

The Pricing Carbon Dialogues

December 2022

Organized on the premise that some form of carbon pricing is essential to limiting greenhouse gas emissions to tolerable levels, the Pricing Carbon Dialogues provide a forum for ongoing discussions between a broad range of stakeholders on potential pricing mechanisms and strategies. Participants in these dialogues represent environmental, business, labor, social justice, religious, and other issue-oriented advocacy organizations, as well as both conservative and progressive think tanks.

Most of the Dialogue participants agree that the newly enacted Inflation Reduction Act (IRA) represents a major step forward, not only for the measures that promise to significantly reduce greenhouse gas emissions, but also because it puts the U.S. back at the table of international negotiations. Nonetheless, despite a range of views regarding some aspects of the bill — its partisan nature, the compromises made to get all 50 Democratic senators on board, and the projections on how far it will take us toward reaching the needed goal of net-zero carbon emissions — the overall consensus is that, even with the most optimistic projections, the IRA will at best be a partial solution. The 40% reduction below 2005 emission experts have project is unquestionably huge progress, but how do we now get to 100%? Hence, our immediate challenge is two-fold: A) how can we help maximize the effectiveness of the IRA? and B) how do we now best promote the other most-needed measures?

From a broad perspective, we see three essential elements for effective climate policy that must act in concert: pricing, regulations, and green investments. We need both carrots and sticks. The IRA will now provide more in the way of carrots than what most of us had dared hope for. This is not only important progress in and of itself, it also allows us to focus all the more on the essential sticks, which from our perspective must involve carbon pricing as a crucial, effective and equitable way of getting us headed in the right direction. While regulatory policies remain important, notwithstanding new challenges from the Supreme Court, our immediate priority is how best to get the focus back on carbon taxes or fees (beyond the methane fee in the IRA, which is one of its notable features).

The Dialogues are coordinated by the Pricing Carbon Initiative (PCI), a 501(c)(3) organization. They are guided by a steering committee that represents the diversity of the 115 or so organizations in our network. With a strict confidentiality protocol, we provide a comfortable setting for candid, often revealing discussions. In a bipartisan spirit, we focus on carbon pricing policies that can effectively reduce emissions and that meet common objectives for equity, political viability, and compatibility with other needed measures (e.g., government regulations as well as green incentives and investments such as those contained in the IRA).

For the eight years prior to the pandemic, we met quarterly for half to full-day in-person meetings in Washington, DC. Over the past two and a half years, given the need to meet virtually, we have found that shorter but more frequent sessions work better. Both formats have featured panel discussions with scholars, opinion leaders and policymakers on a wide range of scientific, political, legal and policy topics pertinent to implementing carbon-pricing policies that meet our shared criteria.

As we encourage a lively exchange between participants representing different perspectives, with an emphasis on understanding the mechanics of—and the rationale behind—different carbon pricing design elements, our aim is to develop mutual respect for differing positions and to build relationships. Hence, we “dialogue” rather than “debate.” Rather than trying to organize around specific prescriptive policies, we gather in a “big tent,” collectively agnostic on controversial design elements of carbon pricing, but seeking understanding and agreement on other elements that are especially important. We only require that participants (a) agree that climate disruption is a serious global threat, (b) consider pricing carbon emissions to be a viable, effective and necessary (but not exclusive) approach, and (c) commit to observing the [Chatham House Rule](#) of confidentiality. (“*Participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.*”)

Additionally, we have started hosting a concurrent series of virtual public forums that are open to anybody who registers. Unlike the confidential dialogues, these forums are recorded and posted for public access by our virtual co-host, the Center for Climate and Energy Solutions. Examples of such programs include the conversations held [with Senator Sheldon Whitehouse](#) and [with Congressman Scott Peters](#).

When we met in person, we always scheduled ample time between panel discussions for informal discourse, information sharing and networking. While we have discovered many benefits of meeting virtually during the pandemic, we have also realized what is lost in not having the in-person events, which provide valuable face-to-face opportunities to build bipartisan collegiality, understanding and trust among our stakeholders, despite differing perspectives on some other core issues. This is why we are now eagerly looking forward to what will be our first in-person meeting in three years: a day-long event at the Brookings Institution this January 26th. In 2023, we will also continue with our virtual dialogues and public forums.

As we look ahead to the challenges of the new Congress, new state governments, and evolving international dynamics, we will seek ways to enhance the efforts of those seeking the successful implementation of the IRA’s objectives and to complement them with effective, equitable, just, and politically viable carbon pricing policies. Arguably, this mission is now more timely, urgent, and important than ever.