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**Think Tanks: Corporations' Quiet Weapon; Nonprofits' Studies, Lobbying Advance Big Business Causes**

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Derailing a multibillion-dollar federal plan to restore the Florida Everglades is just the kind of cause that suits Citizens for a Sound Economy, a conservative think tank that fights for smaller government.

But soon after the group took on the Everglades project in 1998, the Washington-based nonprofit got an incentive that went beyond the purely philosophical. It received \$ 700,000 in contributions from Florida's three biggest sugar enterprises, which stand to lose thousands of acres of cane-growing land to reclamation if the Army Corps of Engineers plan goes into effect.

The sugar contributions were never disclosed publicly but were outlined in internal CSE documents that detail how various corporate interests donated millions to the group to bankroll its efforts on issues of direct interest to them, from global warming to Florida tort reform.

Along with those earmarked contributions, from companies such as Exxon Corp. and Hertz Corp., the organization received more than \$ 1 million from Philip Morris Cos. at a time when CSE was opposing cigarette taxes. Phone company US West Inc. gave \$ 1 million as CSE pushed deregulation that would let US West offer long-distance service.

The documents, obtained by The Washington Post, provide a rare look at think tanks' often hidden role as a weapon in the modern corporate political arsenal. The groups provide analyses, TV advertising, polling and academic studies that add an air of authority to corporate arguments--in many cases while maintaining the corporate donors' anonymity.

"Corporations have discovered that funding of research, publications, media campaigns and other forms of advocacy on policy issues can serve as an adjunct to traditional corporate lobbying and political contributions," said James Allen Smith, author of a book about think tanks.

Others use harsher terms. "It's part of a rent-a-mouthpiece phenomenon," said Gary Ruskin of the Congressional Accountability Project. "There are mercenary groups that function as surrogates when industry feels it's not advantageous for it to speak directly."

CSE officials will not discuss specific donations, saying that disclosure could expose contributors to harassment by labor unions or other groups. CSE President Paul N. Beckner

strongly denies picking issues with an eye to their potential for luring corporate funds--or tailoring the groups' views to mesh with those of contributors.

"We aren't a group for hire," he said. "There's a bright line that defines our independence. There is only one position we can take on most issues: the one that means less government and lower taxes. We choose the issues we work on, and we decide how that money is expended."

While corporations are prohibited from contributing directly to political candidates, there are no restrictions on their giving to nonprofit organizations such as CSE whose advocacy may help their interests. And though lobbyists representing corporations must register publicly, nonprofit groups are not required to identify the corporations financing their lobbying work.

In recent weeks, CSE has thrown itself into the political campaigns in Iowa and New Hampshire, sending out grass-roots activists--clad in signature red jackets emblazoned with the organization's Web address on the back--to obtain candidate endorsements of its position against Internet taxation.

Such outright activism is not for every think tank. Some, such as the Heritage Foundation, will not accept money for specific projects for fear of appearing beholden to the interest that funded it. Others, such as the Cato Institute, take earmarked money but go beyond the legal requirements and identify major donors.

For example, the largest supporter of Cato's study of Social Security privatization is the U.S. insurance company AIG, which manages privatized retirement systems abroad and stands to benefit if--as Cato is recommending--such an option is put in place here.

But other groups, including CSE, use donations for specific projects without making public the names of their donors--raising questions even among some of their fellow think tanks. "A nonprofit which is doing work for a very clear interest ought to reveal that," said Urban Institute President William Gorham.

On the other end of the political spectrum, some left-leaning think tanks take money from similarly interested parties. For example, unions provided the seed money to start the Economic Policy Institute, which produces research on trade, wage and work-related issues.

CSE, founded in 1984, has become a particularly vocal and political group under the chairmanship of C. Boyden Gray, a Washington lawyer who served as President George Bush's White House counsel. Modeling itself on grass-roots groups such as the Christian Coalition and Ralph Nader's activist organizations, CSE has inserted itself into a number of fights with the Clinton administration and become an active force in state politics on issues from tort reform to labor.

The group has a foundation that can take tax-deductible contributions--used, for example, to finance its "education" effort in support of a California initiative requiring unions to get annual permission from members to use dues for political purposes. It has a nonprofit arm that can engage in even more extensive lobbying. This year, CSE is branching into explicitly electoral

politics; its board recently voted to set up a political action committee with a goal of raising at least \$ 1 million for favored candidates in 2000.

Critics--and even some business lobbyists--have previously said that CSE's "grass roots" activism has sometimes been, as National Journal wrote in 1996, "a fig leaf for corporate lobbying efforts." But the newly obtained internal CSE spreadsheet--whose information was verified independently with a number of corporations--offers the most precise illustration yet of the close fit between CSE funding and corporate interests.

