Carbon Trade Swindle Behind Gore Hoax

by Richard Freeman and Marcia Merry Baker

Look behind—if you dare—Al Gore and his science hoax, and you find the very same London-centered oligarchical financial crew that drove the 2003-2006 oil and commodity price increase, amidst the bubbles and hyperinflation that characterize the breakdown-phase of the financial system. The centerpiece of the U.S. emerging market for carbon emissions trading, is the Chicago Climate Exchange (CCX), created in 2003 as a "voluntary," or pilot agency, part of a London-based network positioned to reproduce the oil bubble on a scale orders of magnitude greater and more dangerous, while at the same time, destroying what's left of the physical economy.

The idea is that if governments cap CO_2 emissions, then the "market" will take off for the buying and selling of emissions "allowances." This is the whole point of the "cap-and-trade" plan for CO_2. If it sounds crazy, it is. But Gore is just one of the most visible parts of the elaborate (and bi-partisan) schemes that have been set in motion under cover of climate change. Gore's personal financial involvement is blatant, especially through Goldman Sachs—a large shareholder of CCX, and in 2004, the creator of Gore's very own London-based hedge fund, Generation Investment Management.

CCX has multiple interconnections with the London-run Intercontinental Exchange, Inc. (ICE), whose subsidiary is the International Petroleum Exchange, the world's largest petroleum futures and options market. The dirty details of ICE and the Great Oil Price Swindle came out extensively at a May 8, 2006 Senate Democratic Policy Committee hearing, where Sen. Carl Levin (D-Mich.) said that futures speculation on the ICE was the driver for adding $20 to 25 to the price of every barrel of oil, causing hardship to industry and households, and suffering to underdeveloped nations. (The report, "The Role of Market Speculation in Rising Oil and Gas Prices," is still posted on Sen. Levin's website).

Yet Al Gore got away with advocating cap-and-trade CO_2 speculation at his much ballyhooed appearance before the joint House Hearing of the Energy and Science Committees March 21. Gore repeatedly told Congressmen to "put a price on carbon." In response to Rep. Roscoe Bartlett (R-Md.), Gore said, "As soon as carbon has a price, you are going to see a wave [of investment] in it . . . there will be unchained investment."

But why have neither Republicans nor Democrats challenged Gore on this? And why have they conspicuously refrained from confronting Sir Nicholas Stern—of the 2006 "Stern Review" on global warming, British Environment Minister David Miliband, and the other British "experts" streaming into Washington, D.C. in 2007, to demand U.S. "economic response" to climate change? *Political amnesia.* Elected officials are tightly locked in the grip of the Synarchist gamemasters—the Felix Rohatyn wing of the Democratic Party, and the George Shultz wing of the GOP—who have been in on creating this and prior swindles all along.

Look, for example, at the who's who involved in the blatant staging of a "pro-green investment" press conference on the eve of the March 21 Gore House and Senate appearance. On March 19, the "Investors Network on Climate Risk" (INCR) held a Washington event to demand Federal action to impose mandatory reductions in greenhouse gases, claiming they represent a $4 trillion pool of funds demanding green ventures. Members of INCR, founded at the UN in 2003, include British Petroleum, Allianz Insurance, the world's largest insurance firm; DuPont, and hosts of state, labor, and church funds of various kinds, that have been herded into line. The INCR is chaired by British activist Norman Dean, who is simultaneously Director of Friends of the Earth.

Al Gore spoke at the May 2005 INCR Investors Summit at the United Nations, in his capacity as Chairman of his Generation Investment Management. He called for following the model of the European Union Emissions Trading Scheme, which started up in 2005. "Monetize emissions; trade them; reduce them," was Gore's mantra.

Gore again plugged green markets trading in April 2006, at Oxford University, at the annual Skoll World Forum for Social Entrepreneurship. This was held at the Skoll Centre, set up by Jeff Skoll, the E-bay billionaire, whose Participant Productions funded Gore's propaganda movie, *An Inconvenient Truth.* Gore pushed carbon swaps and other green investments, along with his co-chairman of Generation Investment Management, David Blood, formerly Chief of Goldman Sachs Asset Management.

