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Statement On Congressional Budget Office Report

WASHINGTON, D.C. - The Alliance for Jobs and Affordable Energy (AJAE) today issued the following statement on the Congressional Budget Office's (CBO) new report on the cap-and-trade legislation's impact on the U.S. economy.

"The Congressional Budget Office confirms that the cap-and-trade legislation passed by the House of Representatives will hurt economic growth and family's pocketbooks. We cannot afford the tax increases proposed in this legislation," said Brian McCormack, executive director of the Alliance for Jobs and Affordable Energy (AJAE). "Senators considering cap-and-trade should read the CBO's report to understand the harmful impact their votes would have on America's economy."

BACKGROUND:

Climate Legislation Could Reduce GDP By 3.5 Percent By 2050:

"Reducing the risk of climate change would come at some cost to the economy. For example, the Congressional Budget Office (CBO) concludes that the cap-and-trade provisions of H.R. 2454, the American Clean Energy and Security Act of 2009 (ACESA), if implemented, would reduce gross domestic product (GDP) below what it would otherwise have been - by roughly 1/4 percent to 3/4 percent in 2020 and by between 1 percent and 3 1/2 percent in 2050." ("The Economic Effects Of Legislation To Reduce Greenhouse-Gas Emissions [page 2]," Congressional Budget Office, 9/18/09)

Climate Legislation Would Cause Unemployment To Increase:

"Climate legislation would cause permanent shifts in production and employment away from industries focused on the production of carbon-based energy and energy-intensive goods and services and toward the production of alternative energy sources and less-energy-intensive goods and services. While those shifts were occurring, total employment would probably be reduced a little compared with what it would have been without a comparably stringent policy to reduce carbon emissions because labor markets would most likely not adjust as quickly as would the composition of demand for different outputs."

(Page 2, "The Economic Effects of Legislation to Reduce Greenhouse-Gas Emissions." Congressional Budget Office, 9/2009)

Higher Prices Caused By Legislation Would Be Like Raising Marginal Taxes:

"Some of the effects of a CO2 cap would be similar to those of raising such taxes: The higher prices caused by the cap would reduce real wages and real returns on capital, which would be like raising marginal tax rates on those sources of income." (Page 9, "The Economic Effects of Legislation to Reduce Greenhouse-Gas Emissions." Congressional Budget Office, 9/2009)

Higher Prices Caused By Legislation Would Reduce Workers' Real Wages:

"The increases in the price of energy caused by the program would reduce workers' real wages." (Page 14, "The Economic Effects of Legislation to Reduce Greenhouse-Gas Emissions." Congressional Budget Office, 9/2009)

The Alliance for Jobs and Affordable Energy (AJAE) is an organization dedicated to educating voters, employers, employees, and the general public about the negative economic impact of Congress's cap-and-trade legislation - also known as the American Clean Energy and Security Act - which is now being considered by the U.S. Senate. You can learn more about AJAE at <http://allianceforjobsandenergy.org>

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