

**THE CO₂ ECONOMIC WINNERS & LOSERS:
BRICS VERSUS PIGS**

**THE CO₂ ECONOMIC ELEVATOR:
BRICS VERSUS PIGS**

By

“EN PASSANT”

SYNOPSIS

This short article proposes the hypothesis that some of those countries that have enthusiastically adopted the ‘global warming, green, renewable energy’ stance are also those countries with the fastest failing economies. The worst of the EU green countries are the PIGS (Portugal, Ireland, Greece & particularly Spain – the country at the forefront of renewable energy production).

The corollary is that the countries most opposed to ‘green-foolery’, the BRICS (Brazil, Russia, India, China & the most recent addition, South Africa) have the strongest, fastest growing economies, by basing their energy growth on traditional carbon-based fuels (coal, oil & gas).

The conclusion is that the adoption of green, renewable energy as a major power source is a recipe for national economic disaster, irrespective of whether or not the argument that the transfer is necessary to ‘save the planet’.

Note: This article has been updated to incorporate reader comments received.

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Introduction

This short paper contravenes the ‘conventional wisdom’ (as hysterically advocated by Professor Ross Garnaut et al) that we must embrace a mythical ‘green’ renewable energy if we are not to be left behind by the new paradigm. Their argument is that we must impose a tax on CO₂ emissions if we are to retain our economic place in the world of the future. Exactly why or how this tax will promote economic growth is a mystery that Garnaut and the Australian government are having difficulty articulating. In fact, the evidence appears to support the opposite view: that *embracing renewable ‘green’ technologies is a recipe for economic failure*. If there is a country economically powering ahead as a result of adopting so-called green industries as the centre piece of their economy then I am unaware of it.

As I have other commitments to fulfil, this is an ‘opinion piece’ and is not a deeply researched article. Due to my time constraints others may wish to take up the challenge and research the veracity of some of the assertions made. To the best of my knowledge every statement I have made is true, but some points have been drawn from the recesses of my memory and I do not have the time to track them to their source once more.

The Myth of AGW & Climate Change

Almost every day I read something on AGW, Climate Change and the CO₂ myth. Firstly, climate change is confrontingly there in every newspaper, radio station and blog. Secondly, it is a subject that interests me. I sceptically and critically read all views on the subject and research some. As I first published an article on energy in a weekend newspaper in 1976 I have a long history of research on this subject predating the current fad. Interestingly, given the state of current prophecies I made seven predictions in that article, four of which came true, one is still probable, but open and two were wrong. That score should place me in the very forefront of climate futurologists today!

This article will not change the minds of the religiously committed believers – no amount of irrefutable evidence will do that – which is why religions still work today. In this case the AGW religion is of course, greatly supported by a bad and deliberately corrupt pseudo-science and the corrupted scientists promoting their alarms. Mann’s ‘Hockey Stick’ and Briffa’s carefully selected ‘Yamal Pine Cones’ are classic examples, both of which were roundly and utterly refuted as non-scientific results by the redoubtable Steve McIntyre. Their motives for producing false results either by using poor statistical methods or omitting adverse information are possibly more to do with creating alarm in order to obtain research grants than their inability to do the sums. Research money may have been the objective, but often the Jones’, Hansen’s, Trenbath’s et al push their distorted science because they also appear to have a political agenda to ‘spread the wealth’ and de-industrialise the West. Impoverishing the ‘rich’ rather than enriching the poor seems to be a driver for at least some.

Green Economics

As noted in the introduction, one of the curiosities in all of this is that no ‘green’ scheme I have found is economic compared to currently available energy alternatives. The promise of a green nirvana just about to open up as technology finds ways to make solar – wind – waves & geothermal energy cheaper than conventional energy sources is continually and totally negated by the ongoing developments in making current technologies even more efficient. The latest German heavy lift open cut mine truck can carry up to 870 tonnes of coal, can self load and its downtime has been reduced. The cost of open cut coal mining just dropped again.

