



DARK MONEY

Giant fossil fuel corporations have spent billions—much of it anonymized through scores of front groups—during a decades-long campaign to attack climate science and obstruct climate action. Exposing the sources of this dark money and reforming our campaign finance and lobbying laws to require greater transparency will help create the conditions to pass bold, transformative climate legislation.

The United States is almost alone among industrialized nations in having failed to implement comprehensive policies to reduce greenhouse gas emissions. It is, of course, worth asking: why?

The short answer is undue influence from the leaders of giant fossil fuel corporations. These executives used weak American laws and regulations governing election spending, lobbying, and giving to advocacy groups to mount a massive covert operation.¹⁰⁷⁴ Their goal was to spread disinformation about climate change and obstruct climate action.¹⁰⁷⁵ The covert campaign spanned at least three decades, but its power decade followed the *Citizens United* decision in January 2010,¹⁰⁷⁶ a decision the industry asked for (masked by opaque intermediaries) and immediately put to use. Five Supreme Court justices appointed by Republican presidents gave fossil fuel executives a new and powerful political weapon: the ability to spend unlimited sums on elections. It did not take long for the operatives of this campaign to figure out how to use that weapon anonymously.

This single court decision cost us a lost decade on our journey to responsible climate legislation.¹⁰⁷⁷ It was already an uphill climb in the face of fossil fuel front groups' disinformation and lobbying pressure. *Citizens United* allowed fossil fuel political power to effectively capture Republican elected officials nationwide.

Prior to *Citizens United*, there had been a long history of bipartisanship on climate. In the 2000s, several bipartisan climate bills were circulating in the Senate, and one Republican senator even ran for president with a climate action pledge as part of his platform.¹⁰⁷⁸ But after that decision, bipartisan activity on comprehensive climate legislation collapsed as Republican legislators fled from engagement.

Republican members who dared break with fossil fuel interests on climate found themselves facing primary challengers fueled by millions in industry dollars. Former South Carolina Republican Representative Bob Inglis was a prominent early casualty. His career in the House ended in 2010 by a primary challenger funded by fossil fuel interests angered by Inglis' support for putting a price on carbon pollution.¹⁰⁷⁹

Fossil fuel executives realized that they only needed to keep one party in line, especially given Senate procedural rules that make it difficult to pass legislation without at least some bipartisan support. They made the strategic decision to target Republican officials. As the party traditionally more aligned with business interests—and more dependent on business interests for political funding—they were also an easier target.

Citizens United allowed brute political pressure to be deployed via unlimited spending in elections. Fossil fuel billionaires like the Koch brothers and executives from major fossil fuel corporations quickly figured out how to mask themselves and spend the money anonymously.¹⁰⁸⁰ Perhaps most troublesome, with the ability to spend unlimited sums came the power to threaten to spend unlimited sums. Along with their massive spending, fossil fuel interests could credibly and covertly wield the threat or promise of massive spending to keep Republican officials in line and acquire the loyalty of party leaders.



An added benefit of controlling one political party was the illusion it created of a partisan divide: Democrats were for climate action; Republicans were against. This partisan schema let the conservative media ecosystem—from talk radio, to influential blogs and websites, to Fox News—portray the climate change debate in partisan terms, rather than as simple, old-fashioned political corruption by a powerful special interest. The industry could spur a partisan response among rank and file conservatives, many of whom were likely already conditioned to be skeptical of climate change by the fossil fuel industry's decades-long disinformation campaign.

The *Citizens United* decision was premised on election spending being transparent, but special interests quickly hid their spending behind non-transparent front groups. Were an oil company to spend tens of millions of dollars on attack ads in its own name, the public would know to dismiss the ads as self-interested propaganda. But when oil companies run tens of millions of dollars through a trade association or a “social welfare” organization (behind a benign-sounding name like the “Heartland Institute” or “Americans for Prosperity” or the “Heritage Foundation”), the public is denied the true *dramatis personae* of the political performance acted out before them, and is left fooled. In effect, fossil fuel executives ran a political covert operation against their own country.



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Though the last decade was lost politically to these political machinations, the science and the facts—and the human experience of a changing climate—all continued. Under the pressure of reality, the climate denial and obstruction strategy is finally crumbling. But it is not yet dead.

In order to advance bold climate legislation, we must expose the covert influence of wealthy fossil fuel executives, trade associations, and front groups that have done everything possible to obstruct climate action. To counteract these forces, three key strategies are needed:

- ✓ Expose the role of the fossil fuel billionaires, executives, and corporations in funding and organizing the groups trafficking in climate denial and obstruction.
- ✓ Reform federal laws and regulations to require greater transparency and reduce the influence of money, particularly dark money, in politics.
- ✓ Alert industries that support climate action to the depth, nature, and success of the covert fossil fuel political influence scheme.

These actions can provide a path forward to durably changing the trajectory of climate action—and protect the American people from the dangers of climate change.



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What did they know and when did they know it?

