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30 years of the Endangered Species Act: Success gives way to an uncertain future in Congress

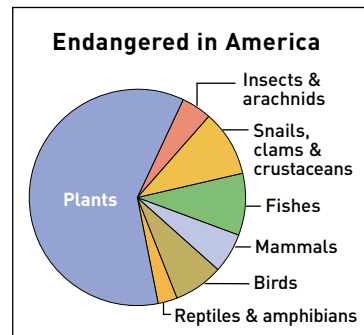
A COMMENTARY

On December 28, America celebrated the 30th anniversary of the Endangered Species Act. There is much to celebrate. The grey wolf, icon of the Western wilderness, has been restored to the Yellowstone region and

central Idaho. The whooping crane continues its slow but steady increase. Kemp's ridley sea turtle numbers are rising. The grey whale, Aleutian Canada goose and Robbin's cinquefoil, a New England wildflower, have recovered fully and no longer need the Act's protection.

But as we celebrate these conservation successes, the challenges of the future remain daunting. Animal and plant species are disappearing 100 times faster than a century and a half ago. In America, only about 10% of endangered species are recovering. For the others, the threat of extinction is real.

What can be done to improve the prospects of these species? How can the Endangered Species Act be both more effective in accomplishing its goals and less onerous for those who are subject to its regulatory impact? For a decade, wildlife experts at Environmental Defense have focused their energies



U.S. Fish & Wildlife Service

on these questions.

We always have known that some charismatic endangered species such as wolves and grizzly bears need well-managed public lands in order to survive. What we have learned is that survival for many other

species hinges on how private lands are managed. By promoting voluntary incentives, we have shown how to enlist private landowners like Mississippi tree farmer John Lambert to help endangered species like the red-cockaded woodpecker.

Other landowners are providing an ark for the San Joaquin kit fox, Attwater's prairie-chicken and other rare species that have declined over decades.

"Our work has taught us the value of experimentation," says Environmental Defense attorney Michael Bean, an

Please see Cover Story, page 2



The grey wolf, an emblem of success for the Endangered Species Act. Will such recoveries be possible in the future?

Standing up to the energy lobby



Most people agree comprehensive energy legislation is long overdue. Still, the November defeat of the Energy Bill by a Senate filibuster was good news.

Negotiated largely behind closed doors, the bill contains massive subsidies for the oil, coal and nuclear industries that would burden taxpayers and wreak havoc on the environment. Thankfully, enough senators from both parties put public interest above politics and rejected the pork-laden legislation. Next time we might not be so fortunate.

The bill stalled in Congress for many reasons, including its provision granting immunity to the makers of

MTBE, a fuel additive that pollutes water supplies. In the next round, this provision may be stripped away, but other corporate handouts are likely to remain.

By subsidizing polluting industries, not capping greenhouse gas emissions and providing no mandates for renewable energy, the bill would increase our

Stopping the special interests

dependence on fossil fuels and ignore global warming. It also would delay cleaning up severe air pollution afflicting cities like Atlanta and Houston.

The fact that the atrocious legislation got this far highlights the clout of big-money lobbyists. To help counter their influence, we have created the Environmental Defense Action Fund, a sister organization whose purpose is to

combat bad legislation while promoting sound environmental laws (see story, p. 11).

Whereas Environmental Defense faces strict limits on its use of tax-deductible donations to influence legislation, the Action Fund is limited only by the contributions it can raise (which are not tax-deductible). Like Environmental Defense, the Action Fund is a bipartisan organization that will not endorse or oppose candidates for office.

Our nation's lawmakers must fundamentally reevaluate the way they think about energy; the Action Fund will help inspire that thinking to protect the environment for ourselves and our children.

COVER STORY: The Endangered Species Act at 30

Continued from page 1

authority on the Endangered Species Act. "Endangered species are too many, and the threats they face too varied, for any single conservation approach to hold sway." Though often criticized as rigid and prescriptive, the Act has proved remarkably flexible, fostering new conservation tools such as Safe Harbor agreements, conservation banks and habitat conservation plans.



John Rae

With the right tools, landowners such as Bob Long (right), pictured with our wildlife scientist David Wolfe, can save species.

AN UNCERTAIN FUTURE IN CONGRESS

Whether Congress will allow this progress to continue is not clear. Many of the Act's most steadfast opponents now occupy key positions in the House and Senate. Their aim—"reforming" the law by sweeping aside its core provisions—is a more serious threat today than ever before. Court challenges, especially those targeting less than charismatic species such as Texas cave invertebrates, are a constant threat.

