight for community survival have given up in depression and despair.

Irene Hilderbrant, a logger's wife in Ferry County, wrote in a 1998 note to a friend, "Unless you're living it, no one realizes the emotional strain on families fighting to make a living from natural resource jobs. With so many rules and regulations to live by, it's very hard to maintain an even keel, emotionally."[34]

Very hard. Especially when the hopes vanish.

In 1994, Phelps Dodge began the process of getting the McDonald Gold Project approved near Lincoln, Montana, but was so daunted by environmentalist protests by 1997 that it sold out to a little company without the resources to complete the permit process. The permit process halted when new owner, Canyon Resources, fell behind on its payments for the required environmental-impact statement. Montanans then passed a ballot initiative in 1998 that prohibited construction of mines using the cyanide process, an initiative orchestrated by out-of-state environmental groups and funded behind the scenes by their foundation supporters.[35a]

Mining heavyweight Noranda "mothballed" the copper-rich Montanore Mine project near Libby, Montana after it was cleared by federal authorities but underwent a debilitating appeal by environmental groups. The proposed mine passed one regulatory hurdle after another, yet faltered because of a concentrated campaign by grant-driven environmental groups such as the Mineral Policy Center, which is supported by prescriptive private foundations, including the Pew Charitable Trusts and the Rockefeller Family Fund.[35b]

Newmont Gold similarly gave up its Grassy Mountain Mine in Oregon after a campaign by Oregon Natural Resources Council, backed with money from the Bullitt Foundation and other wealthy supporters, placed an anti-mining initiative on the 1994 state ballot. Newmont spent $3.5 million fighting the initiative, which was killed by Oregon voters, allowing the company to continue exploring the property. In 1996 Newmont abandoned the project, taking a $33.8 million write-off for the losses it entailed. They said a new survey didn't find as much gold as they originally estimated, but insiders say they simply wanted out of the environmentalists' crosshairs.[35c]

With these rich rural cleansing foundations behind the scenes all over the country to block forestry and mining and farming and ranching, you'd be inclined to think they get together and strategize it.

They do.

STRINGS

It's called the Environmental Grantmakers Association. EGA is an informal unincorporated association of some 200 foundations and donor programs. It is the power elite of environmentalism. Many of the environmental movement's programs are designed by EGA member foundations, not by the organizations we commonly think of as environmental groups. Collectively, EGA members give over half a billion dollars each year to environmental groups.

That's a good start on total enviromania.

Let's see a little of how they do it.

Maine sits squarely in the middle of the nation's urban-rural prosperity gap list, tied for 25th place with Michigan. Maine has very little federal land, and therefore its rural areas should have very little problem with grant-driven environmentalists and the prescriptive foundations behind them, right?

Wrong ag[illegible].

A consortium of thirty-five environmental groups is trying to nationalize and de-develop huge chunks of Maine—and New Hampshire and Vermont and upstate New York—so there will be 26 million acres of federal land there.

Preposterous? Not a bit.

The Northern Forest Alliance is the name of the consortium, and their stated goal is: "To achieve a sustainable future for the 26-million-acre Northern Forest, in which its Wildlands are permanently protected, its forests are sustainably managed, and its local economies and communities are strong and vibrant."[36a]

If that sounds a lot like foundationese, read on.

A little background helps.

The idea for the Northern Forest Alliance came from a 1982 National Park Service report. It proposed the federalization of twenty-seven huge "landscapes" in "The Northern Forest." The Park Service gave its "landscapes" such names as the "Catskills" in New York, the "Northeast Kingdom" in New Hampshire and Vermont, the "North Woods" and the "Washington County Coast" in Maine. They wanted to do a big federal study.

That was in the Reagan years, and the Park Service realized they would not get money to plan a massive expansion of the same federal domain that the Reagan administration was busy trying to sell off. So they turned their project over to the National Parks and Conservation Association (NPCA), a private environmental group that was created in 1919 by Stephen Mather, the first Park Service director. Mather's purpose for the organization was to do things for the Park Service it could not do for itself, like create plans for a massive expansion of the federal domain.[36b]

In 1988 the NPCA completed its work, unveiling the grand plan for wholesale federalization of the Northern Forest as well as other areas of the country. The plan urged "mega-conservation reserves in the northeast" and proposed eight huge new national parks in the Northern Forest.

Realizing that locals would not likely welcome a federal takeover, the NPCA called New England the "conservation challenge of the 1990's." Environmental groups then used the NPCA plan as a map as they lobbied for a government study. In late 1988 they convinced Congress to authorize a Northern Forest Land Study to be conducted by a Northern Forest Lands Council, largely staffed by Forest Service bureaucrats. Congress also authorized the Forest Legacy Program, which made the affected states eligible for federal acquisition monies to purchase conservation easements, which are agreements not to develop your property.

The Council and the study and the Legacy Program get[illegible]ted explosive controversy. Ask Erich Veyhl of Concord, Massachusetts, who organized homeowners on the Maine coast. Or ask Bob Voight of Lubec, Maine, who co-founded Maine Conservation Rights Institute. They've both been fighting to keep private lands in private hands since these land-taking proposals first surfaced. They had plenty to fight.

In 1990, Michael Kellett, the Wilderness Society's New England director, told a Tufts University audience about the 26-million acre Northern Forest, "I think it's likely this will all end up, most of this will end up being public land, not by taking away, but that will probably be really the only alternative."[37]

Then, Brock Evans, a vice president of the National Audubon Society, told the Tufts audience, "For a century, I think it's safe to say, timber companies up there have owned all 26 million acres. Once it was all public domain, then it went to the private domain where it's been for a very long time. I don't agree that we can't get it all back. You have lots of strong urban centers where support comes from. We should get all of it. Be unreasonable. You can do it."

Two Americas.

Urban America.

Rural America.

Save rural America from the people who live there.

Rural cleansing.

Today more than thirty environmental groups are being unreasonable in the Northern Forest Alliance. They include:

1) The Adirondack Council; 2) Appalachian Mountain Club; 3) Appalachian Trail Conference; 4) Association for the Protection of the Adirondacks; 5) Conservation Law Foundation; 6) Defenders of Wildlife; 7) Garden Club of America; 8) Good Wood Alliance; 9) Green Mountain Club; 10) Green Mountain Forest Watch; 11) Maine Audubon Society; 12) National Audubon Society; 13) National Wildlife Federation; 14) Natural Resources Council of Maine; 15) Natural Resources Defense Council; 16) New England Forestry Foundation; 17) New Hampshire Rivers Council; 18) New Hampshire Wildlife Federation; 19) New York League of Conservation Voters; 20) New York Rivers United; 21) Residents' Committee to Protect the Adirondacks; 22) Sierra Club; 23) Sierra Student Coalition; 24) Student Environmental Action Coalition; 25) Trout Unlimited—Basil Woods Jr. Chapter; 26) Trust for Public Land; 27) Vermont Alliance of Conservation Voters; 28) Vermont Audubon Council; 29) Vermont Land Trust; 30) Vermont Natural Resources Council; 31) The Wilderness Society; 32) World Wildlife Fund.

To the p[illegible]c, it's not at all apparent what role foundations had in making the Northern Forest Alliance happen. On the face of it, the Alliance seems like a spontaneous, if remarkably unusual, gathering of organizations with sometimes competing goals and always competing needs for funding.

If you had been a fly on the wall at the Environmental Grantmakers Association annual retreat in October 1992, you would have heard a foundation man named Chuck Clusen explain the Northern Forest Alliance to other foundation leaders, beginning with his personal background, which is also useful for our own understanding:

"Well, during the 1970s and '80s," said Clusen, "I was involved as an advocate in a great number of forest issues in large part dealing with wilderness. I started at the Sierra Club where I was for eight years. Then I was Vice President for Programs at the Wilderness Society for eight years. I also was greatly involved in the Alaska lands. I led the Alaska Lands Coalition during the lands fight in the late '70s and 1980s. And in the late '80s I spent a period of time in the Adirondacks. I was the Executive Director of the Adirondack Council. So my background is advocacy, it's public lands, it's land use regulations and so forth. Now for three years I've been with the American Conservation Association, which is a foundation. It's Laurance Rockefeller's foundation. He has specialized over the many years in sort of land use kinds of issues.

"In any case, the environmental community across these four states, which really did not have a history of collaboration, has come together in a very large coalition called the Northern Forest Alliance, and now [1992] has I think 28 organizations. It has the major national groups as well as all the principal state groups in these four states.

"And I've been working with them over the last year and a half. One, on their development of political strategies and so on. But also to facilitate their development of a campaign plan very similar to the Alaska situation as to a campaign that will probably go on for at least a decade."[38]

Not so spontaneous.

Although the Northern Forest Alliance has an office in Montpelier, Vermont, The Appalachian Mountain Club has acted as its fiscal agent and has received many foundation grants for the Alliance, hiding a lot of money from public view. The history of these grants is revealing. Study them a little. It's their own words.

1990 **Jessie B. Cox Charitable Trust** gave $60,000 "To develop site-specific strategy for long-term protection of New England's northern forests."

1991 **American Conservation Association, Inc.** gave $35,[illegible] "For protection of northern forest lands of Maine, New Hampshire, Vermont and New York."

Jessie B. Cox Charitable Trust gave $50,000 "For second-year support of Northern Forest Lands Project, effort to develop site-specific strategy for long-term protection of New England's northern forests."

1992 **Surdna Foundation, Inc.** gave $100,000 "For continued support of Northern Forest Alliance, collaboration of leading New England and national conservation organizations to preserve northern forest lands."

American Conservation Association, Inc. gave $15,000 "For protection of northern forest lands of Maine, New Hampshire, Vermont and New York."

Jessie B. Cox Charitable Trust gave $40,000 "For final grant for Northern Forest Lands Project, effort to develop site specific strategy for long-term protection of New England's northern forests."

The John Merck Fund gave $65,000 "For Grassroots Action Project which assists environmental organizations in northern New England in developing more effective alliances with local communities and with interest groups outside traditional environmental movement."

1993 **Geraldine Rockefeller Dodge Foundation, Inc.** gave $25,000 "To help coordinate and provide direction for newly founded Northern Forest Alliance, coalition of conservation organizations seeking to create sustainable management plan for Northern Forest."

Richard King Mellon Foundation gave $50,000 "To create system of protecting wildlands, promoting sustainable forests and supporting local economies while insuring ecological sustainability."

The John Merck Fund gave $135,000 "For continued support of Grassroots Action Project, which helps environmental organizations in northern New England develop more effective alliances with local constituencies."

1994 **The Pew Charitable Trusts** gave $350,000 "For matching grant for Campaign for the Northern Forests to establish forest reserves in northern New England and New York."

Compton Foundation, Inc. gave $25,000 for unspecified support.

Moriah Fund gave $70,000 "For data gathering and analyses of biodiversity and land use in U.S. Northern Forests and for Northern Forest Alliance to protect natural resources and strengthen community economies."

The John Merck Fund gave $50,000 "For continued support of

Grass. ..ots Action Project, which helps environmental organizations in northern New England develop more effective alliances with other organizations."

1994 **Surdna Foundation, Inc.** gave $100,000 "For coordination of campaign by Northern Forest Alliance to preserve Northern Forest Lands."
Jessie B. Cox Charitable Trust gave $100,000 "For central office operations and for outreach program. Grant made through Appalachian Mountain Club."

1995 **The John Merck Fund** gave $25,000 "To evaluate involvement with communities in Upper Androscoggin River area of Maine and New Hampshire to develop strategies for stabilizing local economy and protecting high-quality forest and water resources."
The John Merck Fund gave $50,000 "Toward launching Androscoggin Valley Project, which is aimed at increasing community involvement in local conservation projects and at assisting communities in developing strategies for sustainable economic diversification and job creation."
Richard King Mellon Foundation gave $50,000 "Toward Northern Forest Land Project to protect ecological resources."
Geraldine Rockefeller Dodge Foundation, Inc. gave $25,000 "To continue grassroots and education efforts to protect natural and human communities of Northern Forest."
Jessie B. Cox Charitable Trust gave $150,000 "For continued support of central office operations and state caucus outreach and organizing activities. Grant made through Appalachian Mountain Club."

1996 **Jessie B. Cox Charitable Trust** gave $125,000 "For final grant for outreach, organizing and communications activities of Alliance state caucuses in Maine, New Hampshire and Vermont and for central office. Grant made through Appalachian Mountain Club."
Moriah Fund gave $65,000 "To promote protection and sustainable use of Northern Forests and for Northern Forest Alliance."
The Pew Charitable Trusts gave $400,000 "For campaign to establish public forest reserves in northern New England and New York."
The John Merck Fund gave $50,000 "For Androscoggin Valley Project, which seeks to increase community involvement in local conservation projects and to assist communities in rural area along Maine-New Hampshire border in developing strategies for sustainable economic diversification and job creation."
Weeden Foundation gave $10,000 "For continued support for protection of Northern Forest of New England."

1997 **Geraldine R. Dodge Foundation, Inc.** gave $15,000 "For general support for Northern Forest Alliance, coalition of conservation organizations creating sustainable management plan for 26-million-acre Northern Forest."
Weeden Foundation gave $10,000 "For continued support for overall coordination and implementation of Campaign for the Northern Forest."[41a]

That's foundationese.

It's also $2.2 million that's almost impossible to trace. And that's only the part that *could* be traced. There's probably twice that much undetected. Some went straight to the Northern Forest Alliance. Most of it went through the Appalachian Mountain Club. From foundations prescribing social change in their glass towers. From foundations with the intent to federalize and de-develop 26 million acres of New England.

Yet you'd never know it reading the grants.

Part of the reason is that a very intelligent man figured out early that the bold "take it all back" arrogance of Brock Evans and his ilk was generating serious community resentment all over New England. His name is Francis W. Hatch, chairman of the John Merck Fund, a private foundation based on the pharmaceutical fortune.

You see his grants up and down the last few pages. You see close coordination between Merck and the Jessie B. Cox Foundation (the Wall Street Journal money). They're both based in Boston, and their leaders talk to each other. You see a whopping $350,000 in 1994 from the Pew Charitable Trusts and another $400,000 Pew grant in 1996. You see certain names such as Surdna several times. They're all members of the Environmental Grantmakers Association. They all agreed with Hatch.

Hatch realized that the wise use movement could stop the "big park" approach dead in its tracks. So he got the local environmental groups together and told them to change course, to dress like lambs, not lions, and use indirect means to get the land out of commodity production and into permanent wilderness preserves. It meant wiping some egg off their faces, but it also meant victory where none could otherwise be had.

Cold, calculated, relentless green greed.

And they're pulling it off.

On March 3, 1999, the New England Forestry Foundation (NEFF, 1997 income, $1,870,237, assets $16,881,228) announced that the wealthy industrialists of the Pingree Family would sell them the development rights to 754,673 acres of northern Maine forestland—approximately 80 percent of their land-for $28 million.[41b]

The conservation easement "prohibits all structural development and promotes sustainable forest management." It is not clear if "sustainable forest management" includes timber harvest at commercial levels.

It was the largest forestry restriction project of its kind ever attempted, an area twenty percent larger than the state of Rhode Island.

It also reflects a Hatch strategy of buy-it-first-then-sell-it-to-the-government perfected during the 1970s by the Nature Conservancy.

Join the American Farm Bureau in thinking about conservation easements for a second: You retain title to the land, but you have sold important rights to use it. You obtain a tax write off immediately and lower taxes thereafter. In the near term, the cash and the tax benefits are good for the land owner. But what happens if you or your heirs cannot afford those lower taxes any more? Or when the time comes to sell your land? Who would buy land that has a hampered use or income stream? The government, of course.[42]

In December of 1998, the Conservation Fund purchased over 300,000 acres from Champion International in New Hampshire, Vermont, and New York and pursued state, federal and private funding to close the deal.

A few weeks later, the Nature Conservancy announced the purchase of 185,000 acres along Maine's St. John River from International Paper, adjacent to the Pingree lands. A high Nature Conservancy official, Daniel R. Efroymson, is also vice-president of the Moriah Fund, whose grants are listed on pages 39 and 40.

The Champion and International Paper lands are outright purchases, one already looking for government owners.

Bob Perschel, chairman of the Northern Forest Alliance and Northeast Regional Director for the Wilderness Society, said of the Pingree purchase, "It's the soul-satisfying sound of another big piece of the Northern Forest puzzle clicking into place."

What satisfies Perschel's Boston-based soul terrifies the rural souls who will feel the impact of "sustainable" forest management.

Mary Adams of Garland, Maine, has become a local legend for taking on the huge apparatus of environmentalism with activism, newsletters and a popular website.

Adams said, "I'm happy for the Pingrees. Still, they remind me of the Boston ladies who told a milliner, 'We don't have to buy hats. We have our hats.' The Pingrees have their fortune.

"But the people who have to go out and buy wood to supply their mills are about frantic. They're already having trouble finding timber

that's not locked up. I'm afraid we're going to be faced with what I call 'wine and cheese' logging—what some urbanite thinks logging is when he has a wine glass in his hand and doesn't have a payroll to make."[43a]

Rural cleansing. Dismantling industrial civilization piece by piece.

POWER

While it's true that the power and pressure of grant-driven environmental groups and prescriptive private foundations can begin the dismantling of industrial civilization in rural America, it takes the force of government to finish the job.

The Northern Forest project, for example, would be impossible without the help of activist federal employees: High-ranking administration appointees who made sure the right people got on staff, Forest Service personnel who staffed the Northern Forest Lands Council, Park Service personnel who contributed to the Northern Forests Lands Study, lower-level technical employees who gave special access to their environmental soul-mates and none to natural resource workers and property rights defenders.

Then there are the government grants.

What? Government gives money to private environmental groups?

Yes, by the billions.

For example, several members of the Northern Forest Alliance received grants from the Environmental Protection Agency: Appalachian Mountain Club, $5,000; National Wildlife Federation, $306,237; Natural Resources Defense Council, $749,301; Trout Unlimited, $24,000; Trust for Public Land, $30,000; World Wildlife Fund, $1,220,540.[43b]

Government officials feeding their pigs.

Who are all these government officials?

The average urban dweller runs into government officials mainly in the form of traffic cops. Things are different in rural America.

If your natural resource job lies within the boundaries of one of the 155 National Forests, you fall under the authority of the Forest Service, an agency of the U.S. Department of Agriculture, and a big landowner in rural America, even in the East, where National Forests are far more important to rural economies than urbanites imagine—ask Congressman John Peterson of Pennsylvania, where protesters have blocked hardwood chip mill operations—and even in prairie states such as Kansas, Nebraska, and Oklahoma because the Forest Service administers the 19 National Grasslands, too.

Selected Recent Grants for Northern Forest Issue

Geraldine R. Dodge Foundation – 1999

Natural Resources Council of Maine
Augusta, ME $25,000
Everett B. Carson, Executive Director
www.nrcm.org

The State of Maine sustains the largest area of existing Northern Forest in the United States, much of it is privately owned. This grant goes toward protecting Maine's North Woods through a comprehensive approach to limiting inappropriate development and unsustainable forestry practices in some of the area's most ecologically and recreationally valuable regions.

Northern Forest Alliance
Montpelier, VT $50,000
Tim Dillingham, Executive Director of the Highlands Coalition
www.nwf.org/nwf/northeast/nfp/pgm_nfa1.html

To continue the work of the Greater Eastern Forest Alliance (GEFA) in collaboration with the Appalachian Mountain Club, The Wilderness Society, the New Jersey Highlands Coalition and the Southern Appalachian Forest Coalition. The goal of GEFA is to develop national awareness of the Eastern Forests, to protect them from further loss and degradation, and to connect the remaining forested areas together via forested corridors and "greenways" in order to maintain their biological integrity.

Wilderness Society
Washington, DC $100,000
William H. Meadows, President
www.wilderness.org

To assist in the final phase of a three-year effort to create a region of protected wooded and open areas linking the Great Northern Forest and the Southern Appalachians. This will help fulfill the Society's vision of a sustainable network of wildlands in the Eastern half of the North American continent.

Surdna Foundation 1998-1999

Northern Forest Alliance $100,000 (2 years)
Montpelier, Vermont

Ongoing support for a campaign to protect the region's most important wildlands, to encourage well managed private forests and to build strong diverse local economies that support vibrant communities.

Ben and Jerry's Foundation -- 2000

Appalachian Mountain Club $10,000
5 Joy Street
Boston, MA 02108

AMC along with the Northern Forest Alliance, established Businesses for the Northern Forest in 1995 to address the growing problem of development, poor forest management, and the subdivision of land in the Northern Forest that threatens the fabric of life in rural communities.

BNF acts as an information clearinghouse and helps to facilitate joint projects with specific businesses and communities. Funds were provided to help develop a model grassroots program and to arm businesses with the tools they need to adequately address the issues that effect their way of life. By focusing on the rural business constituency, BNF adds an important and influential voice to the debate over the future of the Northern Forest.

Jessie B. Noyes Foundation -- 1998

Appalachian Mountain Club $80,000
f/b/o Northern Forest Alliance
43 State Street, Suite 4
Montpelier, VT 05602 802/223-5256
Andrea L. Colnes, Director

Support for the 1999-2001 phase of the campaign for the Northern Forest, with focus on public outreach, organizing and leadership strategies, and land protection in Maine, New Hampshire and Vermont.

Grant total to date: $80,000 of $180,000 provisionally committed.

Nathan Cummings Foundation -- 2000

Appalachian Mountain Club $100,000 (2 years)
Greater Eastern Forest Alliance
Boston, MA

To support the hiring of a full-time coordinator to begin outreach to hundreds of other forest groups throughout the Northeast, Mid-Atlantic and Southeast and to develop a policy-agenda.

