



UNCLEAR ECONOMIC IMPACT

OUTDATED AND FLAWED ECONOMIC ANALYSIS

The principal reason advanced for taking the environmental risks associated with shale gas extraction is the positive economic impact that drilling could have for New York State and its counties. But in fact, there has been so little actual, current, unbiased examination of the economic impact that it is fair to say that positive economic impact is more an assertion than a proven fact. It is even possible that the net economic impact of drilling may be negative.

To my knowledge, all studies that have concluded a positive economic impact are either biased or dated or seriously flawed, and are, therefore, not a valid foundation on which to base legislative or regulatory actions.

The recent Draft SGEIS does not include an updated economic analysis. Instead the DEC is relying on economic analysis that was done in January 1988. The economy, spending patterns, natural resource prices and volatility, available financing and a myriad of other factors relevant to calculating gas drilling's economic impact have changed dramatically in the last 22 years. The Draft does cite a recent Broome County Economic Impact Study, but that document failed to adequately address a number of factors that must be carefully considered in order to make informed decisions. Other studies cited have been funded by the gas companies, a highly biased group.

An independent study, funded by neither gas companies nor advocates of stopping gas drilling, concludes that counties that focus on fossil fuel extraction as a strategy of economic development experience poor economic growth compared to counties with a more balanced development strategy.

Updated, unbiased and thorough economic analysis is required prior to taking any legislative or regulatory actions regarding gas drilling in the Marcellus Shale.

(The above is excerpted from a letter to Governor Paterson by economist, Jannette M. Barth, Ph.D., January 24, 2010)

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