Our staff will work hard to keep Congress from taking ill-advised actions in the year ahead. Concerned citizens like Environmental Defense members could ultimately make the difference. Some members may be able to help a rare species on their own land. Others may volunteer at a local park or work with one of the 1,200 land trusts that preserve land locally. All can help endangered wildlife by speaking out, writing a letter to the editor or to their representatives in Congress, or simply by introduc-

ing a child to the wonders of nature.



WHAT YOU CAN DO

If you have an email address, you can help keep the Endangered Species Act strong by joining our online Action Network. We'll notify you when important votes are coming up so you can contact your representatives. To join, visit www.environmentaldefense.org/go/actioncenter.



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Online at www.environmentaldefense.org



MAILBAG

Dear Environmental Defense:

Is there money available for townships to protect farmlands, wetlands and woodlands from development?

Susan Doup, Wakeman, OH

Scientist Susan Friedman responds:

In addition to various state initiatives, a number of federal programs exist, including the Farm and Ranchland Protection Program, the Wetlands Reserve Program and the Conservation Reserve Enhancement Program, which Environmental Defense helped launch. We have prepared a conservation toolkit that provides comprehensive information on federal programs, available online at www.environmentaldefense.org/go/conservationincentives.



Toyota Motor Corp.

Dear Environmental Defense:

I read in one of your mailings that the 2004 Toyota Prius has a target fuel economy of 60 mpg city and 51 mpg highway. How can a vehicle get better gas mileage in the city than on the highway?

Robin Lindheimer, Berkeley, CA

Erin Smith of our Clean Car Campaign responds:

Many hybrid gasoline-electric vehicles have an advantage in stop-and-go city driving. Their regenerative brakes capture the energy normally lost when braking, and the car turns off when stopped, restarting instantly when the driver steps on the accelerator.

PLEASE WRITE US!

See addresses at left.

Washington watch



Major election-year environmental battles loom in Congress

Are sprawl and dirty air on tap for your town? Crucial battles in Congress this year will determine the health of communities across the nation. Our vice president for programs Marcia Aronoff notes: "We've got tough fights ahead, but we've enlisted powerful allies."

Here's a look at key issues:

Energy Bill

First on the agenda is an Energy Bill that would turn back progress on clean air while providing billions of dollars in subsidies to polluting industries. Environmental Defense has launched a hard-hitting action organization, the Environmental Defense Action Fund, to block such environmental assaults.

Transportation Equity Act

This law will determine how \$200 billion will be parceled out to states for highways and transit. Pressure from the road-building industry could gut clean air requirements, paving the way for more sprawl and pollution. To protect communities, we're building a coalition including the Conference of Mayors and state environmental officials.

"Clear Skies" — or dirtier air?

Some 121 million Americans live in areas with unhealthy air, and pressure is building for new limits on power plant pollution. But Senate Environment Committee chair James Inhofe (R-OK) has proposed watering down the already inadequate standards in the administration's Clear Skies proposal. We're pressing for more protective standards and for limits on global warming pollution, which Clear Skies ignores.

Climate Stewardship Act

This year will bring a second vote on the McCain-Lieberman Climate Stewardship Act to reduce global warming pollution, which won unexpectedly strong support from 43 senators in October. The sponsors have vowed to persevere as long as it takes, and we are working to gain the additional votes needed to win.



WHAT YOU CAN DO

You can act on up-to-the-minute news from Washington by signing up for our action alerts at www.environmentaldefense.org/go/actioncenter. Sign up today and tell Congress to reject an Energy Bill that subsidizes polluting industries.



John Heseltine/Corbis

Future drilling site? Corporate giveaways threaten open spaces nationwide.

The price of pork

LONG A MAJOR POLLUTER, FACTORY HOG FARMS FACE DEMANDS TO CLEAN UP

Along with the pork chops and bacon, North Carolina's 2400 hog farms—many of them huge operations housing thousands of hogs—generate more daily feces and urine than the entire human populations of New York, Los Angeles, Chicago and Houston combined. The stench alone from a factory-type hog farm can be unbearable, but contamination extends further—into aquifers, streams, coastal waters, even the atmosphere.

