THE TOO POLITE REVOLUTION

Why the Recent Campaign to Pass Comprehensive Climate Legislation in the United States Failed

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INTRODUCTION

Passage of an economy-wide cap on greenhouse gas emissions has been one of the great, unrealized ambitions of the environmental movement of this generation. With the effects of global warming already in our midst, and environmental catastrophe very much a threat in this century, curbing man-made emissions of carbon dioxide, the gas that most significantly contributes to human-caused global warming, has become imperative. To this end, over the past two decades the U.S. environmental community has mounted a series of increasingly well-funded and organized efforts toward adopting federal legislation to cap and reduce greenhouse gas emissions. But such a comprehensive bill has proved elusive. In the past decade, more than twenty bills have been proposed in Congress to create an economy-wide, market-based carbon emissions cap; not one of them has become law. It is telling that when green groups point to their most recent federal legislative victory on any issue, it is the regulation of acid rain pollutants in 1990.

The 2008 presidential election was supposed to change all that. Though not a time-tested environmental ally, Barack Obama made clear he understood the threat posed by climate change, and as a candidate he named clean energy among his top domestic policy priorities. Obama, moreover, was a skilled organizer with the largest grassroots base of any president in history. "For the first time in decades, a President will enter office at the spearhead of a social movement he created," noted *Time* in January 2009. "He controls a 13 million-name e-mail list, which is nearly the size of the NRA and the AFL-CIO combined. Three million people have given him money; 2 million have created profiles on Obama's social-networking site. More than 1.2 million volunteered for the campaign, which has trained about 20,000 in the business of community organizing."[i]

With a Democratic majority in both the House and Senate under a Democratic president for the first time in fourteen years, a coalition of national green groups, backed by deep-pocketed funders, mobilized for what they believed was a historic opportunity. Among the chief members of the green group coalition were the Environmental Defense Fund (EDF), long a champion of a market-based carbon cap and the chief architect of the 1990 acid rain legislation; the Natural Resources Defense Council (NRDC); and the Pew Center on Global Climate Change. Together they prepared for what they hoped would be the decisive campaign to enact climate change legislation.

The policy vehicle the green groups put their efforts behind was a cap-and-trade system similar to one already in effect in the European Union.[1ii] Under such a program, the government places an economy-wide cap on greenhouse gas emissions and ratchets it down over a specified period of time. Individual polluters are issued permits corresponding to their allowable emissions. These permits can then be traded in a market exchange in which companies that do not fully use their permit allotments can sell them to companies whose emissions exceed their allotment. According to its proponents, cap and trade thus employs financial incentives for companies to move toward more efficient, lower carbon energy solutions.

It was, of course, no secret that because it imposes significant business costs, any kind of carbon emissions regulation in the United States would provoke vehement protest from major corporate emitters. For this reason, the oil, gas, and electric industries

[1] The European Union Emissions Trading Scheme, the first carbon dioxide cap-and-trade program of its kind, was launched in 2005 to meet greenhouse gas emission reductions outlined in the Kyoto Protocol. Although EU-ETS has since been criticized for failing to adequately raise the price on carbon and incentivize companies to move toward cleaner energy, these shortcomings were not as pronounced at the time that the U.S. green groups rallied behind cap and trade. The first three years of the EU-ETS were largely experimental, and while many components of the original policy were flawed (allowances were over-allocated, costs were unfairly passed along to consumers), the United States stood to benefit from the lessons learned.

knocked down an energy tax in 1993 and have since spent more than $3 billion in total lobbying dollars on Capitol Hill, in part to ensure that similar proposals do not get very far.[iii] Between 2003 and 2008, the fossil fuel industry helped defeat all three cap-and-trade bills that reached a vote on the Senate floor.[2] Opponents to climate legislation have also flexed their muscle in the international arena. Because of industry pressure, the United States never ratified the 1997 Kyoto Protocol. It is the only signatory not to have sanctioned what is the most significant global climate agreement to date.[3]

In this most recent legislative campaign, rather than move directly against industry interests, the green groups resolved to bring industry to the table—a strategy that would require a compromise solution. In 2007, major environmental organizations and corporations came together under the banner of the U.S. Climate Action Partnership (USCAP). By the close of 2008, this coalition comprised 32 members, among them five of the most prominent environmental advocacy groups in the country (EDF, NRDC, Pew Center on Global Climate Change, World Resources Institute, and the Nature Conservancy), along with major polluters, including some of the country's largest electric utilities, oil refiners, automakers, chemical companies, and manufacturers. USCAP aimed to present a united front strong enough to stand up to the organized, politically connected, and better-funded lobbyists for the coal, oil, and gas industries and electric utilities

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[2] The defeated bills include the Lieberman-McCain Climate Stewardship Act of 2003 (voted down, 55–43); the McCain-Lieberman Climate Stewardship and Innovation Act of 2005 (60–38); and the Lieberman-Warner Climate Security Act of 2008, which was sent back to committee after failing a cloture vote (sixty votes are needed to bring a bill to a floor vote, and this bill garnered 48; 36 senators favored prolonging debate).

[3] Under President George H. W. Bush, the United States signed and ratified the first such international treaty, the 1992 UN Framework Convention on Climate Change. Under President Bill Clinton, the United States signed the 1997 Kyoto Protocol, which outlined specific targets for greenhouse gas reductions; but the United States never ratified Kyoto, largely because China and India were not required to participate. In December 2011, Canada became the first country to withdraw from the international treaty.

arrayed against carbon regulation.[4] The companies were willing to come to the table because they wanted a hand in shaping what they believed was imminent legislation. They also sought to head off the U.S. Environmental Protection Agency (EPA) from asserting its authority to regulate greenhouse gas emissions.

But despite passage of a cap-and-trade bill in the House of Representatives in June 2009—itself a historic achievement—no such legislation ever made it to a floor vote in the Senate during that Congress. By mid-2010, after several attempts at crafting a bill had failed, the campaign was officially declared over. Given the backlash felt by House members who had cast a tough vote only to see it come to naught, the Senate's inability to pass even a compromise bill effectively killed prospects for any comprehensive carbon cap in the near future and perhaps longer. Today, more than two years after that failure, the environmental community finds itself even further from its goal of passing an economy-wide carbon cap than before President Obama's election. Not only is there no cap, but the EPA, the primary arm of government for the regulation of greenhouse gas emissions, has been under attack in the House and Senate where Republican leaders have argued that such oversight is costly and burdensome to domestic economic growth. Under particular threat is the Clean Air Act, the landmark 1970 federal bill to curb air pollution. Heading into his reelection campaign, even the president himself made several decisions to override the EPA's authority.[5iv]

[4] In the two years leading up to Obama's 2009 inauguration, the electric utility and oil and gas industries spent nearly $492 million in total lobbying dollars, compared with approximately $35 million spent by the green groups, according to the Center for Responsive Politics. The disparity was amplified by lobbying restrictions on nonprofit organizations.

[5] While in December 2011 Obama adopted new EPA rules limiting mercury emissions, in August that year as he geared up for his reelection effort, he signaled he would approve a controversial expansion of the Keystone XL pipeline project that would transport heavy crude oil from Canadian tar sands to refineries in Oklahoma and Texas. In early September 2011, under pressure from industry groups, Obama shelved plans

This report was commissioned by the Rockefeller Family Fund with the intention of looking back at the political and strategic assumptions that drove this latest campaign for a climate bill. We recount how cap and trade became the default policy vehicle for the green groups and their funders, primarily because of their faith in the economic and technical soundness of the model, the appeal of its "market-based" approach, and their unwavering belief that a solution based on compromising with industry was their best hope to achieve legislative success. We then trace the legislative battle in the House and Senate in 2009 and 2010 and conclude with an analysis of the campaign and a look at what the green groups have learned from its failure.

We were given full editorial freedom in preparing this report. Our research included interviews with more than seventy-five stakeholders from all sides, including the heads and senior staff of the major green groups, legislative staffers in the House and Senate, major players in the environmental funding community, and members of the USCAP coalition, as well as environmental activists and industry groups. Unless stated otherwise, the term "green groups" refers to those national environmental organizations that spearheaded this recent climate legislative effort, primarily EDF, NRDC, Pew Center on Global Climate Change, World Resources Institute, and the Nature Conservancy (all of which were members of USCAP), the National Wildlife Federation (which was a USCAP member but dropped out in early 2009), and the Sierra Club, League of Conservation Voters, and Alliance for Climate Protection (which were not USCAP members but supported its efforts to cap carbon emissions).[6]

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to tighten Bush-era smog standards. Going against the recommendation of EPA scientists, the White House argued that stricter oversight at that time would slow the nation's economic recovery and growth.

[6] References to "green groups" are distinct from the loose association of the approximately thirty national environmental groups known as the "Green Group." In addition, two of the green groups discussed in the

Our reporting found that while significant external factors contributed to the bill's failure—namely a souring economy marked by rising unemployment, a well-entrenched opposition, a sharp rightward shift in the Republican Party base, and the president's choice of health care as the major legislative priority of his first term— the green groups also made tactical errors that diminished their chance of success. They failed to anticipate the intensity of the backlash against the favorable House vote in 2009; they launched their Senate campaign too late to garner the sixty votes needed to bring the bill to a vote; and they proved misguided in assuming that the Obama administration would aggressively champion the bill in Congress.[7]

The green groups' strategy in forming the USCAP coalition was shaped by a belief that whatever victory they achieved would be modest and incremental. Repeated failed attempts at passing carbon cap legislation had primed the environmental groups to seek a compromise from the start. The resulting cap-and-trade proposal was brokered among a small group of stakeholders and was largely absent of broad-based, grassroots support. We found that the diminished role of the grassroots in the climate campaign was no anomaly. Rather, it reflects a fundamental structural disconnect within the environmental community between the national green groups based in Washington, D.C., whose focus is on an inside-the-Beltway approach, and a panoply of local, state, and regional organizations whose efforts rely heavily on coalition building and the engagement of an active citizenry.

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report have changed their names: the Pew Center on Global Climate Change is now the Center for Climate and Energy Solutions, and the Alliance for Climate Protection is now the Climate Reality Project. We refer to both organizations by their former names, which were in effect until 2011.

[7] In order to overcome a filibuster that could block or delay a vote on a bill, Senate rules require sixty votes for passage of a cloture motion that would limit debate on proposed legislation. Passage of a bill then requires a straight majority vote in the full Senate.

In keeping with this disconnect, the bulk of the money that financed the cap-and-trade campaign came from a small cadre of wealthy hedge fund owners and foundations headquartered primarily in California. This underscored the green groups' reliance on a few large stakeholders rather than on a wide array of on-the-ground supporters. As our report will show, these major funders pooled their resources and coordinated their strategies leading up to the climate campaign. While this may have been done with the intention of marshaling their finances toward a singular goal, it also had the effect of drawing advocacy groups to a preordained mission, rather than trusting the groups to use their ingenuity and expertise to seek out solutions on their own.

In addition, the organizational structure of the green groups and their funders prevented them from lobbying with the same freedom as their corporate adversaries.[8] Private foundations, like those that contributed major funds to the green groups involved in cap and trade, are permitted to fund advocacy campaigns (educating lawmakers and the public about market mechanisms that curb carbon emissions, for example) but are prohibited from earmarking donations for lobbying or from engaging in lobbying themselves.[9] While the recipients of foundation grants are not as a rule restricted from lobbying, the green groups that spearheaded the cap-and-trade campaign are mostly 501(c)(3) charitable organizations, which observe strict lobbying limitations of their own

[8] Lobbying activities include direct lobbying and grassroots lobbying. Direct lobbying is generally defined by the IRS as a communication to a lawmaker or legislative staff member that is intended to influence a specific piece of legislation. Grassroots lobbying is outreach intended to encourage members of the public to contact elected officials to get them to support or oppose legislation.

[9] In addition to making general support grants that are not earmarked for lobbying (but that to a certain degree can be used by grantees for lobbying), private foundations can make specific grants for projects that do include lobbying. In the case of these specific grants, however, the amount the foundation gives cannot exceed the projected non-lobbying portion of the project.

in order to maintain their federal tax-exempt status.[10] As a result of these prohibitions, the green groups were constrained from lobbying lawmakers on the House and Senate bills, a handicap in such a complex and contentious legislative effort. Perhaps most damaging to the climate bill campaign was that Internal Revenue Service (IRS) tax laws bar organizations with 501(c)(3) status from spending money to support or oppose political candidates. While the green groups may have invested unprecedented funds to engage lawmakers in conversations about cap and trade, their inability, as mostly tax-exempt entities, to spend money on political campaigns weakened their influence on Capitol Hill.

OPPORTUNITY OF A GENERATION, OR WAS IT?

Elections are about change, and this election offers us the greatest opportunity we have ever had to change course on global warming.

—Fred Krupp, president of Environmental Defense Fund, November 2008

With both major party candidates—Barack Obama and John McCain—signaling they would place a cap on carbon emissions, the 2008 presidential election was widely viewed within the environmental community as a historic opportunity. To environmentalists, this was a welcome reprieve from President George W. Bush, who said of global warming, "there is a debate over whether it's manmade or naturally

[10] Organizations with 501(c)(3) status are permitted to lobby for legislation to a limited degree (so long as that lobbying does not comprise a substantial portion of the organization's activities and expenditures; the law is vague on what constitutes this "substantial" part) and are attractive to donors because contributions to these organizations are tax-deductible. While such lobbying would not have been insignificant in the cap-and-trade campaign (according to their 2009 IRS filings, EDF spent $896,377 on lobbying and NRDC spent $768,037), the influence of such expenditures was limited because 501(c)(3) groups are prohibited from spending money on political campaigns. In contrast, 501(c)(4) groups—including some of the current super PACs—are permitted to lobby lawmakers and engage in political activities (so long as those are not the organization's primary activity), but contributions are not tax-deductible, making them less attractive to donors. A number of the 501(c)(3) groups supporting cap and trade had affiliated 501(c)(4) organizations, so-called action funds, that lobbied on the issue.

caused."[v] McCain had already co-sponsored three climate bills to address global warming, most recently in 2007. Obama, too, was considered someone who recognized that human-sourced carbon emissions were contributing to global warming. During the campaign he consulted with such climate and energy scientists as Daniel M. Kammen, a University of California, Berkeley, expert on renewable energy, and John Holdren, a Harvard University physicist and environmental policy professor whom Obama would later appoint as White House science and technology adviser. While on the campaign trail in October 2007, Obama had called for a graduated cap on carbon dioxide emissions and a 100 percent auction to sell off so-called pollution credits to companies. "No business will be allowed to emit any greenhouse gases for free," he pledged.[vi]

Despite the efforts of climate change deniers, evidence has been firmly established that human beings contribute to global warming. Scientists are in overwhelming agreement that global temperatures have been rising since preindustrial days due to the man-made production of greenhouse gases that trap heat in the atmosphere. By the end of this century, global temperatures are projected to rise between 2.0 and 11.5 degrees Fahrenheit.[vii] Even such incremental change can have catastrophic consequences globally: as glaciers and ice sheets melt, sea levels rise; extreme weather events become more frequent; and global warming forever alters Earth's composition and ecosystems.

Carbon dioxide, or CO_2, comprises the lion's share of man-made emitted greenhouse gases—as much as 84 percent in the United States in 2010, according to the EPA—and has one of the longest life spans of any greenhouse gas in the atmosphere.[viii] While most is released in natural processes like plant and animal respiration, the alarming rise in global emissions is largely the result of burning oil, coal, and other fossil fuels, as well as from transportation and deforestation. Atmospheric carbon dioxide, has risen from 280 parts per million (ppm) in preindustrial days to more than 390 ppm today, and scientists estimate that at the current trajectory the world could be well on the way to double that figure by 2100.[ix] In its widely cited 2007 report, the Intergovernmental Panel on Climate Change (IPCC) states that the "warming of the climate system is unequivocal" and that most of this rise since the mid-1900s is "very likely due" to the increase in man-made greenhouse gas emissions.[x] To limit global warming to no more than 3.6 degrees Fahrenheit above preindustrial levels—a danger threshold upheld by the European Union and others, beyond which there is a significant risk that the climate would experience irreversible damage—the IPCC assessed that global greenhouse gas emissions would have to be stabilized at 445 ppm of CO_2 or its equivalent.[xi] To prevent further climate change, and to reverse the damage already done, climate scientists, led by James Hansen at the National Aeronautics and Space Administration's Goddard Institute for Space Studies, advocate reducing the amount of global atmospheric CO_2 to at most 350 ppm.[xii]

Recognizing the danger, beginning in the early 1990s Finland, Sweden and other European nations developed policies aimed at curbing carbon emissions. The primary mechanism they chose was a tax on carbon emissions or on CO_2-emitting sources such as motor vehicles, with the aim of disincentivizing emissions and spurring technological innovation. The United Kingdom followed suit in 2001, as did Canada's second- and third-most-populous provinces, Quebec and British Columbia, in 2007 and '08.[xiii] The first cap-and-trade system, which replaced some of these taxes, took effect in the European Union in 2005.

