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Research First, Cap and Trade Next

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Congress seems more likely [to increase the funding for clean energy research](#) in the next couple of years than to pass a cap-and-trade bill that effectively taxes carbon emissions. But it is worth remembering that these two policies are not mutually exclusive.

As [Nathaniel Keohane](#), chief economist at the Environmental Defense Fund, just wrote me:

I would go further and say that we need *both* cap and trade and sustained investment in clean energy R.&D. — they are complements rather than substitutes; and if it turns out that we can't get cap and trade in the near term, we need R.&D. investment all the more.

Reed Hundt, the former chairman of the Federal Communications Commission, who's working on a new climate proposal with Al Gore and the Center for American Progress, [has made a similar case](#):

Instead of raising the price of carbon initially, we're going to lower the cost of clean energy, and then in the not-too-distant future, there will be a more welcoming attitude for clean energy, and then we can put a price on carbon. It's a two-step process: one — jobs and lowering the cost of clean energy, and two — putting a price on carbon.

For more detail on what this proposal may look like, see the work that Bracken Hendricks and others at the Center for American Progress have done — [on a clean energy investment agenda, the potential for clean energy jobs, a so-called Green Bank](#)

and [the competition from China, Germany and Spain](#).

Update: David Roberts, one of the better environmental writers out there, makes a similar point as Mr. Keohane and takes issue with part of my framing of the issue.

Among other things, [he writes](#): “There’s not going to be a pleasant postpartisan clean energy policy, at least not one that works. That’s not how massive social change works.”

The post is worth reading. But I still think that environmental groups are facing a real choice about how much effort to put into resurrecting cap and trade and how much to put into other options.