

Status and Prospects for Carbon Pricing in the United States

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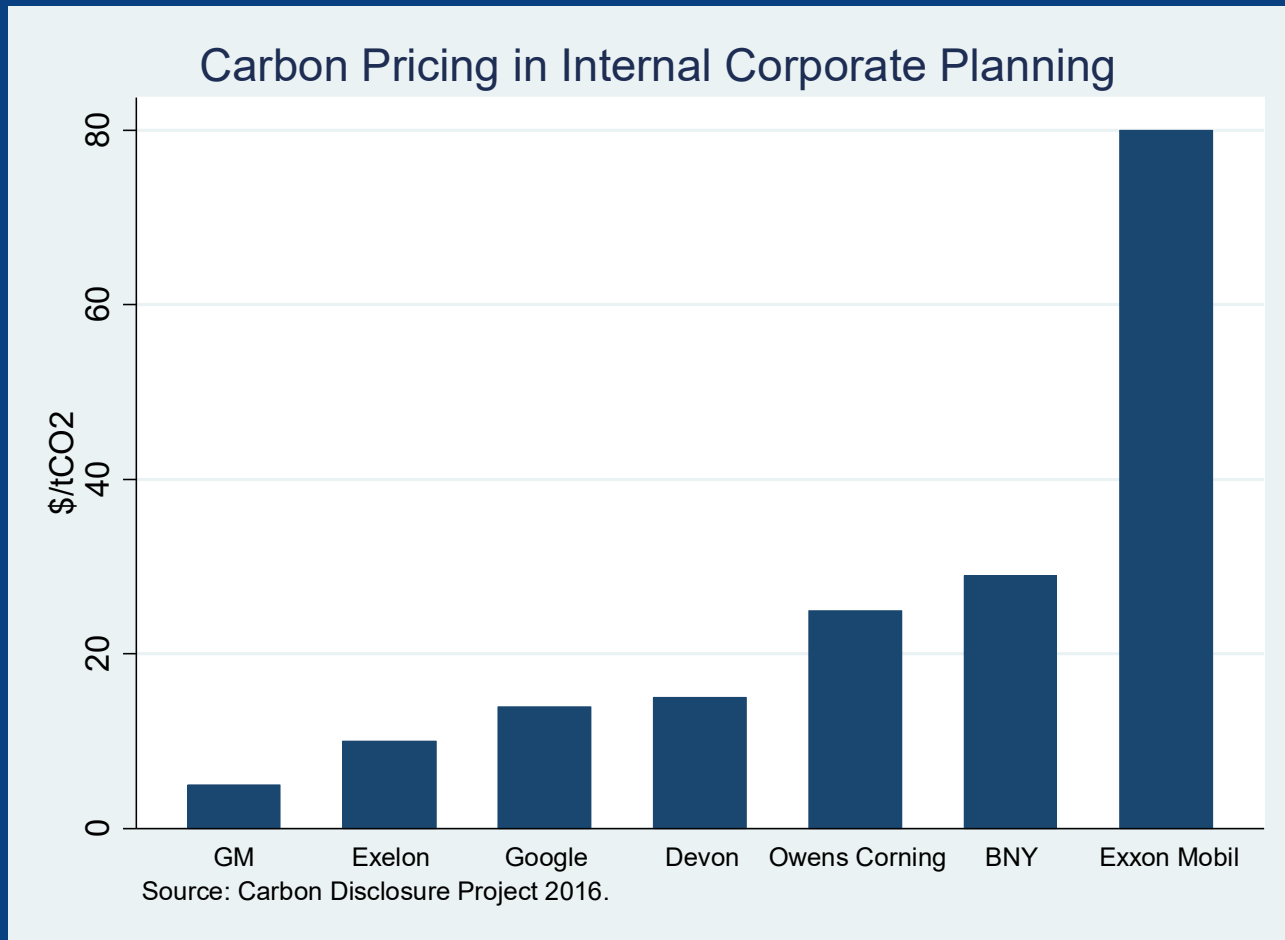
Workshop on Prospects for Carbon Pricing in Europe and the United States

Harvard University and Sciences Po

March 16, 2021

Revealed Preference in Support of Policies that Price Pollution

Corporate Internal Carbon Pricing, 2016



Policy Approaches that Price Pollution

Three Ways to Reduce Emissions

Raise the price of fossil energy

Carbon Tax / Clean Energy Standard



Prescribe low- and zero-emissions technologies through regulations

Social Cost of Carbon



Subsidize investment in low- and zero-emissions technologies

Technology-neutral Tax Credits



U.S. Economists Still Like Carbon Taxes

THE WALL STREET JOURNAL.

