

## Background for Economists' Letter to the Western Governors and President Bush

### Key Points of the Economists' Statement

1. Nearly all communities in the West will find they cannot have a healthy economy without a healthy environment. Those who believe environmental degradation is an unavoidable price to pay for economic prosperity in the West are wrong. Across most of the West, a community's ability to retain and attract workers and firms now drives its prosperity. But if a community's natural environment is degraded, it has greater difficulty retaining and attracting workers and firms.
2. Those who promise that workers, firms, and communities tied to environmentally harmful activities can avoid these forces if only the environmental laws were set aside raise false hopes. Public officials can best promote long-run economic prosperity in the West by encouraging efficient transitions away from harmful activities toward those beneficial to both the environment and the economy.
3. There exist many opportunities in the West to improve both the environment and the economy. For example, the elimination of inefficient subsidies to activities harmful to the environment and the overall economy would make more money available for other public services or to reduce debt. The longer these opportunities languish, the fewer will be the West's jobs, the lower its incomes, and the poorer its communities. Conversely, the sooner we seize these opportunities, the sooner the West will enjoy more jobs, higher incomes, and greater prosperity.
4. The economists urge the president and the governors to initiate a review of the economic effects of actions taken by your administration that have a significant impact on the environment. The primary objective of this review should be to identify and correct those actions that are harming the economy by degrading the environment. It also should highlight the merits of those actions beneficial to both the environment and the economy. The economists urge the president and the governors to act promptly.
5. The economists also urge the president and the governors to implement appropriate policies and procedures to increase the likelihood that future governmental actions will capitalize on and reinforce the evolving relationship between the West's environment and its economy. These initiatives should incorporate eight principles that are outlined in the letter.

### Examples Of Governmental Actions That Harm Western Economies By Degrading The Environment

1. ***Inadequate investment in parks.*** Federal, state, and local governments have failed to maintain the infrastructure and environmental quality of parks. These failures have weakened the West's economies by reducing the attractiveness of nearby communities to workers and firms and by eroding the foundation for the outdoor recreation and tourism industries.

2. ***Reduced protection for roadless areas.*** The federal government has opened roadless lands to vehicular traffic, mining, logging, grazing, and other development, usually at a net cost to the US taxpayer. Such actions have expanded the supply of that which is already plentiful and common at the expense of that which is increasingly scarce and unique. They fail to account for the benefits non-motorized visitors receive from these lands and for the loss of the considerable economic benefits—recreation, high-quality water, wildlife habitat, spiritual values, and more—that public lands provide when they are undeveloped. The loss of these benefits undermines one of the cornerstones of economic strength for communities throughout the West.
3. ***Slow action to conserve threatened and endangered species.*** Congress has failed to provide adequate funding, and federal agencies have dragged their feet when called upon to conserve threatened and endangered species. These actions increase the risks to species with high economic value, protect inefficient and often subsidized activities harmful to both the species and the economy, and raise the ultimate costs of conserving the species.
4. ***Slow clean up of polluted sites.*** Federal agencies have not requested and Congress has not provided adequate funding to clean-up Superfund sites promptly. Some state and local governments have slowed the clean-up process. Delayed clean-up of these sites harms the economy by extending westerners' exposure to hazardous materials, diminishing the value of nearby properties, impeding economic-development activities near polluted sites, and giving polluters additional incentives to pollute in the future.
5. ***Ineffective response to the risks of global warming.*** Current research results are sufficiently robust to conclude that global warming poses significant economic risks to the West, including increases in coastal flooding, more frequent severe storms, and reductions in snowpack resulting in lower summer flows of important rivers and streams. These risks are perpetuated and strengthened by the failure of Congress and the White House to take decisive action to curb emissions of carbon dioxide and other global greenhouse gases.
6. ***Inefficient management of public forests.*** Federal and state forest managers emphasize the production of logs, forage, minerals, and other commodities without fully accounting for adverse impacts on services, such as recreation, provision of clean water in streams, sequestration of carbon, and the existence of roadless lands. These actions reduce the overall value of goods and services derived from public forests.
7. ***Lack of appropriate incentives for resource conservation.*** With subsidies and inefficient pricing, federal, state, and local policies encourage waste and discourage conservation by hiding from consumers the full costs of resource-intensive activities, such as exploration for oil and gas, irrigation, public-land grazing, and congestion on urban roadways and at public-land recreation sites.
8. ***Unreasonable exemptions from environmental review.*** Federal resource managers have granted exemptions for military operations, logging, exploration for oil and gas, operation of motor vehicles on roadless public lands, the use of some pesticides, the emission of air pollution, and other activities. Also, de facto exemptions occur when federal and state agencies fail to enforce environmental laws. The economy is harmed

when activities are allowed to proceed even though their economic costs outweigh their benefits.

9. ***Unnecessarily divisive approaches to economic/environmental issues.*** The costs—to individual workers, families, firms, communities, and the economy as a whole—of the changing relationship between the economy and the environment are worsened by federal, state, and local actions that promote misunderstanding and divisiveness rather than cooperative problem-solving. Especially divisive and costly are proposals and decisions that presume the economic benefits of an increase in an extractive, agricultural, or development activity necessarily exceed the costs, even when the evidence indicates otherwise. Recent examples include proposals or decisions to:

- Encourage road development, vehicular traffic, and other development on lands with roadless or wilderness qualities, including national parks, national forests, and lands administered by the Bureau of Land Management.
- Promote energy consumption rather than conservation.
- Relax restrictions on emissions of water and air pollution.
- Forgo U.S. leadership of efforts to shape a prompt, efficient and global response to climate-change risks.
- Relax restrictions on the use of or exposure to potentially harmful substances.

### **Specific Actions Desired by the Economists**

The western governors and the Bush Administration should:

1. Treat the West's environment as a vital foundation for continued growth in jobs, incomes, and prosperity.
2. Initiate a review of actions taken by their respective administrations that have a significant impact on the environment. The primary objective of this review should be to identify and correct those actions that are harming the economy by degrading the environment. The review should begin promptly.
3. Implement policies and procedures to increase the likelihood that future governmental actions will capitalize on and reinforce the linkage between the West's environment and its economy.
4. Use the eight principles identified in the letter as a screen through which proposed policies and actions can be evaluated. If a policy or an action harmful to the environment does not meet the meaning and intent of the principles, alternatives should be pursued.