

Mountain Empire Action Alliance

MEDIA Release

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Purported Benefits of Rosemont Project “Systematically Exaggerated” *Potential of Proposed Mine to Cause Local Job Loss Also Ignored*

SONOITA, Ariz. — Today, a highly critical report of the U.S. Forest Service’s evaluation of the economic impacts of the proposed Rosemont copper mine was released by the Sonoita-based Mountain Empire Action Alliance (MEAA). This report, written by nationally recognized economist, Dr. Thomas Power, found that the economic analysis used to justify the proposed Rosemont Copper Mine in the Santa Rita Mountains “systematically exaggerates the economic benefits while just as systematically dismissing or ignoring the economic costs of the Rosemont Mine.”

“If Rosemont’s economic exaggerations are eliminated and the instability in copper mining production and employment are taken into account, the positive economic impacts associated with the proposed mine would be only a quarter to a third of what the DEIS projects”, Power said. “Additionally, when the impacts to other sources of local economic vitality are considered such as tourism and the attractiveness of the Greater Tucson area to new residents and businesses, it is my view that the relatively modest positive economic impacts of this mine will be completely offset by equally modest negative impacts and as a result, it is highly likely that the Rosemont Mine would damage the overall economic vitality and well-being of the Greater Tucson area.”

This report will be submitted to the Forest Service as comments on the Rosemont Draft Environmental Impact Statement (DEIS), outlines numerous errors and omissions in the analysis of the economic impacts of this massive open-pit copper mine in the Santa Rita Mountains near Tucson. Below are some of the key findings identified by Power and included in the MEAA report:

The DEIS ignores the economic role of public lands, mountains and open space in supporting local economic health.

The DEIS ignores or misinterprets existing Forest Service research documenting the economic importance of public land resources, such as the Santa Rita Mountains, specifically in the American desert southwest.

The DEIS relies uncritically on economic impact modeling funded by Rosemont and based on Rosemont-specified assumptions. The Coronado National Forest **did no independent economic impact modeling** of its own nor did it commission and supervise any economic impact modeling for the DEIS.

The economic impacts of the construction phase of the Rosemont project are exaggerated by a factor of four because the annual jobs and payroll are multiplied by the four-year length of the construction period. The result is an estimate of thousands of new jobs rather than hundreds of actual temporary jobs.

The economic impacts were exaggerated by assuming that most of the equipment and supplies needed to operate the mine would be produced by and purchased from local business firms. This led to estimates of “indirect impacts” (i.e., benefits) that were 3 to 5 times too large. Contrary to previous announcements touting local purchases, it was recently reported in the local newspaper, that Rosemont announced it is seeking hundreds of millions dollars in loans from foreign lenders to buy equipment from companies in these foreign countries.

The DEIS incorrectly assumes that “[e]mployment and output projections [for the Rosemont Mine] will not fluctuate over the life of the project.” The history of copper mining both in Arizona and nationally clearly show that production and employment fluctuate substantially over periods as short as ten years or less. As a result, the DEIS explicitly overlooks one of the primary economic costs associated with metal mining - the instability and disruption it brings to local employment and payroll.

The DEIS understates the size of the visitor economy that could be negatively impacted by degrading public lands such as the Santa Rita Mountains in the Greater Tucson region.

The DEIS ignores the fact that destroying adjacent public land resources substantially reduces Tucson’s attractiveness as a place to live, work, and do business. Over time these negative economic impacts are larger than the positive economic impacts associated with the proposed mine.

The DEIS states that it is unable to examine the negative economic impacts of the mine due to such an examination being “speculative...difficult to predict and quantify.” Yet the DEIS confidently predicts the level of copper production and its impacts on employment and payroll 23 years into the future in its positive economic impact analysis. The Forest Service’s willingness to speculate on the positive impacts but dismisses potential negative impacts clearly represents a bias.

Thomas Michael Power is the Principal in Power Consulting, Inc. and a Research Professor and Professor Emeritus in the Economics Department at The University of Montana where he has been a researcher, teacher, and administrator for over 40 years. Power, a widely

published author, has written extensively on the economic importance of the natural environment in sustaining local economies. He received his undergraduate degree in Physics from Lehigh University and his MA and PhD in Economics from Princeton University.

Mountain Empire Action Alliance (MEAA) is a local organization of concerned residents and businesses in Sonoita, Elgin, and Patagonia, Arizona. MEAA's primary mission is to protect the region's quality of life and economic base - tourism, agriculture, and ranching recognizing that both are dependent on maintaining a high-quality environment.

[Editors Note: A copy of the MEAA report can be downloaded at:
<http://www.scenicsantaritas.org/PowerCritiqueFinal.pdf>]