

According to this morning's [NY Times](#), Senate Democrats have agreed to include a utilities-only cap-and-trade program in their energy bill. That's certainly not ideal — it excludes a large number of industrial sources, which limits its environmental effectiveness. The utilities-only program will also be less economically efficient, since it precludes taking advantage of possible low-cost reductions available in the industrial sector.

Opinions will always differ about how much you can compromise before the game isn't worth the candle. I'm generally inclined toward the view that half a loaf is better than none. In particular, passing any kind of federal climate legislation would be important as a first step toward something bigger. It would help reestablish momentum and would be an important symbolic recognition of the seriousness of the problem. In more concrete terms, it would bring the coal states into the mitigation process. That could also happen through EPA's implementation of the Clean Air Act, but getting those regulations in place and implemented could be a tortuous process.

This assumes that the bill would actually be a step forward. But if it preempts existing state and federal efforts without giving enough in exchange, then it could actually be a step backward. So it's important for environmentalists and the Administration to fight hard against overly expansive preemption.