Sonoran Institute

PROSPERITY IN THE 21ST CENTURY WEST

THE ROLE OF PROTECTED PUBLIC LANDS

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By Ray Rasker,
Ben Alexander,
Jeff van den Noort,
and Rebecca Carter

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ACKNOWLEDGMENTS

In the spring of 2003, the Sonoran Institute took up an important question: what is the relationship between how public lands are managed in the Western United States and the economic health of neighboring communities? At the time, only bits and pieces of this question had been answered. No one had looked at all public lands in the West (including National Parks, Forests, Wildlife Refuges, Monuments, Conservation Areas, and Bureau of Land Management lands), and all counties containing public lands. And no one had studied how the conservation or industrialization of these lands had influenced local economies. Above all, no one had developed a system to compare counties facing different economic conditions and opportunities. Since the age-old debate over "jobs versus the environment" is so polarized – and so vital to the West's future – it was clear that this question needed some serious attention.

The impact of public land management decisions on the economic health of neighboring communities is both subtle and complex. To examine these relationships, this study applied an unprecedented set of filters. Results were submitted to several rounds of intensive peer review. What emerged is a compelling and important set of findings that belie the old mythology that conservation is incompatible with economic prosperity. In fact, the opposite is true: protected natural places are vital economic assets for those local economies in the West that are prospering the most. But the degree to which a community can benefit from the designation of a new National Park, Wilderness area or similar protection depends largely on additional factors, such as access to airport and the education of its workforce. In short, those communities that understand and capitalize on these factors and their relationships will be much more likely to prosper.

We are very grateful for the support of the LaSalle Adams Fund, whose generosity and confidence in the Sonoran Institute has allowed us to create our SocioEconomics Program, which has quickly emerged as the premier program for researching and explaining the changing economy of the West and its relationship to the management of public lands and ecological health. The Henry P. Kendall Foundation and the Brainerd Foundation have also played a critical role by helping to create and nurture the Sonoran Institute's SocioEconomics Program.

I also want to acknowledge the team at the Sonoran Institute whose hard work and passion for the West and its people are unmatched. The researchers and authors are: Ray Rasker, Ben Alexander, Jeff van den Noort, and Rebecca Carter. This report was an exemplary group effort.

I am also grateful to Patty Hernandez and Erin Quinn for their detailed maps and GIS analysis, Jenny McCune for her meticulous editing, and to Caroline Seaman and Patrick Holmes for their research assistance. I'd also like to thank Pete Morton, Priscilla Salant, and Paul Lorah for their rigorous review and helpful comments on earlier drafts. Eric Sorenson and Jon Catton were instrumental in helping us pare down a substantive research report into this shorter, popularized version. For the detailed report, entitled "Public Lands Conservation and Economic Well-Being," please visit **www.sonoran.org**

Finally, we would like to thank the numerous people we have encountered and learned from during our travels to all corners of the West. Your love of the land and your passion for place are inspiring. We wish you the best as you balance your economic needs with your quality of life and the health of this magnificent landscape.

Luther Propst
Executive Director, Sonoran Institute



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EXECUTIVE SUMMARY

We initiated this study to establish whether protected public lands in the West play a positive or negative role in the economic health of adjacent communities. Building on previous studies, we employed additional layers of geographic and economic analysis. We discovered that Wilderness, National Parks, National Monuments, and other protected public lands, set aside for their wild land characteristics, can and do play an important role in stimulating economic growth - and the more protected, the better.

We also found that there are many other important pieces of the economic development puzzle, and that not all communities benefit equally from protected lands. Access to metropolitan areas, via road and air travel, is also extremely important, yet some rural communities are remote and isolated. The education of the workforce, the arrival of newcomers, and a number of other factors allow some areas to flourish and to take advantage of protected lands as part of an economic development strategy. Communities without these economic assets, in spite of being surrounded by spectacular scenery, tend to struggle.

We explored in detail how the economy of the West has changed, and looked into the idea that the West's competitive advantage in a global marketplace is its unique landscape and quality of life. Historic dependence on resource extraction industries, like mining, oil and gas development and the wood products industry, turn out to have the slowest long-term growth rates. Diverse economies - especially those with high-end service industries like finance, real estate and business services - grow the fastest. We then show how some areas of the West - those with easy access to larger markets and with nearby protected public lands - are ideally positioned to attract these types of industries and therefore stay competitive in the global economy. Those communities that are not diverse, isolated, without nearby protected lands and highly specialized in resource extraction are the most vulnerable to global competition.

In short, this study identifies factors that are vital for economic success in the West and describes the critical contributing role of protected public lands.

THIS REPORT IS A POPULARIZED AND SHORTER VERSION OF A FULL STUDY ENTITLED, "PUBLIC LANDS CONSERVATION AND ECONOMIC WELL-BEING," WHICH IS AVAILABLE FROM WWW.SONORAN.ORG

Sue Fearon, who with her husband owns Escalante Canyon Outfitters in Boulder, Utah, lives on the edge of the Grand Staircase-Escalante National Monument. After the Monument was declared in 1996, they saw their business more than double in the first two years.

"Shining the national spot light on this area was important in so many ways," she says. "People came, some stayed, and they all helped transform this town of Boulder into what it is today. Sometimes I think about the Boulder we started this business in; the one with three rooms to rent, one cafe and one pay phone; and then I think about what greets our clients today. It has been an amazing transformation."

—Sue Fearon

INTRODUCTION

"The economic health of Blaine County depends on wilderness and roadless areas that provide for high-quality recreation opportunities."

—Sarah Michael, County Commissioner, Blaine County, Idaho

"All Americans, not just residents of Utah, will pay dearly in the long run for the unnecessary federal environmental extremism that sets up unreasonable roadblocks to productive uses of natural resources."

—Alarik Myrin, Utah State Senate, commenting on President Clinton's decision to create the Grand Staircase-Escalante National Monument.

The vast expanses of open space are the defining characteristic of the West. More than half the region's land is in public ownership and managed by the Bureau of Land Management, U.S. Forest Service, National Park Service, and U.S. Fish and Wildlife Service. In mountainous regions, some counties are 80 percent publicly owned and in states like Arizona and Nevada, that number is as high as 90 percent.

It is no surprise then that another distinguishing characteristic of the West is the heated debate over how these lands should be managed. Some people prefer that public lands be set aside and protected for their scenic and recreational values. Others prefer they be used for resource extraction, in the form of oil and gas development, mining, and logging. These debates - between preservation or extractive uses of public lands - are most passionate in the rural West, where jobs are few and space is plentiful.

A typical example is playing itself out in Utah. When the Grand Staircase-Escalante National Monument was established in 1996, local reaction was negative, even hostile. President Bill Clinton and Interior Secretary Bruce Babbitt were hung in effigy in the town of Escalante, and residents in Kanab released black balloons in symbolic mourning. Over time, some have grudgingly accepted the new Monument. Others have embraced it as their economic salvation, hoping hordes of tourists, and eventually new businesses and residents, will flock to some of the most economically depressed towns in rural Utah.

Today, a proposed new Wilderness Area in central Idaho - the Boulder White Clouds Wilderness - is being heralded by some as critical to the well-being of the economy. Early this year more than 130 business leaders in Idaho sent letters to Congressman Mike Simpson in support of the wilderness proposal. Others in the West see just the opposite; that "increased federal intervention" will stifle an economy dependent on public lands for natural resources like timber and minerals. Pat Davison, an accountant, business adviser, and candidate for governor of Montana, said, at a recent forum for gubernatorial candidates, that Montanans must "take back their state" from environmental extremists blocking development of Montana's coal, oil and gas, timber and precious metals. (As reported by Mike Dennison, Tribune Capitol Bureau, January 1, 2004.)

In the following pages we describe how the economy of the West has changed and explore the role of traditional resource extractive sectors. Then we show the findings of a comprehensive analysis exploring the relationship between protected public lands (Map 1), in the form of Wilderness, National Parks, etc., and the health of the local economy.

This is followed by two detailed case studies: a before-and-after economic analysis of the Grand Staircase-Escalante National Monument and an exploration of whether communities in Central Idaho are likely to benefit from the proposed Boulder White Clouds Wilderness. We conclude with observations and recommendations for communities in the West that want to find ways to grow and diversify their economies.

MAP 1: PROTECTED PUBLIC LANDS IN THE WESTERN UNITED STATES.

* National Conservation Areas (BLM), National Monuments (NPS,FS,BLM), Wilderness Areas (NPS,FS,BLM,FWS), Recreation Areas (NPS,FS,BLM), Wild & Scenic Rivers (NPS), Wildlife Refuges (FWS), Waterfowl Production Areas (FWS), Wildlife Management Areas (FWS)

** Wilderness Study Areas (NPS,FS,BLM,FWS), Inventoried Roadless Areas, Forest Reserves (BLM), Public Domain Lands (BLM), National Forests (FS), National Grasslands (FS), National Preserves(NPS)

The bulk of protected lands in southern California are BLM National Conservation Areas.

Abbreviations: Bureau of Land Management (BLM), Forest Service (FS), National Park Service (NPS), Fish & Wildlife Service (FWS)

THE NEW ECONOMIC DRIVERS IN THE WEST

Research shows that the West's economy is driven by peoples' decision about where they want to live, a rapid rise in retirement and investment income, and the increased attractiveness of communities surrounded by protected public lands.

LIFESTYLE

In the past decade, a widening body of research has shown that amenities, such as environmental quality, a slower pace of life, low crime rates, scenery, recreational opportunities, or "quality of life" for short, are influencing peoples' decision to live and to do business in rural areas. Fuguitt and Beale (1996) found that telecommunications technology has allowed businesses to operate far from urban centers, in scenic rural areas with a high quality of life. Power (1991) demonstrated that these "footloose entrepreneurs" bring their businesses with them when they locate to areas like the Greater Yellowstone region. (See also Cromartie and Wardwell, 1999; Nelson, 1999.)

