

WELCOME

Looking Beyond the Headlines



PHILIP R. SHARP, PRESIDENT

Like everyone else, we at RFF have been closely following media coverage of the tragedy in the Gulf of Mexico, out of deep concern for the harm that has come to many people as well as to the Gulf's treasured natural resources. But many RFF scholars have an added perspective, based on years of experience in assessing environmental damages and determining how the resulting costs should be assessed.

They think long and hard about the tough questions that many choose to overlook. As Senior Fellow Jim Boyd explains, shrimp and oysters have market prices—but what about the pelicans? They aren't bought and sold, yet no one would argue that they therefore have no value, or that the destruction of the birds and their breeding grounds has no economic meaning. The difficulty of making these calculations hardly means that the value doesn't exist.

The oil spill in the Gulf reminds us of the rising need for alternative ways to power American cars and trucks. Two of the three top contenders are biofuels and natural gas, both now in use but currently constrained from further expansion by engineering, infrastructure, and regulatory problems (the third option being electric cars). Journalist-in-Residence John Anderson and Nonresident Fellow Steve Brown lay out the challenges—ranging from trade barriers keeping out Brazilian ethanol made from sugar cane to environmental concerns regarding shale gas production—that temper the rosy projections made about their potential.

As the world's appetite for energy grows, so too does the competition for resources. In this country, anxiety about Chinese investment in energy sources on several continents is becoming audible. But the purpose of rigorous analysis is not necessarily to allay concerns but to focus them on the right targets. As Senior Fellow Joel Darmstadter writes, it is important to dwell not on the actions of one country, but rather on the rapidly increasing demand for fuel in all industrializing countries. If prices rise as the world comes out of the recent recession, the likelihood that oil prices will be volatile does as well. Estimating the costs of instability is not simple, but as in the case of the pelican, that doesn't mean that we should, or can, ignore it.

We recently received a prestigious award for our many contributions beyond the headlines. The Fondazione Eni Enrico Mattei, a leading research center in Italy, gave RFF the FEEM 20th Anniversary Prize in Environmental Economics. We are very proud.

A final word—our resources to address problems like these have been greatly enhanced with the addition of five new scholars to our staff: Fellows Joshua Linn and Lucija Muehlenbachs, Visiting Scholars Randall Lutter and P. Lynn Scarlett, and Nonresident Fellow Kenneth Small. Welcome to all!

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