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**Testimony on Subcommittee on National Parks, Forest and Public Lands Legislative
Hearing on H.R. 302, H.R. 758, H.R. 817, H.R. 845, H.R. 846 and H.R. 2147**

September 13, 2011

Chairman Bishop, Ranking Member Grijalva, Members of the Subcommittee, and guests, it is an honor to appear before you today to discuss recent research that my organization, Headwaters Economics, has conducted concerning the economic importance of national monuments in the West to local communities.

Resource economics across the American West has been a focus of my research for more than twenty-five years. I am an economist and my Ph.D. is from the College of Forestry, Oregon State University; my Masters of Agriculture is from Colorado State University; and my B.S. in Wildlife Biology is from the University of Washington. I currently am adjunct faculty at Montana State University.

I am the Executive Director of Headwaters Economics, an independent, nonprofit research group that works to improve community development and land management decisions in the West.

It is important to note that Headwaters Economics has conducted past and ongoing research and work for the federal government, including the Bureau of Land Management and the United States Forest Service, as well as state governments such as Montana. One of the research products we developed for the BLM and Forest Service—the Economic Profile System-Human Dimensions Toolkit—allows agencies and the public to produce detailed socioeconomic profiles using accurate, credible federal data. That tool was instrumental in the national monuments report that I am here to discuss today. It is available for free on our web site.

RESEARCH SUMMARY

Our research investigated the economic performance of communities adjacent to 17 national monuments in the West. We found that in every instance the local economies near the national monuments we studied grew following the creation of the new national monuments. In all cases, there was growth of employment, real personal income, and real per capita income after designation of the national monument. In no case did we find that the creation of a national monument studied led to an economic downturn.

METHODOLOGY

To conduct this research Headwaters Economics analyzed the economies surrounding the 17 national monuments in the eleven western continental states that are larger than 10,000 acres and were created in 1982 or later. (See the study area map on page five of this testimony.) This sample allowed us to study the performance of the major national monuments created during the last generation, analyzing key economic indicators before and after designation using reliable

measures of economic performance. The sample also allowed us to avoid smaller monuments with little potential to have an impact on local economies. All of the report findings, along with fact sheets, more detailed analysis, and summary, are available on our website:

<http://headwaterseconomics.org/> or directly at <http://headwaterseconomics.org/land/reports/national-monuments/>.

For each national monument studied, we utilized information from the U.S. Department of Commerce's Bureau of Economic Analysis and its Regional Economic Information System. We used key economic indicators such as changes in population, employment, personal income, and per capita income. These are standard measures of economic growth and well-being and federal statistics are the most reliable available and allow for comparisons across county, region, or state boundaries.

FINDINGS IN DEPTH AND EXAMPLES

The analysis found that, without exception, all of the economies of the counties surrounding the 17 national monuments grew following the creation of new national monuments. While this does not demonstrate a cause-and-effect relationship, this finding shows that national monuments are consistently correlated with economic growth in adjacent local communities. In no case did the creation of a national monument lead to or coincide with a downturn in the economies of adjacent communities.

Trends in important economic indicators—such as population, employment, personal income, and per-capita income growth—either continued or improved in each of the regions surrounding the national monuments studied. The analysis found no evidence that designating these national monuments prevented continued economic growth. In one case—El Malpais National Monument in New Mexico—leading indicators (population, employment, personal income, and per capita income) reversed declines that had been experienced in the years before designation.

When reviewing the findings around key economic indicators, several examples may be helpful. First, let's turn to employment. The Canyons of the Ancients National Monument in Colorado, created by presidential proclamation in 2000, offers a good example. Reviewing the period from 2000-2008, employment in Montezuma County grew by ten percent, creating jobs at double the five percent rate of population growth during the same time period. (See the tables on pages six, seven, and eight for the examples concerning employment, population, and real per capita income listed here and below.)

Another example is the Grand Staircase-Escalante National Monument in Utah. In the two counties, Garfield and Kane, neighboring the national monument, employment grew by 38 percent since the monument's creation in 1996 through 2008. Again, jobs grew faster than population, with employment increasing more than four times faster than the eight percent population growth during that time period.

Another important economic measure that Headwaters Economics analyzed is per capita income, a widely accepted measure of prosperity. Looking at all the national monuments we studied, the

data show that per capita income increased for the studied counties adjacent to every national monument in the years following establishment.