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The second obvious result of green schemes is their amorality. Green politics is by definition a form of fascism. *'They'* know what is good for you and will impose their will upon you through penalties and punishments up to and including your life. The Greens are the new Stalinists (having long since been infiltrated by the far-Left) and would use Uncle Joe's methods if they could. In fact, they already do so against the weak. For instance, Greenpeace stopped a loan to South Africa for the building of a coal-fired power station (by threatening the lending banks with disruption if they went ahead with the proposed loan) – thus robbing the disadvantaged populace of cheap energy, lighting and an improved standard of living. Wood fires, lung disease and endless poverty are the preferred green options.

Other eco-Nazis stopped a dam from being built in Kenya leaving the locals impoverished and subject to drought, crop failure and famine. Dams (in the logic of the previous Victorian Minister for Water, John Thwaites) are bad as they only store water that should run free. Senator Bob Brown also called dams 'a technology of the last century'. I wonder what he calls the 'wheel'?

At best the myopic Greens support the production of uneconomic bio-fuels that turn food for the poor into car fuel. At worst they amorally and deliberately promote this cause as a means of depopulating countries dependent on aid. This year the USA has less corn to export as part of its food-aid program than last year. Prices in recipient countries will rise and the poorest in those lands will die of starvation and diseases as a result of their weakened bodies. Yet the Greens will claim success and the high moral ground for the growth in 'renewable' fuels, and ignore or deny the total disconnect between the cause and consequences of their actions. It is ethically sick.

Thirdly, there is the scientific alchemy of their solutions. My favourite is carbon sequestration. There is no known chemical process or technology that can 'capture' CO₂ out of the atmosphere without using so much energy that it emits more CO₂ than it captures. Yet we have these alchemist's schemes currently worth \$50M in grants in Australia this year alone (led by highly-educated professors & PhD's) trying to do just that. If you wrote this perpetual-motion Ponzi scheme as a 1st-year science paper you would be marched off the science course and sent to the Economics Department where they are more capable of dealing with dubious statistics and mythology. Unfortunately, what they have mostly done is bring the titles 'Professor' and 'Dr' into disrepute and show that trusting 'educated' parrots is not the answer.

The whole CO₂ debate is well-covered by other sources, though one day I will find the time to write my own analysis of this pseudo-science, but not now. This short article is limited to comparing the economies of the advocates of green power to those of the deniers (a title to be proud of in this new Age of Unreason). The reader can make a judgment as to the winners and losers in this improbable 'fight to save the planet from CO₂ induced global warming'. Yes, we do need to save the planet, but only from the scientifically illiterate, the innumerate economic hustlers, rent-seekers and the blind-to-the-facts religiously committed.

The Economic Elevator

It has been obvious for some years now that the economies of the world are changing. President Nixon opened up China to the West with what I hope was the unintended consequence of the destruction of USA manufacturing and heavy engineering. The collapse of the once unassailable USA car industry is the classic symbol of that. The USA is now in terminal decline and more than just technically bankrupt. It is approaching economic collapse (as happened to the former USSR in 1990-91). I noted on CNN on 16th June that the USA's credit rating equalled that of Greece and was now below those of Pakistan and Spain! They are on the economic down elevator.

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This was probably inevitable due to the dual policies of globalisation and outsourcing which enriched a few at the top and impoverished the many blue-collar workers and their nation. Add to that expensive wars, a crippling healthcare and social security bill and the USA has gone from the richest nation on Earth to the beggar nation it now is, dependent on Chinese 'loans' it cannot pay back.

So, who else is on the down elevator and who is going up?

What struck me on my present world tour was that *there is a direct relationship between the decline of those embracing AGW and Green technologies and the economic rise of those who do not.*

Of course, as we deniers love to point out correlation does not prove causation. As an aside, the best example of a correlation-causation myth was that polio was once thought to have been caused by ice-cream as it was noted that polio cases rose in line with the consumption of ice cream in summer. Much effort was wasted examining ice-cream even though many of those who contracted polio had not eaten ice cream. That last inconvenient fact was ignored in the search for a cause of polio as it was argued (against the evidence) that they must have been 'exposed' to someone who had contact with ice cream. Dr. Sabin ignored the consensus and, using old-fashioned scientific methods found the virus and the cure.

