

Kyoto Protocol - What every NZer should know

Wednesday 14th November 2007

Amidst the talk about the benefits that *Kyoto Protocol* is supposed to promote, it is perhaps forgotten, especially amongst the greenies, how the treaty that is supposed to save the world from the evil extravagances of itself was born in the corridors of very big business. The name Enron has all but faded from our news pages since the company went down in flames in 2001 amidst charges of fraud, bribery, price fixing and graft. But without Enron there would have been no *Kyoto Protocol*.

About 20 years ago Enron was owner and operator of an interstate network of natural gas pipelines, and had transformed itself into a billion-dollar-a-day commodity trader, buying and selling contracts and their derivatives to deliver natural gas, electricity, Internet bandwidth, whatever. The 1990 *Clean Air Act* amendments authorized the *Environmental Protection Agency* to put a cap on how much pollutant the operator of a fossil-fuelled plant was allowed to emit. In the early 1990s Enron had helped establish the market for, and became the major trader in, EPA's \$20 billion-per-year sulphur dioxide *cap and trade* program, the forerunner of today's proposed carbon credit trade. This commodity exchange of emission allowances caused Enron's stock to rapidly rise.

Then came the inevitable question, what next? How about a *carbon dioxide* cap and trade program? The problem was that CO₂ is **not** a pollutant, and therefore the EPA had no authority to cap its emission. Al Gore took office in 1993 and almost immediately became infatuated with the idea of an international environmental regulatory regime. He led a U.S. initiative to review new projects around the world and issue 'credits' of so many tons of annual CO₂ emission reduction. Under law a tradeable system was required, which was exactly what Enron also wanted because they were already trading pollutant credits.

Thence Enron vigorously lobbied Clinton and Congress, seeking EPA regulatory authority over CO₂. From 1994 to 1996, the Enron Foundation contributed nearly \$1 million dollars - \$990,000 - to the *Nature Conservancy*, whose *Climate Change Project* promotes global warming theories. Enron philanthropists lavished almost \$1.5 million on environmental groups that support international energy controls to "reduce" global warming. Executives at Enron worked closely with the Clinton administration to help create a scaremongering climate science environment because the company believed the treaty could provide it with a monstrous financial windfall. The plan was that once the *problem* (imminent global catastrophe) was in place, the *solution* (Enron's services) would be put into operation. It nearly worked.

A lawyer named Christopher Horner was hired who had worked in Senator Liebermann's *Environment Committee*. Horner, employed by Enron, became director of Relations with the Federal Government. That was in 1997, before the *Kyoto Protocol* was drafted. According to Homer, on the second day at the job he was told that the **Number One Objective** was to obtain an international treaty that would impose cuts in CO₂ emissions, but at the same time allowed trade with emission rights. Enron had the biggest natural gas production behind Russia's *Gazprom*. Enron was making a lot of money trading with coal, but they had already calculated that the profits they would lose with coal would be **more** than compensated by the profits derived from its privileged position in other areas.

With clever positioning and anticipation Enron already had bought the world's biggest wind power company, *GE Wind*, from *General Electric*. They now also owned the biggest solar power company in the world, in society with Amoco (now belonging to *British Petroleum* – BP). Enron then started to finance everything related to the global warming hype, including grants to scientists – but asking for results favourable to their interest – "proof" that humans were responsible for the excessive emissions of CO₂ through fossil fuel burning. The fire of malaise now lit and kindled, only required feeding.

The expressive term '*Baptist-bootlegger*' derives from the days of prohibition. Under prohibition bootleggers and those who transported and supplied illegal alcohol made fortunes. One such

Kyoto Protocol - What every NZer should know

entrepreneur was Joseph Kennedy whose second son, John, became US President in 1961. The bootleggers had allies in the Baptists and other teetotalists, who believed that alcohol was a deadly threat to the social order, and had worked for decades to get prohibition onto the statute books. The Baptists provided the political cover and the bootleggers pocketed the proceeds. In public the two groups maintained a great social distance from each other. Now Enron had positioned itself at the centre of an awesome *Baptist-bootlegger* coalition. The gargantuan rents which Enron energetically sought could be realized only if the *Kyoto Protocol* became established as part of US and international law.

