

# A Look at What's Happening

## Inside RFF

RFF named the following academic fellowship recipients to conduct environmental and energy research during the 2014–2015 academic year.

### Gilbert F. White Postdoctoral Fellowships

» **Francisco Aguilar**, associate professor in the Department of Forestry at the University of Missouri, is at RFF studying a range of forestry-related topics.

» **James Salzman**, Samuel F. Mordecai Professor of Law and professor of environmental policy at Duke University, is visiting RFF to further his research on the development of payments for ecosystem services.

### Joseph L. Fisher Dissertation Fellowships

» **Stephie Fried**, a PhD candidate in economics at the University of California, San Diego, is studying the macroeconomic effects of climate policy, with a particular

focus on the links among energy price volatility, energy technology, and carbon mitigation policy.

» **Evan Herrnstadt**, a PhD candidate in economics at the University of Michigan, is conducting research on bridging the fields of natural resource and environmental economics and industrial organization by examining firm behavior in the presence of environmental regulation.

» **Eric Lewis**, a PhD candidate in economics at the University of Michigan, is focusing on the economics of the onshore oil and gas industry.

### Walter O. Spofford Memorial Internship

» **Kuangyuan Zhang**, a PhD candidate in energy management and policy at Pennsylvania State University, spent the summer of 2014 studying carbon trading in China and Chinese housing and transportation issues.

## Richard Schmalensee Chairs RFF Board of Directors



In October, **Richard Schmalensee** assumed leadership of RFF's Board of Directors, after serving as a member since April 2009. Schmalensee is the Howard W. Johnson Professor of Economics and Management

and dean, emeritus, at the Massachusetts Institute of Technology's (MIT's) Sloan School of Management. From 1998 through 2007,

he was the John C. Head III Dean of the Sloan School. He was a member of the President's Council of Economic Advisers from 1989 through 1991. Schmalensee was formerly director of the MIT Center for Energy and Environmental Policy Research and a member of the MIT Energy Council. He also has served on the executive committee of the American Economic Association and as a director of the International Securities Exchange, MFS Investment Management, and the International Data Group.

# RFF Welcomes New Board Members

RFF is pleased to announce the appointment of three new members to its Board of Directors. In addition, **Vicky A. Bailey**, **Daniel C. Esty**, and **Robert N. Stavins** have returned for an additional term.



**James Asselstine**

*Tyler Hill, PA*

Before his retirement, James Asselstine served as managing director and senior credit research analyst at Lehman Brothers and Barclays, where

he focused on the electric utility and power industry. He also has previously served as the senior vice president of Donaldson, Lufkin, & Jenrette. He has held numerous government positions, including commissioner for the US Nuclear Regulatory Commission, associate counsel for the US Senate Committee on Environment and Public Works, and staff attorney in the US Nuclear Regulatory Commission's Office of the Executive Legal Director.



**Paul F. Balsler**

*Founding Partner, Ironwood Partners and Generation Partners*

Paul Balsler has been a founding partner of the private equity firms Ironwood Partners and

Ironwood Manufacturing Fund since 2001 and of Ironwood Management Partners Fund II, LP, since 2007. In 1996, Balsler cofounded Generation Partners, a \$325 million private equity firm with offices in Greenwich, Connecticut, and San Francisco, California.

Prior to Generation Partners, Mr. Balsler was a founding partner of Centre Partners, LP, the managing general partner of Centre Capital Investors, LP, a \$150 million investment fund for the partners and affiliates of Lazard Frères & Co., LLC. He is chairman of the board of the Hudson Guild and also currently serves on the boards of Tweedy Browne Funds, Inc.; United Neighborhood Houses; Metropolitan Waterfront Alliance; Hale Foundation; and a number of private companies. He is also a class agent for the Lawrenceville School and Yale University, and a member of Business Executives for National Security.

**Sue Tierney**

*Senior Advisor, Analysis Group Inc.*

Sue Tierney is an expert on energy policy and economics, specializing in the electric and gas industries. In her



current role, she has consulted to companies, governments, nonprofits, and other organizations on energy markets, and economic and environmental regulation and strategy. She previously spent over a dozen years in state and federal government, most recently as assistant secretary for policy at the US Department of Energy. She also served as a state cabinet officer for environmental affairs, state public utility commissioner, and chair of the Water Resources Authority in Massachusetts. She currently chairs the External Advisory Board of the National Renewable Energy Laboratory; chairs the ClimateWorks Foundation Board; and is a director of World Resources Institute, the Alliance to Save Energy, and the Energy Foundation.