But in the United States, the world's second-largest carbon polluter behind China, calls for a carbon or energy tax have been fiercely opposed.[11][xiv] For the United States to act in accordance with the IPCC's most stringent climate stabilization scenario for developed countries, national greenhouse gas emissions would have to be cut, to 25 to 40 percent below 1990 levels by 2020 and to 80 to 95 percent below 1990 levels by 2050.[xv] Such reductions would come at a cost to the fossil fuel–burning companies that contribute the majority of U.S. human-generated carbon emissions. Along with coal and oil producers, these companies have formed one of the most powerful political lobbying blocks in Washington. The economic complexity of the reductions is made more difficult by an increasingly partisan approach by lawmakers on the issue of climate change in general. While Democrats generally support action to combat climate change, resistance has become entrenched in Republican ideology and denial that climate change is either man-made or exists at all has spread among the GOP faithful.[12]

Yet even as political leadership remained divided as Obama took office, the public was becoming increasingly alarmed by the dangers of climate change. In 2007, a Yale University, Gallup, and ClearVision Institute poll found that more than two-thirds of Americans believed global warming is the consequence of either "mainly" human

[11] In 1993, Congress debated a budget bill that included an energy tax—known as the "Btu tax" after the British thermal unit, the measure of energy it proposed to regulate. The proposed tax was met with such hostility that while it passed the House (219 to 213), it was considered a factor in the defeat of twenty-seven of its House Democratic champions in the 1994 elections, when Republicans reclaimed the majority for the first time in forty years. With such a marked failure, the green groups and politicians concluded that backing a pure energy tax would be extremely risky.

[12] According to a 2010 study by the Pew Research Center for the People & the Press, most Democrats (79 percent) believed that there is "solid evidence the Earth is warming," while most Republicans (53 percent) do not.

behavior or "equally by humans and natural changes."[xvi] A Yale poll the same year reported that 74 percent of Americans would be in favor of their city or local government acting on climate change, even if it meant paying more for certain services.[xvii]

The green groups saw the confluence of scientific urgency, Obama's presidential victory, and rising public sentiment as a tremendous opportunity. Awareness was helped along by *An Inconvenient Truth*, the widely viewed documentary on Al Gore's effort to educate people about climate change. In 2008 Gore's Alliance for Climate Protection rolled out the "We" media campaign, a three-year, $300 million effort by the Martin Agency advertising firm. The goal of the campaign was to galvanize ten million volunteer activists in support of climate legislation.[xviii] But rather than reach out to communities and advocacy groups across the country through on-the-ground organizing, the alliance focused on large media purchases, especially on television. By circumventing the state and local level grassroots organizers that had been concerned with climate issues for years, the Alliance for Climate Protection and other national groups campaigning for climate change legislation failed to tap into a potentially powerful source of support and field strength to get their message out.

Most social movements in U.S. history such as women's suffrage, labor, and civil rights have, by contrast, successfully mobilized the public. The roots of American environmentalism are found in the conservation movement that emerged at the turn of the twentieth century, inspired by Ralph Waldo Emerson, Henry David Thoreau, and other naturalists and philosophers who championed the preservation of nature for its own sake. The Sierra Club and National Audubon Society and other early conservation groups were members-only clubs dominated by wealthy men (as was commonplace at the time, some local organizations also had official whites-only policies). Their primary focus was on such issues as the preservation of vast tracts of wilderness and animal protection, a task they accomplished by old-school elite lobbying the elite. John Muir, who founded the Sierra Club in 1892, for example, persuaded President Theodore Roosevelt to introduce a bill that would make Yosemite a federal park by inviting him there for a hike in the spring of 1903.

It was more than six decades later, in the late 1960s and early 1970s, that a mass component of public involvement emerged on environmental issues, particularly health concerns over toxics and pesticides. The twenty million Americans who participated in the first Earth Day in 1970—considered by historians as a watershed moment in the modern environmental movement—proved that a vast public constituency was concerned about the environment. Much of this rising awareness centered on industrial pollution, which was brought to mainstream attention by Rachel Carson's seminal 1962 work, *Silent Spring*.[13] Carson's book served as a catalyst for environmental activism and set the stage for such landmark legislation as the Clean Air Act of 1970 and the Clean Water Act of 1972. Along with mounting environmental disasters such as the 1969 ignition of the polluted Cuyahoga River, increased calls for regulating industrial toxins helped lead to the passage of the National Environmental Policy Act of 1970. Over the next decade the environmental movement became a political force as twenty-three federal environmental acts were signed into law, including the Endangered Species Act of 1973, the Safe Drinking Water Act of 1974, and the Superfund act of 1980 to clean up toxic sites.[xix]

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[13] Although it received less attention, Alice Hamilton's *Industrial Poisons in the United States*, published in 1925, was an even earlier example of groundbreaking work in urban environmental health.

During the late 1960s and early 1970s, a new crop of environmental advocacy groups and law firms emerged at the forefront of the environmental movement. With the help of a favorable judiciary, the Environmental Defense Fund (EDF), the Natural Resources Defense Council (NRDC), and the Sierra Club Legal Defense Fund (SCLDF) successfully sued both industry and the government to enforce environmental legislation. But these successes were stalled and even rolled back during the Reagan administration, which took an unequivocal anti-environmental stance and appointed conservative judges to the bench. Reagan's choice to head the Department of the Interior, James Watt, decried "the power and self-righteousness of Big Environmentalism," while EPA enforcement actions decreased by almost 70 percent during Reagan's first year in office.[xx] In response to rising evidence of ozone depletion and cancer risks from ultraviolet radiation, Reagan's third Interior secretary, Donald Hodel, advised the president to urge the public to wear darker sunglasses and stronger sunscreen.[xxi] "People who don't stand out in the sun—it doesn't affect them," Hodel told the *Wall Street Journal* in 1987.[xxii]

During the 1980s the environmental organizations managed to vastly increase their membership base, largely in response to Reagan's positions on the environment and mounting public concerns over issues like toxic pollution. The majority of voters in the 1988 presidential election considered the environment a top priority for the next president.[xxiii] According to a 1989 Gallup poll after the Exxon Valdez oil spill, 76 percent of Americans considered themselves "environmentalists."[xxiv] Yet rather than capitalize on public support for clean air and clean water, the green groups consolidated their resources and moved en masse to Washington where they increasingly focused on an inside-the-

Beltway approach of lobbying Capitol Hill directly—albeit with a fraction of the resources of their well-heeled industry opponents.[14]

At the core of this move to Washington was a handful of national green groups—among them EDF, NRDC, and the National Wildlife Federation—that in 1981 formed what they dubbed "the Group of 10" to coordinate their strategy. Meetings were attended on the CEO level, and organizations were invited to join based on their access to members of Congress (thus excluding groups like Greenpeace that were more oriented toward direct action), an indication of a focus on legislative compromise rather than a more adversarial approach. In 1986 the group published its first significant position paper, "An Environmental Agenda for the Future," in which it identified overpopulation as the "root cause" of environmental problems, while eliding more politically sensitive sources of environmental destruction such as nuclear and petrochemical pollution.[xxv] The first big legislative success spearheaded by members of the Group of 10 came early in the presidency of George H. W. Bush. In 1990 his administration pushed through amendments to the Clean Air Act, including a cap-and-trade system to limit sulfur dioxide emissions—a victory that would go on to serve as a template in coming decades for federal carbon cap efforts.

Yet virtually no major federal legislation has passed since then, and over the past fifteen years, some advances have even been rolled back. During George W. Bush's presidency, the White House gutted parts of the Clean Air Act and Clean Water Act and

[14] While the green groups largely failed to activate the potential of grassroots environmental support, corporate America was quick to exploit it. Old-guard groups such as the National Wildlife Federation and the National Audubon Society were apprehensive about the environmental focus of mass gatherings like the first Earth Day in 1970, fearing they would distract from conservation issues. Meanwhile, Monsanto and British Petroleum saw the value in branding themselves "green," and by 1990 the corporations were co-sponsoring and underwriting Earth Day events in cities across the country. See pages 25 to 27 of Mark Dowie's 1995 book, *Losing Ground: American Environmentalism at the Close of the Twentieth Century*.

reduced funding for the cleanup of toxic Superfund sites. According to an analysis of environmental policy achievements published in fall 2011 in the Environmental Law Institute's *Environmental Forum*, the most significant accomplishments occurred between 1970 and 1974.[15] An increasingly partisan congressional voting record has emerged on environmental issues ever since, with Republicans showing decreasing support for environmental legislation (voting in support 27 percent of the time in 1973, 19 percent in 1994 and 10 percent in 2004), and Democrats increasing their support (voting in support on the same issues 56, 68, and 86 percent of the time over those same years).

The environmental groups' move to Washington is significant in that the key victories in the movement since the early 1970s have often occurred at the local and state levels, in many cases waged by grassroots organizations. A prime example is the environmental justice movement that emerged in the United States in the late 1970s with a focus on toxic pollution and characterized by strong activist work at the community level. The movement was catalyzed by outrage over an epidemic of serious illnesses at Love Canal—a neighborhood in upstate New York that had been built on landfill covering a chemical company dumpsite. The resulting mobilization triggered countless similar protests against environmental polluters across the country. It also led to an enduring movement against toxic wastes and the formation of such groups as the Citizens Clearinghouse for Hazardous Waste, an umbrella organization that by 1988 represented nearly five thousand grassroots, anti-toxic groups throughout the country.[xxvi]

[15] The analysis was based on a survey of 240 professionals with backgrounds in law, science, and public policy who were asked to rank U.S.-oriented environmental policy accomplishments since 1970. Among the top-ranked achievements were the creation of the EPA, the Clean Air Act, the Clean Water Act, and the Endangered Species Act.

These battles, however, occurred largely without the participation and financial or logistical backing of the national green groups. The lack of engagement between the major environmental organizations and a mass grassroots constituency has remained emblematic of the environmental movement to this day (which calls into question whether the environmental movement, at least as defined by the big green groups, should even be called a "social movement" in the tradition of the civil rights and antiwar movements). Moreover, despite representing the largest constituencies of any civic organizational category in the country—an estimated ten million strong[xxvii]—membership and participation among the national green groups has remained mostly passive. According to Robert D. Putnam's 2000 book, *Bowling Alone*, more than half of the Environmental Defense Fund's members said in a survey, "I don't really think of myself as a member; the money I send is just a contribution."[xxviii]

The strategy to pursue change through access to Congress has become the major focus of the big greens. Viewed in this light, the so-called opportunity of a generation to pass a cap-and-trade bill may well have been just the latest effort in a long-term strategy that has rarely borne fruit. For climate legislation, there was "a theory of change based on 'just get something,' " said Betsy Taylor, former board president of 1Sky, a grassroots coalition campaign of hundreds of organizations seeking climate legislation.[16]

USCAP—THE ULTIMATE COMPROMISE

We knew going in that the environmental community could not lift this across the finish line, that there would have to be other partners, that the way the business community

[16] In April 2011, 1Sky was merged into 350.org, an international environmental organization that organizes grassroots campaigns to combat climate change.

looked at this was going to be a critical element to whether it's successful or not. … We didn't care what the model was. We cared about the outcome.

—Frances Beinecke, president of Natural Resources Defense Council

In January 2009, five days before Obama was sworn into office, a coalition of major environmental organizations and corporations unveiled a blueprint for legislative action that called for an economy-wide cap on carbon emissions. Members of the alliance, known as the United States Climate Action Partnership, included the country's most influential environmental advocacy groups, led by the Environmental Defense Fund, Natural Resources Defense Council, and the Pew Center on Global Climate Change. USCAP businesses represented more than two dozen leading companies, among them some of the country's biggest corporate polluters: General Electric, Dow Chemical, Alcoa, ConocoPhillips, BP, Shell, and DuPont.[xxix]

By bringing industry to the table, the environmental groups aimed to broker a deal with traditional adversaries, and as a result, show lawmakers on Capitol Hill that there was industry support for carbon regulation. The green groups were banking on the political power of the major corporations to sway members of Congress, especially those from states where coal was produced or consumed, to support a climate bill. The corporations, meanwhile, had watched rising public awareness of climate change and believed comprehensive carbon regulation was imminent.[17] Naturally, the businesses wanted a hand in shaping whatever federal legislation might be crafted. "You're either at the table or on the menu," said Michael Parr, senior manager of government affairs at DuPont, one of the founding USCAP companies.

[17] This was decided on April 2, 2007, in the Supreme Court case *Massachusetts v. Environmental Protection Agency*, under which the EPA was found to have the authority, and in fact, duty, to regulate carbon dioxide and other greenhouse gases as air pollutants under the Clean Air Act.

The coalition, which required CEO-level participation of its member organizations (and an annual membership fee of as much as $100,000),[18] was rooted in conversations that began in 2004 between World Resources Institute President Jonathan Lash, EDF President Fred Krupp, and General Electric CEO Jeffrey Immelt. At the time, GE was preparing to roll out its "ecomagination" initiative to invest in eco-friendly technologies and products—an effort Lash had consulted on—and Krupp urged Immelt to consider a market-based system for regulating emissions with a mandatory cap. Immelt believed tougher emissions regulations were inevitable and recognized that his company, the country's largest wind turbine manufacturer, stood to reap billions of dollars moving toward alternative energy. DuPont, another charter member of the coalition, manufactured fourteen of the products that went into each GE turbine.[xxx] At the launch of ecomagination in 2005, Immelt publicly stated that targeted emissions reductions "are helpful because they drive innovation."

By 2006, according to Eric Pooley, author of *The Climate War*, Immelt had met with Krupp and Lash to tell them he was ready for a coalition that would call for climate legislation. "How do we move this forward?" he asked. What emerged was a plan to bring the business and environmental community together to agree to a set of emissions standards under a mandatory economy-wide cap. The coalition's goals and prospective invite list were hammered out over a dinner in late 2006 among GE executives, Krupp, Lash, and leaders at the Pew Center on Global Climate Change, whose founder, Eileen Claussen, had already organized a council of corporations to strategize on how to deal with climate change. An early key member in the coalition was Jim Rogers, CEO of Duke Energy, which operated twenty coal-burning power plants in the United States and

[18] This figure was reported by multiple sources, including the *Washington Post*.

also had extensive holdings in nuclear power. To get Duke, one of the most powerful utilities, on board with carbon cap and trade signaled to lawmakers that industry was ready for legislation.[xxxi]

While partnerships between environmental groups and businesses had been forged in the past (EDF in particular is known for brokering compromises with industry), the scope of USCAP was unprecedented.[xxxii] The ten founding USCAP corporations were among the largest publicly held companies in America. Half were in the Fortune 100, and if they were not direct providers of fossil fuel energy, as Duke was, most had a stake in a clean energy future as major carbon emitters or manufacturers of energy-related materials. Over time the coalition brought in additional members, among them other utilities that relied on coal-fired power plants, such as NRG Energy, as well as automotive, manufacturing, and oil companies, creating broader support.

The benefit of cap and trade, according to its proponents, was that it was an attractive model for all stakeholders. The green groups liked that it placed an actual cap on carbon, something that had never been done before. The corporations liked that it created a single market-based policy that would trump EPA regulation of greenhouse gases—bureaucratic oversight that was subject to change from administration to administration—and preempt states from implementing their own carbon policies.[19][xxxiii] Republican leaders whom the USCAP coalition hoped to sway to its side could vote for it because it was, in its purest form, a market-based solution that had its roots in the first Bush administration. Most importantly, in order to gain the support of lawmakers, cap and trade did not appear to be a tax, something that the green groups had long ago come

[19] In a 2007 earnings call, Jim Mulva, CEO of USCAP member ConocoPhillips, noted, “We don't want to see 50 different states coming up with their own program on addressing climate change.”

to regard as a nonstarter, a lesson learned painfully through the failed 1993 Btu energy tax.

The idea of a market-based emissions cap was itself nothing new. The model first gained currency in environmental policy circles in the 1980s during Ronald Reagan's presidency, when it was implemented to phase out the presence of toxic lead in gasoline in lieu of "command and control" approaches, such as having the EPA mandate a reduction in the concentration of lead in gasoline (which the agency did several times in the 1970s). Later, President George H. W. Bush, making good on a campaign promise to swing-state environmentalists to reduce sulfur dioxide emissions from coal-fired plants, adopted the cap-and-trade model in the 1990 Clean Air Act Amendments—thereby curbing noxious acid rain, which had been a persistent and growing problem in the United States and Canada.[xxxiv] Fred Krupp's Environmental Defense Fund was a pivotal player in drafting the acid rain legislation, and much as he would do decades later, Krupp found himself partnered with Duke's Jim Rogers (who was at that time CEO of PSI Energy). Acid rain legislation was a success: sulfur dioxide pollution was reduced by 64 percent at a fraction of the estimated price.[xxxv] In the years leading up to USCAP, green groups such as EDF advocated for cap and trade to become the policy of choice for curbing greenhouse gas emissions, both domestically and on the international level, starting in 1997 when cap and trade was adopted under the Kyoto Protocol. In the United States, regional cap-and-trade programs for climate change had been proposed in the northeastern states (in 2003) and California (in 2006).