From: Ted Miller <wayfarer@ncia.net>
To: self <wayfarer@ncia.net>
Date: Friday, May 19, 2000 9:22 AM
Subject: Fw: Timber sales delayed in the White Mountain National Forest

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-----Original Message-----
From: PPRC Rumford Chapter < >
Date: Thursday, October 07, 1999 8:03 AM
Subject: Timber sales delayed in the White Mountain National Forest

Timber sales delayed in White Mountain National Forest

By Associated Press, 10/07/99 02:17

LINCOLN, N.H. (AP) New logging in the White Mountain National Forest will be delayed at least six or seven months while forest officials study the possible effects on endangered species, including the Indiana bat.

Loggers and mill operators who count on the forest for sawlogs and pulp say the bat is holding up projects in New Hampshire as well as in other forests in the East. Loggers say they waited seven months for forest officials to offer a sale and now they're looking at another seven-month delay.

But conservationist David Carle says they're using the bat as a scapegoat for the forest service not having documented the wildlife in the forest.

The delayed sale involves 20 million board feet of lumber, said Tom Malecek, timber program manager for the White Mountain National Forest. Malecek said the need to look at all endangered species, including the Indiana bat, and to consult with the U.S. Fish and Wildlife Service is why the sale is being delayed.

Existing timber sales, including those this winter, are not affected by the delay of the new timber sale.

The timber to be logged for 2000 is enough to keep 10 average sized mills running full time for the year, said Reg Gilbert of Bear Paw Lumber Corp. in Fryeburg, Maine.

Bear Paw has current timber sales in Bartlett, Chatham and Bethleheim, which are expected to yield about one million board feet this winter.

But loggers are fearful New Hampshire will experience the same problems Vermont had in August. Summer logging contracts were suspended Aug. 3 in the Green Mountain National Forest because of the possible presence of the federally protected bat.

In 1992, the bat was sighted in the White Mountains and studies are now being done to verify its presence. A device similar to a speed gun picks up an electronic sound people can't hear. When it's processed through a computer, the sounds can be used to identify each type of bat, said Malecek.

Carle believes the forest service also lacks information about the lynx, the bald eagle, the small whorled pegonia and other species.

"The fact is the White Mountain National Forest has not monitored its threatened and endangered species," Carle said.

The review must ensure timber sales don't conflict with the federal Endangered Species Act.

Annette Marin
Co-Director
PPRC Rumford Chapter

Ms. CHENOWETH-HAGE. Thank you, Mr. Miller, and I do want to assure you I do care. It is staggering.

Mr. Miller, I wanted to begin my questioning with you. I wanted to ask you what do you believe is the justification for the foundations having a contention that public ownership is probably better than private ownership. What do you think—why do they believe that? Do you have any idea?

Mr. MILLER. Well, apparently, if such information exists, they are keeping it a secret. When foundation-funded environmental groups meet, they have deliberately excluded local citizens and even public elected officials from their planning sessions. Their goals were developed without any consultation with local representatives.

I would like—go ahead, please.

Ms. CHENOWETH-HAGE. Can you tell me, have local people been excluded from these planning sessions? In your experience, has the union been included, or your neighbors, or community leaders?

Mr. MILLER. We have been deliberately excluded. It was in late 1992 when the Wilderness Society and the AMC sent out notices to various environmentalists and the public visitors of Pinkum Notch that they were invited to attend a meeting for the purpose of activist training at the AMC facility on the White Mountain National Forest.

On the agenda was an item listed as the Northern Forest Alliance Overview, discuss the Alliance, and their three-part platform for the northern forest. When several publicly elected officials from various communities, the county, and even our Governor's executive counselor, requested to be allowed to attend this meeting, they were told that they were not welcome.

After much publicity and questions about the legality of environmental groups, holding a meeting on Government land and excluding public representatives, the leaders of the meeting and selected guests fled to a location outside of the national forest—a resort in Jackson, New Hampshire.

They then hired a policeman to keep the meeting a secret. No one, not even the press, was allowed to hear how they supposedly would achieve a healthy environment with a strong local economy.

What do you think that they were trying to hide? It is obvious that foundation directors are using environmental groups to play social engineer with the lives of local people.

Ms. CHENOWETH-HAGE. Mr. Phelps, you have spoken about the activities of environmental groups which are funded by these foundations, and I really found your testimony riveting and interesting. These well-funded foundation groups give grants and play an active part in hindering the timber industry's ability to purchase Federal timber from the Tongass National Forest, and that is happening all over in our national forest lands.

Can you give us, from your experience, any recent examples of specific activities that fit into this category, perhaps an effort that is presently going on or—I just came back from Alaska, and I am shocked at the condition of the Tongass National Forest. So can you enlighten us, please.

Mr. PHELPS. Sure. An interesting one that is going on right now is a group that decided that it would be useful to its purposes to

have a slew of postcards generated from what essentially has been the timber capital of southeast Alaska for a long time—Ketchikan.

So they mobilized a team of people to go in and set up an information distribution booth in front of the local Forest Service facility, which is about a half a block from the cruise ship dock. Now, interestingly, the city has a municipal ordinance against distributing literature on the cruise ship dock, so they managed to use a Federal agency to front for them and allow them to distribute their propaganda on the steps of its own—what they call the Discovery Center, which is their visitor center.

And they had claimed, of course, that they had no right to tell them they couldn't because of First Amendment rights. And in any case, the interesting thing about this organization is it was clearly organized by environmental groups located in the lower 48 and was well-publicized at the first on one of their web pages where they put out the word that Ketchikan desperately needed their help, because we had been—and I quote—"in the grip of the wise-use movement for many years," and we are fearful of our Congressional delegation and the other local political gangsters that prevented the Ketchikan people from speaking for themselves.

And so it is this kind of hyperbole and gratuitous slander, really, that is often used to stir up the unwary and mobilize these fellow travelers to go and do their thing in terms of generating "public support" for Government actions that are damaging to our communities.

Ms. CHENOWETH-HAGE. I have other questions that I would like to ask members of the panel, but I see my time is up. So the Chair will recognize Mr. Kildee for his questions.

Mr. KILDEE. You mentioned, Mr. Phelps, gangsters. Who were these gangsters?

Mr. PHELPS. Well, the statement was—I was making a quotation from the environmental groups that were saying that our town was in the grip of political gangsters, and we believe that those were references to our local State representative and State Senator.

Mr. KILDEE. OK. Thank you.

Foundations are fairly heavily regulated by the IRS. I know in Michigan we have three large foundations—the Kellogg Foundation, the Ford Foundation, the Mott Foundation. I know they are highly regulated by the IRS.

Are you suggesting, Mr. Huberty, new regulations, further regulations, for the foundations?

Mr. HUBERTY. Well, I think it is something that has to be looked into. It is true that they are regulated, but I don't think they have been scrutinized very carefully because foundations have, generally speaking, a good reputation. There are 40,000 foundations in the United States, a lot of them family foundations. Most of them are doing charitable good deeds, and so I think there has been a disinclination, really, to look very carefully at what foundations are doing.

But to the extent to which groups like the Pew Charitable Trusts increasingly involve themselves in coordinated activities, in designating nonprofits and telling them, "Here is the money if you do particular things, and here is how the money is going to be distributed, and how it is going to—the campaign will be advanced," the

more that orchestration is apparent or appears so, I think the more scrutiny they make themselves subject to.

The Pew Charitable Trusts do many fine things in the Philadelphia area. They do historical restoration, education projects, and so forth. But in focusing on the environment, they have made it a point not of spending money on purchases of land and conservation, that sort of thing, but rather on this kind of coordinated campaign.

Mr. KILDEE. You indicated that the Government should have more scrutiny. What should they be looking for in their scrutiny of these foundations?

Mr. HUBERTY. Well, right now, I think it is more to get the word out, to have the foundations looking at one another.

Mr. KILDEE. We don't want to scrutinize to say you are saying the right thing, and you are saying the wrong thing. You don't want Government to decide what is right and what is wrong in advocacy, do you?

Mr. HUBERTY. It would be very troubling to have the Government decide what is a particular advocacy action. One solution would simply be more disclosure. Right now, I don't think the foundations are—it is not incumbent on them to make clear their relationships to one another, and that might be helpful. To come up with the research to find out what foundations are spending their money on is very difficult.

Mr. KILDEE. But I think you and I would agree that we would not want Government to say you are OK because you advocate this position, but you are not OK but you advocate that position. We wouldn't want Government to do that, would we?

Mr. HUBERTY. Generally speaking, I would agree with you on that. On the other hand, we have the phenomenon now of Members of Congress being very critical about soft money spending on campaigns, issue advocacy campaigns. Well, this is what this is becoming. The foundations are becoming soft money providers to those who have specific issue advocacy.

I think a lot of people have problems with that. But the foundations are putting themselves into that category when they do that.

Mr. KILDEE. I have sometimes problems with some things that an individual would advocate, but I certainly wouldn't want to take away from that individual the right to advocate that way. And who would want Government to say, you know, your advocacy is not pleasing to the Government, and, therefore, we are going to limit you."

I think you and I would agree on that, would we not, that we don't want to—you yourself, you are the Vice President of the Capital Research Center. You receive foundation funds also, do you not?

Mr. HUBERTY. We do. We do.

Mr. KILDEE. So aren't we embarking on maybe a rather dangerous path, maybe an attractive path for a particular goal, but maybe a dangerous path if we are trying to limit foundations and where they can advocate, how they can advocate?

Mr. HUBERTY. It is a difficult path, but on the other hand I think the foundations are taking the step, by injecting themselves in the political process, by making themselves part of that process. And

announcing that they are going to become part of that process, I think they invite that sort of scrutiny.

Mr. KILDEE. But do they lose their basic right of advocacy because they are spending dollars that have been left to the foundation either by one person or others? Do they have less rights of advocacy?

Mr. HUBERTY. You know——

Mr. KILDEE. You mentioned—just think about that. I think we are just embarking on a very dangerous path, and we are saying that you are an A classification because we like what you advocate, but you are a B classification because we don't like what you advocate. And Government will put some regulations on A category. I think it is just, in my mind, a dangerous——

Mr. HUBERTY. But, on the other hand, we are talking not just about speech. But we are talking about money. And the money——

Ms. CHENOWETH-HAGE. The gentleman's time is up.

Mr. HUBERTY.—and the exercise of power that comes with it.

Mr. KILDEE. That is the whole thing with campaign finance, too. Is it money, or is it the advocacy, right? We are struggling with that down here, too, and I appreciate that.

Ms. CHENOWETH-HAGE. The gentleman's time is up.

Mr. KILDEE. Could I just finish one—the Pew Foundation, for example, not that the chairlady and I need it, but the Pew Foundation each year funds a conference in Hershey, Pennsylvania, to help us become more civil with one another. Now, the chairlady never needed to go to that.

You probably went there anyway, but you didn't need it, because she has always been civil——

Ms. CHENOWETH-HAGE. Do you think it shows?

[Laughter.]

Mr. KILDEE.—has always conducted these hearings—and I mean that seriously—in a very, very fair manner, and I appreciate it.

Ms. CHENOWETH-HAGE. I thank the gentleman.

Mr. Duncan?

Mr. DUNCAN. Well, Madam Chairman, thank you very much.

There are—when you are tax exempt, there are certain restrictions on what foundations can do. For instance, certain lobbying activities, although sometimes it is hard to tell the difference.

But I don't know that I have any questions. I want to make a couple of comments, though, that maybe some of the panelists may want to respond to. I know a few months ago in the Forest Subcommittee we were told that over 39 million acres out west, almost 40 million acres, was in immediate or imminent danger of catastrophic forest fires because of all the fuel buildup.

And now we have seen the Los Alamos and the Nevada fires, and I heard Secretary Babbitt on television last week saying our forests were 100 times more dangerous than they were 100 years ago. I don't know exactly where he got those figures, but they are more dangerous, in the opinion of many people, because of the policies that he is following.

Because we were told in the Forest Subcommittee several months ago that we have 23 billion board feet of new growth each year on our national forests. And yet the Congress passed, in the mid 1980's, what was hailed as a great environmental law that we

would not cut more than 80 percent of the new growth. Now we are down to cutting less than three billion board feet a year, which is less than one-seventh of the new growth.

And they told us at this hearing that we have six billion board feet that are dead or dying, and yet these environmental extremists won't even let people go in and get the dead and dying trees. And yet there has been such I think almost a brainwashing of the children that if I went to any school in Knoxville, Tennessee, and told them that I was against cutting a single tree in the national forest they would probably cheer or say that they thought that was a good thing.

But they don't stop to think that if we don't cut some trees that we won't—we can't have healthy forests. If we don't cut some trees, we can't build homes, furniture, books, newspapers, magazines, toilet paper, all kinds of products that we desperately need.

And then, even worse, as Mr. Miller has gotten into, when you start restricting and cutting back on this logging so drastically, then what do you do? You destroy thousands of jobs, you drive up prices.

I remember reading five or 6 years ago that the average income of a member of the Sierra Club was about four times that of the average American. I think they were bragging about it to get advertisers. And I have noticed over the years that most of these environmental extremists come from very wealthy families.

And I am not sure that they—I know one thing, they are probably insulated from the harm that they are doing, and I am not sure that they really realize how much harm they are causing for the lower income and middle income and the working people in this country. But I think it is kind of sad what they are doing.

And yet it is amazing to me that we still continue down this path. We have 191 million acres in the national forests in this country, and I think that what people look at—they look at a map of the entire United States on one page in a book, and it looks like it is a little small country. And people forget how big this country is.

And I represent half of the Great Smoky Mountains National Park, and about half of the Cherokee National Forest. Well, I can tell you the Great Smoky Mountains National Park, which is visited by 10 million people each year—and people who go there think it is huge—it is 565,000 acres. Now, the national forests cover 191 million acres. That is more than—that is 325 times the size of the Great Smoky Mountains National Park.

I just don't understand why we have to go to such extremes. I do know that what is—I think what happens is this. These environmental groups have gotten in big contributions for many years, and I think years ago when they were more moderate they did some good things. But they keep having to go to further and further extremes to keep those big contributions coming in. And I think it is all about money.

They are backed up. You know, there are many big companies. For instance, I am told that we are having to import all kinds of Canadian lumber now because we have restricted the logging in our own country so much. There are a lot of big companies that benefit, a lot of big foreign companies that benefit when we don't

cut any trees or dig for any coal or drill for any oil. There are a lot of companies in other countries that benefit from that.

And I think that is what is behind an awful lot of this, but it is—we are getting to the point where we are destroying all of these thousands of jobs that Mr. Miller talked about, and we are driving up prices for our own people. And I think some people need to start speaking out about it.

Mr. Miller, do you have any comments you wish to add or——

Mr. MILLER. Yes, I would like to just go on a little bit about what you were talking about. One of the things that bothers us the most is that there is no accountability by these foundations or by these groups who are doing their bidding.

I have here, for instance, a letter from Carl Pope with the Sierra Club, and in one of these things they are—just one point that I wanted to make. He is telling people that he needs their help to establish the Maine Woods and White Mountain National Parks in the northeast to keep timber companies from clear-cutting nearly four million acres of pristine wilderness.

That is absurd. That is ridiculous. It is downright outright false. It is simply—as we say up north, it ain't going to happen.

For one thing, the practice of clear-cutting has been severely reduced, and for another thing when it is applied generally it is applied for a sound timber management purpose. All right. You don't have the hundreds of acres being clear-cut like you did in the 1980's. And when that did happen in the early 1980's, yes, there were some unsightly messes. I will be the first to admit it.

A lot of that was because of the spruce bud worm infestation in northern Maine. And if those forests hadn't been cut—I have seen pictures of some of those areas, and those trees are brown. Evergreen trees turned brown because they were dead and dying from the blight. They were cut. Right now, 20 years later, you have a healthy forest growing trees that are 30 to 40 feet tall. That would not have happened——

Ms. CHENOWETH-HAGE. The gentleman's time is up.

Mr. MILLER. —without some management practices. And, again, you know, it is very distressing that these foundations are giving money to these environmental organizations who are making all kinds of false claims. And if I was, for instance——

Ms. CHENOWETH-HAGE. The gentleman's time is up.

Mr. MILLER. OK. I am sorry. Thank you.

Ms. CHENOWETH-HAGE. The Chair recognizes Mr. Holt. We will have a second round of questions.

Mr. HOLT. Thank you, Madam Chair.

It seems that our—with our vast country, with our really intricate environment, requires a lot of effort to look after from a lot of perspectives. And it seems to me that we don't all come at these things from the same perspective, but we, as a society, want to preserve the ability of people to speak out from different perspectives.

It seems to me that these foundations, some of which I am familiar with, have some pretty good accountability built into their own organization, not to mention the accountability they face from the IRS and other Federal oversight.

I guess I would like to pursue a couple of points. Let us see, Mr. Phelps, you represent the Alaska Forest Association. I assume that

is funded primarily by corporate interests in Alaska. Is that correct?

Mr. PHELPS. That is correct. Our operations are funded by dues paid by our members based on the amount of economic activity they have.

Mr. HOLT. Right. And so you are here at their expense, as an advocate, for their views on forest management, I guess.

Mr. PHELPS. Sir, that is correct. I think the substantial difference is that they pay taxes on their income.

Mr. HOLT. I would like to ask a couple of you to comment on the comparison between the influence of corporations and of foundations. What is the expenditure, just take your association, for example, or maybe somebody comment on the Forest Products Association, the AFPA—what is the advertising budget of each of those, of your organization, Mr. Phelps?

Mr. PHELPS. Sure. Our total advertising budget per year is around $60,000 now. And, you know, I think it is important to realize that, you know, we provide services such as a group health insurance plan for our companies' employees, and we manage a pension for those employees. I mean, we are not strictly an advocacy group. We are an industry trade association which provides direct services to the employees that our member companies employ.

And our total budget is—only a small slice of it is used for public affairs, and most of that is used to work with agencies on regulatory activities, so that we accomplish their purposes and ours at the same time.

So, you know, our availability of money for advertising in response to the huge media campaigns that are funded by these foundations is extremely meager. I mean, I could blow my whole budget buying one full-page ad in The New York Times.

Mr. HOLT. None of us here are suggesting that you or the Forest Products Association or anyone else should be restricted in speaking out on subjects of interest. And, by the way, I dare say that the Pew Foundation and others also provide employee benefits for their workers.

But my point is that there is, I think, a great deal of influence of public opinion that comes from corporate interests, that comes from nonprofit interests. There are a number of perspectives out there, and we want to have a vibrant intellectual marketplace.

And, you know, I think you are—and all of us are—quite free, and, in fact, encouraged to find fault with what each person says from their different perspective. If they are making incorrect claims about clear-cutting in Maine, by all means expose that. And I think we can point to a number of examples of organizations over the years that have lost credibility because they have made unsubstantiated claims.

And I think it is incumbent on you and us to try to get the truth out there.

I see that my time has expired. Thank you, Madam Chair.

Ms. CHENOWETH-HAGE. Thank you, Mr. Holt.

Mr. Schaffer?

Mr. SCHAFFER. Thank you, Madam Chairman.

It seems to me that, you know, there is an interesting issue of free speech, which we want to, of course, encourage and promote and honor the Constitutional treatment of free speech in America.

But this debate is an interesting one because it really gets down to the question of subsidized speech in many cases, or certainly an area where some people are taxed in order to—at a certain level in order to organize or associate collectively, in the case of a professional association, for example, to convey a certain message, whether it is for the general good of—the common good of the people or whether it is some political effort or message to persuade those same individuals versus those folks who are not taxed who are essentially carrying on the same objective, whether it is for the common good or when it crosses the line and becomes political speech or some that are self-serving.

So there is that question I think ultimately of the nature of Government's tax policy. All citizens are not treated equally when it comes to carrying out the same objective of speaking freely in a democratic republic.

And along with that, not only the tax law as it applies to nonprofit corporations and educational corporations, or those that are designed under the education section of the Tax Code, but also I think the Tax Code needs to be evaluated from the perspective of what motivates people to donate their funds to some of these organizations in the first place. And that is the inheritance tax, largely.

I think most of the dollars that end up in—much of the dollars that end up in these foundations are people simply trying to avoid the high tax of the Federal Government and put their dollars in some place that earns their confidence because the Government hasn't done it when it comes to sending their money this way.

So this is just another classic example, in my estimation, of the Federal Government meddling too deeply in the affairs of free people, to the point where it has pushed dollars in places that are, frankly, unproductive and in many cases contrary to the best interests of the American people.

And so that leads me to a couple of questions for Mr. Phelps in particular. We have heard that some environmental groups—from some—that they are not against all logging on national forests, only large-scale logging that they believe has been particularly devastating on forests by cutting too much at once.

They say they favor smaller cottage industries that will harvest on a more sustainable basis and ultimately produce more jobs for 1,000 board feet harvested. What is your experience with this? In your experience, did they seem to mean what they say?

Mr. PHELPS. Well, bluntly, no. What we have seen in the Tongass has been this ever-increasing evolution of their target. In 1990, they said they wanted to protect the heart of the Tongass, so they got Congress to enact the Tongass Timber Reform Act, and it protected all of the areas that they identified as the most special places.

And then, you know, obviously, the Tongass had a heart transplant because immediately thereafter they started talking about other hearts of the Tongass that needed to be protected. And so once they went after—first they went after the pulp mills. Then they went after the saw mills. And they kept saying that, you

know, we want it smaller, we want it smaller, and we want it more focused.

So recently the former properties belonging to Louisiana Pacific where the pulp mill was in Ketchikan were purchased by a local group of businessmen who decided that they could take the low-grade saw logs and utility logs that used to go to pulp and are virtually hard to sell now, and turn them into a product that can be used for engineered wood products, which in building construction replaces solid wood beams and that sort of thing.

