

## Cap-and-trade bill: Blood and Gore

Posted by [kheyboer](#) July 05, 2009 05:48AM



AP Photo/Mark WebbLynn Cvechko of Charleston, W. Va., protests a climate change bill at a rally in front of the federal building in Huntington, W. Va.

If my e-mail is any indication, every conservative in New Jersey is angry with the three Republican congressman from our state whose votes last week helped provide the winning margin for that cap-and-trade bill.

With good reason. It's an awful bill. And I'll give you two reasons: Blood and Gore.

No, I'm not talking about a horror movie, but there is a link to the cinema. Around the time **Al Gore** was putting together that movie about the horrors of global warming titled "An Inconvenient Truth," he was also putting together a firm with a former Goldman-Sachs executive named **David Blood**. The firm, Generation Investment Management, recently bought a share of a company called Camco International Ltd., which trades in carbon credits.

So if the U.S. Senate passes that cap-and-trade bill and President Obama signs it, Blood and Gore stand to make out just fine on their investments. The market in carbon credits is a very lucrative one.

It's also a very shadowy one. When Europe adopted its version of cap-and-trade several years ago, all sorts of shady characters jumped in to make a quick buck. That's pretty easy when you're trading in something that has no real existence, such as carbon credits.

Here's how cap-and-trade works: The government sets a limit on the amount of carbon dioxide that can be produced. It then gives existing industries credits for the amount they're already producing. The industry in question can then use those credits or trade them.

So far, so good. But in Europe, many firms decided that it was cheaper to offset their increased emissions of CO<sub>2</sub> by paying someone in a foreign country to agree to cut their emissions. The people in foreign countries,

not being stupid, promptly started doing things like firing up old coal-burning plans for the specific purpose of getting paid to shut them down. In many cases, they simply gave promises to cut emissions in return for a check from the Europeans.

Meanwhile the cost of producing goods in Europe rose. Many manufacturers there decided to relocate to countries without caps. The system didn't do anything for the climate, but it did plenty for the traders. The same would occur here. There are thousands of ways to game the system, which is why most economists oppose cap and trade.

I discussed this the other day with **Donald Marron**, a Washington-based economist who served on the President's Council of Economic Advisers. Marron said that most economists would agree that, assuming the goal is reduce carbon-dioxide emissions, the preferred method would be a carbon tax.

"You could probably get 85 percent or 90 percent of economists to sign off on that," said Marron. "Everyone would say, 'Have a tax and have it run through the entire economy with no choosing of special interests.'"

The revenue could then be used to reduce taxes on income or to pay off the deficit. Simple. Elegant. And politically impossible. Politicians prefer to hide the tax rather than impose it directly. Cap-and-trade is an effort to do just that.

Marron's biggest objection to the current bill is the way in which the tax is hidden. The market value of the carbon credits that would be created would be close to a trillion dollars. Yet the government is planning to give most of those credits away. This raises the same question in my mind that it probably raises in yours: Why can't I have some?

Because you and I don't have lobbyists, says Marron.

"The government would give them away for free basically to the people who have good lobbyists," he said.

And those people can in turn do whatever they want with them. Some might just sell them and go out of business, pocketing a big chunk of change courtesy of the taxpayer.

Marron's argument is that the credits should be sold at auction, another point on which he says 90 percent of economists would be in agreement. The obvious reason is that trillion dollars could be used to reduce taxes or the federal deficit rather than to make traders wealthy.

But the special interests have gamed the system so that they will get the credits for free.

By the way, do you know who first proposed this system? Ken Lay. Yes, that **Ken Lay**, the Enron guy. This is the sort of thing that scammers like Lay absolutely love. As for consumers, we'll just be getting higher energy bills.

So to give our three congressmen the benefit of the doubt, perhaps they were actually engaged in a fiendish plot to discredit the Democrats. If this bill gets through the Senate and President Obama signs it, energy bills are guaranteed to rise. And that could only help the GOP at the polls.