And yet, since the 1990 Clean Air Act Amendments, not a single cap-and-trade proposal has passed into law at the federal level. The overwhelming majority of carbon emissions in the United States are generated by the burning of fossil fuels, particularly coal, which accounted for 38 percent of the nation's electricity in 2012.[xxxvi] The United States has around five hundred coal-fired power plants, many of which are located in the Midwest and South.[xxxvii] Congressional representatives from these regions have historically taken a conservative, if not adversarial, approach toward environmental legislation in order to guarantee local jobs and revenue. The country's top two carbon dioxide emitters in 2009, Atlanta-based Southern Company and Columbus, Ohio-based American Electric Power, did not want any part of the USCAP plan. The CEO of Murray Energy, a mining company in Ohio, would that same year harangue the USCAP CEOs for not being "good Americans" because a cap-and-trade climate policy was sure to help their bottom lines but, in the process, hamper the nation's economy.[xxxviii]

With this in mind, beginning in July 2006, staffers from the growing list of USCAP members began meeting regularly at the offices of the Meridian Institute, a professional mediation firm in Washington. There they talked through each point around a giant round conference table until consensus, a requirement of the group, was reached. Agreeing on even the most top-level points, however, proved difficult. The green groups were determined to put a price on carbon, with an emissions target of 25 to 40 percent below 1990 levels by 2020, per IPCC's most stringent guidelines for developed countries. Each corporation, meanwhile, wanted to ensure favorable treatment in the form of pollution allowances and clean energy subsidies. The electric utilities argued they should get the largest chunk of the free permits based on their historic emissions. The oil refiners wanted a sizable share of allowances, too. Other companies like Rio Tinto, one of the world's largest mining companies, stood to benefit from incentives to move toward lower carbon technologies, especially carbon sequestration, in which the company had invested.[xxxix] The USCAP companies' environmental records also varied, underscoring disagreement about where to set the carbon cap. DuPont, for example, had voluntarily cut 72 percent of its carbon emissions since 1990, while Duke Energy was the country's fourth-largest emitter of carbon dioxide in 2009. "We would have all-day meetings, literally thousands of hours in that room," said DuPont's Michael Parr.

The coalition was officially launched in January 2007 when USCAP issued a brief document of general principles that urged Congress to enact federal legislation. In April 2007, after the EPA was cleared to regulate carbon as a pollutant under the Clean Air Act, businesses in the coalition became especially eager to take action—particularly during George W. Bush's last two years as president. Peter A. Darbee, the CEO of PG&E, another founding USCAP member, told the *New York Times* that if the companies waited until after 2008, there might be "solutions less sensitive to the needs of business."[xl]

In the two years before Obama was elected, no fewer than ten pieces of federal economy-wide carbon cap-and-trade legislation were presented in the House and Senate. Still, the USCAP coalition remained publicly divided over what the bills should look like, continuing to disagree about how stringent the cap should be and who would receive the bulk of the pollution allowances. In July 2007, Senators Jeff Bingaman, a Democrat from New Mexico, and Arlen Specter, at the time a Republican from Pennsylvania, released the Low Carbon Economy Act, which would have rolled back emissions from carbon dioxide and five other greenhouse gases to 1990 levels by 2030 but contained a controversial "safety valve" that set a maximum price for emissions under the cap. Cost containment appealed to industry; major utility CEOs, including Duke's Jim Rogers, hailed the bill as a "sensible" plan. But USCAP environmental members came out against it, feeling that it undermined any cap. In May 2008, Senators Joseph Lieberman (I-CT) and John Warner (R-VA) drafted a bill that would have returned greenhouse gas emissions to 4 percent below 2005 levels by 2012, 19 percent by 2020, and 71 percent by 2050. The bill managed to pass out of committee with bipartisan support, but it stalled on the Senate floor, gaining a mere 48 votes—far below the sixty required to avoid a filibuster and bring the bill to a vote. Though the Lieberman-Warner bill was considered a "dress rehearsal" for future negotiations, it was supported by only six corporations and three environmental advocacy groups of the thirty-two USCAP member organizations.[xli] Later that year, coalition members were again divided when USCAP persuaded former opponents on climate action, Representatives John Dingell (D-MI) and Rick Boucher (D-VA) to write their own cap-and-trade bill, calling for a 6 percent reduction in 2005 emissions by 2020, a 44 percent reduction by 2030, and an 80 percent reduction by 2050. The green groups stated that they didn't think the Dingell-Boucher bill was tough enough and that they wanted stronger near- and mid-term reductions.

Nevertheless, by January 2009 the coalition managed to agree on a road map for climate legislation that followed the general principles it had put forth two years earlier. The twenty-four-page Blueprint for Legislative Action called for a cap-and-trade system with significant offsets and free allowances, at least at first. The goal was a major reduction in U.S. greenhouse gas emissions over four decades, up to an 80 percent reduction from 2005 levels by 2050 (most of the reductions came later, rather than sooner). While the agreement was historic, the offsets and delayed timetables meant it would fall short of the emissions trajectory needed to place atmospheric carbon dioxide below 350 ppm, the level that leading scientists believe would prevent irreversible damage from climate change.

Notably absent from the USCAP coalition, however, were the nation's leading wind and solar companies, which were never invited to the table. "I highly doubt that most utilities and oil and gas companies will lead the way in our transition to a carbon-free economy," Jigar Shah, founder of solar services company SunEdison, wrote in *Fast Company*.[xlii] Shah, former CEO of the Carbon War Room, a nonprofit founded by Richard Branson with a focus on promoting green entrepreneurship, told us that excluding this sector was misguided on the part of USCAP. "When you look at these companies that were in USCAP, they were not interested in regulating carbon," Shah told us. "They were interested in a huge amount of wealth being transferred to their companies in exchange for their vote on climate change." Many USCAP companies, in fact, also belonged to the American Petroleum Institute, the National Association of Manufacturers, or the U.S. Chamber of Commerce, which were all opposed to climate legislation. When Duke Energy joined USCAP, it was building two coal plants, and ConocoPhillips, which joined USCAP in April 2007, had investments in Canadian oil sands. The companies were intentionally not the "usual suspects," said Manik "Nikki" Roy, vice president for strategic outreach at the Center for Climate and Energy Solutions, formerly the Pew Center on Global Climate Change. "Most of our companies had something at risk under climate policy."

When USCAP's blueprint was released on January 15, 2009, the reaction from many environmental groups outside of the coalition was swift and critical. "The time to negotiate with industry is when you've had major successes beating industry back and you're holding really strong hammers," Kierán Suckling, executive director of the Center for Biological Diversity, told us. "These folks sat down with industry when they weren't threatened." One group that initially signed on to the coalition dropped out before the blueprint was even made public. "The National Wildlife Federation didn't feel that it was the right time for us to be stipulating a policy compromise," said Jeremy Symons, the group's senior vice president. "It needed to be stronger."

FROM EARTH DAY TO INSIDE THE BELTWAY

The over-professionalization, the over-technicalization of the environmental movement is a decision to work at the elite level but not the popular level. It's a defensible strategy. It might have worked. ... It's just that it didn't.

—Bill McKibben, a longtime environmental activist and founder of 350.org

Over the past four decades, foundations have played an increasingly important role in developing and sustaining environmental groups. The Ford Foundation was among the first foundations to prioritize investment in the environmental movement, giving critical early support to NRDC, EDF, and SCLDF. Such grant making started small—one analysis estimated that support for the environmental movement was $750,000 in 1970—but has since grown significantly.[xliii] According to the Foundation Center, a nonprofit group that tracks the philanthropic sector, by 1998 foundations were giving $455 million to environmental groups through 4,864 grants, and in 2008, this support reached $1.9 billion, spread across 8,599 grants. Because of the recession, environmental funding decreased in 2009 and 2010 (as did all foundation giving), though it is still a significant figure.[20] An analysis of 2005 IRS data by the Urban Institute found that foundation support to environmental and conservation groups comprised on average 12.6 percent of the groups' total revenue—a far greater share than for the nonprofit sector as a whole, where foundation giving was 1.2 percent.[xliv]

As donations to environmental causes grew in the decade leading up to the climate campaign, they also became increasingly concentrated among a small group of organizations. In 2008, according to the Foundation Center, just five foundations were responsible for nearly half of all foundation giving for the environment. At the same time more than a third of environmental funding from all foundations went to just five recipients. This was a marked increase from a decade earlier, when 13 percent went to the top five recipients. A significant portion of foundation money to environmental causes has historically gone to large national organizations with revenue exceeding $5 million, rather than to smaller local, regional, and state groups. While such large organizations comprised only 2 percent of environmental public charities in 2009, for example, they received half of all environmental contributions and grants.[xlv]

Grant making on climate and energy issues has particularly increased in the past decade, as private donors and foundations have showered the environmental community with more money than ever. The jump in funding has been aided by both the number of foundations funding climate and energy issues and the size of the donations themselves. According to the Climate and Energy Funders Group, global climate and energy funding rose steadily in the years leading up to the demise of the cap-and-trade bill in the Senate:

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[20] According to the Foundation Center, in 2009, environmental funding totaled $1.4 billion across 8,423 grants, and in 2010, $1.2 billion across 8,002 grants. Data are based on grants of $10,000 or more from a national sample of larger U.S. foundations (1,009 foundations in 1998; 1,490 in 2008; 1,384 in 2009; and 1,330 in 2010).

from $56 million in 2004, to $120 million in 2006, to $394 million in 2008, to $602 million in 2009, and to $630 million in 2010.[21] The Environmental Grantmakers Association, another organization that tracks foundation funding, reports that the percentage of its members' funding devoted to climate, atmosphere, and energy issues more than doubled from 13.7 percent in 2007 to 31.9 percent in 2009, "reflecting the huge investment in climate legislation domestically, and treaties at the global level."[22]

The sharp rise in funding in recent years is in large part from a handful of primarily West Coast funders after publication of a 2007 foundation-commissioned report, "Design to Win," which outlined the key steps philanthropists needed to take to combat global warming. The authors of the report, consultants at California Environmental Associates and the Stockholm Environment Institute, estimated that the philanthropic community was currently devoting $210 million annually toward the fight against global warming—far less, they argued, than the philanthropic donations in the United States for health ($3.2 billion), education ($3.1 billion), and the arts ($1.5 billion).[xlvi] To adequately fight the global climate crisis, "Design to Win" concluded, it would be necessary to invest $525 million to $660 million annually, of which $80 million to $100 million should be directed toward adoption and implementation of carbon policy, especially in the United States. The "Design to Win" authors wrote that as a large emitter of greenhouse gases, the United States had "an inescapable obligation to act on climate

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[21] The Climate and Energy Funders Group is a program within the Consultative Group on Biological Diversity, a professional member organization for environmental foundations. Data were self-reported and while they did not encompass the contributions of all funders, they do represent allocations from many of the largest foundations, some of which supported cap-and-trade legislation. Data are based on financials from twenty-six foundations in 2004, forty-seven in 2006, sixty-four in 2008, fourteen in 2009, and fifteen in 2010. The increase in funding between 2008 and 2009 is in large part due to a substantial donation from the Hewlett and Packard Foundations, which we discuss later in this section.

[22] The Environmental Grantmakers Association is a professional member organization of more than 200 environmental foundations. Data are from EGA's most recent "Tracking the Field" report, published in February 2012.

issues," and that a "cap on carbon output—and an accompanying market for emissions permits—will prompt a sea change that washes over the entire global economy."[xlvii]

As a direct result of "Design to Win," in 2008 the William and Flora Hewlett Foundation, David and Lucile Packard Foundation, and McKnight Foundation—among the wealthiest foundations in the country—pooled their resources and committed more than $1.1 billion over five years to launch ClimateWorks, a foundation whose primary mission was to combat dangerous climate change.[23] All three foundations had existing environmental programs, but "Design to Win" served as a catalyst for an unprecedented outpouring of funding on energy and climate issues. Hewlett alone pledged $500 million over five years to the new foundation, the single largest grant in its history.[xlviii] ClimateWorks was led by Hal Harvey, an engineer who previously served as environmental program director of the Hewlett Foundation and president of the Energy Foundation, a consortium of large foundations that he founded in 1991. (Both Hewlett and the Energy Foundation, along with four other foundations, had, in fact, funded "Design to Win."[24])

While "Design to Win" stopped short of pointing to cap and trade as the preferred mechanism for U.S. climate policy, it was clear from the start that ClimateWorks supported the policy. By the time Harvey took up his post at the foundation, he had already spent years on Capitol Hill supporting groups that advocated for state and federal

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[23] Based largely on the "Design to Win" recommendations, ClimateWorks supports work in the United States, China, the European Union, India, and Latin America through a network of regional and sector-specific partners. According to the foundation's annual reports, ClimateWorks awarded $92.7 million in total grants in 2009, and nearly one-third ($30.4 million) went to its regional partner in the United States, the Energy Foundation. In 2010, ClimateWorks granted $120.5 million overall, with 22 percent ($27 million) going to the Energy Foundation to support U.S. programs. As we detail later in this section, during 2009 and 2010 ClimateWorks also funded other U.S.-oriented organizations, particularly around cap and trade.

[24] The David and Lucile Packard Foundation, Doris Duke Charitable Foundation, Joyce Foundation, and Oak Foundation also partnered on "Design to Win."

clean energy policies, including cap and trade. Under his leadership, in 2002 Hewlett founded the National Commission on Energy Policy, a bipartisan group of science and energy experts, to catalyze federal policy. Jason Grumet, now head of the Bipartisan Policy Center, served as the commission's executive director. In 2004, the commission issued recommendations for an economy-wide cap-and-trade system, and in 2007 it reiterated its goal with a call for strengthened emissions targets.[xlix][25] (John Holdren, Obama's science and technology adviser, was co-chair of the commission, and a number of other commissioners came from the same environmental groups and corporations that would later join USCAP.)

Along with Hewlett, Packard, and ClimateWorks, two additional California-based foundations, the Energy Foundation and Sea Change Foundation, invested substantially in pursuing a cap-and-trade policy. The Energy Foundation had partnered with Hewlett to support the bipartisan commission, as did a number of other foundations involved in "Design to Win."[26] The Sea Change Foundation, founded in 2006 by hedge fund manager Nathaniel Simons, was a relative newcomer committed to addressing global climate change. Together, the five West Coast funders formed a group of grant makers whose geographical proximity underscored their close funding relationships.[27] In recent years the Energy Foundation, which serves as a major source of grants to U.S. environmental organizations, has received the majority of its funding from the other four West Coast

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[25] In 2008, the commission would merge with the Bipartisan Policy Center, a new entity founded by former senators Bob Dole, Howard Baker, George Mitchell, and Tom Daschle, and headed by Jason Grumet, who would continue to be one of Hal Harvey's allies in Washington as the legislative campaign heated up.

[26] Also supporting the National Commission on Energy Policy were the David and Lucile Packard Foundation, the Pew Charitable Trusts, and the John D. and Catherine T. MacArthur Foundation.

[27] While the McKnight Foundation was instrumental in launching ClimateWorks, it was not involved in pursuing national cap and trade, according to Ron Kroese, director of McKnight's environmental program. Kroese said that McKnight, a Minnesota-based foundation, has always leaned toward midwestern concerns and was convinced by representatives of the Hewlett and Packard Foundations that supporting ClimateWorks would be the best way to make an impact on climate in its region.

foundations (Hewlett, Packard, ClimateWorks, and Sea Change). According to the organization's 2008 and 2009 IRS filings, these four funders alone contributed more than $160 million of the total $193 million the Energy Foundation raised in contributions, gifts, and grants during this period.[28] (Representatives of the Energy Foundation, which as we have detailed played a key role in the cap-and-trade campaign, declined to speak with us for this report.)

While the Energy Foundation has a long history of supporting utility reform efforts such as fuel economy and appliance efficiency, it gave significant funding between 2008 and 2010 to state and federal policies aimed at curbing greenhouse gases, including cap and trade, and provided funding for major green groups such as EDF and NRDC that were advocating for climate policy.[29] The organization's 2009 IRS filing lists contributions to USCAP member green groups such as NRDC, which received $150,000 "to support media outreach on federal climate and energy issues," $200,000 "to advance greenhouse gas emissions regulations," and an additional $375,000 "to support regulatory implementation and share lessons from regional climate programs." The Energy Foundation was also investing in nontraditional green groups that would later become part of the mobilization effort in support of cap-and-trade legislation, including the BlueGreen Alliance Foundation, which in 2009 received $300,000 in general operating

[28] According to the Energy Foundation's IRS 990 filings for 2008 and 2009, ClimateWorks gave $84 million to the Energy Foundation; the Hewlett Foundation gave $41 million; the Sea Change Foundation gave $27 million; and the Packard Foundation gave $7 million. (The Tosa Foundation, founded by former Cisco president and CEO John P. Morgridge and his wife, Tashia, was also a top donor, giving $8 million.)

