For such occurrences, there is a straightforward recipe in economic textbooks: tax the activity that causes the damage by an amount equal to the externality damage, and “efficiency” would be obtained: human welfare (somehow weighted across time and space) would be maximized subject to the restriction’s nature places on us (i.e., our resource constraints). There is significant uncertainty on the natural-science mechanisms as well as on the economic transmissions involved, and the weighting across people is a philosophical decision, making it hard to be very precise on a quantitative recommendation, i.e., a level for the tax rate on carbon emissions. However, the principle is clear. What, then, remains to be done for economists, aside from providing better precision on the side of damage estimates? This question motivates our paper. In fact, we suspect that many leading economists view the climate-change problem as a trivial one conceptually: we know how to solve it, and therefore the role for high-level research is limited. Perhaps this is what lies behind the observation recently made by Oswald and Stern (2019): economists, they argue, have been largely missing from this area of research, especially as represented by publications in our top journals.

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