The atmospheric warming properties of carbon dioxide have been understood for well over a century. In the 1850s, American amateur scientist Eunice Foote¹⁰⁸¹ and Irish physicist John Tyndall¹⁰⁸² showed that carbon dioxide and other gases have heat-trapping qualities in the atmosphere. In 1896, Swedish chemist Svante Arrhenius (who later won the Nobel Prize in chemistry) calculated that burning fossil fuels would add large amounts of carbon dioxide to the atmosphere, ultimately leading to warmer temperatures.¹⁰⁸³ In 1938, English engineer Guy Callendar compared historical concentrations of carbon dioxide in the atmosphere against the observed temperature record and concluded that higher carbon dioxide levels were likely responsible for higher observed temperatures.¹⁰⁸⁴

These scientific advances were no secret to the fossil fuel industry. In 1959, at an event organized by the American Petroleum Institute (API) to celebrate the centennial of the American oil industry, the noted physicist Edward Teller explicitly warned the industry of the dangers that continued combustion of fossil fuels posed to the planet.¹⁰⁸⁵ Teller's address to oil industry luminaries included the following passage:

Whenever you burn conventional fuel, you create carbon dioxide. [...] The carbon dioxide is invisible, it is transparent, you can't smell it, it is not dangerous to health, so why should one worry about it? Carbon dioxide has a strange property. It transmits visible light but it absorbs the infrared radiation, which is emitted from the earth. Its presence in the atmosphere causes a greenhouse effect [...] It has been calculated that a temperature rise corresponding to a 10 percent increase in carbon dioxide will be sufficient to melt the icecap and submerge New York. All the coastal cities would be covered, and since a considerable percentage of the human race lives in coastal regions, I think that this chemical contamination is more serious than most people tend to believe.¹⁰⁸⁶

Teller's warning did not fall on deaf ears; the oil industry began to study climate change. In 1968, API received a report it had commissioned from the Stanford Research Institute. The report warned, “[s]ignificant temperature changes are almost certain to occur by the year 2000, and these could bring about climatic changes. [...] [T]here seems to be no doubt that the potential damage to our environment could be severe.”¹⁰⁸⁷

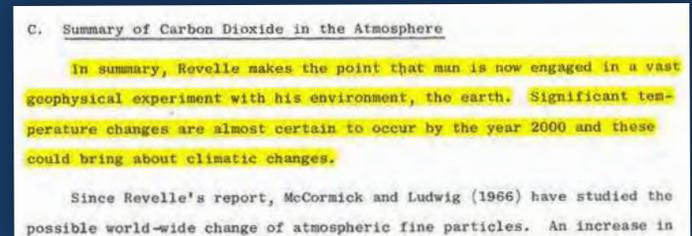
Individual oil companies also began having their own scientists study the problem. In 1977, one of Exxon's senior scientists told the company's management committee that “there is general scientific agreement that the most likely manner in which mankind is influencing the global climate is through carbon dioxide release from the burning of fossil fuels.”¹⁰⁸⁸ The following year, he warned the company that doubling carbon dioxide in the atmosphere would result in a two to three degrees Celsius (3.6 to 5.4 degrees Fahrenheit) increase in average global temperatures.¹⁰⁸⁹ He added that “present thinking holds that man has a time window of five to 10 years before the need for hard decisions regarding changes in energy strategies might become critical.”¹⁰⁹⁰

Royal Dutch Shell's scientists came to similar conclusions. In 1988, Shell scientists wrote in an internal company report that atmospheric carbon dioxide concentrations could double by 2030, resulting in more than two degrees Celsius of warming.¹⁰⁹¹ Shell's scientists predicted that sea levels would rise by at least one meter (3.3 feet) and by as much as five to six meters (16 to 20 feet) if warming led to the disintegration of the West Antarctic ice sheet.¹⁰⁹² They also warned of the potential “disappearance of specific ecosystems or habitat destruction” due to climate change, anticipated an increase in “runoff, destructive floods, and inundation of low-lying farmland,” and cautioned that “new sources of freshwater would be required” in certain newly arid areas.¹⁰⁹³ In sum, Shell's scientists warned that “the changes [caused by climate change] may be the greatest in recorded history.”¹⁰⁹⁴

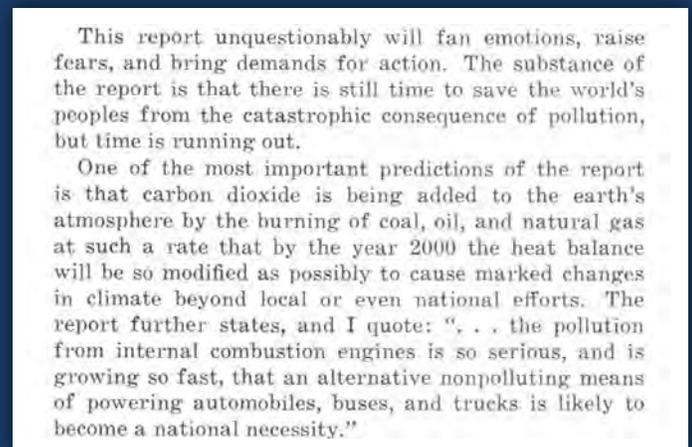
Soon these scientific warnings would encounter the commanding economic imperatives of the oil industry; the outcome of that conflict would be perhaps predictable.

