American Enterprise Institute for Public Policy Research

Christopher C. DeMuth
President

February 8, 2007

The Honorable Bernard Sanders
The Honorable Dianne Feinstein
The Honorable Patrick Leahy
The Honorable John Kerry
United States Senate
Washington, DC 20510

Dear Senators Sanders, Feinstein, Leahy, and Kerry:

I am writing in response to your letter to me of February 6 (Attachment 1).

Your letter says that you would be saddened if last week's news reports about AEI were accurate, but the accusatory tone and harsh wording of your letter make it clear that you believe the reports are accurate. (Moreover Senator Sanders posted your letter on his official website with a press release stating that "[i]t's outrageous that a right-wing think tank with ties to Big Oil and the Bush Administration is trying to twist scientific findings for their political purposes on the pressing issue of climate change.") So let me begin by saying that I am saddened that you would not only believe the reports but would seek to give them credence by repeating them in ways that are even more reckless than the original article published last Friday by the *Guardian* (Attachment 2).

The accusations of the *Guardian* article, and of your letter, are false. I sent around a memorandum to my AEI colleagues the day the article was published, attaching the letters we had sent to various scientists and policy experts knowledgeable about climate change issues (one of the letters was quoted in part by the *Guardian*). My memo and the letters are attached here (Attachment 3). Relevant portions of these documents were in circulation on the Internet last weekend and in the press earlier this week; they were readily available to anyone on your staffs who had wished to look into the matter or to call me or anyone else at AEI about it.

I am also attaching (Attachment 4) a list of all of AEI's publications and conferences on climate change issues over the past decade, with URLs for their postings on the AEI website. I recommend this work to you highly; I believe it has contributed substantially to public consideration of climate change issues and exemplifies the kind of "honest discussion" that you suggest AEI is permitting to be trumped by "donors' self-interest."

Because of your letter's focus on the Intergovernmental Panel on Climate Change process, I should point out that AEI's publications and conferences have included a wide range of expert opinion on the issues addressed by the IPCC, and that most of our work has been devoted to evaluating policy options to respond to global warming—that is, on the assumption that the IPCC projections turn out to be correct. Moreover, we have regularly invited senior IPCC scientists to participate in our research and conferences (usually without success, but for reasons of scheduling conflicts and time commitments we knew to be genuine). AEI, like other research institutes, routinely pays fees for research, writing, and conference presentations commensurate to the amount of effort involved. We have indeed offered fees of as much as $10,000 to scientists and policy experts for substantial, original research in connection with the project detailed in the attached letters, and have done so—rather obviously!—without regard to their "positions" on various IPCC issues. Instead, our regard has been for the quality and pertinence of their work and the opportunity costs of their time, which we have found is often considerable. AEI has never paid anyone to conduct research with a predetermined result and has never accepted a donation premised on such research.

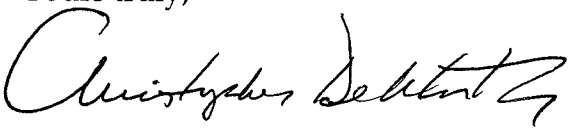
The accusations of your letter, while couched in the form of questions and insinuations, are as I said harshly worded, and are extremely serious coming from four members of the United States Senate. And they are leveled at a long-established research institution, familiar to all of you, which takes the integrity and independence of its research equally seriously (our public statement of policies and procedures on these matters is my final attachment—Attachment 5). So it is not a rhetorical question to ask whether you stand by your letter and think it was well-considered.

Finally, I must take exception to your pointed opening reference to "the depths to which some would sink to undermine the scientific consensus that human activity is the major source of global climate change." I believe you have overstated the scientific consensus on the subject, but, even if you have not, I find it worrisome that four powerful political leaders would object to scientific dissent per se. Although you later give a formulaic nod to the right of dissent, you object to being paid a "significant" sum for dissenting research, which rather limits your conception of permissible dissent.

Consensus—and freedom to challenge consensus—are equally vital to the progress of science. History, including recent history, is replete with examples of expert consensus that turned out in the fullness of time to be mistaken. When I look over AEI's publications and conferences on climate change issues, I can indeed find arguments against (as well as for) aspects of IPCC modeling and other matters where

some have urged that public debate should cease. I want you to know that AEI will continue to sponsor research and host speakers on climate change issues whose views we regard as reasonable and worthy of attention—never seeking to undermine any consensus for its own sake, but also never paying heed to whether particular views are in or out of official favor. AEI scholars have stood in opposition to established orthodoxy many times; we cherish our intellectual freedom and are proud of the uses we have made of that freedom; we will not be silenced by threats to that freedom.

Yours truly,



Christopher DeMuth
President

Attachments

United States Senate

WASHINGTON, DC 20510

Attachment 1

February 6, 2007

Mr. Christopher DeMuth
President
American Enterprise Institute
1150 17th Street NW
Washington, DC 20036

Dear Mr. DeMuth:

We write today regarding our very serious concerns about the reports that the American Enterprise Institute (AEI) offered to pay scientists up to $10,000 in return for questioning the findings of the Intergovernmental Panel on Climate Change's (IPCC) Report. We would be saddened, should these reports be accurate, by the depths to which some would sink to undermine the scientific consensus that human activity is the major source of global climate change.