While it may never be possible to make a hog farm smell like a perfumery, initiatives by Environmental Defense, North Carolina State University, state officials, a committed group of forward-looking farmers and the state's largest meat packing company may be leading to a breakthrough that could protect streams, groundwater, the air and ultimately human health. These reforms can serve as a model for cleaning up factory-style farming nationwide.

Farmers have raised hogs in North Carolina since colonial times, but the early impact was limited because most farms

were small. In the early 1990s, factory-style hog farming in the state grew explosively. Virtually all farms were concentrated on the state's flat coastal plain.

Most farms flush wastes into treatment lagoons, later spraying the partially broken-down wastewater onto hayfields. As hog farming boomed, the volume of waste overwhelmed the region's capacity to absorb it. Nitrogen in the wastes found its way into streams and coastal estuaries. The nitrogen also converts to airborne ammonia, which harms waterways and forms particulates linked to asthma and other respiratory ills.

More nitrogen seeps into groundwater as nitrates, linked to oxygen deprivation and "blue baby syndrome" in infants. The hog wastes are a breeding ground of bacteria that are often resistant to antibiotics because of rampant overuse of antibiotics in healthy livestock.

For a decade, Environmental Defense has been pressing regulators and the hog industry to control the waste onslaught. "Our goal is a legal mandate to phase out open-air lagoons and replace them with environmentally superior technologies," says Daniel Whittle, an attorney in our North Carolina office.

THE SEARCH FOR NEW SOLUTIONS

A major milestone in that effort appears to be only months away. In 2000, Environmental Defense helped broker a \$15 million agreement between Smithfield Foods, the state's largest pork processor, and the North Carolina attorney general to fund a research program



Owen Frankery/Corbis

It's a long way from the factory farm to an elegant food store.

to identify new waste control technologies. According to our scientist Dr. Joseph Rudek, who sits on the advisory committee evaluating those technologies, a breakthrough is possible.

"We're focusing not only on how well each concept works, but also on its economic viability for farmers," says Rudek. Solutions being examined range

Southern farm reforms can serve as a national model.

from technologies that convert waste into energy (as combustible methane) to a proposal to use black soldier fly larvae to break down the wastes; when dried, these larvae can be used as animal feed. Smithfield has pledged to install the qualifying technologies on its 276 farms. Environmental Defense, meanwhile, is urging passage of new state legislation mandating conversion of the entire industry to the environmentally superior technologies.

Most North Carolina hog farmers work as contractors for large meatpacking corporations. These "contract farmers" do not own the hogs they raise, yet under current laws bear sole responsibility for controlling pollution from their operations. Among other problems, this means that if a farm shuts down, polluted lagoons often are not cleaned up because



John Rae

Rudek and Whittle: Their goal is to end factory farm pollution.

the bankrupt farmer cannot afford to do so. More than 1000 such abandoned lagoons lie unattended and filled with noxious sludge today.

Environmental Defense hopes to make the big companies that actually own the hogs more accountable for pollution. "A transformed hog industry in North Carolina could serve as a model for improving large-scale livestock operations nationwide," says Rudek.

Success will depend on

cooperation as well as regulation. Chuck Stokes, a North Carolina farmer and founder of the advocacy group, Front Line Farmers, explains that Environmental Defense helped bridge conflicts between environmentalists, regulators and working farmers.

"Environmental Defense has been a good friend to our farmers," says Stokes. "I think we're moving toward a solution we can all live with."

Looking for ways to increase your retirement savings?

With a gift of cash, stocks or real estate to Environmental Defense, you can enjoy substantial tax savings AND receive income for your life. Ask us about ways you can protect the Earth for all generations while enhancing your retirement income.



Tim Fitzgerald/Minden Pictures

Write or call Anne B. Doyle, Director of Planned Giving, Environmental Defense, 257 Park Avenue South, New York, NY 10010 or at 212-505-2100.

A double-barreled assault on the environment

Hog farms once were small operations. But as factory-style farming moved into North Carolina, pollution skyrocketed. Gargantuan farms are concentrated on the state's flat coastal plain, a region of high groundwater tables and flat-country rivers that meander into sensi-

tive estuaries. Hog farmers flush hog wastes into huge lagoons, eventually spraying liquids from the lagoons onto hayfields. These lagoons and sprayfields are responsible for a multitude of environmental ills.

Each barn houses up to 1200 hogs, which grow to 250 pounds in six months. Use of antibiotics to promote growth leads to antibiotic-resistant bacteria that can cause diseases in humans.