[29] According to the Energy Foundation's 2009 annual report, the foundation made grants of $15.6 million for local, state, and federal level efforts to put a cap and price on carbon. While this figure is significant, it should also be taken in the context of the total $90.4 million in contributions the organization made in 2009, including grants in its other U.S. program areas ($25.6 million for U.S. power, $7.4 million for transportation, and $5.6 million for buildings), and nearly $30 million spent on China. In 2010, the Energy Foundation gave $17.3 million to its U.S. climate program out of $96.6 million in overall grants (including $7.6 million to the foundation's U.S. transportation program, $28.1 million to U.S. power, $5.5 million to U.S. buildings, and $31.7 million to China).

support, and other organizations such as the Truman National Security Project, which received $275,000 the same year "to support a veterans' network on climate and energy issues." In addition, in 2008, as the cap-and-trade campaign ramped up, the Energy Foundation formed the Green Tech Action Fund, a lobbying arm with an initial budget of nearly $2.4 million "for the specific purpose of lobbying for legislation to combat climate change."[30] (The Green Tech Action Fund grew to nearly $18 million in revenue in 2009, according to its IRS filing.)

At the same time, the four other West Coast foundations also wrote checks to the national green groups for climate-related issues, thus amplifying the foundations' influence. According to its 2009 IRS filing, Sea Change Foundation gave $1.5 million to EDF, $2.9 million to the League of Conservation Voters Education Fund, and $2.9 million to NRDC all to "educate public about climate and clean energy." Both the Hewlett and ClimateWorks Foundations made significant contributions to the Bipartisan Policy Center, which though not a green group, supported cap and trade. In 2009 Hewlett gave more than $6 million to the Bipartisan Policy Center "for analysis related to federal climate change policy" and support of its National Commission on Energy Policy, and that same year ClimateWorks gave $6.5 million to support the center's "U.S. carbon cap project" and an additional $1.7 million to "educate and inform relevant constituencies about climate change impacts and solutions." The Packard Foundation does not itemize its grants in as much detail as the other foundations, but in 2009 it gave $1.1 million to

[30] The Green Tech Action Fund figure represents lobbying dollars spent on climate change policy, but the organization's IRS disclosures do not specify how much of this money went to federal versus state lobbying efforts, nor do they break out the exact dollar amount that went to lobbying for cap-and-trade legislation. Whatever the final breakdown, the Green Tech Action Fund budget pales in comparison to industry lobbying dollars spent on these issues, which, as we mentioned earlier, is due to the lobbying constraints placed on charitable organizations.

EDF, $550,000 to NRDC, $357,017 to the Nature Conservancy, and $315,000 to the National Wildlife Federation, all under the "climate" category.[31]

The precise figure that the environmental groups themselves spent promoting cap and trade in Congress is unknown, because they do not break down expenditures on individual policy initiatives.[32] But it is clear that an unprecedented amount of money was allocated to climate action in the United States and that a significant portion of this funding, in turn, went toward the legislative campaign to place a cap on carbon emissions. According to Paul Tewes, former head of Clean Energy Works (CEW), a field and media campaign formed by the green groups to push for comprehensive climate change legislation in the Senate, at least $100 million was spent on the Senate campaign alone. Tewes said that CEW received as much as $50 million in financing, while the green groups individually spent an additional $50 million pushing for a bill on their own. The funding for CEW came primarily from the Sea Change and Energy Foundations, we were told. In addition, the leading green groups in USCAP prioritized climate issues above all other program areas in their budgets. Half of the Environmental Defense Fund's

[31] We reference 2009 IRS filings because this was a key year for the cap-and-trade legislative campaign, but this was not the only period when Sea Change, Hewlett, ClimateWorks, and Packard Foundations supported U.S. cap-and-trade advocates. The foundations also made significant contributions in such areas as clean energy and energy-efficiency policies.

[32] Our reporting found little publicly available information to indicate the full scope of the cap-and-trade campaign beyond the general figures in the financial disclosures of the green groups and the funders. The major effort to quantify in detail how much was spent on the campaign is a much-maligned 2011 report, "Climate Shift," published by the American University's School of Communication and funded by the Nathan Cummings Foundation. The report's author, Matthew C. Nisbet, wrote that nine "aligned" foundations with some connection to the "Design to Win" report distributed $368 million for climate change and energy-related activities between 2008 and 2010, across 1,246 individual grants. (The report estimated, in fact, that because not all foundation records were publicly available for this period, these funders actually spent more than $560 million.) While the environmental community did not dispute the total funds disbursed or the number of recipient organizations, much of the data supporting Nisbet's conclusion that the green groups outspent their opposition in their effort to pass cap-and-trade legislation, and his implication that USCAP corporate members spent a significant portion of their lobbying budgets pushing such climate policy, came from tax filings that disclose only general information about expenditures.

program expenditures between 2008 and 2010 was for climate issues. According to EDF's 2009 annual report, it devoted $43.8 million of $85.9 million in program expenses to climate work—significantly more than its second-largest program area, the health and sustainability of oceans, to which the group allocated $15.3 million. In EDF's "Leading Transformational Change: Strategic Plan 2010–2014," published in 2009, the organization identified federal cap-and-trade legislation as its top priority for its work on climate. "No strategy to address global climate change can succeed without substantial reductions in U.S. greenhouse gas emissions," the report detailed. Curbing global warming was also one of NRDC's core priorities, and the group spent $35.8 million on its "Clean Energy Future" program out of $78.5 million in total program services between July 1, 2009, and June 30, 2010, according to its IRS filing. This was more than any other program area by a large margin.

From the funding perspective, the Climate and Energy Funders Group reports that in 2009 and 2010, the foundations they surveyed spent around $99 million on U.S. federal and state climate change policies and market mechanisms that included, but were not limited to, efforts to place an economy-wide cap on carbon. (Examples of regional efforts include the Regional Greenhouse Gas Initiative and California's Global Warming Solutions Act, more commonly referred to as AB 32.) The organization did not have comparable segmented data for 2008, the year the Hewlett, Packard, and McKnight Foundations launched ClimateWorks. ClimateWorks estimates that nearly 20 percent of its total expenses, or around $15 million, went to U.S. cap-and-trade efforts in 2008. Around the same time, a number of wealthy donors made sizable contributions to the green groups that were at the forefront of pushing for cap and trade. Julian Robertson, Jr., an EDF board member who ran one of the most successful U.S. hedge funds in the 1990s, gave EDF more than $40 million between 2005 and 2009 for work on climate change, and the charitable trust of Robert W. Wilson, another former hedge fund manager and EDF board member, gave the green group nearly $24 million between 2008 and 2010 in general support.[l] Corporations, too, contributed to climate change legislation. According to the Center for Responsive Politics, between 2008 and 2010, USCAP spent nearly $2.7 million lobbying on climate change, and in 2009 alone, one of the coalition's founding members, Duke Energy, spent more than $1.3 million lobbying on climate change and related issues.[li]

The clustering of partnered foundations around a single issue and solution supported, in the words of one funder, a larger trend toward "lean and mean" grant making. Funders "want to make sure the money gets spent in the best way," said Ron Kroese, director of the environmental program at the McKnight Foundation, a founding partner in ClimateWorks. By entrusting larger sums of money to a single organization, said Kroese, foundations can keep costs down and make their donations as impactful as possible.

But having such a limited number of people controlling so much money can be "dangerous," said Betsy Taylor, who now advises environmental funders. "We have a problem structurally, because Energy Foundation, Hewlett, Sea Change, ClimateWorks, they all fund each other and are all advised by a handful of people," she said. "Let's say they're all brilliant. Let's say they are the very best we could ever have. There's still a structural problem." The result of these close relationships, she suggests, is an atmosphere of "groupthink" where money is channeled toward one shared strategy rather than distributed across a diverse number of possible options.[33] The downside of such a lockstep funding structure, said Jigar Shah, is that green groups then work toward a preordained policy solution rather than coming up with ideas of their own. “These guys believe that if we actually put all of our eggs in one basket, then we have the best chance to pass something,” Shah told us.

TAKING THE HOUSE

Hell, I barely understood the bill, and I basically wrote it.

—Michael Parr, senior manager of government affairs, DuPont

The USCAP coalition knew that as difficult as it had been to hammer out an agreement among its own members, the greatest challenge lay ahead in persuading lawmakers to support their plan. With years of failed attempts at passing a carbon cap, legislators were clearly reticent to support a bill that could be construed as having a negative economic impact in their home states. Climate change was such a notoriously sensitive topic for politicians that even the movement’s most vocal and passionate proponent, former vice president Al Gore, had made little mention of it in his 2000 presidential campaign.[lii]

But as Obama took office in 2009, the green groups had reason to be optimistic. In addition to the president’s support, they had a strong legislative ally in Rep. Henry A.

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[33] This criticism is certainly not new within the environmental community. *Losing Ground* author Mark Dowie questioned the categorization of mainstream environmentalism as a social movement given its genteel roots. Dowie pointed out that by the 1990s, the environmental community was increasingly led by a small group of Washington-based professional organizations staffed by lobbyists and business school graduates. In a 2004 report, “The Death of Environmentalism,” authors Michael Shellenberger and Ted Nordhaus argued that the environmental movement had become insular and outdated. Based on interviews with green groups and their funders, Shellenberger and Nordhaus described a “groupthink” atmosphere that they said was undermining progress in the environmental arena. Grant making organizations, they suggested, could act more like venture capitalists who expect a certain number of their investments to fail as the cost of fostering innovation.

Waxman (D-CA), a longtime supporter of the environmental movement, who over more than three decades in office had become one of the most skilled legislators in Congress. Waxman had just been appointed chairman of the House Energy and Commerce Committee, ousting Rep. John Dingell (D-MI), who was considered more sympathetic to industry interests. Any bill that came through the House would have to go through Waxman's committee. "There was a standard line, 'In Henry we trust,'" said Steve Cochran, former vice president of climate and air at EDF.

The House and Senate began exploring climate change simultaneously, but climate got fast-tracked in the House first, thanks to strong support from Waxman and House Speaker Nancy Pelosi (D-CA).[34][liii] Both lawmakers, like the green groups, viewed Obama's election as a historic opportunity to finally push through a federal bill. Waxman had made a comprehensive climate bill part of his campaign for chairmanship of the Energy and Commerce Committee.[liv] Pelosi had appeared alongside former Republican speaker Newt Gingrich in a 2008 advertisement paid for by Gore's Alliance for Climate Protection, stressing the importance of addressing climate change in a bipartisan manner.[lv] In January 2009, eager to signal their seriousness, Waxman and Rep. Edward J. Markey (D-MA), chairman of the new Energy and Environment Subcommittee of the Energy and Commerce Committee, began reaching out to stakeholders in anticipation of drafting a bill.[35]

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[34] The House Energy and Commerce Committee is regarded as one of the most powerful committees in Congress. As chairman, Waxman had jurisdiction over bills relating to health, energy, and the environment. (By contrast, in the Senate three separate committees share jurisdiction over legislation for energy, the environment, and commerce.)

[35] Waxman created this subcommittee when he took over as chair to consolidate jurisdiction over energy and environment issues.

Among those Waxman met with was Fred Krupp, who came to see the chairman about the USCAP blueprint. According to author Eric Pooley, Waxman told Krupp to push for even more aggressive emissions reduction targets than what USCAP was proposing.[lvi] Krupp said the companies would be flexible on the emissions reductions if they could have free polluting allowances in order to keep costs down and avoid skyrocketing electricity prices. Waxman, writes Pooley, was "a little surprised to be hearing this industry argument from an enviro."[lvii] He questioned why groups like EDF and NRDC were aligning themselves with industry so early in the game instead of advocating for tougher targets to create a basis for negotiation.

Greenpeace and other groups that were not part of the USCAP coalition were similarly puzzled by EDF's approach. "They're very savvy players, I won't take that away from them," John Passacantando, former executive director of Greenpeace USA, told us. "But there's nothing easier than selling to members of Congress: 'Sir, we want something weaker.' "

Given that USCAP's strategy was to attract bipartisan support, relying on Waxman required a delicate balancing act. The coalition wanted Waxman's long experience at crafting complex legislation, but it was wary of appearing to give him so much ownership over the bill that it would scare away Republican members. Finding that balance proved difficult from the start. On January 15, 2009, the morning USCAP released its blueprint at a news conference on Capitol Hill, Waxman held a hearing on the USCAP plan. Neither the USCAP corporations nor the green groups were pleased. They worried that Waxman's embrace of USCAP would brand the coalition as a Democratic entity. Some lamented not trying to forestall the meeting. "When we didn't insist on pushing off the hearing, we lost a lot of our credibility as a bipartisan initiative," said Pew's Nikki Roy.

The day of the hearing, the committee's Republican senators attacked the coalition as "self-serving" and accused it of promoting exorbitantly expensive carbon legislation in the midst of an economic crisis, according to Pooley. "You all should be ashamed of yourselves," Tennessee's Bob Corker told the corporate CEOs in the coalition. Joe Barton of Texas, whose nickname "Smokey Joe" derives from his close ties to the energy industry, read aloud the companies' sagging stock prices and expressed doubt any cap-and-trade program would improve their financial prospects. Waxman, meanwhile, announced he wanted a climate bill passed by his committee by Memorial Day.

No matter how partisan the process under Waxman might be, the green groups believed the decisive factor would be the president himself. They were counting on Obama to muscle bipartisan support for the bill, just as George H. W. Bush had done with the passage of the 1990 Clean Air Act amendments. The executive branch had been hands-on in that legislative effort: Bush campaigned on acid rain legislation because he was in need of swing-state green voters, and after he was elected he made good on his commitment. (He pledged to be the "environmental president.") Though sulfur dioxide cap and trade wasn't initially universally popular, Bush was able to sway lawmakers from midwestern coal-producing states to come on board, in part by sending his White House counsel, C. Boyden Gray, to personally shepherd the bill through the Senate floor. In the end, the acid rain bill created the first major federal emissions trading program and capped sulfur dioxide emissions from power plants more cheaply than originally proposed: an estimated cost of less than $2 billion as opposed to the $6.1 billion the EPA initially predicted back in 1990.[lviii] "Environmental legislation is less partisan than it is special interests," Gray told us. "The president has to represent everybody and so has to internally resolve these conflicts in order to get things done."

During his 2008 campaign, Obama sent all the right signals when it came to capping carbon. In October 2007 he had voiced his support for an economy-wide carbon cap under which polluters would be required to purchase emission permits at auction. He pledged to return to Americans some of that revenue, including new job training and support for low-income families, to ease the transition to a low-carbon economy. He said he would invest $150 billion of the revenue over ten years to promote clean and renewable energy development and implementation. Obama also proposed rolling back greenhouse gas emissions to 1990 levels by 2020 and to reach an 80 percent reduction by 2050.[lix] In an interview in the July 2008 issue of *Rolling Stone*, Obama said that creating a new energy policy that reduces U.S. dependence on foreign oil and "deals seriously with global warming" was among his top priorities, along with pulling U.S. troops out of Iraq and passing universal health care.[lx] ("Health care is priority number two," he later said during an October presidential debate. He reiterated his commitment to climate and energy two weeks after his election in a video message to participants at a California climate conference.)[lxi]

But if Obama was sincere about addressing climate change, external events lowered the issue on his list of priorities before he was even sworn in. By late 2008 the economy was in serious trouble, with the GDP shrinking, it's now known, at an annual rate of 8.9 percent in the fourth quarter, its worst quarterly contraction in half a century.[lxii]

As Obama took office, he faced an unemployment rate of 7.2 percent, the highest level in sixteen years, skyrocketing foreclosures amid the subprime mortgage crisis, and the country's banking and automotive sectors on the brink of collapse.[lxiii]

For months, the downward economic spiral had made the corporate members of USCAP uneasy and increasingly uncertain about their commitment to comprehensive climate legislation. When USCAP was formed, the United States had been in a period of economic growth and relative stability, despite ongoing wars in Iraq and Afghanistan. Now, the idea of a market-based environmental policy that would cost companies money and create a complex new trading market on Wall Street was less appealing. Big industry, once the backbone of the Republican Party, would soon share influence with smaller, grassroots political uprisings, namely the Tea Party, which would change the political calculus in ways that would profoundly damage USCAP's efforts. This was not lost on the companies. "I thought we needed to be more realistic about the art of the possible," said DuPont's Michael Parr. But the green groups, Parr told us, were not ready to think about a Plan B.

