



Friday, November 1, 2002

The Alberta Wilderness and Wildlife Trust presents:

POST-COWBOY ECONOMICS

Pay and Prosperity in the New West

with Dr. Thomas Power



- Are the economic woes afflicting the North American West caused by increasingly strict environmental regulations on natural resource industries?
- Will efforts to protect ecosystems and endangered wildlife lead to economic insecurity?
- Can protection of wild lands benefit local economies or is resource extraction necessary for economic survival?
- How important is the quality of the natural landscape to a community's economic base?

Join Dr. Thomas Power in a discussion of how the west is changing, surviving and thriving.

Dr. Power is currently Professor of Economics and Chairman of the Economics Department at the University of Montana. He specializes in natural resource and regional economic development issues. He is the author of *Post-Cowboy Economics: Pay and Prosperity in the New American West*, as well as many other writings in the field of resource economics and regional economic development. He regularly testifies before state and federal regulatory agencies and is a regular commentator on economic issues on Montana Public Radio and in the national press. He has been involved in the Oldman and Meridian Dam issues in Alberta.



Location: AWA Office, 455, 12 St. NW, Calgary

Time: Reception at 6:00pm, Lecture and Alberta Wilderness Defenders Awards at 7:00pm

Cost: \$25.00

Call: (403) 283-2025 for reservations



Biographical Information on

Thomas Michael Power

Professor Power is currently Professor of Economics and Chairman of the Economics Department at the University of Montana. He specializes in natural resource and regional economic development issues.

Professor Power received his undergraduate degree in Physics from Lehigh University where he graduated magna cum laude and Phi Beta Kappa. He did his graduate work at Princeton University on a Woodrow Wilson national fellowship. He received his masters and doctorate from Princeton in Economics.

Professor Power has taught at Princeton, Lehigh, and the University of Montana where he has been since 1968. He has been Chairman of the Economics Department since 1978.

Professor Power's most recent book, **Post-Cowboy Economics: Pay and Prosperity in the New American West**, was published in Summer 2001 by Island Press. In 1996 Island Press published his **Lost Landscapes and Failed Economies: The Search for a Value of Place**. An earlier book, **The Economic Pursuit of Quality** (M.E. Sharpe Publishers, 1988) was revised, rewritten, and published in 1996 under the title **Environmental Protection and Economic Well Being: The Economic Pursuit of Quality**. Dr. Power is also the author of **The Economic Value of the Quality of Life** (Westview, 1980).

In addition he has written a dozen book chapters and over a hundred papers, reports, and monographs in the field of resource economics and regional economic development.

He regularly testifies before state and federal regulatory agencies on energy policy, natural resource development, environmental protection, and local economic development. He is a regular commentator on economic issues on Montana Public Radio and in the national press. He testified in the Hearings for the Oldman River Dam and participated in the Meridian Dam Public Forum in Medicine Hat last year.



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Montana Prof Shoots Down Economic “Myths” about Resource Extraction

Andy Marshall

Montana economist and environmental advocate Dr. Tom Power rode into town recently on a familiar hobby-horse, directing his fire at the big guns of all-out resource extraction, including the mighty energy industry, and offering solid comfort to those bucking the prevailing forces to save our natural wild lands.

The author of *Post-Cowboy Economics: Pay and Prosperity in the New American West* (Island Press, 2001) and other books, articles, and papers on the subject, the affable University of Montana economics professor wrestled down some enduring myths about the significance of resource extraction industries to local economies with a clear message about the benefits of preserving our surroundings.

“Real local economies have little to do with the natural resources we extract,” Power told about 60 enthusiastic listeners in the Alberta Wilderness Association building on Nov. 1. “In a developed, sophisticated economy, environmental quality makes up a significant part of the real economic base.”

The 63-year-old former rock climber, who still likes to ski three times a week during the winter and who once faced a threat from the Montana logging industry of having some of his books burned in public, was the guest speaker at the second annual Alberta Wilderness and Wildlife Trust lecture series, organized to challenge and inform Albertans about defending natural areas. The trust is an endowment fund established by AWA with The Calgary Foundation to support its long-term survival. The fund was initiated in 1986 as a memorial tribute to the former Orval Pall, killed in an airplane crash while studying bighorn sheep.

