



Grover G. Norquist

President

October 19, 2007

The Honorable John McCain
John McCain 2008
P.O. Box 16118
Arlington, VA 22215

Dear Senator McCain,

On behalf of Americans for Tax Reform, I am writing to express concerns with your endorsement of a plan to raise energy prices for American consumers by putting a mandatory cap on greenhouse gas emissions. **At a time when consumers are struggling with high prices for energy and energy-intensive products, it is puzzling that you would pursue a policy that can only raise energy prices further.**

A cap and trade system would be an enormous burden on the American economy. About 85 percent of America's energy comes from coal, oil and natural gas, of which mandatory emissions caps attempt to restrict. If implemented, cap and trade policies would bear considerable costs to production, a key ingredient for economic growth. Increased costs to production would adversely affect another economic growth indicator, consumer spending. As a report by the Congressional Budget Office (CBO) concluded in April, 2007 "much or all of the allowance cost would be passed on to consumers in the form of higher prices." **With these increased costs, it will be harder for American families to buy food, heat their homes, or take a vacation.**

Make no mistake. A cap and trade scheme is a hidden tax. A 2001 CBO report stated, "the economic impacts of cap-and-trade programs would be similar to those of a carbon tax: both would raise the cost of using carbon-based fossil fuels, lead to higher energy prices, and impose costs on users and some suppliers of energy."

Supporting mandatory caps on emissions would have overwhelmingly negative consequences, high costs, and virtually no benefits.

Onward,

Grover G. Norquist