In the face of the deepening economic crisis, Obama's transition team began to draft an economic stimulus package. While transition teams under Presidents Clinton and Bush had been able to plan their agenda over the first year of their administrations, the Obama administration was in staff-level talks on the recovery bill before Inauguration Day. Nevertheless, during his first address to Congress in February 2009, the president stayed true to his campaign promises, asking lawmakers to send him legislation that would introduce a "market-based cap on carbon pollution."[lxiv] In his $787 billion economic stimulus package, Obama committed $80 billion in spending, loan guarantees, and tax incentives for clean energy.[lxv] Early on he made visiting clean energy plants the preferred photo op of his presidency—something that would come to haunt him after he authorized a $535 million federal loan to the solar company Solyndra, which subsequently filed for bankruptcy amid allegations of fraud.[lxvi]

From the start of the administration, it was clear that climate would have to vie for the top spot on the president's domestic policy agenda. According to Ron Suskind, author of *Confidence Men*, an account of the first two years of Obama's presidency, the president met with top advisers during his first week in office to discuss his domestic priorities. Present at the Roosevelt Room meeting was Peter R. Orszag, who had accepted a position as the head of the Office of Management and Budget on the promise from Obama that health care would be his first priority.[lxvii] Yet at the meeting it was Orszag who cautioned against pushing for health care reform until the deficit was reduced. The economy needed help first, Orszag argued. But Obama said he believed health care reform could work hand in hand with his stimulus package. "By the time the meeting was over, no one was challenging Obama," Suskind wrote. "The other alternatives, such as financial regulatory reform or a sweeping environmental energy program, had barely been discussed."[lxviii] "He wanted health care reform to be his legacy," Orszag told Suskind.[lxix]

The green groups were not privy to this meeting, but they came to realize that despite Obama's encouraging speeches on a carbon cap, he was not willing to expend much political capital to lobby for actual legislation. Unlike George H. W. Bush, who as president moved aggressively to pass acid rain legislation, Obama preferred to let Congress hash out the details of a bill before jumping into the fray. It was for this reason that the Obama administration wanted Waxman to take the lead. “In the White House view, Henry is a skillful representative and knows how to work with the caucus,” said Joseph Aldy, an assistant professor of public policy at Harvard’s Kennedy School of Government who joined Obama’s team in August 2008. “A lot of people at the White House thought that it’s the job of Congress to write legislation.”

That fall, Aldy had been working on a pre-transition group focused on energy and environmental issues under the leadership of Carol Browner, a Clinton-era EPA administrator who commanded respect in Washington among the green groups. After the election Browner was appointed to head Obama’s newly created Office of Energy and Climate Change Policy, which would coordinate the White House legislative effort. But Browner, it became increasingly clear, did not have backing from either Rahm Emanuel, the White House chief of staff, or David Axelrod, Obama’s senior adviser, to push the climate agenda.

In the early weeks of the new administration, the green groups searching for direction went home empty-handed. “I begged, and many of us begged Carol Browner and others at the White House,” said Fred Krupp. “If they weren’t going to put together their own bill, at least put together a one-pager of what they wanted.” The only guidance they eventually got, said 1Sky’s Betsy Taylor, came during a March 2009 meeting convened by Browner, where the green groups received a one-page set of talking points about how to communicate climate change legislation. Talk about the economy and jobs, the document said, but don’t talk about the climate. (Browner declined to speak with us for this report.)

Part of the reason the White House was not more vocal, said Aldy, was that it was told not to be by Waxman's staff and the green groups. "We'd gotten clear signals from folks that we shouldn't make a lot of noise on where we differ," he told us. The president's budget outline, released by the White House in February 2009, sought to move the baseline year for greenhouse gas emissions from 1990 to 2005 and was in support of a 14 percent cut in emissions by 2020.[36] Waxman's staff, Aldy said, wanted to start more aggressively and negotiate down. On a separate point, the White House believed industry should pay for allowances, but in Waxman's negotiations with coal-state Democrats and industry members, he had already agreed to distribute the allowances for free.

On March 31, Waxman and Markey released a 648-page discussion draft of their bill, the American Clean Energy and Security Act, with stronger short-term emissions reductions than what Obama had proposed back in February.[37] USCAP members issued a press release calling the bill a "strong starting point" and basis for legislation.[lxx] Even Greenpeace, which had been wary of USCAP from the start, commended the draft for being a "good first step."[lxxi] But crucially, Waxman and Markey left open for debate many of the more pressing concerns about implementing an economy-wide cap-and-trade system. The draft included two billion tons of pollution offsets for industry but stopped short of detailing how polluting permits would be allocated and whether or not they

[36] Carbon emission levels in 2005 were nearly 20 percent greater than in 1990, so Obama's cap would have been less stringent. While these were weaker emissions targets than what the president proposed during his campaign, Obama initially stuck by his pledge for a cap-and-trade system that auctioned off 100 percent of the pollution permits.

[37] The Waxman-Markey draft called for a 20 percent cut from 2005 levels by 2020, and, as Obama had proposed the previous month, around an 80 percent cut from 2005 levels by 2050. The draft also required a quarter of energy production to come from renewable sources by 2025 and included federal standards for low carbon fuel and energy efficiency.

would be auctioned off—a tactful omission, in the eyes of lawmakers. Negotiating the permit allocations would usher in a period of intense political debate. "The devil's always in the details," Mike Doyle (D-PA), a member of Representative Markey's subcommittee, told the *Washington Post*.[lxxii]

A few weeks later, in hearings on the draft bill before the House Energy and Commerce Committee, it became evident that the fossil fuel industry was seeking additional concessions. "Under the provisions of the draft, this sector would face a multibillion-dollar annual compliance obligation," testified Red Cavaney, senior vice president of government affairs for ConocoPhillips, one of the three oil companies in USCAP. "We are deeply concerned about our ability to fully pass on these costs of compliance and the potential implications that even a small percentage of unrecoverable costs could have on what is historically a low-margin business."

The green groups had convinced Waxman that he could pursue a bill that satisfied both the environmentalists and businesses, thus eliminating the need to attack industries like coal directly. But as the negotiations carried deep into the spring, the Chesapeake Climate Action Network and some other grassroots-based environmental groups grew increasingly uncomfortable at the compromises being made. "It's not like industry supported Waxman-Markey," said Ted Glick, Chesapeake Climate Action Network's policy director. "They knew if they defeated the bill that was good, but if what passed was completely watered down, that would be good, too." Glick told us he attended numerous meetings on Capitol Hill in Nancy Pelosi's office that were "all about how do we get the votes," rather than the content of the bill. "Changes kept getting made that made it weaker and weaker," he said. "I went to a few meetings, but then I just bowed out.”

Despite the hopes of green groups that the corporate membership of USCAP would shield them from an attack by their adversaries, the oil and gas industries spent $44.5 million lobbying in part against the USCAP plan in the first three months of 2009 (a 48 percent increase over 2008), and the fossil fuel industry spent $76.1 million on negative advertising between January 1 and April 27.[lxxiii] The U.S. Chamber of Commerce, the largest business association in the country, issued a letter in mid-May calling Waxman-Markey “expensive, complicated, regulation-heavy, domestic-only legislation.”[lxxiv] Republicans deepened their stance against the legislation, arguing that Waxman-Markey was a national energy tax that would lead to costlier energy and fewer jobs. “If we do this cap and trade, it’s going to put a straitjacket on our transportation capability, our manufacturing capability, our power generation capability,” said Barton, ranking member on Waxman’s Energy and Commerce Committee, adding that on top of that, “the environmental benefit is nonexistent.”[lxxv]

In March, Gore’s Alliance for Climate Protection rolled out a national campaign to bolster the case for action on climate, but the effort was organized just weeks shy of the House committee vote. Under the leadership of the new CEO, Maggie L. Fox, the alliance deployed eighty newly hired field organizers across North Carolina, Indiana, Michigan, Florida, and other battleground states, and held dozens of town hall meetings to put pressure on congressional leaders. In subsequent months, the organization increased its overall campaign and field staff to 240 for the Senate effort, Fox told us. But while the group pledged to spend $300 million over three years on its “We” media campaign to rally the public to act on climate change, it didn’t come close to spending that amount. The alliance spent $18.8 million in advertising as the House bill was being drafted and a total of only $34 million on advertising and promotion for all of 2009, according to information from *Advertising Age* and the group's IRS filings for its 501(c)(3) and 501(c)(4) groups. In 2010, this spending dropped substantially, to less than $2 million.

The final text of the bill was hammered out behind closed doors in Waxman's committee, with direct input from big oil and big coal interests, which in addition to supporting Republican Party members, have given generously to key Democrats.[lxxvi] When it came time to allocate pollution permits, a huge source of contention, Waxman sat down with individual companies to determine allocations for their respective industries. "So many goodies had been given away," one corporate USCAP member told us. Such groups as Friends of the Earth and Greenpeace, which had commended the discussion draft, albeit with reservations, came out against the committee bill when it was released on May 15, 2009. "This bill has been seriously undermined by the lobbying of industries more concerned with profits than the plight of our planet," said Phil Radford, the newly appointed executive director of Greenpeace USA.[lxxvii] Greenpeace, he said, did not believe the emissions reductions in the bill met the stringent goals that scientists said were needed. Moreover, the organization's global warming campaign director, Damon Moglen, assailed the bill for giving "hundreds of billions of dollars in subsidies" and offsets to "dirty industries."[lxxviii]

EDF and some other environmental groups that had proposed the compromise in the first place called the bill a "breakthrough agreement" and hailed Waxman and Markey for winning over so many lawmakers.[lxxix] But they now express regret at the level of giveaways in the bill. In part, we were told, this came from the green groups' abiding trust in Waxman. "Had John Dingell been chair, the environmental community would probably not, in many cases, have been willing to go along with some of the trading and dealing that occurred within the legislative process in order to get a majority in the House," said EDF's Cochran, now director of the group's Mississippi River Delta Program.

George Abar, founding principal of Engage Strategies and a former legislative director for Sen. John Kerry (D-MA), told us "there was very little chance to look at any other legislation or concepts. There was no debate over what the bill would be." According to Abar, the message was clearly that the representatives should simply support cap and trade.

On May 21, 2009, the bill was passed in Waxman's committee by a vote of 33–25. At nearly 1,000 pages, what emerged was a complex piece of policy making, one that attempted to reconcile a vast and often conflicting array of special interests through allowances and offsets and other enticements for the various stakeholders. "The fact that it took that many pages demonstrates that they had to go deal by deal," said Ruth Greenspan Bell, at the time a senior fellow at World Resources Institute, a founding USCAP member.[38] The bill, in other words, was losing the clean narrative of the urgent need for the reduction in carbon emissions.

The bill would reduce greenhouse gas emissions by 17 percent below 2005 levels by 2020—a short-term goal slightly less stringent than what Waxman and Markey had initially proposed back in March but within the range of recommendations that USCAP

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[38] By comparison, earlier climate legislation had been a much more manageable length. The Climate Stewardship Act of 2003, co-sponsored by Senators Lieberman and McCain, was a fifty-eight-page document to curb greenhouse gases emitted by power utilities, oil refineries, and other specified sectors.

had given in its January blueprint.[lxxx] (The bill kept the long-term goal of 83 percent reduction by 2050.) But when it came to the most controversial parts of the bill—the allocation of polluting permits—instead of making polluters pay for their emissions, the bill stipulated that most permits (85 percent) would be given out for free, with the bulk going to the electric utility sector. The remainder, just 15 percent, would be auctioned off, with the earnings distributed to low- and middle-class families to defray potentially higher energy costs.

"The result is a bill that doesn't bring about anywhere near the pollution reductions necessary to avoid cataclysmic warning," Friends of the Earth President Brent Blackwelder said at the time.[lxxxi]

"It was really a political bill, it wasn't a science bill," John Passacantando told us. "It wasn't a bill that was going to address atmospheric CO_2. It was, How are we going to buy off the coal industry first because it's a huge player in the Democratic Party."

The White House, meanwhile, had begun to step up its lobbying of House members around the time of the Waxman-Markey committee vote, with Obama inviting thirty-six House Democrats to the White House and asking them to vote for the bill. At the annual White House picnic for members of Congress on June 25, the day before the full House vote, Obama, who by then had been working the phones for days to secure the necessary votes, spent much of the picnic inside the Oval Office talking individually to House members on the fence. "They thought they were coming in to get their pictures taken," the head of one of the green groups told us. "But if they were on the swing list, he said, 'I need you on this vote tomorrow.' "

In the hours before the final vote on June 26, an additional 300-page amendment was pushed through containing language that eased oversight mechanisms on the new carbon derivatives market. "They desperately wanted to get this passed before Copenhagen and before they started to lose people," said McKie Campbell, Republican staff director for the Senate Energy and Natural Resources Committee.[39] The close tally—219–212, with only eight Republicans voting for the bill—reflected just how bruising a vote it was for the House members, many of whom later said they had taken the toughest vote of their careers. When the votes were read, Republicans on the floor even shouted "B-T-U, B-T-U!"[lxxxii] Although victory had been achieved quietly behind closed doors and with little public engagement—a May 2009 Rasmussen Reports poll found that just 24 percent of Americans could even identify that cap-and-trade legislation addressed "environmental issues"—it was nevertheless a historic win. [lxxxiii] No comprehensive carbon cap legislation had ever before passed one of the congressional chambers in a full vote. The green groups went home to barbecue over the July 4 weekend and celebrate their victory.

STRUGGLE IN THE SENATE

The enviros didn't have a Senate strategy.

—Chris Miller, senior policy adviser on energy and environment to Senate Majority Leader Harry Reid

The backlash against the historic House vote began immediately. "Today, House Democrats made the decision to stand with left-wing special interests rather than with families and small businesses," said Rep. John Boehner (R-OH), the House minority leader and future Speaker. "The American people will not forget this vote." The National

[39] The annual UN Climate Change conference was being held in Copenhagen in December 2009.

Republican Congressional Committee moved to ensure they wouldn't, unleashing a series of press releases and advertisements that targeted swing-state Democrats who had voted for the bill. Right-wing pundits lambasted the bill as a "light switch tax" and "cap and tax." (They cited an increase in average annual costs as high as $3,100 per household, a figure disputed by Democrats.[lxxxiv]) The fierce response underscored two things: the strength and conviction of the fossil fuel lobby (the oil and gas industry spent a record $175 million on lobbying in 2009, up 30 percent from 2008) and the shift in the political landscape toward extreme partisanship.[40][lxxxv] "Almost the moment the bill passed the House, the other side kicked into high gear and for a couple of months really dominated public discourse on climate," said Bob Bingaman, national organizing director at the Sierra Club.

The most damning reaction came from the burgeoning Tea Party movement, which had already rallied a powerful base of grassroots activists to protest President Obama's stimulus bill and to support an anti-regulation and ultra-free market agenda. For Tea Partiers, cap and trade was yet another reason to stop big government. The movement's grassroots populism was accompanied by big-money advocacy from such sources as the Koch brothers, the billionaire conservatives behind energy conglomerate Koch Industries who had long fought action on climate change.[41] In the summer of 2009, the Tea Party organized protests at the Capitol and in congressional district offices. In animated town gatherings held after the House vote in June, Tea Partiers assailed House representatives who had voted for Waxman-Markey as "cap and traitors." The message

[40] According to the Center for Responsive Politics, in 2008 oil and gas spent $134.5 million on lobbying. By contrast, that same year, pro-environmental groups spent $19.2 million.
[41] According to Greenpeace, the Koch brothers have given more than $61 million to "climate-denial front groups" since 1997, with the majority of the funds (nearly $38 million) given between 2005 and 2010.

was underscored by a concerted right-wing media campaign with heavy coverage on Fox News. “We weren’t expecting town hall meetings where the words ‘cap and trade’ would become this evil thing,” said Nathan Willcox, federal global warming program director at Environment America, a federation of state-based environmental groups.

The strength of the backlash against the House vote took the green groups by surprise. Already USCAP, the principal organizing force behind the bill, was showing signs of fracture. The day of the House vote, USCAP member Caterpillar Inc., the world’s leading producer of construction and mining equipment, withdrew its support for Waxman-Markey, citing dissatisfaction with a number of its provisions related to the manufacturing sector.[lxxxvi] ConocoPhillips, the second-largest U.S. refiner, also came out against the bill, which the company felt did not allocate enough allowances to the oil refineries.[lxxxvii] With such rising opposition, it was clear that the green groups needed a strong campaign to push legislation through the Senate. The climate bill would require the support of every one of the fifty-eight Democrats in office at the time, along with the two independents, Bernie Sanders (VT) and Joe Lieberman, who caucused with the Democrats. (Three liberal states—Massachusetts, California, and New York—that together had sixty-seven pro-cap-and-trade representatives in the House, would get only six votes in the Senate.[lxxxviii]) But not all the Democrats supported cap and trade.[lxxxix] Moreover, unlike the House, where the green groups had the backing of Henry Waxman and Nancy Pelosi, in the Senate there were no clear champions who could carry the bill. “I think there was a failure to anticipate that transition,” said Carl Pope, former chairman and executive director of the Sierra Club.