A new theory of economic development has emerged, shifting from "jobs first, then migration," to "migration first, then jobs" (Whitelaw 1992; Whitelaw and Niemi 1989). As the theory goes, people first decide where they want to live, and then create jobs for themselves in their new location. In turn, the in-migration of people seeking a higher quality of life stimulates the local economy. For example, the construction industry benefits as the demand grows for new homes. Local retailers learn to cater to the tastes of these new arrivals, selling everything from espresso and mountain bikes to new homes. When retirees with nest eggs - both seniors and early retirees - move to a rural town, they in turn fuel other sectors, such as the health industry (both health care and health clubs). In sum, the influx of new people with ideas, experience, and investment income into high-amenity areas stimulates new growth that goes beyond lower-wage, economically vulnerable tourism jobs.

A study by McGranahan entitled "Natural Amenities Drive Population Change" (1999) compared population growth rates of U.S. counties and found the highest growth occurred in counties with amenities that included a warm climate, mountains, and the presence of rivers, streams and lakes.

Shumway and Otterson (2001) found that the greatest number of new migrants to the West are in what they call "New West" counties, characterized by their recreational nature, scenic amenities, proximity to national parks or other federal lands, and a preponderance of service-based economies. They concluded that in the New West, the importance of mineral, cattle, and lumber production is dwarfed by an economy that is now based on "a new paradigm of the amenity region, which creates increased demands for amenity space, residential and recreational property, second homes, and environmental protection." (page 501).

However, the importance of amenities is not limited to newcomers. Johnson and Rasker (1995), in a survey of business owners in the northern portion of the Greater Yellowstone area, found that amenities were more important as a magnet to keep locals from leaving than as a lure for newcomers. These amenities included recreation opportunities such as ski areas and wildlife viewing, social amenities such as low crime rates and the friendliness of the town, and environmental amenities such as scenery.

The Grand Staircase-Escalante National Monument has attracted a number of new migrants.

"The Monument provides activities normally associated with university towns that are now available to all of us in this remote area."

—Peter Gillespie

RETIREMENT AND INVESTMENT INCOME

The growth of many communities comes largely from retirees and people with investment earnings who, when they move to the rural West, help stimulate other sectors of the economy, most notably home construction and health care. Peter Gillespie and his wife Agi, after twenty years of visiting the town of Kanab and its surrounding public lands, decided to move there from California, after "looking for that 'perfect spot' to build a home for life after our first professions," Peter says. "A big draw is the opportunity to study the archeology and anthropology of the Grand Staircase-Escalante National Monument."

People like the Gillespies are increasingly common. In Kane County, in which most of the 1.9 million-acre National Monument sits and takes up more than half of the county's land base, nearly three-fourths of the net growth in personal income in the last 30 years has been from retirement funds, money from past investments, and other "non-labor" sources. In the rural West one out of every two new dollars in personal income in the last thirty years has been from these types of sources. The traditional staples of the rural economy - farming, ranching, mining, energy development and the wood products industry - make up only eight percent of all personal income. (U.S. Department of Commerce, Bureau of Economic Analysis, 2001).

As our Grand Staircase-Escalante National Monument case study demonstrates, these trends are typical of many scenic areas in the West. Once public lands are protected, the economy grows and diversifies, and in ways that are very different from the past. While traditional forms of employment - mining, ranching logging, and working in lumber mills - are in decline, retirement and investment income are rising rapidly. So is personal income from those who work in a variety of service related industries, from business and financial services, to hotels and retail stores.



PROTECTED PUBLIC LANDS

Several researchers have focused specifically on the role protected public lands play as a driver of growth of population, jobs and personal income. Their important findings are summarized in the detailed version of this report, which is available at **www.sonoran.org**

This study builds on that foundation of previous research by examining:

- Every county in the West
- Critical differences between isolated counties and those connected to metropolitan areas
- Important distinctions in how public lands are managed

An important finding of previous research has been a differentiation between the growth in low-wage service industries, like lodging and recreational services, and high-wage services such as engineering, real estate, finance and business services. This latter category is also known as the "producer services" - those closely tied to the production of goods. For example, engineering services are used in manufacturing, while architectural, financial and real estate services are used for construction. While many areas in the West are scenic, with abundant wildlife and free-flowing rivers, researchers have found that areas that also have an educated workforce and ready access to larger markets via air travel and highways are poised to have growth in the high-wage producer services (Beyers, et. al. 1995; Hansen et. al., 2002).

This study, therefore, adds an important element to previous research by showing:

- The importance of protected public lands relative to other variables that need to be in place for economic growth.
- What needs to be in place to be able to attract the higher-wage service industries.

Before we address the findings of our analysis, and how these lessons can help communities prosper, it is essential that we look further at how the West has fundamentally changed.

THE BIG PICTURE: THE WEST HAS CHANGED DRAMATICALLY

"We have turned our backs on what brought us here - the high-paying jobs. We are a natural resource economy whether we like it or not."

—Representative Denny Rehberg of Montana quoted in the Daily Inter Lake,"Rehberg: Extracting natural resources will help economic woes." By Alan Choate, April 15, 2004.

When federal agencies set aside public land for conservation, the local response is often negative, even hostile. Much of the concern is driven by a commonly held view that the West still depends on public lands for timber, minerals, oil and gas resources. From this point of view, public lands and resource development is the lifeblood of rural communities, and curtailing resource extraction hurts the well-being of rural people.

WITH A FEW EXCEPTIONS, THE WEST IS NOT RESOURCE DEPENDENT

In the West - defined in this study as the 11 western mainland states of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming - mining, logging, and oil and gas development have historically played a significant role in economic development. In a very real sense, our identity, sense of place, culture, architecture and even fashion have been shaped by these industries. However, today these industries provide few jobs. They have not been a significant source of new jobs or personal income in the last three decades.

This doesn't mean that resource industries should disappear. They can be an important part of an increasingly diverse economy. In some communities, and for some families, resource extraction will continue to be important. But these are the exceptions. Local leaders in the West who understand that enormous shifts have taken place will be much better positioned to help their communities thrive in the 21st Century's changing economy.

THE RURAL WEST

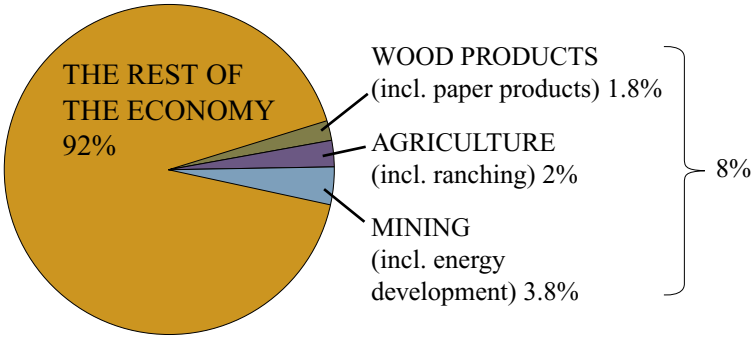
Most of the concern over the economic impacts of conservation of public lands comes from rural areas (Map 2). But while it is commonly believed that these areas depend on resource industries, personal income from employment in mining, oil and gas development, logging, and the lumber and wood products, these industries represent less than 5 percent of total personal income in 2000. Along with farming and ranching, the traditional resource staples of the rural West represent 8 percent of total personal income (Figure 1). This is down from 20 percent in 1970. (U.S. Department of Commerce, Bureau of Economic Analysis, 2001).

MAP 2: METROPOLITAN AND NON-METROPOLITAN (RURAL) AREAS OF THE WEST.

Source: U.S. Department of Commerce, Regional Economic Information System; Bureau of Economic Analysis (BEA), Washington, D.C., 2001.

Note: Metropolitan counties as defined by the Office of Management and Budget and used by the U.S. Department of Commerce. All counties without metropolitan areas are defined by BEA as non-metropolitan.

FIGURE 1: PERSONAL INCOME FROM AGRICULTURE, THE WOOD PRODUCTS INDUSTRY AND MINING IN THE RURAL WEST COMPARED TO THE REST OF THE ECONOMY, 2000.



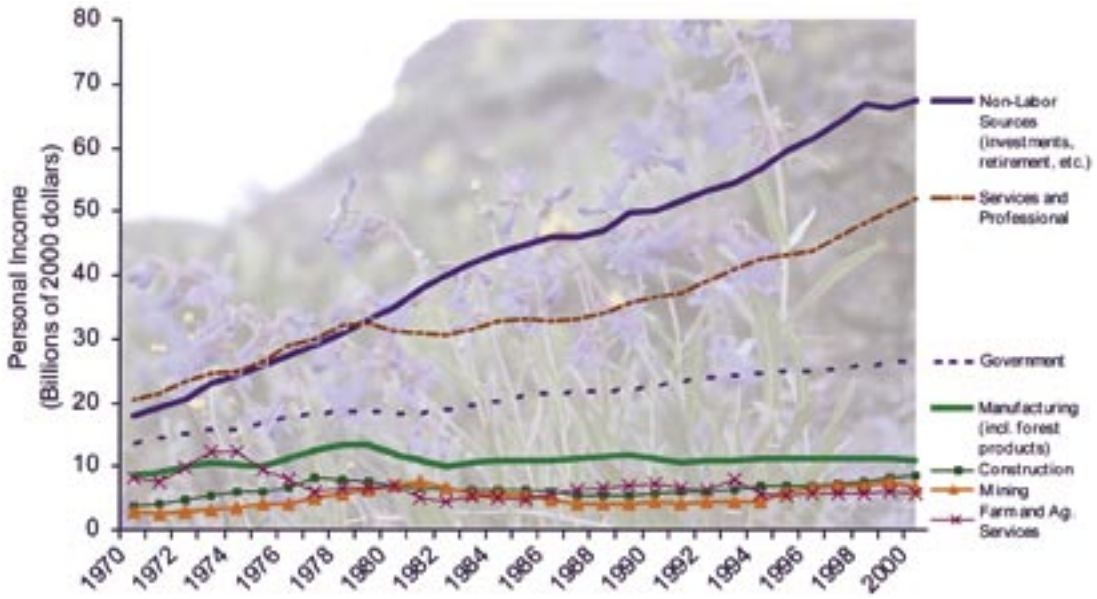
Source: U.S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C., 2001.