But now in Washington, the pace of lobbying Congress for carbon markets has reached a frenzy. A March 15 forum was titled "From Kyoto to Chicago," because of the theme, that no new, long-lead time successor treaty to the expiring Kyoto Protocol is required for getting world carbon markets going. Carbon trade can commence if just the United States, Europe and Japan start it up, said Jonathan Pershing, emissions trading expert for the World Resources Institute, on whose board sits Al Gore. The same point was stressed by OECD spokesman Brice LaLonde, advisor to the European Carbon Fund (ECF), and head of Friends of the Earth in France said the same. His co-advisor to the ECF, founded in 2006, is William K. Reilly, the EPA director for President George H.W. Bush, and long-time World Wildlife Fund president.

The Investors' Network for Climate Risk's prime social action affiliate, the Coalition for Environmentally Responsible Economies (CERES; founded in 1989), released a January 2007 report entitled, "The Power to Save," which outlined a step-by-step process to put an end to all new power plant construction in Texas, the nation's second-most populous state. The concept is simple: cut emissions; then trade in the scarce emissions "allowances"!

In the current buyout bidding for TXU—the major, 62-year-old Texas electric utility, the offer by KKR and Texas Pacific would acquire TXU on condition that eight of 11 planned coal-fired generator projects be cancelled. The advisor on this so-called environmentalist deal is William K. Reilly, an official in the Texas Pacific Group.

EIRNS/Stuart Lewis

EPA Secretary William K. Reilly, who is also an official of the World Wildlife Fund, is shown here at an Earth Day Ceremony at the White House in 1998. He has gone on to be a leading operative in the creation of the carbon exchange swindle.

Reilly is co-author of a recent report, "Allocating Allowances in a Greenhouse Gas Trading System"—a how-to booklet for trading in carbon—published by the National Commission on Energy Policy. Launched in November 2002, the NCEP's founding 20 members included Andrew Lundquist, the Executive Director of the 2001 Dick Cheney Energy Taskforce; R. James Woolsey, former CIA Director and long-time Al Gore neo-con advisor, William K. Reilly; John Rowe, CEO of Exelon, and other notables. Funding agencies include the MacArthur Foundation, the Pew Charitable Trust and others.

In the face of this political onslaught, it is useful that so far, the House Democratic and Republican leaderships have agreed not to rush into "cap-and-trade" emissions legislation. They are saying that a go-slow approach is desirable, but the amount of top-down pressure to act now—from Wall Street and City of London speculators, cannot be underestimated. On March 15, Rep. Joe Barton (R-Tex.), the ranking member of the House Energy and Commerce Committee said, "I'm glad to see that this week, Speaker Pelosi had indicated that any bill on global warming considered this year doesn't necessarily have to include a mandatory cap-and-trade scheme." But in reality, these emissions schemes, and their backers should be stopped cold.

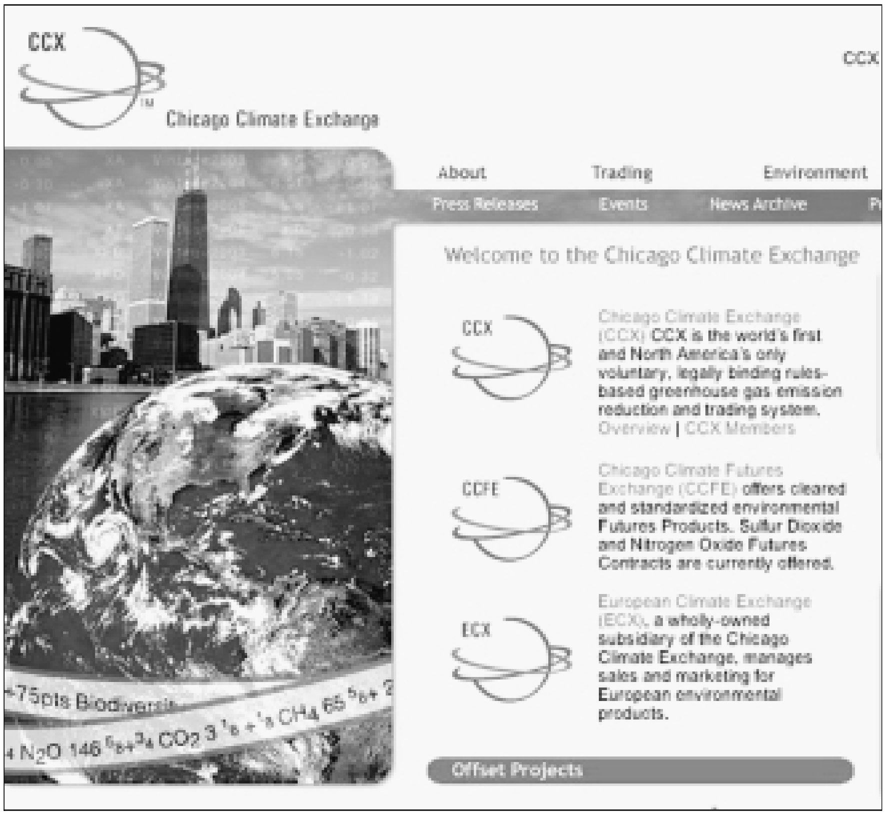
The following dossier gives summary references of the major players behind the carbon market swindle.