This was an environmental move in the right direction from the standpoint of industry, and I guess my prejudice would say from the standpoint of sanity. It puts some of the people who had lost their jobs back to work. It was a smaller scale. It did not require—it did not have the voracious appetite of a pulp mill, which they said that was too big.

And yet immediately they started using a bunch of foundation money to try to kill this project. They filed lawsuits, they mounted campaigns. I mean, it doesn't—you know, it doesn't—no matter how small it gets, the next step is to get—is to lop off the next larger—you know, the next slice. And I think that when they talk about reducing—and some of them admitted they want to see the harvest reduced in the southeast to about 20 million feet, that will not sustain any mills that employ more than two or three people.

So then you have to wonder, well, what will they do about those guys? Maybe those guys are tramping in the woods too much. It just—it seems a strategy rather than a truthful assertion.

And if I could briefly respond to something else that you pointed out. I agree with you about the free speech issue, but I agree with you more about the policy issue, the tax policy issue. And I think I would like to point out that one of the things that Congress ought to be looking at is whether these foundations, with their special tax protected status, there are restrictions on what they can do with their money.

The question is: are they doing through others what they themselves are prohibited from doing? In other words, they target their giving so that their goals that they would be themselves breaking the law if they pursued, you know, they funnel this money to get other people to do those things for them. And it seems to me that is an area of scrutiny that ought to be taken a look at.

Mr. SCHAFFER. Madam Chairman, if we can't arrive at tax fairness at some point in time that treats all Americans equally with respect to free speech, political speech, or otherwise, maybe what we need is more tax manipulations to encourage people to invest in foundations to police the foundations, to bring lawsuits against them.

Ms. CHENOWETH-HAGE. I thank the gentleman from Colorado, and I do have a couple more questions. But I really think that, as Chair, I am not going to let us lose the focus of why we are having this hearing.

Clearly, I want it on the record as to why we are having this hearing. It isn't free speech. We agree that everyone should have free speech. This issue goes to the question, is there a shadow government? Are these foundations so large that they are able to wield the kind of influence through the media and through the influence

that they have with the politicians that they themselves are setting the policy?

I thought it was quite interesting that the Committee on—in a hearing on the Committee on Forests and Forest Health when I asked Mr. Frampton to show me the list of those individuals who had met with him and members in the White House to set the roadless policy, the list was exclusively the environmental community.

Now, this runs in direct conflict to the kind of government that was set up by our founders. Our founders set up a government where the people were supposed to be able to watch what the government was doing. And now we have grantmakers and influence peddlers who are so large and so doggone arrogant that they are willing to tell people like those of you who are sitting here at the witness table that you are not invited into meetings where they set public policy? And then they have the funds, the wealth, to be able to carry out the public policy through influenced peddling with the politicians?

No, I think it is time we ring the bell. And I think it is time that we bring some light in on this very sad chapter in American history, because it is changing the course of certainly how we view our natural resources, and that is just the beginning.

The bottom line question should be: does this Congress have any worth? Do the American people have any worth? Are there a group of people who care less if 10,000 pulp and paperworkers are unemployed? We better darn well care, and this goes far beyond public speech and freedom of speech.

Well, usually the Chairman doesn't get this excited. But I will not allow the focus of this hearing to be taken away from us, because people's jobs are at stake, and the very future of the worth of this body of lawmakers is at stake, which means, do the people have a house? Do the people have a say in their communities and in their Congress?

So this is no small issue, and I see that we have been called to some more votes.

So has the Clerk found what we may be voting on? I do want to—I have some more questions that I think before I take off I am going to be—OK. OK. We have a series of three votes, but I have 15 minutes. And there are a couple of questions that I do want to ask on the record, and then I will have written questions for you.

For Mr. Huberty, what are community foundations? And would you please state for the record what was the intent of Congress in creating community foundations?

Mr. HUBERTY. Madam Chairman, community foundations are set up really as a device by which individuals who don't wish to establish their own individual family foundation can place funds within a community for charitable and benevolent purposes. The foundation acts at their discretion. They can instruct the community foundation to carry out their wishes.

On the other hand, for those who don't wish to do that, the community foundation, in turn, can make grants, at its own discretion. The intention of the community foundation is to assist charities within a community. The Cleveland Foundation in about 1905 was the first community foundation. They are quite extensive around

the country now. But the focus is for doing good works in a local community.

Ms. CHENOWETH-HAGE. Mr. Phelps, a chart in your written testimony shows that the Alaska Conservation Foundation gave more than $1 million in grants in the last 2 years to stop timber harvesting in the Tongass. This same foundation is a community foundation. Their 21-member board of trustees includes former President Jimmy Carter, David Rockefeller, Jr., and eight out of State members.

I have two questions to ask you. Did the ACF or any member of the board consult with local communities in southeast Alaska about their plans? And how did the residents of communities such as Sitka, Wrangell, or Ketchikan benefit from the grantmaking activities of ACF?

Mr. PHELPS. Well, I think it would be very difficult to demonstrate how any of the communities benefited, Congresswoman. I am not aware of any effort by ACF or other groups like them to consult with communities, particularly with community leaders. And, in fact, I know for a fact that most of the community leaders in the communities you mentioned, and others like them in southeast Alaska, are very upset about the disruptive effect on their economies as a result of these grants and the activities of the people who receive these grants.

And a good illustration of that is that in our litigation against the United States Forest Service for its illegal formulation of the 1999 record of decision on the Tongass Land Management Plan, most of the—all of the communities but one that you mentioned, and several others, are co-plaintiffs with us because they believe that the effect on their communities has been devastating.

They certainly were not consulted by these grantmakers because the grantmaker's position is at odds with both the leadership and the majority of the people that live in those communities.

Ms. CHENOWETH-HAGE. Thank you, Mr. Phelps.

Mr. Schaffer, do you have any other questions?

We will recess the committee until 4:30. So we will take back up at 4:30. We have three votes, and I will try to get right back. And if we can take up even before 4:30, we will.

This panel is excused.

[Recess.]

Ms. CHENOWETH-HAGE. The committee will come to order.

I would like to introduce the second panel, Mr. Eric Williams from Environomics in Cheney, Washington; Mr. Terence Chandler, President and CEO and Director of the Redfern Resources, Limited, Vancouver, Canada; and Mr. Matt Bennett, Vice President in charge of sales for Emmet Vaughn Lumber Company in Maryville, Tennessee.

And before I swear you in under the oath, I want to say to Mr. Bennett that Mr. Duncan wanted to be here to introduce you. He has said great things about you, and unfortunately he had to go give a speech. And because of all the votes, we were held longer than we expected.

I want to thank you for your patience, and I do look forward to hearing all of your testimony. Thank you very much for being here.

So as explained on the first panel, it is the policy of this Chairman to swear all of the outside witnesses under the oath. And so if you will stand raise your hand to the square.

[Witnesses sworn.]

The Chair now recognizes Mr. Williams for testimony.

STATEMENT OF ERIC WILLIAMS, ENVIRONOMICS, CHENEY, WASHINGTON; TERENCE E. CHANDLER, PRESIDENT/CEO AND DIRECTOR, REDFERN RESOURCES, LIMITED, VANCOUVER, CANADA; AND MATT BENNETT, VICE PRESIDENT/SALES, EMMET VAUGHN LUMBER COMPANY, MARYVILLE, TENNESSEE

STATEMENT OF ERIC WILLIAMS

Mr. WILLIAMS. Thank you, Madam Chairman. I am honored and sincerely appreciate the opportunity to testify here today.

I am Eric Williams of Environomics. My office is located in the small town of Cheney, Washington. We are consultants to various businesses, including those that provide natural resources to the public. Therefore, I appear to you today as an overpaid, undereducated social misfit. Not by choice, of course, but by virtual declaration of the U.S. Forest Service.

How so? Well, let me tell you that in 1998, the Kootenai National Forest and the Montana Department of Environmental Quality issued a supplemental draft EIS for the Rock Creek Mine Project. The socio-econ section of that document was astounding and disturbing.

Here is one example, and I will quote—"Economic and social dependence on resource extraction industries is widely regarded as an economic and social liability because it ties social well-being to declining economic sectors, blocking residents into untransferable sets of skills.

Mining dependence decreases local social and economic capacity by hindering local flexibility, capability, and diversity of social processes. The project would be expected to increase local labor costs, decrease average education levels, and weaken the sense of community. Mining dependence increases community underemployment and decreases social adaptability." That is the end of the quote.

The message was clear. According to the agencies, this region, with some of the highest unemployment in one of America's poorest states, is better off without a mine that would employ 300 people for 25 years. The fact that the mine would pay high wages and offer good benefits is actually a negative because other businesses might have to pay more to compete.

This mine, simply by its existence, would scare off telecommuters and retirees, which, after all, are a better type of person to have around. And despite the fact that the mine would employ everyone from accountants to lab technicians, computer experts to metallurgists, their job skills are not transferrable.

Mysteriously, the EIS virtually declared that miner's children are not as educable as other kids, and those communities with mines inherently lack diversity and are socially backward. Merely having a mine "weakens the sense of community."

Sadly, the Rock Creek EIS isn't an isolated incident. As you will see in my written testimony, the recently released roadless conservation EIS declares that loggers are just about as unsavory a bunch as we miners. And as a former miner, it is of little consolation to me—an overpaid, undereducated social misfit—that the Forest Service now considers loggers as possessing not only those nonredeeming values but also as being culturally ignorant trailer trash who will seem to do anything for a buck.

There is a sort of reason that this sort of language is appearing in these documents, which ostensibly are based on science and fact, not political rhetoric and dogma. It is because of all of the pressure brought to bear by the environmental industry, being well organized and heavily funded by wealthy foundations to produce exactly those results.

The Needmore and Mott Foundations fund a newspaper column syndicate, so that newspapers nationwide can tell us that, "The importance of the old rural west has ended, and it is never coming back," and that, "Montana and Wyoming don't lead, and at this stage don't really teach much to the rest of us." After all, they are the ones without a real city.

This well-funded machine has denigrated a whole segment of society—rural resource providers. This atmosphere has been set with pseudo-scientific reports and non-peer reviewed studies released to the public through the media and through public agencies. This atmosphere has allowed agenda driven personnel within both Federal and State agencies to repeat the mantra of cultural smearing that we find in many management plans being implemented and being proposed throughout the United States.

I am not an anti-government right-winger. I was raised a lunch bucket democrat and believe strongly in my country and my government. Yet I find it extremely disconcerting when nonprofit organizations and Federal land agencies are stating loudly that most people carrying lunch buckets are overpaid, uneducated social misfits.

It is unfortunate that certain foundation funding of environmental groups makes it possible for the Government to use this type of language, and to use these types of programs to harm rural America.

Thank you very much.

[The prepared statement of Mr. Williams follows:]

U. S. House of Representatives

Committee on Resources

"Funding of Environmental Initiatives and Their Influence on Federal Land Policies"

Testimony of Eric Williams, Environomics, Inc. May 23, 2000

Mr. Chairman and members of the Committee: I am honored and sincerely appreciate the opportunity to testify before you today. It's not news that there is a widespread effort to dramatically change the culture and economy of rural America. What I'd like to talk with you about today, however, is a little-discussed aspect of the strategy. The tacticians of the effort realized that while it's not particularly difficult to get the public up in arms against "polluters" and "corporate giants," another, stickier hurdle was in their way.

Real live people live out there, and the public wasn't terribly keen on displacing them. A recognized and critical part of every successful battle strategy had to be employed. The rural residents had to be demonized. If the general public viewed the folks who live in the hinterlands of Idaho and Nevada as romantic and healthy ties to our heritage, Necessary Change would be extremely difficult. Yet if they could, collectively and stereotypically, be cast as Overpaid, Undereducated Social Misfits who hate Mother Earth, then Necessary Change would certainly follow.

Wise Up to Wise Use

I always cringe when people from the rural West tell the rest of us how to live. There's an arrogance to their pronouncements, a foolhardy pretension that they are real and the 95 percent of us who live in western cities don't matter. Hal Rothman, Writers on the Range, Spring 2000.

In April 1998, I attended a conference titled "Wise up to Wise Use," sponsored by the Montana Human Rights Network. Even though I'd been a newspaper reporter, for a kid who grew up in a lunch-bucket union family in tiny Hobson, Montana, it was an eye-opening experience. For I had largely been under the impression that human rights groups met to focus on tolerance, inclusion – generally better ways for folks to get along.

The presentations were anything but tolerant. "Wise Use Connections and Collaborations with other Far Right Groups," was the focus of the morning, as explained by Daniel Berry of C.L.E.A.R. Dr. Thomas Power of the University of Montana told us over lunch of "The Economic Fallacy of Wise Use." In the afternoon, we took in concurrent workshops ranging from "Corporate Consolidation of Hate," presented by Kevin Keenan of Public Employees for Environmental Responsibility to "How to do Research on the Wise Use and other Far Right Groups," again conducted by Mr. Berry. I was struck by the very real dislike many presenters and attendees had for farmers, ranchers, miners and loggers, not to mention the companies those people may work for – especially if those companies are large and from out of state.

That was the day I learned that I'm part of the Wise Use Movement. Frankly, until then I didn't consider myself a member. But, as I learned that day, who I am – or at least how I'm categorized – isn't really up to me.

What I didn't realize at the time was that the sponsoring organization and virtually every one of the speakers was subsidized by foundation funding.

The Montana Human Rights Network itself is heavily funded by foundations that are large and from out of state. Public Employees for Environmental Responsibility is heavily funded by foundations that are large and from out of state. Dr. Thomas Power is heavily funded by foundations that are large and from out of state.

Funding the message of hatred of the 'wise use' movement comes from a variety of sources, too numerous to mention in this testimony. Some notable examples are:

Montana Human Rights Network Funding
1998 Turner Foundation "Grant for support of work to increase understanding and action to mitigate threats against advocates and to build linkages between local human rights groups and environmentalists to focus on environmental protection."

Public Employees for Environmental Responsibility Funding
Jessie Smith Noyes Foundation, New York, grant "To organize employees of the Office of Surface Mining, and to connect them with community activists working on issues related to coal mining and the environment: $25,000 to Public Employees for Environmental Responsibility (Washington, D.C.).

Dr. Thomas Power Funding
Dr. Power is first referenced in this testimony in this section but is also connected with numerous other areas of my testimony.

My former economics professor, whose UM salary is approximately 3 times the average Montanan's, is now chairman of the department at the University of Montana, and is always referenced by his University of Montana affiliation. To my knowledge, none of the multitude of federal agency documents that cite Dr. Power's work refer to him as affiliated with large foundations that also fund the environmental movement. Perhaps doing so would be helpful. Here is a mini-feature on one of the Brainerd Foundation's success stories:

> **1997-98**
> **Center for Resource Economics**
> *Bringing Environmental Economics to the Region*
> Many observers were amazed when the *Idaho Statesman*, usually a conservative newspaper, ran a series about how environmental preservation might be more important to the state's economic future than extractive industries like timber, mining, and ranching. One article even said that the state might benefit from decommissioning the dams on the Lower Snake River.

The series was already in the works when Dr. Thomas Michael Power spoke at the Boise City Club in June 1997 as part of a tour sponsored by the Brainerd Foundation. But his visit was fortunate. Power, the economics department chair at the University of Montana in Missoula, is the author of Lost Landscapes and Failed Economies: The Search for a Value of Place. In his book he argues that a healthy environment attracts employers and workers and that communities should preserve local landscapes if they want their economies to be diversified, stable, and prosperous. "The issue is not sacrificing economic health to protect some obscure bird, fish, or plant," he writes, "but rather ensuring economic health by avoiding needless damage to the natural -- and therefore human -- environment."

While in Boise, Power met with the newspaper's reporters and editorial board. Rocky Barker, one of the two reporters working on the series, was at the City Club presentation and latched on to Power's example of one Idaho community whose resource-dependent economy was deteriorating while the statewide economy improved. "Rocky used that example to good effect in the series," says Cecily Kihn, program development manager for the Center for Resource Economics (CRE). "And Tom's visit may have given the *Statesman* editorial board a lot more confidence in what it was doing."

The CRE is a Washington, D.C., nonprofit whose publishing arm, Island Press, printed Power's book in 1996. In the summer of that year, the Ford Foundation provided funds for Power to visit major markets across the West and promote his message. The Brainerd Foundation then approached the center about funding a second tour; this time Power would also visit secondary markets, and in addition to meeting with business leaders and the media, he would meet with conservationists so they could use his economic theories in their campaigns.

During the first six months of 1997, Power made four trips: to Seattle and Olympia, Washington, Portland, Corvallis, and Ashland, Oregon, Spokane, Washington, and Boise, Idaho. He met with journalists, business leaders, conservation activists, students, and policymakers, generating radio, television, and newspaper coverage along the way. "I think Tom's message got out more broadly," says Kihn. "A lot of nonprofits weren't familiar with his research. Now they better understand the economics around conservation issues."

Western States Center

The importance of the old rural West has ended and it's never coming back ... We'll give up something, sure. But discarding a myth that has deceived us for a century may be the healthiest thing this region can do. Hal Rothman, Writers on the Range, Spring 2000.

The Ford Foundation (In excess of $500 million in grants in 1998), which sponsored one of Dr. Power's "Environmental Economics" tours, is also a funder of the Western States Center. Like Dr. Power, the Western States Center (WSC) was a major player at the "Wise Up to Wise Use" conference.

WSC offers a variety of support and services to the Progressives in the West, particularly in Washington, Idaho, Montana, Utah, Nevada, Wyoming and the Center's home state of Oregon. WSC has been particularly effective at developing databases loaded with campaign finance data that is used to accomplish two principle goals – exclude business interests from the political arena, including ballot measures, and to make certain that conservative members of any party don't get elected.

According to the Western States Center web site, their vision "is of a just and equitable society governed by a strong, grassroots democracy." WSC says it works on three levels: strengthening Progressive grassroots organizing and community based leadership; building long term, strategic alliances among community, environmental, labor, social justice and other public interest organizations; and developing the capacity of informed communities to participate in the public policy process and in elections.

From 1996-1998, WSC invested more than $140,000 annually into its "Wise Use Exposure Project." Publications of the Project include:

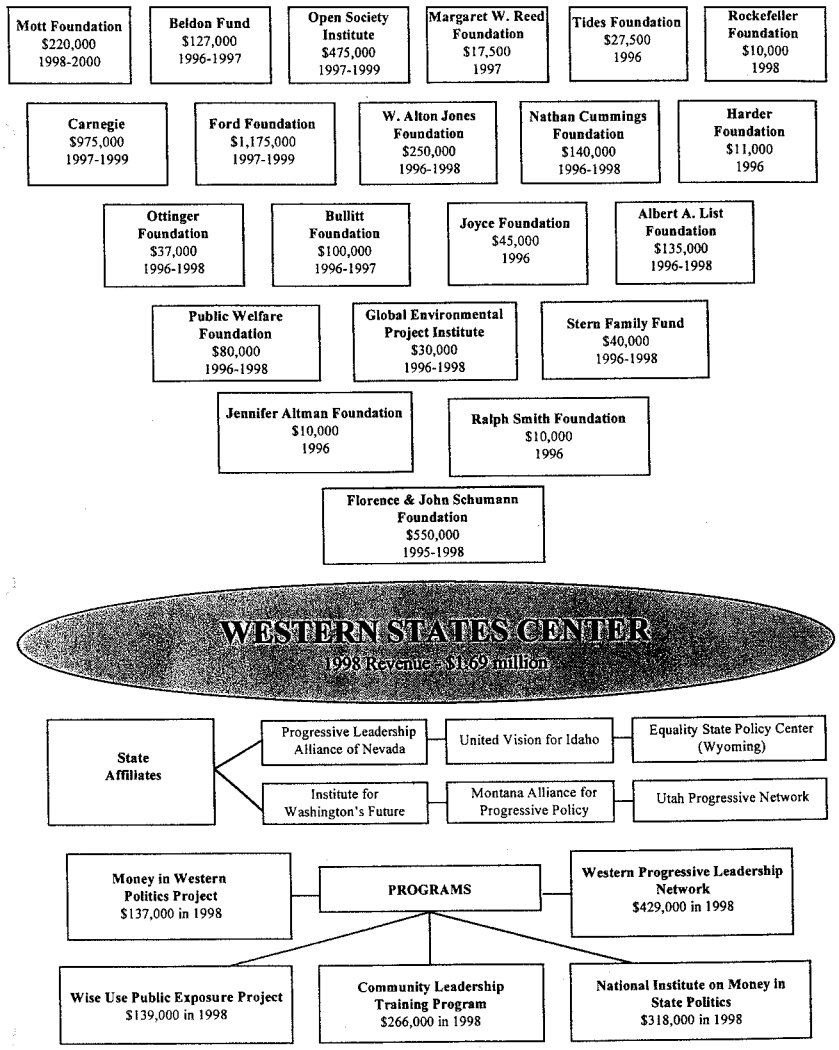
- Dangerous Territory: the Attack on Citizen Participation and the Environmental Movement
- Extremists and the Anti-environmental Lobby: Activities Since Oklahoma City
- The Wise Use Radicals: Violence Finds New Bedfellows
- Western States Coalition Summit VIII: The Anti-Environmental Lobby and Environmental Education.

Essentially, WSC and its state affiliates help provide the necessary clamor that allows our state and local governments to produce documents that label miners as overpaid, undereducated social misfits and loggers as three-time losers. The perversion of this situation is that the Western States Center, the Montana Human Rights Network and others use bigotry and stereotyping to push their environmentalist agenda.