Nevertheless, even as the health care reform bill dominated the Senate agenda in 2009, there had been efforts to craft climate legislation. In early February, Senators Lieberman and John McCain (R-AZ), who had previously partnered on three climate bills, came close to unveiling a bipartisan cap-and-trade bill. But McCain, for the first time in his Senate career, was facing a tough primary fight and dropped out of the effort. Ultimately, it was Sen. Barbara Boxer (D-CA) who took up the bill in the Environment and Public Works Committee that she chaired. One of the most liberal lawmakers in the Senate, Boxer believed the climate issue was key to her 2010 reelection campaign. (California, which had been aggressive on climate action in recent years, was on the path to a state version of cap and trade that went into effect in late 2012.[xc]) But while Boxer had been working on her own version of a climate bill since the start of the new term, it was soon clear that her committee did not have the same kind of momentum as Waxman's had. Where House Speaker Nancy Pelosi had indicated that climate legislation would be a priority, Senate Majority Leader Harry Reid (D-NV) had not made a similar commitment. At a hearing in early July, Boxer's committee was urged by the secretaries of energy, agriculture, and the interior and the head of the EPA to move the bill as soon as possible. But she decided to postpone, saying that health care was the main priority before the August recess and that Reid was not pressing for cap and trade's immediate passage.[xci] "We don't have to rush it through," she told reporters. "We'll do it as soon as we get back, and we'll have it at the desk when Harry wants it."[xcii]

The green groups publicly supported Boxer's decision. "It gives senators more time to review and understand the historic bill just passed by the House," Tony Kreindler, EDF spokesman, said at the time.[xciii] The belief on Capitol Hill was that the health care reform bill would move through the Senate before the August recess and that in the fall session the Senate committees could finalize the climate bill before the UN Climate Change conference in Copenhagen in December. This never came to pass. In the fall term, the health care bill was still nowhere near done, and the other Senate committees with jurisdiction over the climate bill had not moved the process forward.

Meanwhile, as the bill was debated and crafted in Boxer's committee, signs of trouble were already emerging. To draft the legislation, Boxer had hired Joe Goffman, a veteran legislative staffer who had previously worked at the Environmental Defense Fund, where he was one of the original drafters of the cap-and-trade legislation for acid rain. Goffman also had served as Senator Lieberman's legislative director from 2006 to 2008. Despite his stellar credentials, Goffman, we were told, wasn't allowed into the inner debates on the cap-and-trade bill and left Boxer's committee in frustration in October for a senior post at the EPA. The process in Boxer's committee, where we were told just two staffers were drafting the bill, stood in marked contrast to Waxman's committee, where numerous staffers were well versed in the details of the bill and had a firm grasp on the policy.

When Boxer's committee came out with the draft text of a bill in late September, it immediately became clear that she would have difficulty gaining Republican support. The bill included early emissions reductions that were even more stringent than those in the House bill (a 20 percent cut in 2005 levels by 2020, instead of 17 percent), and the bill retained the EPA's authority to regulate and enforce greenhouse gas emissions, something many Republicans staunchly opposed. Rather than take the bill through the markup process while still in committee, Boxer decided to take the bill straight to a vote, confident in the simple Democratic majority of her committee. As a result, even though she had bowed to pressure from the nuclear lobby and included a provision allowing for nuclear energy development, the Republicans on her committee announced they would boycott the vote, a clear signal to their fellow party members that they should not support the bill. The final November 5 committee vote on the bill, the Clean Energy Jobs and American Power Act, was 11–1. Not one Republican cast a vote, and the lone Democratic dissenter, Sen. Max Baucus of Montana, hailed from a Western state rich in coal deposits.

With Boxer's bill clearly going nowhere, in October 2009 a coalition of three senators—John Kerry, Lindsey Graham, and Joe Lieberman—began working on a new version of a cap-and-trade bill. Kerry had initially worked with Boxer's committee and had been seeking a Republican co-sponsor to the bill. He and Boxer had hosted weekly meetings with both Democratic and Republican senators on climate legislation, but they were unsuccessful in bringing anyone else on board.[xciv] Even before the bill was voted out of Boxer's committee, Kerry had seen the critical need for a more centrist approach and had teamed up with Graham, a Republican from South Carolina who indicated he might back a climate bill if it included support for nuclear power. On October 11, 2009, Kerry and Graham announced their partnership in a *New York Times* op-ed entitled, "Yes We Can (Pass Climate Change Legislation)," writing that despite their differences they represented "one voice" on climate change. When Lieberman received a call from his friend Graham in the fall of 2009, he agreed to join what some on Capitol Hill dubbed the "Three Amigos."[xcv]

The trio's legislation was patterned after a "grand bargain" first articulated in March 2009 by a senior White House official; the bargain would seek to negotiate a cap on emissions in exchange for a Republican wish list that included increased production of natural gas, nuclear power, and offshore oil drilling. Even USCAP corporations allowed themselves to feel a glimmer of hope. Kerry, Graham, and Lieberman decided to try to wrangle Senate votes through a direct floor process rather than via a new committee, which is traditionally where the real negotiations on a bill occur. The downside to a straight floor vote was that any of the compromises being offered to individual senators could still be amended during the markup process in the committees with jurisdiction over the bill.

Also in the fall of 2009, the president's chief of staff, Rahm Emanuel, met with environmental leaders who had recently launched the Clean Energy Works coalition to campaign for the Senate bill. The Obama administration remained publicly supportive of climate action but kept a distance from the negotiations, and it was well known that Emanuel considered climate change legislation fairly low on his political to-do list. "Whether we do the climate bill really depends on how we come out on the health care bill," said Emanuel, according to NRDC President Frances Beinecke, who was present at the meeting. Chris Miller, Harry Reid's senior adviser on energy and environment, said that Emanuel was supportive of a smaller bill over comprehensive legislation, perhaps even a renewable energy portfolio standard that would require the electric utilities to source a certain amount of their energy from renewables. "You need to get me some Republicans," is what EDF's Steve Cochran recalled hearing from Emanuel.

"The attitude was, Let's see how far Kerry and Graham can go and if we can get

Republicans engaged on it we can go somewhere," said Joe Aldy. "But then it just took longer and longer." Although Obama continued to express support for federal climate legislation, at the UN meeting in Copenhagen in December he offered no specific plan for capping carbon, saying only that America is "pursuing comprehensive legislation."[xcvi]

Ultimately the Kerry-Graham-Lieberman bill never gained enough momentum to be taken to a floor vote in the Senate. Reid, who the green groups had hoped would lead the push for the bill, was under pressure in his home state of Nevada, where he was in a fierce reelection contest with an upstart Tea Party candidate, Sharron Angle, who during her career had publicly declared herself in favor of abolishing the EPA. By mid-2010, Angle was far ahead of Reid in the polls, and Reid's seat was in jeopardy. Reid is known as someone who can work the Democratic caucus, and it was clear he was slow-walking the bill. "I think to Reid the whole climate thing was a sideshow without Republican support," said George Abar.

The absence of the majority leader shepherding the bill through the Senate came as a serious blow. "The deal we had with Harry Reid was that he had appointed Kerry, Graham, and Lieberman to write the bill, and he would bring it straight to the floor," said Danielle Rosengarten Vogel, a former Lieberman aide who was one of the key drafters of the bill. But this never happened. Reid's adviser Chris Miller told us that while the senator was supportive of the Kerry-Graham-Lieberman legislation, the green groups never managed to drum up the necessary bipartisan support that would have given his boss the ability to make a strong case for the bill. Miller said the green groups made a crucial error in not building state-level political and grassroots support that would have created public pressure for such a politically fraught bill. "I had made a pitch to them that they have to build a farm team with state legislation," Miller told us. "The state attorneys general and all those other local elected officials should be part of their support network."

Many Senate staffers we spoke with said the climate bill was doomed from the start because it was not slated for reconciliation, which would have provided immunity to filibustering and enabled the bill to pass with a simple majority of fifty-one votes rather than the standard sixty votes needed to bring it to a vote. Gaining those sixty votes became even more difficult in January 2010 when Republican upstart Scott Brown won a special election to fill Ted Kennedy's Massachusetts Senate seat. After that, any Senate cap-and-trade bill would have to have at least one Republican backer to pass the Senate. As Eric Pooley recounts in *The Climate War*, Reid indicated in a March 2009 meeting with Duke CEO Jim Rogers and EDF's Fred Krupp that he might try to pass the climate bill through reconciliation but that Rogers and Krupp managed to persuade him not to take the that route. (By contrast, reconciliation was used to bring amendments to the health care and education reform bills to a vote in 2010, since elements of each act had been put into the annual federal budget.) Kent Conrad (D-ND), who, as chairman of the Senate Budget committee, oversaw whether to include reconciliation instructions in the budget resolution, opposed putting climate through reconciliation. "It doesn't work well for writing major substantive legislation," he said at the time.

We were also told that the chances for the Senate bill's passage were hurt by the fact that the green groups' primary media and field campaign—Clean Energy Works—wasn't launched until a few months after the passage of the Waxman-Markey bill. The organization was run out of a central Washington office by Paul Tewes, a veteran Democratic operative who had been Obama's Iowa state director. Most of CEW's funds (about 60 percent, said Tewes) paid for media buys, which consisted largely of television advertising but included some radio and online ads as well. Much like USCAP represented an unprecedented level of coordination between the green groups and industry, CEW was an example of unprecedented coordination among the big greens themselves. There had been past collaborative efforts around climate, such as the campaign to increase Corporate Average Fuel Economy (CAFE) standards in 2007, an effort that, like CEW, was funded in part by the Energy Foundation. But since that success, most collaboration had taken the form of loose discussions about what to do and how to organize. CEW deployed some two hundred individuals in more than two dozen swing states such as Arkansas, Michigan, and Ohio to generate grassroots support for climate action and to develop intelligence on the senators and their staffs. “We didn’t go in and lobby this bill,” said Tewes, a managing partner at New Partners, a Democratic political consulting firm. “Our whole mission was to create an atmosphere where it would be more comfortable passing something.”

After extensive polling, the green groups decided to have CEW push two chief benefits of cap-and-trade legislation—better national security through energy independence and the creation of “green jobs”—hence, CEW’s tagline: “More jobs. Less Pollution. Greater Security.” The participating organizations, which, in addition to the environmental members of the USCAP coalition, included more than sixty advocacy groups from the environmental, labor, and faith communities. Beginning in October 2009, CEW partnered with the Truman National Security Project to send veterans on cross-country bus tours to speak about the security benefits of the cap-and-trade bill, and with the BlueGreen Alliance around similar public events for labor.

The focus on green jobs was a direct mandate from the Obama administration. During his campaign, Obama argued that clean energy initiatives in the United States would stimulate the economy and create five million new jobs over ten years. In March 2009, he appointed Van Jones, an environmental community activist, to take the lead as a special adviser on green jobs.[42] The green jobs argument addressed a very palpable concern for voters: job stability, at a time when national unemployment was hovering around 9 percent. It also provided a counterfactual to what cap-and-trade opponents were championing—namely, that climate legislation would increase business costs, and thereby increase energy costs and eliminate jobs for middle- and lower-class workers. While American citizens were increasingly concerned about climate change, polls routinely showed climate fell to the bottom of the list compared with other national issues, with the economy being the chief concern. The jobs message was so deeply ingrained in the White House that as the House vote approached, Nancy Pelosi focused less on the bill's environmental benefits and instead touted its "jobs, jobs, jobs, and jobs."

CEW claimed that 1.9 million new jobs would result from climate legislation. But even those leading the campaign recognized that it was merely "a number cobbled together from a number of reports," said David Di Martino, former CEW communication director. The concept of green jobs was difficult to rally behind largely because creating green jobs was as abstract as reversing climate change. Even the green groups behind CEW doubted the relevance of the green jobs message. "The problem with the green jobs [argument] is that it is fundamentally difficult to quantify, and some claims may be

[42] In September 2009 Jones resigned from his post amid controversy when Republicans assailed him for making disparaging remarks about Republicans (he called them "assholes" for their legislative tactics) and for signing a 2004 petition that called for a congressional investigation into whether the Bush administration permitted the 9/11 attacks to occur. Jones apologized, but the resulting furor led him to step down.

bogus," we were told by Pew's Nikki Roy. Despite the fact that the White House had been clear that green jobs was an important message to send to voters, the green groups did not believe they were the right messengers. "We're not about job creation," Frances Beinecke told us. By the fall, in doing its own polling on messaging, CEW concluded that national security was a better point to lead with because it was "true and real," Di Martino said.

Although the green groups had thrown their support behind the Boxer bill, and then the Kerry-Graham-Lieberman effort, what they unequivocally did not support was a piece of competing climate change legislation brought forth in December 2009. The bipartisan bill introduced by Senators Maria Cantwell (D-WA) and Susan Collins (R-ME) was called the Carbon Limits and Energy for America's Renewal (CLEAR) Act.[43] It advocated for auctioning 100 percent of the pollution permits under a carbon cap and pledged long-term carbon reductions similar to those of the Waxman-Markey bill.[44] Unlike cap-and-trade legislation, the CLEAR Act prohibited Wall Street traders from participating in the market for pollution permits; only companies that produced or imported fossil fuels could trade carbon permits. The CLEAR Act was called a "cap and dividend" bill and was the first piece of legislation to offer the American public a direct and tangible benefit: it promised to return on average $1,100 annually to a family of four between 2012 and 2030 to cover the anticipated increased energy costs from a carbon cap.[xcvii]

[43] Cantwell, incidentally, was one of the House Democratic representatives to be ousted in the 1994 election after the ill-fated "Btu tax." She was subsequently elected to the Senate in 2000.
[44] The CLEAR Act promised to reduce carbon dioxide emissions 20 percent below 2005 levels by 2020 and 83 percent below 2005 levels by 2050. Waxman-Markey pledged only a 17 percent cut by 2020 (and 83 percent by 2050) but covered six other greenhouse gases as well.

At thirty-nine pages, the CLEAR Act was more intuitive than the complicated trading, offsets, and derivatives calculations that spanned the more than 1,400 pages of the final Waxman-Markey bill.[xcviii] Though Cantwell had voted in favor of cap and trade along party lines in 2003, 2005, and 2008, she became outspoken against the policy in early 2009. “I have serious concerns about how a cap-and-trade program might allow Wall Street to distort a carbon market for its own profits,” she said.[xcix] The advantage of her cap-and-dividend bill, Cantwell said, was the “predictability” it created in the transition to a clean energy economy. Americans were not going to be subject to wild fluctuations in energy costs. In a Public Opinion Strategies poll conducted within months of the CLEAR Act’s debut, three-quarters of Americans said they were in favor of a cap-and-dividend plan—with strong backing across party lines (71 percent of Republicans; 69 percent of independents; 85 percent of Democrats).[c] “This is about the ability to make this economic transition and ignite what is a huge technology revolution for the U.S. economy,” Cantwell told a reporter in April 2010.[ci]

Most of the big greens felt that the unveiling of this bill was an enormous distraction—even if its policy may have resonated more with the American public at the time. Numerous congressional staffers and White House aides we spoke to said that in rejecting Cantwell-Collins outright, the green groups missed an opportunity to engage senators who might have been swayed to support the bill, including Evan Bayh (D-IN), Claire McCaskill (D-MO), and Debbie Stabenow (D-MI), as well as Arlen Specter, who had recently switched from the Republican to the Democratic Party.

When Cantwell began drafting the bill in July 2009, the green groups accused her of being divisive, and, according to one senior Senate staffer we spoke with, urged the senator to “hold your nose” and vote for cap and trade. But Cantwell continued to favor the concept of cap and dividend, buoyed by support from a variety of smaller environmental advocacy groups and funders—including the Rockefeller Family Fund.[45] In 2008, at a green group retreat in Annapolis, when the idea of cap and dividend was still in its formative stages, the green groups reprimanded environmental advocacy groups that were considering the alternative policy. Among them was 1Sky’s Betsy Taylor, who was present at the retreat and recalls Fred Krupp saying to her, “I hear 1Sky is looking at cap and div. That would be a disaster. That would be disruptive to the whole process.”

The CLEAR Act also received support from the White House, at least behind closed doors, where Obama, according to Cantwell, told her that her policy was “elegant.”[cii] The president, Joe Aldy told us, did not have a strong opinion on any one piece of legislation or in the specifics of the bill. He just wanted something that would work. “Most everyone on the economic team liked it,” said Aldy. “They liked the idea of bringing the money back to people. They liked that it didn’t have a bunch of redundant regulations and policies.” But Cantwell-Collins never picked up enough traction to preempt cap and trade, and the bill fizzled out in spring 2010. We heard a litany of reasons: the bill never got support from the electric utilities; it did not solve the loss of jobs that a cap would impose on the fossil fuel sector; it was too strong or too weak, depending on whom you asked; and it divided the environmental groups.

