

# **Dirty Dollars, Dirty Air: The Auto and Oil Industries' Continuing Campaign Against Air Pollution Control**

## **I. Executive Summary**

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This report documents the influence of the auto and oil industry on public policy and debates surrounding the control of pollution that causes smog, soot and global warming. It tracks the amount of campaign contributions made by the 164 largest companies in the automobile and oil industries and how those contributions influenced members of Congress on clean air issues. It also analyzes other tactics used by these industries to influence pollution policy, such as funding think tank activities, creating fake grassroots groups, lobbying, forming trade associations and greenwashing through the media.

Some of the key findings are:

- The auto and oil industries gave a staggering \$56 million in Congressional campaign contributions from the 1992 election through April 1999. The Top 5 contributors based on total contributions are the National Auto Dealers Association, ARCO, Chevron, Lockheed Martin, and Americans for Free International Trade.
- The auto and oil industries gave over \$33 million in hard money contributions during the same time period. The top 5 hard money contributors were the National Auto Dealers Association, Americans for Free International Trade, Lockheed Martin, Exxon, and the Ford Motor Co.
- The auto and oil industries gave nearly \$23 million in soft money contributions during the same time period. The top 5 soft money contributors were ARCO, Chevron, Occidental Petroleum, Koch Industries, and the Bechtel Group.
- Of the \$33 million in hard money contributions given to members of Congress from 1992-April 1999, the top 5 House recipients were Representatives John Dingell (D-MI), Don Young (R-AK), Tom DeLay (R-TX), Joe Barton (R-TX), and Bud Shuster (R-PA). The top 5 senators were Senator Kay Bailey Hutchinson (R-TX), Don Nickles (R-OK), Christopher Bond (R-MO), John Breaux (D-LA), and Phil Gramm (R-TX).
- Last year alone (1998), the auto and oil industries spent more than \$90.9 million on lobby expenditures. The top 5 companies spending the most on lobbying were the Ford Motor Co., General Motors, Mobil, Exxon, and ARCO.
- Those members of Congress who supported the 1997 Klink (D-PA)-Upton (R-MI) "dirty air" bill, to overturn EPA's soot and smog standards, received 76% more campaign contributions (\$71,437) on average than those Representatives who did not support the bill (\$40,522).
- Those Senators who oppose stronger CAFE fuel efficiency standards (\$159,813) received more than three times more campaign contributions on average from the auto and oil industries than those senators who support tougher standards. (\$47,309).

## **II. Air Pollution and Global Warming Pollution**

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### **A. HEALTH IMPACTS**

#### **Ground-level Ozone (Smog)**

Ground-level ozone, also known as "smog," is our nation's most prevalent air contaminant. Despite reductions in smog levels since the passage of the Clean Air Act in 1970, the American Lung Association estimates that 117 million people live in areas where the air is unsafe to breathe due to ozone.

Ozone is a colorless, odorless gas that is produced when nitrogen oxides (NO<sub>x</sub>) combine with volatile organic compounds (VOCs) in the presence of sunlight. Thus, public health is most at risk during "ozone season," which in most places lasts from mid-May to mid-September, when sunlight is abundant.

When inhaled, ozone oxidizes lung tissue, literally "burning through" cell walls. Breathing ozone causes airways in the lungs to become swollen and inflamed. Eventually, this causes scarring and decreases the amount of oxygen that is delivered to the body through each breath. In addition, ozone decreases the ability of the lungs to expel foreign matter, including disease-causing microorganisms, making people who are exposed to ozone more susceptible to infections.

Ozone is hazardous for everyone who inhales it, even healthy adults with no history of respiratory problems. Such symptoms as chest pain, coughing, congestion, as well as permanent reduction in breathing capacity can occur in healthy adults exposed to ozone concentrations exceeding the current federal health standards.

Those people most at risk from exposure to ozone pollution include children, elderly, asthma sufferers, and people who work outdoors.

In the same way that ozone attacks, or "oxidizes" human lung tissue, it also oxidizes plant tissues, damaging forests and crops. By eroding plant stores of carbon, it leaves trees and crops unable to respond to normal demands of growth and development, and abnormal demands caused by bad weather, pests, or nutrient deficiencies

Even our national parks and wilderness areas are suffering from the effects of high ozone levels. This summer, from April 1 - July 25, the Cape Cod National Seashore had higher pollution levels and more bad air days than Boston. Furthermore, the Great Smoky National Park has had four times as many dirty air days as Nashville, with pollution levels that have only been surpassed in the south by Atlanta.<sup>1</sup> Not only does this put a great stress on the trees and animals in the parks, but people who visit the parks to get a breath of fresh air are, in some cases, breathing air that is dirtier than the urban area they left behind.

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<sup>1</sup> Clean Air Network and Clean Air Task Force, "No Escape: A Midsummer Look at Ozone Smog in 1999." August, 1999.

## **Particulate Matter (Soot)**

Particulate Matter (PM) is a mixture of tiny particles found in the air. It includes both fine (PM<sub>2.5</sub>) and coarse (PM<sub>10</sub>) particles. When inhaled, these particles can get trapped in the lungs. Exposure to these particles can aggravate existing respiratory conditions such as asthma and can cause decreased lung function, respiratory illness, and even premature death. Tens of thousands of American lives are cut short each year due to fine particulate pollution.

Much like ground level ozone, PM can also have negative environmental effects. It is one of the major causes of the “haze” that reduces visibility in national parks. When particles land on the leaves of plants, they can either corrode the leaf surface, or simply block sunlight from reaching the leaves, thus killing the plant.

## **Carbon Dioxide (CO<sub>2</sub>)**

Carbon Dioxide is the primary greenhouse gas that is contributing to global warming. As CO<sub>2</sub> and other greenhouse gas levels build up in the atmosphere, they trap heat near the earth’s surface, similar to the way a greenhouse works. There is mounting evidence that global warming is already occurring, including the fact that the ten hottest years on record have occurred since 1980, and 1998 was the hottest year ever recorded.

Unrestricted emissions of global warming pollution can lead to widespread impacts on human health resulting in significant loss of life. Scientists predict that climate change will increase the incidence of illness and death due to heat stress and deteriorating air quality as well as facilitate the spread of deadly infectious diseases such as malaria and dengue fever.<sup>2</sup> Scientists also project that the sea levels will rise, threatening coastal communities. Furthermore, even small changes in climate can cause extreme weather patterns such as floods and severe droughts.

Global Warming, facilitated by CO<sub>2</sub> and other greenhouse gases such as methane, will also have devastating environmental effects on vulnerable plants, animals, and entire ecosystems. Species extinction, loss of ocean habitat and melting of polar icecaps are already occurring, and may be attributable to global warming.

## **B. SOURCES OF AIR POLLUTION**

NO<sub>x</sub>, which leads to the formation of smog, comes from two primary sources: motor vehicles and electric power plants. NO<sub>x</sub> is emitted as a byproduct of burning fossil fuels such as coal, oil and gas. According to EPA’s 1997 National Air Quality Emissions Trends Report, there are approximately 23.5 million tons of NO<sub>x</sub> emitted each year. Of this amount, 26% of the total comes from electric power plants, while 30% comes from on-road vehicles. Other sources of NO<sub>x</sub> include fuel combustion for industrial, commercial or residential uses and other industrial processes.

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<sup>2</sup> Epstein, Paul R., M.D., Center for Health and the Global Environment, Harvard Medical School, “Climate Change and Public Health: Consequences and Costs”, Testimony for The House Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs on April 23, 1999.

VOCs are the other main ingredient needed to form smog. VOCs come from a wide variety of sources, including auto body shops, printers, gas stations, as well as large industrial operations, refining, and chemical processing. Solvents, gasoline and diesel fuel, and paints are the most common source of VOCs. According to EPA, the VOC national inventory is divided as 33% due to solvent use; 29% from cars and trucks; 13% from non-road engines such as construction, agricultural other equipment, 7% from storage and transport of VOCs, and 18% miscellaneous and other sources.

The three major sources of Particulate Matter are fuel combustion, industrial processes, and transportation. These include everything from wood-burning stoves and wildfires to coal-fired power plants. According to the EPA, 24% of PM<sub>10</sub> comes from vehicles while 35% comes from fuel combustion from industries, utilities, and other sources.

Carbon Dioxide is found naturally in the environment, however, several man-made sources have drastically increased its abundance in the last several decades. The majority of CO<sub>2</sub> emissions in the U.S. come from burning fossil fuels. Electric utilities that burn coal, oil or gas contribute 35% of U.S. CO<sub>2</sub> emissions, while transportation sector is the second largest source, accounting for 30% of the country's CO<sub>2</sub> emissions.<sup>3</sup>

## **C. RECENT AND ONGOING AIR POLLUTION AND GLOBAL WARMING POLICY DEBATES**

### **EPA's Revised Soot and Smog Standards**

In November 1996, the EPA proposed to strengthen the health standards for both ozone (smog) and fine particles (soot) because the current standards were found to inadequately protect the public health. These standards led to a well-publicized fight during the summer of 1997, pitting the auto, electric, chemical and oil industries against health and environmental groups. EPA estimates that the new standards would save 15,000 lives each year.

During the 1997 clean air battle, despite widespread public support for tougher health standards for smog and soot pollution, the auto and oil industry spent millions of dollars on a media campaign to stop the EPA from proposing tougher standards. However, on June 25, President Clinton stood up for the public interest and announced his support for the new standards.