The IPCC process brings together highly respected scientists from more than 100 countries. Their work is thoroughly peer-reviewed, and while not incorporating some of the most recent – and most alarming – science, it does provide the most thorough and most respected assessment of the science of global warming. The IPCC process also offers open scientific inquiry. It appears that your organization – and your financial backers – would rather pay for the results it desires.

If AEI did engage in the conduct reported last week, it would highlight the extent to which moneyed interests distort honest scientific and public policy discussions in Washington. In fact, if your organization resorted to using its resources to bribe scientists to support a pre-determined agenda, it would be both disappointing and inexcusable. Does your donors' self-interest trump an honest discussion over the well-being of the planet?

We understand that, despite the best scientists in the world reporting that humans are unequivocally responsible for global warming, there will be those who choose to ignore the experts. Indeed, we would passionately defend their right to do so. We will not, however, stand silently by while organizations attempt to undermine science through offers of significant amounts of money.

We hope that you will respond to this letter by telling us that the news reports that you offered to pay scientists up to $10,000 are incorrect. If not, we trust that AEI will publicly apologize for this conduct and demonstrate its sincerity by properly disciplining those responsible. We look forward to hearing from you on this most important matter.

Sincerely,

Bernard Sanders
U.S. Senator

Patrick Leahy
U.S. Senator

Dianne Feinstein
U.S. Senator

John Kerry
U.S. Senator

Cc: **Members of the AEI Board of Trustees**

Attachment 2

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GuardianUnlimited The Guardian

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Scientists offered cash to dispute climate study

Ian Sample, science correspondent
Friday February 2, 2007
The Guardian

The Arctic habitat of polar bears is under threat as climate change causes ice to melt. Photograph: Joseph Napaaqtuq Sage/AP

Scientists and economists have been offered $10,000 each by a lobby group funded by one of the world's largest oil companies to undermine a major climate change report due to be published today.

Letters sent by the American Enterprise Institute (AEI), an ExxonMobil-funded thinktank with close links to the Bush administration, offered the payments for articles that emphasise the shortcomings of a report from the UN's Intergovernmental Panel on Climate Change (IPCC).

Article continues

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Travel expenses and additional payments were also offered.

The UN report was written by international experts and is widely regarded as the most comprehensive review yet of climate change science. It will underpin international negotiations on new emissions targets to succeed the Kyoto agreement, the first phase of which expires in 2012. World governments were given a draft last year and invited to comment.

The AEI has received more than $1.6m from ExxonMobil and more than 20 of its staff have worked as consultants to the Bush administration. Lee Raymond, a former head of ExxonMobil, is the vice-chairman of AEI's board of trustees.

The letters, sent to scientists in Britain, the US and elsewhere, attack the UN's panel as "resistant to reasonable criticism and dissent and prone to summary conclusions that are poorly supported by the analytical work" and ask for essays that "thoughtfully explore the limitations of climate model outputs".

Climate scientists described the move yesterday as an attempt to cast doubt over the "overwhelming scientific evidence" on global warming. "It's a desperate attempt by an organisation who wants to distort science for their own political aims," said David Viner of the Climatic Research Unit at the University of East Anglia.

"The IPCC process is probably the most thorough and open review undertaken in any discipline. This undermines the confidence of the public in the scientific community and the ability of governments to take on sound scientific advice," he said.

The letters were sent by Kenneth Green, a visiting scholar at AEI, who confirmed that the organisation had approached scientists, economists and policy analysts to write articles for an independent review that would highlight the strengths and weaknesses of the IPCC report.

"Right now, the whole debate is polarised," he said. "One group says that anyone with any doubts whatsoever are deniers and the other group is saying that anyone who wants to take action is alarmist. We don't think that approach has a lot of utility for intelligent policy."

One American scientist turned down the offer, citing fears that the report could easily be misused for political gain. "You wouldn't know if some of the other authors might say nothing's going to happen, that we should ignore it, or that it's not our fault," said Steve Schroeder, a professor at Texas A&M university.

The contents of the IPCC report have been an open secret since the Bush administration posted its draft copy on the internet in April. It says there is a 90% chance that human activity is warming the planet, and that global average temperatures will rise by another 1.5 to 5.8C this century, depending on emissions.

Lord Rees of Ludlow, the president of the Royal Society, Britain's most prestigious scientific institute, said: "The IPCC is the world's leading authority on climate change and its latest report will provide a comprehensive picture of the latest scientific understanding on the issue. It is expected to stress, more convincingly than ever before, that our planet is already warming due to human actions, and that 'business as usual' would lead to unacceptable risks, underscoring the urgent need for concerted international action to reduce the worst impacts of climate change. However, yet again, there will be a vocal minority with their own agendas who will try to suggest otherwise."

Ben Stewart of Greenpeace said: "The AEI is more than just a thinktank, it functions as the Bush administration's intellectual Cosa Nostra. They are White House surrogates in the last throes of their campaign of climate change denial. They lost on the science; they lost on the moral case for action. All they've got left is a suitcase full of cash."