Figure 1: Select industry documents from the 1960s and 1970s discussing the likely impacts of burning fossil fuels

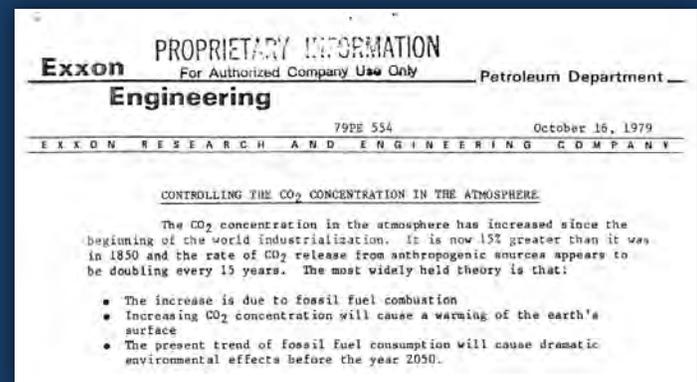
Report to API on The Sources, Abundance, and Fate of Gaseous Atmospheric Pollutants, 1968



API President Frank Ikard's 1965 speech on climate change and fossil fuels



Internal Exxon memo, 1979





Enter Congress

The oil and gas industry was not the only entity to take note of emerging scientific concerns about what continued fossil fuel combustion would do to the climate, the planet, and civilization.

In 1986, the Subcommittee on Environmental Pollution of the Senate Environment and Public Works Committee (EPW), chaired by Senator John Chafee (R-RI), held two days of hearings on climate change.¹⁰⁹⁵ Over those two days, the Subcommittee heard from scientists and government experts that combustion of fossil fuels was driving an increase in atmospheric carbon dioxide which would likely have dramatic and severe consequences for the climate.¹⁰⁹⁶ Following these hearings, Chafee, together with two Republican colleagues and three Democratic colleagues on EPW, wrote to the congressional Office of Technology Assessment to request that it analyze policy options to stabilize or reduce the concentration of greenhouse gases in the atmosphere. Their letter concluded, “[d]ue to the likelihood that legislation will be seriously considered by the Committee early in the next Congress, it would be most helpful if this analysis could be undertaken without delay.”¹⁰⁹⁷

In 1988, National Aeronautics and Space Administration (NASA) scientist James Hansen, one of the witnesses at the 1986 EPW hearings, testified before the Senate Energy and Natural Resources Committee about the dangers of climate change.¹⁰⁹⁸ This time, perhaps in part because the summer of 1988 was unprecedentedly hot in the United States and Yellowstone National Park burned, the scientific warnings about climate change seemed to break through with the general public and policymakers.

Thirty-two separate climate-related bills were introduced in Congress that year, including many by Republicans.¹⁰⁹⁹ Perhaps the most prominent was the National Energy Policy Act, introduced in the Senate by Senator Tim Wirth (D-CO) and cosponsored by 18 senators, including five Republicans.¹¹⁰⁰ The National Energy Policy Act targeted reducing atmospheric carbon dioxide concentrations by 20 percent by 2000 compared to 1988.¹¹⁰¹ Rhode Island Republicans, Senator Chafee and Representative Claudine Schneider, introduced the Global Warming Prevention Act; the House version of the bill was

cosponsored by 39 members, including 14 Republicans.¹¹⁰² Similar to the National Energy Policy Act, the Global Warming Prevention Act established a target to reduce atmospheric carbon dioxide concentrations, and incentivized energy efficiency and the development of renewable energy.¹¹⁰³

Congress was not alone in responding to the scientific warnings about climate change. During the 1988 presidential race, both candidates were committed to climate action, with Republican George H. W. Bush famously declaring “[t]hose who think we are powerless to do anything about the greenhouse effect forget about the ‘White House effect.’ [...] As president, I intend to do something about it.”¹¹⁰⁴

These political stirrings would soon also encounter the commanding economic imperatives of the oil industry; the outcome of that conflict was perhaps also predictable.

Fossil fuel executives strike back

Fossil fuel industry leaders had heard about climate change risks from their own scientists. They had watched the public become increasingly concerned about climate change, they saw momentum gather in Congress and the White House for action to reduce the demand for its products—and they sprang into action. As Harvard professor Naomi Oreskes testified before the Special Committee, “If you look at the timing of when [fossil fuel industry-funded groups] really started getting going in a big way, it’s during [the George H.W. Bush administration]. So as long as scientists were just doing science and publishing in peer-reviewed journals, the fossil fuel industry wasn’t really too worried, but when political action began to be taken, that’s when we begin to see the [climate] denial campaign kick in.”¹¹⁰⁵

Luckily for the fossil fuel executives (if unluckily for the planet), another industry’s leaders had spent decades lying about the dangers associated with its product, and had a playbook for how to sow doubt about science and block action in Congress: the tobacco industry. Dr. Oreskes testified that “the strategies and tactics used by the fossil fuel industry to deny the harms of fossil fuel use were in many cases the same as those used by the tobacco industry to deny the harms of tobacco use. [...] This was no coincidence, because many of the same individuals, PR firms, advertising agencies, and institutions were involved in both.”¹¹⁰⁶ As tobacco’s denial scheme collapsed, its machinery moved readily into climate denial.

Critical to this scheme were front groups to obscure the role of the fossil fuel billionaires and corporations. Front groups took many forms: “think tanks,” non-governmental organizations (NGOs), and non-profit associations. Many were incorporated as organizations under sections 501(c)(3) and 501(c)(4) of the tax code, to help keep the identity of donors secret.

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— **Dr. Naomi Oreskes**
Professor, Harvard University

Fossil fuel executives also coopted existing groups to block climate action in Congress. They focused particularly on capturing big business trade associations. This tactic augmented the industry's web of manufactured denial groups with an array of existing industry associations whose broad membership suggested that they were speaking for the business community rather than just the fossil fuel industry. Trade associations are incorporated under section 501(c)(6) of the tax code, which also helps obscure donor identities.