The same day that the President declared his support for the standards, the Air Quality Standards Coalition (AQSC), an industry-funded group, announced their intention to seek legislation in Congress that would overturn the new standards. A few weeks later, the AQSC made an unsuccessful attempt to propose an amendment to the EPA's annual appropriations bill that would have blocked the standards.

The auto and oil industry then focused their efforts on garnering support for a stand-alone bill by Representatives Ron Klink (D-PA) and Fred Upton (R-MI), H.R. 1984. Industry lobbyists

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<sup>3</sup> U.S. EPA, "National Air Quality and Emissions Trends Report, 1997", December, 1998.

eventually convinced 200 Representatives to cosponsor the Klink-Upton dirty air bill to overturn the EPA standards. Fortunately, due to negative public pressure, the bill was never voted on. Despite its loss of this debate at the agency level, in Congress and in the court of public opinion, the dirty air lobby has continued its opposition to tougher soot and smog standards. This year, as a result of an industry lawsuit, the U.S. Court of Appeals remanded the standards to EPA arguing that Congress unconstitutionally delegated authority to the EPA to set the standards. This decision is being appealed.

## **The Kyoto Protocol**

Overwhelming scientific evidence has demonstrated that greenhouse gas emissions, such as carbon dioxide and methane, can have serious effects on the world's climate if they continue to increase at their current rate. In order to curb the increasing amount of greenhouse gases being pumped into the environment, a special conference to the United Nations adopted the Kyoto Protocol in December of 1997. The Protocol would require industrialized countries to reduce their greenhouse gas emissions by an average of about 5% below 1990 levels by the year 2010. The U.S. has a reduction target of 7% below 1990 levels.<sup>4</sup>

However, polluting industries and their front groups have spent the last several years attempting to discredit the science behind global climate change. They have hired scientists to dispute the predicted dangers of global warming and man's role in changing the climate. In addition, they have used scare tactics to lead the average American into believing that the Kyoto Protocol will drastically change their lifestyle, cost them money, and even threaten their lives.

## **The CAFE Fuel Efficiency Standards**

In 1975, Congress passed the Corporate Average Fuel Economy (CAFE) Standards with bipartisan support. These standards set minimum miles per gallon requirements for cars and light trucks (a category including SUVs, minivans, and light duty pick up trucks) and instructed the executive branch to update the light trucks standards annually.

At the time CAFE Standards were adopted, SUVs and other light trucks were used mostly as work vehicles and for hauling so they had lower standards than those for cars. Despite advances in energy saving technology, and a dramatic increase in sales of SUVs and other light trucks, CAFE standards have remained relatively stagnant since the mid 1980's. In 1994, the Department of Transportation considered updating the light truck fuel economy standards to a level comparable with the car standards. In response, automakers and their lobbyists descended upon Capitol Hill, eventually convincing some members of Congress to prohibit updating the standards. A "CAFE-freeze" rider has been inserted on appropriations bills for the last four years by the House of Representatives.

Realizing that increasing CAFE standards is an important opportunity to reduce global warming pollution, air pollution, and dependence on foreign oil, a bipartisan group of thirty-one Senators in May sent a letter to President Clinton in support of increased fuel efficiency standards. In

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<sup>4</sup> World Wildlife Fund and Energy Foundation, "America's Global Warming Solutions." August 1999.

response to this letter, industry allies in the Senate circulated a Dear Colleague letter asking other Senators not to sign the Clinton letter and to oppose higher CAFE standards.

The three original signers of the letter in support of increased CAFE standards, Senators Gorton (R-WA), Feinstein (D-CA) and Bryan (D-NV), plan to offer an amendment on the bill that funds the DOT for fiscal year 2000. The House version of this bill carries the "CAFE-freeze" rider. Though the Senate version never includes this rider, the Senate has always accepted the rider in the conference committee. The Gorton-Feinstein-Bryan Clean Car Resolution will be offered as an amendment to the DOT funding bill and will say that the Senate should not accept the House "CAFE-freeze" rider. If at least 34 Senators vote in favor of this resolution the Administration can be confident that a veto of a bill containing the CAFE-freeze rider could be sustained in the face of a possible override vote.

### **1999 Proposed Standards for Cleaner Cars and Cleaner Fuels**

This year, as required by law, the EPA will adopt new tailpipe standards for automobiles. Congress set the first national standards for automobile air pollution when it amended the Clean Air Act in 1990.<sup>5</sup> These original standards are known as "Tier 1" standards. The Clean Air Act also required EPA to establish more stringent standards, "Tier 2" standards, if they are necessary to make the air safe to breathe, are technologically possible, and are cost-effective.<sup>6</sup> The law required EPA to submit a study showing the necessity for and feasibility of Tier 2 standards by no later than June 1, 1997.<sup>7</sup>

In July of 1998, more than a year past the Congressionally-mandated deadline, EPA submitted its Tier 2 study and found that the country has a great need for more stringent air quality standards and that the technology exists to implement these standards. Under court order, EPA must finalize new emission standards, to become effective in 2004, by the end of this year.

On May 1, 1999, President Clinton announced the new proposed standards to the public. If adopted as written, the proposal would:

- Cut pollution from cars, on average, by 89%. These standards would be phased in from 2004-2007.
- Require smaller SUVs, minivans and light trucks up to 6,000 pounds GVW be included in the same averaging scheme as cars, over the same period of time as the phase-in for cars. Currently SUVs and other light trucks are allowed to emit three times the amount of smog-forming pollution as passenger cars.
- Require the oil industry to sell much cleaner gasoline with an average of 30 ppm sulfur, reducing sulfur levels 90% below current levels. This will have the same clean air benefit as removing 54 million cars from the roads.

However, the proposal still allows the larger SUVs and other light trucks (those between 6000 and 8500 pounds GVW) to continue polluting for an additional two years, giving them an entire

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<sup>5</sup> 42 U.S.C. 7521.

<sup>6</sup> 42 U.S.C. 7521(i).

<sup>7</sup> 42 U.S.C. 7521(i)(2)(B)

decade from now before they have to fully comply with the standards. Moreover, EPA does not tighten restrictions on pollution from the biggest and dirtiest trucks of all, those over 8500 pounds, such as the New Ford Excursion, or the Chevy Suburban (2500 Series).

The public comment period for the proposed standards lasted from May 1 through August 2. During this time hundreds of environmental and public health groups as well as thousands of concerned citizens submitted comments in support of tougher emissions standards for cars and light trucks.

Despite the broad-based public support for cleaner vehicles, the auto and oil industries are engaged in a stealth attack on the proposed standards. Publicly, they are saying they support the proposed standards and are ready to do their part for the environment. Meanwhile, in their lobbying activities and written comments, they are attempting to weaken and delay the standards, with the auto industry attempting to shift more burden for reducing pollution onto the oil industry, and vice versa.

### **III. Auto and Oil Industry Tactics to Fight Clean Air Progress**

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#### **A. PROVIDING FUNDING FOR “THINK TANKS” TO PRODUCE ANTI-ENVIRONMENTAL ADVOCACY MATERIALS**

Think tanks are organizations that are formed to analyze and research public policy as well as provide expert advice on a wide range of issues. They are often among the lead players in framing the debate on certain public policy issues. However, these institutes or foundations are far too often closely connected to industry and thus produce analyses supporting special interest instead of objective reports. Because of these industry connections and the anti-environmental propaganda that they produce, think tanks can have a strong, but negative influence on members of Congress. Below are two examples of think tanks which consistently generate anti-environmental theories and rhetoric.

##### **Case Study #1: The Cato Institute**

The Cato Institute was founded in 1977 as a “nonpartisan public policy research foundation,” based in Washington, DC. Cato is most known for its extensive collection of conservative public policy books, studies and other publications. The Institute also holds major policy conferences throughout the year.

The Cato Institute’s annual budget for 1999 is \$13 million.<sup>8</sup> The Institute asserts that it can “maintain an independent posture” by accepting no money from the government. However, as a nonprofit, tax-exempt foundation, the Institute receives all its contributions from corporations, foundations, and individuals. A partial list of Cato funders includes the American Petroleum Institute, Amoco Foundation, ARCO Foundation, Association of International Auto Manufacturers, Exxon, Ford Motor Company Fund, Koch Industries, and Toyota Motor Sales.

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<sup>8</sup> Internet, Cato Institute Homepage, “About the Cato Institute”, <<http://www.cato.org/about.html>>

The reports, white papers and forums that the Cato Institute produces or sponsors clearly reflect the agenda of the auto and oil industry. One such example is the recent Cato-sponsored forum entitled, “The New IPCC Report on Climate Change: Scientific Consensus or Scientific Meltdown?” The forum attempted to discredit a recent report from the Intergovernmental Panel on Climate Change by claiming that there is no certain scientific evidence that global warming actually exists. Furthermore, Cato tries to disguise the forum as an objective, academic event run by experts in the field of climatology. However, its only panelists were the Executive Vice President of the American Petroleum Institute, William O’Keefe, and the well-known Cato Institute staffer and global warming skeptic, Patrick Michaels.

Cato’s opposition to strengthening clean air regulation is illustrated in its 1995 publication of “Health and Smog: No Cause for Alarm.”<sup>9</sup> This report concludes that the Clean Air Act should be rewritten to require EPA to consider costs when setting health standards for air pollution, undermining the central principle of the Clean Air Act that standards must be set at levels that protect public health.