The overpowering stench from large hog operations is more than just a nuisance; the odors pose a health risk to neighbors.

When wastes are sprayed on fields, nitrogen finds its way into groundwater and surface waters, triggering explosions of algae which use up oxygen, leading to fish kills.



Rick Dove

Disaster: In 1995, a breach of a single lagoon triggered a spill of about 22 million gallons of waste into the New River, an amount twice the size of the Exxon Valdez oil spill.

Each of North Carolina's 10 million hogs produces as much waste as three humans. That translates into 50,000 tons of waste per day.



Larry Lefever/Grant Heilman

Regional update

As population grows along border, clean air is at stake

A line on the map marks the 2000-mile U.S.-Mexico border, but pollution doesn't respect such boundaries. Most residents along the border breathe unhealthy air, and the region's rapid growth threatens to worsen the problem.

Our new study, *Pollution Without Borders*, forecasts that electric generating capacity in the region will increase more than 40% by 2011. At current rates, this would add as much air pollution as three million cars, but our study provides a blueprint for meeting this growth without sacrificing health.

"The environment doesn't have to be an afterthought to energy planning," says our scientist Dr. Ramon Alvarez. He points to Texas as a model: The state included clean-air requirements in its 1999 utility restructuring law and has since become a national leader in wind power.

Energy growth need not undermine human health.

Among our recommendations: establish strict pollution limits for new power plants on both sides of the border, develop renewable energy and use dry-cooling technologies to conserve water. We've already found an enthusiastic audience for our strategies among officials at recent forums in Austin and Mexico City.

In 2002, the governors of the ten border states called for an environmental plan for new electricity. "Leaders recognize the problem," says our air quality engineer Anne Marie Johnson. "Our plan can help lead the way to a solution."



Developing renewable energy, such as solar power, can help restore healthy air to the booming U.S.-Mexico border.

Tony Freeman/PhotoEdit



Kelly/Mooney Photography/Corbis

Within sight of the Empire State Building, a wetlands ecosystem begins to thrive.

After decades of abuse, Meadowlands rise again

In the tabloid mythology of New York City, New Jersey's Hackensack Meadowlands are where the bodies get dumped. That perception is about to change as the Meadowlands, a vast tidal marsh only two miles from Manhattan, begins a remarkable transformation into the region's largest urban nature preserve.

Environmental Defense has been fighting the degradation of the Meadowlands for 22 years. In 1981, we challenged a plan to fill 1,000 acres for development. Although we lost that suit, our report showed that the remaining 8,000 acres of Meadowlands qualified as protected wetlands under federal regulations. Last year, the Mills Corporation dropped its plans for a megamall after nearly a decade of opposition from our environmental coalition with NY/NJ Baykeeper, Hackensack Riverkeeper and others.

That victory set the stage for something no one could have imagined: a restored green space ten times the size of Central Park. The New Jersey Meadowlands Development Commission already has acquired 3000 acres for the preserve, including vital habitat for at least 13 endan-

The preserve will be ten times the size of Central Park.

gered and threatened bird species. The Army Corps of Engineers is working on a restoration plan for the area, which harbors toxic trash heaps and other hazards.

"Saving the Meadowlands," says our general counsel Jim Tripp, who filed the 1981 suit, "shows the full potential of the environmental movement not just to protect, but to restore."

Study finds sewage plants pose needless risk to millions

PUBLIC SCRUTINY SPURS MANY PLANTS TO REMOVE HAZARDS

On a moonlit night in 1994, Ron Ferguson and Tony Ross fished for bass in the Potomac River in Washington, DC. They heard a hiss and saw what looked like a puff of steam onshore. *The Washington Post* reported what the men said happened next: "Suddenly, the steam became a white cloud that surrounded them in a choking fog. They couldn't breathe; they couldn't scream."

What sickened the men was a small, accidental release of chlorine gas from the nearby Blue Plains Sewage Treatment Facility. Fatal in high concentrations, the gas can burn the eyes and skin and inflame the lungs. Sewage treatment plants across the nation use chlorine to disinfect wastewater, often storing the chemical onsite in 90-ton railcars. The practice puts surrounding communities at risk from an accidental release, or even a terrorist attack.

Public pressure prompted Blue Plains to switch to a safer disinfectant that costs about the same as chlorine. Other facilities have followed suit, spurred by a law requiring them to disclose the consequences of a catastrophic release. But many continue using dangerous chemicals in populated areas. Meanwhile, some members of Congress are trying to eliminate the public disclosure requirements that prompt safety measures.

