



# Cap & Dividend:

## A significant step in solving global climate change

There is convincing scientific evidence that human release of carbon dioxide, and other greenhouse gasses is causing and will, in the foreseeable future, cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate.

These increases in atmospheric carbon emissions pose an enormous, growing threat to the health and safety of our world and that of our children. The failure to reduce greenhouse gas emissions that drive global warming will destroy ecosystems and economies alike.

The concept is quickly gaining support, and leaders in both the House and the Senate are considering legislation. Join us in becoming important champions for this program, which is based on equity and fairness.

**How it works: The system is based on three principles, (1) the simpler a system is, the more likely it is to work; (2) the fairer a system is, the more likely it is to last; and (3) polluters should pay for the right to pollute.**

A cap and dividend program will reduce emissions steadily, cushion the cost to families, and earn enough popular support to last for decades. It is simple and works like this:

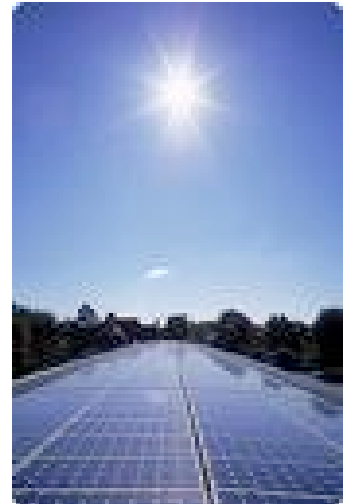
**CAP:** A cap is placed on all carbon-based fuels as they enter the economy, and it declines by at least 25% below 1990 levels by 2020.\*

**AUCTION:** Carbon permits are issued up to each year's cap, and companies bid for these permits at competitive auctions. During the course of a year these companies would have to own permits equal to the carbon content of their fuels. Once a year the companies would 'true up' and pay a stiff penalty if they don't own enough permits.

**DIVIDEND:** Income from permit sales is passed to all Americans in equal monthly dividends, and the dividends cushion the higher prices caused by carbon capping (along the lines of the Alaska Permanent Fund).

As the cap declines, billions of dollars in private investment pour into conservation, spur innovation, efficiency and conservation, and shift billions of dollars of investment into non-carbon technologies. Millions of new jobs will be created. As carbon prices rise, so — automatically — do dividends. Family incomes are protected no matter how high carbon prices go. There are careful economic analyses showing that low and middle income families are protected. Additionally people who invest in energy efficiency measures will have the potential of saving even more, thus encouraging conservation.

The realization that we can simultaneously restore the Earth and revive our economy has inspired millions. Increasingly, federal, state and local elected officials, labor and business leaders, social justice champions, environmentalists and youth see great economic opportunities in advancing green solutions to our climate and energy crises.



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\* The Intergovernmental Panel On Climate Change (IPCC), which is composed of more than 1,200 leading international scientists, has concluded that developed nations must reduce global warming pollution if we are to avoid catastrophic changes.