How Is the US Pricing Carbon How Could We Price Carbon

**Author:**Joseph E. Aldy, Dallas Burtraw, Carolyn Fischer, Meredith Fowlie, Roberton C. Williams III, Maureen L. Cropper

Economists have for decades recommended that carbon dioxide and other greenhouse gases be taxed—or otherwise priced—to provide incentives for their reduction. The United States does not have a federal carbon tax; however, many state and federal programs to reduce carbon emissions effectively price carbon—for example, through cap-and-trade systems or regulations. There are also programs that subsidize reductions in carbon emissions. At the 2022 meetings of the American Economic Association, the Society for Benefit-Cost Analysis brought together five well-known economists—Joe Aldy, Dallas Burtraw, Carolyn Fischer, Meredith Fowlie, and Rob Williams—to discuss how the United States does, in fact, price carbon and how it could price carbon. Maureen Cropper chaired the panel. This paper summarizes their remarks.

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