On Monday, another Exxon-funded organisation based in Canada will launch a review in London which casts doubt on the IPCC report. Among its authors are Tad Murty, a former scientist who believes human activity makes no contribution to global warming. Confirmed VIPs attending include Nigel Lawson and David Bellamy, who believes there is no link between burning fossil fuels and global warming.

News blog
A Bush in the hand is priceless for AEI

Interactive guides
Global warming
The slowdown of the Gulf Stream

American Enterprise Institute for Public Policy Research

Christopher DeMuth
President

February 2, 2007

NOTE FOR AEI SCHOLARS, FELLOWS, AND STAFF

Many of us have received telephone calls and emails prompted by a shoddy article on the front page of today's *Guardian*, the British newspaper, headlined "Scientists offered cash to dispute climate study" (posted at http://environment.guardian.co.uk/climatechange/story/0,,2004397,00.html#article_continue).

The article uses several garden-variety journalistic tricks to create the impression of a story where none exists. Thus, AEI is described as a "lobby group" (we are a research group that does no lobbying and takes no institutional positions on policy issues); ExxonMobil's donations to AEI are either bulked up by adding donations over many years, or simply made up (the firm's annual AEI support is generous and valued but is a fraction of the amount reported—no corporation accounts for more than 1 percent of our annual budget); and AEI is characterized as the Bush administration's "intellectual Cosa Nostra" and "White House surrogates" (AEI scholars criticize or praise Bush administration policies—every day, on the merits). All of this could have been gleaned from a brief visit to the AEI website.

But the article's specific charge (announced in the headline) is a very serious one. Although most of you will appreciate the truth on your own, I thought it would be useful to provide a few details.

First, AEI has published a large volume of books and papers on climate change issues over the past decade and has held numerous conferences on the subject. A wide range of views on the scientific and policy issues have been presented in these publications and conferences. All of them are posted on our website. It would be easy to find policy arguments in our publications and conferences that people at ExxonMobil (or other corporations that support AEI) disagree with—as well as those they agree with and, I hope, some they hadn't thought of until we presented them. Our latest book on the subject, Lee Lane's *Strategic Options for Bush Administration Climate Policy*, advocates a carbon tax, which I'm pretty sure ExxonMobil opposes (the book also dares to criticize some of the Bush administration's climate-change policies!).

Second, attempting to disentangle science from politics on the question of climate change causation, and to fashion policies that take account of the uncertainties concerning causation, are longstanding AEI interests. Several recent issues of our "Environmental Policy Outlook" address these issues, as does Ken Green's "Q & A" article in the November-December issue of *The American*. The new research project that Ken and Steve Hayward have been organizing is a continuation of these interests. I am attaching the two letters that Steve and Ken have sent out to climate change scientists and policy experts (the first one emphasizing the scientific and climate-modeling issues addressed by the Intergovernmental Panel on Climate Change; the second, more recent one covering broader policy issues as well)—and invite you to read them and compare them with the characterization in the *Guardian* article. The first letter, sent last summer to Professor Steve Schroeder of Texas A&M (and also to his colleague Gerald North), is the one quoted by the *Guardian*. Ken and Steve canvassed scholars with a range of views on the scientific and policy issues, with an eye to the intrinsic quality and interest of their work rather than to whether partisans might characterize them as climate change "skeptics" or "advocates." They certainly did not avoid those with a favorable view of the IPCC reports—such as Professor Schroeder himself.

Third, what the *Guardian* essentially characterizes as a bribe is the conventional practice of AEI—and Brookings, Harvard, and the University of Manchester—to pay individuals at other research institutions for commissioned work, and to cover their travel expenses when they come to the sponsoring institution to present their papers. The levels of authors' honoraria vary from case to case, but a $10,000 fee for a research project involving the review of a large amount of dense scientific material, and the synthesis of that material into an original, footnoted and rigorous article is hardly exorbitant or unusual; many academics would call it modest.

We should all be aware that political attacks such as the *Guardian*'s are more than sloppy or sensation-seeking journalism: they are efforts to throttle debate, and therefore aim at the heart of AEI's purposes and methods. The successive IPCC climate change reports contain a wealth of valuable information, but there has been a longstanding effort to characterize them as representing more of a "scientific consensus" than they probably are, and to gloss over uncertainties and disagreements within the IPCC documents themselves. Consensus plays an important role in science and scientific progress, but so does disputation—reasoned argument is essential to good science, and competition of ideas is essential to scientific progress. AEI is strongly opposed to the politicization of science, just as it is to the politicization of economics and other disciplines. On climate change as on other issues, we try to sort out the areas of genuine consensus from the areas of reasonable debate and uncertainty. Ken and Steve's letter

to Professor Schroeder was clear about this: "we are looking for . . . a well-supported but accessible discussion of which elements of climate modeling have demonstrated predictive value that might make them policy-relevant and which elements of climate modeling have less levels of predictive utility, and hence, less utility in developing climate policy."

The effort to anathematize opposing views is the standard recourse of the ideologue; one of AEI's highest purposes, here as in many other contentious areas, is to ensure that such efforts do not succeed.