Meanwhile, the biggest source of real income growth, accounting for half of net growth since 1970, has been "non-labor income." This is also referred to as money earned from investments and transfer payments like retirement benefits, health care and disability insurance payments, Medicare and Medicaid and welfare.

The second biggest source of growth in the rural West has been service-related industries, accounting for more than one in three new dollars of net growth (Figure 2). Jobs in these industries are a mix that includes high-wage occupations in health, engineering, and business services, but also relatively low-wage occupations such as those found in restaurants and hotels.

Since most of the growth in the rural West is in services, the success of rural communities depends in large part on their ability to go beyond lower-paid tourism jobs and attract higher wage services. Public lands draw people employed in business services, engineering, finance, real estate, and other high-wage service sectors. But such workers also need ready access to larger population centers, as too much isolation, even when surrounded by spectacular scenery, can be a detriment to economic growth.

FIGURE 2: GROWTH IN PERSONAL INCOME IN THE RURAL WEST, 1970 TO 2000, BY SOURCE.



Source: U.S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C., 2001.

RESOURCE DEPENDENT STATES GROW THE SLOWEST

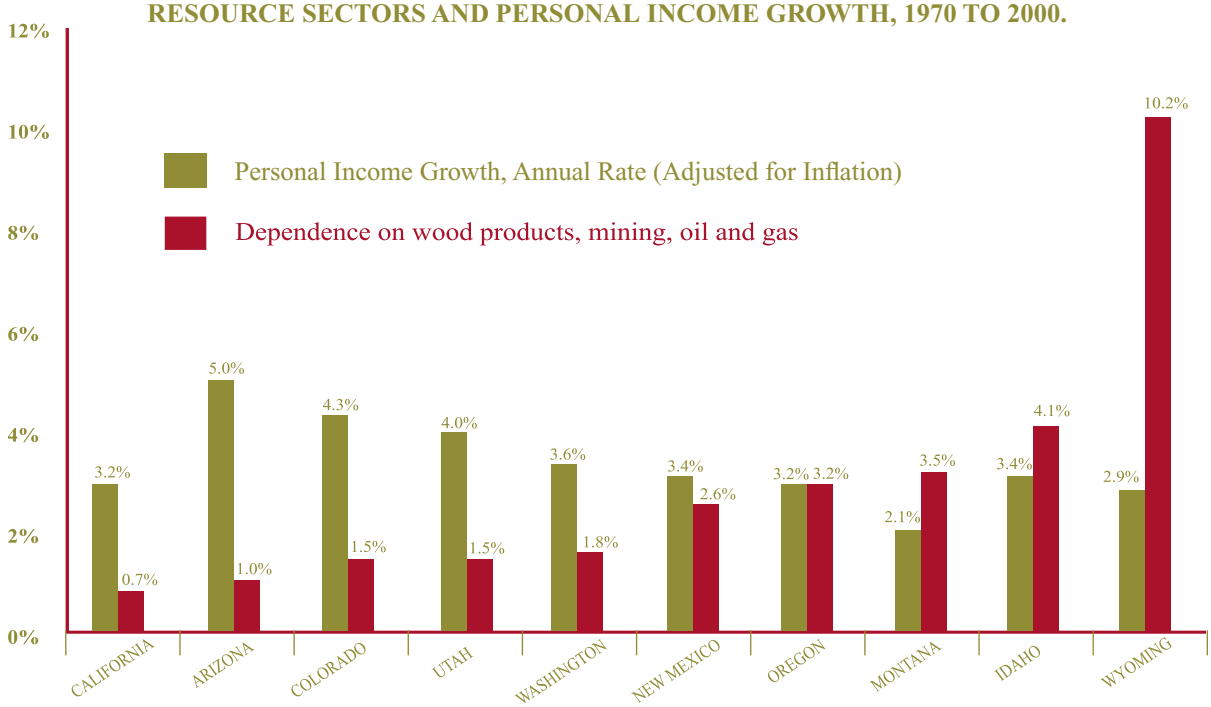
In rural towns, the promise of good jobs in logging, mining and energy development can be a powerful deterrent to the conservation of public lands. In parts of the West, such as the eastern slope of Colorado and western Wyoming, there has been a large upsurge in employment, personal income, and county and state tax revenues from these activities. But history tells us this trend, if not accompanied by diversification, in the long run, leads to the opposite of economic growth.

It turns out there is an inverse relationship between resource dependence and economic growth; the more dependent a state's economy is on personal income earned from people who work in the resource extractive industries, the slower the growth rate of the economy as a whole (Figure 3).
The fastest growing states - Arizona, Colorado, and Utah - are among the least resource dependent. Annual real personal income in Arizona grew five percent in the last three decades, yet only one percent of personal income in the state is from people who work in mining, logging, or oil and gas development.

The two slowest growing states, in terms of real growth of personal income, 1970 to 2000, were Montana and Wyoming. These were among the most dependent on resource extractive industries.

Historically, the most resource-dependent state in the West is Wyoming, with more than 10 percent of total personal income from these industries. Yet, growth in Wyoming's economy over the last three decades has been near the bottom of the pack, with real personal income growing by less than 3 percent. The second slowest growth in personal

FIGURE 3: THE RELATIONSHIP BETWEEN A STATE'S DEPENDENCE ON RESOURCE SECTORS AND PERSONAL INCOME GROWTH, 1970 TO 2000.



Sources: U.S. Department of Commerce,; Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C. 2001: Bureau of the Census. 2000.

income is in Montana, which is also the third most resource dependent state, at 3.5 percent.

Such figures come as no surprise. Economic diversity is good for the economy. Specialization, with heavy dependence on resource extraction industries, is not.

What is striking - and worrisome - is that the dependence on what should be high-wage jobs in mining, oil, gas, and the wood products industry has not resulted in overall growth in personal income. Worse, the opposite seems to be occurring. Possible reasons for this are that boom periods, especially in oil and gas development, can serve as a strong distraction from the need to stimulate other industries and, by so doing, diversify and stabilize the economy.

If handled correctly, resource development can serve as an opportunity. Ideally, a growing resource-dependent community would invest in transportation infrastructure like roads and airports, as well as educational facilities. Instead, we all too often see situations like Custer County, Idaho, where decades of dependence on mining has left the community impoverished, with low education rates and without easy access to larger markets.

COUNTIES DEPENDENT ON HIGH-WAGE PRODUCER SERVICES GROW FASTEST

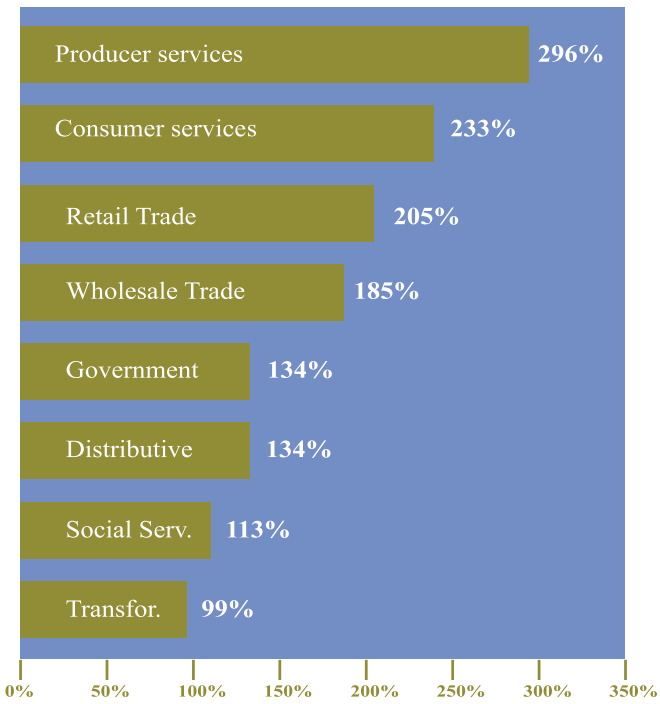
Counties that depend to a larger extent on producer services, like engineering and finance, almost tripled in size in the last three decades. In contrast, slowest growing counties depended on "transformative" industries like agriculture, logging, and mining, and manufacturing, where a raw material is extracted and "transformed" into a finished product (Figure 4).

Put differently, the fastest growth in the West has occurred where the predominant occupation is a white collar job. The slowest growth has been where the economy depends on what can be harvested or dug up.

Furthermore, few counties are resource dependent. Three counties - less than 1 percent of all counties in the West - derive more than a fifth of their employment from mining, oil, gas, and energy development.

If a different definition of resource dependence is used, then the number of truly dependent counties is still relatively small. For example, if resource dependence is defined as the number of counties in the West with more than 10 percent employment in mining (including oil and gas), then in 2000, there were 23 such counties, or 5.6 percent of all counties in the West. In other words, even an exaggerated definition of dependency yields few counties whose economy can be described by those terms.

FIGURE 4: COUNTY GROWTH RATES OF REAL PERSONAL INCOME, 1970 TO 2000, COMPARING ABOVE AVERAGE DEPENDENCE ON DIFFERENT INDUSTRIES.



DEFINITIONS:

Producer services
These include engineering and management services, finance and real estate, and are generally higher wage industries.

Consumer Services
Includes many of the relatively low-wage sectors, often related to tourism, such as hotels and lodging, amusement, and recreation. Also includes repair services, which can be higher wage.

Retail Trade
Retail sales, includes sales associates, managers and owners of retail stores.