# Goals for Society, Revisited

## Chuck Howe Remembers Kenneth Boulding

One of the most rewarding experiences of some 40 years as a professor of economics at the University of Colorado, Boulder, was that, during half that period, I was a close colleague of Kenneth Boulding (1910–1993)—in both the Department of Economics and the Institute of Behavioral Science, which I directed. (RFF’s former board chair Gilbert White was another member of that body.) Boulding was an outstanding economist, educator, and poet; a prescient environmentalist; and the originator of general systems theory for the social sciences. His peace activism—rooted

in Quaker teachings—was part of his deeply felt commitment to social justice. He always spoke passionately, white hair flailing and his trademark stammer coming back when needed for emphasis. While he could be contentious, he was always a peacemaker in the Department of Economics.

The untitled poem below opened “New Goals for Society?”—Boulding’s chapter in the 1972 RFF Press book *Energy, Economic Growth, and the Environment*. Far from incidental to his interests, poetry was an important element in his breadth of expression.

*The thing in pollution we most need to know  
Is, where does it come from and where does it go?  
One major idea in the pot must be tossed,  
That things may be missing, but never are lost.  
Most chemical elements cannot be changed.  
They can't be destroyed, they are just rearranged.  
So clean water and air, and, indeed, your clean shirt,  
Are obtained by the wise segregation of dirt.  
So if our research is to bear healthy fruit,  
The critical question is what to pollute.  
One policy matter is clear; the polluter  
Should not be allowed to become a commuter.  
And as long as industrial systems have bowels  
The boss should reside in the nest that he fouls.  
Economists argue that all the world lacks is  
A suitable system of effluent taxes.  
They forget that if people pollute with impunity  
This must be a symptom of lack of community.  
But this means producing a mild kind of love  
So let's hope the eagle gives birth to a dove.*

—Kenneth E. Boulding

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# Highlights from Recent Journal Articles by RFF Researchers

## Cost-Share Program Participation and Family Forest Owners' Past and Intended Future Management Practices

Nianfu Song, Francisco X. Aguilar, and Brett J. Butler

*Forest Policy and Economics* | September 2014 | Vol. 46 | 39–46

Cost-share programs are commonly used for agricultural lands, but their association with landowner behavior on forested lands has not been as thoroughly studied. Using a dataset of over 3,500 observations, this study finds that family forest owners in the northern United States who engaged in cost-share programs participated in more silvicultural and conservation management activities than those who did not.

## Designing Efficient Surveys: Spatial Arrangement of Sample Points for Detection of Invasive Species

Luděk Berec, John M. Kean, Rebecca Epanchin-Niell, Andrew M. Liebhold, and Robert G. Haight

*Biological Invasions* | July 2014 | doi: 10.1007/s10530-014-0742-x

The efficiency of surveillance systems to manage biological invasions can be affected by the pattern of sample locations, which range from random to fixed-grid arrangements. This paper explores how they affect the probability of detecting a target population and the overall cost of eradicating populations. For single-period surveys, regular sampling patterns performed better than did random samples at intermediate sample densities, but only when sample sensitivity is high. Otherwise, the sample point arrangement has little effect on survey sensitivity.

## The Costs and Consequences of Clean Air Act Regulation of CO<sub>2</sub> from Power Plants

Dallas Burtraw, Josh Linn, Karen Palmer, and Anthony Paul

*American Economic Review* | May 2014 | Vol. 104, No. 5 | 557–562

Under the Clean Air Act, the US Environmental Protection Agency and states will determine the form and stringency of the carbon dioxide regulations for power plants. Various approaches would create an implicit price on emissions and assets that would be distributed differently among electricity producers, consumers, and the government. The authors compare a tradable performance standard with several cap-and-trade policies. Distributing asset values to fossil-fueled producers and consumers has small effects on average electricity prices but imposes greater social cost than a revenue-raising policy.

## Two World Views on Carbon Revenues

Dallas Burtraw and Samantha Sekar

*Journal of Environmental Studies and Sciences* | March 2014 | Vol. 4, No. 1 | 110–120

The introduction of a price on carbon dioxide is expected to be more efficient than prescriptive regulation. It also represents substantial economic value. This paper asks who should receive this revenue and summarizes six trends among existing carbon-pricing programs. Deciding how to categorize the atmosphere—either as government property or as a common resource—has efficiency and distributional consequences that affect the political economy and the likelihood and durability of climate policy.