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Consumers, Not Polluters, Pay for Cap-and-Trade

Myth: “Polluters” will pay for cap-and-trade

Fact: Consumers will pay for cap-and-trade

One of the new talking points for proponents of cap-and-trade is that it makes polluters pay.

“At a time of great fiscal challenges, this legislation is paid for by the polluters who currently emit the dangerous carbon emissions...”ⁱ - President Barack Obama

This claim has been refuted by the Congressional Budget Office (CBO).

“[A]t any point in which we are putting a price on carbon emissions, that would be passed through to the cost that consumers face on energy products but also all other products that are made using fossil fuels...I don’t know if there are any goods that use no energy in their production. It seems to me unlikely.”ⁱⁱ - CBO Director Douglas Elmendorf

“Q: ‘Is it possible to design a system using the revenue it generates to ensure no net increase in the overall burden to consumers?’ A: ‘No, sir.’”ⁱⁱⁱ
- CBO Director Douglas Elmendorf, answering a question by Senator Grassley

“Under a cap-and-trade program, firms would not ultimately bear most of the costs of the allowances but instead would pass them along to their customers in the form of higher prices.”^{iv}

- CBO Senior Advisor Terry Dinan

Before this new talking point was developed, even proponents of cap-and-trade were more candid about who would pay for a cap on carbon emissions.

“[U]nder my plan of a cap and trade system, electricity rates would necessarily skyrocket...whatever the plants were, whatever the industry was, they would have to retrofit their operations. That will cost money. They will pass that money on to consumers.”^v -Candidate Barack Obama

“Cap-and-trade would increase the cost of energy...[T]hat’s necessary if you’re going to change how people use energy.”^{vi} -Treasury Secretary Tim Geithner

“If we raise the price of energy, which will happen if we’re reducing the amount of carbon emissions...”^{vii} -Rep. Henry Waxman

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-Peter Orszag, then Director of the CBO, now head of the Office of Management and Budget

“Cap-and-trade is a tax and it’s a great big one.”^{ix} -Rep. John Dingell

“Whether you call it a tax, everyone agrees that it’s going to increase the cost to the consumer[.]”^x -Rep. Charlie Rangel

ⁱ Statement at a press conference, 6/23/09. Available here: <http://www.washingtonpost.com/wp-dyn/content/article/2009/06/23/AR2009062301656.html>.

ⁱⁱ Testimony before the House Ways and Means Committee, 3/26/09. Available here: <http://republicans.waysandmeans.house.gov/News/DocumentSingle.aspx?DocumentID=116686>.

ⁱⁱⁱ Testimony before the Senate Finance Committee, 5/7/09.

^{iv} “The Distributional Consequences of a Cap-and-Trade Program for CO₂ Emissions,” statement before the House Ways and Means Committee, 3/12/09.

^v Interview with the San Francisco Chronicle, January 2008. <http://www.breitbart.tv/?p=211663&comments=1>.

^{vi} Testimony before Senate Finance Committee, 3/4/09.

^{vii} Interview on the Tavis Smiley show, 4/13/09 http://www.pbs.org/kcet/tavissmiley/archive/200904/20090413_waxman.html.

^{viii} “Implications of a Cap-and-Trade Program for Carbon Dioxide Emissions,” Statement before the Senate Finance Committee, 4/24/08. http://www.cbo.gov/ftpdocs/91xx/doc9134/04-24-Cap_Trade_Testimony.1.1.shtml.

^{ix} Question during hearing in the Energy and Environment subcommittee of the Energy and Commerce Committee, held on 4/24/09. <http://www.youtube.com/watch?v=muX-uRKOGLY>.

^x “Waxman, Boucher Signal Deal On Cap-And-Trade Measure,” *Congress Daily PM*, 5/14/09.