The Key to Understanding the Global Warming Fraud

By Guy K. Mitchell, Jr. September 1, 2023 Story source: American Thinker

As vice president, Al Gore led the negotiations to establish the U.N. Kyoto Protocol in 1998. The Kyoto Protocol was a "climate treaty" ostensibly designed to reduce greenhouse gas emissions by the signatories during the period 2005–2012 to a level equivalent to 95% of each country's 1990 emissions. While it did not introduce any new scientific means to reduce CO2 emissions (worldwide CO2 emissions grew by 32% during the period), the Kyoto Protocol introduced a novel economic concept: the trading of carbon credits and offsets.

At first, the concept of trading carbon credits was straightforward; it was known as "cap and trade." Each country was allocated a level of carbon emissions each year by the signatories to the agreement based on an annual targeted reduction in carbon emissions to reach the goal. If a country or emitter expected to exceed its cap, it could "trade" or buy unused carbon credits from other countries that expected to emit less than their cap. However, if a country failed to meet its emissions target and did not purchase carbon credits, the protocol required it to make up the difference in the second commitment period, with an additional 30% penalty.

On December 15, 2011, Canada withdrew from the treaty to avoid paying $14 billion in fines for emissions greater than its cap. Shortly thereafter, the treaty fell apart. However, a star was born: a new commodities market with huge growth potential.

At first, only developing countries that were signatories to climate treaties stood to profit by selling unused carbon credits to developed countries that exceeded their cap. This fact limited the developed countries from profiting in the trading of carbon credits. Therefore, a new concept was developed: the funding of alternative energy investments (wind and solar generation) in developing countries. The rationale used to sell the concept was simple: get developed nations to reduce carbon emissions and keep developing nations from growing them. The result should be an overall reduction in CO2 emissions.

Then, at the climate conference in Sharm El Sheik, Egypt, in November 2022, the secretary general of the U.N., António Guterres, came up with an even more radical idea. Pay climate reparations to the developing nations on the order of $4–6 trillion per year. China immediately reasserted its status as a developing nation. In November 2022, U.S. president Joe Biden, Indonesian president Joko Widodo, and other world leaders announced an initial $20-billion deal to help Indonesia get off coal power in exchange for a commitment to cap power sector emissions at 290 million tonnes by 2030. Indonesia had 18.8 gigawatts of coal power under construction by the end of 2022. This amount exceeds all other countries except China and India. It's also nearly half of Indonesia's current coal capacity, which stands at 40.6 GW.

The race was officially on to get to "net zero" by 2050 to reduce worldwide carbon emissions and create carbon sinks so that the amount of man-made CO2 emissions would equal what nature absorbs. The race was also officially on to establish a new worldwide industry. Global investment firms created new organizations and funds to trade carbon credits and offsets, as

well as arrange financing for alternative energy projects. Carbon offsetting began in 1989, when Applied Energy Services, a coal power plant producer in the U.S., planted 52 million trees in an agroforest in Guatemala to offset coal power emission in Connecticut. Owners of land with trees could sell carbon credits to market makers for sale to emitters. There was something for everyone! The carbon sink market gained momentum. Companies evolved to certify carbon sink credits. How would the carbon dioxide molecules emitted in Connecticut find their new home in the trees in Guatemala?

Al Gore and his partner from Goldman Sachs were among the first to see the profit potential and established their firm in London in 2004, a year before the Kyoto Protocol became effective. In 2011, BlackRock, the world's largest asset manager, entered the fray, offering a "renewables-only" equity fund. Morgan Stanley, Goldman Sachs, and others soon followed. The worldwide market for trading carbon was estimated to be $10 billion in 2004, it grew to $800 billion by 2018, and it was estimated to be $1 trillion by the end of 2021.

The carbon trading market is estimated to grow at a compound annual growth rate of 18.6% and have a value of $2.68 trillion by the end of 2028. According to the International Energy Agency, $20 trillion will be invested in "clean energy" projects like wind and solar generation during the years 2026–2030 to achieve "net zero." Around 60% will be funded by private investment and 40% by public investment.

It would be expected that global investment firms will manage the sourcing of the capital, package the loans, and syndicate their sales to countries that qualify for such financial assistance. Normally, investment banks get a percentage of the loan value to put the deal together and manage the process, in addition to any fees that clients might pay for the firms to invest their money in the deal.

By 2018, BlackRock, Vanguard, and State Street dominated the passive index fund industry. Together they managed over 90 percent of all assets under management in passive equity funds, estimated to be $8–10 trillion, and they were the largest shareholder in 88% of the U.S. S&P 500 firms.

To say that these firms can influence the decisions of the management and directors of these corporations would be an understatement. The chairman of BlackRock is on record as stating that companies in their portfolio must take the necessary steps to decarbonize.

For those companies in industries like steel manufacturers, automakers, machinery manufacturers, aviation, foundries, and others who can't change their carbon footprint, there is good news: BlackRock can sell you carbon credits to offset your emissions to get to net zero. You don't emit less carbon; you emit less profit. However, your shareholders, while poorer, just feel better.