

# Jackson Hole News & Guide

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Ray Rasker with his dog, Ollie, on the Main Street to the Mountains trail system near his home in Bozeman, Montana.

## Yellowstone's competitive advantage

**Economist Ray Rasker examines the enduring connections between healthy towns and public landscapes.**

By Todd Wilkinson

Ray Rasker is keenly aware of the negative aphorism, the one often associated with economists, that condemns his profession for sometimes "knowing the price of everything, but the value of nothing."

Rasker, an economist with a Ph.D. from Oregon State University's College of Forestry, is a pioneer in not only thinking about the worth of intangible things in the environment, which often do not show up in financial ledger sheets, but more importantly understanding how the natural world factors into the well-being of local economies — and vice versa.

A quarter century ago, Rasker had just started as the first staff economist for The Wilderness Society in Bozeman, Montana. He had begun divining insights that made him an enigma and an outlier. He remembers the polemical, intractable wars of rhetoric being waged between environmentalists and bean counters beholden to traditional natural resource extraction industries.

"Here in Greater Yellowstone, voices in the conservation community would say that the region's economy was powered by tourism," he explains. "Meanwhile, those who gauged wealth only on resources being pulled from the ground and consumed said, 'Oh, no, prosperity is only created through ranching, mining and logging.' I said, 'You're both missing the point. There's something else going on.'" At that point, people on both sides thought Rasker was speaking heresy. Time has both corroborated his hunches and placed him in a new vanguard. Today, Rasker has just returned to his office at Bozeman-based Headwaters Economics, an independent environmental-economic think-tank he co-founded, after being in Washington, D.C.

There, Rasker delivered a keynote address before high-level natural resource policy experts at the White House. He had an audience with Interior Secretary Sally Jewell, Agriculture Secretary Tom Vilsack and their top lieutenants.

The focus of Rasker's words: America needs to be smarter about how it manages the wildland-urban interface in the West, the zone where public and private lands converge, because the escalating costs of battling wildfires is devastating the budgets of land management agencies. It's a conundrum because, as an unprecedented wave of humans is now inundating forested terrain in search of the good life, climate change is leaving those zones more prone to burning.

But before wading into the mire of America's growing crisis for how to deal with wildfire, it's important to understand how and why Rasker became an unlikely figure in the discussion. It has to do with his belief that the health of natural landscapes and sustainable economies functions like yin and yang.

It's a relationship made manifest in Greater Yellowstone, he says, and it's especially poignant as the most influential generation in U.S. history — the baby boomers — flexes its power in retirement.

In the early 1990s, as the front wave of boomers (those born between World War II and roughly 1964) began to assert themselves as entrepreneurs and also to enter retirement, their presence in Greater Yellowstone registered as a rumble that today is seismic.

Rasker relates a figure that some elected officials view with incredulity, but hard facts bear him out: Today in the West, only 9 percent of the workforce is employed by the natural resource industries. Some 60 percent of new net income is derived not from retail, manufacturing or high-tech, but from retirement and investment among baby boomers.

The upshot is that this injection of money is coming directly from wealth created by smokestacks. The downside is that the retirees and people who make money on financial investments are buying land and exacting growing footprints on the natural world by how they live and recreate.

Jackson Hole is an extreme example of disparity existing between the upper 1 percent and the rest. Elsewhere in Greater Yellowstone, be it Bozeman, Cody, Red Lodge, Lander or West Yellowstone, it's the upper 30 percent — and typically a huge percentage of baby boomers — settling in Greater Yellowstone.

"It's a tsunami, and the biggest part of the wave is yet to come," Rasker says, noting that development of land is its own form of resource extraction with permanent consequences.

Over the last several years, Rasker and his team at Headwaters Economics found that crunching statistics has led them down several different rabbit holes, all of which have yielded a connect-the-dots bigger picture. Their main clients: government agencies at the federal, state, county and municipal level. "Our goal is to give partners credible information they can use to identify and solve problems," he says.

One innovation that Headwaters makes available free of charge is a calculator that enables counties across the West to compile customized socio-economic profiles, which include a look into the value of public lands as job creators (<http://headwaterseconomics.org/tools/economic-profile-system/about/>).

In addition, Rasker and colleagues have uncovered these insights:

- Healthy landscapes in the 21st century, like those in Greater Yellowstone, foster economic prosperity because they attract creative people who want to live in or near them. Conservation, despite what old-guard economists say, is not an economic liability, but can be a tool for driving prosperity and getting out of the ruts of boom and bust cycles.
- The public-land-rich West has not been hobbled by federal ownership. During the last four decades, the West created jobs twice as fast as the rest of the nation, and western non-metro counties with significant protected federal land added jobs more than four times faster than peers without protected federal land.