With his impish demeanour and displaying frequent irony and self-deprecating wit, Power successfully bridged the gulch between the dry potential of his academic specialty and the more passionate pull of environmental preservation.

Using figures gathered from across the United States and across the world, he dispelled what he called the cowboy economic “myths” regarding resource extraction that dominate conventional thinking in his home state of Montana, as well as in Alberta and elsewhere, and that “corrupt policy discussions, especially as they relate to the environment.”

With statistics gathered through his more than three-decades-long academic career — he’s been on the faculty of the University of Montana, Missoula, economics department since 1968 and chair since 1978 — he put the boots to the notion that limiting resource extraction would impoverish the overall economy. In fact, Power showed clearly that, in the U.S. and globally, specialization in natural resource industries — from mining to logging, oil and gas to agriculture — has left local economies worse off than those much less dependent on these industries. The disadvantages range from lower earnings and per capita income to higher unemployment rates.

The benefits of natural resource development are often significantly misrepresented, he said, a statement that resonated well with his Alberta audience. Furthermore, the costs are significantly understated and proper environmental regulation is crucial to minimize the damage done.

But those who advocate better environmental laws are branded eco-terrorists, wreaking havoc on people’s livelihoods. The doomsday scenarios from the naysayers on the decline of extraction industries have not been borne out, Power explained. In Montana and other parts of the American Mountain West,





for every natural resources job lost, 40 other jobs were gained, particularly in the service sector, including the high-paid service industries like medical and computer services.

"There is life after natural resources addiction," he said.

As a result, these regions enjoyed a net in-migration, helping them lead the U.S. in economic growth. However, studies also showed Montana being the state with the lowest average income, a situation Power said would have occurred whatever the choice of jobs.

If the highest paid states were giving up population, as the studies suggested, why were the lowest paid, like Montana, experiencing such population growth? Lower costs in housing and other basic services were one reason, Power explained.

Another crucial point lies in the value of social and natural amenities. "Some people, at least, are willing to sacrifice income to escape from congestion, crime, and pollution associated with large urban areas," he said. "Some weird people are interested in open space, outdoor recreation, opportunities for scenic beauty . . . and are willing to sacrifice something in the pursuit of that.

"This helps us understand the economic power of environmental quality," added Power, who is a prime example of someone who feels well compensated for a lower income by the unique characteristics of where he lives.

With an undergraduate degree in physics from Lehigh University, and a masters and a doctorate from Princeton, Power had a choice of many better known universities in which to hang his academic hat. He made a conscious decision to settle in Montana, despite the relatively low pay, and has absolutely no regrets about it, he said in an interview.

"We're incredibly more healthy because we're feeding our kids on the scenery," said the father of an adult son and daughter.

In response to questions, Power drew parallels for the application of his economic theories in Alberta. Firstly, he noted, the impact of the energy industry here is grossly exaggerated. Directly, it provides just five per cent of the jobs in the province, he said.

Furthermore, the intense efforts to take out the oil and gas, no matter where they're found, will not last forever. Because supplies of conventional oil and gas are temporary, "it's important for Albertans to say there have to be limits on what they're willing to sacrifice to get the energy out of the ground . . . the damage to natural systems can be near-permanent."

He sees the push for oil-sands development as a particularly pernicious form of cowboy economics that even the U.S. has abandoned. "Do Albertans really want to take their wealth and invest it in economically irrational projects that wouldn't fly on their own (without government subsidies)?" Government incentives to the pulp and paper industry to harvest the province's northern boreal forest offer another example of false economics.

The perception we still have of plenty of unspoiled wilderness in Alberta beguiles politicians and others to keep pushing industrial development no matter what the environmental cost. "What's coloured green on the map is not necessarily protected," he warned. "If you don't act, you will lose it. Look at the more developed states and provinces. You can see where you'll end up, and then it's going to be too late."