Chris

Chris DeMuth

July 5, 2006

Prof. Steve Schroeder
Department of Atmospheric Sciences
Texas A&M University
3150 TAMU
College Station, TX 77843-3150

Dear Prof. Schroeder:

The American Enterprise Institute is launching a major project to produce a review and policy critique of the forthcoming Fourth Assessment Report (FAR) of the Intergovernmental Panel on Climate Change (IPCC), due for release in the spring of 2007. We are looking to commission a series of review essays from a broad panel of experts to be published concurrent with the release of the FAR, and we want to invite you to be one of the authors.

The purpose of this project is to highlight the strengths and weaknesses of the IPCC process, especially as it bears on potential policy responses to climate change. As with any large-scale "consensus" process, the IPCC is susceptible to self-selection bias in its personnel, resistant to reasonable criticism and dissent, and prone to summary conclusions that are poorly supported by the analytical work of the complete Working Group reports. An independent review of the FAR will advance public deliberation about the extent of potential future climate change and clarify the basis for various policy strategies. Because advance drafts of the FAR are available for outside review (the report of Working Group I is already out; Working Groups II and III will be released for review shortly), a concurrent review of the FAR is feasible for the first time.

From our earlier discussions of climate modeling (with both yourself and Prof. North), I developed considerable respect for the integrity with which your lab approaches the characterization of climate modeling data. We are hoping to sponsor a paper by you and Prof. North that thoughtfully explores the limitations of climate model outputs as they pertain to the development of climate policy (as opposed to the utility of climate models in more theoretical

climate research). In particular, we are looking for an author who can write a well-supported but accessible discussion of which elements of climate modeling have demonstrated predictive value that might make them policy-relevant and which elements of climate modeling have less levels of predictive utility, and hence, less utility in developing climate policy. If you are interested in the idea, or have thoughts about who else might be interested, please give Ken Green a call at 202-862-4883 at your convenience.

If you and Prof. North are agreeable to being authors, AEI will offer an honoraria of $10,000. The essay should be in the range of 7,500 to 10,000 words, though it can be longer. The deadline for a complete draft will be December 15, 2007. We intend to hold a series of small conferences and seminars in Washington and elsewhere to coincide with the release of both the FAR and our assessment in the spring or summer of 2007, for which we can provide travel expenses and additional honoraria if you are able to participate.

Please feel free to contact us with questions and thoughts on this invitation.

Cordially,

Steven F. Hayward, Ph.D
Resident Scholar
shayward@aei.org

Kenneth Green, Ph.D
Visiting Scholar
kgreen@aei.org

Dear-----

This is Steven Hayward and Ken Green writing from the American Enterprise Institute in Washington. We are writing to solicit your thoughts about, and hopefully your participation in, an AEI project on climate change policy. Between the forthcoming Fourth Assessment Report of the IPCC due later this year, the Stern Review, and the close of the Kyoto Protocol's first commitment period on the intermediate horizon, the time seems propitious for a fresh round of discussion of climate policy. AEI would like to commission a series of essays from a broad range of experts on various general and specific aspects of the issue, around which we should like to organize several conferences in Washington and ultimately a book.

Two general thoughts dominate our thinking about the structure of a useful project. First, in the public mind at least (which is to say, the news media) climate change has tended to be caught in a straightjacket between so-called "skeptics" and so-called "alarmists," with seemingly little room left in the middle for people who may have reasonable doubts or heterodox views about the range of policy prescriptions that should be considered for climate change of uncertain dimension. This perception is mistaken, of course, as Andrew Revkin's recent *New York Times* article on "an emerging middle ground" on climate change made evident. Nonetheless, we would like to attempt to break out of this straightjacket and see if it is possible to create a space for an identifiable "third way" of thinking about the problem that is similar to the various "third way" approaches to other social policy problems that were popular in the 1990s.

Our second general thought is that the chief difficulty of carving out a "third way" on climate change is due to the unwieldy size and complexity of both the scientific inquiry and policy approaches to the problem. We had thought to produce a series of essays to review and critique the forthcoming IPCC FAR, early drafts of which are circulating, but have been persuaded that an IPCC-focused project is too limited. Although some commentary on the IPCC FAR is in order, our latest thinking is broaden our scope. One idea is to solicit essays in two categories. The first category would be along the lines of a blue-sky essay on "What Climate Policies Would I Implement If I Was King for a Day." The second category would be specific critiques of existing or proposed policy responses such as will appear in Working Group III or have been put forward in reports such as the Stern Review. (Such essays might take as their focus a single chapter from Working Group III, or an aspect of the Stern Review.)

Above all we want to have a diverse collection of pre-eminent thinkers on this subject, which is why we are keen to include you in the project. AEI is willing to offer honoraria of up to $10,000 for participating authors, for essays in the range of 7,500 to 10,000 words, to be completed by September 1, and we are keen to work with you to refine an appropriate topic.

