

AN INTERVIEW WITH PROFESSOR CHARLES TOWE



BY RISA LEWIS

My name is Risa Lewis and I am a senior who just graduated with a major in Applied and Resource Economics. Today, I am talking on the phone with Charles Towe, an Assistant Professor in the ARE department and my academic advisor.

Hi Professor Towe. How have you been? How have you been coping during quarantine?

Well enough. I get to spend more time with my family, which has its pros and cons. Now that the weather is nicer and the kids can get outside, it's been a bit easier. My kids aren't around right now, so we can be reasonably quiet for half an hour.

Yeah, I'm quarantining with my family too, which definitely has its ups and downs. But I was thinking recently that overall, this has been an incredibly rare opportunity to delve deep into sharing perspectives across generations, something that means a lot more since I've grown during my undergrad. And since I'm moving across the country in a couple months for grad school.

To start, can you tell us how you got into the field of environmental economics?

That's a long story, longer than a couple minutes or a couple paragraphs. I graduated from undergrad in... '96? I got a Master's degree in Economics in Boston in '97. It was a dot-com boom then. So I went to work for a consulting firm, called Accenture now, part of Arthur Anderson back then. And then I worked at Fidelity Investments programming tax software. I programmed modules to predict people's income and retirement.

All that is background because that's all I did before I went to graduate school at the University of Maryland to get a PhD. I decided—I'll be honest with you—I decided I wanted to go into an Agricultural Economics program because I didn't really want to take Macroeconomics anymore. I knew that much. So that pulled me in. And then once I was in the program, that's where I got interested in doing environmental economics. So, it's not like I was predisposed to environmental economics, but once I was in the program, it was the only thing that enticed me into doing research.

I wish it had been more, "I was trying to change the world." But I wasn't. I was trying to pay my bills for the most part. That's sort of a roundabout process, but that's how I got there.

I'm sure a lot of students can relate to that. Especially now with the pandemic. Although, going to a funded grad program can actually be financially attractive with the current job environment. I happen to be on that path, and it feels really lucky, even if a PhD can be occasionally intimidating.

I always try to keep in mind that it's okay for my career path to change throughout life, so it's nice to hear your perhaps less-straightforward story. So once you decided to pursue a PhD, what kind of environmental economics research were you interested in?

Interview Continues

I started out in a lot of land-use research. So land economics, meaning looking at conservation preservation decisions by private landowners under certain incentive schemes. Here's perhaps a nicer way to put it: testing the success of certain policy incentives in keeping people from converting their land to development in rapidly growing areas.

Since I've been at UConn, I've definitely done a lot more water quality work with a hedonic focus. Hedonic valuation is a way of understanding people's value for environmental services that don't have a market by looking at how the existence of those services (such as water quality) influences the prices of goods that do have a market (such as housing). So if you had to put me in a camp, I'm more of a revealed preference environmental economist, as opposed to a survey and stated preferences person, though I've done that as well.

For the people at home, can you explain revealed preferences versus stated preferences?

Yeah. So, without insulting one side or the other, I believe a fair statement would be that stated preferences are looking to value things that people don't generally have a market for. And so you do have to just ask people essentially hypothetical questions about which bundle of goods in a given policy would you prefer.

—That's what I'm doing for my Honors thesis.

Yeah, you're hoping people will tell you the truth. And I mean really there's a big debate in the literature about are these values incentive compatible, because you don't have to actually pay for the stuff you are being asked to value. But at the same time, people don't really have a major incentive to lie to you if you structure the question the right way.

Revealed preference stuff is more observing transactions, observing a market behavior, and then trying to infer an environmental value out of that observed market behavior. And so I have spent a significant amount of time doing environmental amenity evaluation using housing markets.

So you were interested in the research, but did you know that you wanted to become a Professor when you went to grad school?

When I went to grad school, my full intent was to be a professor, although I was honestly perfectly happy to not be a professor and to work for a government agency or something like that. I took a job at ERS after I graduated. But then the University of Maryland, where I got my PhD, offered me a job and I decided I liked that location better as a place to live. So yeah, I wanted to be an academic, but it wasn't like I had to be one. I was a realist. All of the jobs have their pros and cons.