As for the global temperature, no one can say for sure what it's going to do. But whatever it is, Blood and Gore stand to make out just fine.

#### **ALSO:**

I was glad to see that after [my blog item](#) on that suppressed study on climate change appeared, the Wall Street Journal weighed in with [a piece](#) on the same topic.

As the authors of the study note, the biggest problem with this cap-and-trade bill to curb global warming is that no one can say for sure whether the globe will be warmer or colder next year.

Obama is risking his entire political career on the weather, in other words. As I've noted before, if the president is lucky, cooler heads will prevail and this bill will die in the Senate. Otherwise he risks becoming the next Jimmy Carter.

And by the way, Carter's energy program was at least aimed at a real goal - ending dependence on foreign oil. I don't think even Jimmy was naive enough to pin his political future on a costly and complicated plan to reduce the presence in the atmosphere of a colorless, odorless gas by a few parts per million.

Also check this [WSJ article](#) on the threat of power shortages under California's scheme to reduce global warming.

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## Comments

### mrdenis says...

I want to know just what these trurcoats received in return for there "YES" vote. Years from now while they are sitting on some beach in Argentina every American will be burdened with higher bills because of there greed !

Posted on 07/04/09 at 6:50AM

### givmeliberty says...

All in all, the public response to the prospect of passage of cap and tax has been underwhelming. Most people don't even pretend to understand science or economics - two subjects that get short shrift in the public school system. I would also say that people tend to pick the solution that will make a problem worse, and not better.

Even if global warming is caused by man, the amount of money that would have to be spent to have an incremental effect on the climate is staggering. Changing to wind or solar energy is all well and good, but that energy has to be stored in batteries to eliminate fossil fuels. Batteries are generally not the "greenest" of products to make. Of course, they will be made in China where they are not intent on shooting themselves in the foot like we are.

In order to "chill" the atmosphere, all that surplus carbon has to be removed. World-wide, we are on the upswing in terms of how much carbon is released. Just slowing the rate of increase isn't going to have much effect. Cap and trade will make some people rich, but don't expect it to have any effect other than to make everything cost more. People better wake up before this thing gets passed and we are stuck with it. Ross Perot will be back on the talk show circuit to explain that great sucking sound of jobs and companies leaving to get away from this stupid law.

Posted on 07/04/09 at 7:44AM

### paulisavajj says...

This reminds me of a quote... I think it is actually a proverb...

"Paul Mulshine is a neocon fool who masquerades as a conservative and is hated by his industry peers."

**PM: Next time you post this sort of thing, please give your definition of "neoconservative" and show how a neocon differs from a true conservative. Otherwise you will be banned from this blog.**

Posted on 07/04/09 at 8:35AM

**ru88 says...**

Whenever the government comes a calling and says its here to help hold on to your wallet! Follow the Benjamins! Who stands to profit from this and who pays? This bill has to be the biggest cases of wealth transfer known to Man! These large corporations when faced with rising costs will move their operations off shore along with the jobs that go with them. What we will be stuck with are vastly increased costs for food, electricity, gasoline, heat and just about any thing that uses energy. In effect, everything! And what do we get in return? U.N. figures show that if this goes into effect we would see a reduction in temperatures of .02 degrees centigrade in 100 years! Sounds like a raw deal to me especially in a time of severe recession and high unemployment. And what are we to make of the Chinese and Indians with their in excess of 2 billion in population who say they will never abide by any of this? As I've said before, follow the Benjamins! Al Gore was worth \$1 million dollars before his global warming crusade. Now he's worth in excess of \$100 million. His "carbon footprint" is the size of bigfoot as he lights and heats his mansion when he's not jetting all over the world but yet no one in the press dares utter the word "hypocrite." How stupid do you think we are? P.T. Barnum must be rolling in his grave! This is Three Card Monty on a global scale and the already stretched to the limit middle class will be left to pay the bill. Enough is enough!

