

# Carbon pricing under binding political constraints

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In a new working paper titled "Carbon pricing under binding political constraints," MIT Institute for Data, Systems and Society doctoral candidate Jesse Jenkins and Sloan School of Management Assistant

Professor Valerie Karplus discuss the political obstacles facing efforts to price carbon emissions—either via a carbon tax or emissions cap and permit trading system—and outline a set of starting points that are both politically palatable and steps toward effective policies to curb climate change.

"While putting a price on carbon is the most economically-efficient strategy to confront climate change-related risks, in the real world, efforts to price carbon routinely run right into a range of political constraints," explains Jenkins. "This paper tries to grapple with those challenges head-on and consider how creative use of the revenues generated by carbon taxes or emissions permit auctions might be used to overcome common political barriers and help accelerate climate mitigation."

The paper was written for The Political Economy of Clean Energy Transitions, a project within the United Nations University's World Institute for Development Economics Research (UNU-WIDER), which provides economic analysis and policy advice aimed at promoting global sustainable and equitable development. The project seeks to improve understanding of how political economic factors impact clean energy transitions.

**More information:** Carbon pricing under binding political constraints. [www.wider.unu.edu/publication/...olitical-constraints](http://www.wider.unu.edu/publication/...olitical-constraints)

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