

The Washington Post

Obama Praises Climate Bill's Progress but Opposes Its Tariffs

By Steven Mufson
Washington Post Staff Writer
Monday, June 29, 2009

President Obama yesterday said that the House took an "extraordinary first step" by passing a climate bill on Friday, adding that he hoped it will "prod" action by the Senate and predicting that the legislation could make renewable energy "a driver of economic growth."

But he said he hopes that Congress will strip out a clause that would impose a tariff in 2020 on imports from countries without systems for pricing or limiting carbon dioxide emissions.

"At a time when the economy worldwide is still deep in recession and we've seen a significant drop in global trade, I think we have to be very careful about sending any protectionist signals out," Obama said. He said other portions of the House bill provide protections for energy-intensive U.S. manufacturers worried about competition from such nations as China and India.

"I am very mindful of wanting to make sure that there's a level playing field internationally," the president said. "I think there may be other ways of doing it than with a tariff approach."

In an interview with a small group of energy reporters in the Oval Office, Obama had few other criticisms as he savored last week's narrow victory in the House on one of his top domestic priorities: a climate bill designed to reduce greenhouse gas emissions and to promote renewable energy and energy efficiency.

The House measure, co-sponsored by [Reps. Henry A. Waxman](#) (D-Calif.) and [Edward J. Markey](#) (D-Mass.), would impose a limit, or "cap," on greenhouse emissions starting in 2012, while setting up a complex system for trading allowances and permitting offsets. By 2020, the cap would lower emissions by 17 percent from 2005 levels. Unlike Obama's initial proposal, in which the federal government would have auctioned 100 percent of emission allowances, the Waxman-Markey bill would give 85 percent of them at no charge for a prolonged transition period.

Obama brushed aside criticism of compromises House leaders made by giving away free emission allowances to a long list of industries and interest groups, including coal-fired utilities, oil firms, algae makers and superconductor makers. He said the allowances were needed to ease regional differences, help industries adjust to carbon pricing, protect low- and middle-income households from higher electricity costs, and round up enough votes in Congress.

"Part of the reason I think that business was supportive, and ultimately we got support from legislators who in the past had been opposed, is because of the flexibility that was built . . . into this bill," he said.

"Finding the right balance between providing new incentives to businesses but not giving away the store is always an art, it's not a science," he added. "But, on balance, I think what we have with this

Advertisement » Your Ad Here



legislation is a bill that business can embrace but is tough enough that by 2020 we will have seen significant reductions in carbon emissions."

GOP congressional leaders have criticized the legislation, saying it would sharply increase electricity and gasoline costs for American households, and ship millions of jobs overseas. Yesterday on "Fox News Sunday," [Senate Minority Leader Mitch McConnell](#) (R-Ky.) called the bill a "light-switch tax" and said, "I don't think putting clamps on our economy when you know the Chinese and the Indians are not going to do it is a good idea."

Obama said the bill's foes were seeking to "get political gain by scaring the bejesus out of people."

Many liberals have also opposed the bill, saying it gives too much to big energy industries and farm interests, which wrangled some last-minute changes that could make it easier for farmers to meet emission limits through the use of offsets based on tilling techniques. The latter concession most worries environmentalists because, depending on how the offsets are administered, it could undermine the solidity of the cap.

Many Republican leaders also have tried to undercut Democratic lawmakers' support for the measure by comparing it to the "Btu tax" of 1993, a bill that would have taxed energy sources based on their heat value measured in British thermal units. The bill never became law, but many Democratic House members who supported lost their seats in 1994 after opponents used the Btu tax as a political weapon against them. It continues to haunt many lawmakers on tax issues.

Obama said the Republican comparison "tells me those guys are 16 years behind the times" and that "they are fighting not even the last war; they're fighting three wars ago." He said that "for all the fear mongering . . . there's a recognition that the status quo is unsustainable."

On Friday, however, House leaders won over only eight Republicans; 44 Democrats voted against the bill, which passed 219 to 212.

"I think those 44 Democrats are sensitive to the immediate political climate of uncertainty around this issue," Obama said. "They've got to run every two years, and I completely understand that."

Climate-change legislation could face a stiffer challenge in the Senate, where without Republican support it would take the votes of all 58 Democrats and two independents to bring a bill to a vote. Early Saturday morning, [Sen. Claire McCaskill](#) (D-Mo.) said on Twitter that "I hope we can fix cap and trade so it doesn't unfairly punish businesses and families in coal dependent states like Missouri." She said responses on cap and trade were the "definition of the word polarized."

The Senate's Democratic leaders already have a full plate with financial and health-care reform and the confirmation of Supreme Court nominee Sonia Sotomayor. Obama said the timing of a climate bill in the Senate is up to Democratic leaders, adding that health care might come first. But he urged the Senate to "seize the day, seize the opportunity."

The president faces time pressure from European allies, who want the United States to approve limits on greenhouse gas emissions before a December climate summit in Copenhagen. Obama acknowledged that "the final legislation that emerges is probably not going to satisfy the Europeans or Greenpeace." But he said he recently told German Chancellor Angela Merkel that "we don't want to make the best the enemy of the good."

In the House, the White House left a wide berth for Waxman, Markey and [House Speaker Nancy Pelosi](#) (D-Calif.) to make deals with lawmakers. Asked whether he had a bottom line as legislation moved forward, Obama listed his priorities as: "meaningful targets so that by 2020, by 2050 we're actually seeing reductions in carbon emissions"; a "strong push" for energy efficiency that he

believes could reduce energy use by 30 percent "without changing our quality of life"; a bill that is "deficit neutral"; a component promoting renewable energy; and assurances that consumers will be "protected from huge spikes in electricity prices."

"I've got some broad criteria the House bill meets," he said. "There are going to be provisions in the House bill and in the Senate bill that I question as to their effectiveness. I'm not going to have a line-item veto, so I'm going to look at the final product and if it meets those broad criteria . . . it's a bill I'm going to embrace."

[View all comments](#) that have been posted about this article.

Post a Comment

[View all comments](#) that have been posted about this article.

You must be logged in to leave a comment. [Login](#) | [Register](#)

Comments that include profanity or personal attacks or other inappropriate comments or material will be removed from the site. Additionally, entries that are unsigned or contain "signatures" by someone other than the actual author will be removed. Finally, we will take steps to block users who violate any of our posting standards, terms of use or privacy policies or any other policies governing this site. Please review the [full rules](#) governing commentaries and discussions. You are fully responsible for the content that you post.

© 2009 The Washington Post Company

Ads by Google

New Climate Bill

Guaranteed To Increase CO2 Production - Commentary:
www.cincinnatusblog.com/climate

Want fair electric rates?

Learn how you can take action and make your voice heard!
FairElectricRates.net

Obama Campaign Offices

Find Barack Obama Campaign Offices In Washington DC at YellowPages®
www.YellowPages.com/WashingtonDC