



Written by [Rebecca Terrell](#) on February 4, 2010

Obama Concedes Cap-and-trade Defeat

President Obama admits his cap-and-trade plans probably do not have enough support to pass the Senate this year. Obama made the concession at a Tuesday town hall meeting in Nashua, New Hampshire, expressing regrets that his plan to charge companies for greenhouse-gas emissions will likely suffer defeat.

Still, the President attempted to whitewash the proposal as economically viable. The [New York Times](#) quoted him saying, "The concept of incentivizing clean energy so that it's the cheaper, more effective kind of energy is one that is proven to work and is actually a market-based approach."



Cap-and-trade legislation passed the House last June, in the form of [H.R. 2454](#), but Democrats have suffered back home because of it. They are not eager to take on a new controversy when approval ratings are already running low because of the healthcare and budget debates, as reported by [Politico](#). The article quoted Senator Evan Bayh (D-Ind.): "We need to deal with the phenomena of global warming, but I think it's very difficult in the kind of economic circumstances we have right now."

Yet Obama remains dedicated despite the poor economy. "If [companies] start seeing ... that dirty energy is a little pricier, clean energy is a little cheaper, they'll innovate, and they'll think things through in all kinds of ways," the President speculated Tuesday.

Senator John Kerry's (D-Mass.) version, [S. 1733](#), the Clean Energy Jobs and American Power Act, has met with considerable opposition from Senate moderates who do not want to tax carbon emissions. Instead, they are pushing for a kinder, gentler energy bill, [S. 1462](#), the American Clean Energy Leadership Act. [The New York Times](#) reported that some Senators say it's a good first step toward promoting renewable energy. But not all like it. Senator Lindsey Graham (R-S.C.) called it weak and said it does not go far enough. "It's the 'kick the can down the road' approach. It's putting off to another Congress what really needs to be done comprehensively. I don't think you'll ever have energy independence the way I want until you start dealing with carbon pollution and pricing carbon. The two are interconnected."

On the contrary, S. 1462 goes too far. The Constitution does not authorize Congress to regulate energy or environmental issues. The fact that this bill is even up for debate shows the Senate's blatant disregard for our country's rule of law. The Congressional Budget Office (CBO) gives a [summary](#) of what this reputedly weak legislation would inflict on American taxpayers. It would:

- Authorize appropriations for a variety of energy-related programs administered by the Department of Energy (DOE) and other agencies;
- Establish a Clean Energy Deployment Administration (CEDA) within DOE, which would be authorized to provide direct loans, loan guarantees, and letters of credit for clean energy projects;



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- Extend and expand federal agencies' authority to enter into certain long-term contracts;
- Modify the mix of products stored in the Strategic Petroleum Reserve (SPR);
- Amend the Gulf of Mexico Energy Security Act of 2006 to accelerate and expand potential oil and gas leasing in the Outer Continental Shelf (OCS), subject to certain conditions;
- Require certain retail electricity suppliers to satisfy a minimum percentage of their electricity sales with electricity generated by facilities that use qualifying renewable fuels or energy sources; and
- Authorize the federal government to indemnify the operators of carbon storage facilities.

CBO also estimates the bill would raise spending by \$13.9 billion over the next decade and increase the national budget deficit by \$13.5 billion over the same period. Yet by passing it, Senate moderates will be able to play the hero to their constituencies back home, telling them they blocked cap-and-trade legislation — when they really didn't. Senator Byron Dorgan (D-N.D.) admitted the legislation effectively sets up cap-and-trade rules on utilities when he told [the New York Times](#), "If you ask somebody who believes fervently in cap and trade and a lower carbon future, 'What would you specifically do to achieve that?' they'd talk about the very things we've put in this energy bill."

Obama gave a clear warning at Tuesday's town hall meeting to pass some type of Cap-and-trade legislation, or else. He urged congressional action on cap and trade to prevent having to "involve some big bureaucracy in a control-and-command system." His remark echoed that made by a White House official in December, who said Obama's Environmental Protection Agency (EPA) is ready to [regulate emissions with or without congressional approval](#): "The EPA is going to have to regulate in this area. And it is not going to be able to regulate in a market-based way, so it's going to have to regulate in a command-and-control way."

The same day Obama predicted defeat for his favored cap-and-trade bill, S. 1733 was placed on the Senate legislative calendar where it, along with S. 1462, await further action on the floor this spring.



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