AEI Publications and Conferences on Global Climate Change

Books and Monographs

Strategic Options for Bush Administration Climate Policy
Lee Lane;133 pages; AEI Press (Washington); November 2006.
http://www.aei.org/books/filter.economic,bookID.866/book_detail.asp

Reconstructing Climate Policy
Beyond Kyoto
Richard B. Stewart, Jonathan B. Wiener; 160 pages; AEI Press (Washington); April 2003.
http://www.aei.org/books/filter.economic,bookID.211/book_detail.asp

The Benefits and Costs of the Kyoto Protocol
Jason F. Shogren; 45 pages; AEI Press; November 1999.
http://www.aei.org/books/filter.economic,bookID.20/book_detail.asp

What Has the Kyoto Protocol Wrought?
The Real Architecture of Tradable Permit Markets
Robert W. Hahn, Robert N. Stavins; 39 pages; AEI Press (Washington); May 1999.
http://www.aei.org/books/filter.economic,bookID.325/book_detail.asp

The Greening of Global Warming
Robert Mendelsohn; AEI Press (Washington); January 1999.
http://www.aei.org/books/filter.economic,bookID.109/book_detail.asp

Costs and Benefits of Greenhouse Gas Reduction
Thomas C. Schelling; AEI Press; January 1998.
http://www.bestwebbuys.com/Costs_and_Benefits_of_Greenhouse_Gas_Reduction-ISBN_0844771147.html?isrc=b-search

Global Warming
The Continuing Debate
Edited by Roger Bate; 479 pages; ESEF Publishing; January 1998.
http://www.aei.org/books/filter.economic,bookID.475/book_detail.asp

Economics and Politics of Climate Change
Robert W. Hahn; 71 pages; AEI Press (Washington); January 1998.
http://www.aei.org/books/filter.economic,bookID.664/book_detail.asp

Conferences

Strategic Options for Bush Administration Climate Policy
Monday, December 11, 2006
http://www.aei.org/events/filter.economic,eventID.1437/event_detail.asp

Is Nuclear Power a Solution to Global Warming and Rising Energy Prices?
Friday, October 6, 2006
http://www.aei.org/events/filter.economic,eventID.1394/event_detail.asp

Clean Development and Climate: A Policy Address by James L. Connaughton, Chairman of the Council on Environmental Quality
Monday, May 22, 2006
http://www.aei.org/events/filter.economic,eventID.1347/event_detail.asp

A Review of the Economic Foundations of Climate Change Models
Tuesday, November 16, 2004
http://www.aei.org/events/filter.economic,eventID.939/event_detail.asp

Return to Rio Reexamining Climate Change Science, Economics, and Policy
Wednesday, November 19, 2003
http://www.aei.org/events/filter.economic,eventID.669/event_detail.asp

What Would Mandatory Greenhouse Gas Reductions Mean for American Families? Wednesday, October 29, 2003
http://www.aei.org/events/filter.economic,eventID.664/event_detail.asp

Innovations in Climate Change Policy
Tuesday, April 29, 2003
http://www.aei.org/events/filter.economic,eventID.279/event_detail.asp

U.S. Climate Policy What's Next?
Tuesday, June 26, 2001
http://www.aei.org/events/filter.economic,eventID.378/event_detail.asp

How Economics Can Inform the Climate Change Debate
Thursday, April 17, 1997
http://www.aei.org/events/filter.economic,eventID.892/event_detail.asp

Environmental Policy Outlook

2007
No. 1, January - *A New Direction for Bush Administration Climate Policy*, by Lee Lane and Samuel Thernstrom
http://www.aei.org/publications/pubID.25481/pub_detail.asp

2006
No. 5 - *The Fate of the Earth in the Balance: The Metaphysics of Climate Change*, Steven F. Hayward
http://www.aei.org/publications/pubID.25033/pub_detail.asp

No. 4 - *Climate Policy*, by Kenneth P. Green
http://www.aei.org/publications/pubID.24949/pub_detail.asp

2005
September-October - *Katrina and the Environment*, by Steven F. Hayward
http://www.aei.org/publications/pubID.23244/pub_detail.asp

January-February - *Climate Change Science: Time for "Team B"?*, by Steven F. Hayward
http://www.aei.org/publications/pubID.21974/pub_detail.asp

2004
July-August - *Beyond Kyoto: Real Solutions to Greenhouse Emissions from Developing Countries*, by Roger Bate and David Montgomery
http://www.aei.org/publications/pubID.20982/pub_detail.asp

March-April - *Climate Change and Mosquito-Born Disease*, by Roger Bate
http://www.aei.org/publications/pubID.19950/pub_detail.asp

2003
September-October - *"Censorship" and the Uncertain Science of Climate Change*, by Samuel Thernstrom
http://www.aei.org/publications/pubID.19348/pub_detail.asp

April - *New Doubts about the Dominant Climate Change Models*, by Steven F. Hayward
http://www.aei.org/publications/pubID.16933/pub_detail.asp

2002
August - *Sustainable Development in the Balance*, by Steven F. Hayward
http://www.aei.org/publications/pubID.14200/pub_detail.asp

Other Articles

Global Warming's Simple Remedy
Anne Applebaum; Washington Post; February 6, 2007.
http://www.aei.org/publications/pubID.25564,filter.economic/pub_detail.asp

Questions & Answers on Climate Change
Kenneth P. Green; American.com; October 14, 2006 .
http://www.american.com/archive/2006/november/q-a/

Global Warming Fund Could Succeed Where Kyoto Failed
Jagdish Bhagwati; Financial Times (London); August 16, 2006.
http://www.aei.org/publications/pubID.24787,filter.economic/pub_detail.asp