Chicago Climate Exchange

The mechanisms can best be understood by starting with the Chicago Climate Exchange, listed on the Chicago Board of Trade, and the web of figures and entities connected to it. Since CCX was created in January 2003, it has operated as a "voluntary" pilot project, demonstrating that emissions trading can be done, and developing a functioning operation. Its sister organization, the European Climate Exchange (ECX) has been up and running since 2005, as a result of adoption and implementation of the European Carbon Trading Scheme. After action by the European Union, 12,000 European installations are mandatorily trading CO_2 and other emissions.

CCX was initiated through a feasibility study funded by the Joyce Foundation in 2000. As CCX describes it, "Members make a voluntary but legally binding commitment to reduce GHG [greenhouse gas] emissions" over set periods, and then trading can take place in standardized units of carbon emissions. Projects to "offset" emissions are reviewed and licensed; farmland, for example, is qualifiable as a carbon sink under certain standards.

Among the 85-plus members of the CCX to date are DuPont, Duquesne Light Co. (owned by Macquarie), Ford, American Electric Power, and Smithfield Foods, plus the state of New Mexico, city of Chicago and other governments. One prominent CCX participant is the Green Mountain Power Company, run by the Wyly family of Texas, and big moneybags for Bush in the Presidential elections; three Wyly family members each gave $10,000 to the Swift Boat "527 Committee" to slander John Kerry in 2004. Now the Wyly hedge fund, Maverick Capital, has the distinction of being the worst example of tax-evasion in the United States, by using 58 offshore trusts to hide more than $700 million in income from taxation (Feb. 17, 2007 Senate hearing; Sen. Carl Levin).



Although only a pilot project at present, the Chicago Climate Exchange is looking forward to a massive speculative market in carbon emission credits, thanks to the Gore-led global warming swindle.

Approved aggregators of farmland so far are the Iowa Farm Bureau, the Kentucky Corn Growers Association, and others. The Lugar Stock Farm is a participating "Offset Provider." Sen. Richard Lugar (R-Ind.) boasts that he was the first farmer in his state to sign up. The going rate per unit of carbon emission is about $3.65 (see www.chicagoclimatex.com).

The founder and chairman of CCX is none other than Dr. Richard Sandor, considered one of the fathers of derivatives and futures. He concocted weather futures, earthquake futures, Ginnie Mae futures, and others, and has been working overtime in recent years on the new carbon offset "instruments for transaction." Sandor is a director on the board of London International Financial Futures Exchange (LIFFE), the largest derivatives trading market in London and many other boards.

Getting financing to start up CCX is credited to one Neil Eckert, who at the time was CEO of the firm Brit Insurance, which is in the orbit of Eagle Star Insurance, Ltd., a keystone of the inner core British City of London. The former CEO of Eagle Star Insurance, Clive Coats, now heads up Brit Insurance, and Mr. Eckert has moved on to be CEO of Climate Change Plc, the holding company for CCX and ECX.

Sandor has been hyperactive in lining up participation in these carbon casinos. In March this year, he addressed the annual convention of the National Farmers Union in Orlando, Florida, praising the progress being made on methods of carbon sequestration, and the benefits of trade in carbon credits. He said that there is vast opportunity for international growth in "market-based climate change mitigation." In Fall 2006, the NFU launched its Carbon Credit Program.

