NSF Grantee Does Slow Burn as Coal Study Ignites Flap

The time was not long ago when a grantee of the National Science Foundation (NSF) could count on his work achieving respectable obscurity. Oh, his colleagues might take notice, his mother might express polite interest, or, if his topic sounded arcane enough, an occasional congressman might rant about squandering the taxpayers' money on such frivolous endeavors. But beyond that, his work was apt to attract little attention outside the walls of academe.

Those tranquil days may be gone forever. Now that NSF is moving toward greater support of applied research and policy analysis, its grantees are inevitably treading on the toes of powerful interests in the outside community. Take the case of three researchers at the University of Illinois in Champaign-Urbana.

Their work has been introduced into a congressional hearing, praised by the railroad industry, condemned by pipeline interests and their politically prominent Washington, D.C., law firm, subjected to a detailed critique by a private consulting firm hired to pick the study to shreds, and splashed on page one of the Washington *Star*. Not to mention the numerous soul-searching internal discussions at NSF while officials tried to determine how to handle the brouhaha.

The work in question was entitled *The Coal Future*. It was prepared under a $189,000 grant from NSF's Research Applied to National Needs program by Michael Rieber, a research professor of economics at the university's Center for Advanced Computation, and Shao Lee Soo and James Stukel, of the college of engineering.

The study's most controversial conclusion, in a section devoted to transportation of coal, was that railroads have many advantages over coal slurry pipelines, which use water to carry pulverized coal. The study concluded that, while it may cost only half as much to build a pipeline as to build an entirely new railroad from scratch, the situation is reversed if an existing railroad can be used—even the most elaborate upgrading of an existing railroad to handle massive amounts of coal at high speeds would cost only half as much as a new slurry pipeline. What's more, the study gave the railroads higher marks for flexibility, contribution to employment, environmental impact, and conservation of scarce material and water resources.

Those conclusions proved congenial to the railroads, which are currently engaged in a lobbying battle with pipeline interests over legislation that might affect how coal is transported from Wyoming to Arkansas. At Senate hearings, for example, the Burlington Northern touted the "objectivity and currency" of "the report of the National Science Foundation."

But the pipeline forces were much less enthusiastic, particularly since one conclusion of the report was that "Abandoning railroads in favor of a slurry pipeline, such as the one proposed for shipment from Wyoming to Arkansas, would be a wasteful policy error."

That finding did not sit well with the proponents of the Wyoming-Arkansas pipeline, Energy Transportation Systems, Inc. (ETSI), a consortium owned by the Bechtel Corporation, a giant San Francisco-based construction firm; Lehman Brothers, the New York investment bankers; and a Kansas-based natural gas pipeline firm. So ETSI had a Washington law firm, Hogan & Hartson, write a letter to NSF complaining about "fundamental deficiencies and factual errors" in the report. Subsequently, the law firm submitted a detailed critique and rebuttal of the report prepared by a Lanham, Maryland, consulting firm, L. E. Peabody & Associates, Inc., whom the law firm described as "recognized independent economic consultants with a special expertise in rail transportation." The gist of the critique was that the Illinois group had allegedly understated the costs of railroad transportation.

The Foundation promptly shipped the critique out to the Illinois group, and Rieber replied with a point-by-point rebuttal of the rebuttal. The gist of Rieber's response was that the consultants, in their haste to submit the critique, had apparently failed to read the most relevant section of the original report and had confused existing charges with actual economic costs. He also noted that "it has proven impossible to find anyone at the Association of American Railroads who has heard of L. E. Peabody & Associates, Inc., much less anyone there who is acquainted with their 'special expertise in rail transportation.'" Rieber suggested that the approach to NSF through a law firm was "an attempt to intimidate the Foundation as well as the authors of the report."

Meanwhile, NSF, faced with a hot potato, required Rieber to put a disclaimer on the report stating that "Any opinions, findings, conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the National Science Foundation." Such disclaimers are required under NSF grant administration guidelines, but the Foundation rarely polices its grantees to make certain they follow that particular guideline. In Rieber's case, they told him to send out disclaimer notices to everyone who had already gotten the report without the disclaimer. (More than 900 people have requested all or part of it.)

Rieber, who acknowledges that he wasn't even aware he was supposed to insert the disclaimer in the original publication, objects to the haphazard enforcement of the policy. He notes that Bechtel, one of his chief antagonists in the current fray, recently prepared an energy report, under a grant from NSF, that not only failed to include a disclaimer, but actually "co-opted" the Foundation by thanking many of its officials for their help and stating that the study was "sponsored by the National Science Foundation." Why, he wonders, shouldn't Bechtel, and every other NSF grantee as well, be required to send disclaimers to all recipients of nondisclaimed reports.

The skirmish was discovered by the mass media on 16 October, when the Washington *Star* ran a front-page story erroneously headlined "Pressure by Bechtel lawyer shifts scholar's coal view." (The Illinois group has in no way changed its view.) The article stated in its opening sentence that "an influential Washington law firm" persuaded NSF to take "a highly unusual action of requiring a scholar to issue a disclaimer on his report. . . ." That, too, appeared overstated since the disclaimer was supposed to be there in the first place. The article further quoted NSF's general counsel, Charles F. Brown, that Hogan & Hartson's approach was "not a proper action for a law firm to take." However, Brown has since been backpedaling furiously. He says he has apologized for his comment because Hogan & Hartson's letters were "not in the slightest bit improper." In fact, he says, the law firm didn't even request the disclaimer—that was NSF's idea.

Rieber is concerned that the fracas may undermine his chances for getting a continuation grant from NSF. But Foundation officials, who have been sitting on his proposal for 7 months now, insist that the flap will have no bearing on their decision.—PHILIP M. BOFFEY