Wholesale Trade
Distribution of durable and non-durable goods

Government
State, local, federal and military

Distributive
Involved in the distribution of goods and information, this includes transportation and public utilities, as well as telecommunications.

Social Services
A mix of high-wage and low -wages services, includes health services as well as in-person and social services.

Transformative
Industries where raw material is extracted and/or transformed into a finished product. This includes manufacturing (including lumber and wood products) construction, agriculture, and mining.

Source: U.S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C., 2001.

"The economic health of Blaine County depends on wilderness and roadless areas that provide for high-quality recreation opportunities."

—Sarah Michael,
County Commissioner,
Blaine County, Idaho

THE CHANGING ECONOMY OF THE WEST - SUMMARY FINDINGS

In the last three decades, the West has changed significantly:

THE ECONOMY IS MORE DIVERSE

The traditional staples of the Wests' economy – mining, logging, oil and gas development, and agriculture – are still part of the economy, but they have been joined by a number of new industries and sources of income. A mix of high-wage and low-wage services industries, plus retirement and investment income, have helped the West move away from resource industry dependence.

DECLINE OF TRADITIONAL RESOURCE EXTRACTIVE INDUSTRIES

Several factors have slowed resource industries: improved efficiency requiring less labor, competition, a slump in world markets for certain commodities, and a movement to produce in low-cost areas of the world. These industries are still important, but it is unlikely that they will be the source of many new jobs in the future.

SPECIALIZATION IN RESOURCE-BASED INDUSTRIES TO DECLINE

States and counties that depend the most on resources also grow the slowest. By being specialized, they are vulnerable to the booms and busts of rising and falling commodity prices on the global stage.

GROWTH IN SERVICE INDUSTRIES, BUT NOT ALL SERVICES ARE THE SAME

A significant amount of new wealth in the West is created by engineers, architects, researchers, designers, managers, and other occupations labeled as "services." However, the type of service industry in a county is important. Counties that depend more on producer services, like engineering and management services, see faster personal income growth than counties that depend on consumer services like hotels and recreation services.

INCREASE IN NON-LABOR INCOME

Investment income, combined with pensions and age-related assistance from the federal government, are the single largest source of income for many rural communities.

PROPOSED BOULDER WHITE CLOUDS WILDERNESS

COUNTIES WITH PROTECTED PUBLIC LANDS OR CLOSE TO PROTECTED LANDS GROW THE FASTEST

The pages that follow show in brief the findings of a comprehensive analysis between the growth of the local economy and how public lands are managed. A number of statistical techniques were used, all with similar results. The correlations shown in the figure below do not imply a direct cause and effect relationship. Rather, they are used to show the relative importance of various factors to economic growth.

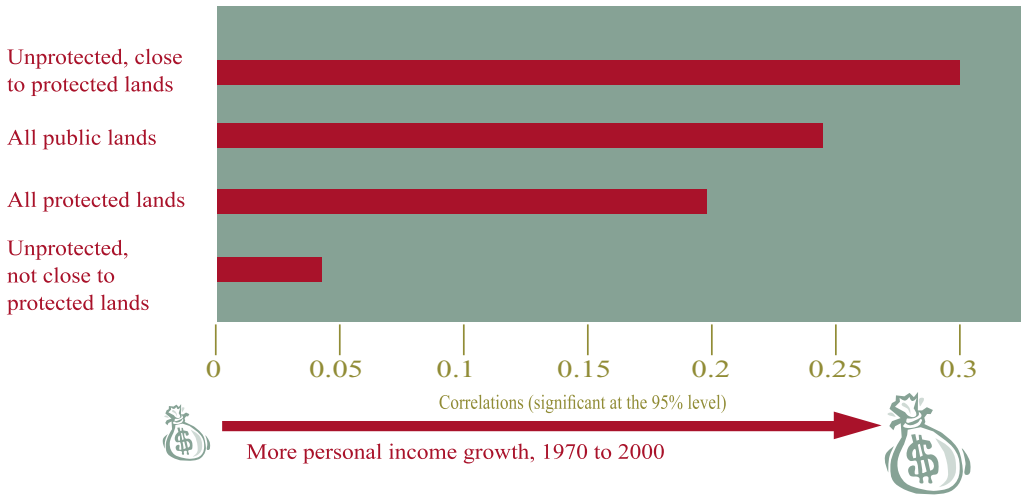
Unprotected public lands that are immediately adjacent to protected lands have the greatest influence on economic growth (Figure 5). The more public lands a county has, or the closer it is to protected lands, the faster the economic growth. These are lands that are not likely to be used for resource extraction because of their close proximity to Wilderness, National Parks and other protected public lands. More likely, the fast growth is driven by the fact that many ski areas are found on this type of land, and with ski areas come airports, educated people, and a high percentage of employment in the relatively higher-wage producer services, like finance, real estate and business services.

The slowest growth occurs in counties with public lands that are unprotected and not close to protected areas. These are more likely to be used for resource extraction.

OTHER ASSETS ALSO INFLUENCE ECONOMIC GROWTH

We are often led to believe, through the media and from our own elected officials,

FIGURE 5: TYPES OF PUBLIC LANDS AND THE GROWTH OF PERSONAL INCOME, 1970 TO 2000.



"Protected public lands contribute to economic growth...

that the management of public lands is the lifeblood of local economies. The reality is more complicated. While protected public lands play an important role there are many other variables that impact whether the economy grows or not.

The importance of a variety of factors to economic growth are listed below. Figure 6 below shows how they rank in relative importance compared to how public lands are managed.

FIGURE 6: HOW PUBLIC LANDS AND OTHER FACTORS INFLUENCE INCOME GROWTH IN THE WEST.

...but, other assets are vital."

Factors that are positively associated with real growth of personal income from 1970 to 2000 are:

ADDS TO GROWTH

Producer services	The percentage of the workforce in the county employed in the relatively high-wage producer services (engineering, design, management, finance, etc.).
Educational attainment	The percentage of the population with a college degree or higher.
Airport	The presence of an airport with daily commercial flights to major hubs, and more than 25,000 passengers per year.
Ski resort	Presence of a ski resort in the county. (Some have more than one.)
Arts, entertainment, food	Percent of county workforce employed in arts, entertainments, recreation, accommodation and food services - a proxy for the arts.
Mountains	The presence of mountains, measured as variation in elevation for each county.

Several factors are important to economic growth. How public lands are managed, indicated in red in Figure 6, is important: unprotected lands that are distant from protected areas, and therefore more likely to be used for resource extraction, are the least likely to add to economic growth. Lands that are protected or close to protected lands are more likely to boost personal income growth.

Other factors also stimulate the economy of the West. The higher the proportion of workers in a county employed in the high-wage producer services, the faster the growth. Education, the presence of an airport, a ski area, the arts, and mountains are also important. Dependence on transformative, resource extractive industries, distance to cities, lack of diversity, and relatively fewer newcomers are all detriments to growth.

Factors that are negatively associated with growth of personal income are:

DETRACTS FROM GROWTH

Driving distance to city	Driving distance to the nearest metropolitan area. The longer the drive, the lower the income growth.
Economic specialization	Heavy dependence on a few industries - the opposite of diversification.
Transformative industries	The proportion of the workforce employed in forestry, fishing, mining, oil and gas development, construction, and manufacturing, including lumber and wood products.
Percent of population born in state	As a measure of the degree of in-migration. The higher the proportion born in state, the lower the proportion in in-migrants from other states.

Slow economic growth or economic decline is closely associated with: distance to larger markets; economies that are not diverse and that rely on industries like agriculture, manufacturing and mining; and that have a high proportion of native-born – in other words, few newcomers.

TOURISM AND TRANSPORTATION INFRASTRUCTURE HELP DIVERSIFY THE ECONOMY

"Almost all the people who have opened new businesses here in the last 25 years came here as visitors and stayed because they loved it. That's what I did."

—Rhonda Fitzgerald, inn owner,
Whitefish, Montana
Western Montana Business Journal, Spring 2004

Counties with ski areas have more than one-third of their public lands in the category "unprotected, close to protected areas." This explains in large part why this is the category of public lands management most closely associated with growth in personal income in the last thirty years. Nearly three-fourths of the counties with ski areas also have commercial airports offering daily access to larger markets.

The presence of ski areas is also closely associated with employment in the producer services, which in turn is related to the percentage of people in the county with a university education or higher.

But this does not mean ski area economies are "resort towns" with transient populations. We found that their economies tend to be diverse and growing, with stable populations holding down jobs in finance, insurance, real estate, engineering, architecture and business services. Compared to other counties in the West, counties with ski areas have higher growth in personal income, higher home values, higher median family income, a larger percent of the workforce employed in producer services, and more educated populations.

The economy of the West has been evolving. Typically, counties in the West started out depending on public lands for timber, minerals or farming. Eventually tourists discovered the area. The tourism industry, especially if it involved a ski area, lobbied for federal and state expenditures to expand the roads and airports so more tourists could visit. That led the economy to grow beyond a dependence on resource industries and tourism. It attracted footloose entrepreneurs, including those in the producer services, retirees, investment income and real estate development. Resource extraction has not disappeared, but it is now just one of many different sectors in a diverse economy.

FIGURE 7: THE EVOLUTION OF ECONOMIES IN THE WEST.

Meanwhile, the role of public lands has shifted from providing resources to providing resources and opportunities for recreation. Most recently, public lands have provided a setting for gateway communities to bill themselves as attractive places to live and do business. The key element in this progression is increased access via roads and airports.

An important competitive advantage for many rural communities is that they can use the same amenities that attract tourists as a way to attract businesses to relocate. David Snepenger and other researchers at Montana State University (1995) have found that one out of four business owners who migrated to the northern portion of the Greater Yellowstone region came there first as a tourist. This is an often-overlooked aspect of tourism. With the eventual expansion of the airport, tourism stimulates the development of travel infrastructure that leads the community into a further transition to a more diverse economy.