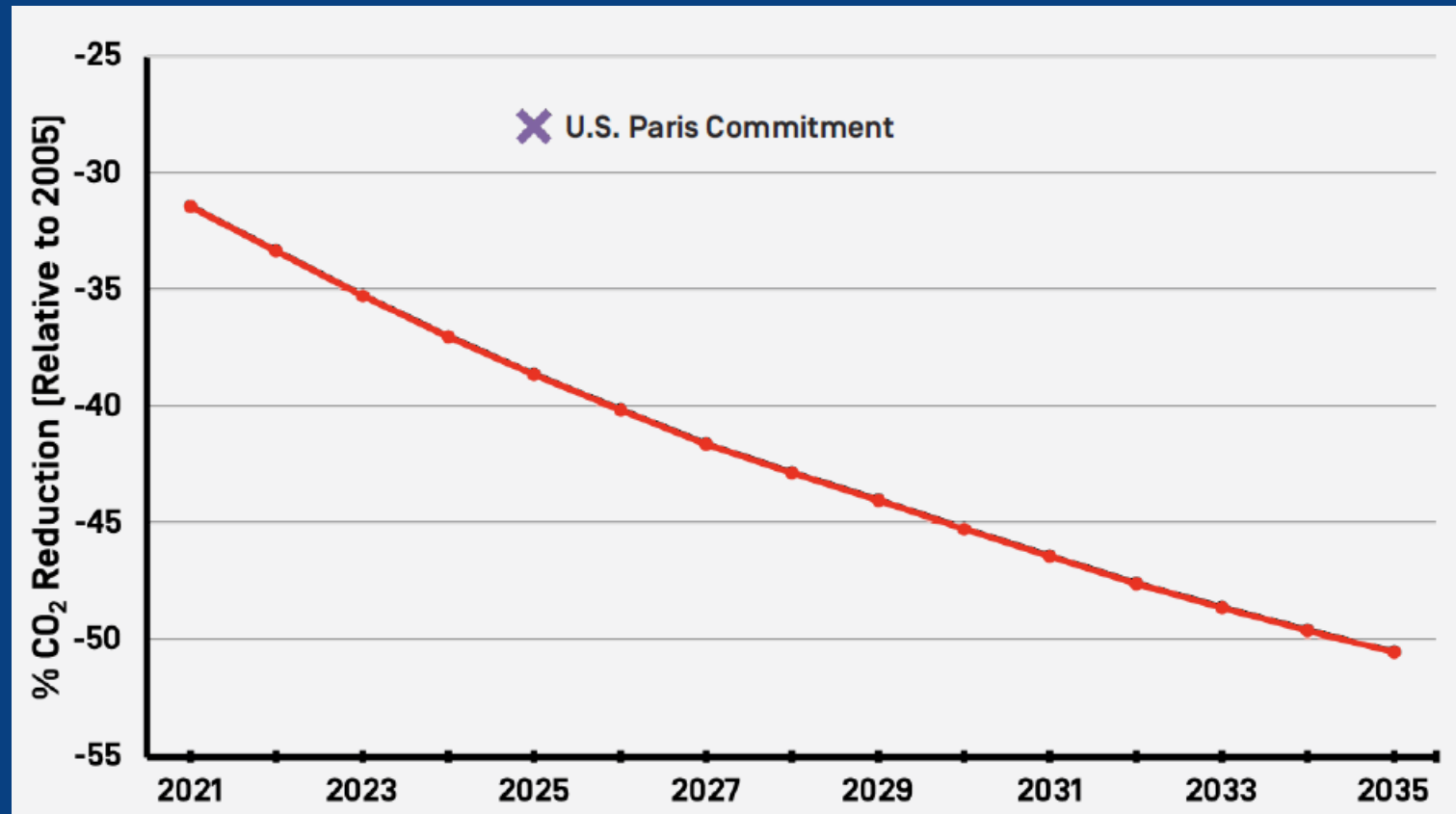
THURSDAY, JANUARY 17, 2019

Original Co-Signatories Include (full list on reverse):

