

## **Progressive Economics for Environmental Protection: Report on Initial Workshop**

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A group of economists, environmental advocates, and funders met in Santa Monica on March 4-6, 2005 to discuss the potential links between economists and the environmental movement. There is widespread agreement on the need for such links, but to date there has been no organized presence of "economists for environmental protection" that is visible in public life and policy debates.

This document is a report on the major themes and conclusions of the workshop. More detailed, related proposals for next steps, based on the workshop, will appear in another document.

### **Overview and structure of workshop**

The workshop was cochaired by Frank Ackerman of Tufts University and Wesley Warren of NRDC, and supported by a grant from the Lawrence Foundation. (A list of attendees appears at the end of this report.) After an opening reception on Friday night, the working sessions of the workshop began with a presentation by Tom McGarity, president of the Center for Progressive Regulation (CPR), followed by discussions of four major topics:

- Content: what do we mean by "economics for environmental protection" -- the need for change in economic theory, academic research agendas, etc.
- Publicity: how do we get the word out, communicate our findings?
- Strategy: how should economists and environmental advocates cooperate?
- Next steps: if we want to organize a network of economists for environmental protection, how should we proceed? What kind of organization is needed?

### **CPR: an example of success?**

Tom McGarity's presentation described CPR, an organization of 40 "member scholars" who are engaged in academic research supporting the positive role of health, safety, and environmental regulation. Most are law professors, although the membership also includes two of the economists at our workshop, Frank Ackerman and Eban Goodstein, and some scholars from other disciplines. In just a few years, CPR has developed a remarkable level of activity, including books, conferences, policy briefs, testimony, and frequent op-ed articles. (See the web site, <http://progressiveregulation.org>, for details.) The organization rarely funds research, relying instead on the "sweat equity" of its members, who are largely tenured professors. A reasonably successful fundraising effort has allowed CPR to hire four staff to provide organizational support for its task forces, in addition to a very effective halftime publicist.

Much of CPR's work is inevitably Washington-focused, and provides policy analyses at a level that is useful to advocacy groups, congressional staff, etc., rather than speaking directly to the public. However, CPR members are also active at the state or local level; in many cases, CPR members have placed op-ed articles in newspapers and appeared on talk radio programs that are prominent at the state or regional level. About half of CPR's members are in "red states"; they are not just preaching to the choir.

As the discussion suggested, the success of CPR must be credited in part to the unusually energetic and talented individuals who launched the organization, and to their strong, informal links to many environmental organizations. Thanks to their efforts, CPR now provides an impressive example of a smoothly functioning organization of progressive academics, formally independent while substantively closely connected to the issues of environmental advocacy.

### **Content: the need for a new environmental economics**

Economists who seek to support the environmental movement are immediately faced with the sorry state of environmental economics today. Dogmatic commitment to abstract free-market theories characterizes much of the economics profession; mainstream environmental economics suggests that the optimality of the market can be preserved by monetizing and internalizing individual externalities -- entirely through flexible, market-based policy instruments, of course. In official Washington today, these flawed theories provide technocratic rationales for rolling back past successes in environmental protection. (A well-meaning minority attempts to use mainstream economic arguments to support environmental protection; their impact is unfortunately minuscule, on the profession and on the world.)

Ecological economics offers an important, but limited, alternative. It appropriately emphasizes the issues of natural capital, the inherent limitations on the scale of production, and the understanding of the economy as embedded in the earth's ecosystems. It has created an academic society and a journal that are open to innovative and critical perspectives. However, it is often, perhaps increasingly, abstract; its connections to policy debates are heavily concentrated in the two areas of ecosystems valuation and climate change. The crucial insights of its founders remain valid but have unfortunately not led to equally fundamental ongoing work in reforming and reorienting economics. The publication of enormous estimates of global ecosystems valuation has gone past the point of diminishing returns, in terms of impact on public opinion and policy.

