



Written by [Steven J. DuBord](#) on March 17, 2009

## Trying to Turn CO2 Into Au

*Critics of "cap-and-trade" legislation, noted the magazine, say such action will outsource jobs to other countries, presumably "the last thing we need during an economic crisis." Dodging, Waxman responded: "We're going to have a much worse problem of job losses and harm to our economy and our health and damage to our natural resources — even our cities, our agriculture, our forests — and our national security if we do nothing."*

**ITEM:** The New York Times reported on February 19, 2009:



*The Environmental Protection Agency is expected to act for the first time to regulate carbon dioxide and other greenhouse gases that scientists blame for the warming of the planet, according to top Obama administration officials. The decision, which most likely would play out in stages over a period of months, would have a profound impact on transportation, manufacturing costs and how utilities generate power. It could accelerate the progress of energy and climate change legislation in Congress and form a basis for the United States' negotiating position at United Nations climate talks set for December in Copenhagen.*

The environmental agency is under order from the Supreme Court to make a determination whether carbon dioxide is a pollutant that endangers public health and welfare, an order that the Bush administration essentially ignored despite near-unanimous belief among agency experts that research points inexorably to such a finding.

**CORRECTION:** Remember when we thought many ancients to be laughable for believing that lead could be transmuted into gold? Well, today's government-funded scientists, backed by biased media and dilettantish politicians, have surpassed the alchemists: these modern sorcerers would have us believe that an odorless, colorless gas that makes plants grow, which has been exhaled by human beings in the respiration process since time immemorial, is literally killing Mother Earth and that getting rid of the gas will ensure wealth.

Transmuting carbon dioxide into an official "pollutant" may require a leap of faith, but that is what is



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being demanded by the ecological high priests now on the ascendancy in Washington.

However, not everybody's buying into the party line. S. Fred Singer, for example, is a vocal skeptic of the trendy indictment against CO<sub>2</sub>. Singer is an atmospheric physicist, president of the Science and Environmental Policy Project and professor emeritus of environmental sciences at the University of Virginia. He also served as the founding director of the U.S. Weather Satellite Service. As Singer, among others, has made clear: "Carbon dioxide is not a pollutant, and any attempt to control emissions is an inappropriate use of money."

Yet, money is vital to the cause of the carbon-dioxide alchemists. They are trying to turn CO<sub>2</sub> into Au, or if not gold, at least into greenbacks. President Obama has already assumed — without Congress having even scheduled hearings on a cap-and-trade scheme — that he will be able to extract hundreds of billions of dollars from this contrivance for his pet spending projects. Such plans require a law to limit the amount of CO<sub>2</sub> that companies would be allowed to emit; companies that "pollute" too much could buy "allowances" from those that emit less. The government gets to run the auctions, collect the booty, and distribute the spoils to its favorites.

As Jeff Holmstead, a former Environmental Protection Agency assistant administrator, told the *Washington Times* not long ago: "I do think it will be eye-opening to a lot of people to find out that cap-and-trade is really about raising taxes." It remains to be seen how quickly the Democrats will move for a vote on the cap-and-trade notion, but House Speaker Nancy Pelosi acknowledged a while back that the administration needs the cash it could reap from selling emissions: "I believe we have to [*vote before the end of the year to coordinate with a global-warming summit in Denmark*] because we see that as a source of revenue."

If you are a taxpayer, and not a tax imposer, you should understand her to mean that businesses will face larger levies and that higher prices will be passed along to consumers. The Obama administration's budget simply assumes that the new global-warming taxes (euphemistically dubbed "climate revenues" in the budget) will be approved — projecting revenues of \$78.7 billion in 2012, which is likely a vast underestimate. The Congressional Budget Office has projected that such schemes should amount to \$300 billion annually. As the *Wall Street Journal* has asked sardonically: "If this isn't tax revenue, what is it? Manna from heaven? The offset from Al Gore's carbon footprint?"

Also keep in mind that, claims of global-warming alarmists notwithstanding, the evidence is far from convincing concerning carbon-dioxide emissions, especially considering the incredible costs such a cap-and-trade law would generate against little or no environmental gain. Global-warming fears stem from computer-generated extrapolations far into the future, interpreted by wizards who can't forecast next week's weather. As Singer wrote in *Investor's Business Daily*, we need to be

aware that carbon dioxide may not have as much of an impact on temperatures as projected by the U.N. Intergovernmental Panel on Climate Change (IPCC). While their 2007 Report asserts a better-than-90% certainty that the average temperature increase over the last 50 years is human-caused, they have produced no credible evidence to back this up. None!

On the contrary, an independent assessment of the same published information by the Non-Governmental International Panel on Climate Change (NIPCC) reaches exactly the opposite result: Nature, not human activity, rules the climate.

