

PARTING THOUGHTS

PAUL PORTNEY REFLECTS ON 30 YEARS AT RFF AND
THE FUTURE OF ENERGY AND ENVIRONMENTAL POLICY

After more than 30 years at RFF, President and Senior Fellow Paul R. Portney will become dean of the Eller College of Management at the University of Arizona in June 2005. Resources sat down with him recently to talk about how RFF and the energy and environmental policymaking process in the United States have evolved during his tenure.

RESOURCES: How have you seen policymaking change over the past few decades?

PORTNEY: Two key constituencies, environmental groups and the business community, have become much more sophisticated and that's a positive development. Most environmental advocates now realize that some regulations can be quite expensive, and that they need to pay attention to those costs in designing policy.

At the same time, business executives, including some who at the outset of the environmental movement thought that they could hold their breath and see all this activism go away, now realize that environmental protection is something that the public cares about, and will continue to care about.

The other big change in recent years has been that debates have become bitterly partisan. Because we often have entrenched adversaries glaring at each other from the far ends of the spectrum, compromise is quite difficult and stalemate almost inevitable. Part of the reason for this has to do with legislative redistricting that has resulted in both parties' holding very safe seats in Congress. Without political competition,

there's no force that pushes legislators toward the moderate voters of both parties.

The environmental movement remains a force to be reckoned with, but in some corners it is viewed as just another special-interest group. Do you agree?

Yes and no. It is true in that environmental groups have a strong interest in conservation and environmental regulation and in using the political process to advance that point of view. In that sense, they're no different from grocery manufacturers or other special interests. There is one important difference, however, and it's an important one in the eyes of the public, and that is how advocates for business or the environment are perceived.

When corporations are active in the public policy process, the public views that as an effort to use the system to advance narrow and immediate economic interests. But when environmentalists engage in advocacy, they're more likely to come across as protecting a *common* good—and so it's not seen as an immediate pocket-book issue to green groups.



Do you think that environmental organizations are losing their clout?

At the federal level, most environmental advocates would agree that their influence is not as powerful as it was a generation ago. They must deal with a Republican Congress and a conservative Republican president who scarcely turn to them for advice and support.

On the other hand, the advocacy community has increasingly turned its efforts toward states and localities, which are being much more active on environmental matters such as land use, water quality, and wilderness preservation, along with other issues like climate change, that arguably ought to be left to the federal government. But like any good pressure group, environmentalists direct their efforts where they can be the most effective, just as the business community has done when it has been out of favor at the federal level. And, environmental advocates have had some conspicuous successes at local and regional levels that may eventually force the federal government to take actions that it wouldn't otherwise take.

As the balance of power in environmental policymaking has shifted to the right, there are new players in the game. Well-known conservatives are speaking up about how our dependence on foreign oil affects our national security. What's your take on this?

It's certainly true what they say about politics making for strange bedfellows! One of the more interesting new developments in energy and environmental policy is what previously would be considered a very unlikely or uneasy alliance between the environmental advocacy community and the fairly conservative national security lobby in the United States. Where they meet in the middle is over shared concern about how much gasoline is being used in the United States. Where they differ is over *why* this is a concern. The environmental movement worries about the global burden of greenhouse gasses, and the national security community is troubled by our increasing dependence on imported oil, particularly from countries that bear malice toward the United States.

A third group is now joining this debate. Some evangelical Christians in the United States have begun see-

ing in the Bible a mandate for stewardship of our natural resources. And while a deep rift remains between evangelicals and environmentalists on many other issues, they are each focusing on the threats posed by climate change. What makes this new alliance noteworthy is the fact that the evangelical movement has many close ties to the Bush administration.

You suggest some optimism here.

Well, I'm congenitally optimistic about most things. I like to see parties come together that don't ordinarily find common cause. To me, the basis of good politics is fighting when you have different interests, but not being afraid to agree when you don't.

How optimistic are you that the United States and the global community will be able to meet the energy demands of the 21st century?

I'm optimistic, but barely so. I think this is really one of the biggest challenges facing the world today. From the standpoint of the developed world, and apart from security concerns, I think maybe the biggest task we face is helping developing countries achieve a higher standard of living, which will require much more



energy use on their part. I am hopeful they will be able to make this transition without making the same mistakes that we in the developed world made over the past 40 or 50 years. Something like two billion people in the world still live without electricity. Bringing power to them, while caring for the environment at the same time, will be a very tough challenge.

How and where has RFF helped shape public policy over the past five decades?

As I look back over RFF's now 53 years, there are a number of areas in which I'd like to think we've been extraordinarily influential. In RFF's first decade, most of the research that was done here was aimed at addressing the question, "Are we running out of fuel and non-fuel minerals?"

The research done at RFF convinced the world that as long as markets worked effectively, there would be price signals that would induce people to search for new sources, pay higher prices, or, when materials became scarcer, substitute other materials.

In the 1960s and '70s, the focus turned to broader environmental problems: air and water pollution control and solid and hazardous

wastes. Researchers at RFF demonstrated how economic analysis, especially cost-benefit analysis, could be part of the decisionmaking process. During that same time, our scholars demonstrated that you could use incentive-based approaches like marketable discharge permits or pollution taxes in lieu of more prescriptive command-and-control regulations. That certainly was an influence on the public debate and it's changed the direction of environmental policy worldwide.

In the 1980s and '90s, RFF began to focus on what are called risk management problems. By that I mean using quantitative risk assessment, economic and statistical analysis, and epidemiology, to identify the most pressing problems that the country faces, so that we can target our resources where they will do the most good.

During these two decades, RFF scholars also did pathbreaking work showing how undeveloped wilderness areas could be valued in economic terms, so as to be able to compete on an even basis with proposed commercial development.

