

PROGRESSIVE MEDIA

MAKING REVENUE FROM WASTE – A CAP AND TRADE PRIMER

WE NEED TO END OUR DEPENDENCE ON FOREIGN OIL AND TRANSITION TO NEW ENERGY INDUSTRIES THAT WILL CREATES MILLIONS OF U.S. JOBS.

- Our dependence on foreign oil is a threat to our economy and the environment. We have to move to a system based on new energy sources that we can grow right here in America – a system that will [create 2 million new jobs](#) that can't be outsourced, and make America the leader in developing new energy technology.
- These new jobs and new industries are going to be created somewhere – if we fail to act now, they'll be created in China or India, instead of here in the U.S.
- **Cap and trade has worked before to successfully slash acid rain at a fraction of the cost** estimated by both industry and government. And despite hysterical predictions about negative economic impacts, the U.S. economy added 16 million jobs over the duration of the program.

CAP AND TRADE IS A “POLLUTERS PAY” PROGRAM THAT WILL RAISE THE REVENUE WE NEED TO INVEST IN AMERICAN ENERGY.

- Cap and trade will raise the revenue we need to transition to cleaner, U.S.-produced energy by making polluters pay for their waste, instead of letting them pollute for free like they're doing now.
- This transition will create millions of U.S. jobs that can't be outsourced, and make America the leader in developing and exporting new clean energy technology – so we're not buying it from India or China down the road.

HOW CAP AND TRADE WORKS.

- **The cap:** Under a cap and trade system, each polluter must have an “emissions permit” for every ton of carbon dioxide it releases into the atmosphere. Over time, the number of permits decreases, making each permit more expensive until the ultimate reduction goal is met.
- **The trade:** The cap and trade system establishes a “carbon market” for emissions permits. The cleanest companies would need to have the fewest permits – they could sell extra permits to companies that cannot easily make reductions. Because there is an annual limit on the total number of permits, the system can achieve a set, and predictable, level of emissions reduction.
- **The revenue:** Under the system outlined in President Obama's 2010 budget, the federal government will run the permit auctions, creating a large and dependable revenue stream that would be “recycled” back into building an efficient, low-carbon energy economy, and also used to offset any higher energy costs that result for consumers. Initial estimates by the Congressional Budget Office project that an economy-wide cap-and-trade program would generate at least \$50 billion per year, but could reach up to \$300 billion. [Source: Center for American Progress report, [1/16/08](#)]

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PUNISHING POLLUTERS THROUGH CAP AND TRADE HAS WORKED BEFORE TO SLASH ACID RAIN.

- The current system of cap and trade being proposed is similar to the cap and trade program enacted by the Clean Air Act of 1990, which successfully reduced the sulfur emissions that cause acid rain at a much lower cost than industry or government predicted.
- In fact, when the program was established in 1990, industry studies were full of “[hysterical predictions](#)” warning about “the loss of tens of thousands of jobs, and compliance costs totaling tens of billions of dollars.”
- In reality, the pollution reductions cost one quarter of original EPA estimates, electricity rates fell 10 percent, while the U.S. economy added [16 million new jobs](#).

MYTH/REALITY ON CAP AND TRADE

Myth: Cap-and-trade is a hidden tax.

- **Reality:** The cap and trade program in President Obama’s budget would provide a tax cut for middle and low income families – three of every five households – when it begins in 2012. The CBO has reported that this tax cut could more than offset any increase in energy prices. And a report by McKinsey and Company found that putting a cap on carbon emissions [corrects market failures](#) by [driving investment into efficiency](#) and fuel economy improvements that “would generate positive economic returns over their lifecycle.” The EPA has also [noted](#) the economic potential of cap and trade policies: “[S]ubstantial cost savings could be achieved by combining direct emissions policies (e.g. cap and trade or carbon tax) with technology push policies (e.g. technology and R&D incentives) that correct for the market failure associated with the fact that the inventor of a new technology can not appropriate all of the associated social benefits.”

Myth: Cap-and-trade will cost jobs.

- **Reality:** Cap and trade will help fund our transition to a clean energy economy that will [create 2 million new jobs](#) by spurring investment into the expansion of renewable energy and new energy technologies. Investments in energy efficiency and wind, solar, and other renewable energy sources [would create four times more jobs than a similar amount of investment in oil production](#). Cap and trade will also help America catch up in the race to develop the energy technologies of the future. Today, [only 6 of the top 30 companies](#) in solar, wind, and advanced battery technologies in the world are U.S. firms.

Myth: Cap-and-trade will cost each American family \$3,100.

- **Reality:** The \$3,100 statistic is a [gross distortion of an MIT report](#) – the MIT professor who wrote the report has spoken out and asked conservatives to cease using the statistic. In reality, the cost of the historic transition to a new energy economy that [creates millions of jobs](#) and makes America a leader in energy technology [might rise as high as \\$2.50 per week](#). But that’s it.