A Different Inconvenient Truth
Kenneth P. Green; Washington Post; July 29, 2006.
http://www.aei.org/publications/pubID.24735,filter.economic/pub_detail.asp

Oil, Climate Change, and Security: A Bipartisan Approach
Kenneth P. Green; AEI Online; July 28, 2006.
http://www.aei.org/publications/pubID.24730,filter.economic/pub_detail.asp

Acclimatizing
How to Think Sensibly about Global Warming
Steven F. Hayward; ON THE ISSUES; AEI Online; June 12, 2006.
http://www.aei.org/publications/pubID.24545,filter.economic/pub_detail.asp

Inconvenient Truths for Al Gore
Remember Kyoto?
Samuel Thernstrom; National Review Online; May 25, 2006.
http://www.aei.org/publications/pubID.24451,filter.economic/pub_detail.asp

Clouds of Global-Warming Hysteria
Finally Starting to Lift?
Kenneth P. Green; National Review Online; May 8, 2006.
http://www.aei.org/publications/pubID.24335,filter.economic/pub_detail.asp

Climate of Uncertainty
Why Global Warming Is Back in the Headlines
Steven F. Hayward; The Weekly Standard; February 27, 2006.
http://www.aei.org/publications/pubID.23912,filter.economic/pub_detail.asp

AEI-Brookings Joint Center

Too Good to Be True? An Examination of Three Economic Assessments of California Climate Change Policy
Robert N. Stavins, Judson Jaffe, Todd Schatzki. Related Publication 07-01. Jan 2007.
http://www.aei-brookings.org/publications/abstract.php?pid=1151

Managing the Transition to Climate Stabilization
Richard G. Richels, Thomas Rutherford, Geoffrey Blanford, Leon Clarke. Working Paper 07-01. Jan 2007.
http://www.aei-brookings.org/publications/abstract.php?pid=1144

Regulating Emissions of Greenhouse Gases Under Section 202(a) of the Clean Air Act
William J. Baumol, Robert W. Crandall, Robert W. Hahn, Paul L. Joskow, Robert E. Litan, Richard L. Schmalensee. Brief 06-01. Oct 2006.
http://www.aei-brookings.org/publications/abstract.php?pid=1125

Finally Feeling the Heat
Gregg Easterbrook. Policy Matters 06-14. May 2006.
http://www.aei-brookings.org/policy/page.php?id=255

Climate of Fear
Richard Lindzen. Policy Matters 06-10. Apr 2006.
http://www.aei-brookings.org/policy/page.php?id=251

Energy Conservation: An Economic Perspective
Robert W. Hahn. Policy Matters 05-25. Sep 2005.
http://www.aei-brookings.org/policy/page.php?id=228

Irreversible and Catastrophic
Cass R. Sunstein. Working Paper 05-04. Mar 2005.
http://www.aei-brookings.org/publications/abstract.php?pid=916

Can an Effective Global Climate Treaty be Based on Sound Science, Rational Economics, and Pragmatic Politics?
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American Enterprise Institute for Public Policy Research

AEI's Organization and Purposes

Competition of ideas is fundamental to a free society

The American Enterprise Institute for Public Policy Research is a private, nonpartisan, not-for-profit institution dedicated to research and education on issues of government, politics, economics, and social welfare. Founded in 1943, AEI is home to some of America's most accomplished public policy experts--from economics, law, political science, defense and foreign policy studies, ethics, theology, medicine, and other fields. The Institute sponsors research and conferences and publishes books, monographs, and periodicals. Its website, www.aei.org, posts its publications, videos and transcripts of its conferences, biographies of its scholars and fellows, and schedules of upcoming events.

AEI's purposes are to defend the principles and improve the institutions of American freedom and democratic capitalism--limited government, private enterprise, individual liberty and responsibility, vigilant and effective defense and foreign policies, political accountability, and open debate. Its work is addressed to government officials and legislators, teachers and students, business executives, professionals, journalists, and all citizens interested in a serious understanding of government policy, the economy, and important social and political developments.

AEI research is conducted through three primary research divisions: Economic Policy Studies, Social and Political Studies, and Defense and Foreign Policy Studies. It also works through several specialized programs such as the Brady Program on Culture and Freedom, the AEI-Brookings Joint Center for Regulatory Studies, the National Research Initiative (which sponsors research by university-based scholars), the AEI Press, and *The American*.

Approximately 175 people work at AEI's headquarters in Washington, D.C.--its research faculty of resident and visiting scholars and fellows; research and administrative assistants; editorial, publication, conference, and dining room staffs; and a management team responsible for internal operations and external relations, fund-raising, and disseminating and marketing the Institute's output. In addition, about 100 adjunct scholars and fellows, mainly at research universities around the United States, conduct research for AEI and participate in its conferences. AEI operates a large internship program for college and graduate students throughout the year and offers a select number of graduate and post-graduate fellowships. The titles of AEI's various research positions are explained here.

AEI's operations are financed by donations from corporations, foundations, and individuals and by investment earnings from an internal endowment. The Institute does not perform contract research and, with rare exceptions, does not accept government grants. Its research agenda is determined by its president in consultation with its trustees, scholars and fellows, and academic advisers; the substance and conclusions of its research and publications are determined by the individuals conducting the research.