As for who owns CCX, according to filings it made between Feb. 6, 2007 and March 14, 2007, the three largest beneficial owners are, with their percent of CCX shares owned: Goldman Sachs Holdings, Inc., 17.87%; Harbinger Capital Master Fund I, 10.4%; Black Rock Investment (i.e. Blackstone Group), 8.95%.

The Board of CCX includes Maurice Strong, and Stuart Eizenstat. Eizenstat, who held posts under President Jimmy Carter and subsequent Administrations, led the U.S. delegation to the 1997 Kyoto Protocol conference on global warming.

Maurice Strong has made an international career in service of financial rip-offs in the name of the environment. In the 1970s, he became first Executive Director of the United Nations Environment Program. In 1992, he was the Secretary-General of the United Nations Conference on Environment and Development (UNED)—known as the Earth Summit. Out of this, the first World Business Council for Sustainable Development (WBCSD) was created, at Strong's instigation. Then in 1999, the WBCSD, in cooperation with UNCTAD, set up the *International Emissions Trading Association* to push for the greenhouse gas (GHG) market.

In 1992, the same year as Strong's conferencing for "sustainable" business, Richard Sandor co-authored a UN Conference on Trade and Development study, pushing for international trade in emissions. Already, the U.S. market for trading allowances in sulfur dioxide emissions (among 110 power plants) had been launched, under the Bush Administration's 1990 Clean Air Act (Title Four). Sandor told the *Wall Street Journal* that year, "Air and water are no longer the free goods that economics once assumed. They must be redefined as property rights so that they can be efficiently allocated."

At the time, Sandor was a Director of the Chicago Board of Trade, and an Executive Managing Director for Kidder Peabody, where he pioneered Collateralized Mortgage Obligations (CMOs)—the precursor of the innovative home mortgage securities blowing out today. At one point in the mid-1990s, Kidder Peabody alone had bought up 28% of all CMOs—earning the sobriquet "nuclear waste disposal." Then, when the CMO market burst, threatening the entire financial system, Kidder Peabody was shut down and sold off in parts.

ICE: Global Emissions Speculation

Following the trail of super-speculator Richard Sandor brings out the full scope of the carbon cap-and-trade bubble potential. Two months before launching CCX, Sandor joined the Board of Directors of the Intercontinental Exchange Inc. (ICE), in November 2002, which entity had already acquired the International Petroleum Exchange (IPE) a year before. This placed Sandor in the league of historic commodity rip-offs, going back to the British and Dutch East India companies—entities Sandor has praised explicitly. The Chairman of IPE since 1999, is Sir Robert Reid, chairman and CEO of Shell U.K. Limited from 1985 until 1990, after spending most of his career at Shell.

www.royalshow.org.uk

British Environment Minister David Miliband is a prime mover behind the drive to radically extend carbon markets in Britain—and the U.S.

On Sept. 7, 2004, the ICE released a statement which in its own words, indicates the scope of the strategic transatlantic carbon trading operations, headlined, "CCX and IPE Sign Co-Operation and Licensing Agreement for EU Emissions Trading Scheme/Chicago Climate Exchange Sales and Marketing Subsidiary To Be Based in Amsterdam."

The release states that, "Chicago Climate Exchange, the world's first multi-national and multi-sector marketplace for the reduction and trading of greenhouse gas emissions, and the International Petroleum Exchange (IPE), Europe's leading energy futures and options exchange, announced today the signing of a cash and futures contracts in European Climate Exchange (ECX) Carbon Financial Instruments (CFI). . . .

"Under the agreement, a series of futures contracts on ECX, CFIs relating to the EUR Emissions Trading Scheme will be launched by the end of the year, with cash products to follow in early 2005. Both the cash and futures products will be listed by the IPOE and traded on the IPE's electronic platform, under licenses from CCX. It is intended that the products will be cleared by LCH.Clearnet, Ltd.

"In conjunction with this significant agreement, CCX announced the establishment of its wholly owned subsidiary ECX, which will serve as a sales and marketing office headquartered in Amsterdam.