The Institute has also sponsored several policy analysis studies on energy issues such as “Energy Environmentalism Reconsidered: The Case Against Renewable Energy,” and the “Mighty Porcine Power Rangers: The Case Against the DOE.” In addition, it recently published a book entitled, “Ending the Never-Ending Energy Crisis, a book calling for the complete end of federal manipulation and intervention in the energy industry, even if it occurs at the expense of the environment.

Although the Cato Institute claims to be nonpartisan, the literature describing its “Natural Resources Studies” program touts a Washington Post article that notes “the growing role of the Washington-based Cato Institute as a generator of ideas that find their way into Republican legislative proposals and rhetoric.” In its *Handbook to Congress*, the Cato Institute outlines an agenda to “kill programs and terminate whole agencies” including the Department of Energy, Department of the Interior, and Department of Agriculture<sup>10</sup>.

## **Case Study 2: Competitive Enterprise Institute**

The Competitive Enterprise Institute claims it is “not a traditional ‘think tank’” in that it not only produces research into solutions to public policy problems, but it actively promotes those solutions.<sup>11</sup> Its anti-environmental publications and campaigns are a clear reflection of the amount of money the auto and oil industries pour into the Institute. CEI is partially funded by clean air opponents such as the American Petroleum Institute, Amoco, ARCO Foundation, Ford Motor Co., General Motors, and the Texaco Foundation.<sup>12</sup>

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<sup>9</sup> Chilton, Kenneth and Boerner, Christopher. “Health and Smog: No Cause for Alarm.” In *Regulation*, The Cato Review of Business & Government, Vol. 18, No. 3, 1995.

<sup>10</sup> Internet, *Cato Handbook for the 106<sup>th</sup> Congress*. Crane, Edward H. and David Boaz, editors. <<http://www.cato.org/pubs/handbook/handbook106.html>>

<sup>11</sup> Internet, CEI Homepage. “About CEI”. <<http://www.CEI.org/about.html>>

<sup>12</sup> Internet, Corporate Watch web site. <[http://www.igc.org/trac/greenwash/ed\\_chart1.html](http://www.igc.org/trac/greenwash/ed_chart1.html)>



The solutions CEI proposes, unfortunately, are far too often catered to auto and oil industry agendas. Some of CEI's past publications include "The *True State of the Planet*", a book challenging the environmental movement by calling such problems as global warming and overpopulation, mere "myths."<sup>13</sup> It also wrote a book in 1997, after world leaders first negotiated the Kyoto Protocol, entitled "The Costs of Kyoto." This book used scare tactics to convince Americans that global warming policies would cause more harm than global warming itself, saying that the policies would have a "tremendous impact on workers, consumers, American competitiveness, and developing countries."<sup>14</sup> Just since April of this year, CEI has published five policy briefs opposing stronger controls on air pollution and global warming pollution.<sup>15</sup>

Today, CEI continues its opposition to clean air and global warming solutions. When the Environmental Protection Agency came out with its proposed standards for automobile emissions on May 1, 1999, CEI attacked them, making the absurd argument that, not only would the new rules "produce no reductions in smog" and "have no discernible effects on health," but that they would actually worsen air quality.<sup>16</sup> CEI claims that the new standards would drastically drive up the cost of new vehicles, thus increasing the retention rate of older, more polluting cars. In contrast, the EPA estimates that the cost of cleaner cars will only be about \$200 per vehicle. CEI even goes so far to say that the EPA will "not only cost us money, but very likely lives as well." It claims that, since the clean car standards would result in a reduction of income, consumers would have less to spend on housing, food and medical care.

CEI is also opposed to tougher fuel efficiency standards for cars and light trucks. CAFE standards are meant to save consumers money at the gas pump while reducing the amount of global warming-causing carbon dioxide being emitted into the atmosphere. However, in August 1999, CEI launched an ad campaign against the CAFE standards saying that they would make our roads more dangerous because fuel-efficient cars are less able to protect passengers in the event of an accident.<sup>17</sup>

## **B. FUNDING FAKE GRASSROOTS GROUPS**

One of the most egregious and sneaky tactics used by the auto and oil industry is the funding of "front groups" or fake grassroots groups to run "grassroots" campaigns. These groups, in turn, use every tactic from letter-writing to telemarketing to interactive web pages in order to generate pressure on decision makers. There is, however an important difference between these front groups and traditional grassroots public interest campaigns. In true grassroots campaigns, coalitions of like-minded citizens work together to advance an agenda to benefit the public interest. With industry-funded grassroots campaigns, however, the campaign is generated from a corporate giant who either hires private consulting firms or uses front groups to mislead people into supporting policies that will ultimately benefit the corporation rather than the public interest.

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<sup>13</sup> Bailey, Ronald. *The True State of the Planet*, The Free Press, New Jersey, 1995.

<sup>14</sup> Adler, Jonathan H. *The Costs of Kyoto: Climate Change Policy and its Implications*, Competitive Enterprise Institute, Washington, DC, 1997.

<sup>15</sup> See, [www.cei.org/OnPoint.asp](http://www.cei.org/OnPoint.asp).

<sup>16</sup> Gough, Michael. "Clearing the Air on EPA's New Emissions Proposal," *On Point Policy Brief*, CEI. 5/10/99.

<sup>17</sup> Competitive Enterprise Institute Press Release. "CEI Launches Radio Campaign Against CAFE," Washington, DC, August 26, 1999.

## Case Study 1: Coalition for Vehicle Choice

One of the most famous industry front groups is the Coalition for Vehicle Choice (CVC). CVC is a non-profit organization run by for-profit companies to lead policymakers to believe that normal, everyday citizens support the anti-environmental agendas of the auto and oil industries. According to its website, CVC was created “to preserve the freedom of Americans to choose motor vehicles that meet their needs and their freedom to travel.”<sup>18</sup> The coalition purportedly includes individuals “from all walks of life who believe freedom of choice and mobility are important values that must be considered when society develops policies intended to protect the environment, encourage energy efficiency and promote traffic safety.”

In reality, this Coalition is dominated by auto and oil industry giants such as DaimlerChrysler, Ford Motor Co., General Motors, and the National Automobile Dealers Association. The Coalition also includes other industry front groups such as Citizens for a Sound Economy and industry-funded think tanks such as the Competitive Enterprise Institute.

CVC’s positions belie its function as an auto industry front group. For example, it has opposed the EPA’s new emission standards for cars and light trucks for several reasons. First, the coalition falsely asserts that tighter emissions standards would limit the availability of full-size truck models and truck performance. The Coalition also falsely asserts that, since current light trucks are already low polluting, the new standards “won’t have much effect on air quality”. In reality, by cleaning up SUVs and other light trucks we could avoid 1.2 million tons of smog-forming pollution each year.<sup>19</sup>

CVC also strongly opposes federal government attempts to increase fuel-efficiency standards for cars and light duty trucks. It has continuously used scare tactics to convince policymakers that the “livelihood, safety and lifestyle of millions of Americans would be seriously jeopardized” by the new standards, predicting that auto makers would be forced to reduce truck size and power and/or restrict the sale of full-size trucks.<sup>20</sup> It has also cited studies by the industry-funded Charles River Associates in order to lead people to believe that “higher fuel economy standards could actually have a negative effect on the environment.”<sup>21</sup> It even has a “Freezewatch” section on its website that urges people to “Tell Congress: Freeze CAFE Now!”<sup>22</sup>

Other CVC positions that coincide with auto and oil industry agendas include its campaign to block Senate ratification of the Kyoto Protocol which it says “would hurt American consumers, motorists and the economy, with no environmental benefit.” CVC also quotes studies by the National Highway Traffic Safety Administration (NHTSA) asserting that light trucks do not pose unusual risks for car occupants, and that their performance is similar to full-size cars.” At the

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<sup>18</sup> Internet, “About Us”, Coalition for Vehicle Choice Homepage. 4/12/99.

<<http://www.vehiclechoice.org/about/index/html>>

<sup>19</sup> U.S.PIRG Education Fund, *Big Cars, Dirty Air*, March, 1999.

<sup>20</sup> Internet, Coalition for Vehicle Choice. April 12, 1999. <<http://www.vehiclechoice.org/café/brief/proposed.html>>

<sup>21</sup> Internet, Coalition for Vehicle Choice. April 12, 1999. <<http://www.vehiclechoice.org/environment/nenv.html>>

<sup>22</sup> Internet, CVC Homepage. September 9, 1999. <<http://www.vehiclechoice.org/main.html>>

same time, however, their web page is full of rhetoric saying “Bigger is better! - For automotive safety and utility, bigger is often better.”<sup>23</sup>

## **Case Study 2: Citizens for a Sound Economy**

Citizens for a Sound Economy (CSE) is one of the most vocal citizen front groups opposing clean air measures. CSE advertises itself as a grassroots group advocating for “market-based solution to public policy problems.”<sup>24</sup> However, the solutions supported by CSE commonly coincide with the solutions proposed by the auto and oil industries.