PIGS & Other Green Fools

The PIGS (Portugal, Ireland, Greece & Spain) are all part of the EU and all support the enormously scammed EU carbon trading and green policies regime. Although Green-foolery is not the sole or even main cause of their economic decline and fall it is a significant contributing factor that exacerbated their economic problems.

The ongoing riots and civil disturbances in **Greece** are extraordinary as the political Left use violence to maintain their rights and standard of living when the treasury is bare. "But you owe us!" they scream at the rest of Europe in total denial of reality. Of course, their real purpose is to bring down the government, default on their 'loans' and re-establish total socialist control. Economics has been the tool, socialism is the political objective.

However, in the case of **Spain** green-foolery may have been the major cause of their downfall as Spain was the leader in seizing the new paradigm and embracing what they saw as 'the great opportunity of the future for economic growth.' Green wind power had exactly the opposite effect on their economy as every wind turbine blighting the skyline had to be subsidised as the power produced was more costly than traditional coal-fired electricity. Those using coal-based electricity paid a tax premium to subsidise the rent-seekers using wind. Humorously, ornithologists sued this wonderful green scheme for the significant destruction of rare birds (particularly soaring eagles cut down by the whirling blades). The added costs meant jobs were lost as electricity costs rose substantially. The bird-lovers also won at least some of their cases and some turbines were closed down. Others have been destroyed by fires as the extremely high pressures in the turbines sometimes ignite the lubricating fluids.

Solar power in Spain was probably an even worse economic disaster as cheaper imports of solar panels from China soon decimated the newly created green solar panel manufacturing industries. In an ironic twist, the cost of energy in Spain to make solar panels made their products uncompetitive vis-à-vis China. Households were then subsidised by the government to install solar panels and were then further compensated for producing their expensive electricity at home. This home-based scam was so successful it soon bankrupted the traditional coal-fired producers compelled to buy their sun-powered electrical production at greatly inflated and unrealistic prices. The cost of electricity sky-rocketed and more jobs were lost. As a result of this madness (which NSW is still trying to make work even under the new massively popular and climate-change sceptical Liberal Government) the jobless in Spain rose to 23% of the working age population.

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Ah, doesn't green economics give you a really warm moral feeling as it lets a quarter of the population leisurely bask in the sun with nothing to do?

In fact, because of their uneconomic 'carbon' policies the whole of the EU is in decline. Now that Merkel has decreed that the German nuclear industry must close, the last powerhouse economy in Europe will inevitably collapse.

Scotland managed to follow suit through its economically innumerate, but politically motivated Chief Minister, Alex Salmond as the following article from Christopher Booker shows:

["Scotland's First Minister, Alex Salmond, perfectly illustrates the grotesquely irresponsible dreaming of the modern warmist politician."](#)¹

Mr Salmond's proudest boast is that, within 10 years, 80 per cent of all Scotland's electricity will come from renewable sources, most of it from thousands more wind turbines. Like many other politicians, Mr Salmond does not seem to have registered that the wind is not always blowing. Last Tuesday evening, when many places in Britain were registering their lowest temperatures on record, UK electricity demand was a staggering 60 gigawatts. But the amount coming from wind turbines was just 0.2 per cent – one 500th of what we were using. Ten times as much was coming from nuclear reactors in France, through the interconnector under the Channel.

Mr Salmond insists that he will not allow any replacements for the nuclear and coal-fired power stations in Scotland which will be forced to close in the next few years, although they currently generate almost as much as Scotland's average demand of 4GW. So any hope of keeping Scotland's lights on will rest on being able to import much of the power it needs from the hated English. So much for Scottish independence."

Note that Scotland still has to use nuclear and coal-fired power to meet its needs, but this incredibly foolish green plan is to no longer produce power for itself. Instead Scotland plans to expensively buy electricity from the French and English (although that makes Scotland vulnerable to their whims and capacity). So, how is Chief Minister Salmond intending to pay for this imported energy? He will beg from the English. Having given away the oil & gas in the North Sea for a handout from Westminster this beggar nation should study East Timor to see how best to place the alms bowl despite having natural wealth. With Scots like Salmond leading them, Scotland needs no enemies.