The workshop had a wide-ranging discussion of new directions that are needed in environmental economics. Numerous interesting points were raised, most of which can be grouped into four broad categories:

**1. Equal rights to health and environment.** A fundamental principle is that everyone has an equal, democratic right to enjoy access to health and nature. This is a break with the status quo on several levels. In economic theory, it challenges the narrow utilitarian framework of valuation based on willingness to pay, and the presumption that

valuable resources should always be distributed through the market. In political economy, it raises the question of who benefits from the existing, unequal distribution of resources, and who has the power to shape the debate over distribution. And it leads directly to the important questions of environmental justice, one of the vital and growing areas of advocacy today. (Confirming the salience of environmental justice concerns, Latinos are now more sympathetic to environmental protection than whites in California, according to polls.)

**2. Investment, opportunity, and stewardship.** The environmental agenda is not just about protection, but also, crucially, about investment in natural and human assets. A strategy of environmental investment can create individual and community opportunities for employment growth and poverty reduction. With well-designed programs and regulations, there is no trade-off between environmental and economic well-being. Investment should be understood in long-range, socially oriented terms (think of children's education, not market speculation); it includes stewardship over the local, national, and global commons, which must be managed for the benefit of all, and for future generations as well as the present.

**3. Complexity, uncertainty, and the need for precaution.** Our task is to understand the linkages between natural and economic systems, which exhibit complex nonlinear dynamics with threshold effects, dangers of irreversible damages, and interactions between global changes and place-based, location-specific effects. Policies that address individual externalities in isolation are typically inadequate; a systems approach is essential. Complete knowledge of the economics/environmental system, or even of important major subsystems, is impossible to achieve; decisionmaking under uncertainty is the norm rather than the exception. Under these conditions, the precautionary principle provides a superior alternative to the false precision of risk assessment and cost-benefit analysis.

**4. The good life and the limits of efficiency.** As Manuel Pastor put it (in an e-mail after the workshop), "the good life is not just about economic success but also about open space, time, family, community, life meaning, and stewardship." In the realm of theory, it is absurd to attach monetary valuations to these nonmarketed, priceless values. Rather, we need to recognize that efficiency, as conventionally defined, measures only a small subset of the human values related to the economy.

There are structural obstacles to enjoying nonmarket values. The institutionalized rat race of the American economy, guaranteeing insecurity, inequality, and status rivalry for all, forces people to produce, earn, and consume more and more in order to maintain basic levels of security, comfort, and care for themselves and their families. This is doubly destructive: it traps and frustrates people who would prefer the alternative of more social welfare and less private accumulation; and it damages nature through its ever-escalating levels of resource use, pollution, and waste.

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In addition to these major themes, we discussed the need to create an academic research agenda that attracts and involves economists in policy-relevant subjects. Although cooperation with NGOs is important, the academic agenda cannot consist exclusively or primarily of short-term assistance to advocacy campaigns. The agenda has to have enough intellectual complexity, quantitative rigor, and intrinsic interest to allow graduate students and young professors to build careers and publish in peer-reviewed journals. At the same time it needs to be directed to questions that matter: major, controversial environmental impacts and values, real-world policy mechanisms and options, the hidden costs of doing bad, and hidden benefits of doing good. It needs to stay away from much of what passes for environmental research in economics today: abstract, calculus-intensive exercises in optimization under unrealistic assumptions, and esoteric explorations of the fine points of contingent valuation survey techniques.

The balance that we need to achieve is perhaps worked out more successfully in other disciplines: the toxicologists, law professors, etc. whose work is most important to environmental groups are not, for the most part, working directly for those groups or their campaigns. Rather, they are pursuing their own research and publication agendas, which have many points in common with an advocacy agenda. Their support is more valuable precisely because they are independent academic experts, not staff or consultants for advocacy groups.

Thus there is a significant task ahead of us, in elaborating an activist environmental economics research agenda, and in recruiting other researchers to join us in working on it. The workshop discussion raised, but certainly did not solve, the questions of funding such research, and introducing graduate students, postdocs, and others to new research possibilities. For economists (like the majority of those at the workshop) who are not in Ph.D.-granting departments, it is a particular challenge to find a way to influence the next generation's research priorities.

### **Publicity: telling the world about our work**

Once we have done work that is relevant to public policy, how do we communicate it to the world? Eban Goodstein has suggested that this is a bigger problem than doing new work, and Gary Bass raised the deafening possibility that what we need is an "echo chamber" to repeat our main points over and over. Several of us have produced popularly written works on major issues, which certainly seem like they could benefit from wider dissemination. The workshop included a provocative, though far from conclusive, discussion of the problems of publicizing and communicating our work.