From 1970 to 2010, western non-metro counties with more than 30 percent of the county's land base in protected federal status on average increased jobs by 345 percent. By comparison, similar counties with no protected federal public land increased employment by 83 percent.

Compellingly, Headwaters found that for every 100,000 acres of protected public land found inside county boundaries, per capita income was \$4,360 higher.

Another tool that Headwaters has pioneered is a free-to-use calculator for measuring the economic value of national parks for local communities across the country (<http://headwaterseconomics.org/public-lands/protected-lands/economic-impact-of-national-parks/>).

The worth of Grand Teton and Yellowstone is around \$1 billion annually, anchored to nature-tourism and wildlife watching. Rasker says the economic value of nature throughout Greater Yellowstone "is at least three times that."

- One of the essential amenities that makes some counties more prosperous over others is having ready access to commercial airports. Entrepreneurs connected to the global marketplace need to have mobility. Just being saddled next to a beautiful place isn't enough. Overcoming geographical isolation is vital.
- At a time when some lawmakers in the West have pushed to have federal lands divested to state control or have public lands sold off to private entities, portraying federal ownership as an impediment, Rasker has provided a compelling counter argument using economic data.

In fact, he recently penned a letter to President Obama that states "federal protected public lands are essential to the West's economic future, attracting innovative companies and workers, and contributing a vital component of the region's competitive advantage."

The letter was signed by 100 economists, including a trio of Nobel Prize winners. The argument is spelled out in a report, "West Is Best: How Public Lands in the West Create a Competitive Economic Advantage" (<http://headwaterseconomics.org/economic-development/trends-performance/west-is-best-value-of-public-lands/>).

- The inundation of newcomers, especially well-heeled ones, is not without its significant downsides, which include housing prices being driven up at the expense of working class families and sprawl eroding the wild character of landscapes that draw people there in the first place. In addition, growth drives up the costs and needs for expanded local services. Communities that try to grow their way out of problems only make it worse.

Moreover, Rasker notes, the refusal of counties and municipal governments to regulate the kind of development allowed in the wildland-urban interface has created a dangerous and costly problem with wildfire. The U.S. Forest Service, for example, spends a huge percentage of its budget on fighting fires at the expense of everything else it does.

If, instead of the federal government (i.e., taxpayers) agreeing to absorb fire costs, county governments were forced to pay for firefighting, Rasker believes attitudes about living in the wildland-urban interface would change. A huge dividend of having sensible regulations and forcing county governments and individuals to assume more of the liability is that costly sprawl, which erodes things like wildlife habitat, would also slow down.

Rasker's insights (made available in a widely viewed PowerPoint summary at [http://headwaterseconomics.org/wphw/wp-content/uploads/wildfire\\_homes\\_solutions\\_presentation.pdf](http://headwaterseconomics.org/wphw/wp-content/uploads/wildfire_homes_solutions_presentation.pdf)) have found a receptive audience among both fiscal conservatives and green-minded land protectionists.

A sobering message: Currently, only 16 percent of the West's wildland-urban interface is developed, and yet this small amount already is driving escalating risks and costs from wildfire exacerbated by climate change. Amid the unprecedented inward growth happening in regions like Greater Yellowstone and other areas of the Rockies, that percentage could skyrocket, and with it could come potentially catastrophic consequences.

Smart growth isn't only wise to maintain Greater Yellowstone's rare and unsurpassed ecological integrity — including its wildlife populations — it is a cornerstone of fiscal responsibility.

Chris Mehl is admittedly biased. He works for Headwaters Economics, but he's also a former congressional committee staffer and he currently sits on the Bozeman City Commission.

"Rasker has devoted his career to helping Western towns and counties access the right information they need to make better decisions and solve problems," Mehl says. "He understood before most how the economy was changing and what these changes would mean for communities large and small."

Going forward, communities that protect the quality of life of citizens — which almost always have environmental components at their core — are more likely to remain prosperous at a time of huge tumult in the world, Mehl says.

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Writer Todd Wilkinson has been writing about the environment for 30 years. He lives in Bozeman and is a correspondent for National Geographic, the Christian Science Monitor and numerous other national publications. He also is author of the award winning book "Grizzlies of Pilgrim Creek, An Intimate Portrait of 399, the Most Famous Bear of Greater Yellowstone," featuring 150 photos by Thomas D. Mangelsen.