This parallel can best be seen in the types of publications produced by CSE. CSE’s “Campaign for Sound Science on Global Warming” has printed several articles and issue papers such as “The Clandestine Cost Analysis of the Kyoto Protocol,” and “Global Warming: The Little Engine That Couldn’t,” both of which were meant to discredit the science behind global warming. The campaign even ran radio ads that feature a comedian telling jokes entitled, “Have You Heard the One About the Global Warming Scientists?”

Citizens for a Sound Economy, as part of its “Campaign for Sound Science on Air Quality Standards,” was one of the lead groups opposing the EPA’s proposed smog and soot standards in 1997. CSE accused EPA of exaggerating the health risks and misleading the public. CSE’s scare tactics included radio ads entitled, “Farmers Beware of EPA’s ‘Particulate Matter’ Regulations,” that featured a farmer urging listeners to call their legislators about the new standards so that farmers won’t be prohibited from kicking up dust while plowing their fields. In reality, the auto, oil, and electric industries would bear the burden of these standards, not farmers. When the President Clinton finally came out in support of the standards during the summer of 1997, CSE released a statement blasting the president for supporting the tougher health standards and then proceeded to urge Congress to order a delay in the rules’ issuance.<sup>25</sup>

Since the standards were adopted, CSE has not stopped its attack. It used its foundation arm, the CSE Foundation, to issue briefing papers that it claims “forced EPA to *twice* revise its claims about the health benefits of the new regulations”. In recent months, CSE has been outspoken in praise of the U.S. Court of Appeals decision to remand the clean air standards of 1997 back to the EPA under the argument that the adoption of the new rules was an “unconstitutional delegation of power.”<sup>26</sup>

CSE Chairman, C. Boyden Gray, is currently a partner at the law firm Wilmer, Cutler & Pickering, advising clients on all aspects of air pollution. Wilmer, Cutler & Pickering’s “environmental work” in the last few years consists of “defending companies against citizen’s suits brought under various environmental statutes;” advising clients on compliance issues arising under the Clean Air Act; and “representing trade associations and other clients in rulemaking proceedings and related litigation” involving regulations such as the Clean Air Act

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<sup>23</sup> Ibid

<sup>24</sup> Internet, Citizens for a Sound Economy Website. <<http://www.cse.org>>.

<sup>25</sup> CSE, Press Release. “CSE Blasts President’s Embrace of EPA Standards; Urges Congress To Order Delay in Rules’ Issuance.” June 25, 1997.

<sup>26</sup> CSE, Press Release, “Landmark Court Decision Brings Sound Science to the Environment”. May 18, 1999.

hazardous air pollutant standards.<sup>27</sup> C. Boyden Gray is touted as having “prepared the amicus brief that developed the delegation of legislative power argument relied on by the Court in making its landmark decision” to remand the smog and soot standards back to the EPA this year.<sup>28</sup>

### C. LOBBYING CONGRESS

One of the most effective ways that the auto and oil industry wield their power is by hiring an army of lobbyists to represent their agendas in Washington DC. Last year alone, the auto and oil industries spent over \$90.8 million on lobby expenditures. Most of these companies hire outside lobby firms to do their dirty work in addition to the “in-house” lobbyists that work for them. The American Petroleum Institute, for example, had 10 separate firms working on its behalf in 1998.

In 1998, the 164 auto and oil-affiliated companies and trade groups in this report spent \$90,887,006 in lobby expenditures. The top 5 companies spending the most on lobbying activities are as follows:

Ford Motor Company	\$13,080,000
General Motors	\$7,925,000
Mobil	\$6,120,000
Exxon	\$5,620,000
Atlantic Richfield (ARCO)	\$5,120,000

In addition to hiring lobbyists and lobby firms to push their agenda, the auto and oil industries also contribute to coalitions or trade associations. A trade association lobbies on behalf of its member companies and is often identified with the industry as a whole. These trade groups are some of the most powerful lobbying organizations in the country.<sup>29</sup> The two major trade associations for the auto and oil industry are the Alliance of Automobile Manufacturers and the American Petroleum Institute, respectively.

#### Case Study #1: The American Petroleum Institute

The American Petroleum Institute is a coalition of associations and corporations that profit from the sale and use of petroleum. The API is the “major national trade association representing the entire petroleum industry.”<sup>30</sup> The members of API contribute monetarily to the coalition. In addition to their contributions to the coalition, twenty-three members of API are also included in the lobbying data of this report as having at least one firm lobbying on their behalf.

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<sup>27</sup> Internet, Wilmer, Cutler & Pickering Website, “Our Practice” Section, “Environmental” Subsection. <[www.wilmer.com](http://www.wilmer.com)>

<sup>28</sup> CSE, Press Release, “Landmark Court Decision Brings Sound Science to the Environment”. May 18, 1999.

<sup>29</sup> Internet, CNN TIME, “Fortune: The Power 25 Runners-Up,” December 8, 1997. <<http://www.cnn.com/ALLPOLITICS/1997/11/18/fortune.25/index10.html>>

<sup>30</sup> Internet, American Petroleum Institute, Home Page, [www.api.org](http://www.api.org)

### **API's Role in Opposing Clean Air Measures**

In part to prepare for the 1997 clean air debate, the API contributed \$96,200 to political campaigns and spent \$5.6 million on lobbying.<sup>31</sup> The API, and other polluting industries, ran a multi-million dollar lobbying blitz and “grassroots” campaign of misinformation to create public confusion and apprehension about the EPA’s proposed clean air regulations.

One of the tactics the industries used during their campaign was to form a coalition called the Air Quality Standards Coalition (AQSC). The AQSC consisted of some 500 companies affected by the EPA’s proposal and was formed to fight efforts to strengthen the Environmental Protection Agency clean air standards and support legislation to roll back EPA regulations. As an Executive Committee Member of the AQSC, API contributed nearly \$5.7 million dollars to the AQSC during the 1997 clean air fight. This made it the second largest contributor in the coalition, behind the Ford Motor Company’s \$8.88 million.<sup>32</sup>

Just two years later, API is stridently opposing a new EPA proposal for tougher clean air standards for gasoline. Although the current EPA proposal gives the oil industry six years before all of their refineries have to meet the new cleaner fuel standards, API claims that the “Agency is proposing to regulate gasoline sulfur too quickly and too severely.”<sup>33</sup> Despite the fact that air pollution is a problem that plagues every state in the country, API demands that many of their refineries in the West be exempt from the tough new standards and urges the EPA to adopt a longer timeline for implementation of the new standards. This report found that, last year, API spent over \$3.7 million in lobbying activities in order to push this and other oil industry agendas upon members of Congress.

One such member of Congress, and long-time ally of the oil industry, is Senator James Inhofe (R-OK). Senator Inhofe threatened to introduce a bill during the 106<sup>th</sup> Congress that would have preemptively rendered obsolete any new clean fuels regulations that the EPA would eventually adopt. He also held hearing before the Environment and Public Works committee to attack the clean gasoline proposal. Fortunately, due to intense pressure from unfavorable media coverage, Sen. Inhofe has not yet introduced his bill. Notably, Senator Inhofe received \$247,000 in campaign contributions from the auto and oil companies included in this study from 1992 through April of 1999, more than all but ten other Senators (See Appendix A).

### **API's Role in Opposing Measures to Curb Global Warming**

API has publicly opposed the Kyoto Protocol, saying it will cost too much for the average American. To support its rhetoric, API has produced several reports including a July 1999 report that analyzes the questionable “negative” economic implications of emissions trading scenarios

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<sup>31</sup> Internet, Regulatory News, OMBWatch. “Industries Spend Millions Fighting Clean Air”. <<http://www.ombwatch.org/regs/money.html>>, May 1, 1997.

<sup>32</sup> Internet, Regulatory News, OMBWatch. “Industries Spend Millions Fighting Clean Air”. <<http://www.ombwatch.org/regs/money.html>>, May 1, 1997.

<sup>33</sup> Murphy, Edward H. American Petroleum Industry. Public Comments (IV-D-114) to the EPA Docket, A-97-10. 8/2/99.

under the Kyoto Protocol.<sup>34</sup> API is lobbying for flexible voluntary programs for the industry to reduce the greenhouse gas emissions in lieu of the Kyoto Protocol.<sup>35</sup>

The API also touts several “independent” reports including a study by the Charles River Associates that claims that the Kyoto Protocol would cost consumers 10 times more than the Administration estimates.<sup>36</sup> The Charles River Associates is a research and consulting firm funded by reports that are commissioned by such industries as the petroleum, energy, and technology industries.<sup>37</sup> Its industry bias is evident in its reports, including “The cost of reducing SO<sub>2</sub> (It’s Higher Than You Think),” and “Economic Implications of the Adoption of Limits on Carbon Emissions from Industrialized Countries.”<sup>38</sup> Another report advertised by API is one produced by Wharton Econometrics Foundation Association (WEFA) Inc. that leads consumers to believe that the Protocol would jeopardize 2.4 million American jobs.<sup>39</sup>

### **Oil Royalties**

There are currently regulatory loopholes in oil royalty payment rules that allow the largest oil companies to undervalue their royalty payments. By basing royalty payments on internal pricing mechanisms rather than actual daily market prices, big oil producers can undervalue oil by as much as \$2 per barrel from the actual daily market price. The Minerals Management Service (MMS) has proposed reform regulation that would close these loopholes, stating that this undervaluing of oil royalties is costing taxpayers \$66-\$100 million a year—funds that would otherwise have gone to state public education programs, environmental programs like the Land and Water Conservation Fund, and the U.S. Treasury. Not only has API vehemently opposed the MMS’ attempts at reform, but it strongly supports legislation that would allow these loopholes to continue until June 30, 2001, costing taxpayers more than \$130 million and further damaging the environment. In fact, in May 1999, API lobbyists were able to attach a rider to that effect onto an emergency spending bill that was intended to come up with emergency funds for tornado victims and troops in the Middle East.

