



Frequently Asked Questions about the Climate Security Act

Won't the Climate Security Act ruin the economy?

- A range of analyses by the Energy Information Administration, the Environmental Protection Agency, and researchers at the Massachusetts Institute of Technology have found that the overall costs to the economy from capping emissions will be very small — less than one percent of GDP twenty years from now, and less than a penny on the dollar in terms of household consumption.

The real question is: do we pay a little bit now or a whole lot later?

- A report just released by researchers at Tufts University presents two ways of estimating the costs of inaction on climate change, both leading to staggering bottom lines. A comprehensive estimate, based on state-of-the-art computer modeling, finds that doing nothing on global warming will cost the United States economy more than 3.6 percent of GDP - or \$3.8 trillion annually (in today's dollars) - by 2100. Just four categories of global warming impacts -- hurricane damage, real estate losses, increased energy costs and water costs -- will add up to a price tag of 1.8 percent of U.S. GDP, or almost \$1.9 trillion annually (in today's dollars) by 2100.

Costs and damages for the four detailed categories cited in the report if global warming continues:

- Hurricane damages: \$422 billion
 - Real estate losses: \$360 billion
 - Increased energy costs: \$141 billion
 - Water costs: \$950 billion
- The same report showed that global warming will change the nature of where Americans live. For example, it found that if global warming continues unchecked, by 2100, New York City will feel like Las Vegas does today and San Francisco will have a climate comparable to that in New Orleans. In 2100, Boston will have average temperatures similar to those in Memphis, Tennessee today.

- Paul Volcker, the former chairman of the U.S. Federal Reserve, has said that the argument that taxes on oil or carbon emissions, for example, would ruin an economy was "fundamentally false."

"First of all, I don't think (such a step) is going to have that much of an impact on the economy overall. Second of all, **if you don't do it, you can be sure that the economy will go down the drain in the next 30 years.**"

Won't the Climate Protection Act raise the price of gas when we can least afford it?

- Last I checked the price of gas was rising pretty steadily without any push from climate protection legislation. The real problem here is that we've got significantly rising demand for oil, particularly from China and India, and we're running out of the stuff. The only solution is to kick our oil habit. And the way we do that is to make massive investments in things like renewable energy, energy efficiency, and mass transit, which putting a price on carbon allows us to do.
- A study of the Climate Security Act by the Energy Information Administration projected that an emissions cap would add about 42 cents a gallon (in 2005 terms) to the price of gasoline in 2030. **That's much less than the rise in prices in the spring of 2007 alone, when gasoline prices soared \$1.10.** The bottom line is that skyrocketing demand, increasingly limited supply and Mideast politics have much more effect on gas prices than climate policy could ever have.

How does the Climate Protection Act benefit low-income people?

- First of all, it will curb the impacts of global warming, which hit poor people first and worst. And by putting a cap on global warming pollution it will improve the health and well-being of low and moderate income people, who suffer disproportionately from cancer, asthma and other respiratory ailments in our current grey economy.
- The legislation makes critical investments in a green economy strong enough and inclusive enough to lift a lot of people out of poverty. Two examples, **both thanks to Senator Boxer**, who added these provisions in her substitute amendment. The bill invests **\$63 billion** through 2050 in something called the Green Jobs Act....
- The bill also funds the Energy Efficiency and Conservation Block Grant program at **\$136 billion** through 2050. These green block grants will allow cities to finance large-scale retrofits of their buildings and infrastructure, which will not only curb GHG emissions but also create tens of thousands of green-collar jobs that should be accessible to low-income city residents who most need work and careers. The grants will help lower energy bills for homes, businesses, and local government.

Does the bill go far enough? How could it be strengthened?

- The bill doesn't cut global warming emissions at the level that science tells us we need to if we're going to avert the worst consequences of global warming. **The science says that we must cut our greenhouse gas emissions by 80 percent from 1990 levels by 2050. This bill will only get us to 50-57% below by 2050.** That needs to be strengthened.
- A large percentage of carbon allowances are given away for free to polluters in the initial years. Polluters should not be rewarded for polluting. They should not be handed free permits and windfall profits. We'd be better off auctioning those permits and using the revenue to invest in...
- Although the economic benefits of this bill will outweigh the costs, consumers are going to pay more for oil and gas prices, and prices for a range of energy-intensive commodities, products and services. Because low-income households spend a larger share of their budgets on energy and other basic costs of living than better-off households, they will be disproportionately impacted by the price rises. Although the legislation does provide a combination of tax relief and assistance to low-income consumers, **it represents only about 7.5% of the allowance value — or only about half of the 14% of total allowance value** that the Center on Budget and Policy Priorities estimates is needed to keep the low-income population from losing ground.