The third classic example is the bankruptcy and demise of what was once the world's 19th largest economy: **California**. As a State it is the 'Inner City Green Voting Capital' of the USA. When you are so big and growing you feel you can do anything. You can make things happen! Normal laws of economics and physics do not apply to you. You're the Man! As all Empires have found out when it is to late – reality wins over 'hopey-changey', fuzzy feel-good ideas and 'ism's' every time. In the long run you cannot beat reality – ask any gambler at a casino!

In their 'get back to nature' drive the Californians even blew up a 96-year old dam in northern California to 'recover the ecology of the river'. One wonders what any century old fish thought about the return to flood and drought, the sudden lack of depth and loss of habitat. Also, the hydro-power available to the local town has been replaced with unreliable wind power and a diesel generator that is much more costly. No wonder the "Governator's" popularity was at 35% even before the revelations about his personal life.

Some States in the USA, plus Canada tasted the green fruit and are pulling back. New Hampshire (once the green-foolery frontrunner under the Democrats) and New Mexico have both scrapped their 'green' targets and returned to traditional energy sources. Other states will follow. I know of no green economy successfully powering forward, but in my ignorance New Zealand may be the sole green hope.

¹ Christopher Booker UK Telegraph
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Two years ago, on the day I was leaving New Zealand it was also the day they brought in their 'carbon tax'. Just before I handed in the hire car at the airport the price of fuel rose \$0.03 per litre. An immediate impost. So, how are they going now? I do not know, so I cannot comment. However, I just checked the exchange rate vis-à-vis the Australian Dollar and note that it has declined by 6% in two years. There are many factors at work here, so it may be unrelated to their CO2 taxes. Even if it is related, surely a reduction in living standards by 6% is a small price to pay for 4M people leading the way for the world's 6,000M people. No doubt they feel good and it surely is a cool thing to do.

So, who can tell me which green-embracing economy is on the up-elevator and how their greenery has helped them to economic prosperity? Take your time. I can wait and wait ... and ...

The Up Elevator: The BRICS & the Climate Change Denial Economies

In recent months I have visited four of the five **BRICS (Brazil , Russia, India, China & the latest addition, South Africa)**. All the BRICS are economically powering ahead and, coincidentally, no doubt, all are vehemently opposed to taxing CO2 emitting sources of energy (coal, oil, gas). None are making more than a token effort to adopt wind or solar as a sop to the world fad of the decade. The BRICS have come to symbolize the shift in global economic power away from the European and North American developed economies towards the tigers of the developing world. As the EU, the USA and Australia agonize over which poison pill tastes best the BRICS quietly laugh at us and expand their economies based on their fossil fuel resources, nuclear or what coal & gas they can buy from resource rich countries like Australia.

Other countries are witnessing their achievements and are adopting a me-too attitude for economic growth. Countries like **Turkey, Nigeria, Indonesia** (and we give them aid?) and **Mexico** want on the economic up-elevator too and will ignore any green alchemy, moralistic pap or pseudo-science that will slow them down from getting there. They are climate deniers writ large.

Brazil is growing strongly. With her ties to China the economic threat to Australia is real and growing. China is about to sign a deal with Brazil to open a giant iron ore mine that will leave Australia pleading for sales at rock-bottom prices. The Chinese are looking for alternative sources of supply for iron ore and coal and will not pay top dollar to Australia to save our economy. Swann and the government behave as if China is at their behest, little realizing that the opposite is true. We need them more than they need us? Tax the iron ore and raise prices and it will stay in the ground.



110614 Oil Rig Repair & Maintenance in Rio de Janeiro

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Brazil also has huge oil and gas reserves just being developed now. When Obama closed drilling in the Gulf of Mexico in the wake of the Macondo Well blowout the rigs left and were towed to Brazil and West Africa. They are not going back even if he gives the licenses away for free. The problems, rules and penalties are too severe when alternatives abound. There is a well in Brazil being drilled in 5x the depth of water that the Macondo Well was in. Drilling depth was not the problem, but the excuse for closing the Gulf. Another USA industry deliberately crippled.