The highest-profile forms of publicity, such as going on talk radio shows (such as short, local radio interviews, not the big nasty right-wing shows) or writing op-eds for major daily papers, can be exciting but also exhausting; it may require funding of additional staff time to be sustainable. However, high-profile publicity is not always possible -- and not always relevant for our work, some of which is aimed at advocates, congressional and agency staffs, and others already engaged in debate about the issues.

How do we become the experts whom environmental advocates, the media, and others turn to for advice?

One suggestion that attracted attention was the creation of summer training institutes, either for interested citizens and policymakers, or for graduate students and young faculty who want to focus more clearly on economics and the environment. In addition, there are many opportunities to work with and through existing organizations that are seeking to publicize progressive perspectives on environmental issues; typically these organizations would welcome more input from sympathetic economists.

### **Strategy: cooperation between economists and environmental advocates**

The discussion revealed many valuable opportunities for cooperation between economists and environmental advocates -- and some hurdles and differences of approach that must be addressed in the process. For example, NGOs, especially smaller ones, maybe unfamiliar with what economists can contribute, while even sympathetic economists are often unfamiliar with the needs and pace of advocacy work. In contrast to the academic interest in publishable research, NGOs are frequently interested in translating, simplifying, and publicizing research that has already been done. Currently there is considerable interest in "framing" of environmental messages, i.e. paying attention to and carefully choosing the implicit emotional impact created by advocacy rhetoric.

Advocacy groups have their own agendas, which have points of intersection with the academic agenda discussed above, but derive from a different, typically more short-term, campaign-oriented focus. All of the groups represented at the workshop were Washington-based groups addressing national issues; their agendas naturally revolve around the dynamics of national politics. Other groups will have different agendas, reflecting their local, regional, or in some cases international, campaigns. Whatever their focus, NGOs generally need shorter and more specific products than academics tend to write, on shorter timelines than the usual academic research and publication schedule. The challenge appears to include speeding up academic work, and/or building more leadtime into advocacy projects -- as well as bridging the gap between two very different vocabularies and styles.

One of the most popular suggestions was the creation of a fellowship or internship program, which would place economics graduate students or faculty in an environmental group for a summer or a semester. (This might or might not be combined with a training program, as suggested above, to prepare the economists for the issues they would be facing.) The economists could provide practical assistance to the host group, and could hopefully gain new research topics and interests that they would carry back to their academic work. Alternatively, economists who have time, probably those who are tenured, could volunteer to be "on call" for rapid response press releases, op-eds, testimony, etc., on an issue for a year. Such positions should probably rotate in order to avoid burnout.

A related proposal calls for dissertation fellowships, to support graduate students writing Ph.D. theses on relevant environmental economics topics. And in some cases, faculty may have leeway to organize a class project or coordinated student papers tackling a particular problem.

### **Next steps: organizing a network**

Since there was general agreement about the possibility and desirability of organizing an ongoing network, the workshop concluded with a brief discussion of the next steps to be taken. This included both a general discussion of appropriate organizational forms and models, and a more specific discussion of items on the agenda for the remainder of 2005.

Should the network be affiliated with an existing organization, or should a new organization be created? The possibility of affiliation with a Washington-based environmental group, while appealing in terms of immediate access to organizational resources, seemed inappropriate because it would prejudice the relationship of the network to that organization versus others. It is desirable to have an advisory board of representatives of many NGOs, funders, and others who are interested in our work; meeting with such a body once or twice a year will be invaluable for the group's focus and understanding of the issues, but should be kept separate from the organization and governance of the network.

In terms of academic societies, the US Society for Ecological Economics was the only candidate for affiliation; as with environmental organizations, it seemed appropriate to maintain a friendly but independent relationship with USSEE.

The only other possibility of affiliation that we discussed was with the Center for Progressive Regulation. CPR is a network of academics that have exactly the relationship we want to create with environmental groups -- definitely sympathetic, but independent and primarily rooted in academic scholarship. In addition, CPR has a well-established organizational infrastructure, and a good name with some of the relevant funders; all of this might be easier than starting over and reinventing the wheel. On the other side, there were suggestions that we should be developing a separate identity and a different network. There was also an argument that regulation was too narrow a definition of the issues that we are involved with, so CPR would be the wrong name to use. (However, there is informally strong opposition to continuing with the working title of Progressive Economists for Environmental Protection -- PEEP -- that was used going into the initial workshop. A new name is needed regardless of affiliation!)

