

# FACT SHEET: AEA TV AD “TURNED OFF”

**AUDIO:** “Energy is the lifeblood of our economy. From home to work to play—energy fuels us.”

**AUDIO:** “So why would Senator Lindsey Graham support a new national energy tax, called cap-and-trade. . . ”

**FACT:** On October 10, 2009, Senator Graham and Senator Kerry co-authored an op-ed in the New York Times announcing their cooperation on climate change legislation. (<http://www.nytimes.com/2009/10/11/opinion/11kerrygraham.html>) Some people, including environmental activists see this as a “game changer” to help pass legislation like the Kerry-Boxer bill ([http://switchboard.nrdc.org/blogs/dlashof/game\\_changer\\_kerrygraham\\_op\\_ed.html](http://switchboard.nrdc.org/blogs/dlashof/game_changer_kerrygraham_op_ed.html)). The press, including the Houston Chronicle, describes this as “linking nuclear power and offshore drilling with a cap-and-trade plan.” ([http://www.chron.com/CDA/archives/archive.mpl?id=2009\\_4796679](http://www.chron.com/CDA/archives/archive.mpl?id=2009_4796679))

**FACT:** Senator Graham supports cap-and-trade. On October 22, 2009, he told Fox News that he supports a “reasonable cap-and-trade system” (<http://www.youtube.com/watch?v=MOUuCVIzDXE>). In 2006, he co-sponsored S. 2724, the Clean Air Planning Act of 2006 that would have established a cap-and-trade program for carbon dioxide, sulfur dioxide, nitrogen oxides, and mercury. (<http://thomas.loc.gov/cgi-bin/bdquery/z?d109:SN02724:@@D&summ2=m&>). In 2003 Senator Graham voted Yea on the S. 139 the Lieberman-McCain Climate Security Act. ([http://www.senate.gov/legislative/LIS/roll\\_call\\_lists/roll\\_call\\_vote\\_cfm.cfm?congress=108&session=1&vote=00420](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=108&session=1&vote=00420)).

**FACT:** President Obama believes Senator Graham supports a cap-and-trade bill. In a speech on October 23, 2009, he stated that “The House of Representatives has already passed historic legislation, [H.R. 2454, a cap-and-trade bill] due in large part to the efforts of Massachusetts' own Ed Markey, he deserves a big round of applause. (Applause.) We're now seeing prominent Republicans like Senator Lindsey Graham joining forces with long-time leaders John Kerry on this issue , to swiftly pass a bill through the Senate as well.” ([http://www.whitehouse.gov/the\\_press\\_office/Remarks-by-the-President-Challenging-Americans-to-Lead-the-Global-Economy-in-Clean-Energy/](http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-Challenging-Americans-to-Lead-the-Global-Economy-in-Clean-Energy/))

**FACT:** The point of cap-and-trade is to increase the price - in other words “to tax,” - of oil, coal, and natural gas—the fuels which release carbon dioxide when burned. By increasing the price of these fuels, it makes alternative fuels more economically attractive. As President Obama’s OMB director, Peter Orszag, told Congress last year that “price increases would be essential to the success of a cap and trade program.” ([http://www.cbo.gov/ftpdocs/91xx/doc9134/04-24-Cap\\_Trade\\_Testimony.pdf](http://www.cbo.gov/ftpdocs/91xx/doc9134/04-24-Cap_Trade_Testimony.pdf)). When running for election, President Obama told the San Francisco Chronicle that “Under my plan of a cap and trade system, electricity price would necessarily skyrocket. (<http://www.youtube.com/watch?v=HITxGHn4sH4>) Representative John Dingell, said that “Nobody in this country realizes that cap and trade is a tax, and it’s a great big one.” ([http://www.youtube.com/watch?v=GgUHol\\_WkDk](http://www.youtube.com/watch?v=GgUHol_WkDk))

**AUDIO:** “. . . cap and trade which could significantly increase electricity bills, gas prices and cost American jobs.”

**FACT:** The most-respected analyses of cap-and-trade, including those performed by the Congressional Budget Office (<http://www.cbo.gov/ftpdocs/87xx/doc8769/11-01-CO2Emissions.pdf>), Brookings Institution ([http://www.brookings.edu/~media/Files/events/2009/0608\\_climate\\_change\\_economy/20090608\\_climate\\_change\\_economy.pdf](http://www.brookings.edu/~media/Files/events/2009/0608_climate_change_economy/20090608_climate_change_economy.pdf)), Massachusetts Institute of Technology ([http://web.mit.edu/globalchange/www/MITJPSPGC\\_Rpt146.pdf](http://web.mit.edu/globalchange/www/MITJPSPGC_Rpt146.pdf)), and those cited in the Intergovernmental Panel on Climate Change’s AR4 report, agree that a cap-and-trade program reduces economic output and standards of living, as conventionally measured. The models disagree about the magnitude of these costs.