### **Case Study #2: The Alliance of Automobile Manufacturers**

The Alliance of Automobile Manufacturers consists of BMW, Daimler Chrysler, Ford, General Motors, Mazda, Nissan, Toyota, Volkswagen, and Volvo.<sup>40</sup> Many of the current members of the Alliance were formerly members of the American Auto Manufacturers Association (AAMA) until it disbanded in 1998. The Alliance of Automobile Manufacturers formed in January of 1999 and included foreign automakers.

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<sup>34</sup> Dougher, Rayola S., “The Kyoto Protocol: Implications of Emissions Trading Scenarios.” API Policy Analysis and Strategic Planning Department, July 1999.

<sup>35</sup> Internet, API. “Recommended Actions to Address Greenhouse Gas Emissions”.  
<<http://www.api.org/globalclimate/page3recommenlink.htm>>

<sup>36</sup> Charles River Associates, “The Post-Kyoto Climate: Impacts on the U.S. Economy,” January 1999.

<sup>37</sup> Charles River Associates, “Consulting Service in the Environment,” <[www.crai.com/crai.htm](http://www.crai.com/crai.htm)>

<sup>38</sup> Charles River Associates, “Publications,” <[www.crai.com/crai.htm](http://www.crai.com/crai.htm)>

<sup>39</sup> Internet, API website. “The High Cost of the Kyoto Protocol”, <<http://www.api.org/globalclimate/starta.htm>>

<sup>40</sup> Internet, Automotive Intelligence, “Manufacturers: Alliance Of Automobile Manufacturers”,  
<http://www.autointell.com/alliance.htm>

### **The Alliance's Role in Opposing Clean Air Measures**

The AAMA, before it was dismantled, was the third largest contributor in the Air Quality Standards Coalition contributing \$30,380 to campaigns and spending \$3.23 million on lobbying in part to prepare for the coalition's effort in 1997 to stop the EPA's proposed regulations on soot and smog emissions.<sup>41</sup>

The Alliance, consisting of many of the same members of the AAMA, is continuing the anti-environmental mission of the AAMA by working to undermine new automobile standards that would help clean up the nation's air. Lobbyists from the Alliance have been pushing hard within the halls of Congress as well as the Clinton Administration to weaken and delay the proposed EPA clean car standards. Although it agrees with environmentalists that gasoline should be cleaned up, this puts more of the burden on the oil industry. At the same time, the Alliance submitted a proposal that would give automakers more time to build cleaner cars as well as create an "independent third-party feasibility study" that would provide a loophole to escape the new standards all together. Meanwhile, as the Alliance continues to lobby for its dirty air agenda, the individual members of the Alliance are free to portray an environmentally-friendly image to the public (see Greenwashing Section below).

### **The Alliance's Role in Opposing Measures to Curb Global Warming**

The Alliance is also heavily involved in The Global Climate Information Project (GCIP) which is a campaign to discredit the Kyoto protocol. The GCIP is comprised of numerous industry groups who claim they will lose revenue if the Kyoto protocol were to go into effect.

The GCIP literature attempts to confuse the reader by espousing the rhetoric that the scientific experts the world over are still unsure as to the existence or cause of global warming: "There is conflicting scientific data over whether there is a warming trend. Global surface temperature estimates indicate a rise of between 0.3 and 0.6 degrees since the late 19th century. This change is within the range of natural variability."<sup>42</sup>

By touting these studies, the Alliance fails to recognize that the overwhelming majority of the scientific community, including the United Nations, have agreed that global warming is, in fact, occurring due to man made emissions. A UN commissioned study researched by 2,500 scientists found that, "The balance of influence suggests a discernible human influence on the global climate."<sup>43</sup> This study of the 1995 Inter - governmental Panel on Climate Change (IPCC) also found that, "The scientists project a global warming of between 1 and 3.5 degrees C over the coming century. This may not sound like a cause for concern, but the global average temperature has changed by no more than one degree C up or down for the past ten thousand years."<sup>44</sup>

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<sup>41</sup> Internet, Regulatory News, OMBWatch. "Industries Spend Millions Fighting Clean Air". <<http://www.ombwatch.org/regs/money.html>>, May 1, 1997.

<sup>42</sup> Internet, Global Climate Information Project, Is the Earth Warming?, <http://www.climatefact.org/53warm.htm>

<sup>43</sup> Internet, UN, UN Global Climate Change, [www.un.org/plweb-cgi/idoc.p/?36](http://www.un.org/plweb-cgi/idoc.p/?36)

<sup>44</sup> Internet, UN, UN Global Climate Change, [www.un.org/plweb-cgi/idoc.p/?36](http://www.un.org/plweb-cgi/idoc.p/?36)

The GCIP also attempts to instill fear in the heart of the average American with the classic conservative scare tactic of increased government intervention and “big brother” rhetoric by stating that “to cut 20% of greenhouse gases there would be forced carpooling and forced use of mass transit.”<sup>45</sup>

## D. GREENWASHING

**“Greenwash (n): Disinformation disseminated by an organisation so as to present an environmentally responsible public image. Derivatives, greenwashing (n). Origin from green on the pattern of whitewash.”—The Tenth Edition of the Concise Oxford Dictionary**

### Case Study #1: Ford Motor Company

In terms of influencing the laws we live by, the Ford Motor Company is one of the most powerful corporations in the world. It is also one of the most environmentally destructive. Ford is ranked number two behind General Motors on the 1999 Fortune 500 List, earning more than \$144 billion in revenue in 1998. Ford prides itself on being the largest manufacturer of trucks in the world. Ford’s popular SUVs and other light trucks earn profits of more than \$10,000 each.<sup>46</sup> However, SUVs and other light trucks are currently allowed to emit three times more smog forming pollution and get 25% fewer miles per gallon than passenger cars, making Ford products one of the major sources of air pollution and global warming pollution.

In addition, according to the EPA’s Ten Largest Volume TRI Releasing Motor Vehicles Facilities,<sup>47</sup> there are four Ford facilities which rank second, third, fifth and ninth in volume of toxic releases. Ford has more facilities in the Top 10 list than any other company.

Ford has had two major violations of the federal clean air standards in the last two years<sup>48</sup>. In one of the EPA’s largest civil cases in FY98, the EPA, Department of Justice, and the California Air Resources Board charged Ford with violating the Clean Air Act by illegally installing a device in their 1997 Econoline vans that would defeat emissions control systems. Ford paid \$7.8 million for the illegal use of a electronic control device that “caused smog-causing nitrogen oxide emissions to increase well beyond the limits of the Clean Air Act emission standards when the vans are driven at highway speeds.”<sup>49</sup>

Ford recently reached an agreement with the EPA on alleged violations of federally enforceable state air rules at the company’s St. Paul, MN plant. A \$38,500 penalty was assessed under the

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<sup>45</sup> Internet, Global Climate Information Project, *How the Treaty Would Affect the Average American*, <http://www.climatefact.org/41amer.htm>

<sup>46</sup> “The revolution at Ford”, *The Economist*, August 7, 1999.

<sup>47</sup> U.S.EPA, Sector Notebook Project. Sector Notebook Data Refresh-1997, “Ten Largest Volume Releasing Motor Vehicle Facilities Reporting Only SIC 371 or SIC 371 and Other SIC Codes”, page T-6. May, 1998.

<sup>48</sup> Godfreid, David. U.S. EPA Office of Enforcement and Compliance Assurance. Washington, DC. August 30, 1999.

<sup>49</sup> U.S. EPA, Office of Enforcement and Compliance Assurance. FY98 Accomplishments Report, June 1999.

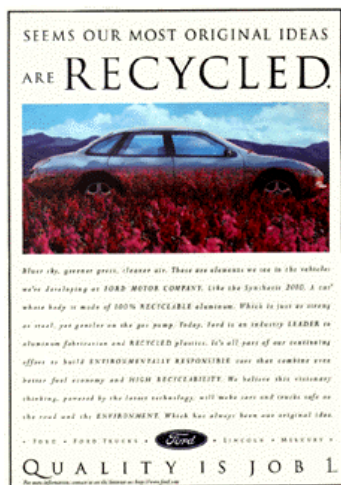


agreement, which resolves an administrative complaint in March alleging Ford failed to submit reports required by its state air pollution permit.<sup>50</sup>

Ford has spent millions of dollars on public relations schemes disguised as environmental education programs in order to portray themselves as a “green” company. In fact, when William Clay Ford Jr. took control of the company in January 1999, he was reported in Newsweek saying that “If all this is just [me] waving the green flag, saying ‘We need to get cleaner guys,’ it’s not going to work. It’s going to work if we embrace it in the mainstream and make it a part of the way we do business.” Ford then announced that all of its 1999 SUVs will have lower-than-required tailpipe emissions. Despite this seemingly strong environmental pledge, the Ford Motor Co. is currently lobbying against the EPA’s proposed tailpipe standards for cars and light trucks.