All of this is done under the guise of tolerance.

Now, it is completely legitimate that these entities put their money where their mouth is -they are entitled to conduct their particular brand of advocacy. That's the American way, the Democratic process. But when they reach into the government and use the government as their co-conspirators in developing federal policy, and that federal policy wreaks havoc with people in communities, something is amiss. I hope it's not the American way to get your way by demonizing segments of our population.

Following is a chart which shows WSC state affiliates, its programs, and some of its funding.


Mott Foundation $220,000 1998-2000
Beldon Fund $127,000 1996-1997
Open Society Institute $475,000 1997-1999
Margaret W. Reed Foundation $17,500 1997
Tides Foundation $27,500 1996
Rockefeller Foundation $10,000 1998
Carnegie $975,000 1997-1999
Ford Foundation $1,175,000 1997-1999
W. Alton Jones Foundation $250,000 1996-1998
Nathan Cummings Foundation $140,000 1996-1998
Harder Foundation $11,000 1996
Ottinger Foundation $37,000 1996-1998
Bullitt Foundation $100,000 1996-1997
Joyce Foundation $45,000 1996
Albert A. List Foundation $135,000 1996-1998
Public Welfare Foundation $80,000 1996-1998
Global Environmental Project Institute $30,000 1996-1998
Stern Family Fund $40,000 1996-1998
Jennifer Altman Foundation $10,000 1996
Ralph Smith Foundation $10,000 1996
Florence & John Schumann Foundation $550,000 1995-1998
WESTERN STATES CENTER
1998 Revenue - $1.69 million
State Affiliates
Progressive Leadership Alliance of Nevada
United Vision for Idaho
Equality State Policy Center (Wyoming)
Institute for Washington's Future
Montana Alliance for Progressive Policy
Utah Progressive Network
Money in Western Politics Project $137,000 in 1998
PROGRAMS
Western Progressive Leadership Network $429,000 in 1998
Wise Use Public Exposure Project $139,000 in 1998
Community Leadership Training Program $266,000 in 1998
National Institute on Money in State Politics $318,000 in 1998

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Rock Creek

Historically, this country's advantage was always cheap land and cheap labor ... In this new world, trees have more value as scenery than as timber ... Montana and Wyoming don't lead and, at this stage, don't have much to teach the rest of us. They're the ones without a real city. Hal Rothman, Writers on the Range, Spring 2000.

In January of 1998, a few months before the "Wise Up to Wise Use" Conference, the Kootenai National Forest and the Montana Department of Environmental Quality issued the Supplemental Draft Environmental Impact Statement on ASARCO's Rock Creek mine project. Rock Creek, which ASARCO began permitting more than 12 years ago and for which a Final EIS is anticipated this summer, is an underground copper-silver mine project in Northwest Montana.

Our company, Environomics, was engaged by local ASARCO officials to assist them with their community and public relations programs associated with the Supplemental Draft EIS. When I opened this official government document, I was more than disappointed. When residents of the communities around Rock Creek opened to those pages, they were stunned. They were angry. And more than a little hurt. For there, in black and white, the Kootenai National Forest's Supplemental Draft Environmental Impact Statement told them they were the type of people the world would be better off without. The following are excerpts from the Socioeconomic section.

1. *Mine development would significantly hinder western Sanders County's capacity to diversify its economic base using its natural amenities, quality of life, and competitive cost structures to lure new comers whose jobs or work could occur in any location and retirees (Johnson and Rasker, 1993, Jobes 1992). Up to 300 future service jobs, mostly in health, educational and business services would be foregone through mine effects in the area (Heffner, 1991; Power 1992; Swanson 1992 a; Nork and Luloff 1992).*

2. *Project Employment would be expected to raise local wage structures and to cause increased rates of job shifting during project development. These effects would increase local businesses' costs, making some businesses less competitive in national markets and would decrease the rate of local business growth and job creation. (Wenner 1992).*

3. *Dependence on repeated natural resource cycles has caused major fluctuations in area quality of life and emphasized non-transferable job skills and reduced community self-determination.*

4. *Economic and social dependence on resource extraction industries is widely regarded as an economic and social liability because it ties social well-being to declining economic sectors, locking residents into untransferable sets of skills (Baden and O'Brien, 1994; Humphrey, 1994). Mining dependence decreases local social and economic capacity by hindering local flexibility, capability, and diversity of social processes (Freudenberg 1992). The project would be expected to increase local labor costs, decrease average education levels, and weaken the sense of community (Swanson 1992c; Bloomquist and Killian 1998; Freudenberg*

1992). Mining dependence increases community underemployment and decreases social adaptability (Krannich and Luloff 1991).

5. *Local residents who believe that project benefits are vital to community viability would tend to view project social problems as reasonable tradeoffs for 30 years of mining employment. Those who value small town communities, rural scenic qualities, and a sustainable diversified local economy, would tend to view project costs to be greater than its benefits.*

6. *Alternative I [the no-mine alternative] would have long term socioeconomic benefits.*

The message was clear. According to the agencies, this region, with some of the highest unemployment in one of the nation's poorest states, is better off without a mine that would employ more than 300 people for 25 years or more. The fact that the mine would pay high wages and offer good benefits is a negative, because other businesses might have to pay more to compete. This underground mine would, simply by its existence, scare off telecommuters and retirees, which, after all, are a better type of person to have around than are miners. And despite the fact that the mine would employ everyone from accountants to lab technicians, heavy equipment operators to environmental engineers, computer experts to metallurgists, their job skills are not transferable.

Mysteriously, the Supplemental Draft EIS virtually declared that miners' children are not as educable as other children are and those communities with mines inherently lack diversity and are socially backward. As excerpt 6 boldly states, the community is better off without the mine.

This Supplemental Draft EIS professed that miners are, as community residents mockingly began to refer to themselves, "Overpaid, Undereducated Social Misfits."

The sort of dismissive, condemning language that appeared in the Rock Creek document would have never been considered substantive for use in an EIS a few years prior. It's becoming commonplace now.

The main opposition to the Rock Creek Mine comes from a conglomeration of grant-dependent groups that have overlapping, intermingling relationships, including fiscal agency.

Brainerd Foundation, Washington

Cabinet Resource Group
1997 - $15,000
To address environmental concerns related to the Troy Mine and proposed Rock Creek mine.
1998 - $20,000
To challenge the permitting of the ASARCO Rock Creek copper and silver mine under the Cabinet Mountain Wilderness in northwest Montana.

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Bullitt Foundation, Washington

Cabinet Resource Group
1997 - $15,000
Support a lawsuit against Asarco at northwestern Montana's Troy mine and the expansion of the organization's public outreach campaign addressing the environmental challenges of the proposed Rock Creek Mine.

Rock Creek Alliance
1998 - $10,000
1999 - $10,000
Support a project to halt a proposed silver/copper mine in the Rock Creek drainage area of the Cabinet Mountains of northwestern Montana ...The Montana Environmental Information Center served as fiscal agent for Rock Creek Alliance in 1998.

Clark Fork-Pend Oreille Coalition
2000: $15,000
1999: $15,000
Support the organization's overall operations as it continues to challenge mining proposals that will further degrade water quality in the basin.

The Educational Foundation of America, Connecticut

Clark Fork Coalition
1997
Clark Fork Coalition, which is a member organization of the Rock Creek Alliance, $80,000 over two years for "Rivers and Mining: The Two Don't Mix."

The Educational Foundation of America's Foundation's description of its Environment grants division says that "EFA's environmental priorities included supporting the monitoring of the utility restructuring process as it impacts the, combating the growth of the 'wise-use' movement, opposing large-scale livestock confinement, and cutting federal "polluter pork" programs through green scissors campaigns."

Turner Foundation, Georgia

Clark Fork-Pend Oreille Coalition
1998 – $20,000
To oppose mining and help protect and restore the Clark Fork River Basin.
1997 - $15,000
Protect water quality from hard rock mining (and other industries).

Center for Science in Public Participation
1998 – 20,000
Technical assistance to grassroots organizations that are focused on opposing mining.

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Roadless Area Conservation Draft EIS

The rural West sure doesn't pay the bills ... And its industries, ranching, agriculture, timber, mining and the like are tossed on the scrap heap of our transfer-payment, federal, tourist-based regional economy.
Hal Rothman, Writers on the Range, Spring 2000

Most recently, disparaging commentary toward the men and women who make their living in natural resource businesses has worked its way into Chapter 3 of the Roadless Area Conservation Draft EIS. This new document states:

> Logging and lumber millwork are not an inter-generational way of life for all participants in the wood products industry. In 1991, median tenure of employment in the wood products industry was 5.3 years (Power 1996). Timber communities have been noted for their instability for over a century, due to the migratory nature of the industry (Kaufman & Kaufman 1990). Timber jobs migrate in response to the expansion and contraction of the industry in local areas, with boom and bust cycles caused in large part by unsustainable harvest levels (Power 1996). Even reasonably prosperous timber-dependent communities are among the least prosperous rural communities, having high seasonal unemployment, high rates of population turnover, high divorce rates, and poor housing, social services, and community infrastructures (Drielsma and others, 1990, Power 1996). Moreover, timber industry jobs are dangerous, having high injury and mortality rates. Many people enter the wood products industry because it provides opportunities to earn high wages without having a high level of education. For these people what is at stake is not a traditional lifestyle and occupational culture, but rather an accessible route to a middle-class lifestyle. If equivalent jobs were readily available, these individuals would be happy to take advantage of them.

That single paragraph has three references to the works of Dr. Thomas Power, who is mentioned in more detail above. As a former miner, it's of little consolation to me (an overpaid, undereducated social misfit), that the Forest Service now considers loggers as possessing not only those non-redeeming values, but also as being culturally ignorant trailer trash who'll do anything for a buck and a new woman.

There's a reason this sort of language is now appearing in these documents, which ostensibly are based in science and fact, not political rhetoric and dogma. It's because of all the pressure brought to bear by the environmental industry, being well organized and heavily funded by wealthy foundations to produce exactly those results.

This well-funded machine has generated (through the necessary, strategic atmosphere for excluding from normal moral and ethical consideration) a whole segment of society - rural resource providers. This atmosphere has been set with pseudo-scientific reports and non-peer reviewed studies released to the public through the media and through public agencies. This atmosphere has allowed agenda-driven personnel within both federal and state agencies to repeat the mantra of cultural smearing that we find in many management plans being implemented and being proposed throughout the United States.

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ICBEMP/Northern Rockies Campaign

The truth is hard, but clear. The rural West has become a playground, a colony the rest of us visit when we want to relax or indulge our fantasies. We camp, hike, swim, boat, bike, ski, hunt, fish and ATV throughout the rural West, making our living and our lives in its increasingly stretched out and stunningly dense cities. Hal Rothman, Writers on the Range, Spring 2000.

In May 1997, a consortium of four federal agencies released their long-awaited Environmental Impact Statement regarding the Interior Basin Ecosystem Management Project (ICBEMP). ICBEMP essentially is a one-size-fits all approach to managing (or not) an area the size of France, half of which is federal land, in the Inland Northwest.

As early as 1996, grants were sent to various – some obscure – organizations to help influence the outcome of ICBEMP. One such contribution came from the Ruth Mott Fund in Michigan and was described like this:

> **Upper Columbia Working Group**, Helena, Montana
> Support for start-up funding for the Upper Columbia River Basin Ecosystem Management Project - $10,000

Others that year came from the David and Lucile Packard Foundation. (Nearly $88 million of the Packard Foundation's $412 million in 1999 grants went to "Conservation" efforts).

> **Wilderness Society,** Seattle, Washington - $100,000
> To support continued analytical work on the forest ecosystems and economy of the Interior Columbia River Basin

> **National Audubon Society**, New York - $150,000
> Second-year support for the Columbia River Bioregion Campaign

Here's how Audubon describes that Columbia River Bioregion Campaign:

> The National Audubon Society is a member of Columbia River Bioregion Campaign (CRBC), a coalition of local, state and national environmental groups that was formed 3 years ago to try to improve the management of federal lands in the Columbia Basin. The Federal Bureau of Land Management (BLM) and the US Forest Service (USFS) are currently in the process of developing the Interior Columbia Basin Ecosystem Management Plan (ICBEMP). This Plan is intended to implement the President's Northwest Forest Plan east of the Cascades. The scientific findings which have been included in the Draft Environmental Impact Statement (DEIS) released earlier this year are excellent, but the management plan recommended by the Project has been judged inadequate by the CRBC. The major shortcoming identified by CRBC in this alternative is that it emphasizes grazing, logging, and controlled burning as primary activities to restore the Basin's forest/grassland ecosystems.

> The role of the State Office in the CRBC is to recruit and coordinate the involvement of chapters in the Campaign to influence the BLM and the USFS to make improvements in the Plan so it will do a better job of improving the management of federal lands in the Columbia Basin ecosystem for the benefit of birds and other wildlife. State Office staff will also coordinate chapter responses to the DEIS for the ICBEMP. The CRBC has already asked the USFS and the BLM to either withdraw the DEIS or release a Supplement later which would provide a satisfactory alternative to protect old growth habitat, bird, fish and wildlife population viability, and community resiliency and stability.

So, did these foundations see any fruits from their contributions?

In the ICBEMP document new, unreviewed methodology was used to study the communities of the interior west and determine which communities were 'resilient' and which were not. Criteria for 'resiliency' included: strong civic leadership, positive, proactive attitude toward change and strong social cohesion. The ICBEMP document then listed community resiliency of all communities with less than 10,000 persons (population being a determining factor in resiliency) and a scale was developed that divided the communities into four equal categories of low, moderately low, moderately high and high resiliency. In other words, rather than looking at communities for what they are, this methodology pigeonholed towns into four equal parts. Moreover, the methodology was such that a community of 10,001 people automatically was more resilient than one with 9,999.

The underlying supposition of this federal document remains clear: a community that is low in 'resiliency' lacks strong civic leadership, is not positive and proactive toward change and does not possess strong social cohesion. Again the underlying message was clear: Because yours is a resource-dependent community, its social structure is ill and needs to be dismantled and then rebuilt, largely by outsiders who know better than you. It's going to be painful for you, but it's in the public interest.

While several grant-dependant organizations became heavily involved in the politics of ICBEMP, it was the Northern Rockies Campaign run by Desktop Assistance had the most impact. Here's Desktop's description of its program:

> During the summer of 1997, the Northern Rockies Campaign (NRC), with primary support provided by the Pew Charitable Trusts, initiated an aggressive strategy to influence the outcome of the Interior Columbia Basin Ecosystem Management Project (ICBEMP), an inter-agency federal process that would dictate management of 1/4 of all public lands in the United States for the next several decades.
>
> [U]sing a variety of innovative and creative public outreach strategies, including canvassing campgrounds in Yellowstone and Glacier National Parks as well as eliciting Working Assets Long Distance (WALD) to include a "Help Protect The Big Wild" appeal in one of its monthly statements, in just 8 months NRC collected 73,000 public comments in favor of protecting wild places in the Northern Rockies.

> [W]hen the Clinton Administration announced on January 22, 1998 its directive to the Forest Service to institute a temporary moratorium on road building in most national forest roadless areas, the Northern Rockies Campaign took it as a sign that our efforts the previous eight months bore fruit.
>
> [N]RC public comment campaign proved decisive in the new policy - the Administration heard us and set almost all roadless areas in Idaho, Montana and Wyoming temporarily off limits to Forest Service development. We wanted to thank the Administration for their action and to press for permanent protection of the "last best place."
>
> Desktop Assistance, a founding member of NRC, initiated an email campaign to re-engage citizens who had submitted public comments to ICBEMP. On January 27, at the opening of the 30-day public comment period, we sent email to 6,957 people asking them to do two things: thank the Administration for its policy and submit an official public comment on the policy.

Desktop, which relies heavily on the William and Flora Hewlett Foundation ($8.4 million in Environmental grants in 1999), wasn't the only organization to get substantial money from Pew early on for this effort. (More than $53 million of Pew's $250 million in grants in 1999 went to environmental and public policy) A 1996 Pew grant to the Greater Yellowstone Coalition said this:

> **Greater Yellowstone Coalition** - $300,000
> With its renewed funding, the Northern Rockies Campaign (NRC) will seek to protect key old-growth forest tracts in the Northern Rockies through a comprehensive land management planning process currently being developed by the Forest Service and the Bureau of Land Management.

CLOSING

I'm not an anti-government right-winger. I was raised a lunch-bucket Democrat and believe strongly in my country and my government. Yet I find it extremely disconcerting when nonprofit organizations and federal land agencies are stating loudly that most people carrying lunch buckets are over-paid, under-educated social misfits.

It's unfortunate that certain foundation funding of environmental groups makes it possible for the government to use this type of language, and to use these types of programs to destroy rural America.

Incidentally, Writers on the Range, which sponsored Mr. Rothman's italicized comments on the New West, is funded by the Needmor Fund and the Charles Stewart Mott Foundation.

Thank you for considering my testimony.

Ms. CHENOWETH-HAGE. Thank you very much, Mr. Williams.

And the Chair now recognizes Mr. Chandler.

STATEMENT OF TERENCE CHANDLER

Mr. CHANDLER. Thank you, Madam Chairman.

I represent a little bit of a unique viewpoint here. I am a Canadian citizen. I am the President of Redfern Resources, Limited. And Redfern is a Canadian mining company, which has been in existence since 1979. It is headquartered in Vancouver, British Columbia, and listed on the Toronto stock exchange.

We have as our principal asset a small mine up in northwestern British Columbia located on the Tulsequah River. It is about 65 kilometers, or 40 miles as the crow flies, from Juneau, and about 26 kilometers upstream from an international waterway, the Taku River, which the Tulsequah River joins.

This mine was actually operated in the 1950's and was shut down at that time. It is proposed to be reactivated as a new mining operation, and it was run through an environmental assessment process started in 1994 under the Canadian environment assessment process. But uniquely, because of the potential for transboundary impacts, the U.S. was involved in the project committee, the State of Alaska, and U.S. Federal agencies to make sure that all issues related to international potential for impacts were addressed.

This study and environmental assessment reached a conclusion in March 1998, at which time the project received its environmental certification, which then gave it the green light to proceed to acquire operating permits and licenses.

Shortly after that, we were astounded when the Governor of Alaska determined that it was in the best interest of his constituents that the project should be referred to the International Joint Commission, a body which deals with international disputes related to boundary waters, on the basis that there could be some impacts to the U.S.

And so since that time, we have been involved in the last 2 years in a series of protracted responses with the State Department and the Canada Federal Government to address those issues. Not surprisingly, during that timeframe, no issues and no impacts have been identified to Alaska resulting from this mine development.

On top of that, we subsequently became aware, through release of a document anonymously, which is accompanied as an exhibit to my statement, a campaign—a coordinated campaign strategy outline involving, as listed on this document, 10 groups, mostly located in B.C., in Canada, but two of which are headquartered in the United States.

In that document, there are a series of—as a coordinated campaign strategy, it is called "To Save the Taku River," which proposes to stop the mine, seize development within the whole watershed, primarily on the Canadian side of the border, which is 4.5 million acres, and to instigate a land use policy which will see this area become a protected and preserved part of the Canadian landscape.

In the process, they have ignored the fact that this is multiple use designated land, and has already been subject to a review by

the provincial government related to a protected area strategy that passed over this area while it was in the process of setting aside some 1.5 million acres of land in the—sorry, 3.0 million acres of land in this area.

This document demonstrates or lays out a strategy which calls for a coordinated campaign to lobby in Congress and in the Canadian Federal and provincial agencies. It has targeted the company for economic analysis and destabilization in the financial community.

It has provided support and backing for legal initiatives by local aboriginal groups who are seeking land claims with the Federal Government. And it has instigated an immediate campaign against the company. All of this despite the fact that the local community actively supports the mine and is desperately in need of employment.

It is interesting to me, given some of the statements you made at the beginning of this hearing, that U.S.-based environmental funds are actually seeking to export their advocacy to a foreign country, and actually influence land use policies in Canada.

Thank you.

[The prepared statement of Mr. Chandler follows:]

US House of Representatives

Committee on Resources

May 23, 2000

Statement of:

Terence E. Chandler

President, CEO and Director
REDFERN RESOURCES LTD.

1. Introduction to the Company and the Project

Redfern Resources Ltd. is a "junior" mineral development company headquartered in Vancouver, British Columbia, Canada. The Company was incorporated in 1979 and is listed on the Toronto Stock Exchange. Redfern does not have any mines in production and consequently has no cash flow from operations. The company was originally formed to explore for and develop mineral properties amenable to economic production. The Company's sole significant asset is the Tulsequah Chief Mine Project which was acquired by the company in 1981 and has been the focus of the Company's development efforts continuously to the present time. Since the start of exploration activities the Company has invested over CAN$26.5 million in the property.

The Tulsequah Chief Mine is located on the east side of the Tulsequah River, a tributary of the Taku River in northwestern BC. The mine site is 40 miles northeast of Juneau, Alaska and 65 miles south of the town of Atlin, BC.

2. Project Description and History

The Tulsequah Chief Mine Project proposes to re-open a former producing underground mine which was discovered in 1923 and operated last by Cominco Ltd. in the 1950s. The ore is composed of semi-massive to massive pyrite containing significant quantities of copper, zinc and lead sulphide minerals. These are the principal economic metals along with important amounts of associated gold and silver. The current reserves occur as a continuation of the previously mined deposit to depth, supplemented by several new ore lenses discovered by exploration drilling since 1987. The mine is proposed to be re-developed as a medium sized underground operation processing up to 900,000 metric tonnes (1 million tons) of ore per year. Current reserves are sufficient for 9 years mine life under the proposed production schedule. Because the deposit has not been closed off at depth, it is considered that the mine has a high potential for addition of new reserves as mining proceeds and provides deeper access for drilling.

