

"Green New Deal" What It Means For Investors

The Green New Deal (GND) is a plan to drastically change the American economy and improve social conditions for its people. It was put forth in March by Rep. Alexandria Ocasio-Cortez (D-N.Y.) and Sen. Ed Markey (D-Mass.) but stalled in Congress after a Senate defeat. However, the GND still is a topic of wide debate and already has spawned various copycat proposals ? and its underlying movement still will have a significant effect on the economy and investors going forward. Modeled after FDR's New Deal in 1933 but focusing on fighting climate change, the Green New Deal is controversial for several reasons, including its enormous cost and rapid timetable. I am not going to argue politics today. But while some, most or even all of the proposal may never be passed into law, there is no denying that the trend toward a more Earth-friendly economy is in place. A few states already have long-term 100% renewable-energy mandates in places, and literally hundreds of mayors and several governors have expressed support in 100% goals. With or without the GND, some technologies ? such as electric vehicles, solar power and ocean-friendly packaging ? will develop into viable industries. This presents many opportunities for investors. The question is where should they put their money, assuming that at least the underlying concepts within the Green New Deal materialize? **Why Go Green?** Again, without even discussing whether the GND is possible, viable or even desirable, we can at least stipulate that being more environmentally friendly is desirable. Being a better shepherd to the planet, protecting ecosystems and using natural resources wisely make sense for the simple reason that clean air, water, food and even recreational facilities are good for all of us. The No. 1 ?green? issue for most people is climate change caused by emissions of carbon dioxide and other so-called greenhouse gasses. In the atmosphere, these gases trap heat and raise the average temperature around the world. According to the United Nations' World Meteorological Organization, the average global temperature is on track to increase by 5.4 to 9.0 degrees Fahrenheit through the end of the century. That doesn't sound like much, especially when the average high and low temperatures in a city such as New York vary 57 degrees from winter to summer and can swing from single to triple digits at their extremes. But that seemingly little range is all it takes to drastically shift weather patterns, causing stronger storms and altering crops, sea levels and rainfall. With the public now increasingly aware of climate change and roughly three-quarters of Americans ?somewhat? or ?very worried? about it, according to a poll from Yale University, George Mason University and Climate Nexus, investors should be mindful of the companies that will directly benefit from fighting it. **The Basics of the Green New Deal** In a nutshell, the GND seeks to:

1. *Shift 100% of national power generation to renewable source within 10 years. Initially, it sought a zero-emission target but it has since been changed to ?net zero.? That means carbon emissions from natural sources, such as the decay of organic materials, would be harnessed to provide power first before being emitted. In 2017, only 11% of the nation's energy consumption came from renewables, according to the Energy Information Administration. Another 9% is generated by nuclear power. Although not renewable, nuclear doesn't emit carbon dioxide.*
2. *Upgrade all buildings to make them energy-efficient. This means replacing all building infrastructure to eliminate heating oil and natural gas. It also means replacing all electric air conditioners that use HFC refrigerants (hydrofluorocarbons), which are 2,000 times more potent than carbon dioxide as greenhouse gasses.*

3. *Decarbonize manufacturing and agricultural industries. Infrastructure would be required to scrub emissions to remove carbon. It also is where cow emissions can be captured to provide energy.*
4. *Decarbonize and upgrade the nation's infrastructure, especially transportation, specifically shifting nonessential individual transportation to mass transit. While high-speed rail was suggested as a preferred method for domestic travel, it was not true that the plan called for rail travel on overseas routes.*
5. *Fund massive investment in the drawdown and capture of greenhouse gases. Technology to recapture carbon from the air would have to be developed.*
6. *As a byproduct, the U.S. could become a major exporter of green technology, products and expertise.*
7. *Guarantee jobs for those who are vocationally displaced by these changes*
8. *Guaranteed minimum income and universal healthcare.*

Surprisingly, the Green New Deal does not include a carbon tax or a cap-and-trade program. These programs, which essentially shift the cost of polluting from one organization to another, raise the cost of carbon fuels, such as gasoline. That could hurt lower-income families more, especially those in rural areas who rely on an automobile.

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