



The Economics of wolves in the West: Killing the golden goose?

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We hear more and more of the bemoaning of western politicians and hunting interests concerning how wolves are “decimating” the elk herds, causing economic hardships for outfitters and guides, and how it then ripples down to economic problems for the rural areas surrounded by the hunting of elk. Based on all this concern, the three main states where wolves have returned, when handed the management of this species, have declared war on wolves with overall plans of not managing them as they would other wildlife but of reducing their numbers to ecologically ineffective levels. And secretively, even eliminating them from parts if not all of their states. Are these concerns of first reducing the elk herd and second, economic hardships that follow, founded in fact or in hysterics? As for the first concern, though the politicians continue to deny it, their own wildlife biologists continue to report healthy numbers of elk in all parts of their states. There is no solid scientific data indicating that wolves are “decimating” elk herds. For this concern, suffice to say, it is really a case of Chicken Little screaming the sky is falling and I will not deal with it here. It is a convenient lie perpetrated by politicians to get votes.

The second concern, reduced revenue because of the wolves, could happen even if wolves are not significantly reducing elk. One way, ironically, is just by state politicians repeating the myths of reduced elk herds, they themselves create a negative atmosphere where people, especially out of state hunters, think twice about coming to their state. So their rhetoric in itself is what is causing some of the economic problems they are trying to blame on the wolves. However, is it possible that wolves are having an economic effect in themselves? Though not decimating elk herds, are they reducing them enough to have a net negative economic impact? I will use the state of Idaho to analyze this potential problem. First we need to just see how lucrative elk hunting is to a state like Idaho.

Based on data from the Idaho Department of Fish and Game, in 2010 there were approximately 63,615 elk tags sold to resident hunters at \$31.00 per tag. I don't count the hunting license they have to buy because that can be used for other animals. Here I just want to see what elk bring in. For out-of-state hunters, around 10,000 tags were sold for \$416.00 plus a hunting license of \$155.00 or \$572.00 per hunter. I included the license fee here because many of these hunters come specifically to hunt elk. What these numbers give us is total revenue of \$7,676,161.00 dollars going directly into the state coffers, usually to support the Fish and Game Department. As for the general economy, the politicians point to the millions of dollars hunters spend preparing for hunting and when hunting. This is primarily

aimed at out of state hunters, new money to the state. Estimates range as low as \$40/day to over \$100/day hunters spend in the field. If we use the higher value of \$100/day and an estimated 7 day trip (including travel and time in the field), the economic stimulus from out of state elk hunters is around another \$7 million more dollars. This money goes into the coffers of local businesses and is indeed not a small amount of money. Any reduction in either of these amounts then could be viewed as adversely affecting the economy of the state. However before we decide to pull the trigger, let's look at the other side of the coin.

Having seen how much money elk hunting brings into the state, let's ask the question, would wolves be able to bring in money to the state and if so, how much? To analyze that, we need to turn to Idaho's neighbor, Wyoming, and specifically, what is happening in Yellowstone National Park. Here wolves were released in 1995 and initially, local towns around the Park complained of economic hardships because of the loss of elk hunters, etc. However, a mere 16 years later, little complaining can be heard from local businesses. This is because over that period of time, millions of people have come to Yellowstone to see wolves. The estimate is that of the 3.6 million visitors to Yellowstone Park in 2010, 44% (1.6 million) were specifically interested in seeing wolves. An average of 3.5% (127,407) said they would not have come to Yellowstone Park if they did not have the opportunity to hear or see wolves. What has this meant for local businesses? Based on the average amount visitors spent in the counties surrounding Yellowstone and just that 3.5% who would not have come without wolves, the estimate is that \$22.5 million dollars could be attributable just to wolves. On the three state scale (Idaho, Wyoming, and Montana), the estimate strictly from people who specifically came to see wolves jumps to \$35.5 million dollars. So not surprisingly, business owners around Yellowstone do not complain much lately. In fact, because wolves can be seen and heard year round, motels and restaurants have experienced booming business during the "off" seasons. So wolves bring in 3 times as much money to communities as do all of the out-of-state elk hunters in Idaho! It also means that the approximately 100 wolves in Yellowstone are worth \$225,000 EACH!!!!

What about the outfitters and guides, do they still complain? Those that still rely only on elk hunters probably do but those who have adapted to the new market are doing well. One company offering ecotours, specifically to see wolves in the winter, had 650 people participate from 2006 to 2009 at a cost of \$650 to \$2,000 per person and brought in revenues of around a million dollars. And this is not the only one. A 2005 survey of 27 guides showed that over one year, 6,165 people participated (average of 228 clients per firm) in various outings to see wolves at an average cost of \$761 per person, which brought in a total of \$4.7 MILLION dollars! Divided by the 27 firms, this is an annual average gross income of \$174,000 dollars per firm JUST FROM WOLVES!