The project is located in a site currently accessible only by air. The feasibility study determined that the only feasible access to the mine was by construction of a single-lane gravel road for supply and concentrate haul, connecting the mine to the public highway system near Atlin. To minimize impacts on wildlife the road is proposed to be restricted only to mine operations and controlled by a 24 hour manned gate.

A notable feature of the mine re-development will be the incorporation of a full and extensive remediation program to safely store waste from prior mining and eliminate the relatively small amount of acid mine drainage which is currently emanating from the old mine workings. The plan also incorporates extensive measures to prevent re-occurrence of such impacts, permanently.

3. Events leading up to the Permitting process

Redfern and Cominco commenced joint exploration of the Tulsequah Project in 1987. Successive years saw major programs of surface and underground drilling which continued to

expand the scope and understanding of the deposit. Redfern acquired an option to purchase Cominco's interest in the property and exercised it in 1992 to become sole owner of the project. Exploration programs continued through 1994 when the project was moved into feasibility studies and the commencement of the environmental assessment review process.

4. Nature of Canadian Environmental Assessment and Permitting Process

The Canadian environmental assessment process differs substantially from its US counterparts in its staged approach but not in the ultimate standards or tests for adequacy of environmental protection. The Tulsequah Mine was required to undergo both Canadian federal and provincial environmental assessment review in order to receive a Project Approval Certificate. This review examines the collected baseline information for the identified project components and the preliminary engineering design for structures or mitigation measures for environmental protection. If it is determined that the environmental impacts are sufficiently identified and can be mitigated to a satisfactory degree a Project Approval Certificate is issued. Receipt of a Project Approval Certificate allows a project to then proceed with further detailed engineering and studies to enable applications for the various required operating permits. Standards for various permits are similar in the US and Canada, e.g. for receiving water quality guidelines, flood protection and design stability requirements for tailing impoundment structures etc.

In British Columbia the vast majority of the baseline studies and assessment studies are completed by the proponent Company directly, or through independent engineering or environmental consulting firms contracted by the proponent. Government agency review participation is funded by government.

5. Participation of US in Canadian Environmental Assessment Process

In September, 1994 Redfern entered the Mine Development Assessment process through an application to re-develop the former producing Tulsequah Chief Mine on the Tulsequah River in northwest British Columbia. A Project Committee was established consisting of representatives of the public, First Nations, key BC provincial ministries, Canadian federal agencies, government of the Yukon Territory, Alaska State government and federal USA agencies. Alaskan agency involvement was coordinated through the Governor's Office, Division of Government Coordination. On the US federal side, representatives of the Department of the Interior, EPA and US Fish and Game also attended Committee meetings. Public meetings were held on the application in February, 1995 in Juneau and Skagway, Alaska; Whitehorse, Yukon; and Atlin, BC. Based on input from this process and comments received from the Project Committee ("PC") a draft Project Report specification document was assembled. The application was transitioned to the new *BC Environmental Assessment Act* in July, 1995. This Act stipulates extensive consultation and stakeholder involvement for reviewable projects. The simplified sequence of Project Committee (including Alaska and US agency input and involvement) and public input under the Act is as follows:

September, 1994	Application
February, 1995	Public Review of Application
July - Nov, 1995	Derive draft Project Report Specifications from Committee member and public comments
Nov 26, 1995 - Jan 30, 1996	Public and PC review of draft Project Report Specifications; formulation of Final Project Report Specifications
Nov 25, 1996	Redfern submits Project Report to PC for screening to determine if Report meets Specifications
Nov 25, 1996 - Jan 21, 1997	PC completes screening and does not accept Report for review pending resolution of deficiencies for environmental studies related to barge access and First Nations traditional land use studies.
March 14, 1997	Redfern submits Application to amend Project by removal of barging as an access option due to technical and economic infeasibility.
March 15 to June 18, 1997	PC review and acceptance of Amendment application
July 4, 1997	Redfern submits revised Project Report for screening by PC for meeting all required report specifications.
August 1, 1997	PC unanimously accepts Project Report for full review.
Sept 8 - Nov 6, 1997	Project Report undergoes full public review. Redfern holds advertised public consultation meetings in Atlin, Whitehorse, Skagway and Juneau and again in Atlin during this period.
Nov 7, 1997 - Feb 13, 1998	Project report under full review by PC. Immediately prior and during this review 19 meetings of the full PC and/or sub-committees were held to review resolution of project issues. An issue tracking table was prepared and circulated during review to facilitate resolution determination.
Mar 5 - Mar 13, 1998	Draft PC recommendations report circulated to PC members for comment, incorporating resolutions to issues from Committee and sub-committee review findings.
Mar 19, 1998	Certificate granted by BC Government

6. Assessment and Decision Process

As outlined above, the environmental review process for the Tulsequah project proceeded over a 3.5 year period between September 1994 and March 1998. The project application was reviewed publicly and by the project committee. Terms of reference for the information required for the final review were drafted by the Committee, reviewed by the public and agencies and finalized for the proponent's use in preparing the Project Report. US and Alaska State agencies took part in this process. The Project Report was accepted as meeting the requirements for review in August, 1997 by the Project Committee. Public review followed from September 1997 to November 1997. After receipt of public comments, detailed project committee review of the document commenced in November 1997. Most of this review was accomplished through sub-committees established to review key areas of the project and potential for environmental impacts: acid mine drainage and water quality, wildlife (including fish), and access management. Opportunities for US and/or Alaska State representation was made available in all of these areas. Progress was tracked through a table of all identified issues, and the process for their resolution. Final meetings of the subcommittees occurred in mid-February 1998 and comments solicited from all participants on their relevant identified issues. The BC Environmental Assessment Office drafted a Project Committee Recommendations Report which summarized the review process, the identified issues, the process for their resolution and the consolidated findings of the committee representatives. This was circulated to all parties for their comments at the beginning of March of 1998. After receipt of comments the Project Committee Recommendations Report was finalized and presented, as required under the Act, on March 13 to the two Responsible Ministers for a decision. The US representatives' recommendations were to postpone a decision until after a public panel review, whereas the majority of the remaining members recommended approval of the project. The Project Approval Certificate was granted on March 19, 1998.

7. Call for IJC review by Alaska

In late March 1998, Alaska Governor Tony Knowles referenced the Tulsequah Project in a letter to Secretary of State Madeleine Albright in which he called for additional review of the mine proposal through the auspices of the International Joint Commission. Mr. Knowles' letter made it clear that the he perceived there to be inadequate information and/or insufficient review conducted to assess the technical risk of the project on international resources, namely fish and waters. In his letter he raised generic concerns about potential impacts which, in fact, were specifically addressed during the completed environmental review. The letter also revealed a clear unfamiliarity of the staged nature of the Canadian approval process. As mentioned above, Certificate level approval only provides clearance to proceed to the more detailed engineering and technical review required for specific operating permits for the mine and is not, in itself, construction or operating authority.

The sudden and unexpected opposition raised by the Alaska Governor's office was a complete surprise to the Company and the Canadian regulatory agencies. At the time it was assumed that the matter arose as a consequence of the discord between Alaska and British Columbia on the Pacific Salmon treaty and fisheries harvest quotas, rather than as a result of real environmental

issues. As later events revealed, this may have been only partially the reason.

8. Bilateral Consultation Process

In response to the statement of concern, the British Columbia Environmental Assessment Office ("EAO") and federal Canadian agencies, through the auspices of the federal Department of Foreign Affairs, visited Washington, DC on April 16, 1998 to meet with Alaskan and federal US government representatives. The meeting was held to answer American concerns, where possible, and to explain the differences between the American and Alaskan permitting process relative to the Canadian and BC provincial review and certification process. As a result of the meeting a commitment was made to provide a follow-up document addressing specific issues and providing further clarification for Alaskan and US agencies.

Following further discussions between various US and Alaskan technical personnel and their Canadian federal and provincial review agency counterparts, a document was compiled by the BC EAO to answer the specific technical concerns raised. This response document was forwarded on May 21, 1998 to the US State department, US EPA, and the Governor's Office, State of Alaska. Copies were also sent to Canadian Department of Fisheries and Oceans, Canadian Environmental Assessment Agency (CEAA) and External Affairs in Ottawa.

On August 28 the US State Department sent a letter to Foreign Affairs Canada requesting that Canada agree to an IJC review of the Tulsequah Project. A second round of bilateral government meetings were held in mid-November, and a further series of response documents have been forwarded in December to demonstrate the lack of substantive technical issues. A final meeting to present the response to Alaskan-US concerns over stability of the tailings area was held on December 23, 1998. It is our understanding, from discussions with the participants, that the US technical representatives were largely satisfied with the tailings design and stability assessment responses.

In March, 1999, the Alaska State Legislature held hearings to determine the basis for the Governor's opposition to the Tulsequah project. On review of the testimony, the Senate adopted a resolution in support of a cooperative approach to mine development and calling for the governor to drop his request for a referral of the project to the International Joint Commission. This resolution was passed by the House of Representatives and formally issued on April 16, 1999.

The latest correspondence from the State Department to Foreign Affairs Canada is dated August 1999 and appears to acknowledge progress in resolving US concerns through bi-lateral discussions. However, the same letter also proposes the establishment of a watershed board under the IJC to review "cumulative impacts" related to the proposed mine access road and other potential developments. Additional clarification of Canadian responses was requested and further concerns added to the list.

The Company, its consultants, and the relevant Canadian provincial and federal regulatory

agencies assembled a further response document, incorporating all of the additional studies completed so far on the project related to "in-progress" operating permit applications. This was provided to the State Department in April, 2000 - the fifth in a series of responses to US concerns. A meeting is now scheduled for mid-June, at which time it is expected that a resolution to the issue will be achieved to allow the project to proceed without further delays related to any reference to the International Joint Commission.

9. Taku Campaign

In early 1999 Redfern received documentation from an anonymous source which outlined the formation and strategy of a coalition of environmentalist organizations, including the BC chapter of the Sierra Club, the Sierra Legal Defence Fund and other such groups located in British Columbia. Two entirely US-based organizations were also represented: American Rivers and the Southeast Alaska Conservation Coalition. The document, entitled "*To Save the Taku River - A Coordinated Campaign Strategy Outline*" is undated but from the context of its content and description of meeting dates, appears to have been produced in October of 1998. It describes the intent of the coalition which is to 1) stop the Tulsequah Mine, 2) ensure a development moratorium on the Taku Watershed and 3) instigate and influence a land use policy process compatible with these goals and, ostensibly, those of the local aboriginal peoples - the Taku River Tlingit First Nation.

This document, attached as an Exhibit, discloses the specific strategies and actions proposed to be undertaken to advance these goals:

- Support the call for an International Joint Commission review and lobby US agencies and politicians to keep pressure on the Canadian government towards this initiative.
- Conduct an economic analysis predetermined to establish economic weakness of the project and destabilize the company within the financial community.
- Provide support and financial backing for the Taku River Tlingit First Nation in any actions undertaken to oppose the project, including legal actions
- Use the reference to the International Joint Commission to focus media exposure and bring additional pressure on Canadian legislators and federal government to cave to US demands and give additional leverage to the other initiatives.
- Focus on establishing a land use planning process for the region which establishes a moratorium on all developments until it is completed.
- Achieve a final land use plan which guarantees a protected status for the Taku watershed. To this end a planning committee is proposed to begin work on the framework for longer term goals.

- Form sub-committees of member groups tasked with specific objectives and time lines to advance the strategic goals.

- A funding strategy for the various components of the plan drawing on the resources of each member group supported by grants and funding from a large number of well known foundations, endowment funds and trusts. Most of the funding sources are large US-based funds dedicated to supporting environmentalist initiatives. They are specifically named in the Exhibit.

Several of the groups and named persons in the coalition were instrumental in leading similar campaigns in the past to establish major parks, protected areas and national monuments in British Columbia and elsewhere. The most obvious example is the Tatsenshini campaign which set aside 1.12 million hectares (2.77 million acres) of BC as a UN heritage site principally to extinguish the potential for mineral development in the area at the Windy Craggy project. They have also been involved in the Clayoquot sound campaign and the "Great Bear " rainforest preservation campaign along the entire coastal region of British Columbia.

It should be noted that the British Columbia provincial government has been engaged since 1991 in designating Protected Areas throughout BC with the goal of setting aside 12% of its land mass as representative ecosystem and biogeoclimatic zones. In practice this goal has been exceeded in virtually all of the subregions completed to date. Including existing parks and other interim designated areas, the North Cassiar region, where the Tulsequah project is located, presently has 14% of its area in protected status. A further 4 % is in study designation. The Taku region was <u>not</u> selected during this formal process, primarily due to recognition of its high mineral resource potential and current high use of fisheries and recreation resources. Any consideration of protected status for the Taku area would add even more to the vast amount of lands already placed into non-development categories.

10. Evolution of the Campaign

Many of the stated steps and tactical plans of the Taku Campaign have come to pass over the past two years even as Redfern has continued to move the project forward, obtain operating permits and seek development financing.

10.1 Aboriginal Legal Challenge of the PAC

In November of 1998, approximately two months after the meeting to form the environmental coalition described in the Taku Campaign document, the Taku River Tlingit First Nation ("TRTFN") broke off discussions with the BC government and Redfern over means to address their concerns about the project. They announced in a press release their intention to evaluate a legal challenge to the PAC.

On February 12, 1999 the TRTFN filed a petition against the BC government in the BC Supreme court under the judicial review procedure act seeking to overturn the decision to issue the PAC.

The petition alleged procedural errors and impacts on asserted aboriginal rights and entitlement. The TRTFN leadership proceeded with their petition despite opposition from a substantial portion of their members who issued a press release opposing the action. The petition was responded to by the BC government and by Redfern. A preliminary hearing established dates in June of 1999 for the hearing. In May 1999 the BC government petitioned the court to sever the issues of aboriginal rights and entitlement to a full trial as the matter was not suitable for the affidavit and summary evidence procedure of judicial review. The court agreed. The TRTFN appealed the decision and obtained an adjournment of the judicial review hearing pending appeal decision. The appeal court upheld the court's decision. The appeal judge decision was again appealed and the appeal was rejected in September of 1999. Accordingly, the residual issues of alleged improper process were set for a hearing date in March of 2000. Arguments and evidence were heard in March and a decision was reserved by the judge. That decision is awaited. The TRTFN have not yet filed any action on those issues severed to the trial list.

Although TRTFN have not revealed the funding sources for the legal action it is believed that the funds originate from the sources indicated in the Taku Campaign document.

10.2 Media Exposure

The Taku River and the Tulsequah project were immersed in numerous press articles and stories of the "controversial" mine proposal throughout 1998 and 1999. American Rivers included the Taku River in 14th position in their list of the top 20 endangered rivers in America in April 1998. The river had never occurred on the list in the past and obviously was chosen to generate suitable media interest and coverage. The river did not make American Rivers' 1999 list, possibly because the list was reduced to the top 10. Instead the Taku made an appearance in April 1999 on the BC Outdoor Recreation Council's top ten endangered rivers in BC - in No. 1 spot! The river was included in April 2000 on the same list but is now in 4th spot to make way for new causes.

True to their plan, the coalition was successful in getting media articles and coverage supportive of their protectionist goals in the Seattle Times and New York Times in the spring of 1998 and has also obtained similar stories on CBC radio, the Globe and Mail and National Post newspapers in Canada. Countering this, thankfully, has been very solid exposure of the coalition campaign document, balancing editorial pieces and most importantly: strong criticism of the environmentalist agenda and support for the project from local communities and public.

10.3 Trans Boundary actions

The Campaign document describes the intention to actively lobby US and Canadian legislators and politicians and foment activism in local communities and conservation organizations. Some of this has been evident in the activities of local members of the Taku Wilderness association and members of the Southeast Alaska Conservation Coalition. Most such activities are not public and are not available for public scrutiny. It is not known to what extent any such activities have been successful in advancing the coalition's agenda.

10.4 Attacks on Redfern's Financial Credibility

In October 1999 the Environmental Mining Council of BC, identified in the Taku Campaign document as the lead organization in this area, issued a study completed at their behest by a mineral economist. The study challenged the assumptions of the financial viability of the Tulsequah project, primarily through comparison of metal price assumptions in the 1995 feasibility study with prevailing metal prices at the time of the study in 1999.

Redfern responded to the study and press release and advised that the project remained viable even at the Environmental Mining Council study's metal price assumptions, albeit at reduced return on investment. The response also noted that metal prices were at historic lows. In fact, metal prices for several of the metals of interest, particularly zinc and copper have recovered significantly since that time. The Redfern response was supported by other industry leaders who noted the cyclical variability of mineral commodities pricing and the irrelevance of such issues to environmental impact assessment.

11. Impacts on the Company and the local Communities

As is typical of junior mining companies with limited assets and no production cashflow, Redfern's share price reflects the market's appreciation of the quality of its mineral assets, the expectancy that the deposit will achieve production and the anticipated timeline for such development. During the exploration period of the early 1990's Redfern's share price reflected the volatility of such speculation and the results of individual drilling campaigns. It averaged in the $2-4 range during this period. As the project moved into the protracted period of feasibility and permitting the share price fell off to below $2 particularly as the duration of the environmental assessment was extended. At the time of receipt of the Project Approval Certificate in March 1998, Redfern's share price rose over the $2 level. The Company was in negotiation with an offshore group of investors to secure project financing when the IJC reference call was made by Governor Knowles. Uncertainty over the outcome of this issue caused the offshore interests to suspend discussions. As the issue moved into the protracted time frame for resolution (two full years so far), investment interest dried up and the company's share price slowly fell. This situation has been exacerbated by a coincident decline in metal prices through 1998 and 1999 to historic lows, precipitating a decline in equity values across the entire mineral industry. Redfern shares are currently trading below $0.50. The Company's development activities are constrained by the reduced ability to raise further working capital through equity offerings and the cooling of investor interest due to the expectation that the environmental coalition will seek every procedural and appeal opportunity to delay development and to lobby government for special restrictions on future operations.

The local community of Atlin, with a population of about 500, has been dismayed by the well-funded external coalition's actions to control their economic prospects and future land use. The community formed a local group in 1997 called CARES (Concerned Atlin Residents for Economic Sustainability) to explicitly support the proposed mine re-development. Over 70% of the voting age adults in the community joined this organization. The town of Atlin was formed

around the gold placer mining activity at the turn of the century and most of its economic base still relies on continuing placer mining operations near the town. This base has been hard hit with the decline of the gold price in the past two years and the community is suffering high unemployment. The situation is similar in the adjoining Yukon territory so regional relief is not available. Simply put, the town and the region need the economic boost that would be provided by the Tulsequah project. The activities of the environmental organizations to delay or prohibit the mine development have no consideration of the needs of the local communities.

The Taku River Tlingit First Nation has about 400 members, about 120 of which live in Atlin.. The Tlingit economy primarily revolves around federal government funding, part of which supports their costs to continue negotiations to settle their land claims. The Tlingit community remains divided on the issue of the mine development with about half in favour of the employment and economic opportunities and half seeking to delay the project until land claims are settled or simply opposed to mine development on principle. Redfern maintains a good relationship with most of the community and has advanced a draft economic benefits agreement which awaits a response and final execution by the First Nation.

12. Current Status

Redfern retains sufficient working capital to continue to advance applications for operating permits but insufficient to move the development into construction and development. The Company is seeking a joint venture partner to fund the majority of the capital development. The Company is resolute in its intention to realize the potential of the property for its shareholders and the local communities.

Thank you for the opportunity to provide this information to the Committee.

[The information referred to follows:]

TO SAVE THE TAKU RIVER

A Coordinated Campaign Strategy Outline

Prepared by:
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In coordination with:
Taku Wilderness Association
Nakina Centre for Aboriginal Life and Learning
Sierra Club of British Columbia
Environmental Mining Council of B.C.
BC Spaces for Nature
David Suzuki Foundation
Northwest Institute
The River League
American Rivers
Southeast Alaska Conservation Coalition
Walter & Duncan Gordon Foundation

THE CAMPAIGN NEED

The Taku wilderness is under threat of pending developments that impact on the lives and well being of the Taku River Tlingit First Nation (TRTFN) and the ecological integrity of one of North Americas last remaining magnificent wilderness areas.

An aggressive, thoughtful and strategic campaign is urgently needed to stop the immediate threats to this area and to establish a plan for the longer term protection of its environmental values and of the people in the region.

In a serious effort to achieve these goals a coordinated strategy was organized in Vancouver of September of 1998 amongst key groups in the U.S. and Canada dedicated to preserving the Taku wilderness.

The groups who participated in this meeting and will continue to work on this project include:

Taku Wilderness Association
Nakina C.A.L.L. (Centre for Aboriginal Life and Learning)
Sierra Club of British Columbia
The River League
BC Spaces for Nature
Sierra Legal Defence Fund
Northwest Institute
Environmental Mining Council of British Columbia
American Rivers
Southeast Alaska Conservation Coalition

Groups who were not in attendance at the meeting but will play a role in a coordinated campaign include:

The David Suzuki Foundation
Earthjustice Legal Defence Fund

The purpose of this document is to:

- Provide a multi-organization, coordinated campaign outline that illustrates the specific goals, objectives; strategies, tactics; organizational structures, relationships and funding that will be required to win.