THERE ARE DOWNSIDES TO ECONOMIC GROWTH

Economic growth that is stimulated by environmental amenities and made possible because of airports can sometimes lead to more growth than a community can handle.

Local residents often cite the loss of open space, ranches and farms; an increase in the cost of living (especially housing); and the rising cost of providing schools, roads and other services associated with a booming population. These changes can polarize communities in the West, pitting old-timers against newcomers, but that doesn't have to be the case.

The key is community-wide involvement in planning. While some gateway communities may look suspiciously upon zoning and other traditional growth-management tools as infringements on private property rights, many also have come to realize that planning and zoning can protect land values, traditional uses and the assets that drew residents in the first place.

NOT ALL COUNTIES BENEFIT EQUALLY FROM PROTECTED LANDS

There is not a single "West." There are three distinct "Wests" and they are determined by how urban it is and to which degree it is rural. These three types are shown on Map 3:

Metro/Commutershed

Red counties contain metropolitan areas and counties within an hour's drive of the metropolitan area.

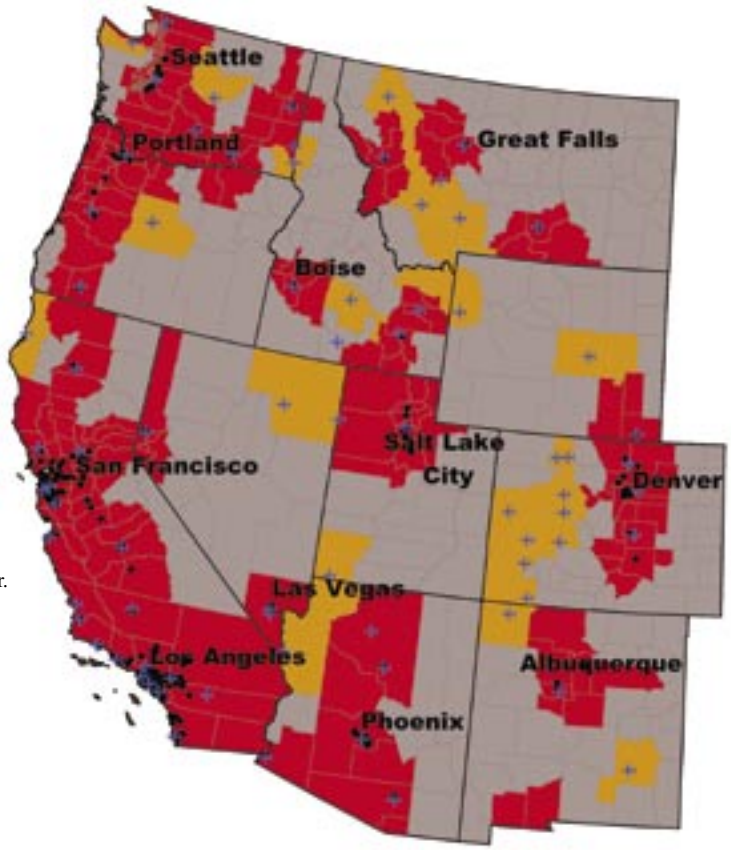
Non-metro with Airport

Dark orange counties are non-metro, but have airports with daily commercial flights to major hubs and metropolitan areas.

Non-metro without Airport

Gray counties are more than an hour from metropolitan areas and don't have significant air travel.

MAP 3: THE THREE TYPES OF "WEST."



COUNTY CLASSIFICATION
- Metro/Commutershed
- Non-metro with Airport
- Non-metro without Airport
- Major Cities
- Airports (Enplanements >25,000/yr.

METRO/COMMUTERSHED COUNTIES

In metropolitan areas, there is so much else going on in the economy that the presence of a Wilderness, National Park, National Monument or other protected lands seems to have little (measurable) impact on growth.

NON-METRO COUNTIES WITH AIRPORTS

Rural counties that are within an hour's drive of a mid-sized airport benefit from the presence of public lands. Indeed, the more public lands, the faster the growth of personal income (Figure 8). Public lands that are unprotected, but close to protected areas, are also closely associated with economic growth. Protected lands are more strongly associated with growth in personal income than those lands that are unprotected and distant from protected areas and therefore more likely to be used for resource extraction.

From 1970 to 2000, real per capita income for rural and connected counties that contained protected public lands grew 75 percent faster than connected rural counties without protected lands.

FIGURE 8: HOW PUBLIC LANDS AND OTHER FACTORS INFLUENCE INCOME GROWTH IN CONNECTED RURAL COUNTIES.

NON-METRO COUNTIES WITHOUT AIRPORTS

Protected lands have the greatest influence on economic growth in rural isolated counties that lack easy access to larger markets. From 1970 to 2000, real per capita income in isolated rural counties with protected lands grew more than 60 percent faster than isolated counties without any protected lands.

As in other types of counties, educational attainment, ski areas, and employment in the producer services, arts, and entertainment are also important. Relatively more important than other county types is the presence of mountains. The driving distance to cities is positively related to income growth. This may be because one of the attractive features of some rural areas is their remoteness. However, the presence of newcomers and economic diversification, as with the rest of the West, has helped fuel economic growth.

As a group, these counties did not grow as fast as the non-metro counties with airports.

FIGURE 9: HOW PUBLIC LANDS AND OTHER FACTORS INFLUENCE INCOME GROWTH IN CONNECTED RURAL COUNTIES.



THE IMPORTANCE OF PROTECTED PUBLIC LANDS TO ECONOMIC DEVELOPMENT - SUMMARY FINDINGS

• The presence of public lands in the West is a significant driver of economic growth.

• Lands that are unprotected but close to protected lands contribute significantly to economic growth.

• Lands that are unprotected and distant from protected areas, and therefore more likely to be used for resource development, contribute very little to economic growth.

• Many counties with ski areas are on lands that are unprotected, but close to protected areas. The presence of a ski area, and consequently daily commercial air service, is also tied closely with economic growth, particularly in the form of finance, real estate and other relatively high-wage services.

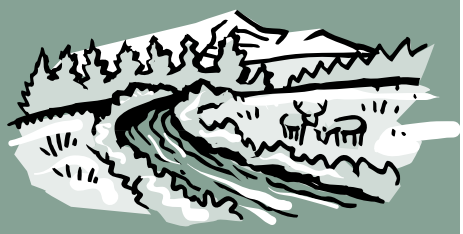
• Protected lands in the form of Wilderness, National Parks, and National Monuments go hand in hand with economic growth though some counties fare better than others.

• In counties with metropolitan areas or within the metro commutershed, protected lands have little measurable impact on growth.

• Protected areas are the most strongly tied to growth in counties that are remote and isolated.

• While public lands are important for growth, other factors are even more important, including the proportion of the workforce employed in producer services, arts and entertainment; the presence of a ski area and commercial airport; the education of the workforce; and the presence of mountains.

• The more diverse an economy, the faster it will grow. The more specialized, the slower it will grow, especially if the specialization is in mining, oil and gas development, logging, wood products manufacturing, or other resource extractive sectors.



• Distance from markets is a detriment to economic development. Despite advances in telecommunications, the key to economic development is a ready ability to travel to larger population centers.

• The influx of newcomers is closely tied to economic growth.

GRAND STAIRCASE – ESCALANTE NATIONAL MONUMENT

"It's big country out there. With a topo map and a beat-up jeep - or better yet, a backpack - there's still solitude to be found, adventure with the smell of danger, and the wonder of a raw, unfinished, and awesomely beautiful world."

—William B. Smart,
(www.ut.blm.gov/monument)

CASE STUDY - DOES PROTECTION OF PUBLIC LANDS HELP LOCAL ECONOMIES?

THE GRAND STAIRCASE-ESCALANTE NATIONAL MONUMENT

The Grand Staircase-Escalante National Monument was designated in 1996 during the Clinton Administration. It sits in one of the most rugged and beautiful corners of the country, but the Monument also contains one of the largest unexploited deposits of coal in the nation. That had some residents looking forward to the promise of high-paying resource jobs. They did not like the idea of creating a monument when a mine would do.

Tempers flared when a Dutch company withdrew its proposal for a coal mine, linking the monument designation to bureaucratic hurdles. A simultaneous sharp decline in Asian economies, plus expensive transportation costs, likely played a significant role in the company's decision. More recently some county officials protested the "pro-conservation attitude" of the current Monument director by removing road signs from the Monument and asked for his resignation.

Despite the headline-grabbing controversies, many citizens of Kanab and Escalante recognize new economic advantages that have become apparent since the Monument became official. Local opinion about the Monument has varied from continued resentment to grim acceptance, to the beginnings of enthusiasm about the influx of tourists (and their money) into nearby towns. At recent public meetings in Kanab and Escalante, several local business people expressed optimism about their community's ability to benefit from the influx of tourism dollars and the increased exposure that Monument designation has brought. They have also noted that a greater Bureau of Land Management (BLM) presence has brought steady, well-paying jobs and boosted the local economy.

Grand Staircase-Escalante National Monument encompasses approximately 1.8 million acres, 14 percent of the land base in Garfield County and 53 percent of Kane County. Since the Monument is a significant portion of the land base, and because initial reaction was so negative, a before–and–after picture helps to shed light on the impact of the Monument on the economy.

MAP 4: GARFIELD AND KANE COUNTIES IN UTAH, AND THE GRAND STAIRCASE-ESCALANTE NATIONAL MONUMENT.