Posted on 07/04/09 at 9:05AM

**eline says...**

Finally someone has reported the facts about Al Gore's company. This should be front page news so that Americans can start to understand his motives (apparently self enrichment).

Also under reported is the part of the bill that appears to require that houses be inspected for energy compliance before (among other things) a change in deed. If this gets taken to an extreme, it is possible that anyone looking to sell their home-say to finally get out of NJ- will have to endure an energy audit and pay to upgrade items such as insulation, windows, appliances before a CO will be issued. I would love to see detailed reporting and analysis on this part of the bill.

Posted on 07/04/09 at 9:25AM

**hypocrat says...**

HERE ARE TWO SOCALLED REPUBLICANS WHO VOTED FOR THE CAP AND TRADE,

LEONARD LANCE  
CHRIS SMITH

I DON'T KNOW THE OTHER TWO, I BELIEVE THERE IS TWO MORE  
MAKE SURE YOU VOTE AGAINST THESE TWO MORONS.  
GIVE LEONARD LANCE HIS PRIVACY BACK SO HE CAN WALK IN THE GAY LESBIAN DAY  
PARADE.

LEONARD LANCE IS A LIBERAL AND A LIAR, HE SAID HE IS AGAINST BIG GOVERNMENT?  
WHAT IS CAP AND TRADE?

Posted on 07/04/09 at 9:53AM

**hypocrat says...**

leonard lance and chris smith are two of the traitors, who claimed they are against taxes and for small govt and now they voted for cap and trade.

Posted on 07/04/09 at 9:56AM

**jrzwalker86 says...**

At this time, the company I work for here in NJ may go under. I'm trying to save to buy a house, hopefully in the Toms River area. Yet these politicians act like they cannot raise any taxes fast enough and I'm very concerned that a dream I'm working for will be prolonged even further. All I ask is that they balance the budget. I don't want any big grand projects and I certainly do not need more gov't workers on the public payroll especially when I'm not getting more services with it. I'm not supporting any more new taxes or tax hikes. With all the recent tax hikes over the past several years, where is all that money going in the first place? I have just had enough!

Posted on 07/04/09 at 11:28PM

**nedbroy says...**

any NJ politician who voted for this should be tarred and feathered and put on display for public ridicule by the American Tax payers

Posted on 07/05/09 at 9:34AM

**henryhi11 says...**

For those of you who think this is a scam, take a look at the energy policy being advanced by the White House. For instance, do you realize there is an artificial market for Renewable Energy Credits (RECS) that are required for energy projects like wind and solar? Keep digging! Why does your incumbent utility (PSEG) want to build 2000 MW of solar at a price to build higher than a new nuclear unit, guaranteed recovery of the capital!

Now keep digging further.... those like Boone Picken who are pushing wind energy and natural gas use for automobiles? Guess where he has huge investments? In both wind turbines and the company that owns the technology to distribute natural gas for automobile use. And finally for the biggest scam not readily recognized, the parties who build the "green" technologies have accelerated depreciation schedules which allows them to recover their investment in 5 years and get out. There's a stinker related to each one of these if you keep digging!

Posted on 07/05/09 at 10:23AM

**pezro says...**

The ONLY beneficiaries of the cap and trade hoax are the imperial federal government, Goldman Sachs, and

General Electric.

Follow the money.

Posted on 07/05/09 at 11:49AM

**mediaduchess says...**

Thank you, Paul Mulshine, for educating me on the cap and trade issue.

The Ken Lay connection was particularly eye-opening.

I think you and Stile (The Record) are two of the most important columnists in New Jersey.

**PM: Thanks. By the way I will soon be issuing my own version of how cap-and-trade would look if it were designed to benefit the public instead of the political class.**

Posted on 07/05/09 at 2:10PM

**z0rr0 says...**

Disagree!

This is capitalism at its best. Why? Because there are people who sense the time is right for a new market to be created. They invest shrewdly (aka buy politicians), and will make a fortune in a virtual product (carbon allocations).

