



ATLAS ECONOMIC RESEARCH FOUNDATION

Founded 1981

March 29, 1999

Mr. William E. Hale
Public Affairs Department
Exxon Corporation
5959 Las Colinas Boulevard
Irving, TX 75039-2298

Dear Bill:

Enclosed is the Atlas Economic Research Foundation's report on programs, projects and events funded in whole or in part by the Exxon Corporation during 1998.

For the most part, the report reflects activities anticipated in Atlas's 1998 Proposal for Funding, which we submitted on January 29 of last year. In some cases, however, new institute priorities or budgetary considerations resulted in the postponement or cancellation of certain projects; we hope to undertake a number of those projects this year.

We expect to submit our 1999 Proposal for Funding by March 31 or April 1 and look forward to discussing it with you shortly thereafter.

On behalf of Atlas and the institutes it supports, we would like to thank you again for the Exxon Corporation's generous contributions to these programs, and for the confidence you and Exxon have placed in us.

Very truly yours,

Alejandro A. Chafuen, PhD
President and Chief Executive Officer

Paul K. Driessen, Esq.
VP for Operations & Corporate Development

Enclosures

ENERGY AND THE ENVIRONMENT: MARKET-BASED SOLUTIONS

ATLAS ECONOMIC RESEARCH FOUNDATION REPORT ON 1998 PROGRAMS

SUPPORTED BY THE EXXON CORPORATION

The following report summarizes many of the programs, projects and events funded in whole or in part by the Exxon Corporation during 1998.

I. SUPPORT OF NON-US INSTITUTES

In addition to providing monetary assistance to think tanks listed below, Atlas sent packages of books, articles and videos on global climate change science and economics to nine institutes in Asia and Latin America. It also helped establish more extensive links between these institutes and US-based think tanks like CERI, SEPP, Consumer Alert, NCPA and other, to facilitate information sharing on science, economics, global warming and other topics. And it provided fellowships and ongoing management, fund-raising, project development and editorial assistance to institutes in every region.

A. CHINA, INDIA & SOUTHEAST ASIA

Unirule Institute of Economics (Beijing). Continued its ongoing analysis of China's transition from a planned economy to a market-oriented economy and developed concepts for 1999 projects on energy development and environmental protection. Institute Director Dr. Mao Yushi attended the Atlas-sponsored workshop in Manila (see section II-A below).

Institute of World Economics and Politics (Beijing). Translated *The Scientific Case Against the Global Climate Treaty* and continued its studies of public land management in China; the corrupting role of multiple taxes and fees; and the potential effects of accepting or resisting the climate change treaty. It concluded that China "should not be in a hurry" to agree to the "Post Argentina Process."

Center for Civil Society (New Delhi). Commissioned a policy study of market-oriented approaches to environmental policy in India, and hosted weekend college seminars on economics, privatization, environmental protection, and civil service reforms to reduce corruption. Director Parth Shah attended workshops in Orlando, Dallas and Manila.

Liberty Institute (New Delhi). Prepared draft report on the effects of eco-labeling requirements on industrial processes, product innovation and free trade, setting the stage for its formal release, briefings for government and industry people, and a series of newspaper articles in early 1999. Initiated research on global warming and the importance of energy to India's future prosperity.

Korea Center for Free Enterprise (Seoul). Published analyses of the Asian and Korean economic crises, monopoly regulation, free trade, government land ownership and related issues. Institute president Gong Byeong-Ho attended the Atlas technology conference in Charlottesville and began investigating global warming science, economic and trade issues.

Center for Research and Communications (Manila). Co-hosted and organized conference on the role of public policy think tanks in the Philippines, the role of economic freedom and common sense regulation in fostering prosperity, and selected economic and environmental issues. (See section II-A for more details.)

B. TURKEY & FORMER SOVIET BLOC NATIONS

Association for Liberal Thinking (Ankara). Translated *Free Market Environmentalism* and began translating *Facts, Not Fear: A Parent's Guide to Teaching Children about the Environment*. Prepared policy papers on forest management and regulatory problems commonly encountered by entrepreneurs in Turkey. Hosted seminars for students from Turkey and Turkic republics of the former Soviet Union, addressing market-oriented economic reforms and similar topics. President Atilla Yayla attended the Atlas-NCPA conference in Dallas and sent two scholars on fellowships to the U.S.