Environmental Defense recently



Prakash Hatwani/AP Photos

A 1984 explosion at a Union Carbide plant in Bhopal, India, released toxic gas that killed more than 8,000 people.

teamed up with community groups nationwide to assess the danger, using publicly available information provided by the plants. We found that more than 20 million Americans are no longer at risk thanks to sewage plants that have switched to safer processes, and our report spurred more plants to go public with plans to switch. However, our study, *Eliminating Hometown Hazards*, also reveals that 18 million people remain in danger from plants using chlorine gas. Five of them could affect one million or more people. The full list is available at www.environmentaldefense.org/go/hometownhazards.

We're pressing Congress to pass the Chemical Security Act, which would require plants to replace chlorine gas with cost-effective alternatives. We're also fighting to preserve people's right to know about hazards in their communities. Politicians cite security concerns as a reason to cut off public access to risk information, but the best way to avoid harm is to eliminate the danger.

"Instead of hiding hazard information, Congress should require plants to stop using dangerous chemicals that place millions of Americans at risk," says our analyst




Davis Barber/PhotoEdit

Railcars filled with toxic chlorine put urban dwellers at risk.

Carol Andress.

WHAT YOU CAN DO

 Demand that Congress require industry to stop using dangerous chemicals in populated areas. If you live near a Bad Neighbor plant, urge the facility to replace chlorine gas. Send messages at www.environmentaldefense.org/go/actioncenter.

Bad neighbors

Facilities using chlorine gas where an accident would endanger one million people or more:

- Back River Wastewater Treatment Facility, Baltimore, MD*
- Central Valley Water Reclamation, Salt Lake City, UT
- Detroit Wastewater Treatment Plant, Detroit, MI
- Metro Wastewater Reclamation District, Denver, CO*
- Secondary Wastewater Treatment Plant, Modesto, CA



Richard T. Nowitz/Corbis

Things were simpler then.

*The Denver and Baltimore plants plan to replace chlorine gas in 2004 and 2007 respectively.

A clearer future for national parks



John Eascott/Yva Momatiuk/DRK Photo

Following our lawsuit, EPA agreed to tighten standards on nitrogen oxide pollution from power plants. This pollution decreases the ability of ponderosa pines and other trees to convert sunlight to energy.

Imagine Virginia's Shenandoah Valley without flowering dogwoods. That may seem extreme, but dogwoods—and many other trees—are showing signs of stress from nitrogen-related air pollution, mostly from cars and power plants. In California's Sequoia National Forest, for example, high concentrations of ozone due to nitrogen pollution have stunted the growth of ponderosa pines.

Environmental Defense won a lawsuit in 1990 requiring the Environmental Protection Agency to tighten limits on nitrogen oxides (NO_x), but the agency failed to act. We went back to court and in November reached a major settlement requiring the agency to propose new rules by September 2004 and to adopt new rules by 2005. This is one of three recent successful settlements between EPA and Environmental Defense to address air pollution in parks.

Nitrogen oxide pollution impedes plant growth and causes lakes to acidify. The problem is threatening ecosystems in parks across the country, affecting red maple and black cherry in the East

and ponderosa pine and aspen in the West. At the same time, nitrogen deposition is acidifying lakes and streams, killing fish and other aquatic species. Rainfall in Kentucky's Mammoth Cave National Park is ten times more acidic than normal.

High levels of NO_x also worsen smog. In the past five years, Great Smoky Mountains National Park has had more bad air days, when ozone levels exceed federal health standards, than Houston.

The November settlement is part of a comprehensive strategy to get EPA back on track in protecting the nation's parks. Seven months ago, EPA approved an agreement that could help clear the air over western parks by setting a declining cap on haze-forming sulfur dioxide pollution from power plants and industrial sources. Then, in August, we reached another settlement to improve visibility in parks nationwide.

"Together, these agreements will help ensure action by EPA," says our attorney Vickie Patton, "not just to improve vistas and help ecosystems, but to protect human health as well."

New front opens in diesel fight

When the power went out in the East last summer, some businesses and public facilities turned to diesel generators to keep the lights on. Generators provide an important source of backup electricity, but also pose a health hazard because they lack any pollution controls.