It may not be as glamorous as swaps or biotech, but in the end, not terribly different. The ones who will profit are banking on the greed, fear and gullibility of the suckers. The increased taxes, costs passed on to the public, are incidental, and perhaps unavoidable. In capitalism the money gained has to come from somewhere, it pretty much has to be somebody's loss.

Is conservatism like Darwinism? Then cap & trade is survival of the fittest, no?

**PM: This borders on a moron perspective. Having the government rig a market and give away shares in it is the furthest thing possible from capitalism. No one could be that naive.**

Posted on 07/05/09 at 6:35PM

**JerseyOpine says...**

Aren't we in the midst of an economic crisis based on sky rocketing values that can't be seen or readily measured- like carbon credits, Information being fed to us by those who stand to gain the most.

Posted on 07/05/09 at 11:07PM

**nohesitation says...**

Mulshine - I am no fan of cap and trade, but, instead of speculating, why don't you do some work on an actual cap and trade program that is currently being implemented right here in NJ?

Too much work to go down to Trenton and crack some files?

Do the Google on "RGGI" and file a few OPRA"s and get your hands dirty with some real facts.

Wolfe

**PM: I have covered it. It is complete and utter nonsense, just like the federal bill. And wasn't it nice the way the Trenton pols who voted cut carbon emissions drove their giant SUVs home afterward?**

You want carbon-free power? Build nukes.

Posted on 07/06/09 at 7:13AM

**paulisavajj says...**

I promise that one of these days I will look up the word "neocoon." Then I won't sound completely ignorant. It turns out you have written the most brilliant denunciation of neoconservatism in modern journalism.

Boy, do I feel stupid!

Posted on 07/06/09 at 8:37AM

**mh44 says...**

paulisavajj,

Only a brainless moron calls someone a neocon and gives no reason why. Maybe you're too stupid to write something of substance.

Posted on 07/06/09 at 8:58AM

**pwc says...**

Lance should be re-called for voting for that bill. With Republicans like that, who needs Democrats?

No wonder the Republicans made him Minority Leader when he was in the State Senate - he gets along just fine with the Democrats.

Posted on 07/06/09 at 9:58AM

**Mityfine2009 says...**

A convenient excuse to impose another "inconvenient tax" so the rich politicians and their buddies can push their agenda and make a profit at the taxpayers expense. The jobs will continue to exit our country. . Carbon credits do not employ people! They are not tangible. Dems claim they are for the working class - NOT. More for the nonworking class, as more will become down the road. Another scam brought to you by our inflated government. Gore's getting even after losing in 2000.

Posted on 07/06/09 at 11:16AM

**TomTallTree says...**

Global Warming didn't sell very during our cold winter. So now it's Climate Change.

Climate Change started billions of years ago and hasn't ever nor will ever stop. If it weren't for climate change

we would be overrun with dinosaurs.

Posted on 07/06/09 at 12:13PM

### **politburo says...**

The credit allowances, which taper off over the 40-year implementation period, also include energy consumer assistance. See Section 321 (proposed Clean Air Act section 782). These allowances are obviously not as large as those given to current producers. But it is more than the zero which you claim.

You (deliberately?) conflate climate and weather, which are two different processes. This year's or next year's temperature has nothing to do with climate change.

This isn't great legislation, but if it'll get through the Congress, that makes it better than all of the alternatives.

**PM: I do not in any way conflate climate and weather. Please have someone read that column to you and explain the difference. Also have them explain that I never wrote that there were zero credits. I wrote: "the government is planning to give *most of those credits away.*"**

Most is not all.

Sheesh! Can't anyone out there read plain English?

Posted on 07/06/09 at 12:44PM

### **jersey10006 says...**

neo-con, con, paleo-con....wtf, is there some holy scripture on these idiotic labels. Let's just say that Mulshine is the best conservative columnist in America today.