In the academic side, the freedom of your schedule is certainly the most important component to me with regard to raising a family and that kind of thing. On the private sector side, the freedom of being able to afford the things you like to do is kind of nice. So there's a positive on that, but then you have to work on whatever you're essentially requested to do. So you have a lot less time.

Regarding working for the government, the only standout benefit I can honestly think of is maybe motivating yourself to doing good for society. I worked for the federal government, so political transition to transition, administration to administration, things could be totally different. So it makes it really hard, especially when you're not making as much money as you could in either academic work or in the private sector. Under Obama, the USDA essentially said,

"People should work from home so we can be competitive with the private sector. And the Trump administration came in and said, "People can't work from home."

But now they can.

Yeah, now they have to. So it's pretty amazing actually how those things can swing, so.

What classes are you currently teaching and what do you enjoy or dislike about them? And how has that changed perhaps with the pandemic?

[Laughter] That's a dangerous question. So I teach two undergrad classes. I teach environmental and resource policy and the computational economics, excel-based course. What do I like about them? Well, I'll say one thing. The new U.S. administration has certainly made environmental policy a fun course to teach because I have to work very hard to stay up to date with what's going on.

I believe the course is more relevant now that it probably has been in 15 or 20 years because people need to understand how policies are made, what's the difference between a rule and a law, how do rules get written, how do rules get overturned, can the administration do that, that kind of thing. These are now relevant topics. They'll be relevant under Trump. And they'll be relevant under any other administration that wants to do climate change reform, because you need to know how to make these changes as well. I enjoy the classes because of the topic itself, but now I have a

lot of flexibility in how I teach it and what material I talk about, because there is no rote way to teach environmental and resource policy. I think the Excel class is probably the most frustrating for students, as far as undergrads, but I think the nice thing about the Excel class is that it is a real skill that people get from the class.

There's always a couple of students that realize this at some point in the semester and they say, "I didn't want to take this class, but I had to, and now I'm really glad I did." I get these kind of notes from that Excel class, which is bizarre to me. Students will say, "I got an internship and they thought I was an Excel whiz, but I'm terrible at it. But because I took your class, I knew how to understand it." So I think there's some satisfaction in providing undergraduates a useful skill while also learning some economics in the process.

Yeah, that was one of my favorite classes. And it really started me on my path towards a graduate degree in economics because, well, it was useful, like you said. I saw the practical applications and learned how to do them myself. And the Econometrics class?

The Econometrics course is a Masters and a PhD course, which makes it tough, because I can't teach at a PhD level to everyone. But I attract different students from around campus, and it's kind of important in my opinion that we start thinking about how data are created and talking about proper identification instead of "Oh I got this data, so now I'm all set." The key is knowing how to ask questions and which questions you can answer with your data—how can you tell a story with your data that's compelling enough to get it published in a journal. So that's what I like about that course.

Okay, to wrap it up, can you talk about, out of all of your research, what do you find the most rewarding and the most interesting?

It's dependent upon where I've been. So when I was at Maryland, one of the big issues that the state faced was that Baltimore and DC were both growing very rapidly into the rural sections of Maryland. They were growing through massive subdivisions, taking up massive swaths of land to give people large lots, which had all sorts of negative environmental consequences. So it was nice to be able to focus on what kinds of policies may encourage people to be a little bit more efficient in their allocation of land. And so I found that rewarding.

I think in Connecticut for the last couple of years, although I don't have papers on these topics yet, we're looking at coastal resiliency and how housing markets react to flood events. We're looking at how we can pick up signals in the housing market to understand the impact of flood insurance in the market. We're looking at the ramifications of the current flood insurance policy, the distributional implications of flood insurance, and how people make decisions to limit the harm from the rising seas and the impending storms that are going to come.

And so I think that's very pertinent to Connecticut, and of all of the things I do now, probably the most exciting because all of us want to be relevant in our own way. And I don't think my research has ever been geared toward changing global policy on one thing or another, so I'm very happy to be at a land-grant institution where the state appreciates what you're doing and even reaches out for policy advice. So that's really what I'm excited about.

That is the goal—at least I think so. The ultimate impact.

Well, that's all the questions I have. Thank you for chatting and for your help over the years!

No problem. Good luck with grad school.