Environmental Defense has filed suit to win federal limits on unhealthy pollution from generators. The lawsuit opens a new front in our fight to reduce diesel pollution, which contributes to lung ailments and cancer. We've already helped win strict limits on new trucks and buses and have secured a pending EPA standard for farm and construction equipment.

The Northeast has an estimated 33,600 stationary diesel generators, while California counts 11,000. Diesel generators, which typically spew out ten times the particulates of a natural-gas-powered generator, are frequently located near schools and residences. In some cases, they have even been operated as an alternative to paying high electricity prices.

"Cost-effective controls can cut hazardous pollution from diesel generators while still providing emergency power," says physician Dr. John Balbus, director of our health program. "Our campaign to clean up diesel and protect public health is working to close this important loophole."



Tony Freeman/PhotoEdit

Not pretty: Diesel backup generators spew pollution near homes.

A chance to save one of Europe's last unspoiled rivers

In its course through the ravines of northern Portugal, the Sabor River offers a window into a long-vanished Europe, a place where remnants of ancient Mediterranean forests shelter rare varieties of wild grapes and olives, and endangered birds such as the Bonelli's eagle, golden eagle and black stork nest



Jose Teixeira

Despite international protections, the Sabor River and its extraordinary biodiversity are threatened by a large dam.

in rugged cliffs.

Today, the Sabor River is threatened by a large hydropower dam. The proposed Baixo Sabor dam and its 50-kilometer-long reservoir would destroy the floodplain and damage villages that harbor Iron Age art and Roman ruins. It would supply just 0.6% of Portugal's energy needs.

"The ecological loss could not be mitigated," says Environmental Defense economist Korinna Horta. We helped local organizations, strengthening a coalition opposing the dam, and have enlisted support from leading scientists. Our coalition advocates greater energy efficiency and alternative sources of power. "We must lose the idea that big dams mean

progress," says Horta.

The European Commission has yet to take a position on financing the dam. "There's still time to halt this project," says Horta. "We're working to mobilize international public opinion."



See www.saborlivre.org

Reviving a wild river in California



Natalie Fobes

Is saving wild salmon worth a few dollars per year?

A massive hydropower project built in the 1960s diverted California's Trinity River, decimating salmon runs local tribes had relied on for centuries. After 20 years of study, a joint tribal-federal plan to restore salmon runs was signed in 2000. But the plan was quickly blocked in court by subsidized water and power users, including cities.

Working with the Hoopa Valley Tribe, we helped to restore some water to the river. We also are leading the effort to convince litigants to withdraw from the suit, weakening their legal case and diminishing their political clout. Sacramento, Palo Alto and the Port of Oakland have withdrawn.

"Most people would gladly pay a couple of dollars per year to replace the lost Trinity power," says our senior analyst Spreck Rosekrans. "The challenge, however, is getting city halls to change course."

Administration fails to curb toxic pollution

That tuna salad lunch or swordfish filet may have an extra ingredient you're not aware of—mercury.

Mercury is a potent neurotoxin. It spews uncontrolled into the air from coal-burning power plants and lands in water bodies, contaminating fish. Mercury can interfere with brain development, making it most dangerous for infants: Estimates from The Centers for Disease Control and Prevention indicate mercury exposure in the womb puts 300,000 newborns each year at risk of brain damage.

EPA was required to propose limits on mercury pollution from power plants last year. To develop its proposal, EPA convened a group of outside reviewers, including our air expert Michael Shore, who called for strict limits on mercury. Other industrial sectors have slashed mercury emissions 90%, cost-effectively, but power companies called for looser controls. Disregarding a legitimate scientific process, EPA disbanded the advisory

group and in secret developed a plan that reduces mercury's status as one of the most toxic pollutants and allows weak limits on emissions.

We released a study calling for stronger controls using already available technology. "EPA's weak stance on mercury ignores the agency's own scientific assessment and puts utility industry profits ahead of children's health," says Shore.



Stone

Utilities will win with EPA's weak new limits on mercury. Children will lose.

Do the math

To learn more about responsible investing, check out these resources:

Bookshelf

Investing With Your Values: Making Money and Making a Difference by Hall Brill, Jack A. Brill, Cliff Feigenbaum; New York: Bloomberg Press, 1999, \$23.95.

The Mindful Money Guide: Creating Harmony Between Your Values and Your Finances by Marshall Glickman; New York: Ballantine Wellspring, 1999, \$13.

The SRI Advantage: Why Socially Responsible Investing Has Outperformed Financially by Peter Camejo; Gabriola Island: New Society Publishers, \$29.95.