In addition, Ford recently sued an owner of a Ford Mustang “fan” website who posted Ford documents on it. Ford claims that the webpage is violating its trademarks, copyrights and trade secrets. Coincidentally, many of these secret documents reveal that Ford “may someday be able to build automobiles, particularly sport utility vehicles, that emit less pollution and have better fuel efficiency than current models.”<sup>51</sup>

An example of Ford’s “environmental education” program was to donate \$28,000 dollars to the Georgia Environmental Education Center for an observation tower that overlooks a wetlands area. This tower will be named either the Explorer or the Navigator after two of Ford’s SUVs. Ironically, the Navigator gets just 12-13 miles per gallon and the Explorer gets as low as 14



miles per gallon, compared to the average car which gets 27 miles per gallon. Both the Explorer and Navigator have a “Green Score” of under 20 points out of a possible 100 points in the 1999 Green Guide to Cars and Trucks published by the American Council for an Energy Efficient Economy.

Ford also runs misleading advertisements in order to lead the consumer to believe that its product is environmentally sound by touting the recyclable nature of the materials used to build the car. In an ad published in Popular Science in May 1996, Ford brags about their new Synthesis 2010 whose body is made of 100% RECYCLABLE aluminum. This ad draws the consumer’s attention away from the larger problem of the car itself—the emissions that are spewing out of the tailpipe. Motor vehicles are responsible for a third of the smog forming pollution that we breathe each year, as well as 30% of the pollution that causes global warming.

One example of Ford greenwashing ad.

Instead of addressing and trying to solve this real problem, Ford has, as a member of the Alliance of Automobile Manufacturers, opposed the EPA’s tough new auto pollution standards and new miles-per-gallon standards (see above section on the Alliance). From 1992-April 1999, Ford spent more than \$1.1 million in Congressional campaign contributions. Furthermore, in 1998, Ford spent over \$13 million on lobby expenditures.

<sup>50</sup> AIRDaily, Fieldston Publications, Inc., Washington, DC. August 18, 1999.

<sup>51</sup> Bradsher, Keith, “Ford Loses Bid to Keep Documents Off Internet”. NY Times, September 8, 1999.

**Myth:** The Ford "Environmental Pledge"

*"Ford Motor Company is dedicated to providing ingenious environmental solutions that will position us as a leader in the automotive industry of the 21<sup>st</sup> century. Our actions will demonstrate that we care about preserving the environment for future generations."<sup>52</sup>*

**Fact:** The Ford Motor Company has been one of the lead companies working to weaken the EPA's proposed Tier 2 emission standards for cars and light trucks. The new standards would not only clean up cars but would pave the way for more advanced technology vehicles in the market. If Ford was truly dedicated to "ingenious environmental solutions" it would support cleaner cars. In fact, three of Ford's vehicles are listed under the top 12 worst vehicles for the environment in 1999.<sup>53</sup>

## Case Study #2: General Motors

General Motors (GM) is the top selling car and truck producer in the world. It is ranked number one in the Fortune 500 List with annual revenues over \$161 billion.<sup>54</sup> From 1992-April 1999, GM spent \$1.7 million in Congressional campaign contributions. In the last two years (from July 1997 through June 1999), General Motors' facilities have violated the Clean Air Act at least 26 times, according to the EPA.<sup>55</sup> Although General Motors vehicles have not had any major enforcement actions taken against them in the last few years, these vehicles do not have a "clean" environmental history. In 1995 General Motors was involved in a \$45 million settlement with the EPA for including a defeat device in Cadillacs that caused the cars to emit more pollution than was allowed. GM was forced to pay \$11 million in civil penalties, \$7 million to set up a remedial project fund, as well as recall the half million illegal Cadillacs that they had already sold<sup>56</sup>. Furthermore, last year GM recalled 628,041 of its vehicles for violating federal emission standards. This constituted 22% of the total amount of vehicles recalled last year from all manufacturers.<sup>57</sup>

General Motors (GM) established its "Environmental Principles" on March 4, 1991.<sup>58</sup> General Motors states that the scope of its environmentalism is global and that its "dedication reaches further than compliance with the law to encompass the integration of sound environmental practices into [its] business decisions." General Motors is attempting to portray an image of a green company which is simply not the case. In its Environmental Principles, it states that it "will continue to work with all governmental entities for the development of technically sound and financially responsible environmental laws and regulations." However, in its three-volume public comments to the EPA this fall, GM viciously attacks the proposed emissions standards,

<sup>52</sup> Internet, Ford Environment, <<http://www.ford.com>>

<sup>53</sup> DeCicco, John and Martin Thomas. "Green Guide to Cars & Trucks: Model Year 1999", American Council for an Energy-Efficient Economy. Washington, DC. 1999.

<sup>54</sup> "1999 Fortune 500 List," *Fortune.com*, 1999. <<http://www.pathfinder.com/fortune/fortune500/500list.html>>

<sup>55</sup> U.S.EPA, Office of Enforcement and Compliance Assurance, Sector Facility Indexing Project. <<http://es.epa.gov/oeca/sfi/sfip-cgi/>>

<sup>56</sup> Godfreid, David. U.S. EPA Office of Enforcement and Compliance Assurance. Washington, DC. August 30, 1999.

<sup>57</sup> U.S. EPA, "1998 Calendar Year Emission Related Recalls," February 23, 1999.

<sup>58</sup> Internet, General Motors, Environmental Principles, [http://www.gm.com/about/info/world/env\\_principles.html](http://www.gm.com/about/info/world/env_principles.html)

calling the light truck standards “arbitrary and capricious.”<sup>59</sup> GM asserts that there is no ‘need’ for the proposed Tier 2 emissions standards and, in fact, they will “make air quality worse, not better, in the urban areas that it claims it is trying to help meet the ozone standards.”<sup>60</sup> It’s comments then go on to inform the EPA that they cannot enforce or propose several of the provisions stated in the proposal.<sup>61</sup> It even claims EPA didn’t give them enough time to comment, despite the three-month long public comment period!<sup>62</sup> According to the report, last year GM spent \$7.9 million on lobbying expenditures.

### Case Study #3: BP Amoco

British Petroleum, a dominant company in the petroleum industry, recently merged with Amoco to form BP Amoco, an “unholy alliance” of power and influence both within the industry and the political arena. This move allowed BP to move up the ranks from the sixth to the second largest oil company in the world. In the fall of 1999, BP Amoco received approval from the European Union for the \$26.5 billion acquisition of Arco. Assuming full approval by the U.S. Federal Trade Commission, the Arco acquisition, BP/Amoco/Arco would have the second largest share of retail gasoline sales in the U.S., next to the newly merged Exxon/Mobil conglomeration.<sup>63</sup> Last year, BP America and Amoco together spent \$5,669,852 on lobbying expenditures and, from 1992-1999, they contributed \$2,095,185 to Congressional campaigns.

If the merger with Arco is approved, BP/Amoco/Arco would be the world’s 4<sup>th</sup> leading carbon producer, spewing out over 3% of the world’s carbon, the leading greenhouse gas.<sup>64</sup> In addition, just since 1997, BP Amoco has been the defendant in a major lawsuit with the EPA for failing to meet clean gasoline standards.<sup>65</sup>

In 1998, BP Amoco produced 1.3 million gross gallons of gasoline--more than any other company.<sup>66</sup> Much of that gasoline came from drilling operations on the North Slope of Alaska (home of the Trans-Alaska Pipeline). In 1997, BP accounted for 43% of the oil production from the North Slope.<sup>67</sup> Furthermore, 40% of BP’s total oil production comes from Alaska and another 1/3rd from the North Sea.<sup>68</sup> Both of these areas have been designated as ecologically fragile, but BP continues to exploit these areas causing environmental degradation. BP Amoco has recently

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<sup>59</sup> General Motors Public Comments of EPA’s proposed Tier 2 Emissions Standards, August 1999. Volume I, pg 39.

<sup>60</sup> General Motors Public Comments of EPA’s proposed Tier 2 Emissions Standards, August 1999. Volume I, pg 19.

<sup>61</sup> General Motors Public Comments of EPA’s proposed Tier 2 Emissions Standards, August 1999. Volume I, pg 44.

<sup>62</sup> General Motors Public Comments of EPA’s proposed Tier 2 Emissions Standards, August 1999. Volume I, pg 64.

<sup>63</sup> Hauter, Wenonah and Charlie Higley, ‘Black Gold’ Merger Mania, Public Citizen’s Critical Mass Energy Project, September 1999.

<sup>64</sup> “Kingspins of Carbon: How Fossil Fuel Producers Contribute to Global Warming”, a joint report by the Natural Resources Defense Council, Union of Concerned Scientists, and the U.S. Public Interest Research Group Education Fund. July 1999.

<sup>65</sup> Godfreid, David. U.S. EPA Office of Enforcement and Compliance Assurance. Washington, DC. August 30, 1999.

<sup>66</sup> Ibid.

<sup>67</sup> Fineberg, Richard, *The Big Squeeze: TAPS and the Departure of Major Oil Companies Who Found Oil on Alaska’s North Slope*, Oilwatch Alaska. October 23, 1997.