While the green groups held out hope for passage of a bill, they were facing an increasingly uphill struggle. By spring 2010, many of the corporations in USCAP saw

[45] As stated in the Executive Summary, the Rockefeller Family Fund commissioned this report and gave full editorial freedom to its authors.

passage of any cap-and-trade bill as futile. “On the Hill, we were lobbying completely separately,” said Michael Parr of DuPont. In February, three USCAP corporations—BP America, ConocoPhillips, and Caterpillar, two of which had come out against Waxman-Markey in June 2009—dropped out of the coalition.[ciii] The complexity of the bill as it had been negotiated in the House and now the Senate, Parr said, was driving away its staunchest proponents. “We could no longer really look at the bill and understand what its economic impact on our operations was going to be,” he told us.

Ultimately the “Three Amigos” failed to muster a single Republican to join Graham. Among the Republicans who the three senators believed might have been in play were Richard Lugar of Indiana, who had a good working relationship with Obama, and John McCain, who had a long history of supporting cap-and-trade efforts. Susan Collins had also been a contender, before she started working with Maria Cantwell on the cap-and-dividend bill.

Still, the green groups thought that Obama would come through. “We kept hoping, believing, occasionally getting a signal, that the cavalry was going to come in,” said EDF’s Steve Cochran. “We gave Obama a free pass,” said Michael Brune, executive director of the Sierra Club. “There was no appetite to hold the president responsible.”

In the spring of 2010 prospects for a Senate bill finally unraveled. On April 20 an explosion on a BP oil rig in the Gulf of Mexico led to a massive oil spill. Any chance that the disaster might have created support for a climate legislation was offset by the fact that the Kerry-Graham-Lieberman bill had called for large-scale expansion of offshore drilling, Then, two days after the BP explosion, Harry Reid announced he was placing climate change on the back burner in favor of immigration reform. Reid’s announcement was apparently the final straw for Graham, who had been increasingly unhappy with the Democratic leadership's handling of the Kerry-Graham-Lieberman effort. After Graham's departure, Kerry and Lieberman introduced a 987-page discussion draft of their bill, now called the American Power Act. As in the House version, the bill was an industry-wide proposal to cut greenhouse gas emissions by 17 percent in 2020, and 83 percent by 2050, from a 2005 baseline. The bill, like the House bill, would have preempted state and EPA regulation of carbon under the Clean Air Act, but to a greater degree. But ultimately the bill failed to attract a single Republican supporter.

Despite several additional attempts to pass climate legislation in subsequent months, including one last-ditch effort by Kerry and Lieberman for a utilities-only bill, Senate Democrats announced on July 22 that they were abandoning efforts to pursue climate change legislation before the summer recess. Though the prospects for a bill now looked impossibly slim, Obama was still meeting with senators (including a ninety-minute meeting on June 29) to advocate for a price on carbon. In August and September, several final measures were introduced, including one sponsored by Senators Olympia Snowe (R-ME) and Jeff Bingaman (D-NM) that would have provided tax incentives for clean and renewable energy, but neither this nor any other proposal was seriously considered.

In April 2011, at a private funders meeting in Chicago, Rahm Emanuel blamed the green groups, at least in part, for the failure of the bill. The green groups, said Emanuel, had told the president they had five Republicans in favor of cap and trade. "They didn't have shit," Emanuel told the gathering. "And folks, they were dicking around for two years. And I had those meetings in my office so it was not that I wasn't listening to them." Emanuel made clear that with competing health care and financial regulatory reform issues, the climate bill simply needed more bipartisan support. "This is a real big game, and you've got to wear your big-boy pants," he told the funders.

The climate legislation failure came in sharp contrast to the success of health care reform. In 2008 health care reform advocates faced similarly strong opposition as the environmental community did in trying to pass carbon cap legislation. There were six health care lobbyists in Washington for every member of Congress, and the health care industry was the number one lobbying spender in 2009—shelling out $263.4 million in the first six months of the year, more even than the oil and gas industry, according to the Center for Responsive Politics.[civ] Health care was a "family table" issue that affected all Americans, particularly the upwards of 45 million uninsured. It was also an issue that united Democrats in a way that cap and trade never could, given the coal dependence of some midwestern states. Moreover, advocates for health care reform had begun organizing in June of 2008 and were already lobbying the transition team and members of Congress before Obama was sworn in.

One of the chief lawmakers to push the issue was Sen. Max Baucus (D-MT), who wrote to Obama the day after the presidential election urging him to prioritize health care reform on his domestic agenda. One week later, Baucus unveiled a blueprint for health care. "Rarely, if ever, has a lawmaker with his clout moved so early—eight days after the election of a new president—to press for such an enormous undertaking," wrote the *Washington Post*. In his role as chair of the Senate Finance Committee, Baucus had great influence over how dollars were spent—whether on health care, finance, or cap and trade—and he was vocal about his desire to reform the national health care system as a means of transforming the economy. “This is kind of why I hired out for this job,” he told *Time* magazine in the spring of 2009. As it turned out, Baucus also counted leading health insurance and pharmaceutical companies as his top donors. In 2009 alone, the health insurance lobby paid $1.5 million to political action committees and organizations affiliated with Baucus.[cv]

Despite being vastly outspent by opposition groups in the health care industry, the campaign for health care reform was relatively well funded, with $47 million raised (the biggest individual total donation was $27 million from Atlantic Philanthropies, founded by Chuck Feeney, who made his fortune through an empire of duty-free shops).[cvi] As was the case with USCAP, health care reform advocates formed a coalition of groups to push for the passage of a bill. But how the two groups organized themselves and how and when they deployed those funds were radically different. Leading the health care push in Congress was Health Care for America Now (HCAN), a reform coalition organized in 2008 that now includes 1,000 groups representing thirty million people in all fifty states. Unlike the USCAP coalition, which was formed through an uneasy alliance between traditional adversaries—environmental organizations and carbon-emitting corporations—the primary lobbying vehicle for the health care reformers was a broad-based coalition of like-minded members, including public charities, advocacy groups, physicians and nurses, and labor unions, which had been big Obama supporters during the presidential campaign. Rather than seeking to broker a compromise solution from the start as USCAP did, the HCAN approach was more oppositional.

The health care campaign was also deployed much earlier than CEW, the green groups’ primary outreach effort. By mid-2008, well before the presidential election, Atlantic Philanthropies had already made a $10 million grant, and HCAN had deployed on a national level with a focus on state-by-state campaigns designed to bring individual lawmakers on board.[cvii] By October 2008 HCAN had succeeded in getting more than 70 members of Congress, including then-Senator Obama, to sign onto a statement of general principles that would guide future legislation.[cviii] In contrast, the campaign for cap and trade was unfurled only after Obama was elected, and even then as a compromise between corporate America and the environmental community. In November 2010, Atlantic Philanthropies' advocacy executive Antha N. Williams described HCAN's role in the health care reform campaign as the crucial "ground game" for the effort.[cix]

Yet despite passage of the bill in 2010, critics called it at best a Pyrrhic victory. The final bill was an enormous departure from the principles set out by HCAN. Chief among them was the desire for universal health coverage for every American through a single payer scheme. Instead, insurance companies managed to wrangle a provision that required every American to have health insurance by 2014 or pay a tax that amounted to a penalty, thus ensuring for themselves a vastly expanded and now captive audience without the balancing presence of a public health care option. Despite this, opponents of the bill, spearheaded by the insurance industry and the Tea Party, vowed to repeal the bill and challenged its constitutionality in the courts. In all, 26 states and other plaintiffs challenged the law in the Supreme Court, which in June 2012 upheld its constitutionality in a 5–4 vote.[cx]

GRASSROOTS VS. BIG GREEN

It's been the standard M.O. in the environmental community to not do what's needed, but to do what's possible.

—Katherine Silverthorne, climate policy adviser

Marshall Ganz, a veteran grassroots organizer and senior lecturer in public policy at Harvard's Kennedy School of Government, told us that real societal change "almost never comes from an insider deal." Ganz worked on Obama's 2008 campaign and said that a key to his victory was building strong leadership at the local, state, and national levels through the coordination of more than 2,500 field directors and organizers. "To think that a deep reform of our energy policies was going to happen because somehow it was going to be negotiated in D.C., it was just ahistorical, it was unreal," he said. Part of the problem, Ganz has written, is that civic organizations such as the green groups have effectively become "bodiless heads"—professionally staffed, Washington-based organizations that are largely disconnected from the public they purport to represent.

And yet as we have laid out in this report, pursuing an inside game is precisely the path that the green groups chose in their quest to enact federal climate change legislation. The green groups behind cap and trade assumed that because there was mounting public awareness of climate change, a groundswell of public support was essentially waiting in the wings to help support whatever bill was being pushed through Congress. Their outlook had been honed over four decades of working on environmental issues, cemented by the success of the 1990 acid rain bill, the greens' most recent significant federal legislative victory. In their pursuit of an economy-wide cap on carbon, therefore, the greens did not invest substantially in cultivating a grassroots base, nor did they effectively build on existing mass mobilization efforts when it became clear that passage of the climate bill would be more difficult than anticipated. Rather, they relied on CEW, a targeted media and field campaign to build support for the Senate bill.

While CEW demonstrated an unprecedented level of coordination among the green groups, it was deployed too late, only *after* the House vote in June 2009, and with few meaningful connections to allied constituents. Despite the efforts of the BlueGreen Alliance and the Truman National Security Project to boost CEW's messaging around green jobs and national security, these collaborations, we were told, really engaged only those who already supported the bill.

"The approach was very grass-tops," said Greenpeace's Phil Radford. Even those constituents, like labor unions, that were supposed to be allies on messaging for green jobs felt that the effort was not collaborative. Jeff Rickert, former director of the Center for Green Jobs at the AFL-CIO, told us that in the Senate the green groups had a very "insular" approach. "They needed to do a better job lining up surrogates," he said, adding that labor could also have been brought more into the fold during negotiations of a bill that was supposed to prominently feature jobs. These tactical shortcomings became particularly acute as the Senate legislative process dragged on into 2010. "CEW was designed for a sprint," said Carl Pope, who until early 2010 was executive director of the Sierra Club, a CEW member. "Instead of a sprint, we had a marathon."

Meanwhile, a network of smaller environmental organizations had already come together in 2007 under 1Sky, a grassroots education campaign for climate policy. Organized well in advance of the House and Senate legislative battles, the 1Sky coalition, which championed a strong carbon cap, had built up just the kind of grassroots base that might have helped the big greens as they worked their inside game. At its peak, 1Sky counted 643 youth, labor, ethnic, and faith-based groups as partners. The organization also united some of the strongest regional environmental groups in the country, such as Fresh Energy in Minnesota and the Southern Alliance for Clean Energy, which had developed strong relationships with their local legislators after working on climate and energy issues for decades. 1Sky's goal, with a fraction of the budgets of the health care reform and cap-and-trade campaigns, was to get the strongest climate policy passed, no matter the policy vehicle; it advocated for legislation that would create five million green jobs and cut greenhouse gas emissions 25 percent from 1990 levels by 2020, a reduction much stronger than what USCAP proposed.[46cxi]

In its first two years, 1Sky built the kind of broad support that HCAN had organized on the health care campaign, deploying some 2,300 field volunteers across twenty-nine states. But neither the big green groups nor their funders invested much in fostering this grassroots support, nor did they give much weight to the views of 1Sky's members, many of which were wary of a cap-and-trade approach to reducing carbon emissions.[47] "There was an assumption that we could turn on the base," 1Sky co-founder Betsy Taylor said. In early 2009, as the House legislation was getting under way, Taylor said a funder told her, "I don't believe grassroots make any difference." With the climate bill that was being drafted in Waxman's committee becoming more complex and industry-friendly at each turn, it became difficult to rally behind. "It was a hard time for

[46] According to its tax filings, 1Sky received about $5 million in total revenue over a three-year period beginning in October 2007.
[47] Between June 2008 and May 2009, the Energy Foundation did give 1Sky a one-time grant of $200,000 to "to evaluate and plan educational campaigns to build support for strong global warming policy and to analyze the technical and economic potential for greenhouse gas reduction." We were told by 1Sky that the Sea Change Foundation and other large funders, in fact, turned down their requests for funding.

the grassroots," Taylor told us, a period that became even more difficult as the bill moved to the Senate. After standing in the wings while the big green groups negotiated on Capitol Hill—and begged the grassroots groups to act as "good soldiers," Taylor said—the 1Sky coalition ultimately came out against the Kerry-Lieberman bill because it eliminated the EPA's regulating authority. "That was our line in the sand," she said.

House and the Senate staffers we spoke with expressed skepticism that any amount of public support would have turned the tide in the legislative battle for cap and trade. But they also acknowledged that elected officials generally do not want to take a tough vote unless they are forced to—and public pressure can act as an impetus for this reason. The week Senator Boxer took up the bill in her committee in July 2009, the Energy Action Coalition, a Washington-based organization of fifty youth-led environmental and social justice advocacy groups and an ally of 1Sky, helped organize a sixty-person flash mob to form the word "STRONG" with their bodies in the Hart Senate Building, urging that the bill be made stronger. But there appeared to be little momentum for an organized youth movement behind such a compromised climate bill. Harry Reid's adviser Chris Miller told us that in that same summer, as the bill was being taken up in the Senate, he wondered, "Where are all the college students?"

When late in 2009 it became increasingly clear that passage in the Senate was unlikely, 1Sky polled fifty environmentalists, lawmakers, government officials, and activists to ask why the environmental movement was "losing in our battle to fight global warming." The 1Sky report concluded that "lack of vigorous public support" was playing a significant role. A few months later, after the Kerry-Graham-Lieberman bill sputtered out on the Senate floor and prospects for an alternative climate bill dimmed, Gillian

Caldwell, 1Sky's former campaign director, told *National Geographic News* that the campaign had suffered from "a chronic and historic underinvestment in grassroots mobilizing."[48]

While CEW did engage in some grassroots outreach, this outreach was not deployed early or intensively enough to make a significant impact on lawmakers considering the bill. "We could have used more grassroots work being done to help make this an issue that politicians were hearing about outside the Beltway," said Nathan Willcox of Environment America, which participated in the CEW campaign. Groups such as EDF and NRDC that spearheaded CEW, however, have built their operations not on the organization and mobilization of an active membership base, but on promoting litigation, lobbying, and market-based solutions. In the campaign for cap and trade, EDF's attempts to engage the public even backfired: in August 2009, the green group became embroiled in an "astroturfing" scandal for having solicited "progressive activists" on Craigslist for $90 a day.[cxii]

Jigar Shah, who since stepping down as head of the Carbon War Room last year formed a clean energy consulting company, argues that a major impediment to the green groups are the funders themselves, which have steered the environmental community toward groupthink by wielding their financial influence. "The foundations should stop putting the smartest people in the movement into an impossible position," Shah said, of large funders such as the Hewlett and Packard Foundations, which placed significant sums of money behind ClimateWorks, and by extension, the recent U.S. climate

[48] This most recent lack of investment in the grassroots was certainly not limited to climate and energy issues. A February 2012 report published by the National Committee for Responsive Philanthropy, "Cultivating the Grassroots," found that between 2007 and 2009, just 15 percent of all environmental grant dollars benefited marginalized communities and 11 percent went to social justice issues—two investment areas the report's authors identified as critical to cultivating grassroots support.

campaign. “More money needed to flow through different people to get a better policy,” agreed Phil Radford of Greenpeace, where Shah sits on the Board of Directors.

A 2005 report about the future of philanthropy, funded in part by the Packard Foundation, described this type of grant making as “high-engagement giving.” The approach emerged in the late 1990s as an effort that “brings the donor and the grantee into a partnership.” Under such a model, funding is contingent on the achievement of measurable performance goals. This model takes its cues from the venture capital world, in which investors allocate money to promising businesses according to their beliefs and preferences for risk. But according to Shah, originally a venture capitalist himself, the truly successful venture capital model involves something more nuanced: trusting the ingenuity of businesses and the entrepreneurs who lead them.

Shah told us that the funders would have been better served by funding a broad spectrum of organizations, particularly groups that might be able to provide innovative solutions outside of federal legislation. His position is echoed in an article in the 2011 summer issue of *Stanford Social Innovation Review*, which argues in favor of a “spread betting” approach that invests in a panoply of organizations and strategies. “Failing to fund the seemingly quirky, unproven strategy that turns out to be appropriate to the circumstances is just as big a loss as funding something that does not work out,” the authors write.[cxiii]

This is something not lost on at least one of the major climate funders, the Energy Foundation, whose chief information officer, Jason Ricci, questioned the structure of grant making in January 2011, months after the failure of federal cap-and-trade legislation. “VC’s are willing to take enormous risks in search of enormous returns. They understand that 9 of their investments will fail, but that 1 will hit it big and make those other 9 failures worthwhile," he wrote in response to a blog post on philanthropy at TacticalPhilanthropy.com. "The startup community doesn't hide their failures in a closet—in fact, they celebrate them. Why can't we do the same?"[cxiv]

Very little of the money invested in the climate campaign went to grassroots organizations. "Funders don't do grassroots," Maggie Fox, president and CEO of the Climate Reality Project, formerly the Alliance for Climate Protection, told us of the underinvestment in field organization for long-term work. That's likely because such on-the-ground work is resource- and time-intensive, requiring a commitment that goes against the current trend of funding allocations in one-, two-, and three-year cycles with short-term deliverables.

