



# CAPITOL COMMENT

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## Cap-and-Trade's Unlikely Critics

by Wayne T. Brough, Pd.D.

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While the media focuses on the current health care debate, another significant expansion of government is waiting in the wings: a cap-and-trade program designed to regulate the nation's consumption of energy. The 1,400 page energy legislation that already has passed in the House includes everything from new mandates for energy efficiency to a massive new regulatory regime to implement a cap-and-trade program. And unlike the health care debate, there is no way to deny rationing in this new program. The "cap" in cap-and-trade is just that—a cap on greenhouse gas emissions produced in a given year. These emissions are a byproduct of fossil fuels, so absent new technologies, or the ability to build new nuclear facilities, these caps will limit production of energy.

Many economists have raised concerns about the cost and efficiency of the proposed legislation, which the Senate hopes to finalize this fall. Not only is the cap-and-trade program an unwieldy and costly approach to greenhouse gas mitigation, it also poses substantial costs on consumers and the economy as a whole, with some estimates suggesting costs as high as \$1,200 per household by the year 2030. Moreover, critics have emerged across the board, all questioning the merits of the cap-and-trade approach Congress appears determined to pass into law. With the cap-and-trade program generating so much opposition from so many viewpoints, Congress would be wise to abandon this new regulatory regime that imposes significant new costs with little in the way of benefits. Consider these concerns from some unlikely critics; generally finding themselves on the Left side of the political spectrum:

"The fact is that the climate course set by Waxman-Markey is a disaster course. Their bill is an astoundingly inefficient way to get a tiny reduction of emissions."

[Jim Hansen, Director of NASA Goddard Institute for Space Studies and leading proponent of global warming theory](#)

"The disappointing fact is, the bill combines the inherent problems of cap and trade long noted by economists, with a long catalog of giveaways and exceptions for industries now supporting it....By any measure the bill will do little to address climate change."

[Robert Shapiro, former Undersecretary for Commerce for Economic Affairs and Co-chair, U.S. Climate Task Force](#)

"I'm skeptical that cap-and-trade is the most effective way to go about regulating carbon..."

"It's not clear to me how you would enforce a permit system internationally. There are no institutions right now that have that power."

[Thomas Crocker, economist attributed with developing the cap-and-trade model](#)

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“The Republicans are right—it’s a cap-and-tax bill.”

[Tim Wirth, Former U.S. Senator and head of the U.N. Foundation](#)

“I think if you get into the way [Waxman-Markey] was written, it's a huge tax and there's no sense calling it anything else. I mean, it is a tax. And it's a fairly regressive tax. If we buy permits, essentially, at our utilities, that goes right into the bills of the utility customers and an awful lot of people in Iowa, in Oregon, and Utah, and places where we are, very poor people are going to pay a lot more money for electricity. So I think that can be improved.”

[Warren Buffet, Berkshire Hathaway Chairman and CEO](#)

“The House’s Waxman-Markey bill picks winners and losers and places a disproportionate share of the economic burden on families and businesses in rural America. It is a deeply flawed bill. I will not support similar legislation in the Senate.”

[Sen. Blanche Lincoln \(D-Ark.\)](#)