

## **CAP & TRADE ECONOMIST STATEMENT**

*As Congress addresses the challenges of global warming, the undersigned economists support market-based solutions for reducing carbon and other greenhouse gas emissions.*

*If Congress pursues a carbon cap-and-trade program, we believe 100 percent of the credits should be sold at auction to help ensure the most efficient and equitable outcome.*

Conversely, the free allocation of carbon credits to emitting industries under a cap-and-trade program would undermine the program's long-term success:

- *Free allocations will do little or nothing to protect families and businesses from higher energy costs.*
- *Free allocations will represent a significant and undeserved windfall to utilities and other greenhouse gas producers.*
- *Free allocations will deny the government the necessary resources to reduce the economic cost of combating climate change, and will thus generate needlessly high costs of achieving any reduction target.*

*For these reasons, we oppose the free allocation of credits to emitting industries under a carbon cap and trade program and support auctioning 100 percent of the credits immediately.*