AEI's Board of Trustees governs the Institute's management and finances. The Board selects AEI's president; establishes its policies, procedures, and operating strategies; adopts its annual budget; reviews and advises on its research agenda and research and administrative appointments; and protects its intellectual independence and financial integrity. The Board meets three times annually; four Board committees--an Executive Committee, Investments Committee, Audit Committee, and Outside Activities Committee--meet at intervals between Board meetings and provide reports and recommendations to the full Board.

AEI's president is responsible for setting the Institute's research agenda, selecting its research faculty and administrative staff, approving its publications, managing its operations, ensuring the integrity and quality of its work, and representing the Institute to all of its various audiences. A team of officers, managers, and staff assists the president in these responsibilities.

AEI's Council of Academic Advisers advises the president and the Board of Trustees regarding the Institute's research appointments and research agenda and the quality of its publications and other output, and selects the

recipient of its highest annual honor, the Irving Kristol Award.

AEI's scholars and fellows are responsible for conducting research and writing on subjects of their individual knowledge and interest, disseminating the results of their research through publications and presentations at AEI and elsewhere, organizing and participating in AEI conferences, counseling and collaborating with AEI colleagues on subjects of mutual interest, and identifying and commissioning research and writing by individuals at other research institutions.

In all of these endeavors, AEI trustees, scholars and fellows, and officers and staff are responsible for maintaining the highest standards of integrity, intellectual rigor, and excellence--and for sustaining AEI's founding commitment to open inquiry, lucid exposition, vigorous debate, and continuous improvement in the institutions of American liberty.

AEI Research Integrity

AEI operates at the intersection of scholarship and politics, aiming to elevate political debate and improve the substance of government policy. Many of the subjects of AEI research and publications are controversial, and many are the focus of rough political contention and intense interest-group advocacy. Many AEI scholars and fellows are or have been directly engaged in practical politics and policy-making as government officials, advisers, or members of official commissions. For these reasons, AEI maintains policies and procedures for assuring the integrity and reputation of its work. The most important of these are set forth below.

Policy Advocacy

As a tax-exempt educational organization governed by Section 501(c)(3) of the Internal Revenue Code, AEI is generally prohibited from attempting to influence legislation in the U.S. Congress or other legislative bodies. Legal requirements aside, AEI has important reasons of its own for abstaining from any form of policy advocacy *as an institution.* Policy research of the kind AEI specializes in--emphasizing empirical analysis, intellectual depth and originality, unflinching criticism, and concrete proposals for reform--is an inherently individual activity, best pursued by a single scholar (or a pair or small group of scholars) rather than by a committee or hierarchy. Moreover, AEI scholars or authors may disagree on particular policies or on the conclusions to be drawn from a set of research findings. Attempting to forge an Institute-wide consensus or corporate position would interfere with the intellectual independence of individual scholars and with the sharpness, clarity, and interest of AEI publications. For these reasons, AEI takes no institutional positions on policy issues (whether or not they are currently before legislative, executive, or judicial bodies) or on any other issues.

AEI scholars and fellows frequently do take positions on policy and other issues, including explicit advocacy for or against legislation currently being considered by the Congress. When they do, they are speaking for themselves and not for AEI or its trustees or other scholars or employees. It is customary for AEI scholars and fellows to include an explicit disclaimer to this effect when they present formal testimony to a congressional committee or other government body. Many also include such a disclaimer in books, articles, speeches, and other presentations addressed to the general public, especially when they are addressing subjects of active controversy and disagreement--but the disclaimer is often well understood in these contexts and the appropriateness of stating it explicitly varies from case to case.

AEI's abstaining from institutional positions on policy issues does not, of course, apply to policy issues affecting its own institutional interests.

Political Campaigns and Other Partisan Activities

AEI's 501(c)(3) tax status also forbids it from participating in any campaign for elected public office. This means that AEI may not take an institutional position for or against any political candidate and may not permit its resources, including the on-the-job time of its salaried employees, to be used in an electoral campaign. As in the case of policy advocacy, AEI's own purposes lead it to broader policies against partisanship in any of its activities. AEI research and publications, participation in its conferences, and the policy advice of its research staff and other employees, are available to government officials, legislators, political candidates, and others regardless of party affiliation. When the policy positions of AEI scholars and fellows coincide with those of a particular political party or electoral candidate, this is without any purpose of advancing the partisan interests of the party or candidate. During election campaigns, AEI employees who endorse particular candidates, or who become engaged in campaigns as candidates, advisers,

volunteers, or employees, must do so as individuals and on their own time and resources, and must arrange for part-time or full-time leaves-of-absence if necessary. During each national election year, AEI's president provides each employee with a memorandum setting forth these requirements in detail; the most recent such memorandum is available here.

Outside Activities

AEI scholars, fellows, officers, and other employees may engage in professional activities beyond their work at AEI. The special case of electoral campaigns is addressed in the previous section. Other outside activities include membership on boards of directors of for-profit corporations, boards of trustees of not-for-profit organizations, and advisory panels to private or government entities; employment by or consulting for corporations and other private or government entities; speaking before academic, business, and professional audiences and on television and radio programs; publishing books with outside commercial and academic presses and articles with outside journals, magazines, newspapers, and websites; and performing commissioned research and writing for other academic institutions.