Let's compare these numbers to the income guides can make from elk hunter clients. In Idaho, there are approximately 200 licensed elk guides. They charge anywhere from \$600 to \$1000 a day per person. Average trips are 5-7 days. Let's use 7 days and \$1,000 dollars/days or an average trip income of \$7,000 per person. The number of clients that were guided in 2009 was approximately 1,200. This then is an average revenue of \$7.0 million dollars/year. Divide this among the 200 guides and each guide averages \$35,000 per year just for elk; a modest sum that is earned over an approximate 3 month period, IF they

guide for all weapon types. I guess that then leaves them free to make their living at second jobs the other 9 months of the year!

What if these same guides began guiding people to see and hear wolves? If each guide service offered trips to an average of 230 clients a year (mere 20 people a month) at an average cost of \$761/person, each guide would bring in \$175,000 a year per firm or \$35 MILLION dollars! This is 5 times as much as elk guides bring in now! This brings up an important aspect regarding guiding for wolves, it can be done year round! There is no off season, unless you want to take a break from earning all that money! If guides are really concerned about making a living as guides, then they should look at the numbers and realize that adding predator **watching** to their menu will indeed enhance the bottom line year round!!! It is time outfitters and guides grasp this golden opportunity to expand their business into this lucrative area. They should not look at the return of wolves as hurting their business but as allowing them to expand it into unheard of growing markets that have no limit.

Why is there no limit? Where are all these clients going to come from? We are talking about ONLY 6,000 people a year! In Idaho alone in 2006, 419,000 people (61% from out of the state) went to view mammals! These are the most likely people to be interested in seeing or hearing wolves. All the elk guides in Idaho working year round would only be able to satisfy < 2% of their total potential market! This is an enormous untapped market where clients are literally beating on doors for you to take their money! Will guides be good businessmen and tap into this market or will they continue to cling to a seasonal business that brings in relatively small amounts of money compared to the potential for wolf watching?

It makes good business common sense for a company to change its product to serve a changing market otherwise it will go out of business. Companies that survive are those that switch from selling ice to selling refrigerators, from selling wagons to selling cars, from selling adding machines to selling computers,... from selling hunting elk to selling watching wolves. With or without wolves, guide revenue from elk hunting has and will continue to decline. If outfitters and guides do not add wolf watching to their mix, they will soon be selling a product few people want.

And their wolf watching clients will all spend money in the local towns! Imagine little towns like Challis in Central Idaho. If they became wolf "hotspots", guides and businesses would have a year round lucrative income! Wildlife watchers spend approximately \$334/person so those 6,000 people would spend over \$2 million dollars locally. This compares to \$1.2 million spent by guided elk hunters. And that \$2 million is less than 2% of what is possible! Nationwide, statewide, wildlife watchers spend more locally than hunters because there are just so many more of them! The number of mammal watchers nationwide continues to grow, topping 16.2 million in 2006 while the number of hunters at 12.5 million continues to decline about 1% a year. To not tap into this lucrative growing market just does not make good business sense!

So, yes, Idaho might lose some revenue from elk hunters but IF the state capitalizes on the profits that can be made from a public hungry to see and hear wolves, not only would those revenues make up for

but greatly exceed any losses from wolves eating elk. In fact, the best use of elk may just be as food to support the wolf related industry! Are the politicians of Idaho cashing in on this potential? Noooo, instead they charge a person \$11.50 to shoot a wolf that is easily worth over \$100,000 alive!!??? By denying the potential income from wolves for the citizens of the state, politicians are committing an extreme economic injustice. They are denying the rural areas of needed revenue for schools, hospital, roads.... Their misguided actions are keeping these rural areas in economic backwaters as they insist on clinging to a shrinking market. If they truly had the economic wellbeing of rural constituents in their best interest, politicians should do the numbers and see that wolves are probably the best thing to happen to rural Idaho (and Montana and Wyoming) in a long time. Ecotourism, especially for viewing large carnivores is the economic engine of the future for states like Idaho, Montana, and Wyoming. If politicians fail to realize the economic value of wolves, they are doing a tremendous disservice to their citizens by losing tens of millions of dollars of revenue.

The assistant director of the Idaho Department of Fish and Game commented in 2009 regarding estimating possible lost revenue from wolves impacting elk: "We've gone through this type of analysis... it helps illustrate for the public and the Legislature that there are economic costs to foregone opportunities." I agree with her whole heartily and conclude that the western states that now have wolves need to "go through this type of analysis" and look at the economic loss incurred from foregone opportunities for ecotourism relative to wolves. If they do the numbers as I have done, they will see that wolves are more valuable alive than dead and their current policies are indeed killing the golden goose.