Ken Lay, Enron's CEO saw Enron as not only making billions from sales of the natural gas which was to displace coal as the preferred fuel under the Kyoto commitments, but he realised that as the main if not the only international and domestic trader in the new barter world of *carbon credits*, Enron could realise hitherto unimagined wealth. Such credits, of course, would only become bankable pieces of paper if governments, particularly the US Government, established and policed a global policy of decarbonisation under which a global tax on carbon was to be enforced.

As the movement to establish the *Kyoto Protocol* developed momentum, it was necessary for Ken Lay to build up alliances with the green movement including *Greenpeace*. A 1998 letter, signed by Lay and a few other bigwigs asked President Clinton, in essence, to harm the reputations and credibility of scientists who argued that global warming was an overblown issue, because these individuals were standing in Enron's way. The letter, dated Sept. 1, asked the president to shut off the public scientific debate on global warming, which continues to this date. In particular, it requested Clinton to moderate the political aspects of this discussion by appointing a bipartisan *Blue Ribbon Commission*.

The purpose of this commission was clear - high-level trashing of dissident scientists. Setting up a panel to do this was simple; just look at the recent issue of *Scientific American* where four attack dogs were called out to chew up Bjorn Lomborg. He had the audacity to publish *The Sceptic Environmentalist* demonstrating that global warming is overblown. David Bellamy, the world's foremost environmentalist also stepped out of line with his widely printed article "*Global Warming? What a load of old Poppycock.*" In the same way that Galileo was forced to publicly utter that the moon had no effect on tides, or risk further imprisonment by Rome's papal court, so Bellamy under pressure buckled and has since 'mild-ified' some of his claims.

Enron commissioned its *own* internal study of global warming science. It turned out to be largely in agreement with the same scientists that Enron was trying to shut up. After considering all of the inconsistencies in climate science, the report concluded: "**The very real possibility is that the great climate alarm could be a false alarm. The anthropogenic warming could well be less than thought and favourably distributed.**" One of Enron's major consultants in that study was NASA scientist James Hansen, who started the whole global warming mess in 1988 with his bombastic congressional testimony. Recently he published a paper in the *Proceedings of the National Academy of Sciences* predicting exactly the same inconsequential amount of warming in the next 50 years as the scientists that Enron wanted to gag. They were a decade ahead of NASA. True to its plan, Enron never made its own findings public, self-censoring them while it pleaded with the Bush administration for a cap on carbon dioxide emissions that it could broker. That pleading continues today -- the remnant-Enron still views global warming regulation as the straw that will raise it from its corporate oblivion. Some greenie campaigning in America is still directed from this source.

On July 7, 2004, Kenneth Lay was indicted by a federal grand jury for his involvement in the scandal. Everyone knows that a few hundred votes in Florida tipped the election to George W, but few are aware that West Virginia, normally a Democrat stronghold, went for Bush because the coal industry in that state decided to back him because he would not endorse Kyoto. Without West Virginia, the vote in Florida would have made no difference.

Kyoto Protocol - What every NZer should know

"Enron stood to profit millions from global warming energy-trading schemes," said Mike Carey, president of the Ohio Coal Association and American Coal Coalition. The investigation into the collapse of Enron will reveal much more about the intricacies of the *Baptist-bootlegger* coalition which was promoting the Kyoto cause within the Republican Party and within US business circles. Coal-burning utilities would have had to pay billions for permits because they emit more CO₂ than do natural gas facilities. That would have encouraged closing coal plants in favour of natural gas or other kinds of power plants, driving up prices for those alternatives. Enron, along with other key energy companies in the so-called *Clean Power Group-El Paso Corp., NiSource, Trigen Energy, and Calpine*--would make money both coming and going - from selling permits and then their own energy at higher prices.

