

Inside RFF

New Donor Level Established at RFF

by Dod Fraser

As chair of the Development Committee of the RFF Board of Directors, I want to take this opportunity to tell you how our development efforts are responding to meet the growing needs of our robust policy-research institution.

On behalf of everyone at RFF, let me express my gratitude to our donor communities—individual philanthropists, foundations, corporations, NGOs, and government agencies—for their continued support. Their generosity allows us to undertake the much-needed task of illuminating policy discussions in Congress and around the world on energy, environment, and natural resource issues.

As a relatively new member of the RFF Council, Rio Tinto continues to discover many ways to benefit from our relationship with RFF. Their scholars have served as expert speakers at internal planning meetings, and we call upon RFF to discuss approaches to policy issues. We also rely on the work of RFF scholars to advance our thinking on issues affecting our business now and in the future.

— PRESTON CHIARO, CHIEF EXECUTIVE OF RIO TINTO ENERGY GROUP

Of our \$10.8 million annual budget, 40 percent is derived from investment income from a reserve fund, 25 percent from government grants, 10 percent from individuals and foundations, 10 percent from other institutions, and 15 percent from more than 80 corporate contributors. This diversity means that RFF's research is not beholden to the interests of any one group. Additionally, the vast majority of our investment income—as well as our individual and corporate contributions—is unrestricted. In other words, gifts come with no strings attached, allowing us to undertake important and time-sensitive initiatives, like responding directly to policy debates in the United States and abroad.



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RFF currently recognizes those individuals who give \$5,000 or more and companies that give \$25,000 or more annually as RFF Council members. In addition to receiving complimentary copies of all RFF publications and invitations to events, Council members are encouraged to speak informally with RFF staff, to serve on program advisory committees, and to participate in small, off-the-record dialogues on global climate change, electric utility restructuring, sustainable forestry, air quality, environmental risk assessment, among many other issues.

I am pleased to announce that at the October meeting of the RFF Board, our Directors approved the formation of a new donor recognition level for corporations—the President's Circle. The President's Circle recognizes those corporations that provide annual financial support of \$50,000 or more.

In addition to the benefits extended to RFF Council members, President's

The Weyerhaeuser Company Foundation began supporting RFF in 1976 in recognition of the need for an independent organization to examine the role of forestry in U.S. environmental policy. RFF provides valuable research to policymakers, our colleagues in the environmental community, and our peer forest products companies on issues critical to our future.

We trust RFF's analysis and recommendations because they are nonpartisan and based on rigorous research. We are delighted to participate this year as a member of the new President's Circle and look forward to working with RFF on the tough policy issues affecting our industry and country.

— CASSIE PHILLIPS, VICE PRESIDENT OF SUSTAINABLE FORESTRY, WEYERHAEUSER COMPANY

Circle members will be able to access our researchers for two days each year, either at RFF or another location, to brief company executives on RFF research and analysis, as well as to discuss policy developments.

RFF's relationships with the corporate community enable our researchers to gain important insights into how businesses are affected by regulation and engage in the policy process, and they help "ground truth" our analysis. Combined with parallel dialogues with the NGO and government communities, these discussions ensure that all viewpoints and experiences are better understood.

As RFF continues to strive to be a relevant, trusted voice in the policy process, we are constantly evaluating our relationships with and the value that we provide to our donors. We are grateful for all those who understand the importance of sound research in the policymaking process and look forward to more successful partnerships in the future. ■

Consumer, Competitor, or Collaborator? Assessing China's Economic, Energy, and Resource Environment

In recent decades, China's burgeoning growth has pulled hundreds of millions of its citizens out of poverty and placed the nation among the world's economic powerhouses. At the same time, the country has witnessed wrenching social changes and environmental challenges.

To assess the state of Chinese progress—and analyze its impact on the global economy—the fall 2006 RFF Council meeting was devoted to a wide-ranging examination of economic, energy, and environmental trends in the world's largest nation.

At the outset, President Phil Sharp noted RFF's longstanding involvement with Chinese research efforts, including the establishment of the Walter Spoford Internships for China scholars and assistance with the founding of the Beijing Environment and Development Institute in the late 1990s.

In his opening remarks, Nicholas Lardy of the Institute for International Economics asserted that the Chinese economy is not as healthy as headlines might suggest. Much of its growth has been fueled by outside investment and high export volume, while household consumption in China is the lowest, as a share of gross domestic product (GDP), in the world.

"China currently consumes only about 40 percent of what it makes," Lardy said. "While the Chinese government has announced a laudable intent

to move toward consumption-led growth, that transition is off to a slow start." While revenues from exports will remain important drivers of the Chinese economy, Lardy said, there is a growing demand for government investment on health, education, welfare, and pensions by Chinese workers.

Kenneth Lieberthal, distinguished fellow and director for China at University of Michigan's William Davidson Institute, framed a discussion about China's political system and environmental problems within the context of China's spectacular growth, resource scarcity, and emerging environmental sensitivities.

As evidence of the growing importance of the environment to the Chinese, Lieberthal noted that out of 87,000 protests in China in last year, nearly 10 percent were environmentally driven. In addition, the Chinese government has dedicated \$175 billion to environmental projects. However, such momentum is dampened by a political system that favors GDP growth over the environment, he said. Because political leaders at local, state, and national levels are tasked with growing GDP at aggressive levels—and because performance reviews largely focus on GDP growth rather than environmental and other concerns—China's political economy results in a "growth machine" made up of "bureaucratic capitalists," Lieberthal said.



Featured speakers at RFF's fall Council meeting included (clockwise from top left), Kenneth Lieberthal, Nicholas Lardy, Ruth Greenspan Bell, and Peter Kareiva.