You're leaving Washington, and obviously the policy beat goes on. Looking forward, what do you think are the most important environmental or energy issues still pending?

We've done a relatively poor job of dealing with nonpoint source water pollution. What I mean by that is water pollution that comes not from an individual factory or a sewage treatment plant, but rather pollution that runs off of farmers' fields and city streets, not out of a single pipe. Those kinds of problems are difficult to deal with for three reasons.

First, because the pollution doesn't come out of a single source, it's much more difficult to monitor. Second, because of that very same reason, there's no end-of-pipe technology that we can slap on to deal with it. And third, and in a way this is the hardest problem, we don't like to think of farmers or cities as polluters. We'd rather think of industries as the bad guys, the polluters upon whom we will slap fines or technology requirements.

Over the last 30 years, we've done a pretty good job of controlling large-scale industrial pollution. However we balk at pollution controls when they're aimed at individuals, for areas



where we have some personal responsibility—such as the types of cars we drive and the fuels we use.

If you had the ability to erase a public policy failure from the past 30 years, what would you expunge from the record?

Most people probably think I would say, “Well, we should have had incentive-based approaches for environmental policy in place starting in 1970 when we amended the Clean Air Act.” But if I were the czar of energy or environmental policy and got the chance to do something over, I would have instituted a better, more honest energy policy, not one focused solely on making sure that oil stayed cheap.

While there have certainly been benefits to keeping energy less expensive here than in other countries, there are also some very real costs. Our metropolitan areas have sprawled out, we’ve tended to buy bigger, less fuel-efficient cars, and we’ve become more dependent on petroleum in general.

Using as much oil as we do, particularly in transportation, has made us dependent on the big oil-producing countries that can be politically unstable and sometimes not particularly good friends of the United States. And so if I could make one change, I would have gradually taxed petroleum, but also coal and, to a lesser extent, natural gas. That way we wouldn’t be quite as reliant on fossil fuels as we are today.

RFF once stood alone but now there are many other advocacy and research organizations speaking out on resource-related issues. Aside from its independent and nonpartisan character, what makes RFF different from the rest?

Perhaps the best—and shortest—way to answer that question is to tell you a personal story. The year I started at RFF, 1972, I remember working on a very hard problem. I had my feet up on my desk and was looking out the window, for all the world appearing to be daydreaming. My boss stuck his head in my office to ask a question, and I immediately startled. I quickly took my feet off the desk and turned around. And he said to me in a very

gentlemanly way, “That’s okay, Paul, it’s all right to *think* at Resources for the Future.”

Any other concluding thoughts?

Part and parcel of the good fortune that I’ve had is the opportunity to work with an absolutely wonderful Board of Directors. The entire time that I’ve been at RFF, we’ve had support from individuals, foundations, corporations, and government agencies without which all of this wonderful work wouldn’t have been possible. And so to everyone who has helped RFF from the governance standpoint, with funding and financing, and providing encouragement and moral support over the years, and reminding us that this work is important and makes a difference, we all owe an awful lot. I’m profoundly grateful to everyone who has had RFF’s good interests at heart over the years, and that bodes very well for continued success. ■



Three Decades of Commitment: Highlights of Paul Portney's Career

Asked about his chief accomplishments during his more than 30 years at RFF, Paul Portney replied that he didn't think of himself principally as a researcher, but as a communicator. Many might disagree with the first assessment, but few would argue with the second. During his tenure, Paul wrote and edited books that have become standard college texts, oversaw the expansion of Resources magazine, and became the public face of RFF for policymakers, the media, the business and advocacy communities, and the general public.

Here are some key milestones in his career:

1971

As a dissertation fellow at Brookings, Paul has lunch with RFF staffers who are so impressed with him they ask him to assist in a major research project.

1972

Paul finishes his doctoral work at Northwestern University and joins Walter Spofford, Jr., Clifford Russell, Edwin Haefele, and others in analyzing environmental problems in the Delaware River Basin, using a model with 8,000 variables that examines 300 human activities.

1977

On sabbatical, Paul teaches at the University of California at Berkeley for the next year and a half.

1979

On the strength of his contributions to environmental economics, Paul is appointed as senior staff economist at the Council of Environmental Quality.

1980

Paul returns to RFF and goes on to become the director of two research divisions.

1987

Paul helps to establish the Center for Risk Management to help regulatory authorities identify, rank, and reduce threats to human health and the environment.

1989

Paul is promoted to vice president.

1990

With Paul as co-editor and principal author, *Public Policies for Environmental Protection* (RFF Press) becomes a popular textbook, later updated (with Robert Stavins) in 2000.

1995

Paul is appointed president of RFF.

1999

Paul is a leading force behind the establishment of RFF Press, which extends RFF's mission by publishing books that make a distinct, original contribution to scholarship, teaching, and policymaking.

2001

Because of his ongoing expertise in the automotive industry and the environment, Paul is asked to chair a National Research Council committee on the future of the CAFE standards.

2002

For RFF's 50th anniversary, Paul leads a highly successful \$25 million campaign, which culminates with a day-long symposium, a black-tie gala, and the establishment of four endowed chairs.

2004

Paul's strong belief that research should not exist in a vacuum prompts him to spearhead the development of a collection of memos to the President of the United States, *New Approaches to Energy and the Environment* (RFF Press), in which RFF scholars recommend a broad variety of proposed policy changes for the United States.

2005

Having stabilized the organization financially and overseen the growth of the research staff and the establishment of a professional Communications Department, Paul decides it is time to make a change. He leaves RFF to become dean of the Eller College of Management at the University of Arizona in Tucson.