The dogged work of investigative reporters and researchers has revealed details about this hidden funding, and allows us to draw these conclusions. However, most information about these front groups remains cloaked in secrecy. The full story is probably worse than we know; otherwise, why the persistent effort to hide it?

FRONT GROUPS. The Global Climate Coalition (GCC) was one of the first front groups created by fossil fuel executives. Founded in 1989 in the midst of the public's climate awakening, its members included oil companies—Chevron, Exxon, Mobil, Shell, and Amoco (now part of BP)—and trade associations like API, the National Association of Manufacturers, and the U.S. Chamber of Commerce.¹¹⁰⁷ The GCC's public position on climate change, belied by oil companies' own internal research, was that “there is no convincing evidence that future increases in greenhouse gas concentrations will produce significant climatic effects.”¹¹⁰⁸

The GCC worked to shape public opinion and to influence policymakers. As U.N. negotiations aimed at limiting carbon emissions gathered steam in Kyoto, Japan in 1997, the GCC spent \$13 million on a U.S. ad campaign against climate action.¹¹⁰⁹ State Department documents reveal that President George W. Bush eventually rejected the Kyoto Protocol “in part based on input from [the GCC].”¹¹¹⁰ As more details filtered out about the GCC and its role as a fossil fuel front group, it lost its usefulness and was disbanded in 2002.¹¹¹¹

The Heartland Institute is another prominent front group funded by the fossil fuel industry to sow doubt about climate science. Founded in 1984, Heartland promotes itself as a think tank. It originally advocated for policy positions at the behest of several industries, including the tobacco industry.¹¹¹² In the 1990s Heartland began to engage primarily in anti-climate work as donations from the fossil fuel industry ramped up.

In 2012, a Heartland campaign to attack climate scientists claimed that “the most prominent advocates of global warming aren't scientists. They are murderers, tyrants, and madmen.”¹¹¹³ The campaign featured billboards of Unabomber Ted Kaczynski, mass murderer Charles Manson, and dictator Fidel Castro.¹¹¹⁴

In 2017, Heartland sent more than 200,000 “textbooks” to schoolteachers across the country.¹¹¹⁵ These books purported to show that the science around climate change was uncertain and that even if climate change was occurring, it was not harmful.¹¹¹⁶ Who exactly paid to print and mail these 200,000 books is a Heartland secret.

Heartland's funding has become steadily more opaque. While it is known that Heartland has received funding from ExxonMobil, API, and groups associated with the fossil fuel billionaire Koch brothers,¹¹¹⁷ Heartland increasingly relies on middlemen acting as donor-advised charities for its funding. Donor-advised charities permit wealthy individuals and corporations to separate their identities from their donations, which are reported in the name of the supposed charity.¹¹¹⁸

A recent undercover investigation revealed the extent of donor-advised charity funding for Heartland. A senior official at Heartland told undercover reporters posing as auto industry lobbyists that the donor-advised charity Donors Trust provides between two thirds and three quarters of Heartland's budget for attacking climate science and obstructing climate action.¹¹¹⁹ The Heartland official told the "lobbyists" that if their client car company would fund Heartland, he would provide scientists to claim that auto emissions from fossil fuel combustion did not have negative health effects.¹¹²⁰ One of the scientists Heartland offered up to spread disinformation was Steve Milloy, who has a long history working for the tobacco and fossil fuel industries.¹¹²¹

These three front groups are a few among many. A scientific subspecialty has emerged studying the social, economic, political, and rhetorical aspects of the climate denial apparatus. Peer-reviewed reports in this field count fossil fuel front groups at well over 100, with different front groups activated and deactivated at different times.¹¹²²

FRONT GROUPS: HOW MAJOR BRANDS FUND CLIMATE DENIAL

The Competitive Enterprise Institute (CEI) is one of the most influential anti-climate front groups, with a long history of opposing efforts to safeguard the environment. CEI even opposed international action to phase out the chlorofluorocarbons (CFCs) responsible for the "ozone hole" in the atmosphere.¹¹⁶⁰ CEI claimed that phasing out CFCs would lead to huge cost increases for consumers and major reliability problems with cooling equipment.¹¹⁶¹ None of CEI's predictions came true when CFCs were phased out.¹¹⁶²

CEI's failed CFCs campaign provides a template for its current campaign against climate action. The CEI playbook is simple: muddy the waters, dispute the science, make wild claims about the costs of action, and ignore the costs of inaction. *America Misled*, a report on the disinformation campaign funded by fossil fuel interests, provides ample additional information on this climate denial playbook.¹¹⁶³

CEI's anti-climate campaign is run by Myron Ebell. Ebell has a long history of disputing well-settled climate science, including saying in 2005 that "we've always wanted to get the science on trial."¹¹⁶⁴ In 2006, CEI funded a TV ad campaign defending carbon pollution, by extolling carbon dioxide itself. The ads' tag line? "Carbon dioxide? They call it pollution. We call it life."¹¹⁶⁵ During the Obama presidency, CEI consistently opposed all of the administration's efforts to reduce carbon pollution.¹¹⁶⁶

