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Montana's "Dependence" on Coal Mining, Electric Generation, and Oil Refining

Last week Montana Senator Max Baucus appeared to side with Republicans and a handful of coal-state Democrats in opposition to the US Environmental Protection Agency using the authority that the US Supreme Court has said EPA has to regulate greenhouse gas emissions under the Clean Air Act.

Baucus was quoted as saying that the regulation of greenhouse gases was too important and complicated to trust to just a federal agency. Instead, that regulation should remain the business of the US Congress where different regional and industrial interests can be balanced. Congress, of course, has not been able to muster the votes to pass any climate protection legislation, and with Republican's expected to be significantly more powerful in Congress after the mid-term elections, there is little chance a greenhouse gas emission control bill will be produced by Congress any time soon. No EPA greenhouse gas regulation may effectively mean no greenhouse gas regulation at all for the indefinite future.

Because Baucus is a member of the Senate Committee on the Environment and Public Works, his apparent opposition to allowing EPA to adopt regulations controlling greenhouse gas emissions was big news in Washington DC. One of the Capitol's influential daily newsletters, Environment and Energy, explained Baucus' waffling on the regulation of greenhouse gases by saying: "Baucus is wary of efforts to limit carbon emissions, as coal mining, coal-fired electricity and oil refineries dominate his state."

It is true that Montana has lots of coal and continues to produce significant amounts of petroleum and natural gas. It is also true that a half-dozen large coal mines are operating in the state, shipping that coal to coal-fired generators across the nation. That coal mining also supports six coal-fired generators here in Montana including Colstrip's four generators. We also have oil refineries in Billings, Great Falls, and Laurel. We have high voltage transmission lines delivering the electricity we generate to the West Coast, a petroleum products pipeline stretching across much of the state connecting some of our refineries with the states to the west and a variety of natural gas pipelines crisscrossing the state. Clearly energy production, transformation, and transmission are a significant part of Montana's economy. But are we "dominated" by these energy industries?

That description, of course, is not just a shorthand way for Washington DC insiders to try to make sense out of why our representatives vote the way they do. It is also a description that increases the political power of those very fossil fuel sectors in Montana, giving them more leverage to either block or change any proposed greenhouse gas regulations or legislation. That, actually, is what Baucus meant by saying that regulation of greenhouse gases should be done in Congress where heavy emitters of greenhouse gases can better get their economic interests taken into account.

For that reason, it is important to investigate the extent to which Montana is actually economically “dependent” on coal mines, coal-fired electric generators, and oil refineries.

The answer to that is that we have “little” and “shrinking” economic dependence on those energy industries.

The Montana Coal Council tells us that in 2009 about 1,150 people were employed in coal mining in Montana. That sounds like a lot of jobs, but there were about 625,000 jobs in Montana in 2009. The coal mining jobs represented about one out of every 500 jobs, less than two-tenths of one percent of all jobs.

In petroleum refining, we have about 1,100 jobs, about the same as in coal mining.

If we look at electric generation, the 2002 and 2007 Economic Census indicate that the employment in electric generation was about 450, but about 150 of those jobs were associated with hydroelectric generation, leaving about 300 workers engaged in fossil fuel-based generation. Clearly that is even a smaller sliver of the total Montana economy, one out of every 2,000 jobs.

If we add all of the coal mining, coal-fired electric generation, and petroleum refining jobs together, there are about 2,600 jobs associated with these energy sectors. That is, these sectors provide one out of every 250 Montana jobs or about four-tenths of one percent of total jobs.

To call this a “dominant” position in the Montana economy is more than a stretch, it is at the very limits of hyperbole. One can, of course, start using multipliers to inflate this number. But any reasonable multiplier would leave us accounting for less than two percent of the Montana’s jobs. It might be better to be worrying more about the other 98 percent of jobs if we are really concerned about the future of the Montana economy.

Just as important, we could ask how many of the new jobs that have been created in Montana over the last 25 years were created in these energy sectors. Over the last quarter century, Montana added almost 220,000 jobs, over a 50 percent increase. During that time, employment in coal mining declined by over 300. Employment in coal-fired generation also appears to have declined as automation reduced the necessary work force. On the other hand employment at our oil refineries expanded by 200. So overall, these three energy sectors lost a couple of hundred jobs while the over all economy was expanding dramatically. Just in health care, for instance, almost 30,000 new jobs were created, more than doubling that workforce.

It is important that we focus clearly on the economy we actually have and the sources of economic vitality that have actually been supporting the expansion of employment opportunities. Our continued fascination with the view through the economic rear-view mirror leads only to confusion and bad public economic policy that allows a tiny sliver of economic participants to distort public policy to protect their private interests at the expense of the rest of the population and the economy.