



Written by on April 9, 2009

## Obama Cap-and-Trade Plan Still Forming

Dr. Holdren stated: "Members of Congress are looking at a variety of policy options to help us make that transition, and the administration will be flexible during the policymaking process as long as those larger goals are met."

"The idea, obviously, is to end up with a bill that reflects both the thinking of Congress and the administration, a bill that the president can sign," the *Washington Post* quoted Holdren as saying. The presidential assistant added concerning a 100-percent auction, "Whether you get to start with that or get there over a period of time is something that's being discussed."



A Winston-Salem *Journal* wire report noted that House Energy and Commerce Committee Chairman Henry A. Waxman (D-Calif.) and Rep. Edward J. Markey (D-Mass.), chairman of the panel's energy and environment subcommittee, released a draft climate bill last week that they hope to send to the full House by Memorial Day. The paper noted that Senate Environment and Public Works Committee, which has primary jurisdiction over the issue in the upper chamber, has yet to take up a bill.

However, another bill containing a cap-and-trade provision has already been introduced in the House. H.R. 1759, the Emission Migration Prevention with Long-term Output Yields Act, was introduced on March 26 by representatives Jay Inslee (D.-Wash.) and Michael Doyle (D.-Pa.) and has been referred to the House Committee on Energy and Commerce. Its purpose is defined thusly: "To distribute emission allowances under a domestic cap-and-trade program to facilities in certain domestic energy-intensive industrial sectors and subsectors to prevent an increase in greenhouse gas emissions by manufacturing facilities located in countries without commensurate greenhouse gas regulation, and for other purposes."

The bill defines the term "cap-and-trade program" as "an economy-wide program enacted by Congress that distributes or auctions emission allowances for the control of greenhouse gas emissions under the Clean Air Act."

In a statement released on April 8, White House spokesman Ben LaBolt said: "The president has asked Congress to send him comprehensive energy legislation that would spur a transition to a clean energy economy, create thousands of green jobs, and wean us of our dependence on foreign oil." But La Bolt added: "Members of Congress are looking at a variety of policy options to help us make that transition, and the administration will be flexible during the policymaking process as long as those larger goals are met."

Perhaps to address concerns voiced by opponents of cap-and-trade plans that they will damage an already weak U.S. economy, Joseph Aldy, a special assistant to the president for energy and the environment, announced on April 8 that a portion of the revenue received from any cap-and-trade plan



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must go toward relieving those who end up paying higher energy bills because of the plan — an admission against interest that energy costs are going to go up, just as critics claim.

"There will be those who are going to be vulnerable as we make this transition and ... we need to actually target the allowance value and revenues to those households, communities, and businesses," Reuters news quoted Aldy as saying at an Energy Information Administration forum.

Aldy conceded that the White House's goal in presenting this idea was to obtain the support of so-called moderate U.S. senators for climate change legislation in the upper house, where passage is expected to be difficult.

Legislation has already been introduced in Congress to make provisions for the collection and disbursement of taxes collected through a cap-and-trade program. H.R. 1666, the Safe Markets Development Act of 2009, would amend the Internal Revenue Code to establish an auction and revenue collection mechanism for carbon market receipts. One provision in the act points toward the activity that Aldy alluded to by directing the revenue raised from the cap-and-trade auction to a trust fund "to be used for important public purposes."

In a political world where the general welfare clause has been used to justify so many provisions not found in the Constitution, can a phrase as vague as "to be used for important public purposes" be construed as anything less than a blank check?

U.S. Representative Marsha Blackburn (R.-Tenn.) has said that Obama's "cap and trade," which she calls "cap and tax," would cost each household \$1,300 in new energy taxes. However, the Obama administration's FY 2010 budget overview includes a provision for rebating hundreds of billions of dollars raised through cap-and-trade programs back to low- and middle-income citizens, amounting to \$400 per year for individuals and \$800 for couples. When the dust has settled, the Obama's "cap and trade" proposal would amount to a huge new tax on energy. Then, Congress would have the power to choose certain segments of the population to favor with rebates to soften the blow of the cap-and-trade energy tax, but other segments of the population and most businesses would bear the full effect of the new energy tax.

Aldy's statement and the provision in H.R. 1666 to deposit cap-and-trade revenue in a trust fund "to be used for important public purposes" confirm that what should be called the administration's "cap and tax" plan is but one more opportunity to redistribute wealth.

However, even many economically wise individuals usually resistant to such blatantly socialist schemes may be stampeded into buying into cap-and-trade carbon taxes out of fear of "global warming." Which is as good an explanation as any for the motivations of those who constantly trump this unproven theory.

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