Minaret of Freedom Institute (Bethesda, Maryland). Published book of essays by Middle East experts, examining the origins of Islamic movements and their impacts on western interests, and offering prescriptions for the future. Placed articles on the positive role Islam and the Koran have historically played in the establishment of human rights, free trade, productivity and "natural law," to develop common ground among Islamic and western cultures. Presented address on "Islam and Free Markets" at an Association for Liberal Thinking seminar in Ankara.

C. CONTINENTAL EUROPE

Civic Institut (Prague). Translated Carlson's *Economics and Morality* and Murray's *Losing Ground*. Hosted conferences on free market economics and traditional morality, the modern welfare state and environmental activism. Presented "civil society" seminars for secondary school teachers. Atlas also supported institute director Michal Semin's attendance at the Atlas-NCPA workshops in Dallas, to enable him to build stronger ties with U.S. and European think tanks.

Forum International des Sciences Humaines (Paris). Hosted colloquium on risk assessment, the purposes of environmental rules, environmentalism as a social phenomenon or theology, prevailing theories about "nature," and realistic versus utopian land use planning ideas. It also examined global warming, water pollution and the legitimacy of concerns about future shortages of freshwater. (See enclosed program - "Environmentalism: Scientific, Philosophic and Sociological Foundations.")

Instytut Liberalno-Konserwatywny (Warsaw). Translated several books and essays on capitalism, the rule of law and market-based economics.

Fundacion para el Analisis y los Estudios Sociales (Madrid). Published book examining the degree of government intervention in environmental matters and is translating *Facts, Not Fear*. (The prime minister of Spain was a founder of the foundation, and its minister of the environment was formerly its director.)

Circulo de Empresarios (Madrid). Published *Educación Medioambiental*, a Spanish translation of *Environmental Education*, by Benjamin Aldrich-Moodie (Princeton University and Institute of Economic Affairs) and Atlas environmental research associate Dr. Jo Kwong.

Timbro (Stockholm). Began publishing an environmental newsletter, to address regulatory reform, market environmentalism, eco-labels and related policy issues. Published *What Went Wrong in Sweden* (in both English and Swedish in the same volume), submitted it for Atlas's Sir Antony Fisher International Memorial Award for public policy books, and granted rights to Atlas-supported institutes to translate it into Korean and Turkish.

Science and Environmental Policy Project (Fairfax, VA). SEPP president Dr. S. Fred Singer participated in the FISH colloquium in Paris, served as an associate member of Dr. Helmut Metzner's European Academy for Environmental Affairs, and discussed global climate change issues before a number of groups in Argentina, Brazil, Chile and France before and during the COP-4 summit. (Atlas provides major funding to SEPP.)

D. LATIN AMERICA

Foundations Republica, MEL (Movimiento Ecología en Libertad), Libertad, Mercado, Global and Alberdi – in conjunction with Atlas – sponsored a series of seminars, briefings and media interviews in five Argentine cities, to present information of global climate change science and economics prior to the COP-4 summit in Buenos Aires. (See also section II.)

Fundación Republica (Buenos Aires). Hosted conference on the importance of intellectual property rights – demonstrating how inadequate IP laws cost creative companies hundreds of millions of dollars each year, drive many researchers abroad, and create barriers to free trade in the Americas

Fundación de Estudios Energéticos Latinoamericanos (Buenos Aires). Published a Fisher-award-winning book on private property rights as an alternative to government ownership of Argentina's petroleum resources, to encourage risk taking, investment and technological innovation. Participated in the Argentine global warming seminars and COP-4 summit. (Atlas also serves as a key advisor to the foundation.)

Fundacion Libertad (Rosario). Celebrated its tenth anniversary by hosting workshops and other events in Buenos Aires and Rosario, to discuss the importance of public policy institutes as builders of civil society, and examine Argentina's economic, monetary and privatization reforms, especially its efforts to privatize the state-owned oil company, electric utilities, railroad and post office.

Instituto Liberal (Rio de Janeiro). Published reports and a book on how well various "eco-label" systems might work in Brazil, Mercosur countries and other parts of Latin America. Economist Roberto Fendt authored the eco-label report, prepared a paper on the economic effects of the Kyoto Protocol and participated in the October global warming seminars in Argentina. The IL-RJ also translated *The Fire of Invention* (Novak), *What Everyone Should Know About Economics and Prosperity* (Gwartney and Stroup), and other books into Portuguese.

Libertad y Desarrollo (Santiago). Published a Spanish version of *Licology of Markets*, offering Chilean examples of ways private companies have improved environmental quality and examining examples of predicted environmental "catastrophes" that never happened. It also published a Chilean edition of *Facts, Not Fear* and worked closely with legislators on numerous issues. Its environmental analyst visited several market-oriented think tanks in the US, to discuss strategies and projects.