It shows that Exxon Corp.'s \$ 175,000 for "global climate" issues arrived after Beckner dismissed the notion of global warming as "junk science." Huizenga Holdings' gift of \$ 75,000 went toward the battle for Florida tort reform legislation, which limited car rental companies' liability. The holding company manages the investments of Florida businessman Wayne Huizenga in, among other things, auto rental companies.

A CSE project on the New Jersey auto insurance market brought in funds from three insurance companies and two trade associations. The Association of American Railroads chipped in for a study of legislation that could force railroad companies to let other shippers use their tracks.

Several months after Microsoft Corp. committed \$ 380,000 to CSE's tax-exempt foundation last May, CSE officials lobbied in Congress to limit the Justice Department's budget for antitrust enforcement. CSE officials say their opposition to Justice's antitrust suit against Microsoft long predated the company's contribution.

CSE was founded by two free-spirited midwestern oil and gas tycoons, the brothers David H. and Charles G. Koch, principal owners of Koch Industries of Wichita. Foundations they controlled helped found Cato, CSE and other less-known think tanks committed to the Kochs' libertarian beliefs.

But although the Kochs and a stable of wealthy individuals and foundations have continued to provide a base of support, corporate contributions now constitute the bulk of CSE's income, which has grown from \$ 4 million in 1991 to \$ 15.5 million in 1998. According to the documents, General Electric and Publix Super Markets Inc. gave \$ 500,000 in 1998, and Emerson Electric Co., AlliedSignal Inc., and Johnson & Johnson provided \$ 200,000 each.

"Our goal is to build an army of grass-roots activists who believe in limited government and lower taxes," Beckner said.

CSE's Florida operations exemplify its activism.

CSE took in the sugar industry contributions--\$ 280,000 each from U.S. Sugar Corp. and Florida Crystals Corp., and \$ 140,000 from the Sugar Cane Growers Cooperative of Florida--from October to December 1998. That November, CSE Foundation issued a news release asserting that the Everglades project would cost \$ 120 per household in Florida and could result in the loss of 2,879 jobs. The foundation also released a poll concluding that the vast majority of Floridians did not support tax hikes to finance the project.

Describing CSE as the “voice of consumers for free enterprise,” CSE representatives in polo shirts with the CSE logo showed up at a series of local hearings on the plan. And in early 1999, CSE Foundation unveiled a study charging that a peer review panel appointed by Interior Secretary Bruce Babbitt lacked objectivity.

Meanwhile, sugar industry representatives kept a low profile, asserting publicly that, in principle, they supported the restoration plan. The Florida legislature approved a revised version of it last year, but hurdles remain, including congressional funding. The companies said they did not renew their contributions to CSE in 1999 because CSE’s outspoken criticism no longer reflected their position.

CSE officials, emphasizing their group’s independence, noted that, on a separate issue, CSE’s opposition to sugar import quotas is sharply at odds with the domestic sugar industry. But U.S. Sugar Corp. spokesman Robert Buker noted that CSE “has not been in the front row of the debate” over import quotas since it received industry funding. “We had a good dialogue with them,” he added.

The Everglades has been just one of CSE’s Florida projects. Jon L. Shebel, president and chief executive of Associated Industries of Florida, representing 10,000 businesses, credits CSE with helping enact the broad tort reform last year that was business’s top priority in the state.

“They’ve made a difference in Florida,” said Shebel. “We had a major war going on with the trial lawyers. At times [CSE] would take the TV, and we would take the radio. They have access to big dollars that we don’t have access to. . . . It’s added a new dimension.”

According to CSE documents, at least \$ 460,000, mainly in corporate donations, was earmarked for the project in 1998. The funds included the Huizenga contributions, \$ 25,000 each from Hertz Corp. and DaimlerChrysler AG, and \$ 10,000 from Dollar Thrifty Automotive Group.

“It was a meeting of the minds,” said Huizenga Holdings spokesman George Rizriet. “We trust that they’re going to do what they agree to do, which is to support the issue.”

When necessary, CSE displayed a willingness to use hardball tactics in pursuit of tort reform. Martin County, Fla., attorney Joseph Negron, a Republican, felt CSE’s bite last fall when the group ran a stream of TV ads in favor of his GOP primary opponent in a special election for state assembly. The ads branded Negron a “trial attorney,” and although they did not specifically urge a vote against him, the implication was clear that voters should back Negron’s opponent, who had pledged to protect the recently passed tort reform.

“Our political department orchestrated the whole thing,” said Associated Industries’ Shebel. “We called CSE and said here’s the plan, can you do something? They did TV. We did radio, direct mail and all the analytical work.”

“It’s a lethal way to go after somebody,” said Negron. “They can fly under the radar screen because they don’t have to give you notice. There are no limits, no restrictions and no disclosure. It’s put the fear of God in a number of Republican candidates.”