

## *The Shale Gas Boom-Bust Experience Proves to be a Harsh Lesson for Local Governments and the People They Serve*

Contrary to all the shale gas industry's talk of huge royalties flowing from the extraction of shale gas, the economic history of the localities where extraction has taken place tells a completely different story.

**Economic studies and analysis of statistics from jurisdictions with a history of shale gas extraction show local economies being damaged** – far different from the rosy picture painted by the industry.

**U.S. Department of Labor statistics** from a survey of **32 counties in the largest shale gas development areas** (‘plays) in the U.S. shows that from 2006 – 2010:

- 26 counties or **80% were below their state's average for retail sales**;
- 30 counties or **94% were below their state's average for median income**; and
- 29 counties or **90% had weekly wages below the national average**.

*Source: Deborah Rogers, Shale And Wall Street: Was The Decline In Natural Gas Prices Orchestrated?*

### **The Broken Promises of Prosperity**

*“Counties that have focused on energy development are underperforming economically compared to peer counties that have little or no energy development.”*

*“Energy-focused counties over the long term are characterized by:*

- *Less economic diversity and resilience;*
- *Lower levels of workforce education;*
- *A greater gap between high and low income households;*
- *A growing wage disparity between energy and all other workers;*
- *Less ability to attract investment and retirement dollars.”*

*Source: Headwaters Economics “Fossil Fuel Extraction as a County Economic Development Strategy: Are Energy-focusing Counties Benefiting?” (7/11/09).*



**In fact, it would seem that the states which embraced shales early clearly did not conduct proper due diligence on the activities that they were green lighting.**

*Externalities of Shales: Health Impact Costs, [energypolicyforum.org, /2013/04/03/shale-externalities-health-impact-costs/](http://energypolicyforum.org/2013/04/03/shale-externalities-health-impact-costs/), Deborah Rogers*

## Natural Gas is Not the Way to Build or Develop Local Economies

“Mineral exploration, development, and extraction have not been sources of economic stability or growth for over a quarter of a century. Instead they have contributed to a downward cycle of boom and bust...”

Natural gas development does not provide substantial jobs and income for local residents, even when it is carried out on a massive scale.”

Source: Thomas Michael Power (University of Montana) - “The Local Economic Impacts of Natural Gas Development In Valle Vidal, New Mexico”, January 2005.

### What about local jobs?

“It is not clear that jobs associated with shale gas drilling will go to residents of New Brunswick. 70% of Pennsylvania gas rig jobs in the Marcellus Shale are going to people from out of state.”

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Studies of **individual states with long histories of fossil fuel industries** have noted the **long-term, negative consequences** of that relationship.

“Evidence from already developed shale plays indicates that shale gas drilling relies mostly on out-of-state workers. Local employment is concentrated in trucking, construction and retail jobs.” Susan Christopherson, Ph.D. (Cornell University) Albany Times Union, “Hydrofracking a Boom-Bust Endeavor”, August 14, 2011

## A Short Boom, then A Long Bust

Communities involved in shale gas development see an abrupt invasion of out-of-town workers filling up nearby motels, hotels and restaurants. The instinct might be to provide more housing or other provisions for the newcomers. But such **infrastructure won't be needed after the initial phases of development, and then someone has to do the maintenance and upkeep.**

The problem is that **most communities are distracted by the short-term gains.**

Source: Amanda Weinstein and Mark Partridge - Ohio State University “The Economic Value of Shale Natural Gas in Ohio”

These are experiences to recall when you hear of the economic benefits supposedly brought by shale gas. **Some investors will make money from this industry, but not local jurisdictions** that will have to pay extra costs before, during, and after the boom. **Boom and bust is the opposite of sustainability.**