THE ECONOMY OF GARFIELD AND KANE COUNTIES GREW SUBSTANTIALLY AFTER THE DESIGNATION OF THE MONUMENT

GARFIELD COUNTY

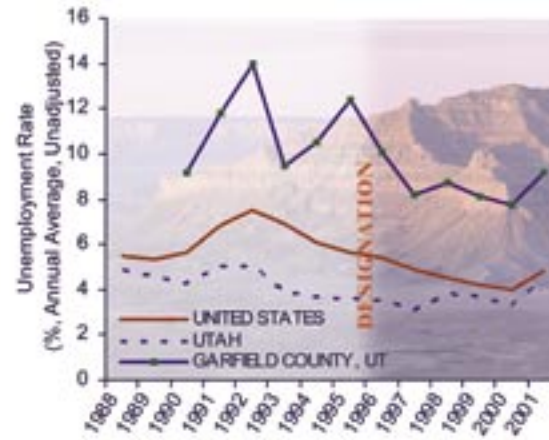
Since the designation of the Grand Staircase-Escalante National Monument, Garfield County has seen significant growth in personal income from retirement, investments and other non-labor sources, a variety of service industries, and from people employed in various government agencies. Labor earnings and average wages per job have increased substantially, unemployment rates have declined, and real estate values have gone up.

Since 1970, almost three out of four new dollars of personal income are from retirement, transfer payments, investment and other non-labor sources (Figure 10). Income from services and professional industries - a mix of low-wage and high-wage occupations - doubled, more than making up for losses in mining, oil and gas development, farming, and ranching. These two categories of personal income now account for more than three-fourths of personal income in Garfield County. Together with personal income from people employed in government, these three sources of income constitute the entire local economy.

Moreover, the economy of Garfield County continued to grow after the designation of the Monument. In the four years before the designation of the Monument, personal income from labor grew, in real terms, by 14 percent. In the four years after the designation of the Monument, real labor income grew by more than 18 percent. While real average earnings per job fell by more than 6 percent in the four years prior to the existence of the monument, average earnings per job grew by seven percent in the four years after (U.S. Department of Commerce, Bureau of Economic Analysis, 2001).

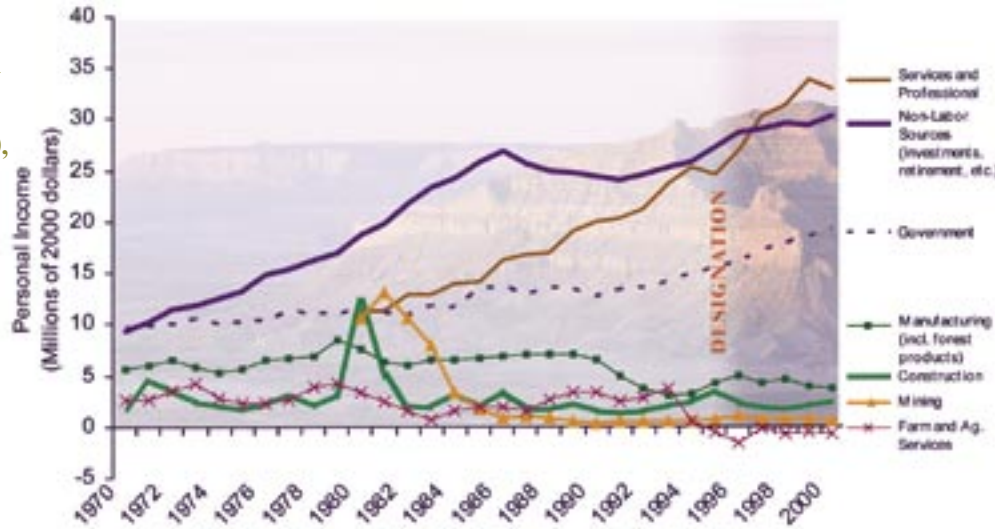
Garfield County's unemployment rate remains high, but it declined from 12.4 percent in 1995 to 9.2 percent by 2001, a period during which the Monument was designated (Figure 11).

FIGURE 11: UNEMPLOYMENT RATES FOR GARFIELD COUNTY, UTAH, 1988 TO 2001.



Source: Bureau of Labor Statistics, U.S. Department of Commerce, 2002.

FIGURE 10: PERSONAL INCOME BY SOURCE, 1970 TO 2000, GARFIELD COUNTY, UTAH.



Source: U.S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C., 2001.

KANE COUNTY

Kane County has also grown substantially since the designation of the Monument. There has been a significant rise in non-labor income sources, personal income from service industries, and government employment, as well as construction and manufacturing.

Since 1970, more than a third of net growth in personal income has come from non-labor sources. Employment in the service and professional sector contributed another third of the income growth; government, 17 percent; and construction, 11 percent. Together, these three sources represent almost 90 percent of net growth in personal income from 1970 to 2000, and more than 80 percent of the current economy in the county.

Some of the traditional sources of income are still present in the post-Monument designation economy, but today they are very small contributors. For example, there still is farming and ranching, but this sector contributes only two percent of total personal income. By 2000, mining, including oil and gas development, was virtually non-existent in Kane County.

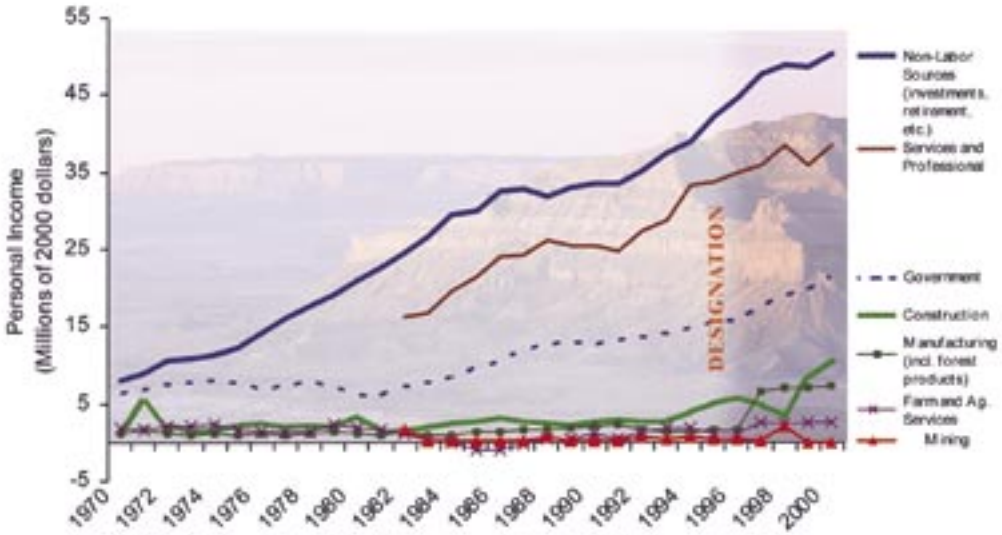
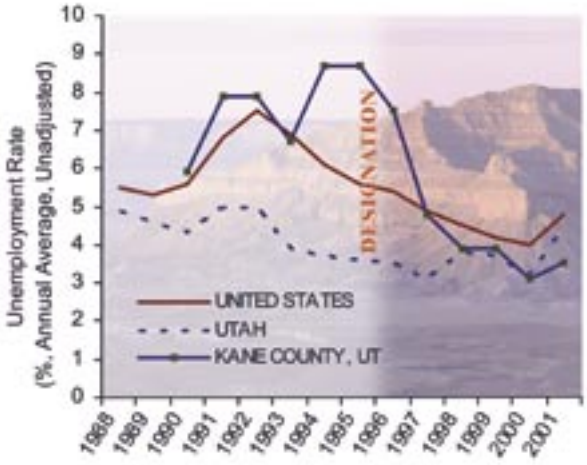


FIGURE 12: PERSONAL INCOME BY SOURCE, 1970 TO 2000, KANE COUNTY, UTAH.

Source: U.S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C., 2001.

FIGURE 13: UNEMPLOYMENT RATES FOR KANE COUNTY, UTAH, 1988 TO 2001.



Source: Bureau of Labor Statistics, U.S. Department of Commerce, 2002.

The Monument designation does not appear to have hurt the economy, even if it did seal off the option of coal mining. In the four years prior to the designation of the Monument, real labor income grew by a little more than 27 percent. After designation real labor income grew by more than 33 percent. Before designation average earnings per job, in real terms, declined by over 22 percent. After designation it grew by more than 18 percent.

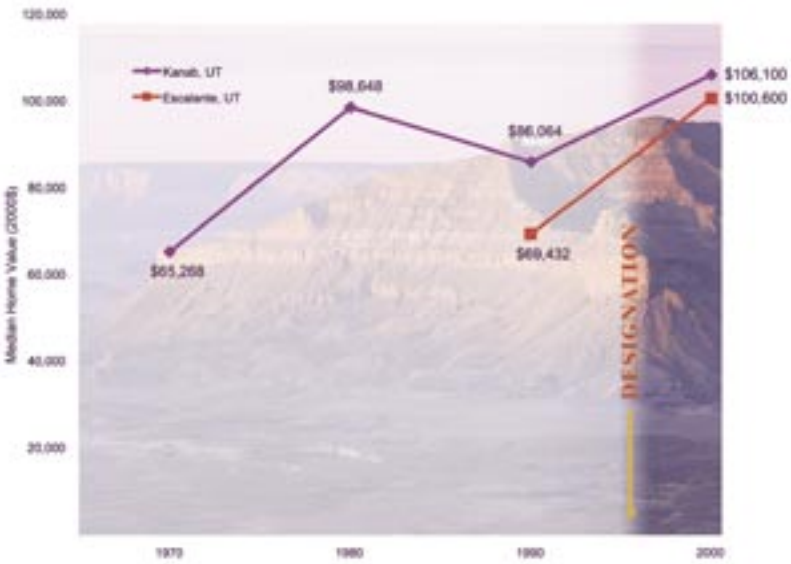
Unemployment has gone down, too, from 8.7 percent in 1995 to 3.5 percent in 2001.

REAL ESTATE VALUES CONTINUE TO RISE

Real estate values give yet another indicator of the economy's strength and how much people want to live in the area. In both Escalante and Kanab, the communities most impacted by the designation of the Monument, the mean value of a home has risen substantially since 1996 (Figure 14). The median value of a home in Escalante rose from $69,432 in 1990 to more than $100,000 in 2000, a 45 percent rise, in real terms. In Kanab the mean value of a home dropped by 13 percent from 1980 to 1990, before the Monument designation. From 1990 to 2000, it rose by 23 percent. The mean value of a home in 1990, before the designation of the Monument, was a little more than $86,000. This rose to more than $106,000 by 2000.

