

New Report: Restoring Great Lakes Would Bring Region \$50 Billion in Economic Gain

Clean-up Would Also Lead to \$30 Billion-\$50 Billion in Short-term Economic Activity

'The Great Lakes economy depends on the health of the Great Lakes'

Chicago, IL (Sept. 5, 2007)-As political, business and advocacy leaders convene in Chicago to discuss the increasing toll invasive species, sewage contamination, toxic pollution and other threats are having on the Great Lakes, a new independent report released today concludes that restoring the health of the Great Lakes will create \$50 billion in economic benefit for the region.

The cost-benefit analysis, conducted by the Brookings Institution Metropolitan Policy Program, finds that efforts to improve the health of the Great Lakes will produce almost two times the economic gains compared to what it will cost.

"This new report confirms in dollars and cents that the health of the Great Lakes economy depends on the health of the Great Lakes," said Robert Litan, a Brookings Senior Fellow and vice president for research and policy at the Kauffman Foundation, who led the team of researchers who conducted the study. "A tremendous opportunity exists to restore the lakes, re-invigorate the region's economy, and boost the competitiveness of the nation. The report makes a compelling case for Congress to act now to restore the lakes by passing the Great Lakes Collaboration Implementation Act."

The report, "Healthy Waters, Strong Economy: The Benefits of Restoring the Great Lakes Ecosystem," concludes that the people and communities of the Great Lakes region stand to gain at least \$50 billion in long-term economic benefit from an investment of \$26 billion now on Great Lakes restoration. That is a net gain of at least \$24 billion dollars from increases in tourism, the fishing industry, recreational activity and home values.

"That's a solid return on investment that's good for the Great Lakes, good for the economy, and good for the millions of people and businesses that rely on the lakes," said co-author Paul N. Courant, professor of public policy and economics at the University of Michigan. "The cost-benefit analysis re-affirms that the health of the Great Lakes powerfully affects the health and prosperity of our communities."

The restoration funds would go towards:

- . modernizing wastewater treatment systems to reduce sewage and other contamination that will mean fewer beach closings and improved water quality;
- . stopping invasive species and increasing the supply of fish in the Great Lakes to avoid the dislocation of sport-fishery workers and assets;
- . restoring and protecting wildlife habitat for birds and waterfowl for naturalists and hunters to enjoy; and,
- . removing contaminated sediment in areas of high concern to reclaim communities and increase property values.

The report authors analyzed the cost of restoring the lakes and economic benefit to the region of implementing the Great Lakes Regional Collaboration Strategy, a comprehensive plan crafted by civic, business, environmental, government and Tribal representatives after President Bush signed an executive order in 2004.

That strategy has been translated into comprehensive legislation, the Great Lakes Collaboration Implementation Act, which currently sits dormant in Congress.

"The report makes clear that investing in the Great Lakes is a wise investment now, but the longer we wait to restore the Great Lakes, the higher the price tag will be," said co-author John C. Austin, non-resident Senior Fellow, Metropolitan Policy Program at The Brookings Institution. "Right now, our net gain will be at least 26 billion dollars. But, every month we delay, the cost of repair goes up, and the net gain goes down."

The report also estimates that the region would experience an additional \$30 billion to \$50 billion in short-term economic activity stemming from the comprehensive clean-up of the Great Lakes. The report cautions that public spending for any purpose could result in similar economic activity gains, and so the short-term activity dollars by themselves do not justify the restoration investment. However, because there are important other reasons to spend funds on restoration - the \$50

billion in long-term economic benefits - the \$30 billion - \$50 billion in additional activity should be counted as an expected impact.

The report does not estimate overall job impacts of the restoration spending.

"However," said Litan, "job impacts in the region are likely to be significant. For example, the multi-billion-dollar investment to modernize wastewater treatment facilities to prevent sewage overflows into the lakes would generate approximately 185,000 short-term jobs in the construction industry."

The report suggests that millions of people will benefit from Great Lakes restoration, not just businesses and industries which use the water for commerce, but also beachgoers, naturalists, boaters, anglers and homeowners.

"The multi-stakeholders in the Great Lakes ecosystem have sensed the need for better understanding of the economic returns from investing in our environment," said George Kuper, president and chief executive officer of the Council of Great Lakes Industries. "In this study we have indications that there is a huge return, well worth that federal investment."

"Right now there are many signs that the Great Lakes are unhealthy: sewage in the lakes, invasive species, long-term deposits of toxic chemicals, and disappearing habitats for wildlife," said Tom Kiernan, president of the National Parks Conservation Association and co-chair of The Healing Our Waters-Great Lakes Coalition. "These are especially evident in the national parks along the Lakes, such as Indiana Dunes, Apostle Islands, and Sleeping Bear Dunes. Unhealthy Lakes mean fewer people can enjoy these national parks that are the treasures of the region."

"When the Great Lakes are unhealthy, it is a drain on our economy and it means fewer jobs for the region," said Mayor Gary Becker of Racine, Wisc., who serves as chairman of the Great Lakes St.-Lawrence Cities Initiative. "Cities stand arm-in-arm with the businesses, conservation organizations, and state leaders who want the lakes restored."

Added David Ullrich, executive director of the Great Lakes St.-Lawrence Cities Initiative: "For the millions of people who depend on the Great Lakes for their jobs and way of life, all eyes are on Congress to do the right thing. Our message is simple: Restoring the Great Lakes is a win for our lakes, a win for our cities, and a win for our economy. You have our support."

The report was conducted by researchers affiliated with the Brookings Institution for a coalition of business, industrial and environmental organizations, including the Healing Our Waters-Great Lakes Coalition, the Council of Great Lakes Industries, and the Great Lakes-St. Lawrence Cities Initiative.

The report summarizes the major findings of a more in-depth study of the benefits and costs of the GLRC Strategy by the same authors, "America's North Coast: A Benefit-Cost Analysis of a Program to Protect and Restore the Great Lakes," which is being released on the same day.

"The report is a clarion call for action," said Andy Buchsbaum, regional executive director of the National Wildlife Federation's Great Lakes office and co-chair of the Healing Our Waters-Great Lakes Coalition. "The problems are urgent. The solutions are straightforward. The benefits are clear. The time to act is now."

Funding for the report was provided by the Joyce Foundation, MacArthur Foundation, Consumers Energy Foundation and Dow Chemical Foundation. The views expressed in the report do not necessarily reflect the views of the sponsoring foundations.

For more information, including quotes from regional political leaders, visit:

http://www3.brookings.edu/metro/speeches/20070905_GLEI.pdf

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Council of Great Lakes Industries is a non-profit organization representing the common interests of U.S. and Canadian industrial organizations from the manufacturing, utilities, transportation, communications, financial services and trade sectors that have investments in the Great Lakes Basin. The Council works to ensure that industry is a substantive partner in the Great Lakes region's public policy development process.

The Great Lakes and St. Lawrence Cities Initiative is a binational coalition of mayors and other local officials that works actively with federal, state, and provincial governments to advance the protection and restoration of the Great Lakes.

The Healing Our Waters-Great Lakes Coalition, co-led by the National Wildlife Federation and the National Parks Conservation Association, consists of more than 90 zoos, aquariums, museums, and hunting, fishing, and environmental organizations representing millions of people, whose common goal is to restore and protect the Great Lakes.

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