Newsletters

The Green Money Journal appears quarterly. A one-year subscription is \$35. 608 West Glass Avenue, Spokane, WA 99205. Call 800-318-5725.

Progressive Investor is distributed by e-mail. \$149 a year. Subscribe online at www.sustainablebusiness.com/progressiveinvestor/subscribe.cfm.

Network

The Co-op America Social Investment Forum offers investment information, reports, contacts and resources at www.socialinvest.org. 1612 K Street NW, Suite 650, Washington, DC 20006. Call 202-872-5310. The Forum also runs the Shareholder Action Network.



J.A. Giordana/Corbis Saba

It's a jungle out there: Smart investing can make money without harming the environment.

The real green

SOCIALLY RESPONSIBLE INVESTING TAKES OFF

When the stock market crashed in 1929, comedian Eddie Cantor quipped that it should be renamed “the stuck market.” That was the sad reality for several years after the Internet bubble burst in 2000. But now stocks are on the rise, and Americans are again venturing into investment waters.

Market investments are never completely safe, but the potential for growth makes them irresistible. Many of our members have asked how they can invest their money to help—or at least not harm—the environment and society. Though every commercial venture produces some combination of benefit and harm, one category, socially responsible investing (SRI), tries to tilt the outcome toward sustainability.

Socially responsible investing means “screening out” undesirable corporate behavior—say, excessive pollution or weapons production—or focusing on companies that respond positively to environmental and social concerns. The approach is growing rapidly. The total

assets of all screened mutual funds went up 11% from 2001 to 2002. In 2002, their assets totaled \$151 billion. Of this, 19% focused on the environment.

The good news is that SRI portfolios should perform at least as well as conventional ones. “Given equal costs and similar diversification, there is no reason to think a thoughtfully chosen SRI portfolio won’t do as well as any other kind,” says financial counselor Robert Cohen.

Interested? Here are some approaches to consider:

•**Index it.** Index funds passively invest in companies based on a set of predetermined principles. SRI index funds choose their companies on the basis of their environmental and social records. One of the oldest and largest is the Domini Social Equity Fund. Also notable—and competitive—are the Calvert Social Index Fund and the lower-cost, Vanguard-Calvert Social Index Fund.

**Guest columnist Jim Motavalli is editor of E/The Environmental Magazine (for subscription information: 800-967-6572 or www.emagazine.com). Opinions are the author's and not those of Environmental Defense or its staff. Environmental Defense does not recommend any investment, and this article is not meant to provide personal investment advice; consult a professional advisor before making any investment.*

•**Diversify to minimize risk.** SRI participants can smooth out the financial ride by choosing a fund like Pax World, which puts 30% of its portfolio in government bonds. Another option is to diversify into funds that invest in small and mid-sized companies such as Ariel Fund and Ariel Appreciation or international funds such as Calvert World Values International Equity.

•**Vote your shares.** Owning stock gives you the right to talk to managers about their environmental and social policies. If you own \$2,000 or more of a company's stock for a year, you can try to change corporate policy—for example, demand the company use environmentally friendly products—through share-

holder resolutions. Such shareholder activism has become a growing force in recent years. U.S. shareholders in 2003 filed 31 global warming resolutions with 23 companies, including oil companies, auto manufacturers and utilities.

•**Invest in the community.** Some SRI mutual funds earmark 1% or more of their portfolios for community investment, such as small businesses. Investors who want to do more can go to Calvert Foundation, whose offerings are broadly invested in community development. Alternatively, you can directly support community development financial institutions (CDFIs), which do the lending and development work on site. Another option is micro finance institutions,

which make small loans to entrepreneurs in developing countries with no conventional access to money. Financial returns on these investment are typically 0-4%, but you may find the social returns very appealing.

•**Do it yourself.** As an individual investor, you can make your own decisions and shape your portfolio to align with your own values. The drawback, of course, is that few “civilians” are skilled enough in the vagaries of the market to stay afloat. Would-be solo flyers are advised to diversify their investments and should expect to work very hard for the money they save in fees.

By Jim Motavalli*

ENVIRONMENTAL DEFENSE ACTION CENTER

New organization will amplify our message



With anti-environmental lobbies spending more and more lavishly to influence legislative outcomes,

Environmental Defense has been constrained by stringent lobbying limits set by our particular nonprofit status. This changed recently with the creation of the new Environmental Defense Action Fund under the 501(c)(4) nonprofit status that allows unlimited communication on legislation.