When Donald Trump was elected, CEI went on offense. Ebell was chosen to lead Trump's transition team at EPA,¹¹⁶⁷ and he later proposed that a panel of "experts" under the National Security Council should promote alternative, non-scientific explanations of climate change.¹¹⁶⁸

CEI's anti-climate crusade costs money. In 2016, CEI reported having received over \$7 million in donations.¹¹⁶⁹ Because groups like CEI hide their donors, it is impossible to know precisely who funds it, but reporters have learned that CEI has received generous funding from fossil fuel companies like ExxonMobil, from the fossil fuel billionaire Koch brothers, and from the Koch-affiliated donor-advised charity, Donors Trust.¹¹⁷⁰ Fossil fuel interests are not the only ones funding CEI. The New York Times has publicly reported that corporations like Amazon, AT&T, Google, T-Mobile, and Verizon all fund CEI.¹¹⁷¹

Consumers have a powerful tool to effect change: image-conscious companies do not want to risk hurting their brands by association with climate denial and obstruction. Consumers are making clear to major brands that they will not tolerate companies supporting climate denial and obstruction, but this consumer power is thwarted by the covert nature of the climate denial and obstruction campaign.

TRADE ASSOCIATIONS. Over the last two decades, the top five spenders on lobbying have all been big corporate trade associations.¹¹²³ Trade associations do not just lobby. Some spend big money in political elections, some send lawyers to challenge agency rulemakings in agencies and courts, and some sponsor public relations campaigns to improve the public image of an industry. Some do all of the above.

Most trade associations are industry-specific. Coal mining companies and other mining interests are represented by the National Mining Association. Oil and gas companies have multiple trade associations representing their interests. The largest is API, which has spent more than \$120 million lobbying the federal government over the last two decades.¹¹²⁴ Other influential oil and gas trade associations include the American Fuel and Petrochemical Manufacturers, the American Gas Association, and the Independent Petroleum Association of America.

Some associations represent a broader coalition of business interests. The U.S. Chamber of Commerce and the National Association of Manufacturers (NAM) are two powerful trade associations with broad-based memberships made up of companies from diverse industrial sectors. With a large majority of their members from outside the fossil fuel industry, and with many members touting their own sustainability programs, one might expect these associations would not be hostile to climate action. Unfortunately, that is not the case. Dylan Tanner of the watchdog group InfluenceMap testified before the Special Committee that these groups “tend to adopt the lowest common denominator positions on climate of their most oppositional members.”¹¹²⁵ InfluenceMap found that the Chamber and NAM were the two most influential opponents of climate action, even more than fossil fuel industry trade associations such as API.¹¹²⁶

How did this happen? In our experience, industries use the Chamber to do their political work; so members do not look too hard at the Chamber doing other industries’ political work. Fossil fuel funding may explain the Chamber’s behavior, but it is hard to follow the money because of Chamber secrecy. The Chamber does not disclose its fossil fuel funding. Thus, the Chamber’s role as one of America’s worst climate obstructers came as an unpleasant surprise to many members.

“[Trade associations] tend to adopt the lowest common denominator positions on climate of their most oppositional members.”¹¹⁷²

— Dylan Tanner

Executive director and co-founder,
InfluenceMap

Figure 2: 10 Most Obstructive Trade Associations on Climate Policy

CLIMATE POLICY IMPACT SCORE	TRADE ASSOCIATION
-86.4	National Association of Manufacturers
-86.2	U.S. Chamber of Commerce
-81.5	American Legislative Exchange Council
-66.5	National Mining Association
-64.5	American Petroleum Institute
-60.9	International Air Transport Association
-41.2	European Chemical Industry Council
-38.1	American Coalition for Clean Coal Energy
-37.8	BusinessEurope
-33.6	Japanese Business Federation (Keidanren)

Adapted from InfluenceMap, December 2017

It is important to distinguish the U.S. Chamber from local chambers of commerce operating in communities across the country. Many local chambers have been promoters of clean energy development as an opportunity to bolster local economies and boost climate resilience.¹¹²⁷ The U.S. Chamber has taken a different tack and is focused almost exclusively on promoting fossil fuels.¹¹²⁸

As mentioned above, trade associations do far more than lobby. The Chamber, for example, is one of the largest spenders of undisclosed donations, or “dark money,” on elections ads. Its ads almost always support the candidate most opposed to climate action.¹¹²⁹ The Chamber is also a prolific litigator, having been a party or *amicus curiae* in hundreds of cases.¹¹³⁰ It frequently defends energy interests in court, and has sued the EPA more than any other agency, often to challenge agency actions limiting greenhouse gas (GHG) emissions.¹¹³¹

API, beyond its lobbying, spends large amounts of money on public relations advertising to burnish the image of the oil and gas industry. This year, it launched a seven-figure nationwide advertising campaign featuring the tagline “We’re on it.”¹¹³² These ads painted the oil and gas industry as taking responsible steps to limit GHG emissions, while API was busy lobbying to gut regulations that limit GHG emissions.¹¹³³

Trade associations, like the industry’s own front groups, provide the fossil fuel industry cover to distance itself from anti-climate lobbying and political influencing activities. The Honest Leadership and Open Government Act requires trade associations to either list their membership on their website or disclose the members that provide more than \$5,000 a quarter for lobbying activities and “actively participate in the planning, supervision, or control of such lobbying activities.”¹¹³⁴ Not all trade association comply with this requirement¹¹³⁵ and there has been little enforcement. Since trade associations typically do not disclose the identity of members funding their electioneering, litigation, or public relations efforts, it is usually impossible to determine which members are actually calling the shots behind trade association activities.