For example, looking at the two national monuments I already mentioned, after designation real per capita income grew by 15 percent for Montezuma County adjacent to the Canyons of the Ancients National Monument; and by 30 percent for the Grand Staircase-Escalante area.

In addition, in Pima County, Arizona adjacent to the Ironwood Forest National Monument, real per capita income grew by ten percent from the Monument's creation in 2000 through 2008. Looking at two other national monuments, for the area surrounding the Carrizo Plain National Monument, real per capita income grew by nine percent from the Monument's proclamation in 2001 through 2008; and for communities near the Cascade-Siskiyou National Monument, real per capita income grew by eight percent from the Monument's 2000 creation through 2008.

NATIONAL MONUMENTS AND PROSPERITY IN THE WEST

The results of this study correspond to related research that shows how protecting public lands can assist western communities working to promote a more robust economic future.

The western economy has changed significantly in recent decades. Services industries that employ a wide range of people—from doctors and engineers to teachers and accountants—have driven economic growth and now make up the large majority of jobs, even in rural areas.

Protected lands such as national monuments are important because many people and their businesses base their location decisions on quality of life, such as access to the outdoors for hunting, fishing, sightseeing or other recreation opportunities. This quality of life—both recreation and natural amenities—also attracts retirement dollars. Non-labor income, such as dividends, interest, rent, and transfer payments, is the fastest source of personal income in the West and now accounts for one-third of all personal income in the region and is likely to grow in the coming decades.

A sampling of research includes:

- Outdoor recreation is important to western economies. In New Mexico, for example, the Outdoor Industry Foundation reports that active outdoor recreation contributes \$3.8 billion annually to the state's economy, supporting 43,000 jobs. (Outdoor Industry Foundation. 2006. *The Active Outdoor Recreation Economy: A \$730 Billion Annual Contribution to the U.S. Economy.*)
- Services jobs are increasingly mobile, and many entrepreneurs locate their businesses in areas with a high quality of life. Conserving lands, while also creating a new visibility for them through protective designations, helps safeguard and highlight the amenities that attract people and business. (Lorah, P. R. Southwick, et al. 2003. *Environmental Protection, Population Change, and Economic Development in the Rural Western United States.* *Population and Environment* 24(3): 255-272; McGranahan, D. A. 1999. *Natural Amenities Drive Rural Population Change.* E. R. S. U.S. Department of Agriculture. Washington, D.C.)

- For many seniors and soon-to-be retirees, protected public lands and recreation provide important aspects of a high quality of life. Non-labor sources of income already represent more than a third of all personal income in the West—and will grow as the Baby Boomer generation retires. (Frey, W.H. 2006. *America's Regional Demographics in the '00 Decade: The Role of Seniors, Boomers and New Minorities*. The Brookings Institution, Washington, D.C.)
- The counties in the West with protected public lands, like national monuments, have been more successful at attracting fast-growing economic sectors and as a result grow more quickly, on average, than counties without protected public lands. (Rasker, R. 2006. An exploration into the economic impact of industrial development versus conservation on western public lands. *Society & Natural Resources*, 19(3), 191–207.)
- Protected natural amenities—such as pristine scenery and wildlife—help sustain property values and attract new investment. (Deller, S. C., T.-H. Tsai, et al. 2001. The Role of Amenities and Quality of Life in Rural Economic Growth. *American Journal of Agricultural Economics* 83(2): 352-365.)