"Dr. Richard L. Sandor, Chairman and CEO of CCX, said "Exchange-traded spot and futures contracts on ECX CFIs will facilitate trading for compliance with EU laws, and will being this market the liquidity it needs to operate efficiently. This agreement positions CCX as a global leader in emissions trading, and complements IPE's leadership in the European energy markets."

Thus, a single, integrated speculation machine is ready and waiting for the U.S. Congress to mandate emissions controls, and make way for the "market."

ICE, though juridically located in London, is headquartered in Atlanta, operating as a *de jure* off-shore agency. "No-action letters" between the Bank of England and the U.S. Commodity Futures Trading Commission, protect the ICE from any form of regulation or record-keeping required by American agencies. ICE is thus literally a British "offshore financial center." The 2006 Senate Democratic Policy Report calling for forcing regulation of the ICE, was subtitled, "Put a Cop Back on the Beat."

Among the latest developments, ICE is making a play for acquiring the Chicago Board of Trade.

Who are the major owners of ICE? The major Anglo-Dutch financial entities. According to ICE's 2006 filings with the SEC, as of Sept. 30, 2005, with percent of ICE shares owned: Morgan Stanley Capital, 11.62%; Goldman Sachs Group, 11.59%: Total Investments USA Inc., 8.12%; BP Products, 7.59%.

Others include Duke Energy, AEP, Continental Power Exchange, Societe Generale Financial Corp.

Rohatyn/Shultz Bums' Rush Is On

This then is the context for the many front groups and political patsies leading the bums' rush for governments to mandate carbon-emission reductions and unleash the "markets." On Jan. 22, 2007, in Washington, D.C., the "United States Climate Action Partnership" (USCAP) announced itself, consisting of ten major corporations including Lehman brothers, Duke Energy, DuPont, Florida Power & Light, BP America, Alcoa, Caterpillar, General Electric, Pacific Gas & Electric, and PNM Resources. They released a "Call to Action," which, in global warming lingo, "lays out a blueprint for a mandatory economy-wide, market-driven approach to climate protection" (see www.us-cap.org).

The World Bank is also on the bandwagon in a big way, led by WB president Paul Wolfowitz since 2005, when he moved in from the Bush-Cheney Administration. The World Bank has a Carbon Finance Organization (www.carbonfinance.org), working as part of the International Emissions Trading Association, to further carbon markets. Wolfowitz personally spoke on Feb. 14 in Washington on global warming, making the pitch that underdeveloped nations can expect to see a flow of some $100 billions from the developed nations, if carbon-reducing schemes are allowed to proceed in the markets.

The Felix Rohatyn wing of the operation is seen in Lehman Brothers participation. Lehman's CEO, Richard Fuld is their spokesman on environmental economics. Fuld's advisor is Rohatyn, whose long career as "bankers' dictator" has specialized in forcing governments to submit to private financial dictates.

The Lehman/USCAP has supplied witnesses all over Capitol Hill in February and March, lobbying for government action on mandatory carbon control. On March 20, a day before Al Gore's celebrity appearance in Congress, the CEOs of Duke Energy and PNM Resources testified to the House Energy Committee that they supported a cap-and-trade program.

The George Shultz wing of the carbon swindle, operating throughout, is most visible in its front-man, Arnold Schwarzenegger. He appeared by satellite at a March 13 press confer-

Does Global Warming Cause Amnesia?

Leading Democrats cheering Al Gore's promotion of the global warming hoax, and "carbon trading" as the new economic horizon, seem to have forgotten that only months ago, they were holding public hearings to attack the very speculators who will run "carbon trading."

First: In May and June 2006, the Senate Democratic Policy Committee (SDPC) held two hearings on the role of speculation in driving the prices of oil and gasoline into the stratosphere. The Senators, led by Carl Levin (D-Mich.), Dianne Feinstein (D-Calif.), and Byron Dorgan (D-N.D.), pinpointed the role of the all-electronic commodity futures exchange called ICE, InterContinental Exchange, for driving the oil/gas price speculation. As Senator Levin charged, they found that futures speculation on the ICE was the driver in speculators adding $20-25 to the price of every barrel of oil.

