



Written by [Alex Newman](#) on January 10, 2011

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## Cap and Trade by Stealth: U.S. States Partner With Foreign Governments

While many Americans have been focused on battling cap-and-trade legislation at the national and international levels, global-warming alarmists have been quietly foisting the same thing upon unsuspecting states and local governments through a regional systems approach. This backdoor approach was heartily endorsed and promoted at the recent United Nations COP16 summit in Mexico. Using unconstitutional partnerships between U.S. state governments and foreign sub-national rulers, these schemes to limit carbon dioxide emissions essentially achieve the same desired effect as the national and global proposals: restricted energy use and higher energy prices for consumers, and more money for governments.



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The first and most prominent of these U.S. cap-and-trade systems is known as the Regional Greenhouse Gas Initiative (RGGI). It was created not by the people through their legislatures, but by a so-called “Memorandum of Understanding” between state Governors. Legislatures then implemented the scheme in their states.

Consisting so far of 10 Northeastern and mid-Atlantic states — Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont — the scheme is described on the RGGI website as “the first mandatory, market-based effort in the United States to reduce greenhouse gas emissions.” The system also includes other American states and certain Canadian provinces as “observers” — for now.

RGGI’s board of directors is made up primarily of each participating state’s top environmental bureaucrats. The “Initiative” works by establishing caps on carbon dioxide emissions at a certain level, then auctioning off “emissions permits” to the highest bidder. Eventually, the CO<sub>2</sub> caps will be lowered, causing even higher energy prices as companies and public utilities pass along the added costs to consumers. By 2018, the RGGI plans to reduce energy-sector emissions by 10 percent.

Thus far, the scheme has netted close to a billion dollars by selling “carbon credits” to utility companies and other firms in participating states, earning about \$50 million through an auction held on December 1, despite not selling all of the available credits. The first auction was actually held in 2008, and there have been nine since then. Spoils from the emissions permits are then handed out by state governments to companies, environmental groups, and others.

Incredibly, the RGGI has managed to avoid public scrutiny of its operations by incorporating as a non-profit organization and leaving enforcement and regulation to the individual states. The RGGI



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corporation claims it does not have to respond to public requests for information since, technically, it is not actually a government entity.

But the corruption is already coming out in the open. “New Hampshire conservationists had high hopes for how \$18 million in funding generated by the Regional Greenhouse Gas Initiative (RGGI) might advance energy efficiency projects,” wrote columnist Fergus Cullen in the *New Hampshire Union Leader* earlier this year. “Unfortunately, cronyism and corporate welfare hallmark too many grants awarded by the Public Utilities Commission so far.”

Cullen’s piece details, among other things, the outrageous handouts to “environmental” front groups and big businesses that helped push the scheme through. For example, an activist group in New Hampshire called “Clean Air Cool Planet” was incorporated by out-of-state bigwigs to promote global-warming alarmism — including Al Gore’s discredited “documentary,” *An Inconvenient Truth*.

“Having helped create this pot of money, Clean Air was one of the first in line with its hand out so it can do more alarmist advocacy, paid for with public resources awarded by friends,” Cullen explains. The group has already received almost half of a million dollars. Another example cited by the columnist: “Yogurt on a mission” producer Stonyfield Farm, with \$300 million in yearly sales, received nearly \$150,000 to upgrade its air-conditioning system.

Money was basically shoveled out, “creating opportunities for the well-connected and the in-the-know” while “millions of dollars have gone out the window, wasted like heat leaking out of an uncaulked pane,” Cullen concludes.

But RGGI executive director Jonathan Schrag — who after intense public pressure recently disclosed his salary of almost \$170,000 per year — thinks the scheme is great. “I look forward to building RGGI Inc. into a dependable administrative ally of each state’s RGGI program,” Schrag said in a press release when he was appointed executive director. “The states have done tremendous work to develop the first CO<sub>2</sub> cap-and-trade system in the U.S.”

Not everyone thinks so, though. And in an e-mail to supporters, the Center for the Defense of Free Enterprise warned of even bigger problems to come. “RGGI is the prototype for more regional cap & tax entities,” wrote the organization’s executive vice president Ron Arnold. “Soon RGGI will expand to every state and stick you with astronomical energy prices.” Arnold blamed the “corruptocrats in Washington” for the “gigantic waste of tax dollars,” adding that the “crooks behind RGGI must be exposed” and held accountable. He also said that, despite RGGI claims that it is “making a significant impact to combat the threat of global warming,” the data prove otherwise. “The only impact RGGI has made so far is they have raised energy prices and created a slush fund for each member state,” Arnold charged. And according to his letter, “the fact that global warming isn’t even real” won’t prevent the “climate change scam” from spreading to other states. And he’s right — it’s already happening.

An even bigger and more ambitious effort that includes Canadian provinces — and even Mexican states as “observers” — is set to go into effect in 2012. Known as the Western Climate Initiative, the scheme is described on its official website as “a collaboration of independent jurisdictions working together to identify, evaluate, and implement policies to tackle climate change at a regional level.”

Among the participating “jurisdictions”: California, Oregon, Washington, Arizona, Utah, New Mexico, Montana, and four Canadian provinces. So-called observers, “jurisdictions” that are likely to join soon,



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include six Mexican states, an additional six U.S. states, and another three Canadian provinces. A similar scheme for the American Midwest, under the banner of the Midwestern Greenhouse Gas Reduction Accord, is also set to enter into effect in 2012. The agreement encompasses Iowa, Illinois, Kansas, the Canadian province of Manitoba, Michigan, Minnesota, and Wisconsin — for now. Three other U.S. states and one additional Canadian province are “observers.”



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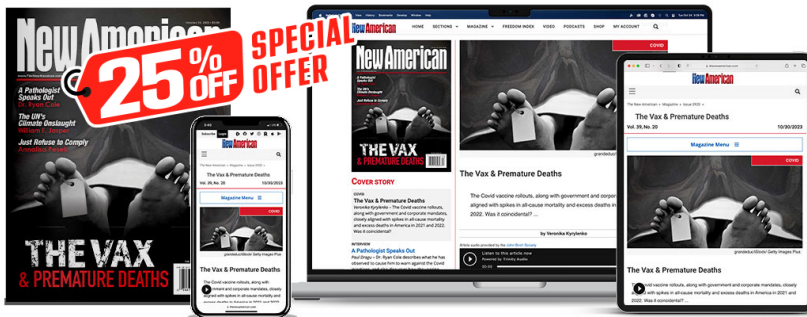
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