More than 40 Atlas-supported think tanks from all over the world participated in the preparation of the 1998-1999 interim supplement to the **Fraser Institute's** index of *Economic Freedom of the World*. This supplement continues their effort to measure and analyze the relationship between institutions that define economic freedom in 125 countries and how well their economies have performed each year for the past 20 years.

II. INTERNATIONAL CONFERENCES & INFORMATION NETWORKS

A. INTERNATIONAL CONFERENCES

Poverty and the environment conference (Orlando). 94 participants from 75 organizations and 18 countries (including India, 11 Latin American and 3 European nations) examined the relationships between economic prosperity, human health and environmental quality.

New technologies and public policy workshop (Charlottesville). Reviewed ways technology has helped to improve health and the environment, education, and banking and finance. Over 100 people attended, including 41 from 7 Latin American, 3 Asian and 5 European nations.

Global climate change. A series of seminars and briefings in five Argentine cities drew several hundred people for discussions about scientific, economic and technological aspects of the global warming scare. Presentations were made by experts from US, Argentine, Brazilian and Chilean think tanks. Media coverage included 8 television and radio appearances, over 12 articles in newspapers and magazines, and 19 interviews.

Think tanks and economic freedom workshop (Manila) attracted representatives from over 40 organizations and 26 countries, including the Philippines, Korea, China, India, Bangladesh, South Africa, Guatemala, Costa Rica, Mexico, Canada, the United States, Germany and Poland. (More than 70 percent of the attendees had not been involved with Atlas prior to this event.) Ron Bailey spoke about global warming, eco-labels and pollution myths; other speakers discussed building new think tanks, liberating economic forces and creating new opportunities and better lives.

Think tanks and civil society workshop (Dallas) brought together 98 participants from 16 countries, including 8 Latin American and 5 European and Middle Eastern nations. Topics included problems new think tanks face in developing countries (eg, bombings, shootings, fires, jail and poor familiarity with free markets), and ways to reach journalists and government officials more effectively. Keynote addresses were presented by Salvador Abascal; (**Fundación Rafael Preciado**, Mexico), George Allen (former governor of Virginia), David Davis (Member of Parliament, Great Britain), Pete DuPont (former governor of Delaware), and Armando Ribas (former Argentine congressman).

B. INFORMATION NETWORKS

The Atlas Web site was updated to improve access to calendars of events, key articles and materials on environment and religion. (This effort will be expanded in 1999, to further increase the site's ability to provide links and information for market-oriented scholars and institutes.)

The Atlas Fellows Program brought intellectual entrepreneurs from Argentina, France, Mexico and Turkey, to gain think tank experience, arrange and attend conferences, and pursue graduate studies with George Mason University. **Fundación MEL** director Ana Lamas spent several weeks in the Washington area, meeting and working with Atlas, Cato, CEI, Heritage, SEPP and other organizations on global warming and other environmental issues.

InterAmerican Agency of the Economic Press. Atlas continued to support AIPE, which translated and disseminated several hundred articles and opinions on market reform, free trade, energy, economics and the environment.

III. INSTITUTE NURTURING AND MANAGEMENT

The Atlas Economic Research Foundation devoted significant staff time to functions and activities summarized above, and to nurturing new think tanks, providing management advice, guiding research, and arranging conferences and seminars (especially the global warming events in Argentina). Atlas staff also participated in workshops in Argentina, the Philippines and elsewhere.

Atlas continued to coordinate eco-label studies in Argentina, Brazil and India, and to encourage ongoing work on corruption, intellectual property rights, natural resource development, and the adverse effects of global climate change treaties on developing nations.

During 1998, Atlas concluded its role as grants administrator for a television program (and series pilot) about the formation and operation of businesses in the United States and China. *The Road to Success* premiered on China Central Television in July 1998. (Atlas is now working with the program producers to develop concepts for modifying the program for use in other emerging economies of Asia, Latin America and Eastern Europe. We will be seeking funding for research and program design and production during the coming year.)

IV. CONCLUSION

Few of these accomplishments would have been possible without Exxon Corporation's generous financial assistance. Both the Atlas Economic Research Foundation and the institutes it supports greatly appreciate this assistance and the confidence Exxon has placed in us.

We hope you will consider this report and the accompanying 1999 funding proposal favorably and will do our best to address important issues like global climate change, intellectual property rights, economics, sound science, international treaties and environmental education.

March 29, 1999