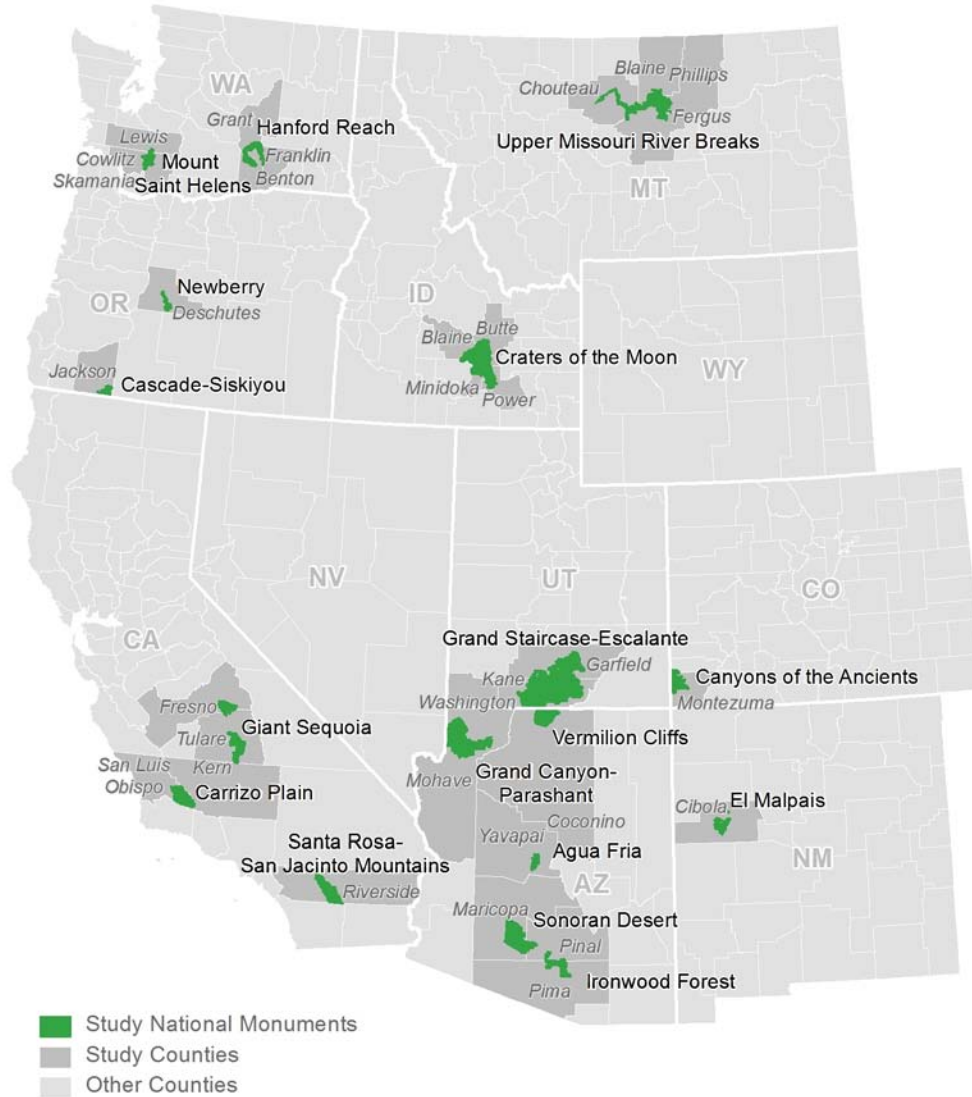
CONCLUSION

The review of the 17 national monuments by Headwaters Economics found that all of the regional economies studied experienced growth following a monument's designation.

