



Competitive Enterprise Institute

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Advancing Liberty – From the Economy to Ecology

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The Climate Security Act S. 2191/S. 3036

Talking Points on the Lieberman-Warner Energy-Rationing Bill

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A tax

Cap-and-trade can only work by raising the price of lower-priced hydrocarbon fuels, so that people are forced either to use higher-priced alternatives or to use less energy.

The “best” kind of tax—a hidden tax

Voting for higher taxes can lead to election defeats, but cap-and-trade makes it much harder for consumers to know that their elected officials are to blame for rising energy prices.

A wealth transfer scheme

The primary purpose of cap-and-trade is not to reduce greenhouse gas emissions, but to transfer wealth from consumers to politically-powerful special interests. That’s why so many big companies support cap-and-trade.

Regressive

Poorer people pay a much larger share of their incomes on energy than better-off people. Higher energy costs will hit poorer people the hardest.

Big government central planning

Lieberman-Warner puts the federal government in charge of deciding how much energy Americans can use. It would create new boards and agencies with enormous and ill-defined powers and would require huge new bureaucracies to administer all the red tape. The ethanol mandates of 2005 and 2007 are showing once again the disastrous effects of even just a little central planning.

Open to Political Favoritism and Corruption

It’s not a co-incidence that the biggest promoter of cap-and-trade until its demise was the Enron Corporation.

The Most Ineffective and Expensive Way to Address Potential Global Warming

The European Union's Emissions Trading Scheme is proving horrendously expensive and unpopular, but is actually doing little to reduce greenhouse gas emissions. See Open Europe's analysis, *"Europe's Dirty Secret: Why the EU ETS Isn't Working"*, at openeurope.org.uk.

Support the Sanders Amendment

Senator Bernie Sanders (I-Vt.) intends to offer an amendment on the Senate floor to eliminate the free allocation of a significant portion of the carbon allowances to politically-powerful special interests and require that all carbon allowances be auctioned. This amendment is supported by many environmental pressure groups, including Friends of the Earth's "Fix It or Ditch It" campaign. Auctioning 100% of allowances is also the main recommendation in Open Europe's white paper, *"Europe's Dirty Secret: Why the EU ETS Isn't Working"*, for improving the working of the EU's cap-and-trade scheme, although Open Europe concludes that cap-and-trade is fundamentally flawed in ways that can't be fixed. Auctioning 100% of carbon allowances would eliminate **some** of the biggest opportunities for gaming the system, corruption, and misusing political influence to gain special favors.