<sup>68</sup> Interment, The Industry Standard, The news magazine of the interment economy, [http://www.thestandard.com/companies/company\\_display/0,1591,41759,00.html](http://www.thestandard.com/companies/company_display/0,1591,41759,00.html)

reiterated its desire to drill in the pristine wilderness of the Arctic National Wildlife Refuge which is protected under federal law.<sup>69</sup>

BP has attempted a greenwashing campaign over the past several years in an attempt to portray a public image of environmental friendliness and concern. BP is even using their legitimate solar arm BP Solar, to greenwash consumers. In March of 1999, BP Amoco made an environmentally-sound investment by purchasing the solar company Solarex. The addition of Solarex to BP Solar made BP Amoco the largest solar company in the world, with a 20 percent share of the global market.<sup>70</sup> Even though BP Solar, excluding Solarex, has had an unbroken 17 years of growth,<sup>71</sup> BP still only spends .01% of its portfolio on solar as it explores for more oil and sells more gasoline. In Alaska alone, BP Amoco will spend \$5 billion in the next five years on oil exploration and production.<sup>72</sup>

Among BP's most blatant examples of greenwashing is its "Plug in the Sun" program.<sup>73</sup> Through the program, BP Solar supplies solar panels to the roofs of many of BP Amoco's new gas stations in order to show its customers "that solar energy is an important form of renewable energy available to everyone." However, although BP says it "can fill you up by sunshine," its gas stations are still filling you up *with gasoline*, one of the main causes of global warming and smog pollution.

BP Amoco also touts their transition to selling cleaner low-sulfur gasoline in cities worldwide, including Atlanta, Georgia. As part of its Clean Cities initiative, BP Amoco has said it will "voluntarily" bring cleaner fuels to 40 cities around the world by the end of 2000. Taken at face value, this move by BP Amoco would be commendable. However, although BP Amoco is *voluntarily* cleaning up its gasoline today, all gasoline sold in Atlanta will be *required* to meet tougher low sulfur gasoline standards by 2003 anyway. This is not an altruistic gesture, but a business move in an attempt to get ahead of its competition in Atlanta. In fact, BP Amoco asks consumers to "make the personal choice to help Atlanta ease its pollution and smog concerns" by purchasing BP Amoco gasoline.<sup>74</sup> While BP Amoco touts its clean gasoline in Atlanta, it is lobbying to weaken the clean fuel standards that the EPA has proposed for the rest of the nation by requesting an extended timeline for gasoline clean up.<sup>75</sup>

**MYTH:** BP is focused toward a future of "sustainable energy," such as solar power. According to a BP solar promotion, "Solar's time has

<sup>69</sup> Internet, BP-Amoco, BP-Amoco.business.com

<sup>70</sup> Internet, "Made by BP Solar", [http://www.bpamoco.com/pluginthesun/more\\_on\\_solar/made\\_by\\_bp.htm](http://www.bpamoco.com/pluginthesun/more_on_solar/made_by_bp.htm)

<sup>71</sup> "Solar Energy", *BP Amoco Annual Report & Accounts 1998*. BP Amoco, 1999.

<sup>72</sup> Corporate Watch website, <http://www.corpwatch.org/trac/greenwash/bp.htm>.

<sup>73</sup> Internet. Plug In the Sun Homepage, <http://www.bpamoco/pluginthesun>, BP Amoco.

<sup>74</sup> Internet. BP Amoco Press Release, "BP Amoco Launches Clean Cities Initiative in U.S. By Bringing Cleaner Fuel to Metro Atlanta", [http://www.bpamoco.com/pluginthesun/news/latest\\_news.htm](http://www.bpamoco.com/pluginthesun/news/latest_news.htm)

<sup>75</sup> Bond, Thomas J. BP Amoco Written Comments Regarding EPA's Gasoline Sulfur Control Requirements. #A-97-10-IV-D-58. August 2, 1999.

**FACT:**

come: this will be one of the great enterprises of the 21st century.”<sup>76</sup>  
Although solar power is a much more sustainable source of energy, BP spent only \$16 on solar energy for every \$10,000 that was spent on oil exploration and development in 1998.<sup>77</sup>

#### Case Study #4: Chevron

Chevron is one of the largest carbon producers in the world, producing 392.1 million barrels of oil each year. It is responsible for nearly 5% of the total carbon emissions from all sources in the U.S.<sup>78</sup> The 8 Chevron petroleum refining facilities listed under the EPA’s Facility Indexing Project, have been out of compliance with federal Clean Air standards at least 12 separate times since July 1997. In addition, Chevron has had enforcement actions taken against them by the EPA three times in the last two years.<sup>79</sup>

Furthermore, in 1996, the EPA announced a \$698,349 penalty settlement with Chevron after charging the company with almost 10 years of noncompliance with the Clean Air Act and sulfur oxide regulations. The violations occurred at Chevron’s Perth Amboy, New Jersey asphalt facility.<sup>80</sup> In August 1992, Chevron U.S.A. agreed to pay \$1million in penalties for illegal airborne emissions of benzene, a potent carcinogen, at its Philadelphia, Pennsylvania, petroleum refinery.<sup>81</sup>

Perhaps one of the best examples of greenwashing is Chevron’s “People Do” advertisements. The advertisements, launched in 1985 and run for more than a decade, feature a series of “People Do” projects such as Chevron’s efforts to protect grizzly bears near one of its drilling sites in Montana. This commercial shows Chevron workers, toiling throughout the cold, harsh winter and then cuts to a mother grizzly bear and cubs awaking from a peaceful slumber on a beautiful spring day. The commercial, following the “People Do” format, asks if people need to work throughout the winter so that mother nature can have spring all to herself. The answer, of course, is “people do.” These ads are misleading since many of the “People Do” projects, such as programs to protect the grizzly bear in Montana, are programs that are mandatory under the current laws.

Chevron officially declared itself a friend of the environment in 1992 when they “established a systematic approach for improving health, safety, and environmental performance.”<sup>82</sup> However, they fail to mention their membership in the American Petroleum Institute which, as previously

<sup>76</sup> BP SOLAR, Promotional package, “This will be one of the **great** enterprises of the 21st century”, printed in the UK by Garden House Press.

<sup>77</sup> Greenpeace Press Release, <[http://www.greenpeaceusa.org/media/press\\_releases/99\\_4\\_22text.htm](http://www.greenpeaceusa.org/media/press_releases/99_4_22text.htm)>

<sup>78</sup> “Kingspins of Carbon: How Fossil Fuel Producers Contribute to Global Warming”, a joint report by the Natural Resources Defense Council, Union of Concerned Scientists, and the U.S. Public Interest Research Group Education Fund. July 1999.

<sup>79</sup> Godfreid, David. U.S. EPA Office of Enforcement and Compliance Assurance. Washington, DC. August 30, 1999.

<sup>80</sup> FY 1996 EPA Enforcement and Compliance Assurance Accomplishment Report, B-7

<sup>81</sup> “Chevron USA to Pay EPA Penalties,” Wall Street Journal, Aug. 6, 1992, pg. A-4.

<sup>82</sup> Interment, The Chevron Way, <[http://www.chevron.com/environment/protect/ppe\\_mt\\_3chvrn\\_way.html](http://www.chevron.com/environment/protect/ppe_mt_3chvrn_way.html)>

stated, has vigorously attempted to weaken or kill clean air legislation. Also, Chevron continues to lobby to drill in the Arctic National Wildlife Refuge and to open up Florida’s coast to drilling. Last year, Chevron spent \$3,229,825 on lobbying to push these and other anti-environmental agenda. Furthermore, from 1992-April 1999, Chevron spent \$3,071,438 in Congressional Campaign contributions, making it the third largest contributor highlighted in this report.

**Myth:** Chevron is dedicated to the “health and safety of people and the environment.”

**Fact:** Chevron spent over \$3 million from 1992-1999 in campaign contributions to convince members of Congress to support its anti-environmental agenda. If Chevron was dedicated to the environment and the safety of people, they would support clean air legislation and not spend millions fighting it.

This is just a short illustration of the companies in the petroleum and automotive industry that have attempted a campaign of misinformation and greenwashing to gain public favor and garner undue kudos for declared commitment to environmental protection. The actions of the automotive and petroleum industries suggest that they are interested not in protecting the environment, but in getting good press coverage of their minimal forays into the environmental arena while continuing their stranglehold on the transportation and energy policy.

## E. FINANCING CONGRESSIONAL CAMPAIGNS

### Members of Congress

From 1992 to April, 1999 members who are currently part of the 106<sup>th</sup> Congress received \$33,188,152 in hard money campaign contributions from the 164 auto and oil-affiliated companies profiled in this report. The members of the House of Representatives received \$22,131,771 while members of the Senate received \$11,056,381 (see Appendix A).