The Action Fund will raise money, for example, to safeguard the groundbreaking California law to reduce greenhouse emissions from cars. We will now have more flexibility to counter the coming massive public relations campaign against the law from auto manufacturers. The Fund will also help counter a proposed national transportation bill that encourages sprawl. “This fund could begin to level the playing field on a number of issues,” said Steve Cochran, director of strategic communications. Contributions to the Environmental Defense Action Fund are not tax-deductible. To contribute, please call 1-800-591-1919. Please mention the Action Fund code: TAM04AA001.

We did it. Now let's undo it.



“People created global warming. We can help undo it,” proclaims the home page of undoit.org. This latest web site from Environmental Defense offers information and action steps to ramp up the fight against global warming. The site's goal is to get one million Americans to urge political leaders to support the McCain-Lieberman Climate

Stewardship Act to reduce greenhouse gas emissions.

Let your elected representatives know you want them to do something about global warming. Sign the petition at undoit.org and use the “Spread the Word” feature on the site to ask five or more friends to do the same.

Updated Scorecard spotlights pollution

Scorecard.org continues to deliver the latest data on local sources of pollution at the click of a mouse. Users simply type in a zip code to see an overview of local pollution and its health effects. The recently updated Scorecard is popular with citizens, who appreciate its easy-to-understand format. The National Association of Realtors recommends the site to help buyers evaluate an area's environmental safety.

“Environmental Defense wants to make sure Scorecard's spotlight on polluters never goes out,” says Dr. John Balbus, director of our health programs. “As we step up our online advocacy on behalf of environmental health initiatives, we will take advantage of Scorecard's information.” Try typing in your own zip code at www.scorecard.org.



Who's polluting your town?

Kirk Condytes



Earth index

- The United States emits more greenhouse pollution than 151 developing nations combined.
- Number of American children under 15 with asthma in 1980: 1.9 million. Number of American children under 15 with asthma in 1996: 3.6 million.
- Estimated cost of tax breaks for oil, gas and coal companies in the proposed energy bill: \$15 billion. Estimated cost of tax breaks for energy efficiency and conservation: \$1.5 billion.
- Number of cars China would have if the Chinese bought cars at the American per-capita rate: 970 million.
- Portion of electricity generated by wind power in Denmark: 20%. In U.S.: less than 1%.
- Number of Americans at risk from a chlorine gas release at sewage treatment plants: 18 million (see story, p.7).

What they're saying about Environmental Defense

"Environmental Defense is a very important organization. The people there know what they're doing. We rely on them to a great extent, not only for help in lobbying, but in providing us with the information that we need."

—Senator John McCain (R-AZ), speaking about our campaign on global warming



Flip Nicklin/Minden Pictures

A sperm whale and her calf: New high-intensity Navy sonar, which sounds like a Boeing 747 at takeoff, may be responsible for the beaching of whales.

Whales win respite from Navy sonar

Ever since *Moby Dick*, whales have occupied a special place in American lore. Although they are now generally protected from hunting by international agreements, these gentle giants of the sea still face serious threats. One such danger was diminished last October when the U.S. Navy agreed to limit the use of a powerful sonar system that may injure whales and other marine mammals. Responding to a lawsuit from advocacy groups, a federal court issued an injunction restricting its use.

Environmental Defense scientist Dr. Rod Fujita provided key testimony in the case. "There are special habitat areas where whales are particularly sensitive," he says. Fujita's testimony provided a framework to negotiate the areas that would be off-limits to sonar testing.

Concern about the Navy's sonar increased following the stranding of 16 beaked whales in the Bahamas

and a similar beaching in the Canary Islands. Both incidents followed Navy or NATO sonar tests in the area.

Under the agreement, which we helped negotiate, the Navy must avoid using the sonar near coastlines and restrict its use during migration periods. The Navy had planned to deploy the sonar system over 80% of the world's oceans. "This agreement shows that we can have both environmental protection and military preparedness," says Fujita. "But we mustn't become complacent. The more we win in court, the more pressure there is to weaken ocean protections."

The pressures to relax marine protections were apparent in the Energy Bill that was recently defeated in the Senate. The bill, which is likely to resurface, would clear the way for industrial exploitation of America's marine environment. "At no point in recent memory has the marine environment been at greater risk," notes Fujita.



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