Don't Fall for Cap and Tax

by Phyllis Schlafly May 15, 2009

Google Ads are provided by Google and are not selected or endorsed by Eagle Forum

Barack Obama promised that he won't raise taxes on anyone making less than $250,000 a year. He neglected to mention that this tax exemption will go only to those who don't use electricity, gasoline, heating oil, or natural gas.

The truth of the matter is that Obama will raise taxes on practically all middle-class Americans. But that's not all; in addition to new taxes on all those necessities (just think of all the appliances in your home that use electricity), he will drastically reduce our standard of living.

Obama warned during his campaign in Oregon that we can no longer keep our homes set at 72 degrees (warmed in the winter and cooled in the summer), eat whatever foods we want (if, like meat and milk products, they come from cows that have to be fed), and drive SUVs (to accommodate our family and friends). He said we cannot continue to consume 25 percent of the world's resources when we have only 4 percent of the world's population.

But why not? Americans have built a free-enterprise, private-property, rule-of-law, respect-for-contracts, innovation-receptive society that has enabled us to enjoy the highest standard of living in the world. We designed it by adoption of our unique and long-lasting U.S. Constitution, we worked for it and we paid for it, so why can't we enjoy the fruits of our labor?

This increase in our taxes and decrease in our standard of living is being sold under the slogan "cap and trade," which means giving the government the power to put a cap on the amount of carbon emissions (CO2) produced by the production of

electricity, gasoline, and heating oil, and forcing businesses to buy permits for the emissions they are allowed. The process should be called "cap and tax": a cap in our standard of living, and a tax (an increase in cost) on our use of products whose manufacture emits CO2.

The Obama administration hopes that increased energy costs will force us to shift away from the use of fossil fuels to various alternatives. To nuclear plants? The left won't tolerate that.

To windmills and solar panels to capture wind and sun? They now provide less than 1 percent of our energy, so the gain won't be much even if we double or triple the output. To "clean coal technology"? More likely, cap and trade would just kill the coal industry.

So, what's behind these anti-middle-class plans? The announced purpose is that the use of carbon-based fuels (oil, gas and coal) is increasing CO2, which is trapping heat in the atmosphere and causing the earth's temperature to rise to catastrophic levels. A cap-and-trade system to curb CO2 emissions is supposed to be more politically attractive than a direct carbon tax.

But it's not any cheaper. It's just a different way of levying the tax.

A new report by the respected Tax Foundation found that cap and trade would impose an annual burden of $144.8 billion per year on U.S. households. Depending on how the process is structured, cap and trade could reduce household earnings by $37.8 billion, reduce U.S. employment by 965,000 jobs, and reduce economic output by $136 billion per year or roughly $1,145 per household.

Furthermore, cap and trade would be a regressive tax. The burden would be disproportionately borne by low-income households.

The Tax Foundation estimates that the bottom 20 percent of income earners would have an annual cap-and-trade burden equal to 6.2 percent of their household cash income, and the second quintile 3.2 percent.

Fortunately, the American people are waking up to the high cost of cap and trade. For the first time in Gallup's 25-year history of asking about the trade-off between environmental protection and economic growth, a majority of Americans say the priority should be economic growth "even if the environment suffers."

The Copenhagen Climate Conference, which is scheduled to convene in December, is supposed to produce a replacement for the Kyoto agreement that the U.S. Senate rejected. The globalists are already planning how to lock in the United States.

The Brookings Institution published a paper in January calling on President Obama to negotiate a "cap and trade" agreement with other countries and bypass the U.S. Constitution's requirement that treaties need a two-thirds vote in our Senate to be ratified. This was corroborated by a Council on Foreign Relations report complaining that "the separation of powers enshrined in the U.S. Constitution, which gives Congress a critical voice in the ratification of treaties and endorsement of global institutions, complicates U.S. assumptions of new international obligations."

Cap and tax would be a betrayal of Obama's no-new-taxes promise, plus a blatant attempt by the globalists to override our U.S. Constitution by treaty. Americans must be on guard; our freedom depends on it.