- 4** Former Chairs of the Federal Reserve (All)
 - 27** Nobel Laureate Economists
 - 15** Former Chairs of the Council of Economic Advisers
 - 2** Former Secretaries of the U.S. Department of Treasury
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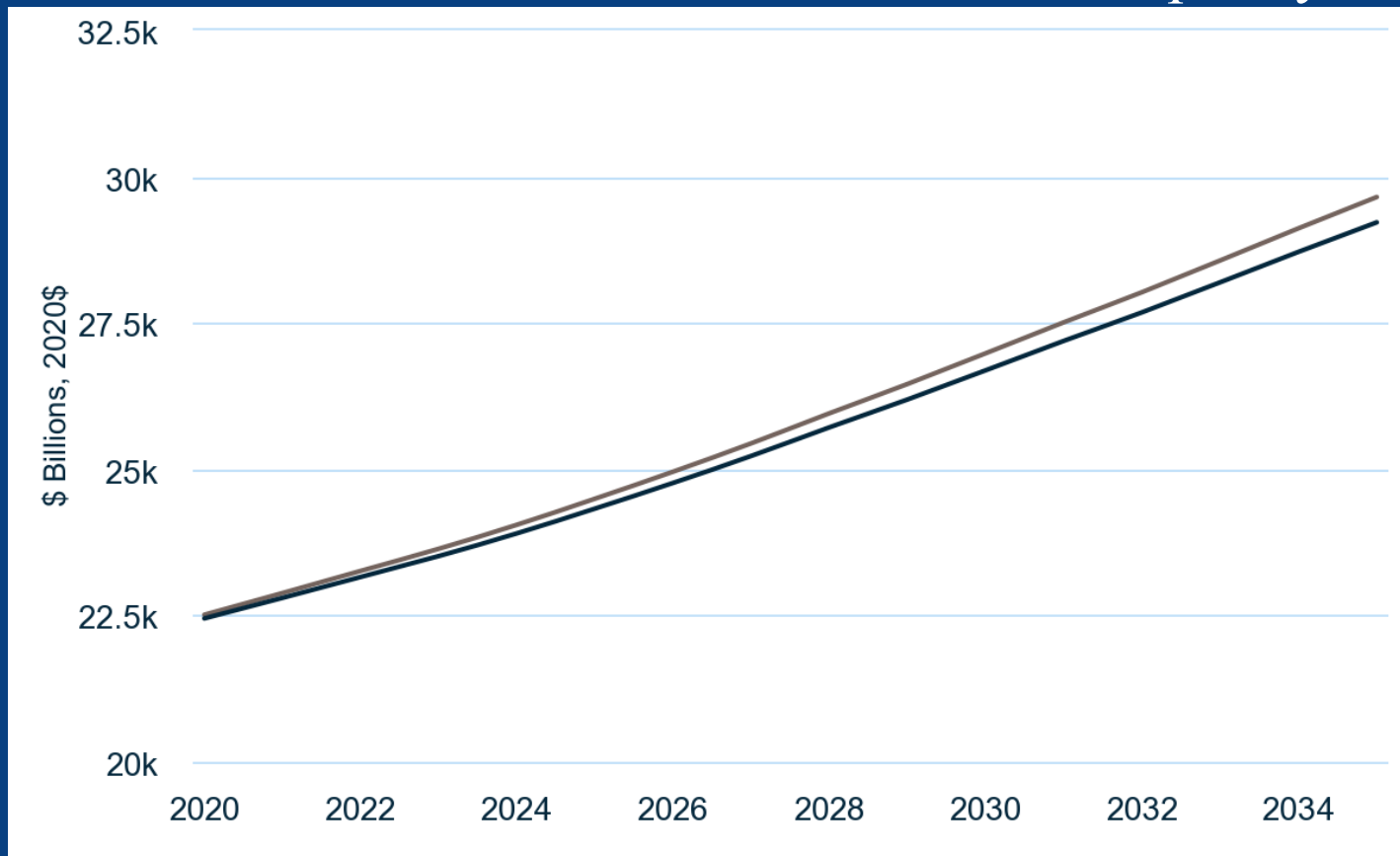
Economists' Statement on Carbon Dividends

