

False Promises and Hidden Costs: The Illusion of Economic Benefits from Fracking

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The oil and gas industry argues that the potential economic benefits of fracking justify the risks and costs to public health and the environment. But the industry has grossly overestimated the number of jobs that fracking would create, and has either ignored or dismissed the public costs of the practice. This has created an illusion of economic benefits that is tainting the public debate.

The Fracking Nightmare

New drilling and hydraulic fracturing, or fracking, technologies have made it feasible to extract large quantities of oil and gas from shale and similar underground rock formations.¹ While this development has been a boon for the oil and gas industry, it has been a nightmare for communities exposed to the resulting pollution.

The nightmare includes spills of industrial waste, drinking water contamination, air pollution, explosions and fires, and ruined landscapes. Fracking is also contributing to climate-threatening levels of greenhouse gas emissions.

False Promises

With public concern growing, the oil and gas industry, industry-funded academics and analysts, and ideological think tanks have promoted drilling and fracking as an engine of economic growth and prosperity.²

But the job projections being touted are misleading. They come from economic forecasting models, not from actual employment data on economies with shale development.³ **The projections do not account for the jobs destroyed in other parts of the economy, such as jobs lost in agriculture or tourism during and in the aftermath of drilling and fracking.**⁴

In addition to this major flaw, Food & Water Watch has found numerous other problems with jobs projections that have been used, for example, in the push to open up New York State to fracking for shale gas.⁵ **In one case, the number of new jobs that New Yorkers could expect from shale gas development was exaggerated by about 900 percent!**⁶

The illusion of widespread economic benefits relies on ignoring several basic facts about the oil and gas industry:

- When oil and gas companies move in to extract shale oil or gas in a new region, much of their spending, and thus much of the industry's economic multiplier effect, happens out of state, where companies are headquartered and where the industry is established.⁷
- Many of the better-paying jobs at the well go to transient, out-of-state workers who have industry experience, not to residents of the areas targeted for development.⁸
- It takes only about a year to prepare, drill and frack a shale gas well, and about 98 percent of the employment associated with each well occurs only during this "pre-production" stage.⁹ This means new wells must be drilled and fracked each year just to sustain the majority of jobs in the industry.
- Drilling and fracking jobs, and any associated local spending on goods and services, move from town to town, resulting in short-term boom-and-bust cycles that are often harmful to local communities over the long term.¹⁰
- Estimates of the amount of oil and gas in shale and other rock formations, and estimates of how much will flow out of new wells, are highly uncertain, meaning that royalty incomes are also highly uncertain and that the inevitable bust after a boom in drilling and fracking can come sooner than promised.¹¹

Hidden Costs

In addition to exaggerating the positive economic effects, proponents of fracking further create the illusion of economic benefits by ignoring or dismissing the financial costs that are borne by communities:

- New York estimated that each typical shale gas well would require 3,950 trips of heavy trucks.¹² Along with damaging public roads and being a general public nuisance, such traffic increases the risk of traffic accidents that place demand on emergency services.¹³
- Towering, well-lit and noisy drilling rigs operate 24 hours a day, marring the tranquil and scenic landscapes that attract tourists and generate local tourism income.¹⁴
- The threat of air and water pollution from widespread drilling and fracking can further ruin a local community's tourism brand.¹⁵
- Air and water pollution has negatively impacted livestock and pets and posed serious health problems for people living near drilling and fracking operations.¹⁶
- Long-term water treatment costs can be significant if and when local drinking water resources become contaminated due to drilling and fracking.¹⁷
- Taken together, the impacts of drilling and fracking operations have led to declines in the value of impacted properties, and thus property tax revenues.¹⁸ Some banks are even declaring defaults on mortgages or not offering them at all for properties with gas leases, making them difficult to sell.¹⁹

Endnotes

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