These trends dispel the argument that the Monument designation - setting aside public lands for protection against development - would result in economic decline and spawn only low-paying tourism jobs and hurt real estate values.

FIGURE 14: CHANGES IN HOUSING VALUES FOR ESCALANTE AND KANAB, UTAH. (DOLLAR VALUES ADJUSTED TO 2000)



Note: 1990 data is for the Escalante subdivision, an area larger than the town of Escalante, for which only 2000 data was available. Source: Decennial Census of Population and Housing. U.S. Department of Commerce, Bureau of the Census, 2000.

"Our geographic isolation can't shield our local economy from global trends. We must become aware and responsive. In the urban environment, people expect - even seek out - career change, technological innovation, economic adaptation, and creative marketing."

—Susan Hand

NEW MIGRANTS BRING VIBRANCY TO THE ECONOMY

Susan Hand, co-owner and manager of the Willow Canyon Outdoor Company, a combination bookstore, coffee shop, outdoor outfitter, and clothing store, is one of the people bringing new vibrancy to the town of Kanab:

"About a decade ago, our family was ready to escape the crowding and fast pace of San Diego. We had two small children and a pretty good idea of the sort of business we wanted to run. With a list of related criteria, we set off through the southwest to find a new home. Though we loved the red rock canyons and had old friends in Kanab, we expected to just pass through this little town on our way somewhere else. Serendipity, but here I am. I love our town, and I can't imagine leaving the magic of the canyons now.

We survived those first lean years. For our struggling new business, the creation of the Grand Staircase-Escalante National Monument meant expanded opportunity and new customers. The administrative headquarters provided employment to over 50 professionals (in a town of less than 5,000 people), and the national publicity spawned interest among travelers.

I was surprised when our community expressed disdain for the Monument. But, like most western towns, our history is steeped in extractive industry, and the Monument obliterated the hope for a new coal mine. Moreover, the local lumber mill had just closed down, and endangered California condors were being released along the Vermilion Cliffs as part of a controversial reintroduction program. Our town blamed the government and environmentalists - and all those people (from somewhere else) who don't understand 'our way of life.'"

PROPOSED BOULDER WHITE CLOUDS WILDERNESS

CASE STUDY - WHO WILL BENEFIT, AND WHO WILL NOT, FROM A NEW WILDERNESS AREA?

"A big selling point for us is natural environment. Like national parks, undisturbed wilderness is a quality our visitors and residents alike enjoy and support."

"The quality of life offered by the experience of wild lands attracts people who want to move to our community. It attracts tourism visitors and it also attracts people who appreciate it so much they decide to relocate their businesses here, which in turn helps diversify our economy."

—Carol Waller
Executive Director Sun Valley Chamber

THE PROPOSED NEW BOULDER WHITE CLOUDS WILDERNESS

An important discussion is currently underway in Idaho regarding the potential Wilderness designation of the Boulder-White Clouds Mountains (Map 5). At 800 square miles, the region is the largest unprotected roadless area in the lower 48 states. Wilderness designation would place limits on motorized recreation, mining, and road building, but would continue to allow traditional uses like hiking, hunting, fishing, and grazing.

The pending Wilderness designation offers a unique chance to ask: who benefits – and who does not – from Wilderness designation? The short answer is that there is no evidence that designating Wilderness will harm the economy, though some areas and residents will thrive more than others. Blaine County is better situated to profit. Two of its towns, Ketchum and Sun Valley, feature diversified and growing economies, a ski resort, an educated workforce, and both have relatively easy access to major population centers via air travel. All this makes it is easy for these towns, as part of their economic development strategies, to woo people seeking a high quality of life. By contrast,

MAP 5: BLAINE AND CUSTER COUNTIES, IDAHO, NEAR THE PROPOSED BOULDER WHITE CLOUDS (BWC) WILDERNESS.

Custer County and the towns of Challis and Mackay, do not have these elements in place. A new Wilderness area is not enough to stimulate growth and by itself does not guarantee economic prosperity.

BLAINE COUNTY IS IDEALLY POSITIONED TO BENEFIT FROM WILDERNESS

In Blaine County, response to the Wilderness proposal is overwhelmingly positive. Last December, Blaine County Commissioners unanimously supported wilderness designation for the Boulder-White Clouds (BWC). In January 2004, more than 130 businesses came out in favor of the wilderness proposal.

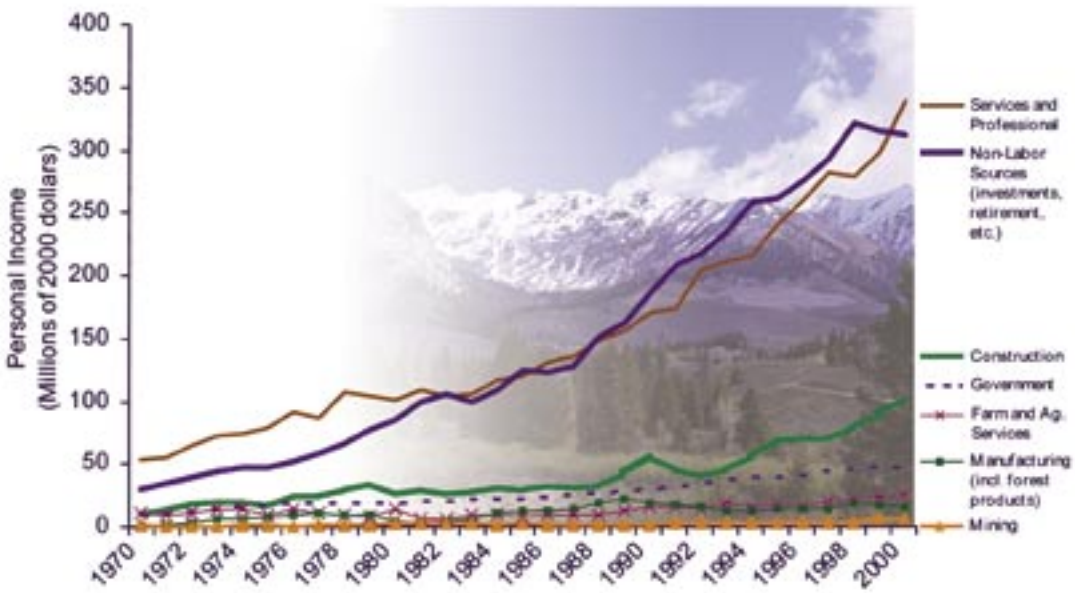
Blaine County has what is needed to take advantage of protected public lands. It is economically diverse, and much of its service industry growth is in high-wage sectors like finance, engineering and business services. It also has an airport and an educated workforce. The ski resort and the booming real estate market have been huge contributors to the local economy.

The Sun Valley/Ketchum Chamber and Visitors Bureau has passed a resolution supporting the creation of the Boulder White Clouds Wilderness. "Areas like Sun Valley and Ketchum are attractive refuges for people, especially urban folks who appreciate gateway communities surrounded by undisturbed lands," says Carol Waller, executive director of the chamber.

In the last three decades, more than 42 percent of the growth in personal income in Blaine County was in the services and professional sectors, and nearly as much growth was in non-labor income sources, including retirement and money earned from investments. During that time, the growth of the economy has been fast and steady, with few up and downs (Figure 15).

Meanwhile, Blaine County has added a mix of low-wage and high-wage jobs to its economy. Producer services added more than $83 million in real personal income. Personal income from the relatively low-wage consumer services added $66 million in real terms.

FIGURE 15: PERSONAL INCOME BY MAJOR CATEGORY, BLAINE COUNTY, IDAHO, 1970 TO 2000.



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C., 2001.

"If the Boulder White Clouds money comes in the right amount and is used in the right way, this bill could be our salvation," says Lin Hintze, a County Commissioner in Custer County, who expresses guarded optimism for the wilderness bill. "If we can position Mackay as a gateway to this proposed wilderness we might be able to benefit from increased visitation and some of those people might see what a great place we have here and decide to relocate their families and businesses."

—Lin Hintze
Custer County Commissioner

The county has grown beyond a dependence on the low-wage sectors normally associated with tourism, and attracted other sectors, such as business, engineering, legal, and financial services. In effect, Blaine County has evolved beyond just a resort or tourist economy and created a diverse, almost urban economy in a rural setting. It has grown beyond the label of "resort community."

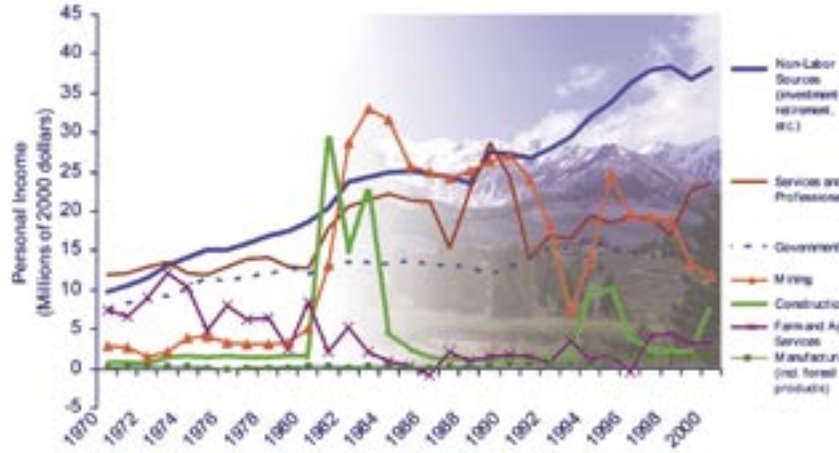
But like many high growth areas in the West, it has a new set of problems, like high housing costs. According to the U.S. Bureau of the Census, the mean value of occupied homes in Ketchum, Idaho, in real terms, rose 63 percent, from $309,540 in 1990 to $503,300 in 2000. Yet building more homes, and hoping this will drive down prices, is a double-edged sword. Unsightly or sprawling residential development can undermine the very resources that make the county attractive.