Activities such as these are not discouraged; indeed, many of them directly advance or are complementary to AEI's work and purposes, and others provide practical experience and first-hand knowledge that illuminate and improve AEI's academic endeavors. An appropriate balance must, however, be maintained between AEI commitments and outside commitments--a balance that differs from case to case depending on the interests of individual employees, the nature of their work at AEI, and the nature of their outside activities. In general, full-time AEI scholars, fellows, and officers are expected to devote no more than one day per week on average to outside activities, and to arrange leaves of absence for periods of more intense or extended outside commitments. All AEI employees, regardless of their positions and time commitments at AEI and elsewhere, are expected to refrain from outside activities that might compromise the quality or timeliness of their AEI work, their commitments to their AEI colleagues, or AEI's commitment to or reputation for intellectual integrity, objectivity, and excellence.

Conflicts of Interest

Conflicts of interest exist when individuals have personal interests that conflict with those of organizations to which they owe a duty of loyalty, or when individuals have interests in or duties of loyalty to two or more organizations whose interests conflict. Conflicts of interest are a serious problem in politics and government: public policies are invariably advanced and defended as furthering the broad public interest, yet are often motivated by narrow economic or other interests. At the same time, conflicts of interest are natural and pervasive in all walks of life and cannot be avoided entirely. Large, direct conflicts of interest can be eliminated by refraining from one of the conflicting activities--but many conflicts are partial, minor, innocent, or merely apparent, and could be eliminated only at the unreasonable cost of abstaining from activities that are inherently productive and fulfilling.

Four customary methods for dealing with conflicts of interest are diversification, disclosure, reputation, and intrinsic quality. Each has strengths and weaknesses and none eliminates the role of judgment in individual cases, but taken together they can be highly complementary. AEI employs all four methods.

Diversification. A diversity of interests can render any individual conflict of interest small or *de minimis.* AEI has many hundreds of corporate, foundation, and individual donors, none of them accounting for more than a small fraction of the Institute's budget, and it invests its endowment and other funds in highly diversified financial instruments. AEI's research program is itself highly diversified, covering a wide range of economic, trade, social welfare, and defense and foreign policy issues involving many competing interests.

Disclosure. AEI scholars and fellows are required to disclose in their published work any affiliations they may have with organizations with a direct interest in the subject of that work. AEI discloses the source of project-specific donations to research on subjects in which the donors have a material interest. AEI scholars, fellows, and officers provide annual reports to AEI's president listing all of their outside activities; the president then provides a summary report to the Outside Activities Committee of the AEI Board of Trustees, which includes at least one long-time trustee and one new trustee. The president may bring particular issues to the attention of the Outside Activities Committee or to an internal committee of senior scholars and fellows for their review and counsel. The Outside Activities Committee also reviews the commercial, professional, and civic engagements of individuals being considered for election to the Board of Trustees. Whenever AEI engages in a substantial commercial transaction with a firm with which a trustee is affiliated, that trustee may not be involved in AEI's decision on the transaction, and its nature and rationale are

presented to the other trustees for their approval.

Reputation. Honesty and integrity--and the value of maintaining one's reputation for honesty and integrity--are critical means of dealing with conflicts of interest. When individuals are being considered for appointment to AEI's research faculty, management and staff positions, or advisory bodies, or for election to its Board of Trustees, their personal honesty and integrity are as important as their aptitude, knowledge, experience, and skills for the position in question. AEI's reputation for honesty and integrity is guarded zealously, and AEI's prominence in policy debate provides a strong incentive to continue to guard this reputation. The Institute would never accept a donation that was conditioned on predetermined research conclusions or recommendations or that otherwise compromised the intellectual independence of its scholars. AEI's long association with a set of philosophical principles--such as limited government, competitive markets, and individual freedom and responsibility--and its thousands of publications applying these principles to specific policy and political problems provide ready measures for judging the integrity of each new publication.

Intrinsic quality. AEI is committed to the proposition that arguments concerning government policies and economic and social arrangements should be evaluated on their own terms and intrinsic merits. This is not an "ethics policy"--it is a precept of all of the Institute's activities and ambitions for improving public dialogue. But it carries an important ethical implication: in striving to produce work that is lucid, precise, informative, and wise, AEI hopes that the honesty and integrity of its work, also, can be judged on its face.

Public Comment

AEI welcomes comments on the policies and procedures described here. They should be sent to Christopher DeMuth, President, American Enterprise Institute, 1150 Seventeenth Street, N.W., Washington, DC 20036, or cdemuth@aei.org.

Adopted by the AEI Board of Trustees, December 8, 2005.

See also:

- Full history of the Institute
- Annual report, including finances
- Trustees, officers, and academic advisers
- Current research highlights
- Donor information
- Jobs, internships, and fellowships
- Contact information and directions to AEI
- Information on artwork displayed in the AEI reception area

You can find this online at: http://www.aei.org/about/filter.all/default.asp