Building grassroots support around climate would require funders to finance projects and organizations that might not show a return on the investment for a decade. "You're talking about moving a mountain here," Larry Schweiger, president and CEO of the National Wildlife Federation, said about climate change. "I don't have any illusions that this is going to be a cakewalk and that we're going to solve everything in two years." Adopting just such a long-term outlook and investing in local organizing may be what is required to effectively mobilize the public on climate to the level that it could legitimately be called a social movement. It is noteworthy that the more than twenty million Americans who rallied around the first Earth Day in 1970 came together not as some spontaneous occurrence but through the efforts of tens of thousands of local organizers.[cxv]

CONCLUSION

I think there's been a lot of revisionist history. I think that as we've looked back, we haven't been accountable to some of the early tactical and strategic decisions that we've made, and we tend to forget them.

—Betsy Taylor, environmental consultant

More than two years after the push for cap and trade dissolved in the Senate, the environmental movement is further away from passing comprehensive climate legislation than when Barack Obama first came into office. The Office of Energy and Climate Change Policy that Carol Browner once led has been closed, and the president has abandoned his rhetoric on the need for an economy-wide carbon cap.[49] If anything, opponents of the cap-and-trade bill have been emboldened by its failure and have mounted an assault on the Environmental Protection Agency's scope of authority—particularly its ability to regulate greenhouse gases under the Clean Air Act. In both houses of Congress, dozens of bills have circulated to weaken the forty-three-year-old law. A 2012 report commissioned by Representatives Waxman and Markey noted that the House had become the "most anti-environment House in the history of Congress," voting 247 times to "undermine basic environmental protections that have existed for decades."[cxvi] This represents a sharp reversal from the previous House membership, which managed to pass historic carbon cap legislation under Waxman and Markey's leadership in 2009.

[49] In his 2012 State of the Union address, Obama mentioned "climate change" only once, and it was to say, "The differences in this chamber may be too deep right now to pass a comprehensive plan to fight climate change." During that speech he also strengthened his support for domestic oil and gas exploration. Since his reelection, Obama has mentioned climate as a priority issue, but he has not committed to taking any concrete action, saying he first needs to have a "wide-ranging conversation" with experts to determine what can realisticaly be done.

The 2012 presidential campaign featured a slate of Republican candidates who labeled climate change as “manufactured science,” a “hoax,” and “all one contrived phony mess.”[cxvii] The party’s eventual nominee, former Massachusetts governor Mitt Romney, backpedaled from a June 2011 statement that “it’s important for us to reduce our emissions of pollutants and greenhouse gases.” Several months later, he declared, “We don’t know what’s causing climate change on this planet, and the idea of spending trillions and trillions of dollars to try to reduce CO_2 emissions is not the right course for us.”[cxviii] Obama, facing a tough reelection campaign, shelved plans to tighten Bush-era ozone standards and instead advocated for “the importance of reducing regulatory burdens and regulatory uncertainty, particularly as our economy continues to recover.”[cxix] In contrast to the 2008 presidential campaign, which featured two nominees who both openly declared their support for placing a cap on carbon emissions, not a single mention of climate change was made by either Obama or Romney during their three debates. In his victory speech on election night, Obama said he wanted to build an America that “isn’t threatened by the destructive power of a warming planet,” but he focused most of his remarks on creating new jobs.[cxx] Exit polls, meanwhile, showed that voters’ concerns about the economy topped their other concerns by a wide margin.[cxxi]

The year 2012 is now on record as the hottest year in the United States, but Congress is by all accounts further away from passing climate change legislation than it was when President Obama was elected in 2008. As we have documented in this report, there were significant external factors that contributed to this lost opportunity. Individuals from all sides of the issue with whom we spoke, particularly members of the green groups, believe the outcome might have been different had the economy been stronger, had Congress been less partisan, had climate gone before health care in the Senate, and had President Obama taken on more of a leadership role during crucial moments in the legislative process. “Hardly any major environmental legislation has been passed in bad economic times,” said Nikki Roy. “What really finally killed it for us was the president not taking the lead on the legislative effort.”

But the green groups also made a number of strategic assumptions that ended up hurting them in their pursuit of climate policy. They were mistaken in their belief that brokering a deal with traditional adversaries through USCAP would automatically garner support from congressional leaders, particularly the midwestern Democrats and Republicans whose lack of support proved so crucial. Moreover, despite having more money than ever before to fund their campaign, the green groups remained vastly outspent by their opposition and did not have enough influence with individual congressional leaders to win with an overwhelmingly inside game strategy. The GOP’s sharp rightward shift with the rise of the Tea Party in 2009 only made this strategy more difficult to execute. A groundswell of public support may not have been enough to turn the tide, but even so, the green groups believed the public would rally around the cap-and-trade bill without any substantial investment in cultivating such a broad base of support.

Additionally, there were factors that were, to some degree, within the green groups’ control. They could have been better prepared for the Senate battle after the narrow House victory in June 2009, and they could have more vigorously pressured the White House to support the bill. They also could have built a more robust coalition of non-environmental allies to sharply articulate the green jobs argument that the administration seemed eager to promote. President Obama's top priority, before he was even sworn into office, was to prevent the economy from entering into free fall. Members of his administration described to us the need for the very kind of green jobs effort that was lacking in the cap-and-trade legislative campaign. The green groups may not have been the best messengers for this position, but they could have leveraged stronger partnerships with labor groups early on.

With the worsening economy, one of the Obama administration's chief concerns, the green groups could also have sought a scaled-down version of cap and trade in the form of a utility-only bill, which Rahm Emanuel reportedly supported. EDF's Fred Krupp told us, however, that passing such a scaled-down bill would have been nearly as difficult as passing economy-wide carbon legislation. "At the time, there was nobody in the U.S. who thought we could keep the Democrats on a utility-only bill," he said.

At the same time, critics of the big greens and in particular, the USCAP coalition, argue that by bringing American corporations to the table from the start, the environmental community negotiated away far too much, and that USCAP itself was an excessive compromise that came too early in the legislative game. Staffers on Capitol Hill told us that the green groups often "confuse access with influence." The focus of the lobbying effort was cap and trade, they said, but once the environmental groups achieved the goal of getting legislation on the table, they lost much of their ability to influence the shape that legislation would take.

Despite the failure of cap and trade to pass in the Senate in this most recent effort, leaders of many green groups told us that enacting federal carbon legislation remains imperative. And yet, the defeat in 2010 was so profound that it's unclear when another attempt can be made. In the months leading up to the 2012 presidential election, there was no evidence that the green groups were mounting the kind of climate legislation campaign they were preparing to unveil four years earlier. There was no relaunch of USCAP, no collaborative marshaling of resources around climate legislation, and no clear picture for what such a climate policy might look like. Fred Krupp, an early and the most steadfast proponent of cap and trade, told us, “We’re open to any idea.”

Other members of the environmental community do not believe an emissions cap is the right policy to push first. Michael Shellenberger and Ted Nordhaus, founders of the Breakthrough Institute, a public policy think tank, argue that the emphasis instead should be on lowering the cost of clean energy. Public investment in clean energy technology research and development will drive down costs and spur innovation, they say, citing the military’s procurement of new defense technology as a model.[cxxii] In their view, such investment will also reduce carbon emissions as the nation moves toward cleaner (and cheaper) energy. Wind, solar, and nuclear technologies “have a long way to go” if they are to adequately replace fossil fuels, Shellenberger and Nordhaus wrote in a February 2012 article for Yale’s *e360*. “But the key to getting there won’t be more talk of caps and carbon prices.”[cxxiii]

The primarily West Coast funders that backed cap and trade also seem to be at an impasse around climate. Unlike in 2007, when the publication of “Design to Win” helped catalyze unprecedented levels of funding for climate change solutions in the United States, there is no clear vision for what policies should be pursued going forward. The former head of ClimateWorks, Hal Harvey, who was so influential in shaping the cap-and-trade campaign, resigned from the organization in December 2011, and Paul Brest, president of the Hewlett Foundation, has since retired. In an early 2012 letter circulated to Hewlett trustees, a number of environmental organizations, such as Friends of the Earth and the Rainforest Action Network, called for the large foundation to find a new leader who would depart from the current strategy in which "strategic philanthropy too often favors a linear, excessively technocratic view of social change."[cxxiv] "What we're seeing now is certainly a retrenchment to the states," said Matthew Lewis, former director of communications at ClimateWorks. "There is certainly a robust discussion going on about how you build real and enduring political power, and I'm pretty sure it's safe to say you don't do that in Washington, D.C."

While much of the green groups' postmortem discussion around the failure to pass climate legislation has focused on how they might win next time, there are signs that the groups are beginning to engage and mobilize the grassroots. An article in the *New York Times* last year quoted Maggie Fox, head of the Alliance for Climate Protection (now renamed the Climate Reality Project) as saying that in the run-up to the presidential election, the group had steered away from big television ad buys and was instead refocusing its efforts on social media, training, and organizing. "Whatever we would spend, it would just be washed away in this sea of fossil fuel money," Fox said.[cxxv] Beginning in 2011, the green groups also organized successfully in defense of the EPA's authority to regulate greenhouse gases and other air pollutants by leveraging partnerships with health and advocacy groups such as the American Lung Association and the League of Women Voters. In August 2011, they launched a national ad campaign called "Clean Air Promise" with a focus on protecting the health of children and families from toxic air pollution, which can cause asthma, among other illnesses. In this sense, the green groups are returning to the arena in which they have enjoyed arguably their greatest historic successes—litigation rooted in a concern for public health—and they are rallying precisely the broad support of traditional allies that might have made a difference in the climate campaign. The green groups coordinated their strategy, directing resources to targeted state advertising and public outreach. The environmental community achieved a significant victory when, in December 2011, the EPA issued a ruling that, for the first time ever, required U.S. power plants to limit emissions of mercury and other toxic pollutants. In this case, an unprecedented 900,000 Americans submitted public comments to the EPA in support of the standard.[cxxvi]

On the state level, a victory on carbon emissions reductions in California in November 2010 showed the effectiveness of grassroots engagement. Activists in California rallied nearly six million voters to defeat Proposition 23, a legislative effort bankrolled by out-of-state oil companies and the Koch brothers to reverse AB 32, which set state standards for carbon emission reductions. Grassroots organization, rather than insider lobbying, was key to the victory: more than 130 community-based organizations formed an alliance called Communities United Against the Dirty Energy Proposition. The coalition featured a broad swath of ethnic, environmental, health, religious, and social justice groups along with clean energy advocates and was bolstered by celebrities and more than three thousand volunteers. The campaign reached over two million people, conducting more than 250,000 one-on-one conversations by going door-to-door and making phone calls. It also sent out direct mailings in English, Spanish, and Chinese, placed advertising in ethnic media, and organized get-out-the-vote rallies.[cxxvii] The ballot initiative's defeat was aided, too, by the strength of the clean energy sector in California, which has made nearly $9 billion in new investment since the passage of AB 32 in 2006.[cxxviii] The "No on Prop. 23" campaign was backed by more than $30 million from California venture capitalists, clean tech companies, and environmental groups and outspent its opposition nearly three-to-one.[cxxix]

Another significant grassroots effort, this time at the national level, came in 2011 with the public campaign to halt the controversial expansion of the Keystone XL pipeline. Opponents of the pipeline, which would transport heavy crude oil from western Canadian tar sands to refineries in Texas and Oklahoma via Kansas and Nebraska, argued that extracting and transporting the oil risks environmental contamination through leaks and spills, particularly when the route cuts across the largest aquifer in the United States. While the pipeline's expansion was foremost an issue affecting Canada and a handful of states in the United States, environmentalists saw it as a move toward the exploration of dirtier energy—the Canadian tar sands are the second-largest reserve of carbon in the world. The development of the tar sands, said NASA's climatologist Jim Hansen, means "essentially game over" for the climate. To fight the pipeline's expansion, Hansen teamed up with longtime environmental activist Bill McKibben and other activists, calling in June 2011 for "civil disobedience" in the form of a peaceful protest at the White House. That summer, more than 1,200 people, including Hansen and McKibben, were arrested. When President Obama signaled that he would approve the controversial project, environmental activists rallied some 12,000 supporters to encircle the White House in protest in November. Their efforts got the president's attention. Obama announced he would take another year to review the proposed pipeline. In January 2012, when Republicans in Congress voted to expedite the review, Obama rejected the tactic largely on the basis that concerns about the environmental impact of the pipeline could not be thoroughly analyzed in such a short period of time. As of his reelection in November 2012, Obama had yet to make a final decision on the pipeline, though many observers believe he will ultimately approve the project with a modified route.[cxxx]

Most of the green groups we spoke with understood that any future national climate campaign will need to unite the big green groups with their partners at the local and state levels. When New York, Chicago, San Francisco, and other cities created climate action plans of their own and joined global initiatives for city-level climate mitigation, funders and organizations also took steps to mobilize locally. In July 2011, for example, Bloomberg Philanthropies partnered with the Sierra Club in a $50 million expansion of the group's "Beyond Coal" campaign to shut down coal plants across the country. This effort resulted in 54 coal plants being retired or scheduled for retirement in 2012 alone.

The greens groups also say they understand the need to harness grassroots support. Going forward, it will be critical to get "Americans demanding policy," Fred Krupp told us. But it remains unclear whether the big greens will be able to build this mass demand for a national climate policy, or even whether they will decide it is in their interest to do so. The most visible grassroots mobilization these days is being spearheaded not by organizations like EDF or NRDC, but by groups like Bill McKibben's 350.org, which has successfully mobilized students from more than 190 colleges and universities in a nationwide fossil fuel divestment campaign. "We've got now to put them on the defensive," McKibben recently told Democracy Now!, referring to the fossil fuel companies. "That's what the fight is about. And that's why it's good news that this has suddenly turned into the largest student movement in a very long time." Such a mobilization may be more critical in the coming four years; while President Obama was elected in 2008 with a strong mandate and both the House and Senate were under Democratic control, his reelection in 2012 was accompanied by a divided Congress, making the passage of large-scale legislation more difficult.

"Democratic mobilization becomes the norm when would-be leaders can achieve power and influence only by drawing others into movements, associations, and political battles," Harvard sociologist Theda Skocpol writes in *Diminished Democracy*, her study of civic engagement in American life.[cxxxi] This incentive to mobilize was largely absent in the green groups' campaign for climate legislation. Their fundamental assumption was that success lay in negotiating with industry and lawmakers directly, and not in building grassroots support. This reasoning is, of course, not without some merit. A real transformation has taken place in the civic landscape over the past four decades, Skocpol notes, from the days when politicians won office in closely fought, high-turnout elections, and American civic life was characterized by participation in far more local and community-based groups. The focus today on Washington-based advocacy and lobbying is reflected in the expansion of congressional staffers who serve as the primary conduit to elected officials—the number of these staffers has risen from 6,255 in 1960, to 10,739 in 1970, to about 20,000 in 1990.[cxxxii] By 2000 the number was 24,000.[cxxxiii]

The composition of the national green groups today—with their professional staffs and their Washington focus, reflects this shift. But given that the green groups are likely to remain vastly outspent by industry lobby groups that oppose their efforts, future campaigns will run into the same obstacles as in this most recent push for climate legislation. Tapping into the grassroots base and learning how to mobilize the public may be the only way to balance the scales. It was, after all, the rise in the public's environmental consciousness in the 1960s that led to the first Earth Day in 1970 and gave a mandate and a constituency to EDF, NRDC, and the Sierra Club, which then leveraged this energy to push for reforms.

Whatever policy approach is embraced, however, the path to meaningful action will require a fundamental paradigm shift. Climate is the defining issue of our generation. Yet it has not been dealt with directly in the U.S. because to solve this problem requires confronting market capitalist forces that are considered fundamental to the American way of life. As writer Naomi Klein astutely points out in her essay "Capitalism vs. Climate," in *The Nation*, what climate deniers understand (and green groups don't) is that lowering global carbon emissions to safe levels will be achieved "only by radically reordering our economic and political systems in ways antithetical to their 'free market' belief system." In this sense, writes Klein, the climate deniers have a firmer grasp of the high stakes at the core of the climate debate than "professional environmentalists" who "paint a picture of global warming Armageddon, then assure us that we can avert catastrophe by buying 'green' products and creating clever markets in pollution."[cxxxiv]

In 1995 Mark Dowie observed in *Losing Ground* that for too long mainstream environmental advocacy in the U.S. has taken the form of a "polite revolution," one that has been marked from the start by "polite activism" that favors an elitist and insider approach rather than aggressive grassroots and coalitional forms of activism. The failure of the legislative effort during President Obama's first term is perhaps the most definitive evidence to date that climate change will not be resolved through *politesse*.

NOTES AND REFERENCES

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