

Why Do Economic Analysis?

Legal Mandates and Public Demands

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- because these are “pocketbook” issues; jobs and income.
- Listen to a segment from NPR’s Morning Edition:
<http://www.npr.org/templates/story/story.php?storyId=94304421>

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After introducing himself, Morrow shows off the corner grocery store. About two years ago, the company that owned the store said they were closing down and moving out. For a time, that meant a half-hour drive out of town to shop. That’s when the community took over. A group of residents came together to form a co-op and sold \$50 shares around town, and the store reopened.

Rick Mills chairs the grocery store’s board. He also owns the auto supply store on Main Street. The grocery store, he says, brought in more than \$1 million in its first year and has been the engine of the little economy.

“Once the dollars leave, they don’t come back,” Mills says. “They’re gone to the city and that’s where they stay. People from the city aren’t going to come to Walsh, Colo., to do their grocery shopping — or any other shopping, as far as that goes.”

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Legal, Statutory and Administrative Mandate

- FLPMA:
 - Integrate the physical, biological, economic, and other sciences in developing land use plans. (*Section 202 (c)(2)*)
 - Estimate and display economic effects (*43CFR1610.4-6*)

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Legal, Statutory and Administrative Mandate

- Standards for “credible” economic analysis:
 - CEQ requires rigorous and objective analysis that reflects professional integrity
 - A “hard look” doctrine has emerged from case law related to NEPA.
 - Agency Internal Guidance – Appendix D of BLM 1601-1 Handbook
 - Risk of appeal under the APA based on “arbitrary and capricious decisions.”

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CEQ Guidance Relevant to Economic Analyses

- Analyses should:
 - Be analytic, not encyclopedic (*40 CFR 1502.0*)
 - Include an interdisciplinary approach that integrates use of natural and social sciences (*40 CFR 1502.6*)
 - Insure professional integrity, including scientific integrity (*40 CFR 1502.24*)
 - Show that the agency made the necessary environmental analyses (*40 CFR 1502.24*)

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