A flagrant example is the oil industry’s response to EPA’s proposal to roll back methane regulations. ExxonMobil, Shell, and BP, three of API’s largest members, all claimed they opposed EPA’s proposal; API supported it.¹¹³⁶ It is impossible for the public to tell if the oil majors’ opposition was genuine or if it was public relations, with their real message conveyed to the EPA by their trade association. Tom Donohue, CEO of the Chamber, once admitted: “I want to give [my members] all the deniability they need.”¹¹³⁷

TRADE ASSOCIATIONS: HOW MAJOR BRANDS FUND CLIMATE DENIAL

Many major companies talk a good game on climate. Many are also taking serious steps to reduce their own corporate carbon emissions. But emissions reduction efforts by corporations, universities, and other private actors can't produce the reductions needed to avoid the worst effects of climate change.¹¹⁷³ To reach our emissions reduction goals, federal action is necessary. For corporations, the most powerful tool in the fight against climate change is political effort.¹¹⁷⁴ Few make any. And many ostensibly pro-climate American companies fund trade associations like the U.S. Chamber of Commerce, giving their support to one of the most influential groups opposed to climate action.

The Chamber is by far the largest lobbyist in Washington, having spent more than \$1.6 billion lobbying the federal government over the last two decades. That is almost three times more than the next largest spender.¹¹⁷⁵ The Chamber has also been one of the largest dark money spenders on congressional races,¹¹⁷⁶ having spent almost \$150 million since *Citizens United*. Almost all was spent on candidates opposed to climate action.¹¹⁷⁷ Many of its ads attacked candidates for supporting good climate policies.¹¹⁷⁸

Look at the Chamber's record of opposing measures to reduce carbon pollution:

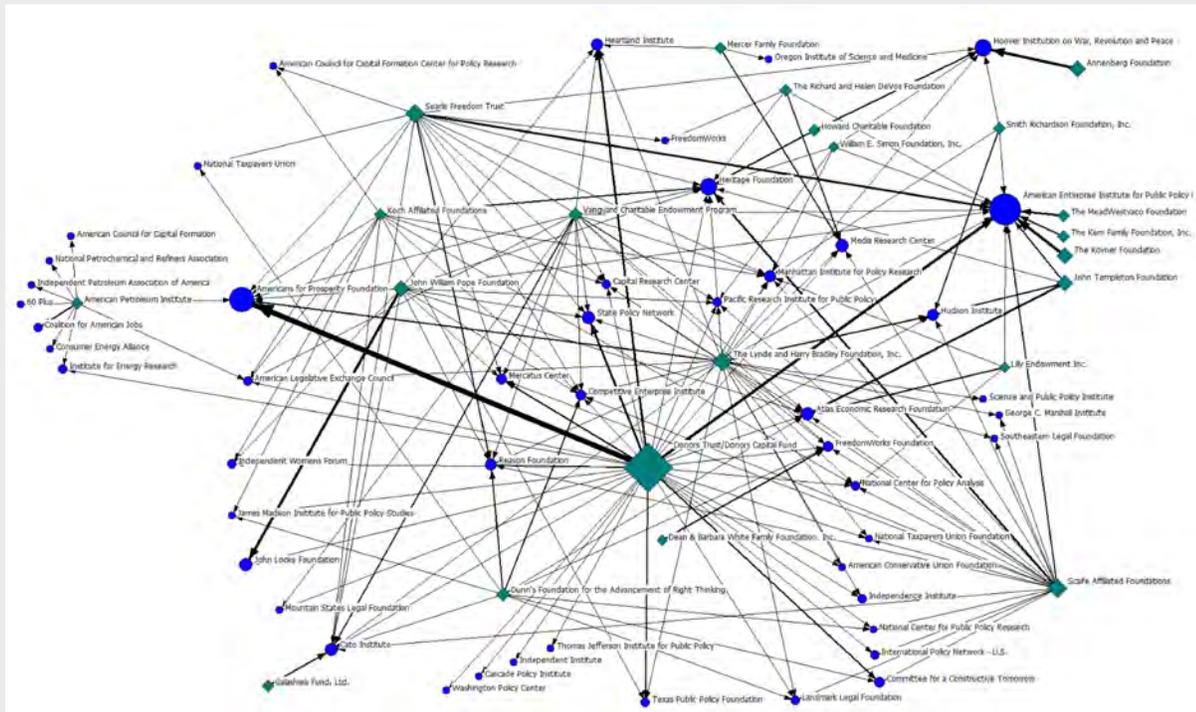
- In 2009, it was one of the lead opponents of the Waxman-Markey cap-and-trade legislation to reduce carbon pollution, which had bipartisan support.¹¹⁷⁹
- Having successfully killed the 2009 federal climate legislation, the Chamber next sued EPA in 2010 to overturn its finding that GHG emissions endanger public health and welfare.¹¹⁸⁰

- Beginning in 2014, the Chamber convened fossil fuel industry lobbyists, lawyers, and political strategists to plot legal strategies to oppose regulatory actions limiting carbon pollution.¹¹⁸¹
- In 2015, the Chamber led a coalition of trade associations suing to block EPA's proposed Clean Power Plan (CPP) to reduce carbon emissions in the electric power sector.¹¹⁸²
- In 2017, the Chamber funded a widely-debunked study critical of the Paris Agreement;¹¹⁸³ President Trump later cited this study in his justification for withdrawing from the agreement.¹¹⁸⁴
- In 2019, the Chamber intervened in the litigation challenging the Trump administration's plans to rescind the CPP and replace it with the so-called Affordable Clean Energy Rule, which would do nothing to reduce carbon pollution; the Chamber is supporting the administration's do-nothing rule.¹¹⁸⁵

This is what corporate America pays for through Chamber membership. A few companies have quit the Chamber over its anti-climate activities;¹¹⁸⁶ many more continue to fund the Chamber despite its role in climate obstruction.