Nigeria is opening up huge new oilfields and has no intention of slowing their development. In fact, in the first sign of hope that they are turning the corruption corner they have just arrested the Speaker of the Parliament, the appropriately named Mr. Bankole for embezzling \$62M. As Lagos now has 16M people and is growing at 200k a year – get ready for the boats! The whole country has about 125M and needs to develop fast.

West and North Africa are resource rich, have lower employment costs and are open for business. They are untroubled by climate change alarms, but have been adept at apportioning guilt to the developed West and demanding compensation. This is their version of a climate-scam and should be ignored. Unless, of course Kevin-07 hears there is a Security Council vote in it for him, in which case he will divest Australia of many \$M more. If we price ourselves out of the market through over taxation ‘to save the planet’, the price we pay as a nation will far exceed the benefits to the planet – as it begins its new freezing cycle – NOW!



110610 Lagos Street – but look top right at the new buildings going up

South Africa looked to be heading for its own economic and corruption basket-case status, but it is now turning around dramatically. One reason is economic development based on coal-fired energy. From the window of my hotel I looked down on a coal-fired power plant bigger than Loy Yang Power (the biggest in Victoria) – and with more building work going on. Indeed, while I was there, there were serious protests and violent demonstrations from those townships not yet connected to the grid demanding electricity! Let’s send a Green Senator to talk to them.

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But many politicians on both sides of stupidity support the fiction that Australia can sacrifice its standard of living and save the planet while every sane country is ignoring them and their ideas. All the evidence already points to the end of the AGW/Climate Change/ Climate disruption as every day a new scandal is revealed. Just yesterday it was revealed that Greenpeace wrote Chapter 10 - Renewable Energy in the IPCC Report? Madness is the correct word to describe this green foolishness!

Australian Energy Developments

Note that the majority of the \$40Bn in investment money going into the Gorgon Gas Field development (an ultra-deep water drilling project off the NW Oz Shelf) is coming from China and they have firm forward contracts for the gas produced – which they will burn to water and CO2. Of course, the ‘scrubbing’ to purify and enhance the raw gas (with additives) will be done in Oz. There are plans to capture the high percentage of CO2 produced by this field.² In the past (except in one case where the CO2 was so pure it was filtered and bottled for industrial use) the wastes are either flared off or the harmless CO2 is vented. In this case the CO2 will be captured and sequestered in a 2.5km deep porous stratum beneath Barrow Island. The effect on the investment plan due to the additional **\$1 Billion in sequestration costs** will noticeably reduce profits for investors. The added cost of this CO2 sequestration is unlikely to please our Chinese economic masters.

Can I suggest we spare a few \$M (as many as it takes) to make Senator Brown’s electorate the site of a 100% Green Power Pilot Scheme? Nothing but solar – wind - water – or whatever, that is not Green approved would be used to generate power. Oh, and that nice wood fire he has in his cabin will have to go, of course. That should fix his electoral chances and the myth of green power reliability and economics.

The Future Economic Winners and Losers

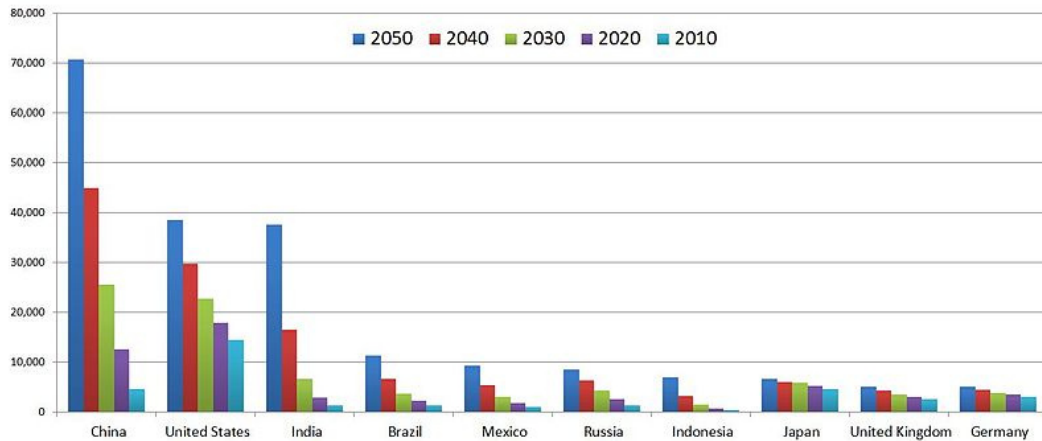
Goldman Sachs (not my favorite economic strategist) has argued that, since the original four BRIC countries are developing so rapidly, by 2050 their combined economies will eclipse the combined economies of the current richest countries in the world. The four core countries combined (less South Africa), currently account for more than a quarter of the world's land area and more than 40% of the world's population.

