

Papers Commissioned for Landmark Frontiers of Environmental Economics Conference

Extending its longstanding role as a proponent of leading-edge thinking on environmental policy, RFF will host a historic Frontiers of Environmental Economics conference February 26–27, 2007.

Supported by the U.S. Environmental Protection Agency’s National Center for Environmental Economics, the meeting will continue RFF’s mission to introduce and advance pathbreaking research. A panel of distinguished environmental economists has selected eight papers for the landmark conference, which will be held in Washington, DC.

Alan Krupnick, an RFF senior fellow, notes that these papers present innovative ideas that have the potential to change the orientation of environmental economics—moving this subdiscipline into new frontiers—and ultimately contribute to improving public policy.

“The papers chosen for this conference survived an intense international competition,” Krupnick said. “We believe they represent some of the most seminal thinking in our field, and we are particularly pleased that several are cross-disciplinary in nature.”

Panel members are Krupnick; Joseph E. Aldy, RFF; F. Catherine Kling, Iowa State University; John List, University of Chicago; former RFF President Paul Portney, dean, University of Arizona Eller College of Management;

and V. Kerry Smith, Arizona State University.

The eight papers were chosen from more than 175 submissions from economists as well as researchers in other social, health, and natural sciences.

The selected papers are:

- “What Drives Long-Term Biodiversity Change? New Insights from Combining Economics, Paleo-Ecology and Environmental History,” by Nicholas Hanley, Dugald Tinch, and Althea Davies, University of Stirling; Fiona Watson, Past Experience; and Edward Barbier, University of Wyoming.
- “Using Biomedical Technologies to Inform Economic Modeling and Environmental Policy: Challenges and Opportunities for Improving Descriptive and Positive Policy Analysis,” by Brian Roe and Timothy Haab, Ohio State University.
- “Cost-Benefit Analysis as Market Simulation: A New Approach to the Problem of Anomalies in Environmental Evaluation,” by Robert Sugden, University of East Anglia.
- “Virtual Experiments and Environmental Policy,” by Stephen Fiore, Glenn Harrison, Charles Hughes, and E. Elisabet Rutström, University of Central Florida.
- “A Dynamic Model of Household Location, Regional Growth, and Endogenous Natural Amenities with Cross-Scale Interactions,” by Elena Irwin, Ciriya Jayaprakash, and Yong

Chen, Ohio State University.

- “Quasi-Experimental and Experimental Approaches to Environmental Economics” by Ted Gayer, Georgetown University; and Michael Greenstone, MIT.
- “Non-Price Equilibria for Non-Marketed Goods,” by Daniel Phaneuf, North Carolina State University; Joseph Herriges, Iowa State University; and Jared Carbone, Williams College.
- “The Importance of Spatial-Dynamic Processes in Renewable Resource Economics,” by James Sanchirico, RFF; Martin Smith, Duke University; and James Wilen, University of California-Davis.

The conference will also feature discussants of each paper and will close with a panel of world-renowned thinkers who will offer their views on where the frontiers of environmental economics are. These panelists include Nobel Laureate Thomas Schelling, University of Maryland; Dennis Epple, Thomas Lord Professor, Carnegie Mellon University; and Simon Levin, Mofett Professor of Biology and director, Center for BioComplexity, Princeton University.

Since the mid-1970s, RFF has convened key conferences highlighting the role of economics in environmental policymaking. Research has focused on valuing environmental amenities, accounting for impacts of environmental regulation, creating market-oriented solutions, and assessing the performance of environmental institutions.

RFF’s prominence in environmental economics dates from before the topic was recognized as a distinct academic discipline. Research results have been recognized as signal pronouncements in valuation of environmental and health benefits, discounting and intergenerational equity, and design of market-based incentives to environmental problems. ■

RFF Awarded More Than \$1.5 Million in Grants for Climate, Energy Efficiency, and Trade Policy Research

Grants totaling more than \$1.5 million have been awarded to RFF to support new research on climate policy, energy efficiency, and the impact of international trade regimes on the global environment. The grants include \$250,000 from the William and Flora Hewlett Foundation, \$704,000 from the Goldman Sachs Center for Environmental Markets, \$250,000 from the Exelon Corporation, and \$370,000 from the Swedish foundation Mistra.

“These grants represent continuing confidence in the value of our independent research toward resolving some of the most critical issues of our time,” said RFF President Phil Sharp. “They will allow us to build on an already substantial reservoir of impressive work.”

U.S. Climate Policy Forum Launched

The Hewlett Foundation and Goldman Sachs gifts are in support of RFF’s Climate and Technology Policy Program, which seeks to advance intellectually credible and politically sensible approaches to dealing with climate change. In response to a growing need for understanding the potential impact of mandatory federal controls on greenhouse gas emissions, this grant will support a new venture—the U.S. Climate Policy Forum—that will bring together companies from across

the spectrum of the U.S. economy with the intent to provide legislators with well-vetted, detailed policy options; important criteria for policy assessment; and well-articulated concerns (specifying strengths and weaknesses) from which effective federal policy might be crafted.

The forum will have representation from auto manufacturers, electric utilities, oil and gas producers, and transportation and chemical industries, as well as large energy consumers and insurance, technology, and financial services firms.