Perhaps the most important unknown in this scheme is how much money fossil fuel executives directed to the Chamber in the last decade. The leading trade associations with records of climate obstruction appear not to have been asked by their member corporations for a full or public accounting of the associations' fossil fuel funding, nor for any review of the linkage between such funding and their organizations' records of climate obstruction.

Figure 3: The connections and flow of funding between climate denial groups in 2010. The size of the symbol and lines indicate the relative amount of funding.¹¹⁸⁷



The web of denial and obstruction

By the time *Citizens United* was decided in January 2010, fossil fuel executives had created and organized an astonishingly large array of front groups and trade associations to sow doubt about climate science and to obstruct climate action by policymakers. Yale professor Dr. Justin Farrell testified before the Special Committee that this network of anti-climate groups is made up of between 160 and 200 individual organizations.¹¹³⁸ This number fluctuates with time, as groups are created, dissolved, and then restarted under new names in a rolling shell game that makes it hard to identify who is actually behind the scheme.¹¹³⁹ ExxonMobil, for instance, funded 39 different anti-climate groups in a single year.¹¹⁴⁰

There is big money behind this operation. An analysis of 91 anti-climate groups revealed that they collectively reported more than \$7 billion in funding over an eight-year period, or more than \$900 million per year on average.¹¹⁴¹ The largest source of money from foundations for these groups was the Koch-affiliated identity remover, Donors Trust,¹¹⁴² and funding from donor-advised charities such as Donors Trust was increasing, perhaps as donors became more and more concerned about covering their tracks.¹¹⁴³ Research also shows that funding often flows through multiple organizations, creating a Russian nesting doll of anonymizing shells protecting the donors' identity.¹¹⁴⁴

This web of groups is a true network, with numerous connections among the groups and their funders.¹¹⁴⁵ The overlapping connections include donors, board members, staff, money flow, and mail drop addresses. It is not happenstance that scores of anti-climate groups all exist; it is by design. This network was created by fossil fuel industry leaders to create the illusion of an organic grassroots movement; and to have more shells to hide behind, creating a “front group whack-a-mole” apparatus; all to better mislead the public, the press, and policymakers.

A path to victory

If the United States Congress is to pass comprehensive climate legislation—legislation that will reduce carbon emissions to truly safe levels—stakeholders will need to address this fossil fuel-funded web of denial and obstruction. Members of Congress, outside stakeholders, and concerned citizens all have a role to play. There are three key tasks:

1. Expose the role of the fossil fuel billionaires, executives, and corporations in funding and organizing the groups trafficking in climate denial and obstruction, so the public is not fooled.
2. Reform federal laws and regulations to require greater transparency and reduce the influence of money, particularly dark money, to limit corruption in politics.
3. Alert industries supporting climate action to the danger presented by the fossil fuel covert political influence operation.

EXPOSE. There are several things Congress can do to expose fossil fuel industry funding. First, Congress should investigate which entities fund which groups. It is not in the public interest for powerful political forces to mount covert operations in America to subvert the operation of our own government. As congressional scholar Morton Rosenberg testified before the Special Committee, Congress has broad powers to conduct investigations and compel the production of evidence related to matters of legitimate legislative interest.¹¹⁴⁶

The legislative interests in such an investigation are legion. Understanding the extent to which fossil fuel executives and corporations fund tax exempt groups incorporated under sections 501(c)(3), 501(c)(4), and 501(c)(6) of the tax code would help Congress determine whether current laws governing campaign finance and lobbying adequately protect the public interest. Answering the question of who knowingly caused harm by delaying climate action will inform legislative efforts to assign the massive current and future costs of the climate crisis. Another legitimate inquiry is whether charitable 501(c)(3) organizations and 501(c)(4) social welfare groups are being inappropriately used not for public benefit but to further pecuniary interests of their funders.

Congressional committees could as a rule start requiring that witnesses from non-profit organizations disclose the funding their organizations have received from interests with a financial stake in the subject matter upon which they have been called to testify. Witnesses from trade associations and fossil fuel-funded front groups frequently testify before Congress on matters related to environmental and energy policy without such disclosure. Members and the general public cannot properly assess the motives and credibility of such witnesses, a point underscored by Dr. Oreskes' testimony to the Special Committee describing her experience testifying before a congressional committee with another witness from a fossil fuel front group.¹¹⁴⁷

REFORM. New regulations or laws requiring greater transparency would be helpful.