If the *Kyoto Protocol* were ratified and in full force, experts estimated that Americans would lose between \$100 billion and \$400 billion each year. Additionally, between 1 and 3.5 million jobs could be lost. That means that each household could lose an average of up to \$6,000 each year. That is a lot to ask of Americans just so large energy companies can pocket millions from a regulatory scheme. Moreover, a cost of \$400 billion annually makes Enron's current one-time loss of \$6 billion look like pocket change. Little wonder Americans and the incoming Bush administration did not want a bar of it.

In NZ the Labour government was forced to agree to the *Kyoto Protocol* because the Alliance Party self-destructed and Labour needed the Greens for support in Confidence and Supply. The cost of that support seems to have been agreement to GE legislation and the *Kyoto Protocol*. Labour could see that GE monitoring had no foreseeable financial return, but the carbon credit trading game looked much more promising. Positive credit-trading with all our trees acting as CO₂ sinks made politicians see dollar signs.

But just as Enron came unstuck mired in financial ruin and scandal, so too is the Accord increasingly looking set to ruin economies and bring down governments and any players foolish enough to be taken in. Enron collapsed in a quagmire of bribery, misinformation, energy price manipulation and the use of political connections to exert pressure on energy boards. The small print of the Accord is revealing that very few, if any, signees will be better off. Anything connected to the treaty will turn out to be good money after bad, because a scheme instigated by half-truths and hype must eventually collapse under the weight of the spin of its own cover-up. The half-billion dollar debt NZ now owes could be just the beginning. In 2002 Helen Clark said '*Climate change is a global problem ..the Kyoto Protocol is the international community's response to climate change and New Zealand is playing its part*'. This contrasted strongly with Enron's own internal report expressing doubt that global warming was real. It is hard to accept that the prime minister of a western country does not know that the *Protocol* only became real through Enron.

Enron's treaty dealing would have wrecked the very economy it did business in, and such self-destruction is one of the strange ways of capitalism. Perhaps NZ's real problems are gullibility, vulnerability due to smallness and a protectionist mentality that sees us in begging position for morsels of trade deals from the EU, who are united in their dedication to economically disadvantage America. Why NZ, too, would want to force America's standard of living down and at the same time trade with them is as bizarre as the government policy to cut down some forests to avoid Kyoto planting-time penalties, whilst at the same time singing the praises of tree growth for CO₂ absorption.

I suggest you look out the window to see if there is any catastrophe happening. While looking, you might check to see which ocean is rising. Also look upwards - exactly where is the much discussed methane cloud? And perhaps someone might gently explain how heavier-than-air car emissions can make it 5-19 miles up where most weather gets to be generated. Despite the claims of scientific consensus, many of us are not sucked in by the junk science.

There are numerous scientists, climatologists and meteorologists, both here and overseas, who are battling to get other ideas into the public forum. They have gone against the tide, and although the

Kyoto Protocol - What every NZer should know

warmers continually boast that there is little or no scepticism left now except from a few fringe nutters, the very same detractors seem to be very slowly winning. Despite all the handwringing and increasingly desperate hysteria, forcing this paranoid global warming religion onto the world has been a spectacular failure.

Since the Rio Conference in 1992, the greens have tried using the threat of global warming to induce Protestant guilt in us all, to cap growth, to change lifestyles, to attack the car, industry and the Great Satan of America. But they seem to have lost. Only schoolchildren remain rich fodder bullied into believing it is going to be up to them to Save the World, which hasn't needed one iota of saving during the last 4,000,000,000 years or it wouldn't still be here for us to stand on.

Now it is surely time to face the facts: there isn't a snowflake-in-hell's chance of global warming altering real life. The failure of the greens is not just with the public. While playing the climate-change card at the G8 Summit, the final Gleneagles' declaration shows that the leaders of the developed world have no intention of sacrificing growth and economic success for an ascetic global warming religion.

To quote Michael McCarthy, the environment editor of the *Independent*: 'The failed agenda that *Greenpeace*, *Friends of the Earth*, the *World Wide Fund for Nature* and others were complaining of - that the US has still not agreed to cut its carbon dioxide emissions - was the green groups' *own* agenda, not the British government's. At G8 the idea of capping greenhouse gas emissions was cleverly replaced by an emphasis on technological innovation and imaginative development. The *Kyoto Protocol* is effectively dead.

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