

Conservation Reconsidered: A First Row Seat

Presented By
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Resources for the Future



What Krutilla Said About Conservation Reconsidered

- With Immense and Uncharacteristic Pride, John Relished The Fact that Conservation Reconsidered May Well Have Been the last refereed article in the American Economic Review With No Math and/or Data
- Both the Sierra Club and Utilities Wanted Him to Testify on their behalf at the Federal Power Commission concerning the Hell's Canyon Dam. He viewed this as Proof of his Objectivity
- He sealed the deal by working for the Commission for One Dollar

His Big Ideas Will Not Fade Away

- Inherent Intertemporal Value Differences Between Manufactured and Unique Non-Renewable Natural Resources
- Zero Prices Do Not Mean Zero Value
- Non-User Values Depend Upon:
 - Uniqueness
 - Non-Augmentability
 - Irreversibility

The Advances in Applied Economics and Public Policy

- Natural Environments Can Have Exceptional Appreciation and Finite Values (Who discovered Gordon Growth Theory?)
- Option Value as Social Insurance, intergenerational value transfers and the birth of Existence Value, Bequest Value and Public Goods Externalities.
- Congestion and Natural Resource Management Led to the “Optimal Carry Capacity” Concept
- As Well as Insight as to How to Ration Scarce Resources
 - Price
 - Time
 - Lottery

Passing Off The Ball and Still Coaching The Game

- Hell's Canyon: “How Big” Does Preservation Need to be to Reject Development.
- Non-User Values: Contingent Value Methods and a generation of interdisciplinary research.
- Calculus of Variation: How to Perform Long term Benefit/Cost Analyses Previously Thought to be too trivial to analyze.
- Technical Change: The Good, Bad and Reality

Careers Were Formed in This Environment

The Krutilla School

- 90% Known after 10% of Time
- The Real Work is Discovering How Much the Last 10% Matters
- A Ph.D. Is a License to Learn New Things and Discover New Fields of Inquiry and Method
- Different Questions and Interest Groups Require Different Analyses

My Personal Journey: Post The Krutilla School

- Hells Canyon Taught Me How to Think About and Ultimately Quantify The Marginal Cost of Electricity.
- Alaskan Oil Taught Me How World Oil and Natural Gas Markets Work and the True Relevance of Different Stakeholder Questions.
- Non-User Values Taught Me That Economic Theory Often Evolves Starting With Applied Public Policy Questions.
- Congestion Led to Survey Research, Using Data to tell a Story and Econometric Analyses.

Krutilla To Know Him...

- Was to revere his contributions and work effort.
- Requires us to thank him for both his academic contributions and his profound effect on us as individuals.
- The Profession Will Not Forget John Krutilla and Neither Will I !