CUSTER COUNTY'S ECONOMY NEEDS TO DIVERSIFY

On the other side of the mountains lies Custer County and the towns of Challis and Mackay. Decades of heavy dependence on mining have left these communities impoverished, with low education rates, little economic diversification and no access to larger population centers. Most of the recent growth in services has been in the form of low-wage jobs. In these communities, the idea of designating a significant portion of National Forest lands as Wilderness is unpopular without provisions for economic development. Even among those who favor conservation there is an understanding that protecting scenic areas alone is not enough to guarantee prosperity.

In contrast to Blaine County, Custer County has specialized in one industry: mining. As the fortunes of the mining industry went up and down, other sectors trailed along (Figure 16). It wasn't until the late 1990s that despite declines in mining,

FIGURE 16: PERSONAL INCOME BY MAJOR CATEGORY, CUSTER COUNTY , IDAHO, 1970 TO 2000



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, Bureau of Economic Analysis, Washington, D.C., 2001.

other sources of income began to grow, most notably in services industries, construction and non-labor income. The roller coaster ride of the last three decades may finally be coming to an end.

Over the last three decades, only 20 percent of the growth in personal income, in real terms, was from the services and professional sector. Mining, traditionally a large employer and the source of relatively high-paying jobs, contributed 15 percent of net new income in the last 30 years.

Non-labor sources accounted for half of real personal income growth; government accounted for another 16 percent. In 2000, three times as much income came from non-labor income sources than agriculture, mining, and manufacturing combined.

Unlike Blaine County, Custer County has seen growth primarily in the low-wage service sectors. From 1990 to 2000, personal income from employment in consumer services like hotels and recreation services grew by 41 percent. Social services, especially health, grew by 49 percent. At the same time, personal income from producer services fell by 4 percent, a loss of more than $139 million. Particularly alarming was the loss from business services, engineering, and management services.

The only bright spot in terms of relatively high-wage service industry growth has been the increase in income from government employment. State and local government accounted for 65 percent of government jobs in 2000.

IDEAS FOR DIVERSIFYING THE ECONOMY OF CUSTER COUNTY

The good news is the fortunes of the county are no longer strictly hitched to the well-being of the mining industry, and therefore at the mercy of globally determined price trends.

The bad news is: decades of heavy dependence - and an apparent lack of reinvesting mining profits into the community - has left the county impoverished. According to the 2000 Census, 13 percent of individuals in Challis live below the poverty line, two-thirds of households earned less than $30,000 per year and only one percent earned more than $100,000. In contrast, in Ketchum, only 30 percent of households earn less than $30,000, and 20 percent of households earn more than $100,000 per year. (U.S. Bureau of the Census 2000, Rasker and Alexander 2003).

One key element to economic growth is education. In Challis 18 percent of residents 25 years and older have a college degree. By comparison, more than half the residents 25 years in older in Ketchum have a college degree (U.S. Bureau of the Census 2000, Rasker and Alexander 2003).

In spite of these problems, residents of Custer County can capitalize on several important opportunities.

CUSTER COUNTY IS NOT SUN VALLEY -USE AFFORDABLE HOUSING TO ATTRACT PEOPLE

One of Custer County's competitive advantages may lie in the fact that it is not Sun Valley. According to the last census the median value of a home in 2000 in Challis was $73,500 and in Mackay it was $74,600. That's a fraction of the cost of a home in Ketchum ($503,000).

One strategy for these communities is to attract "equity refugees." These are people on fixed incomes, often at retirement age, who decide to cash in their equity, most often a home in a larger city, and move to the country for a quieter, simpler, and less expensive lifestyle. In Custer County, retirement and disability insurance benefit payments already total $7.1 million, which is larger than income earned in agriculture ($3 million), about the same size as mining ($7 million), and much larger than manufacturing ($1 million). (U.S. Department of Commerce, Bureau of Economic Analysis, 2001).

"I like the idea of linking Wilderness designation with economic development investments," Gilliam says. "Already our all-volunteer emergency services are taxed to the limit, in part due to demands from out-of-area users who enjoy our rivers and public lands. With a new Wilderness we'll see more visitation and demand for local services will increase. The proposed Wilderness Bill will and should help us deal with these impacts."

"Here in Custer County, we are definitely a gateway to the surrounding public lands. We still have work to do determining where we'd like our communities to go. The Boulder White Clouds Wilderness bill is an opportunity to initiate a thoughtful discussion on where we want to go, and how to market who we are and want to become."

—Gynni Gilliam,
Director of Lemhi/Custer
Economic Development Corp.

BENEFIT FROM NEW WILDERNESS LEGISLATION

Although specific legislation has not been drafted, Congressman Mike Simpson is considering a bill that would designate the Boulder White Clouds as a Wilderness. The bill – to be called the Central Idaho Economic Development and Recreation Act – would also include approximately $10 million in economic development for Custer County. In a more controversial component of the proposed bill, Custer County would be allowed to sell up to 16,000 acres of federal land as summer home sites or rangeland. The hope is that it will bolster the county's tax base.

If all goes well for Custer County, and locals are able to use the new wilderness legislation as a way to protect their quality of life and attract people and business, they must then prepare for the next stage in development – growth management. New challenges include the breaking up of ranches – and therefore important scenery and wildlife habitat – for residential subdivisions, the rising costs of providing infrastructure like roads and sewers, and the rising costs of housing. "We have a better idea of what we don't want to become than what we want to become," says Gilliam. "We don't want to become another Sun Valley or Jackson Hole. We don't want to look like Eddie Bauer when we're done."

OBSERVATIONS AND RECOMMENDATIONS

There are not too many places left in the world where you can earn a decent living and in less than an hour after work find yourself casting a fishing line in a blue-ribbon trout stream, or hiking through a forest unchanged from the days of Lewis and Clark. Such experiences are central to the West's quality of life. They set it apart from the rest of the world and give the region a clear competitive advantage in the global marketplace.

For decades now, the Western experience has been fueling a major transformation of the region's economic landscape. It also continues to ignite the debate over resource development versus preservation. But that debate is driven largely by a misunderstanding of what spurs economic growth today, and what it will take to succeed in the future.

The keys to success, if we want to have a diverse and vibrant economy, certainly must include a clean environment, spectacular scenery, and recreational opportunities. As Sarah Michael, a Blaine County Commissioner says, "The Blaine County economy depends on wild places. The reason people live here and move here is because we're surrounded by five mountain ranges and numerous roadless areas and wild places. It's rare to live in a community with the cultural amenities we have and yet be surrounded by pristine wild lands. They are a tremendous asset for us."

These vast expanses of open lands are our fundamental asset. They define the West. They are something the rest of the world does not have. And as our analysis shows, the more pubic lands a county has, the faster its economy grows. If the land is in protected status, or immediately next to protected lands, then the growth is even faster.

Unfortunately not all communities are positioned to benefit equally from protected public lands in the same way. Their success charts on a bell curve. Small, rural communities that are isolated see some growth from protected public lands but for the most part there is so little going on in the economy that the protection of public lands is not enough to ensure prosperity. On the other side of the bell curve, metropolitan counties have so many factors influencing growth that the role of public lands is drowned out.

In the middle of the bell curve are the counties that most easily benefit from protected lands. They are rural, but connected to larger population centers. They have an educated workforce employed in engineering, management consulting, finance, and other knowledge-based service industries. They often have a ski area and entrepreneurs who live there can readily board an airplane to visit their clients. These are the counties that are best positioned to take advantage of protected public lands strategy as an important element to economic development.

The West is a diverse place, with communities in different stages of development. In a recent article in the Arizona Republic (May 2, 2004), Joseph Reaves summarized the development of the West as follows: "The Old West never existed - at least not in the way we pretend. The Wild West is more Hollywood than history. And the New West was a highborn notion that never quite found a home on the range." The West now faces the challenge of harnessing its competitive advantage in a way that protects the quality of its natural spaces while creating an economy where all are given an equal chance of succeeding in what is truly a global labor market.

The next West should keep its options open. Mining, logging, and other forms of resource development - and let us include home building in the list of resource industries - are appropriate and necessary engines of the economy. But their impact on the land can be substantial. As natural amenities help drive economic growth, activities that use natural resources must be carried out at the right pace, right scale and in the right places. In other words, sound development leaves the environment healthy and resilient. There is evidence that this can be done, but any honest assessment has to conclude that we're still a ways off from doing it right.

A good place to start is to develop a shared vision for your community, inventory your assets, learn about your economy, identify your competitive advantage and then protect and nourish these assets. To stay competitive, we need to continually evolve and adapt. As Wallace Stegner wrote: "A Westerner is less a person than a continuing adaptation. The West is less a place than a process."

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ABOUT THE SONORAN INSTITUTE

A nonprofit organization established in 1990, the Sonoran Institute brings diverse people together to accomplish their conservation goals.

The Sonoran Institute works with communities to conserve and restore important natural landscapes in western North America, including the wildlife and cultural values of these lands. The lasting benefits of the Sonoran Institute's work are healthy landscapes and vibrant communities that embrace conservation as an integral element of their quality of life and economic vitality.

Through community stewardship, the Sonoran Institute contributes to a day when:

- Healthy landscapes, including native plants and wildlife, diverse habitat, open spaces, clean air, and water extend from northern Mexico to Western Canada.

- People embrace stewardship as a fundamental value by caring for their communities, economies, and natural landscapes.

- Resilient economies support strong communities, diverse opportunities for residents, productive working landscapes, and stewardship of the natural world.

Sonoran Institute web site: **www.sonoran.org**

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