Now, the key "ICE-man" in the InterContinental Exchange, derivatives specialist and banker Richard Sandor, is running the "carbon-trading" exchanges in London and Chicago, demanded by Al Gore and his backers under color of the global warming hoax. Do these Democrats think the speculators who drove up the oil price won't pump up the price of carbon emissions, electricity, oil refining, etc?

Second: Members of the Senate Permanent Select Subcommittee on Investigations, seeking to identify and stop large-scale tax evasion by and through hedge funds, have ironically found the worst of the "bad actors," a group that claims a leading role in Al Gore's "carbon trading/global warming" show. They've hidden $700 million in income, through three of their hedge funds, in offshore centers in the Isle of Man and Cayman Islands, in what may be the second-largest tax evasion on U.S. record, while claiming to run "the nation's leading provider of cleaner electricity and carbon offset products."

On global-warming financier Richard Sander's Chicago Climate Exchange, the only firm listed as a "Green Power Marketer" is Green Mountain Energy Resources LLC (one of a number of names the firm has had since 1998). A kind of "green Enron" which buys and resells supposedly "green" wholesale electricity (maybe the sort that Gore claims powers his 20,000 kwh/month home in Tennessee) around the country, Green Mountain Energy is run by the Wyly family—Sam, Charles, Sam's son Evan, and two other officers of their Maverick Capital Ltd.

The Wylys and their Maverick Capital hedge funds are the biggest users of British protectorate offshore centers to evade taxes, that the Senate Select Subcommittee has been able to identify. The Wylys were identified by Levin, in his Feb. 17, 2007 Senate floor speech motivating legislation to stop evasion of tens of billions of dollars a year in taxes, as the worst example of hedge-fund tax evasion in the United States, and as having used 58 offshore trusts to hide more than $700 million in income from taxation.

—*Paul Gallagher*

ence at No. 10 Downing Street, along with Chancellor Gordon Brown and Environment Minister David Miliband, to announce a new British legislative proposal to radically extend carbon trading in Britain, even beyond what's up and running in the European Union. This is a precursor for "global carbon markets."

On March 15, Schwarzenegger's Secretary of Environmental Protection, Linda S. Adams, testified to the House Energy Committee on all the initiatives of Schwarzenegger, especially for carbon trading. "I am pleased to announce that on Feb. 26, 2007, Governor Schwarzenegger joined with the governors of Arizona, New Mexico, Oregon, and Washington to sign an historic memorandum of understanding that commits these five Western states to jointly develop a regional greenhouse gas emissions cap and a market-based trading system in our region." In March, Schwarzenegger and British Columbia committed to working together on emissions reductions, as part of a Pacific bloc of states.

A counterpart bloc exists in the Northeast, of ten committed or member states, to trade electricity sector GHG emissions, named the Northeast Regional Greenhouse Gas Initiative.

At the Federal level, Sens. John McCain (R-Ariz.) and Joe Lieberman (I-Conn.),the leading bipartisan warmongers, have been the leading bipartisan GHG markets advocates. Since 2003, they have repeatedly filed joint bills to cap emissions and launch GHG markets. Their 2007 version, filed in January, is S. 280. In an article they co-authored in the *Los Angeles Times,* Jan. 8, 2003, titled, "Tap U.S. Innovation To Ease Global Warming," McCain and Lieberman wrote the format line that, "Global warming is a serious threat. There is overwhelming evidence that increasing amounts of carbon dioxide and other greenhouse gases are heating up the Earth's climate and that inaction could be disastrous. . . . One way to limit the release of greenhouse gases is a simple but powerful idea called 'cap and trade,' which is at the core of a bill we are introducing in the Senate. . . . The 'cap and trade' system is a constructive, business-friendly approach to countering global warming. . . ."

Thus, the intent is evident for the Shultz/Rohatyn supranational financial networks, to impose their green swindle schemes, either through, or despite, an ineffectual Congress.

On March 15, Schwarzenegger's Environmental Protection Secretary Adams demurely informed chairman John Dingell's House Energy and Commerce Committee, "In October 2006, the Governor issued an Executive order (S-20-06), calling on the Air Resources Board to develop a multisector, market-based compliance system that could permit trading between the European Union Trading System and the Northeast Regional Greenhouse Gas Initiative and others. It also called on me to create a Market Advisory Committee of national and international experts to advise. . .on the design of such a market-based compliance system. . . ."