A number of organizational models were described; the following is a list of five major alternatives, from simplest/cheapest to most ambitious.

1. At the minimal level, we could create a "Yellow Pages" of economists interested in the environment, and publicize it to organizations interested in contact such economists. This implies a little bit of organization, since someone has to be the

administrator/gatekeeper in order to maintain quality control on such a list; but by itself this requires only a little bit of work.

2. One step beyond that is the speakers bureau/skill share network; COMPASS, a network of environmental scientists, was mentioned as an example. That group does not have paid researchers, but helps to train scientists in public speaking and outreach techniques, as well as providing listings of experts to the media. (Another approach involving a moderate level of effort would be the creation of one or more single-issue networks tied to specific NGOs, such as the energy economists network that Redefining Progress wants to create; as mentioned above, this did not seem like the right approach for us in general.)

3. Somewhat more ambitious would be an organization administering a handful of projects, such as the summer institute and dissertation fellowship ideas discussed above, or other moderate sized initiatives -- perhaps as a demonstration project while seeking support for launching something bigger.

4. A bigger splash/bigger effort approach would be to create a new organization comparable to CPR, with task forces, publications, conferences, web site and promotional effort, etc. Some fundraising would be required for organizational overhead, in addition to significant volunteer effort from members. (It would be substantially easier to do many parts of this as an affiliate of CPR, of course.)

5. The most ambitious model, clearly out of the question in the near term, would be to establish an institute with significant full-time economics research staff on salary, as well as a much larger affiliated network in universities and other institutions. The Economic Policy Institute, the labor-oriented institute in Washington, provides a successful model of this approach. This provides much greater services to progressive groups, but at much higher cost.

Finally, turning to immediate plans, roughly covering the remainder of 2005, we made a series of decisions: (*actions taken through April indicated in italics*)

- We agreed that there is a need for an economics network, of the type discussed at the workshop, and plan to work together to make it happen.
- We identified the need for a larger, better prepared, and better structured meeting to found and launch the network, tentatively scheduled for October 2005 in Washington DC. (*The Lawrence Foundation has generously agreed to fund that meeting; David Batker will organize a survey of sympathetic economists to identify potential participants, and Frank Ackerman will organize documents and planning for the meeting.*)
- We planned to organize sessions at two upcoming conferences to publicize the network, the USSEE conference in July 2005, and the main economics meetings in January 2006. (*For the USSEE conference, we have organized a roundtable discussion about economists in the environmental movement, including Frank Ackerman, David Batker, Astrid Scholz, and possibly Eban*

*Goodstein. For the January economics meetings, we have organized a panel presenting research papers, including Frank Ackerman, James Boyce, Kevin Gallagher and his colleague Tim Wise, and Marilyn Power. We will try to use both sessions to publicize the network.)*

- We selected Frank Ackerman, David Batker, James Boyce, Eban Goodstein, and Astrid Schulz as a steering committee for our ongoing efforts.
- We asked Frank Ackerman to produce a more specific proposal for next steps and immediate funding needs, to be circulated in April.

Attendees: (organizations listed for identification only)

Frank Ackerman, Global Development and Environment Institute (GDAE), Tufts University

Frank Arundel

David Batker, Asia-Pacific Environmental Exchange (APEX)

Patricia Bauman

Gary Bass, OMBWatch

James Boyce, University of Massachusetts-Amherst

Kevin Gallagher, Boston University and Tufts University/GDAE

Nancy Golden, NRDC

Eban Goodstein, Lewis and Clark College

Andrew Hoerner, Redefining Progress

Christine Koronides, NRDC

Jeff Lawrence, The Lawrence Foundation

Thomas McGarity, University of Texas Law School and CPR

Lori Mitchell, The Lawrence Foundation

Manuel Pastor, University of California-Santa Cruz

Marilyn Power, Sarah Lawrence College

Sarah Schoenbach, NRDC

Astrid Scholz, Ecotrust

Wesley Warren, NRDC

Sara Zdeb, Friends of the Earth