Background

The Taku River watershed is an 18,000 square kilometer (4.5 million acre) unroaded tract of land near the town of Atlin in northwestern British Columbia, Canada. This immense watershed, equivalent in size to the state of Massachusetts is the traditional homeland of the Taku River Tlingit and contains

habitats representing five biogeoclimatic zones ranging from high plateaus to lush coastal temperate rainforests. It contains some of the richest wildlife habitat on the west coast of North America and is home to grizzly bears, moose, caribou, black bear, mountain goat, salmon and many species of migrating birds. These species thrive here in large numbers due to the area's essentially untouched nature and the fact that it is only accessible by float plane, river boat or by foot. This region is the highest producer of salmon on the southeast shore of Alaska and northwest British Columbia.

This spectacular area is now threatened by a proposal to construct a 160 km access road needed to reopen the Tulsequah Chief Mine located on the Tulsequah River just upstream from B.C.'s border with southeast Alaska. The road is needed in order to transport ore to the shipping tidewaters of Skagway. Proponents, Redfern Resources Ltd., claim that the Tulsequah Chief Mine will provide nine years of profitable mining activity. While this scenario has appeal for some factions, the mine would introduce massive quantities of Acid Mine Drainage to the watershed, endangering water quality and aquatic habitat for salmon and other wildlife. The proposed road also threatens the survival of a recovering woodland caribou population and threatens to disrupt grizzly bear habitat. The cumulative effects of this road would be increased hunting and poaching pressure, roadside developments, spur roads to new mining claims, and logging of the fragile boreal forest and globally endangered temperate rainforest. Wildlife experts both within and outside of government disagree with the proponent's claims that impact on wildlife in the Taku will be minor.

Current Status of Development

Redfern Resources is continuing to push ahead aggressively with their plans to establish the Tulsequah Chief Mine. There are several obstacles to this which include:

- An review by the International Joint Commission (IJC). The United States has requested that this issue be referred to the International Joint Commission for investigation as there are serious threats it will effect trans-boundary waterways. As this document is being written there has been no formal agreement from Canada refer it to the IJC, however, Canada has requested another meeting with the United States to review the agenda for eventual referral to IJC. The State Department has responded aggressively and is becoming increasingly agitated with the Canadian Federal Government's delaying tactics, this in turn has served to delay some of the Special Use Permits (SUP) into December of 1998.

- Redfern Resources share prices are sinking and the company is increasingly unstable. This vulnerability is more evident when the financial assumptions of the Tulsequah Chief Mine proposal are examined more closely. Given the

current economic conditions there is high probability of exploiting this vulnerability and exposing the mine as financial non-viable.

- There continues to be the possibility that the Taku River Tlingit First Nation (TRTFN) will challenge the provincial mine approval process. Should this take place it would pose a serious threat to the future development of the mine.

Campaign Goals and Objectives

1. Stop the Tulsequah Chief Mine.

2. To stop the mine in such a way that it ensures a developmental moratorium on the Taku Watershed.

3. To ensure that a comprehensive Land Use Planning process is completed that is agreeable and inclusive of the Taku River Tlingit River First Nations (TRTFN).

Strategies

1. Stop the Tulsequah Chief Mine

The strategic objective in the early stages of this campaign will be to stop the mine from proceeding in such a way that establishes a moratorium on the area for further development. This will be achieved through several tactical components including:

- A coordinated trans-boundary political effort focusing on the US Congress and key legislators within Alaska and Washington DC. Given the mines potential negative impact on a highly profitable Alaskan fishery and waterway it is highly probable that the U.S. Congress can be leveraged to take further defensive actions against such a threat.

- A comprehensive economic analysis of Redfern Resources. This would include closer scrutiny of Redferns shareholder interests, current mineral prices and the underlying financial calculations they have used to substantiate the mine proposal. This data will be critical in establishing with the financial community and policy makers of the financial weaknesses of the Tulsequah Chief mine proposal and other similar initiatives that are being explored in the Taku Watershed.

- Solidarity and support for the Taku River Tlingit First Nation (TRTFN). The TRTFN have been considering taking further legal and political action based on their aboriginal rights to oppose the approval of the mine. The TRTFN must be given adequate capacity support and resources to defend any such actions should they be taken.

- The International Joint Commission. While it would be the objective to stop the mine development long before any IJC reference is undertaken, the reference itself needs to be used to increase profile of the issue. Further pressure needs to be brought to focus on the Canadian External Affairs to make a final decision in referring this matter to the IJC. Most importantly, the process of moving the complaint to a formal investigation by the IJC must be used as a key media opportunity for heightened exposure on the Taku and to support the above noted initiatives

2. Ensure a Development Moratorium

The Tulsequah Chief proposal has generated heated debate and attention in the local community, within the TRTFN, with the B.C. government and the U.S. One of the process issues that has been given the most attention is the weaknesses in the provincial approval process for the mine. This has underscored the significant need to develop a comprehensive land use plan that considers the socioeconomic future and ecological integrity of the Taku wilderness. To complete this a moratorium on development will need to be established. It is the objective of this campaign to stop the Tulsequah Chief Mine in a manner that provided ample financial and economic deterrents to future developments until a land use plan is agreed upon.

3. Ensure a Taku Land Use Plan

The success of establishing a comprehensible protected area in the Taku will depend largely on the longer term work and creditability of the Land Use Plan. Significant capacity support will have to be established for key groups including the TRTFN to complete work related to scientific, legal and social economic research.

For the purposes of this proposal, we will focus on the first two points. A planning committee will be established to work on the longer term details on requirements of a Land Use Plan. This will be the subject a future proposal.

Campaign Structure

There will be several components to the campaign structure to ensure quick campaign development, decision making and proper tactical assignments. The structure will be as follows:

- Taku Network: The Network will include all organizations and individuals who wish to support the campaign initiatives overall. This will be an information sharing network with organizations receiving regular briefs and being called upon for specific actions when necessary.

- The Taku Steering Committee: This will be the key groups with a more direct involvement and interest in the Taku campaign. The Steering Committee will assist in guiding overall priorities and policy directions. The members of this committee will include:

  Taku Wilderness Association
  Nakina C.A.L.L. (Centre for Aboriginal Life and Learning)
  Sierra Club of British Columbia
  The River League
  BC Spaces for Nature
  Sierra Legal Defence Fund
  Northwest Institute
  Environmental Mining Council of British Columbia
  American Rivers
  Southeast Alaska Conservation Coalition
  The David Suzuki Foundation
  Earthjustice Legal Defence Fund

- The Executive Committee. This committee will be a smaller group from the Steering Committee that will set the strategic direction of the campaign, make decisions on a regular basis and coordinate the activities of the key organizations. The Executive Committee members include:

  Don Weir, Taku Wilderness Association
  Alan Young, Environmental Mining Council of BC
  Ric Careless, BC Spaces for Nature
  Mike Magee, Sierra Legal Defence Fund

The campaign will have established several working groups to develop the critical strategic components. These working groups will be a combination of groups and individuals from the Network, assigned to groups depending on their area of expertise. Each working group will have a lead organization.

NOTE: For the purposes of this proposal, working groups are assigned "global" budget estimates. Specific proposals for working groups would be submitted by the lead organization. These proposals may vary from the global estimates

depending on the scope of the plan produced by the working group. The working groups include:

- COORDINATION (ie. the Executive Committee):
  This working group will largely be the work of the Executive Committee and a staff coordinator. Lead organization will be the Environmental Mining Council of British Columbia with support from the Sierra Legal Defence Fund. Budget estimate: $30,000 (CDN)

- TRANS-BOUNDARY STRATEGIES:
  This working group will include BC Spaces for Nature, American Rivers, Southeast Alaska Conservation Coalition, Earthjustice Legal Defence Fund, Sierra Legal Defence Fund, Taku Wilderness Association. Lead organizations will be BC Spaces for Nature and Taku Wilderness Association. Budget estimate: $40,000 (CDN)

- MEDIA AND COMMUNICATIONS:
  This group will assist in cultivating major media stories, executing media strategies for specific initiatives, training and capacity support for key Network organizations. The group will include David Suzuki Foundation, Sierra Legal Defence Fund, The River League, Sierra Club of BC, Earthjustice Legal Defence Fund. Lead organization will be Sierra Legal Defence Fund. Budget estimate: $30,000 (CDN)

- ECONOMICS:
  This group will initiate a review of the underlying financial assumptions of the Tulsequah Chief mine and the real costs and benefits of development in the Taku wilderness. The work will include an examination of Redfern Resources. The group will include BC Spaces for Nature, Taku Wilderness Association, Environmental Mining Council of BC. Lead organization will be the Environmental Mining Council of BC with support from BC Spaces for Nature.
  Budget estimate: $40,000 (CDN)

- COMMUNITY DEVELOPMENT AND LIASION:
  This group will focus on cultivating relationships and understanding in the local community. Work will include on-going relationship building and support for the TRTFN and the Nakina CALL and communications with local industry and government officials. It may, from time to time, include capacity support for the TRTFN. The group will include the Taku Wilderness Association, Nakina CALL , the River League and the David Suzuki Foundation. Lead organizations will be the Taku Wilderness Association and the Nakina CALL. Budget estimates: $30,000 (CDN)

- RESEARCH:

This group will initiate the longer term planning and research that will be required for a proper land use planning process. In the initial stages the group will identify the key socioeconomic, legal and scientific intelligence that will be required to accomplish such a plan. Working group members will include the Nakina CALL, Northwest Institute, Sierra Club of BC and The River League and the Taku Wilderness Association. Budget estimates will be developed as the necessary elements of the research are identified. It's expected this part of the overall strategy will be the subject of future funding proposals in later stages of the campaign.

WORKING TIMELINES:

For the purposes of this proposal the time lines are broken down into immediate and short term modes. Medium and long term plans will be developed through the working groups and distilled through the Executive Committee for future presentation

IMMEDIATE TERM: November 1998 through to January 1999 (3 months)
The goal in the short term is to establish secure funding for the working groups and to initiate the strategy outlined in this document. Bridge funding will be necessary to hire a coordinator, provide an office and for capacity support to a few key groups such as the Taku Wilderness Association. This will be the work of the Executive Committee with lead initiative from Sierra Legal Defence Fund.

The working groups will have completed their medium and long term campaign plans by the end of January 1999.

SHORT TERM: February 1999 through to June 1999 (6 months)
By this point a coordinator will be well in place, funding secured (or at least identified). The Trans-Boundary Working Group should have well under way it's tactical moves related to the International Joint Commission, Congress, and the Alaskan government. The Economics Working Group should have completed it's initial review of the financial assumptions of the mine, the investor community, shareholder activity and other related economic factors. The Media Working Group should have significant work completed on cultivating major media stories on the Taku including CBC and CTV national news and the NY Times and Washington Post.

Draft
Taku Campaign Fundraising Strategy
December 1998

Note: All grant amounts in US dollars except where noted. All project goal amounts in CDN dollars.

A. Coordination: EMCBC is lead organization
Goal: $48-60,000
First Priority

Endswell Fund - $15,000 CDN committed
EMCBC core - $10-15,000 CDN available
Weeden Fdn - $15,000
Lichen Fdn - $10,000 CDN

B. TRTFN Land Protection Plan (while not central to campaign, critical to ground 1st Nation and strengthen the community's commitment to legal challenge of Redfern permit.)

Goal: Short-term $2,000 for consultant to work with TRTFN to develop proposal.
Long-term $200-300,000 over 2-3 year period to complete the plan.

Robt Schad Fdn- Bolton, Ontario
Hewlett Fdn
Packard Fdn
W.Alton Jones Fdn
Rockefeller Bros. Fund
Paul G. Allen Forest Trust??????

C. TRTFN Litigation and Community Liaison: SLDF is lead organization and fiscal agent for the TRTFN.
Goal: $180,000 of which $150,000 is the total estimated cost of Art Pape's representation of the TRT. $30,000 for Atlin community nurturing.

Litigation:

Brainerd Fdn	- $20,000 March 1999 docket
Endswell Fdn	- $10,000 CDN committed
W&D Gordon Fdn	- $20,000 CDN
W.Alton Jones Fdn	- $30-50,000
Lannan Fdn	- $50,000/yr. Possible 2 yr Approach?
Wilburforce Fdn	- $30,000
David Suzuki Fdn	- $30,000 CDN

Community Liaison:

Tides donor funds	- $20,000
True North Fdn	- $10,000
Turner Fdn	- $10,000 ???

D. Media and Communications
Lead group: SLDF
Goal: $30,000 for direct media work and training for TRTFN and other core actors.

Lichen Fdn	- $10,000 CDN
Kongsgaard/Goldman Fdn	- $10,000
Surdna	- $20,000 ?

E. Community Support
Lead groups: Taku Wilderness Association (TWA) and Nakina CALL
Goal: $30,000

Fdn for Deep Ecology	$10,000 – Contact John Davis
W&D Gordon Fdn	$20,000
Kinney Watershed Fdn	$10,000 US committed 12/98 to TWA

F. Transboundary Strategies
Lead groups: BC Spaces for Nature and TWA
Goal: $40,000 *Does not include support for US groups in SE Alaska

W&D Gordon Fdn	$20,000 CDN
Weeden Fdn	$10,000
K/G Fdn	$ 7,500
True North	$10,000
Lazar Fdn	$ 7,500

G. Economics/Corporate financing strategy
Lead groups: EMCBC + BC Spaces for Nature
Goal: $30,000

Fdn for Deep Ecology -	$10,000
Tides Fdn - donor funds -	$10,000
Lichen Fdn	$10,000

GLOBAL BUDGET

NOTE: Lead organizations will submit funding proposals for specific components of this coordinated campaign. The budget figures presented here reflect the general needs that will be created by lead organizations taking on their respective work in coordination with other groups. These budget figures may alter once the Working Groups finalize their work plans in the immediate term. The global budget was derived to establish a coordinated pattern for submission of proposals to funders from lead organizations.

COORDINATION	$30,000
TRANS-BOUNDARY	$40,000
ECONOMICS	$30,000
MEDIA AND COMMUNICATIONS	$40,000
COMMUNITY DEVELOPMENT and LIASION	$30,000
RESEARCH	future pending
TOTAL GLOBAL BUDGET (1 year)	**$170,000**

Ms. CHENOWETH-HAGE. Thank you very much.

And the Chair now recognizes Mr. Bennett.

STATEMENT OF MATT BENNETT

Mr. BENNETT. Thank you, Madam Chairwoman. I appreciate this opportunity to come today and share my concerns regarding the impact that foundation funding is having on decisionmaking on Federal funds. And if I could interject, I also appreciate those kind words that you passed along from Congressman Duncan to me.

My primary concern is that many local citizens and community groups are underrepresented or absent altogether from critical phases of the planning process. That their input is missing is especially unfortunate, as it is they that are most likely to be affected by the decisionmaking process.

Where they can participate, they often must do so at a considerable disadvantage. Until recently, there was a dynamic parity among the various national forest user groups in my area. However, due to foundation grants to environmental groups, that parity no longer exists. Let me begin with some background.

In early 1995, a new coalition of local and regional environmental groups, the Southern Appalachian Forest Coalition, formed in Asheville, North Carolina. SAFC is an organization of organizations. It does not accept individual memberships, and its funding comes entirely from foundation grants. SAFC's funding is impressive, with a 1998 budget of almost a million dollars.

SAFC's fiscal agent, the Southern Environmental Law Center, has a budget of just over $5 million. In contrast, counties containing the Southern Appalachian National Forest have not been so fortunate, since Census Bureau and Department of Labor statistics reveal that they often have higher unemployment and more people living below the poverty level than the national average. Therefore, acquiring resources comparable to environmental groups is difficult, if not impossible.

There are three critical differences in public participation due to foundation funding. The first is representation and participation in the planning process itself. With at least six full-time paid employees, plus the staffs of its coalition members, SAFC has a decided manpower advantage when it comes to attending Forest Service meetings.

Before foundation involvement, stakeholders were all on roughly the same non-professional level. This is no longer the case, and it is wishful thinking to believe that part-time non-professionals can participate as fully in the planning process as their professional counterparts.

Another area where foundation support has created a disparity between activists and local citizens is in the technologies of the internet, electronic communications, and GIS software and data. For example, SAFC received a $48,000 technology grant from the Computer Technology Support Program. With GIS capability, SAFC is able to develop extremely detailed maps of national forests.

Therefore, SAFC members have knowledge that is unavailable to other users. Compared to organizations that use advanced technology, those users participate at a distinct disadvantage.

A third area of concern is legal support and representation. Environmental groups have long received pro bono legal assistance. However, foundation funding has made possible the development of law firms specializing in environmental activism and litigation. Those law firms provide technical assistance and legal advice on environmental laws to activists at little or no cost. A similar system of legal support is either unavailable or too expensive for other forest users.

In conclusion, I maintain that foundation funding has created a serious disparity in the way rural citizens and communities are able to participate in the NEPA process. Financial support from foundations has enabled environmental organizations to hire full-time professional staff, gain access to the latest technologies, and to obtain free legal support and representation.

As Congressman Richard Pombo noted, "Tax-exempt foundation funding of environmental advocacy groups unfairly tilts the playing field against the views and the input of those most affected by the policies advocated."

Therefore, I maintain that this violates the intent of the President's Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low Income Population," and CEQ's guidance document "Environmental Justice: Guidance Under the National Environmental Policy Act."

EO 12898 directs that each Federal agency shall make achieving environmental justice part of its mission and calls for analysis of the effects of Federal agency on low income communities.

In the final analysis, it seems very clear to me that the intent of EO 12898 and the CEQ's guidance document is to guarantee a level playing field for participants engaging in the planning process. That playing field currently does not exist. It is not level due to foundation funding. Indeed, I believe those individuals and communities attempting to participate in planning, without similar resources of staff, technology, and legal support, are at a disadvantage in the NEPA process and are, in fact, being denied environmental justice.

Thank you very much.

[The prepared statement of Mr. Bennett follows:]

FUNDING OF ENVIRONMETAL INITIATIVES AND THEIR INFLUENCE ON FEDERAL LANDS POLICIES

TESTIMONY OF MATT BENNETT
BEFORE
THE U.S. HOUSE COMMITTEE ON RESOURCES
MAY 23, 2000

Introduction

Mr. Chairman and Members of the Committee, my name is Matt Bennett and I am testifying today on behalf of the Southern Appalachian Multiple-Use Council (Council). The Council is a not-for-profit trade and conservation association made up of a diverse group of forest users and landowners located in the southern Appalachian mountains of North Carolina, Tennessee, and Virginia. Thank you for this opportunity to share my concerns regarding the impact that foundation funding is having on decision making on Federal public lands.

Founded in 1975, the Council promotes the principle of multiple-use as defined by the Multiple-Use and Sustained Yield Act of 1960, and seeks to promote balanced utilization and protection of the public forestlands of the southern Appalachians. Executive Director Steve Henson is the Council's only full-time staff, and the majority of the Council's members are small to medium-sized forestry businesses, many of them in their second and third generation of family ownership and operation.

Until recently there existed a dynamic, though certainly competitive, parity among the various National Forest special interest groups in our area. However, due to the influx of foundation grant monies to environmental groups, that parity no longer exists.

I believe that the amount of financial resources provide by foundations is resulting in an inequity in other stakeholders' abilities to participate in Forest Service planning and the National Environmental Policy Act (NEPA) process. Out-manned, out-organized, and out-spent by environmental organizations, small businesses in rural communities feel their voices are no longer being heard. Based on the Administration's recent actions ranging from roadless areas, to national monuments, experience would seem to support that conclusion.[1]

Organizations like the Council do their best to represent the interest of small businesses. My greater concern is that many local citizens and community groups are under represented or absent all together from the planning process. Therefore, I would like to direct the majority of my testimony toward describing the hurdles that they must overcome to participate in the planning process. From my personal conversations with many of them, I know that they would like to tell you this themselves if they had the time or the resources to appear before the Committee.

That their input is missing is especially unfortunate, as it is they that are most likely to be affected by the decision making process. Their absence in this process is part of a systemic inequity that has developed in Forest Service decision-making, which is only exacerbated by foundation funding. In my testimony I cite three examples of this inequity, and how I believe it contributes to a violation of the environmental justice due rural communities.[2]

Background

In early 1995, an article published in the Asheville Citizen Times, announced the formation of a new coalition of local and regional environmental groups, the Southern Appalachian Forest Coalition

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[1] John Hughes, "GOP says draft memo shows Clinton forest initiative is biased," *The Associated Press*, Monday, 13 March 2000, AM cycle.

[2] Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations," provides that "each Federal agency shall make achieving environmental justice part of its mission..." In the memorandum to heads of departments and agencies that accompanied EO 12898, the President specifically recognized the importance of procedures under NEPA. In addition, the Council on Environmental Quality has listed under its "General Principles for Considering Environmental Justice under NEPA," the direction that, "Agencies should assure meaningful community representation in the process...and should endeavor to have complete representation of the community as a whole."

(SAFC).[3] According to the article, SAFC would offer scientific and technical assistance to coalition members, and its primary goals were to stop clear-cutting, protect roadless areas, and to protect old growth. Tracing its origins to a Pew Charitable Trust meeting held the previous year, SAFC would be an organization of organizations.[4] It would not accept individual memberships, and its funding would come entirely from foundation grants. At the time, few of us reading the article appreciated how completely this new form of organization would change the arena of Forest Service planning.

SAFC's funding grew impressively. Starting with a budget of $205,000, by 1998 SAFC's budget had grown to almost $1 million.[5] Similarly, the Southern Environmental Law Center (SELC), SAFC's fiscal agent, saw its budget grow from $2.7 million in 1995, to $7.2 million in 1997, before retreating to just over $5 million in 1998.[6] SELC's Form 990 lists among their supporters, the Lyndhurst Foundation, W. Alton Jones Foundation, Turner Foundation, Moriah Fund, Pew Charitable Trust, Rockefeller Brothers, Merck Family Fund, and Z Smith Reynolds Foundation.[7]

In marked contrast to these figures, counties containing the southern Appalachian National Forests have not been so fortunate. Census Bureau and Department of Labor statistics reveal they often have higher unemployment and more people living below the poverty level than the national average. (See Attachments 1 and 2) These counties are often fiscally challenged to provide basic educational, medical and technological services. Therefore, acquiring resources comparable to environmental groups with foundation funding is extremely difficult if not impossible.