Environment: Emissions Outcome



Economic Costs

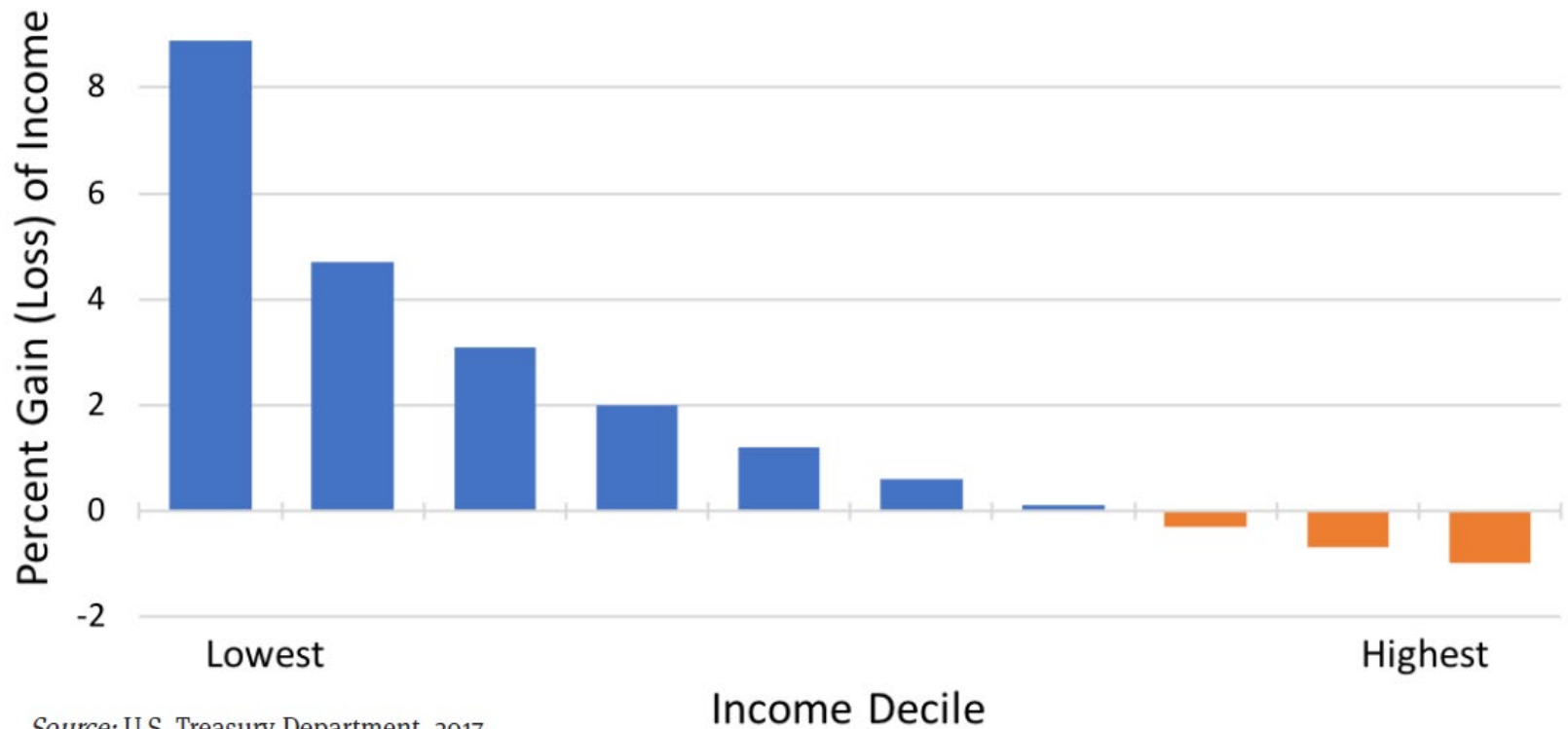
GDP under \$40/tCO₂ tax and no climate policy



Source: RFF Carbon Pricing Calculator.

<https://www.rff.org/publications/data-tools/carbon-pricing-calculator/>

Distributional Impacts



Political and Institutional Barriers

Barriers

- Closely divided Congress
- Judicial review risks of regulations
- How could policy design influence the political economy of future climate policy?
 - Price certainty, emissions certainty, revenues, competitiveness, distributional consequences, coordination with states, leveraging international action, broader policy portfolio

Thank You!

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