As Congress debates two large pieces of legislation – both a bipartisan infrastructure bill and a partisan reconciliation package – a key question is the extent to which either piece of legislation (assuming it is enacted) addresses climate policy. And the recent flooding in Europe, the wildfires in the western US and Russia, and more remind us of the increasing urgency of addressing climate change more broadly.

That leaves the question of what specific policy approaches we should embrace. In two blog posts, I will briefly lay out what I think is the roadmap to optimal climate policy, as an initial outline for a larger project I hope to complete in the coming year. These are initial thoughts, and I look forward to feedback from readers about how I might want to change what I'm thinking here, or what I might wand to add to it.

Today, I'll start with the two key components of climate policy that scholars and policymakers have primarily focused on: efficiency and equity. In the next post, I'll talk about adding in two additional key components: political feasibility and technological innovations.

The problem with pricing carbon

Economists for years have pushed pricing carbon as the primary mechanism that policymakers should aim for. And yet, few jurisdictions have ever enacted a carbon pricing mechanism that is high enough to make a real difference. A recent article proclaimed it dead (at least in the United States). It is perhaps no surprise then that a lobbyist for Exxon was caught on tape basically saying that the fossil fuel giant's embrace of carbon taxes was a strategic move to avoid any real progress on climate policy. Many (but not all!) economists, in other words, have gotten climate policy deeply wrong.

This blog post by columnist Noah Smith goes into a range of explanations for why economics has failed so much in the climate policy context – and there are a lot of plausible explanations in it. But I want to advance another possibility, one that I think is quite important, and also points the way to developing better climate policy going forward.

Economics as a discipline over the past fifty years or so has strongly emphasized efficiency as a primary policy goal, both in terms of the research questions the discipline examines and the policy recommendations it makes. And carbon pricing

is, at least in theory, the most efficient way to achieve reductions in greenhouse gas emissions.

More than equity versus efficiency

But efficiency is not and should not be our only policy goal. Equity might be important as well – and of course, climate raises all sorts of challenging and important equity issues that policymakers have to address. Climate equity and justice are increasingly center stage in climate policy today, and rightly so.

However, climate policy cannot simply balance between equity and efficiency – and in fact I don't think equity has been the biggest blind spot when it comes to how economists (and other scholars) have considered climate policy.

Climate policy actually requires enacting legislation, regulations, or other public actions – which means that it has to succeed in a political space. One can design the most efficient climate policy in theory – but if the policy approach is politically infeasible, then it is not a particularly useful approach to pursue. Political feasibility, in other words, is an essential component of climate policy.

Indeed, political feasibility should be thought of as a necessary precondition to either efficiency or equity. One of the most inefficient and inequitable outcomes we could pursue as a society or a planet is to not address climate change at all. Advocates and policymakers who care about either equity or efficiency or both therefore must keep political feasibility in the center of their considerations and debates. To their credit, this is a topic that political scientists (as opposed to most economists) have focused on in their work – here's a recent example of public writing along these lines.

In the next blog post, I'll explore how we might think about political feasibility in the context of climate policy, and how that will require resolving difficult tradeoffs with equity and efficiency.