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[3] Clarke Morrison, "Environmental groups see benefit of cooperation," *Asheville Citizen Times,* 14 August, 1995.

[4] Original members of SAFC were the Sierra Club, The Wilderness Society, the Southern Environmental Law Center, Chattooga Watershed Coalition, Southern Appalachian Biodiversity Project, Association of Forest Service Employees for Environmental Ethics, Cherokee Forest Voices, Citizen's Task Force on National Forest Management, and the Bankhead Monitor. In addition to these, the SAFC web site also lists the following: Alabama Environmental Council, Coalition for Jobs and the Environment, Western North Carolina Alliance, Virginia Forest Watch, Georgia Forest Watch, Nantahala Forest Watch, and National Audubon Society-NC. The Bankhead Monitor is now known as Alabama Wild.

[5] Southern Environmental Law Center, Form 990, Return of Organization Exempt form Income Tax, 1995-1998.

[6] Ibid.

[7] Ibid.

Critical Differences in Public Participation
Due to
Foundation Funding

I. Representation and Participation

With at least six full-time paid employees itself, plus the staffs of its coalition members, SAFC has a decided manpower advantage when it comes to attending Forest Service meetings. One observer wryly commented that Forest Service planning meetings often resemble SAFC reunions. It is common for six to ten SAFC representatives to attend Forest Service meetings at which there might be only one or two timber industry representatives and no representatives from other stakeholders such as recreationalists and local communities. (See Attachment # 3)

Before foundation involvement, stakeholders were all on roughly the same non-professional level. My concern is the level of disparity that has arisen between the paid professionals and the non-professional stakeholders who often do not have sufficient time or resources to participate fully in the decision making process.

Forest Service planning meetings often conflict with working hours. Add to that the language barrier. For someone who does not attend meetings regularly, the use of government jargon and acronyms make it sound as though the meeting is being conducted in a foreign language.

I don't intend to imply that there is anything improper with SAFC's level of involvement in Forest Service planning. But clearly, foundation funding has given a decided advantage to organizations like SAFC who can afford to send multiple representatives to meetings, and whose only job is to attend those meetings. It is naive to expect that part-time, non-professionals can be as effective in the planning process as their professional counterparts.

II. Technical

Another area where foundation support has created a disparity between professional forest activists and local citizens are in the technologies of the Internet, electronic communications, and geographic information systems (GIS) software and data. Organizations such as ONE/Northwest supported by the Brainerd and the Bullitt Foundations have provided over $300,000 worth of equipment and training to over 70 organizations.[8] Meanwhile, Internet service is only slowly coming to many rural communities, and they lack access to the educational services of anything resembling ONE/Northwest.

Desktop Assistance, also deriving a significant portion of its operating funds from foundations, "researches cutting-edge information and communications technologies, adapts them for use by nonprofits, and helps nonprofits use these technologies creatively."[9] They have developed conservation databases that were recently used to solicit support for the Administration's roadless policy. They were also instrumental in the creation of the Conservation GIS Consortium which funds the Conservation Technology Support Program (CTSP), "a national grant-making program which each year supports conservation GIS efforts with $1 million of in-kind grants of Hewlett-Packard hardware and software from Environmental Systems Research Institute (ESRI)."[10]

Early in 1998, SAFC conservation planner Hugh Irwin received a $48,000 technology grant from CTSP.[11] SAFC applied that knowledge to "draw up detailed maps of the 'biological geography' of the southern Blue Ridge Mountains," using an $113,000 grant from the Moriah Fund.[12]

With GIS capabilities, SAFC is able to develop detailed maps (See Attachment # 4) of the southern Appalachian National Forests that gives them a tremendous advantage in forest planning. As planners discuss the fate of individual National Forest compartments, SAFC members have knowledge that is largely unavailable to other users who lack access to the same GIS and computer technology.

The problem is not that environmental groups have this technology. The problem is the technological disadvantage many rural communities experience without the same technology. Compared to organizations that use advanced technology, these forest users participate at a distinct advantage.

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[8] ONE/Northwest web site, www.onenw.org/about/presskit/
[9] Desktop Assistance web site, www.desktop.org.
[10] Ibid.
[11] Southern Appalachian Forest Coalition, " SAFC receives Tech grant", *Quarterly*, May 1998, Number 2.
[12] Clark Morrison, "Project aims to save rare mountain plants, animals," *Asheville Citizen Times*, 1 March 1997.

III. Legal

Environmental groups have long received pro bono legal assistance. However foundation funding has made possible the development of law firms specializing in environmental activism and litigation. These law firms provide technical assistance and legal advise regarding NEPA, the Endangered Species Act (ESA), the Clean Water Act (CWA), and other environmental laws to activist groups at little or no cost. A similar system of legal support is either unavailable or too expensive for other forest users. I have already mentioned one such law firm, the Southern Environmental Law Center, however, they are not the only firm with a presence in the southern Appalachians.

After years of private practice, Alabama attorney Ray Vaughn formed the environmental law firm WildLaw in 1997. Vaughn once remarked that after struggling in private practice, as a non-profit he now has people lining up to give him money. WildLaw lists revenues of almost $335,000 in 1999[13], 37 percent of which came from grants from foundations such as The Moriah Fund, and the Environmental Support Center.[14]

Claiming that WildLaw "files more legal actions in the Southeast than all other non-profit environmental groups combined,"[15] they often provide legal support to groups interested in stopping timber harvesting. As their web site (www.wildlaw.org) states, WildLaw "takes on the tough cases," and "litigates the issues and cases that have never been done before."

This is surely true. WildLaw recently represented two forest activists against the Tennessee Valley Authority (TVA) and the U.S. Army Corp of Engineers (USACE) in a lawsuit claiming that their health was imperiled because they could no longer forage for wild nuts due to excessive timber harvesting.[16]

However frivolous this example may seem, it illustrates the point that forest activists do have access to flexible legal services largely unavailable or unaffordable to other forest users. In fact, forest communities are the indirect target of organizations like WildLaw and its sister organization Wild South (www.wildsouth.org), an affiliate of The Wildlands Project.[17] The Wildlands Project is a continent wide proposal to save biodiversity that, according to Science magazine, "...calls for a network of wilderness reserves, human buffer zones, and wildlife corridors stretching across huge tracts of land—hundreds of millions of acres, as much as half of the continent."[18] Rural communities within and adjacent to public lands are ground zero for inclusion into The Wildlands Project's system of reserves, buffers and corridors.

To further compound the disparity, WildLaw recently announced it's intent to host Environmental Law Education classes for its supporters.[19] Never the less, environmental law firms like WildLaw and the SELC are not the problem. The lack of access to low-cost or no-cost legal representation by rural, communities and other forest users is the problem.

Conclusion

I maintain that foundation funding has created a serious disparity in the way rural citizens and communities are able to participate in the NEPA process.

Financial support from foundations (as much as $500 million[20] by some accounts) has resulted in significant advantages for environmental activists in areas critical to successful participation in the public

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[13] *The WildLaw Letter*, "Annual Report: Another Record Year," January 2000.

[14] *The WildLaw Letter*, "Thanks to our Donors," July 1999.

[15] *The WildLaw Letter*, "Obnoxious Plea for Money," November 1998.

[16] Broadened Horizons Riverkeepers; Save America's Forest; The Bankhead Monitor; and Heartwood, v. United States Army Corps of Engineers; John L. Whisler, Jr., District Engineer, and Tennessee Valley Authority

[17] The Wildlands Project is supported by these and other foundations: Compton Foundation, Geraldine R. Dodge Foundation, Charles Engelhard Foundation, EnTrust Foundation, Evergreen Foundation, Foundation for Deep Ecology, Richard and Rhoda Goldman Fund, Janelia Foundation, Max and Anna Levinson Foundation, Mennen Environmental Foundation, Merck Family Fund, Norcross Wildlife Foundation, Ruth Mott Fund, Patagonia, Inc., Sweet Water Trust, Turner Foundation, and Town Creek Foundation.

[18] Charles C. Mann and Mark L. Plummer, "The High Cost of Biodiversity," *Science*, Vol. 260, 25 June 1993.

[19] The WildLaw web site: www.wildlaw.org.

[20] Ron Arnold, *Undue Influence* (Bellevue, Washington: The Free Enterprise Press, 1999)

planning process. This support has enabled environmental organizations to hire full-time professional staff, gain access to the latest Internet, computer and GIS technologies, and to obtain free legal support and representation from environmental law firms.

These same advantages are unavailable to citizens living in rural communities throughout the southern Appalachians. This seriously limits their abilities to participate in Forest Service planning. As Congressman Richard Pombo noted, "Tax exempt foundation funding of environmental advocacy groups unfairly tilts the playing field against the views and input of those most affected by the policies advocated. The average citizen's voice and input in the government decision-making process is often drowned out by advocacy groups largely funded by foundations, making our government seem even more remote and less responsive to the needs of the average citizen."[21]

Therefore, I maintain this violates the intent of the President's Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations,"[22] and the Council on Environmental Quality's (CEQ) guidance document, Environmental Justice, Guidance Under the National Environmental Policy Act.

Executive Order 12898 directs "that each Federal agency shall make achieving environmental justice part of its mission,"[23] and calls for an analysis of the effects of Federal agency actions on low-income communities. As explained in Appendix A of the CEQ guidelines, "Guidance For Federal Agencies On Key Terms In Executive Order 12898," *low-income populations* should be identified with the annual statistical poverty thresholds from the Bureau of Census. As previously noted, both Census Bureau and Department of Labor statistics indicate higher unemployment and higher levels of poverty than the national average in most of the rural counties containing Forest Service land.

In the accompanying memorandum to heads of departments and agencies "the President specifically recognized the importance of procedures under the National Environmental Policy Act (NEPA)."[24] The President's memorandum emphasizes NEPA's public participation process, and directs that "each Federal agency shall provide opportunities for community input in the NEPA process."[25] Furthermore, agencies are directed to "identify potential effects and mitigation measures in consultation with affected communities, and improve the accessibility of meetings, crucial documents, and notices."[26]

Language contained in the Executive Order is very specific in requiring agencies to work to ensure effective public participation and access to information.[27] In addition, CEQ's guidance document directs agencies to "develop effective public participation strategies," and to seek to overcome "barriers to meaningful participation," and to "incorporate active outreach to affected groups."[28] These barriers may range from agency failure to provide translation of documents to the scheduling of meetings at times and places that are not convenient to working families. Agencies are further directed to "assure meaningful community representation in the process."[29]

In the final analysis, it seems very clear to me that the intent of Executive Order 12898 and the CEQ's guidance document is to guarantee a level playing field for participants engaged in the public planning process. It seems just as clear to me that a level playing field currently does not exist due to the advantages garnered by those organizations receiving foundation funding. Indeed, I believe those individuals and communities attempting to participate in the NEPA process without similar resources of staff, technology and legal advice are at a decided disadvantage in the NEPA process and are, in fact, being denied their environmental justice.

THANK YOU

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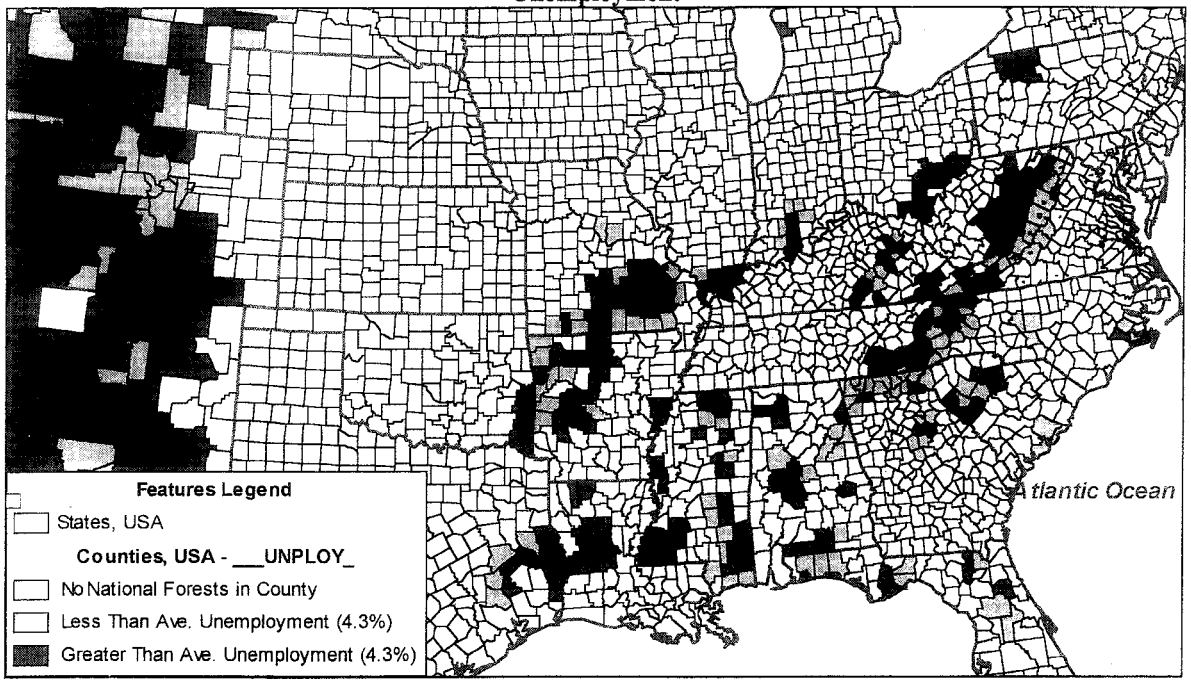
[21] Richard Pombo, Member of Congress, introduction to *Undue Influence*, by Ron Arnold (Bellevue, Washington: The Free Enterprise Press, 1999)
[22] 59 Fed. Reg. 7629 (1994)
[23] Ibid.
[24] CEQ, *Environmental Justice, Guidance Under the National Environmental Policy Act*, 10 December 1997.
[25] Ibid.
[26] Ibid.
[27] Ibid.
[28] Ibid.
[29] Ibid.

National Forest Counties Economic Risk Series

Map 1 - Southeastern United State (USFS R-8)

Unemployment



Data Sources: U.S. Bureau of Labor Statistics March 1999

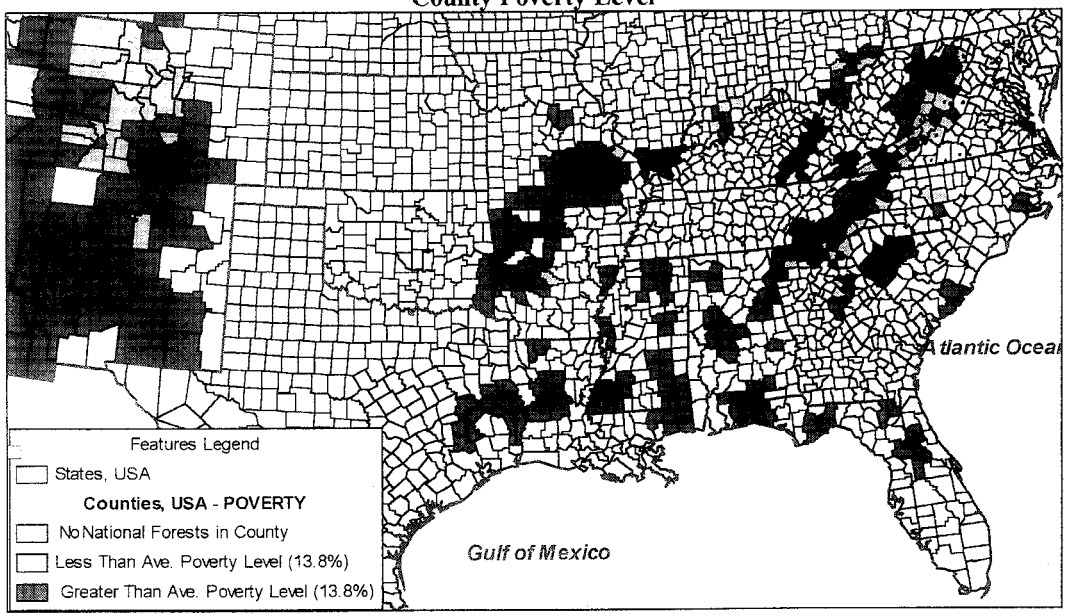
Compiled by: IFPA May 1999

Attachment 1

National Forest Counties Economic Risk Series

Map 2 - Southeastern United State (USFS R-8)

County Poverty Level



Data Sources: U.S. Census Bureau Feb. 1999

Compiled by: IFPA May 1999

Attachment 2

Attachment 3A

Southern Appalachian Planners Meeting

The Westin Hotel
College Park, GA
January 18-20, 2000
Draft Meeting Notes

Objectives of the Meeting

1. Review results of public meetings and discuss changes to the Rolling Alternative.
2. Discuss next steps in addressing the Wildlife Issues.
3. Discuss the proposed process for incorporating Watershed/Riparian direction into the Forest Plans.
4. Discuss next steps in developing Standard & Guidelines/changes to Management Prescriptions.
5. Discuss next steps in conducting the Effects Analysis.
6. Discuss the next actions for the EIS/Plan Writing Team.
7. Discuss future public involvement efforts.
8. Review status and impacts of other planning-related national efforts (i.e. Roadless Initiative, Proposed Planning Regulations, Strategic Planning, etc.)

Participants

Gary Pierson, USFS-RO-PLNG
Bob Wilhelm, USFS-RO-PLNG
Paul Arndt, USFS-RO-PLNG
Susan Andrew, So. Appalachian Forest Coalition
Jennifer McCabe, Wilderness Society
M.F. Meadors, GA Forest Watch
Cheryl Herbster, NFs in AL
David Smith, Chatt-Oconee NFs
Tom Speaks, Chatt-Oconee NFs
Marcus Beard, Chatt-Oconee NFs
Tom Darden, USFS-RO-FWRBE
Tim Mersmann, USFS-RO-FWRBE
Kevin Leftwich, NFs in AL
Gary Peters, FM&S NFs
Tony L. White, FM&S NFs
Deborah Baker, So. Timber Council
Patricia Nobles, USFS - RO & C/O NFs
Nancy Ross, GW & Jefferson NFs
Brent Martin, GA Forest Watch
Angela Martin, GA Forest Watch
Hugh Irwin, So. Appalachian Forest Coalition
Harry Parrott, USFS-Eastern Region
Karl Stoneking, USFS-RO-SGR
Bruce Sanders
Red Anderson, Cherokee NF
Tom Davenport, Cher. Forest Voices
Jeffrey McDonald, Chatt-Oconee NFs
Lamar Marshall, Wild Alabama
Glen Gaines, NFs in AL, Bankhead RD
Jim & Park Loesel, Citizens Task Force
Terry Seyden, RO & NFs in NC
Jeffrey W. Brooks, NCWRC
Dean M. Simon, NCWRC
Amos Stone, Daniel Boone NF
Marge Welch, People for the USA
Jack Holcomb, USFS-RO-SWA
Dick Rightmyer, Chatt-Oconee NFs
Kelly Russell, USFS-RO-FWRBE

Attachment 3B

Draft Meeting Notes
Southern Appalachian Planners Meeting
TVA's Solar Institute Building, Chattanooga, TN
January 11-13, 1999

Meeting Objectives (from Agenda)

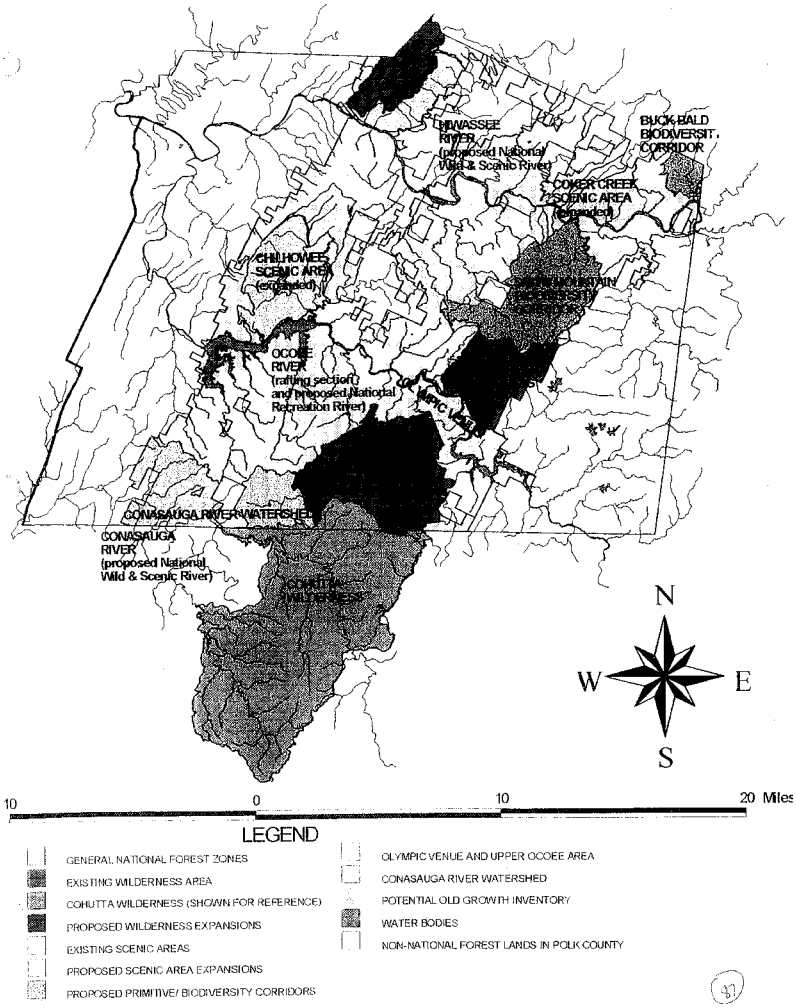
1. Agree on the range of alternative themes to be presented to the Steering Committee in February. This includes:
   - Determining if there are any "gaps" in the range of alternatives.
   - Agreement on the descriptions of the alternative themes.
2. Develop a strategy for addressing the Riparian Issue.
3. Provide an update on other "Team" activities.
4. Identify the next steps and the timeline for developing the alternatives.

