

2008 Great Lakes & St. Lawrence Cities Initiative Conference Toronto, Canada

Panel: Driving Prosperity, Vitality and Sustainability in the Basin

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Projected Economic Benefit from Great Lakes Eco-system Restoration

Bottom line:

**\$50 Billion in Economic Gains to
Region Expected From
Restoration Efforts**

Report: *Healthy Waters, Strong Economy: The Benefits of Restoring the Great Lakes Ecosystem*

An independent study by The Brookings Institution

- based on Great Lakes Regional Collaboration's Restoration Strategy recommendations
- U.S. investment of \$26 billion

Examples of Some of the Economic Benefits from a \$26 Billion Investment

- \$6.5 – 11.8 Billion more economic activity from increased tourism, more fishing and recreation, including reduced beach closures
- \$12 – 19 Billion increased property values by remediating AOCs
- \$50 – 125 M reduced water treatment costs

Report: *Healthy Waters, Strong Economy: The Benefits of Restoring the Great Lakes Ecosystem*

Authors:

- John Austin, Non-resident Senior Fellow, Brookings Institution
- Bob Litan, Senior Fellow, Brookings Institution
- Paul Courant, Harold Shapiro Professor of Public Policy, Professor of Economics, University of Michigan
- Soren Anderson, doctoral candidate, University of Michigan

In partnership with:

- Healing Our Waters – Great Lakes Coalition
- Great Lakes and St. Lawrence Cities Initiative
- Council of Great Lakes Industries

Report: *Healthy Waters, Strong Economy: The Benefits of Restoring the Great Lakes Ecosystem*

Advisors:

- Paul Dimond, partner in the law firm Miller Canfield; former Special Assistant to President Clinton for Economic Policy and Director of the National Economic Council
- Steven K. Hamp, Vice President and Chief of Staff, Ford Motor Co.; former President of the Henry Ford Museum
- Philip Power, Chairman, Michigan Nature Conservancy; former CEO of the Observer/Eccentric Newspapers
- Robert Stempel, Chairman and CEO, Energy Conversion Devices, Inc.; former CEO of General Motors

Study Methodology

Two approaches were used:

- One method identified economic benefits of specific improvements – tourism, recreation, etc. - and valued them
- The other approach used aggregated economic benefits and estimated the increase in residential property values
- Both approaches yielded a \$50 Bn ROI; in addition to a \$30 Bn short-term multiplier benefit
- A study supplement identified specific benefits to metro areas

**Estimated Benefits from Investing in the
Restoration Strategy
By Metro Area (Millions of 2006 Dollars)**

Metro	Benefits (\$millions)
Buffalo, New York	600 – 1,100
Chicago, Illinois	7,400 – 13,300
Cleveland, Ohio	2,100 – 3,700
Detroit, Michigan	3,700 – 7,000
Duluth, Minnesota	200 - 300
Erie, Pennsylvania	400 – 500
Gary, Indiana	200 – 300
Milwaukee, Wisconsin	1,500 – 2,300

Study Impact

- Media and public are paying attention to the numbers and, therefore, the investment opportunity
- Benefit numbers have been widely quoted, in the U.S., regionally and nationally
- Congressional funding is needed and will look at the economic benefit

Financial Support for the Study

- The Joyce Foundation
- The John D. and Catherine T. MacArthur Foundation
- Healing Our Waters Coalition (HOW)
- Consumer's Energy
- The Dow Chemical Company Foundation
- Council of Great Lakes Industries

Importance of the Study

A return on investment (ROI) analysis is critical:

- The Great Lakes Region must attract capital investment from outside the Region
- Credible economic benefits from eco-system restoration
- Some environmental NGOs are now including the economy in their message
- ?Moving away from “economy or the environment”?