As for me, I'm too dumb to follow his comments policy and simply make an intelligent comment on the subject at hand or shut up.

Posted on 07/06/09 at 6:20PM

### **CopyKatnj says...**

Has anyone actually verified that these "Cap adn Trade" companies are actually putting the money they collect into the projects they say they?

Seem to me that the UK did an audit of a carbon foot print type company that said it was planting trees in South America. They didn't find the trees. I didn't keep that article but it has me wondering. Who is going to audit these companies?

**PM: Good question. The answer? Nobody. The money's in trading the credits not making sure they're real.**

Posted on 07/06/09 at 7:37PM

### **CopyKatnj says...**

OOPs!

adn = and

projest = projects

they say they? = they say?

The companies are called Carbon Offset Companies.

Posted on 07/06/09 at 7:40PM

**Libertyanew says...**

I am a big fan of Chris Smith, but he has some explaining to do. No word yet on Smith's web site on why the yes vote on Cap and Trade.

**PM: Chris is among the most liberal Republicans in Congress. Nice guy but he's wrong on just about everything. He is living proof that being pro-life does not make one a conservatival.**

Posted on 07/06/09 at 7:56PM

**jerseyiteMD says...**

How is Obama risking his political career? If we do pass laws to "prevent global warming" and the globe still warms then he will say that it would have warmed more if we hadn't passed the laws. If the globe cools then he will say the laws are working. If we don't pass the laws and the globe warms then he will say that we needed to pass them! The only way he loses is if we don't pass the laws and the globe still cools. Most likely the temperature won't change measurably at all. The odds of him looking bad from all of this is pretty slim I would say.

**PM: Until people get their utility bills. Americans love this tree-hugging stuff until it costs them money. Also is a cooling trend begins it will discount the CO-2 theory since CO-2 will continue to rise even after this bill is passed. In fact there's no argument that American action would have much effect at all on CO-2 levels in the atmosphere.**

Posted on 07/06/09 at 9:33PM

**CopyKatnj says...**

I probably should looked first but here is the answer to my question.

Yes they have been audited. The bottom line is SCAM.

If you are interested, google this phrase "carbon offset scam"

You will be amused.

Posted on 07/06/09 at 9:36PM

**doomsdayhere says...**

I keep telling people to read Robert Felix's iceagenow.com site, but you all fail to do so. It's July 7th, and I haven't used my air conditioner yet.

Posted on 07/07/09 at 12:43AM

**tbow002 says...**

Someone want to buy my carbon credits for 7.5 million \$\$\$'s????

lmfao

Posted on 07/07/09 at 5:20AM

**Politburo says...**

Part of good writing is making sure that your meaning is clear to the reader. So why is it that you always have to constantly correct, in an extremely rude and unprofessional manner, what us commenters believe you are trying to say?

**PM: I'm not writing for people who can't read plain English and then go on to accuse me of saying things I never said.**

That's why.

Posted on 07/07/09 at 9:32AM

**z0rr0 says...**

"PM: This borders on a moron perspective. Having the government rig a market and give away shares in it is the furthest thing possible from capitalism. No one could be that naive."

Now, how did the banking crisis develop? Any part involve "the government rigging the market". As to the capitalism, take it as sarcasm on what we call American capitalism today. MP

**PM: Same thing with banking. When the government rigs the market, it's the opposite of capitalism.**

That's how we got SUVs, by the way.

Posted on 07/07/09 at 4:55PM

**z0rr0 says...**

"PM: ... When the government rigs the market, it's the opposite of capitalism. "

And when capitalists rig the government, that's still capitalism? MP

Posted on 07/07/09 at 10:09PM

**toolmantim27 says...**

I think capitalism is just a way for the despotic to insure they retain the ability to take home the lions share of the money in the world thereby supporting their belief that they are better than the rest of us since they were clever enough to do it and get away with it.

**PM: Wow, that's a deep thought.**

Posted on 07/12/09 at 3:32PM

Footer