List of Participants

Parke Loesel	Citizen's Task Force
Jim Loesel	CTF/SAFC
Hugh Irwin	SAFC
Paul Arndt	R8 FS
Bob Wilhelm	R8 FS
Tom Davenport	Cherokee Forest Voices
Glen Gaines	USFS - RO WLFBE
Susan Andrew	SAFC
Brent Martin	Georgia Forestwatch
Angela Martin	Armuchee Alliance
Nancy Ross	Planner - GW/Jeff
Rick Morgan	Planner - NF's in Ala
Marcus Beard	Planner - Chatt./Oconee
Stephanie Medlin	Cherokee NF
Tony L. White	Planner - Sumter NF
Gary Pierson	RO
Butch Clay	SC Forest Watch
Terry Seyden	USFS
Jack Holcomb	USFS
Deborah Baker	Southern Timber Council
Taylor Barnhill	SAFC
Ken Wills	Alabama Environmental Council
Chris Rigby	EPA
Kirk Johnson	Chattooga
Ray Albright	NFs in Alabama
Steve Henson	SA Multiple Use Council
Patricia Nobles	Chattahoochee-Oconee NFs

Attachment 4

PROPOSED OCOEE NRA



10 0 10 20 Miles

LEGEND

- GENERAL NATIONAL FOREST ZONES
- EXISTING WILDERNESS AREA
- COHUTTA WILDERNESS (SHOWN FOR REFERENCE)
- PROPOSED WILDERNESS EXPANSIONS
- EXISTING SCENIC AREAS
- PROPOSED SCENIC AREA EXPANSIONS
- PROPOSED PRIMITIVE/ BIODIVERSITY CORRIDORS
- OLYMPIC VENUE AND UPPER OCOEE AREA
- CONASAUGA RIVER WATERSHED
- POTENTIAL OLD GROWTH INVENTORY
- WATER BODIES
- NON-NATIONAL FOREST LANDS IN POLK COUNTY

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Ms. CHENOWETH-HAGE. Thank you very much, Mr. Bennett.

Mr. Bennett, in your written testimony, you talk about the wildlands project.

Mr. BENNETT. Yes, ma'am.

Ms. CHENOWETH-HAGE. What exactly is that?

Mr. BENNETT. The Wildlands Project is a continent-wide environmental initiative to set aside a minimum of 50 percent of North America in wildlands or wilderness areas. It was begun in the early 1980's by Dave Foreman, co-founder—or former co-founder of EarthFirst. And over the time that it has been in existence, it has been reviewed by groups such as Science and the Smithsonian and some other groups like that.

Basically, what it seeks to do is to set aside all national forest land or public land into what they call core areas, strictly for the preservation of biological diversity. These core areas are then surrounded by buffer zones, and then the buffer zones in the core areas are linked together through what they call corridors.

Much of that language has found its way into many of the policy initiatives that the Forest Service and this administration are now pursuing, and it raises some concern among local communities as to just what the long-term goals of some of these policies are.

Ms. CHENOWETH-HAGE. Well, in the short term, I think that if we, as lawmakers, are going to be honest, we have got to ask ourselves why. Why does the Government need all this land? You know, what are they doing? It is obvious that the way they manage the land is not to its highest and best standard, as indicated in New Mexico recently.

But you pointed out that it appears that there is an inequity in the NEPA process with respect to the Forest Service planning. Can you suggest some possible remedies that you would like to see the committee and the Congress look at?

Mr. BENNETT. A good friend of mine, Harold Draper, who actually is a NEPA specialist with the Tennessee Valley Authority, he and I shared some discussion about this, and he is much more of an expert than I am. But he had some positive suggestions, I thought.

His first was to identify—have the Forest Service identify and disclose low income communities that would be adversely affected by forest planning and site-specific actions. I don't believe they currently do that now. They could identify and disclose potential impacts to low income communities. And, specifically, they could explain in their documents how they involved impacted communities, and explain how they will minimize these impacts or the impacts of these communities in their finding of no significant impact.

I suppose that Congress is much better equipped to consider and reflect on some of these things than I am. But it does seem to me that the concept behind environmental justice is not a bad idea, and I noted some of the concerns that the democratic speakers had earlier about limiting free speech. And I certainly wouldn't be for that.

But I think, on the other hand, it is incumbent on Congress, if they are committed to the notion of environmental justice, to providing that across the broad spectrum, and it would apply to people in urban areas that where environmental decisions are too heavily

weighted by large corporations. It should apply just as equally to rural communities where decisions on environmental issues are being made too heavily based on foundation participation.

So I think it is up to the Forest Service—and, hopefully, Congress may at some point decide to figure out a way to redress this—or address this inequity and make sure we do have that level playing field.

Ms. CHENOWETH-HAGE. I agree.

Mr. Williams, I wanted to ask you, are you aware of strategies like the Taku River strategy being employed in the United States?

Mr. WILLIAMS. I must say I have certainly never, until I was shown that document, I have never seen it quite on paper laid out in 10 or 12 pages, that you will do this, and you will do that, and this group will give that group money. However, almost precisely the same scenarios have played out in other places in the states.

For example, the McDonald Gold Project in Montana. The similarities to me are eerie of different organizations with different funding sources doing—you are going to take on this part, you are going to take on that part. So, yes, a rather similar situation, I would say—at the Crown Butte, the famous mine that was going to be in the middle of Yellowstone Park ostensibly. Very, very similar situation.

Ms. CHENOWETH-HAGE. Interesting. Well, can you tell—do you know anything about foundation money going to influence ballot measures?

Mr. WILLIAMS. Certainly, I guess I would refer probably to Montana where, in 1996, and then in 1998, anti-mining ballot measures were placed on the ballots. And the organizations that were behind them were, if not exclusively, primarily funded by non-resident foundations. Foundations give money to six or seven organizations, and then those organizations run the ballot measure. Excuse me. They pay to get the measure on the ballot and then run the campaign.

Ms. CHENOWETH-HAGE. My word. Do you know of grants given to gather intelligence on organizations or groups skeptical of foundation-driven policies?

Mr. WILLIAMS. Yes. I was particularly struck, again, by Mr. Chandler's discussions of the financial aspect, which I would maybe like to address a little bit in a minute. But, for example, there have been grants specifically designed to investigate—or, excuse me, to hire a private investigator to investigate company X or Y, and including investigating their finances.

Briefly, if I could address that, I used to be a newspaper reporter. I am, you know, a staunch believer in the First Amendment. Absolutely. Should there be restrictions on free speech? No. But, to me, there is a substantial difference in taxpayer-subsidized free speech and taxpayer-subsidized apparent financial interference or dumpster diving.

Ms. CHENOWETH-HAGE. Very interesting.

Mr. Chandler, what economic or other benefits would result from the mine that you testified to going ahead?

Mr. CHANDLER. Well, we have estimated in the feasibility study that there would be in the range of $50 million. This is Canadian dollars—about $35 million U.S.—in supplies, services, wages, paid

to keep the mine running on a yearly basis. And a substantial part of that would be obtained from the local communities.

The town of Atlin, which is the nearest nearby community—it is a town of about 500 people—currently, their major support base, economic base, is placer goldmining, which has been the reason for the town's existence for over a hundred years. With the down drop in the price of gold, they have been severely hit. There is over 50 percent unemployment in the winter months in particular. They desperately need year-round employment.

The same would apply to the nearby Yukon territory, which has also been surviving strictly on a limited amount of tourism in recent years.

In addition to that, of course, there would be about $50 million a year—Canadian again—which would be revenues. About 45 percent of that, under BC regulations, would be paid in taxes.

Ms. CHENOWETH-HAGE. Do you feel the environmental campaign/Taku River strategy, which as I look through it is just astounding, is influencing our State Department and its position in its discussion with Canada about the mine?

Mr. CHANDLER. I think there is a high likelihood it has. We do not have any specific evidence to that. But many of the initial letters that came out of the Governor's Office calling for the IJC involvement to the State Department, and which later led to the State Department's investigation of this with the Canadian Federal side, raised the same sort of alarms that were in the environmental coalition's documents about the mine, even though during the course of the public and detailed review most of those alarms were shown to be false or vastly overrated.

To give a specific point, we have been involved in these negotiations or discussions back and forth with the State Department. The company has participated in supplying further information and responses.

Despite the fact there have now been five official responses over the 2-years, most recently in August a letter from the State Department—although it acknowledged that progress was being made, and that there was a likelihood that there was no need for an International Joint Commission review, raised concerns—additional concerns—some of which—and this is mindboggling—they suggested that perhaps the mine should consider treating its process water before it discharged to the environment and provide——

Ms. CHENOWETH-HAGE. Would you repeat that, please?

Mr. CHANDLER. They suggested that the mine should consider—and the mine plan should consider treating the process water that is used by the mine before discharging to the environment, and provide substantiation of how that might occur.

In actual fact, that is the plan for the mine. It was supplied in detailed format in the documents supplied for the environmental assessment review in July 1997, and has been in the hands of the U.S. participants since that time.

It is hard to believe—and I think this is the sense from the Canadian side as well—that this kind of issue would be raised at this stage of bilateral discussions because it is quite clear to the Canadian side that people aren't reading the documents. So there is a sense that there is a contrived issue.

Ms. CHENOWETH-HAGE. Very interesting.

Well, Mr. Chandler, I have—and this has become part of your testimony, part of the record—the Taku River strategy. And, you know, as I look it over, right here they have a campaign plan for a TR/TFN land protection plan, and their long-term goal is $200- to $300,000 they want to raise over a two- to 3-year period using the Robert Shaw Foundation in Bolton, Ontario; the Hewlitt Foundation; the Packard Foundation; the W. Alton Jones Foundation; Rockefeller Brothers Foundation; and Paul G. Allen Forest Trust.

Now, they want to raise $180,000, of which $150,000 is the total cost of Art Poppy's representation of a TRT for litigation and community liaison. Now, that doesn't sound very promising.

For litigation, they want to get $20,000 from the Brainerd Foundation, $10,000 from Endswell Foundation, $20,000 from W. & D. Gordon Foundation, $30- to $50,000 from W. Alton Jones Foundation. They are hitting them up three times, I see so far. Lannan Foundation, $50,000; Wilburforce Foundation, $30,000; David Suzuki Foundation, $30,000. That is just for litigation against probably the mine.

Community liaison, Tides Donor Funds, True North Foundation, and Turner Foundation, $10,000.

Mr. CHANDLER. I might add, Madam Chairman, that a limited amount of research on the internet—some of these funds do publish the grants that they have administered or allocated. And although by no means all this probably represents a subset, I have here a listing that indicates, since 1997, over $300,000 in grants that have gone specifically to achieve these objectives. And, if possible, I would like to enter this into the record as well.

Ms. CHENOWETH-HAGE. Without objection, so ordered.

[The information referred to follows:]

Grants Supporting Activities of Redfern Mine Campaign

Foundation	Grantee	Amount	Date	Reason
Brainerd	Earthlife Canada Foundation	1,500	1997	For Taku Wilderness Assn to conduct Strategy meeting and workshop on mining threats
Brainerd	Earthlife Canada Foundation	20,000	1997	Support challenge to Tulsequah Chief mine
Wilburforce	Sierra Legal Defence Fund	30,000	1997	Assessment of mining and its impacts on British Columbia
Alaska Conservation	Taku Wilderness Association	3,500	1998	Advocacy campaign against Tulsequah Chief mine
Brainerd	Sierra Club of Western Canada Foundation	1,500	1998	For the Taku Wilderness Assn to develop a 1-2 year plan through a meeting with Canadian and American activists
Brainerd	Earthlife Canada Foundation (2 grants)	17,000	1998	Educate the Taku River Tlingt First Nation about the Tulsequah Chief mine and oppose re-opening of mine
Brainerd	Sierra Legal Defence Fund (2 grants)	25,000	1998	For the EAGLE project, an environmental law center for the First Nations in BC; mining issues targeted
Brainerd	Sierra Legal Defence Fund	8,500	1998	To support a technical upgrade for the EAGLE project
Weeden	Sierra Legal Defence Fund	17,500	1998	Fund legal efforts against Tulsequah Chief mine
Brainerd	Yukon Conservation Society	10,000	1999	Halt re-development of Tulsequah Chief mine
Brainerd	Sierra Legal Defence Fund	20,000	1999	Support Taku River Tlingit First Nation's legal challenge to the Tulsequah Chief mine and road
Brainerd	Sierra Legal Defence Fund	18,000	1999	For SLDF's EAGLE project
Brainerd	Sierra Legal Defence Fund	20,000	1999	Support an initiative to increase the public and media profile of British Columbia's priority mining areas
Brainerd	Sierra Legal Defence Fund	7,000	1999	For SLDF's EAGLE project, mining issues targeted
Brainerd	Round River Conservation Studies	20,000	1999	Help Nakina Center for Aboriginal Learning and Living develop conservation areas in Taku R watershed
Weeden	Nakina Center for Aboriginal Learning and Living	15,000	1999	Protect traditional territory of the Taku River Tlingit and prevent re-opening of Tulsequah Chief mine
Weeden	Taku Wilderness Association	10,000	1999	Fight Tulsequah Chief mine, point out financial weaknesses of project
Wilburforce	Sierra Legal Defence Fund	20,000	1999	Support work for Taku River Tlingit First Nation
Bullitt	Round River Conservation Studies	20,000	1999	Help Taku River Tlingit First Nation develop conservation areas in its traditional territory
Bullitt	Sierra Club Western Canada Foundation	35,000	1998-1999	Help Nakina Center for Aboriginal Learning and Living protect the Taku River area from development
Wilburforce	EarthWild International	20,000	1998	For support of the Taku Wilderness Association
Bullitt	BC Wild	5,000	1998	Mount a media and public awareness campaign about the Taku R. Valley (with Taku Wilderness Association)

I see that their budget also includes media and communications. Their goal is $30,000 from the same group, maybe a couple different. Community support, another $30,000; transboundary strategies, their goal is $40,000; and economic corporate financing strategy, their goal is $30,000.

I see the Foundation for Deep Ecology appears here as one that they are going to be hitting up also. So, you know, it is very difficult for a mine in America, or a mine in Canada, to come up against anything like this.

And I think of all the organizations who are trying to bring to the attention of the American people the other side of the story, and they exist on $5 and $10 contributions that it costs them $2.50 to go out and get the contribution by direct mail in the first place. And yet, you know, our industries, especially our natural resource and ag industries—not only here but obviously in Canada—are up against this kind of campaign.

So it is very instructive and very interesting information that you have brought to the record.

Mr. CHANDLER. I would like to add, Madam Chairman, that our company does not have a producing mine, so we raise our financing based on equity financing.

Ms. CHENOWETH-HAGE. Yes.

Mr. CHANDLER. We have to go to the market to raise funds, basically venture capital. This kind of publicity, negative publicity, and delays—it is quite clearly designed, if not to achieve its solution, to delay and perhaps cause us to go away.

It has had an effect. We have—our share price has dropped by a factor of four since the time that we received our initial approval. We now trade at below 50 cents, and we were trading above $2 before. And it has become extremely difficult to raise funds to continue to advance the project.

Ms. CHENOWETH-HAGE. Mr. Williams?

Mr. WILLIAMS. If it is not improper, as you were reading those foundations, I believe you mentioned the David Suzuki Foundation.

Ms. CHENOWETH-HAGE. Yes.

Mr. WILLIAMS. Which I won't pretend to be an expert on, but something else that struck me as you were reading that is in researching other grants, I have noticed at times that the David Suzuki Foundation—again, which I am not an expert on—is a recipient of foundation grants from U.S. foundations.

So, thus, you have this foundation apparently giving to this foundation, which then gives to this organization, and then I can assure you often times underneath that is that organization giving to other organizations. So at some point, there—you know, where is the level of accountability? When you are in a community, how do you know who you are even, you know, ostensibly trying to work with?

Or, again, what is permitted—I don't mean in a mine permit—but what is allowable for a foundation, someone else mentioned earlier, may not necessarily be—or, excuse me, what is allowable for an organization at the bottom of this food chain may not be allowable for a foundation. But if you move the money around enough times, the tasks are accomplished apparently.

Ms. CHENOWETH-HAGE. That is what I have noticed, that they move money around between each other.

I notice that our hearing has now progressed to the point that it is a quarter after 5, and I want to thank you very, very much for your contribution to this hearing, and the contribution you have made to the record.

This is an ongoing issue that this Chairman will continue to investigate for the rest of this year. There will be other hearings on this, and you have brought very, very interesting issues before the committee.

I want to ask each and every one of you the following question: has there ever been an effort by the foundations to include the views of the local communities in designing the initiatives that they finance with tax-free grants? Do you know of any efforts? Mr. Bennett?

Mr. BENNETT. I don't know of them ever seeking to include anyone who had a different opinion from them. In other words, if you agree with them, they will support you and include you. If you disagree, you are left out.

Ms. CHENOWETH-HAGE. Mr. Chandler?

Mr. CHANDLER. This document lays out a local organization called the Taku Wilderness Committee, which is an Atlin-based group. To our best knowledge, it consists of 10 people. No one else in the community was consulted at all.

Ms. CHENOWETH-HAGE. Mr. Williams?

Mr. WILLIAMS. Very similar. I would say, at the risk of sounding Presidential, define—or what the definition of "community" is. And the funders define "community." Therefore, of course they are dealing with the community, but, again, under their definition.

Ms. CHENOWETH-HAGE. I want to ask you if you have—I am going to ask each one of you if you have any final comments for the record. I usually don't do this, but, beginning with Mr. Bennett, do you have any final comments for the record?

Mr. BENNETT. Well, I will just briefly say that I really do think it is important work that you are doing here, to bring this information out and give everybody an opportunity to consider exactly what may or may not be influencing public policy.

I know we see in the paper all the time references to what this poll says and what that poll says, and I think that those polls are based on a very narrow window of information, if you will. And so anything—certainly, the work that this committee has done, and the work that you have done, to expand the dialog and bring about a broader understanding of what may or may not be motivating certain groups to do what they do is very important.

Ms. CHENOWETH-HAGE. Thank you.

Mr. Chandler?

Mr. CHANDLER. I would echo Mr. Bennett's comments, and also state that there does seem to be a need to address the gap of disclosure between public companies who are in the resource sector versus these organizations who, in many cases, are not for profit or charitable organizations and do not seem to have the same level of accountability to the public.

Ms. CHENOWETH-HAGE. Mr. Williams?

Mr. WILLIAMS. Thank you. I guess I will mention two things. At least in my mind—and I think everyone else here today—the issue is not closing off anyone's free speech rights. I am dead set against that.

But as we have mentioned, I think there is a line, particularly when you have various forms of tax exemption or reduction, of—I am not a tax lawyer, but I think there are some obligations of what is public benefit and is investigating someone's company, their financial situation, or perhaps even trying to interfere with that—is that the public benefit?

To me, my daughter has diabetes. The Juvenile Diabetes Foundation, to me, is public benefit. I think there is a clear distinction there.

The other thing—I guess I am a little disappointed coming all the way from Spokane. I was, frankly, hoping to be able to shake the hands of some foundation people and talk to them and say, "Would you come out and talk to people in our communities, rather than sitting in a board room in, you know, Amherst, Massachusetts, or wherever, and deciding our future?"

Thank you.

Ms. CHENOWETH-HAGE. Thank you. It has not gone without notice that the foundations refused to come. We may have to ask them again with a little more serious effort.

It is a shame that they are not here. But the issue—I agree with you, Mr. Williams. The issue does go beyond free speech. We want free speech for everyone.

But the issue goes to accountability. And I think that every quarter, when we have to file our income statements—the Congressmen, our personal income statements, and our campaign finance statements—we file them with the big question in mind, "Gosh, has anybody made a mistake that I might be hung out there on the front page with the press?" Because somebody gave a $200—a $200, not a $3.5 million—but a $200 contribution that we failed to give the right address or the right employment to.

So on the one hand, the standard of accountability has already been set up. My concern—the concern of this committee is that that accountability is not being imposed on the foundations.

I believe in free speech to the degree I think anybody ought to give any amount of money that they want, and just so long as they say who they are, who they gave the money to, and what they were trying to influence.

So accountability to the American people is the bottom line. And, so far, these foundations are simply not accountable.

I want to thank you for coming so far and offering your testimony. It is greatly appreciated. And it is because of people like you that we continue to have the other side of the issue brought to this body.

The hearing record that you have helped compile will make a difference. It is historic. And I thank you again for your patience with all of the interruptions that have gone on with the votes, and so forth.

I do want to say that I will be submitting more questions to you in writing, and the record will remain open for 10 business days,

should you have any additional information that you would like to submit to the record.

With that, this hearing is adjourned.

[Whereupon, at 5:20 p.m., the committee was adjourned.]