**FACT:** All of the well respected studies that examined actual cap-and-trade legislation agree that cap-and-trade will be economically harmful. For example, all of the well respected studies on the Waxman-Markey bill (H.R. 2454) find it is economically harmful including the studies using a model from the Science Applications International Corporation (SAIC) (<http://www.accf.org/publications/126/accf-nam-study>), the Environmental Protection Agency ([http://www.epa.gov/climatechange/economics/pdfs/HR2454\\_Analysis.pdf](http://www.epa.gov/climatechange/economics/pdfs/HR2454_Analysis.pdf)), Heritage Foundation (<http://www.heritage.org/Research/EnergyandEnvironment/cda0904.cfm>), and Congressional Budget Office (<http://www.cbo.gov/ftpdocs/105xx/doc10573/09-17-Greenhouse-Gas.pdf>). The only question is the degree of the harm caused by cap-and-trade.

**FACT:** Senator Graham has not announced the exact contours of the cap-and-trade bill he supports. The bill, however, will likely be similar to the Waxman-Markey bill that the U.S. House of Representatives passed either this year. According to a study of the Waxman-Markey bill by the Science Applications International Corporation (SAIC) using National Energy Modeling System (NEMS) model, the model used by the U.S. Energy Information Administration (EIA) for its energy forecasting and policy analysis, with assumptions supplied by the American Council for Capital Formation and the National Association of Manufacturers (known as “NEMS/ACCF-NAM 2”), electricity prices in South Carolina could increase by 53 percent (<http://www.accf.org/media/docs/nam/2009/SouthCarolina.pdf>).

**FACT:** According to the NEMS/ACCF-NAM 2 study of the Waxman-Markey bill (<http://www.accf.org/publications/126/accf-nam-study>) and gasoline prices in the United States are projected to increase by \$1.01, 26 percent increase (See page 5 [http://www.accf.org/media/dynamic/3/media\\_381.pdf](http://www.accf.org/media/dynamic/3/media_381.pdf)). Also, Waxman-Markey bill would lead to between 1.8 and 2.4 million jobs lost. (<http://www.accf.org/media/docs/nam/2009/National.pdf>)

**FACT:** Even if the Senator Graham does not support a bill similar to Waxman-Markey, he could support a bill similar to the bill he voted for in 2003, S. 139, the Climate Stewardship Act of 2003. S. 139 which would limit aggregate U.S. greenhouse gas emissions to 2000 levels by 2010 and not lower that cap any further (Phase II of the bill tightened the cap to 1990 levels in 2016, but this was considered too restrictive and the bill was amended) ([http://www.crai.com/uploadedFiles/RELATING\\_MATERIALS/Newsletters/BC/The%20Full%20Costs%20of%20S.139,%20With%20and%20Without%20its%20Phase%20II%20Requirements.pdf](http://www.crai.com/uploadedFiles/RELATING_MATERIALS/Newsletters/BC/The%20Full%20Costs%20of%20S.139,%20With%20and%20Without%20its%20Phase%20II%20Requirements.pdf)). According to modeling done by Charles River Associates, S. 139 would cost the U.S. between 432,000 and 963,000 jobs. ([http://www.crai.com/uploadedFiles/RELATING\\_MATERIALS/Newsletters/BC/The%20Full%20Costs%20of%20S.139,%20With%20and%20Without%20its%20Phase%20II%20Requirements.pdf](http://www.crai.com/uploadedFiles/RELATING_MATERIALS/Newsletters/BC/The%20Full%20Costs%20of%20S.139,%20With%20and%20Without%20its%20Phase%20II%20Requirements.pdf)).

**FACT:** It is unlikely any bill taken seriously by Congress today would have a cap on greenhouse gas emissions as loose as the cap in S. 139. The emissions reductions required by that bill were much less restrictive than any bill being considered by Congress today. World Resources Institute shows a graphical comparison of various a few cap-and-trade proposals in the current congress. ([http://www.wri.org/image/view/11140/\\_original](http://www.wri.org/image/view/11140/_original)) and the 110<sup>th</sup> Congress ([http://pdf.wri.org/usclimatetargets\\_2008-12-08.pdf](http://pdf.wri.org/usclimatetargets_2008-12-08.pdf) p. 3) and the 109<sup>th</sup> Congress (<http://www.wri.org/stories/2006/11/global-warming-legislation-109th-congress>). S. 139 retained the cap on greenhouse gas emissions at year 2000 levels, but all of the recent serious proposals call for much greater reductions in emissions, such as Waxman-Markey’s 83 percent reduction from 2005 greenhouse gas emission levels by 2050.

**Graphic FX:** “Electricity Bills Could Jump 53%.”

**FACT:** According to the NEMS/ACCF-NAM 2 study of the Waxman-Markey bill, (<http://www.accf.org/publications/126/accf-nam-study>) electricity prices in South Carolina could increase by 53 percent. (<http://www.accf.org/media/docs/nam/2009/SouthCarolina.pdf>)

**AUDIO:** “Call Senator Graham—tell him you are turned off by his support for Cap and Trade.”