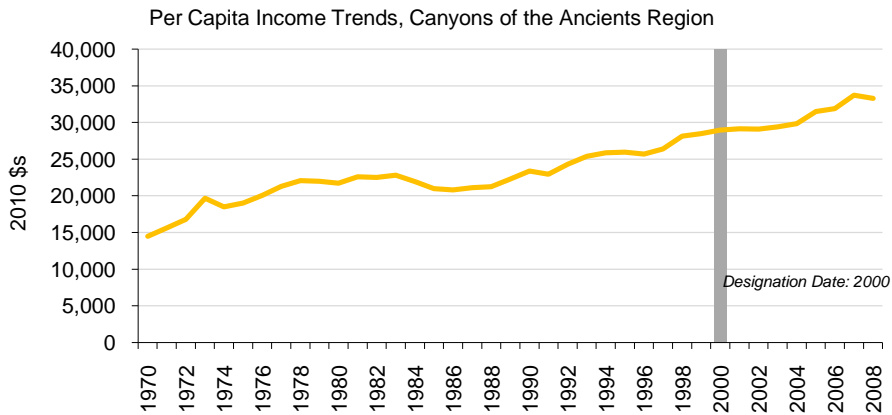
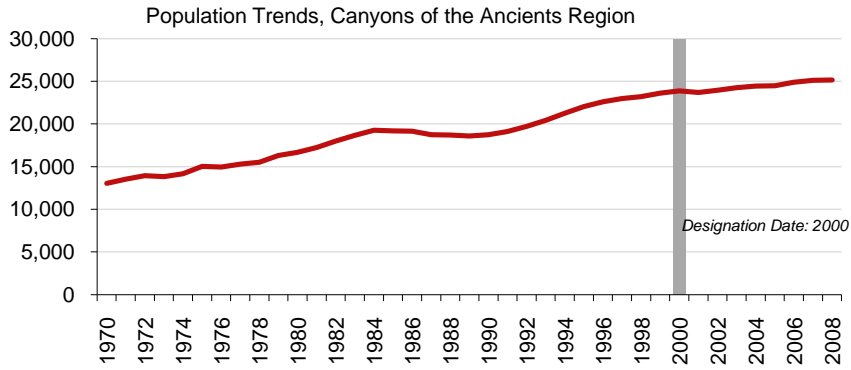
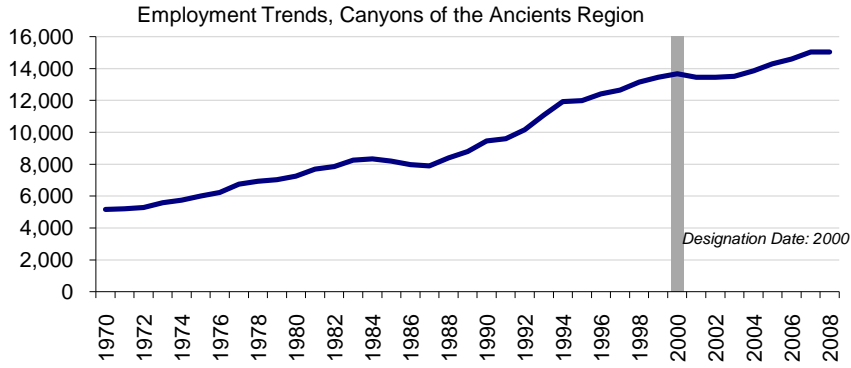
As communities across the West emerge from the recent recession, nearby national monuments can play several important economic roles: helping a region to diversify economically while increasing quality of life and recreational opportunities that assist communities to become more attractive for new residents, businesses, and investment.

The study found no evidence that designating these national monuments prevented continued economic growth. Instead, trends in key economic indicators such as employment, personal income, and per-capita income either continued to grow or improved in each of the regions surrounding the national monuments.

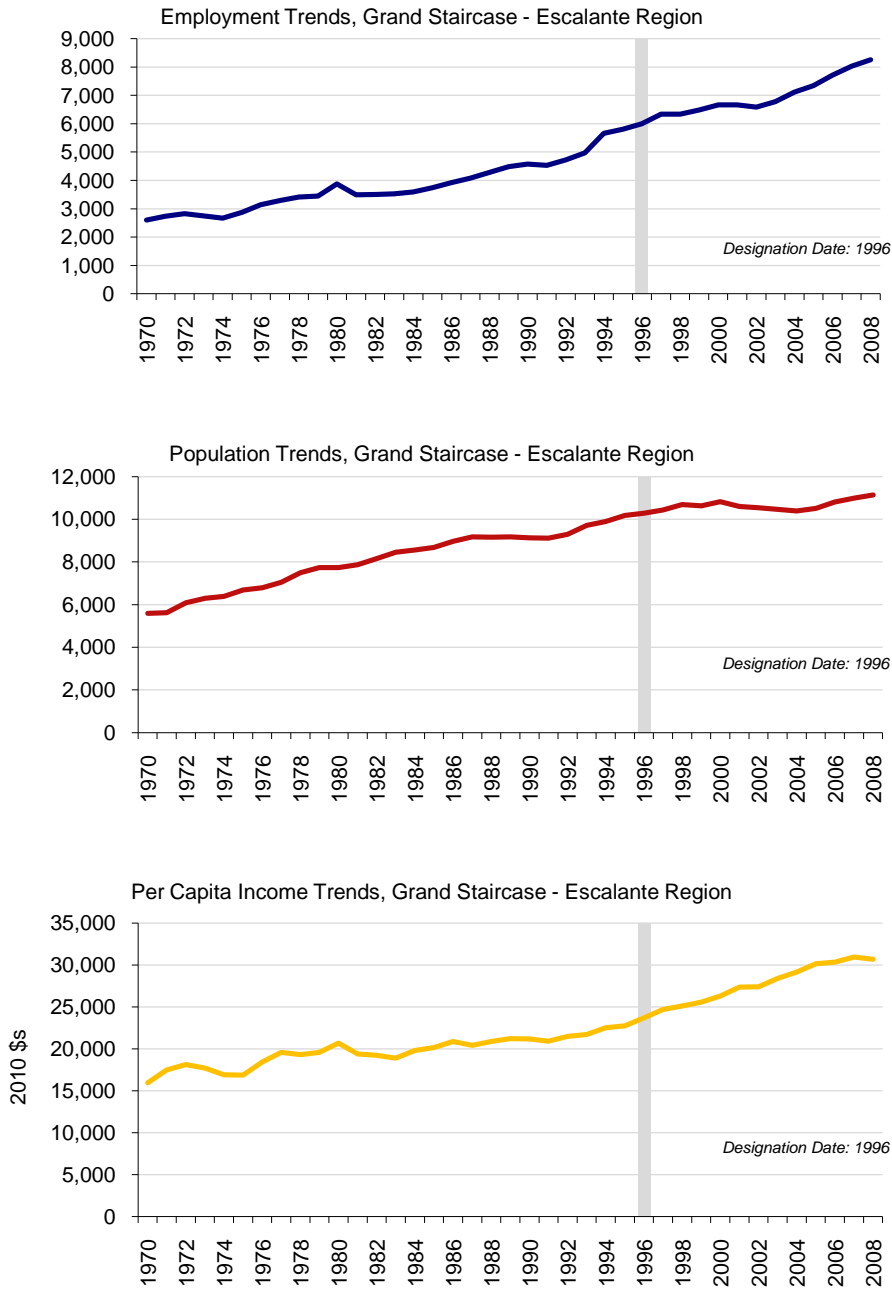
Study Area for National Monuments: Economic Performance Before and After Designation