## **Real World, Real Costs**



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In the real world, cost-benefit analyses help determine whether a project should be undertaken. The federal government obviously finds such an outlook fanciful. It ignores the price tags hanging on schemes it promotes. Some of the potential consequences have been compiled by Tom Borelli, a Ph.D. who is director of the Free Enterprise Project at the National Center for Public Policy Research. He found that proposals similar to those being advanced by the Obama administration came with crushing price tags. As Borelli noted in the Washington, D.C., *Examiner*:

- A study by the National Association of Manufacturers projected that emissions caps similar to those rejected by the U.S. Senate in 2008 — calling for a 63 percent cut in emissions by 2050 — would reduce U.S. gross domestic product by up to \$269 billion and cost 850,000 jobs by 2014.
- A Massachusetts Institute of Technology study concluded cap-and-trade restrictions could raise gasoline prices by 29 percent, electricity prices by 55 percent and natural gas prices by 15 percent by 2015.
- A 2007 report by the bipartisan Congressional Budget Office on the cost of cutting carbon emissions by just 15 percent noted that Americans "would face persistently higher prices for products such as electricity and gasoline. Those price increases would be regressive in that poorer households would bear a larger burden relative to their income than wealthier households would."

Of course, Obama's team also has its economic statistics, but the gurus of the administration in this area should be attracting guffaws, not commendations. Consider Energy Secretary Stephen Chu, an alarmist of the first degree. He has suggested that 70-90 percent of the California snow pack could decline because of a failure to limit carbon emissions. This would mean more than permanent water rationing, he said. As Chu put it: "No, you're looking at a scenario where there's no more agriculture in California. When you lose 70 percent of your water in the mountains, I don't see how agriculture can continue. California produces 20 percent of the agriculture in the United States. I don't actually see how they can keep their cities going." Chicken Little can't match Dr. Chu.

Another leading light is the Obama White House's science adviser John Holden, who previously warned that a billion people could die by 2020 owing to famines caused by climate change. When he was asked by the Senate not long ago about those remarks made in the 1980s, he backtracked much less than you might imagine. "I think it is unlikely to happen," said Dr. Holden to the lawmakers, while emphasizing that such an outcome remained "a possibility" that "we should work energetically to avoid." Presumably it's also a "possibility" that the Earth will spin out of its orbit and fall into the sun. Should Washington also work energetically to concoct a high-priced brainstorm to avoid that?

In the interim, how about the world's biggest polluter, China? It seems that the communists will get a pass, especially if they can be forgiven for their carbon emissions if they result from making products for the West. A study from Sweden is being trumpeted in the U.K., among other places. As the *Guardian* happily reported on February 23: "The full extent of the west's responsibility for Chinese emissions of greenhouse gases has been revealed by a new study. The report shows that half of the recent rise in China's carbon dioxide pollution was caused by the manufacturing of goods for other countries - particularly developed nations such as the UK."

At the same time, global-warming legislation being pushed in the United States would cost the United States trillions of dollars in the aggregate. The bosses in Beijing have to be chortling. Adding to the lunacy, Secretary of State Hillary Clinton has been all but begging China to keep buying U.S. debt so



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Washington can finance more bailouts.

### **At the End of the Day**

The pain involved in taxing CO<sub>2</sub> in this country will not be worth whatever limited effects the plans might have on the condition of the planet. Patrick J. Michaels, a senior researcher in environmental studies at the Cato Institute, research professor of environmental sciences at the University of Virginia, and the author of several books on global warming, reviewed the cost of last year's (failed) legislation that would have limited carbon emissions, the idea being resurrected in the current Congress. If it had passed, and all of the industrial nations had met their obligations under the Kyoto Treaty (almost none did), "the net result would be a reduction in warming of 0.08 Centigrade by 2050, an amount far too small to measure."

When cap-and-trade schemes were instituted in Europe, the results were not pretty but they were instructive. Or they should be instructive. Iain Murray of the Competitive Enterprise Institute (along with European energy experts Gabriel Calzada and Carlo Stagnaro) appraised the outcome:

The European Union has had a cap-and-trade scheme for greenhouse gas emissions in place for several years now, but has failed to make much dent in emissions....

The scheme has been repeatedly gamed and manipulated by industry and governments so that emissions have actually increased faster than those of the United States, with none of the big reductions promised materializing. Industries have enjoyed windfall profits from emission credit trading....

For everyone else, however, results have not been so happy. European households have seen electricity bills rise. Europe has become more dependent on Russian gas. And a recent study by the British think tank Open Europe found the scheme's major costs accrued to essential public service facilities like schools and hospitals.

Of course, the United States might not go the way of Europe. It could be even worse. Some governments in Africa, where the people could really use more energy and economic progress, have taken the alarmists' gloomy scenarios to heart — to the dramatic detriment of their citizens.

Paul Driessen and Willie Soon have described the upshot in several countries, including Chad where, because of the stories about climate change, the government has "banned the manufacture, importation and use of charcoal — the sole source of fuel for 99% of Chadians." The government's edict has sent "women and children scavenging for dead branches, cow dung, grass and anything else that burns." One human-rights advocate said: "People cannot cook." Commented another: "Women giving birth cannot even find a bit of charcoal to heat water for washing."

Ideas do have consequences. Bad ideas can have horrendous consequences. We could be the next to suffer at the hands of those who would turn the economy inside-out as a reaction to a dubious hypothesis.

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