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Obama laid the responsibility for the rejection of the pipeline on political gamesmanship by Republicans.

“As the State Department made clear last month, the rushed and arbitrary deadline insisted on by Congressional Republicans prevented a full assessment of the pipeline’s impact, especially the health and safety of the American people, as well as our environment.” Obama said. “As a result, the Secretary of State has recommended that the application be denied. And after reviewing the State Department’s report, I agree.”

TransCanada Corp. shares slid more than 3 percent after reports early Wednesday that rejection was imminent.

Rejection of the pipeline had been expected in Washington after Obama tried to delay the decision until 2013 but Congress forced his hand as part of a popular tax cut measure.

“This announcement is not a judgment on the merits of the pipeline, but the arbitrary nature of a deadline that prevented the State Department from gathering the information necessary to approve the project and protect the American people, Obama said. “I’m disappointed that Republicans in Congress forced this decision, but it does not change my Administration’s commitment to American-made energy that creates jobs and reduces our dependence on oil.”

The GOP will try to tie an extension of the payroll tax-cut to an approval of Keystone XL. Given that the payroll tax cut actually does create jobs while Keystone XL is marginal, that makes little sense as public policy, but it’s probably smart politics for Republicans. If Obama rejects the deal and the payroll tax goes up, then it help deflate the economy, which helps Republicans, and if Obama accepts, it will demoralize the Democratic base. Since Pravda Fox News is [still pushing discredited jobs numbers for the pipeline](#), the GOP might just get away with it.