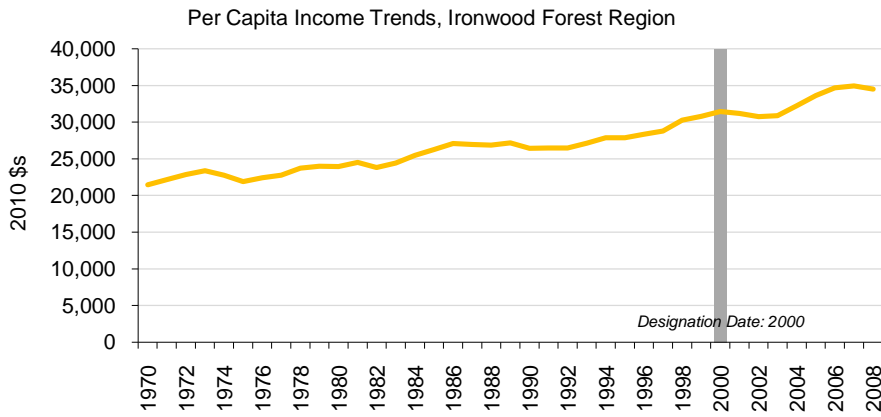
Canyons of the Ancients National Monument



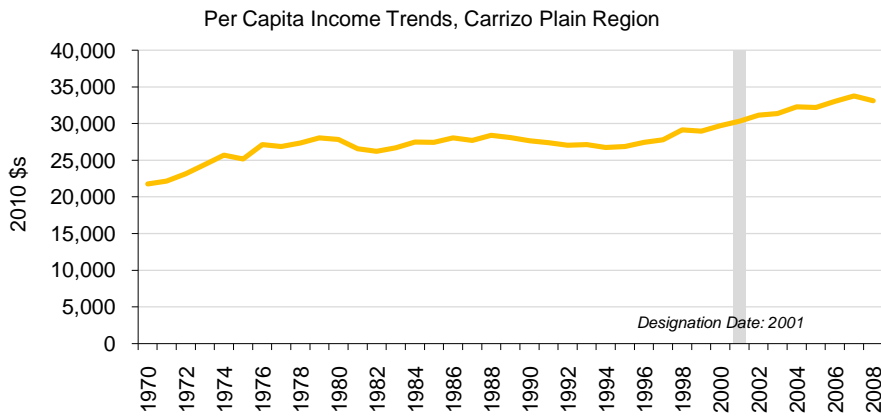
Grand Staircase-Escalante National Monument



Ironwood Forest National Monument



Carrizo Plain National Monument



Cascade-Siskiyou National Monument