The BRICS are already organising themselves into an economic bloc and, after their first summit in Yekaterinburg in Russia, they issued a declaration calling for the establishment of an equitable, democratic and multi-polar world order. Since then they have met in Brasília in 2010 and will meet again in China in 2011. Let’s hope they will rule our children and grandchildren with kindness and compassion.

They are on the up-elevator despite having rejected the green poison pills of wind, solar, waves, CO2, AGW, the ETS, carbon taxes, pseudo-science and the opprobrium of the rest of the world condemning them for dooming the planet to heat up and pass some non-existent mythical ‘tipping point’. How much time in Australia has been spent on designing our economic Kool-aid while they power ahead? They are the next stage of economic evolution and they will replace us. The chart below lists ten of the top 22 countries by nominal GDP. BRICS countries are highlighted and labeled in bold.

² Email from Fred Pearce referring to the project website

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Goldman Sachs GDP Projection from 2006 - 2050

Rank in 2006: Number 1 to 15 were G20 countries. Five other countries of the G20 not in the top 22 list are: Argentina, **Australia**, Saudi Arabia, **South Africa** and the European Union. Number 1 to 8 are G7 (top 7) countries, except China. By 2027 **China**'s economic output will surpass that of the USA.

Rank in 2050: Top 5 countries are: 1. **China**, 2. USA, 3. **India**, 4. **Brazil**, 5. Mexico (Three BRICS countries plus the declining USA and rising Mexico). G7 countries at 2006 which are not included in Top-5 in 2050 are: Japan (8), United Kingdom (9), Germany (10), France (12), Canada (16) and Italy (18).

So only the USA from the G7 in 2006 will remain as one of the Top 5 countries in 2050. Figures in the table above reflect data published in 2007.

Conclusion

As I said, correlation is not causation, but unless someone can show me one country powering ahead because of its embracing green-foolery then I think we have a case to at least say the Australian CO2 taxes, saving the planet, shooting camels, sequestering CO2 and committing economic suicide are really not good economic ideas for our country.

But then, I am a denying, scientifically literate, economically responsible, far-sighted sceptic – as all scientists should be – so what would I know?

The Big Lie of Climate Change Economics can be explained in one sentence. In his book *UFOs, JFK, and Elvis: Conspiracies you don't have to be crazy to believe*, Richard Belzer states it this way:

"If you tell a lie that's big enough, and you tell it often enough, people will believe you are telling the truth, even when what you are saying is total crap."

As they shelve their university degrees my grand-children will not thank our current crop of economically innumerate political 'leaders' while they wait on tables for rich BRICS tourists.

NOTE: The author retired from the Australian Army as a Lieutenant Colonel in 1986. He retains a keen interest in current military and military history matters. He served in various postings in Australia, Vietnam, Indonesia, Malaysia and Papua New Guinea. He is a frequent contributor of book reviews, short stories and the occasional article to several journals. He is self-employed as a project manager and project management trainer. He works internationally as a project management and program management consultant.

He has worked for oil companies in the Middle East (Dubai, Qatar, Kuwait and Abu Dhabi) and in North and Central America, but his main business is in the telecommunications and banking industries. He has recently visited many of the countries mentioned.

If any reader wishes to comment or challenge and views expressed, we invite them to submit comments/evidence which will be forwarded to the author.