MANHATTAN INSTITUTE FOR POLICY RESEARCH

Press Release

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Lifting Frack Ban Could Mean Billions in Income for Upstate New York Economies

Albany, NY:

If all New York counties above the Marcellus Shale were to begin drilling, resident's incomes could collectively expand by 15% or more over the next four years, according to a new report released by the Manhattan Institute/ Empire Center. In 2013, New York governor Andrew Cuomo will decide whether to end or extend the state-wide moratorium on natural gas fracking. In weighing his choice, Cuomo should look to the experience of Pennsylvania, New York's neighbor to the south.

Authored by MI senior fellow and former chief economist at the U.S. Department of Labor **Diana Furchtgott-Roth**, the Manhattan Institute/ Empire Center Growth & Prosperity report, **The Economic Effects of Hydrofracturing on Local Economies: A Comparison of New York and Pennsylvania**, analyzes the effect of shale gas drilling on jobs and income growth in Pennsylvania counties to project the benefits that New York stands to gain if the state again permits fracking.

The report's key findings:

- Using the Pennsylvania data to project hydrofracking's effect on New York counties, we find that the income of residents in the 28 New York counties above the Marcellus Shale has the potential to expand by 15 percent or more over the next four years—if the state's moratorium is lifted.

- Our data also suggest that had New York allowed its counties to fully exploit the Marcellus Shale, those counties would have seen income-growth rates of up to 15 percent for a given four-year period, or as much as 6 percent more than they are experiencing.

The Pennsylvania experience:

- Pennsylvania counties with hydrofractured gas wells have performed better across economic indicators than those that have no wells.
- The more wells a county contains, the better it performed.
- Between 2007 and 2011, per-capita income rose by 19 percent in Pennsylvania counties with more than 200 wells, by 14 percent in counties with between 20 and 200 wells, and by 12 percent in counties with fewer than 20 wells.
- In counties without any hydrofractured wells, income went up by only 8 percent.
- Counties with the lowest per-capita incomes experienced the most rapid growth.
- Counties with more than 200 wells added jobs at a 7 percent annual rate over the same time period.
- Where there was no drilling, or only a few wells, the number of county jobs shrank by 3 percent.

To read the report visit http://www.manhattan-institute.org/html/gpr_01.htm#.UYets8pMx-0
To speak with Diana Furchtgott-Roth, please contact Matthew J. Olsen at (646) 839-3352 or by email at molsen@manhattan-institute.org

Diana Furchtgott-Roth is a senior fellow at the Manhattan Institute. She is a contributing editor of RealClearMarkets.com, and a columnist for the *Washington Examiner*, MarketWatch.com, and *Tax Notes*. From 2003 to 2005, Ms. Furchtgott-Roth was chief economist of the U.S. Department of Labor. From 2001 to 2002 she served as chief of staff of President George W. Bush's Council of Economic Advisers. Ms. Furchtgott-Roth served as deputy executive director of the Domestic Policy Council and associate director of the Office of Policy Planning in the White House under President George H.W. Bush from 1991 to 1993, and she was an economist on the staff of President Reagan's Council of Economic Advisers from 1986 to 1987.

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