The Securities and Exchange Commission (SEC) should initiate a rulemaking to require registered companies to disclose all of their spending on political influence activities, including money funneled to trade associations and other politically active non-profits. In 2011, a bipartisan group of experts submitted a petition for such a rulemaking to the SEC.¹¹⁴⁸ Naturally, fossil fuel-funded front groups and trade associations, including the U.S. Chamber of Commerce, vehemently opposed this rulemaking.¹¹⁴⁹ Republicans in Congress swiftly inserted language into legislation funding the SEC to prohibit the agency from further work on this rulemaking.¹¹⁵⁰

Congress should pass legislation requiring transparency in political and election spending. It is wrong, and a recipe for corruption, when only the donor and the beneficiary and their agents know of massive, hidden political spending. Moreover, the problem of threats and promises is an incurable flaw in any regime allowing massive political donations and spending. In 2012, the Senate twice voted on cloture to advance transparency legislation; both times Republicans blocked it on a party-line vote.¹¹⁵¹ In the current Congress, political spending transparency provisions are included in H.R. 1, the For the People Act of 2019,¹¹⁵² which the House of Representatives passed in March 2019 on a party-line vote.¹¹⁵³ As of July 2020, Republican leadership in the Senate have refused to allow a vote on the bill.

Congress should update and enforce the Honest Leadership and Open Government Act of 2007 (HLOGA).¹¹⁵⁴ The law brought some needed transparency to lobbying, but much remains hidden behind legal loopholes and lax enforcement. Companies still use trade associations to dodge public accountability for their political efforts. And the U.S. Chamber refuses to comply with HLOGA's requirement that it disclose its members that pay for and direct its lobbying activities.¹¹⁵⁵ Not-for-profit organizations organized under sections 501(c)(3) and (c)(4) of the Internal Revenue Code issue policy papers and analyses that are not considered direct lobbying, but are drafted and used for lobbying purposes in Congress, all without disclosing their donors. Congress needs to ensure that big-dollar lobbying and other influencing activities are transparent; anything less than full transparency demeans the American citizen.

Anti-climate political strategy is largely based on deception and bullying. Tactics such as those put a premium on anonymity and obfuscation. Disastrous decisions like *Citizens United* constrain Congress's ability to limit special interest spending on elections, but Congress and independent agencies can at least expose the hidden spending to the public. The sunshine of transparency will help create a more honest and honorable government, and that will enhance the conditions for victory on climate, as it will require fossil fuel corporations and their executives to take ownership of, or abandon, the reprehensible tactics they have used to block comprehensive climate legislation. It is wrong for powerful special interests to operate covertly through a manufactured web of denial and obstruction.

ALERT. The fossil fuel industry enjoys direct and indirect subsidies that the International Monetary Fund has estimated at over \$600 billion per year in the United States alone.¹¹⁵⁶ To defend a prize like that, fossil fuel executives and their allies will spend whatever they need to spend to protect their interests. That includes both blocking legislation that would reduce their GHG emissions and blocking reforms that would disclose their covert political operation. With a \$600 billion annual

incentive behind their political influence activities, industry forces will never stop until good people and honorable corporate interests stand up to stop them. The incentives are just too strong for them ever to stop on their own.

This report documents the looming economic costs and risks associated with climate change. The prospect of “systemic” economic crashes gives some industries an incentive to mitigate climate change. Climate-exposed sectors such as insurance, banking, coastal real estate, and agriculture see their own danger becoming ever greater and ever clearer. Climate concern is therefore moving within many companies from the public relations and investor relations departments into the risk management and strategic planning departments. Corporate America increasingly realizes the massive costs it may bear associated with unmitigated climate change. As a result, tiny, tentative efforts have begun in pro-climate companies to exert political effort in Washington for climate action. To date, nothing serious has happened, but it seems that change is coming. Time is short, however.

The overall political stance of corporate America outside the fossil fuel sector has largely been hostile to climate action: there has been little positive interest or effort from companies; and the big trade associations, coopted by fossil fuel interests, have been powerful negative forces. The net political effect is overall corporate opposition to climate action. Corporations with good internal climate policies simply do not show up in Congress; fossil fuel forces do, remorselessly (and often anonymously). It’s hard to win a game when you do not show up; it is worse when you appoint as your agent a trade association who is working for the other team.

The Environmental Defense Fund (EDF) has pointed out that corporate America’s most powerful tool in the fight against climate change is its political clout.¹¹⁵⁷ Internal corporate sustainability measures alone will never avert the crisis. Federal climate action is necessary so no corporation can credibly claim to be a leader on climate and sustainability if it is not making sincere political effort to support climate action in Washington.

Pressure is mounting. A few investors have begun telling companies to assure that trade associations and other groups the companies fund align their climate advocacy with the Paris Agreement.¹¹⁵⁸ The Chamber, under pressure from members, has dialed back some of its more obvious anti-climate activities. Depending on how egregious the trade association misbehavior was, member companies may even face liability for due diligence failures at monitoring their trade association’s misbehavior. But well short of legal liability, the disconnect when a company touts its green bona fides while supporting climate obstruction presents reputational risk.

Imagine if the political polarities on climate change suddenly reversed. Imagine if the big trade associations were led by the science and the economics of climate change, not by fossil fuel money. Imagine how quickly Congress could act if powerful trade associations like the U.S. Chamber of Commerce and National Association of Manufacturers became advocates for serious pro-climate policies. Imagine if the powerful banking, agricultural, financial services, technology, and consumer products lobbies came in and demanded real climate action.

Corporate America need not imagine this. Corporate America can make it happen. When it decides to show up.