



For Immediate Release  
May 7, 2009

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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding Auctioning Under a Cap-and-Trade Program**

Voltaire wrote: "Men argue, nature acts."

While people argued over global warming, nature acted. Now, at long last, people appear nearly ready to act in response.

Last year, the Senate had a good discussion of legislation to respond to climate change. As part of that effort, the Committee heard from witnesses about the tax and trade aspects of a cap-and-trade program. But ultimately, the Senate did not act on legislation last year.

This year, we will once again take up climate change legislation. President Obama has given a high priority to addressing the problem. It is time for us as a nation to show leadership and responsibility. It is our moral imperative to address climate change. It is time for us to act.

Action would not be without cost. But the costs of inaction would be far greater.

Many have analyzed the effects that a cap-and-trade program would have on our economy and our ability to compete in the world. Each study has generated its own set of questions and uncertainties. But we need to move ahead with the best information that we have.

Today, we have asked our witnesses to share their analyses of the effects of a cap-and-trade program on the economy. And we have also asked for their thoughts on the best way to design the system to provide certainty, where we can. We need certainty in terms of establishing and containing costs. And we need certainty in terms of meeting our greenhouse gas reduction goals.

We will ask: How can we reduce the effect of potentially increased energy costs on our economy?

How can we reduce the effect on energy consumers?

How should an auction be structured?

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How should allowances be allocated? Should they be auctioned, given away for free, or some combination of the two? What is the proper balance between free allowances and auction revenues?

Are free allowances an effective tool to assist industries facing particularly high costs? Are they effective to assist industries who are trade sensitive?

If we provide free allowances, who should receive them? Based on what criteria?

These are all questions that I hope our witnesses can help us to answer.

And so, while people argued, nature acted. Now, Congress can act in response. Let us find out what we can, so that we may act wisely.

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