The Top 15 members of the House of Representatives who received the most campaign contributions from auto and oil industries from 1992-1999 are as follows:

<b>Member</b>	<b>Contributions Received</b>
John Dingell (D-MI)	\$326,875
Don Young (R-AK)	\$313,663
Tom DeLay (R-TX)	\$295,849
Joe L. Barton (R-TX)	\$275,633
Bud Shuster (R-PA)	\$267,732
Richard “Dick” Gephardt (D-MO)	\$242,446
Dick Armey (R-TX)	\$214,470
Martin Frost (D-TX)	\$208,550
W. J. “Billy” Tauzin (R-LA)	\$195,149
Kay Granger (R-TX)	\$183,818
Thomas Bliley Jr. (R-VA)	\$174,589
Sander Levin (D-MI)	\$167,525

Henry Bonilla (R-TX)	\$167,400
Jennifer Dunn (R-WA)	\$162,070
Ralph Hall (D-TX)	\$158,050

The Top 15 Senators who received the most campaign contributions from these groups from 1992-1999 are as follows:

<b>Senator</b>	<b>Contributions Received</b>
Kay Bailey Hutchison (R-TX)	\$466,755
Don Nickles (R-OK)	\$425,125
Christopher S. Bond (R-MO)	\$366,086
John B. Breaux (D-LA)	\$326,994
Phil Gramm (R-TX)	\$312,830
Mike DeWine (R-OH)	\$289,710
Frank Murkowski (R-AK)	\$273,305
Spencer Abraham (R-MI)	\$263,425
Sam Brownback (R-KS)	\$256,352
Paul Coverdell (R-GA)	\$255,550
James Inhofe (R-OK)	\$247,000
George Voinovich (R-OH)	\$242,899
Richard C. Shelby (R-AL)	\$240,461
John McCain (R-AZ)	\$226,305
John Ashcroft (R-MO)	\$219,448

### **Hard Money Contributions**

Hard money includes contributions that are given directly to candidates by individuals in amounts up to \$1000 per election (primary and general) and by political action committees in amounts up to \$5000 per election. The vast majority of funds raised in politics today is in the form of hard money.

The companies in this report gave \$33,188,152 in hard money contributions to current members of Congress between 1992-April 1999 (See Appendix B). The top 5 hard money contributors are as follows:

National Auto Dealers Association	\$5,320,850
Americans for Free International Trade	\$2,174,350
Lockheed Martin	\$1,886,941
Exxon Corporation	\$1,215,199
Ford Motor Co.	\$1,140,786

### **Soft Money**

Soft money includes unlimited and unrestricted contributions given by wealthy individuals, corporations, and labor unions to political parties. The 164 companies in this report gave \$22,944,236 in soft money contributions from 1992 to April 1999.

The top 5 soft money contributors were as follows:

Atlantic Richfield Co. (ARCO)	\$3,455,243
Chevron Corporation	\$2,097,244
Occidental Petroleum	\$1,176,894
Koch Industries	\$1,094,250
Bechtel Group	\$980,897

### **Total (Hard & Soft) Contributions**

The auto and oil companies gave a staggering \$56,132,388 in campaign contributions to current members of congress from 1992- April 1999. The top 5 companies, based on total contributions, are as follows:

National Auto Dealers Association	\$5,342,780
Atlantic Richfield Co. (ARCO)	\$4,123,906
Chevron Corporation	\$3,071,438
Lockheed Martin	\$2,471,026
Americans for Free International Trade	\$2,185,350

## **F. INFLUENCE OF CONTRIBUTIONS ON VOTING RECORDS**

### **Klink-Upton “Bad Air Bill”**

In order to determine if campaign contributions from the auto and oil industry had an effect on the potential voting records of members of Congress, this report compared the amount of contributions received (from 1992-present) with the co-sponsorship for the Klink-Upton Bill to overturn EPA’s revised soot and smog standards. We found that the average Representative who stood up for the public interest and did not support the bad bill received 43% less in campaign contributions than those Representatives who cosponsored the bad bill. Representatives who did not support the bill received an average of \$40,522 in campaign contributions from the auto and oil industry. However, dirty air cosponsors received an average of \$71,437 (this is compared with the \$18,100 average of members who were not in office at the time). Furthermore, of the “Top 15” members receiving the most contributions from the auto and oil industry, two-thirds cosponsored the Klink-Upton Bill.

### **CAFE Standards**

In order to determine if campaign contributions from the auto and oil industry has an effect on whether a member supports CAFE standards or not, this report compared the amount of contributions received (from 1992-present) with those Senators who signed a pro- or anti-CAFE letter. We found that the average Senator who opposes tougher CAFE standards received more than three times more campaign contributions from the auto and oil industry than those Senators



who support CAFE standards. Anti-CAFE senators received an average of \$159,813 in campaign contributions from the auto and oil industry. However, the average amount received by members of congress who are in favor of tougher standards was only \$47,309. This is compared with the \$119,892 average of members who did not choose to sign either of the letters. Furthermore, not one of the “Top 15 Senators” signed the letter in support of tougher CAFE standards. Two-thirds of the Top 15 signed the anti-CAFE letter while the remaining third declined to sign either of the letters.

## **IV. CONCLUSION**

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Some of the world’s largest corporations are also some of the world’s most powerful and notorious polluters. Hiding behind their think tanks, front groups, trade associations, and misleading advertisements these companies have polluted our land, water and air for decades.

The influence and connections outlined in this report show the immediate need for campaign finance reform. PIRG supports a comprehensive reform platform that includes banning soft money, limiting contributions to \$100, making politicians raise most of their money from within their districts, limiting total spending on campaigns, and providing free TV, radio, and mail to candidates. We can not fully clean up the air until we clean up Congress.

## **V. METHODOLOGY**

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### **Timeline**

This report includes complete data from the 1992 elections through the 1998 elections as well as partial data from 1999. The 1999 data included only those PACs who file monthly with the FEC. The data was downloaded June 1, so it covers contributions--from monthly filers only--completely through March 31 1999, and partly through April 30, 1999. All PACs who file on a quarterly basis do not file until July 1, therefore, the 1999 data for these PACs is not included in this data.

### **Companies Chosen for this Report**

The contribution and lobby expenditure data in this report only includes data from a select group of 164 companies associated with the automobile or oil industry. The list was chosen by taking into consideration such factors as the size and affiliation of the company as well as their past involvement in clean air issues.

### **Contributions to Candidates**

The initial data on campaign contributions for both hard and soft money was provided by the Center for Responsive Politics. The data only includes information for members of the 106<sup>th</sup> Congress who received contributions from the 164 auto and oil-affiliated companies profiled in this report. It does not include contribution information for members of Congress during the 92/94/96 election cycle who are no longer in Congress. It also does not include members who fund their own campaigns or who get their money from small, individual contributions. Therefore, there are only 429 (out of 435) Representatives and 99 Senators (out of 100) profiled in the report.

## **Lobby Data**

The lobby expenditures data was compiled from the Lobbying Report forms submitted to the Legislative Resource Center of the Clerk of the House of Representatives and the Office of Public Records of the Secretary of the Senate office. The forms are made public under the Lobbying Disclosure Act of 1995 (Section 5). The data shows the amount of money spent on lobbying activities during 1998. This data is only from the 164 auto and oil-affiliated companies included in this report.

## **VI. Appendices**

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### **Appendix A. Total (Hard Money) Contributions Received, by Candidate, 1992-1999**

This table represents the amount of hard money each current member of Congress received from the 164 profiled groups from 1992 – April 1999. It does *not* represent the total amount of money received by that member of Congress from all groups.

### **Appendix B. Total (Hard and Soft Money) Contributions, By Company, 1992-1999**

This represents the total amount of hard and soft money that each company contributed to current members of Congress from 1992 to April 1999. It does not represent the total contributions to Congress for this time period since it does not include members of Congress who have since left office. It only includes the totals for members of the 106<sup>th</sup> Congress.

### **Appendix C. Total Soft Money Contributions, 1992-1999**

This represents the total amount of soft money that each company contributed to current members of Congress from 1992 to April 1999. It does not represent the total contributions to Congress during this time period. It only includes the totals for members of the 106<sup>th</sup> Congress. Please note that, since this report went to print before the deadline for many of the companies to report their figures, the “Total Soft Money” column does not include 1999 totals from the companies who file quarterly with the FEC. For more complete comparisons of company contributions, please use the “92-98 Total” column.

### **Appendix D. Total Hard Money Contributions, 1992-1999**

This represents the total amount of hard money that each company contributed to current members of Congress from 1992 to April 1999. It does not represent the total contributions to Congress during this time period. It only includes the totals for members of the 106<sup>th</sup> Congress. Please note that, since this report went to print before the deadline for many of the companies to report their figures, the “Total Hard Money” column does not include 1999 totals from the companies who file quarterly with the FEC. For more accurate comparisons of company contributions, please use the “92-98 Total” column.

### **Appendix E. Lobby Expenditures by Company, 1998**

This table represents the total amount of money each company spent on ALL lobbying activities in 1998. Please note that it does not separately categorize lobbying on clean air issues. A company marked with an asterisk (\*) signifies one or more of the individual lobbying firms employed by this organization reported spending “Less Than \$10,000” on their lobby report form for 1998. For these companies, the total possible amount, \$10,000, was included in the final calculation. Therefore, for these companies, the amount shown in the “Total” column

represented the total amount that they could have spent based on the amounts reported in the lobby report forms.

**Appendix F. Comparison of Representatives Supporting/Opposing ‘Klink-Upton’ Bad Air Bill**

This table compares the average contributions received by Senators who stood up for the public interest (+) with those Senators who cosponsored the Klink-Upton Bad Air Bill (-). Those senators in the “NA” category were either not in office at the time of the vote, or their voting score is unavailable.

**Appendix G. Comparison of Senators Supporting/Opposing CAFÉ Standards**

This table compares the average contributions received by Senators who signed the letter supporting the tougher CAFE standards (+) with those Senators who signed the letter opposing tougher fuel economy standards (-). Those senators in the “Non-Signer” category did not choose to sign either of the letters.