He also suggested that although China excels at building clean facilities, it is less skilled at using them. "The hardware is there, but software and respect for the law are not," he said. To turn this situation around, Lieberthal noted, the incentive structure for leadership needs to change; however there is currently no indication of impending changes to the current political economy.

Another China expert, James P. Dorian, a government energy consultant



and longtime senior researcher at the East-West Center in Hawaii, warned the audience about China's emerging energy demands—and the possible environmental consequences. "Energy usage in China will double by 2020," he said, noting that China currently builds a new power station every 10 days.

"But by 2010, China will overtake the United States as the world's largest polluter," Dorian said. "Sixteen of the world's 20 most-polluted cities are in China, a condition that claims 300,000 lives a year." Moreover, he noted that China has an estimated 70 million households still without electricity, households that someday will draw power from coal-fired plants—a fact

that must be integrated into the nation's plans to contain greenhouse gas emissions.

No other country in the world will have as great an impact on the world's energy industry than China, Dorian said, across the spectrum of available energy resources—coal, oil, gas, nuclear, and renewables. Given the importance of coal to China's long-term economic future and environment, and the ongoing transportation bottlenecks, plus the possibility of dramatically increased use of passenger cars over the long term, it is arguable that these two particular sectors of the Chinese economy need more focus and analysis, Dorian said.

The two-day meeting concluded with panel discussions focused on a range of environmental challenges, including air pollution trends, willingness to pay for health-related programs, transportation issues, and water policy. In addition to comments from RFF researchers Ruth Greenspan Bell, Alan Krupnick, and Richard Morgenstern, the program included remarks from Jostein Nygard, a senior environmental specialist with the World Bank; Lee Schipper, a senior researcher at World Resources Institute's Center for Sustainable Transport; and Peter Kareiva, a lead scientist with the Nature Conservancy. ■

RFF Board Elects Charles F. Kalmbach

There's no other organization like it," says Charles F. Kalmbach of RFF. A specialist in organizational management and strategic change, Kalmbach recently joined the RFF Board of Directors for a three-year term.

He lauds RFF for its focus on the environment and for its nonpartisan, rigorous, fact-based economic analysis, and believes that RFF can have a positive impact on environmental policymaking around the world. "I am enthusiastic about working with RFF staff and administration and feel privileged to have the opportunity to contribute," Kalmbach says.

Kalmbach is currently vice chairman of the board of trustees of the University Medical Center of Princeton. From 2004 until 2006, he was president and chief executive officer of DBM, Inc., a Philadelphia-based human capital management and transitions firm with 230 offices serving 85 countries. He restructured the company's global operations and expanded its services in India and China.

An undergraduate and graduate alumnus of Princeton's School of Engineering and Applied Science, Kalmbach returned to his alma mater in 2002 to become the university's senior vice president for administration. In that position, he handled the management and organization of administrative affairs, establishing new planning

processes and revamping the project management process to accelerate an expanded building program.

In previous positions in senior management at Accenture, PriceWaterhouse, and McKinsey & Company, Kalmbach worked with clients on developing strategies for achieving sustainable growth and maximizing organization and workforce performance.

Kalmbach has had a lifelong interest in scouting, outdoor sports, and the world around him. “In three decades of traveling around the globe,” he says, “I have seen how little care we give the environment. We Americans once had no qualms about emitting pollutants from burning coal, so it’s hard to turn to developing countries and ask them not to, but we’ve got to deal with it. Smokestacks in China are directly affecting the rest of the world. Not only is the world flat, as Thomas Friedman tells us, but the environment knows no borders.”

Kalmbach holds B.S.E., M.A., and Ph.D. degrees from Princeton University in applied mathematics and mechanics. He also has a J.D. degree from the University of Pennsylvania in corporate and international law. The author of 25 published articles on engineering, legal, and business topics,



CHARLES F. KALMBACH

Kalmbach wrote *The Paradox Principles: How High Performance Companies Manage Chaos, Complexity and Contradiction to Achieve Superior Results* and was a contributing author to *Better Change: Best Practices for Transforming Your Organization*, both published by Irwin. ■

Linda J. Fisher Joins RFF Board

Linda J. Fisher, elected in October to RFF’s Board of Directors, brings more than 25 years of experience in government and the private sector working on environmental issues and improving the protection of public health in the United States.

Fisher is currently vice president and chief sustainability officer at DuPont, where she is responsible for advancing the company’s progress in achieving sustainable growth and heads its environmental and health programs, product stewardship programs, and global regulatory affairs. She joined DuPont in June 2004.

Previously, she served in a number of key leadership positions in government and industry. Notably, she worked from 1983 to 1993 and again from 2001 to 2003 at EPA, where she held more high-ranking positions than any other person in the agency’s history. These include deputy administrator; assistant administrator for the Office of Prevention, Pesticides and Toxic Substances and the Office of Policy, Planning and Evaluation; and chief of staff to EPA administrator Lee Thomas.

During her tenure at EPA, she was responsible for working with Congress

to ensure the continuation of a reformed and improved Superfund program for cleaning up toxic wastes and strengthening national food safety laws. She also played an instrumental



LINDA J. FISHER

role in developing the agency’s first reports on climate change. She became familiar with RFF during her first stint at EPA and cites Kate Probst’s report, *Superfund’s Future: What Will It Cost?*, which fed an important dialogue group on the issue, as one example of RFF’s “real contribution of high-

quality work.”

Fisher grew up in Columbus, Ohio, and received a B.A. from Miami University, an M.B.A. from George Washington University, and a law degree from Ohio State University.

Achieving sustainability, she says, “is going to require societies and business to think differently about how it uses its non-renewable resources.” She notes that RFF has brought much to bear on this issue by introducing economics into energy and environmental policy.

“This is important, because as we look to current environmental problems, we need cost-effective solutions, or they won’t be sustainable,” she says. ■