“Federal policymakers need information on the implementation details of particular policy options and approaches, as well as the implications for international competitiveness and deployment of technology through investment and technology transfer,” noted Mark Tercek, director of the Center for Environmental Markets at Goldman Sachs. “The U.S. Climate Policy Forum will provide a unique environment for informed dialogue on policy options to foster a common understanding of these implications.”

“Our hope is that the Climate Forum can help corporations and RFF researchers find options that are fair, have low total costs, and produce meaningful reductions in CO₂ emissions,” said Hal Harvey, environment program director at the Hewlett Foundation.

The forum will not seek to reach consensus on a specific set of recommendations or courses of action, according to RFF Senior Fellow Ray Kopp, who will lead the initiative. “While consensus efforts are valuable contributions to the national debate, they can limit the range of economic and environmental interests, views, and concerns that can be brought to the table.” Kopp said the process will combine research with dialogue and will unfold in two phases over the coming year.

Advancing public discourse on climate policy is a major goal of the Climate and Technology Policy Program. Scholars participate in international climate meetings, such as the annual Conference of the Parties to the United Nations Framework Convention on Climate Change; conferences and workshops are held for stakeholders and policymakers on timely policy issues; scholars testify before Congress; and www.weathervane.rff.org, a website dedicated solely to climate change policy and economics, is maintained.

Focus on Energy Efficiency and Conservation

The grant given by Exelon will support research on energy efficiency and conservation by the RFF Electricity and Environment Program. The work seeks to formulate policies to promote energy conservation in a cost-effective manner.

“Our contribution to RFF is money well spent,” said John Rowe, chairman and CEO of Exelon Corporation. “While there is little doubt that improved efficiency and conservation are critical to a sustainable energy future, there is much doubt about how best to promote them. RFF is uniquely qualified to conduct the required analysis and give both policymakers and the industry real metrics on the effectiveness

of utility-sponsored efficiency and conservation programs.”

Interest in such policy options has grown in light of higher energy prices, concerns about global warming, and the desire to promote energy security, noted Karen Palmer, the Darius Gaskins Senior Fellow at RFF, who will lead the research effort.

“A key element of the research will be to identify cost-effective approaches to demand-side management programs that encourage energy conservation through a variety of means, ranging from improving the energy efficiency of buildings and household appliances (everything from light bulbs to hot water heaters) to providing information on changes in behavior that can reduce consumption,” said Palmer.

Examining Impact of Trade on Environment

RFF Senior Fellow Carolyn Fischer is the recipient of a three-year \$370,000 grant from the Swedish foundation Mistra, which supports strategic environmental research, for a program titled “Environment and Trade in a World of Interdependence.” The program involves a consortium of researchers from RFF, the University of Gothenburg, the Institute for International Economic Studies, the International Institute for Sustainable Development, and IVL (Swedish Environmental Research Institute).

According to Fischer, the goal of the project is to conduct research and establish a policy dialogue on the interface between international trade, World Trade Organization rules, and environmental policies. Among the policy options to be studied are eco-labeling schemes as a way to encourage more environmentally friendly trade mechanisms. ■

Columbia Business School Dean Joins RFF Board

Electing to the RFF Board of Directors in October, R. Glenn Hubbard brings intellectual depth and wide-ranging policy experience from a career that has spanned both academic and governmental positions.

Hubbard, dean of the Columbia Business School and Russell L. Carson Professor of Finance and Economics, served as chair of the Council of Economic Advisers (CEA) during George W. Bush’s first term. His portfolio included environmental policy as well as tax and budget policy, financial markets, international finance, and health care.

RFF Senior Fellow William A. Pizer worked under Hubbard when he served as a senior economist at CEA in 2001–2002 and helped to recruit Hubbard to serve on the RFF Board.

“Glenn’s a conservative economist who favors lower taxes and smaller government, and values public policy that is based on economically and scientifically sound analysis. Environmental protection is one area where he sees government having an obvious and important responsibility. He has a real appreciation for the role that RFF plays in informing the design of economically sensible environmental regulation. His

interest and commitment to these issues was visible though his active role in the administration’s deliberations on energy and climate change policy, as well as his decision to chair the Organisation for Economic Co-operation and Development’s ad hoc committee on sustainable development.”

After earning his Ph.D. in economics from Harvard in 1983, Hubbard taught at Northwestern, then moved to Columbia in 1988 and was named senior vice dean of the business school in 1994. Since 1999, he has been co-director of its Entrepreneurship Program, which emphasizes finding opportunity and employing individual initiative in the

context of uncertainty and tight resources.

Among his other affiliations—as adviser, fellow, visiting professor, trustee, and board member—are the American Enterprise Institute, Harvard’s Kennedy School of Government, the Council on Competitiveness, the American Council on Capital Formation,



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the Tax Foundation, the Center for Addiction and Substance Abuse, R.H. Donnelley Inc., and the Economic Club of New York.

Hubbard’s 100-plus peer-reviewed research articles on tax policy, corporate and international finance, and monetary economics have been published in *American Economic Review*, *Journal of Political Economy*, *RAND Journal of Economics*, and other academic journals, but he has also reached a wide lay audience through his columns and commentaries in the *Wall Street Journal*, *New York Times*, *Washington Post*, and *Business Week*, and his appearances on the PBS financial show *Nightly Business Report* and NPR’s *Marketplace*. ■