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## Forecasters call for diversification

By BRODIE FARQUHAR

Casper Star Tribune correspondent Saturday, April 14, 2007

There's good news and bad news within Wyoming's booming energy-based economy, said two economic forecasters who spoke at "Economic Outlook 2007," sponsored by the Wyoming Business Alliance and the Wyoming Heritage Foundation.

Good economic news stays good as long as energy prices stay up for coal, oil and natural gas, said Professor Ernie Goss of Creighton University and Buck McVeigh, director of the Division of Economic Analysis for the State of Wyoming.

But there's potentially bad news lurking in the good, they said, citing a work force shortage in the energy industry that handicaps any attempt to diversify the state's economy for a post-energy-boom era.

Wyoming's current economic success is so heavily dependent upon the energy industry, said Goss, that continued success depends on continued high prices.

"But what happens if prices drop?" he asked. Goss noted that the state's tourism industry, for example, continues to do well, in spite of losing workers and managers to the energy industry. The problem, Goss said, is that Wyoming tourism is losing market share and money, because the energy boom is so dominant.

"You've got to educate workers and visitors about staying and working in Wyoming," said Goss.

Other economic sectors are much smaller, stagnant or shrinking, according to data offered by Goss and McVeigh.

Goss said that while Wyoming energy and mining jobs are growing, jobs in such sectors as manufacturing, information and professional services are shrinking.

Goss cautioned Wyoming business people against the idea that they could understand the current boom, based on the last boom and bust cycle.

McVeigh rattled off a number of economic statistics, such as:

- n Job growth of 4.9 percent, second highest in the country.
- n Unemployment in 2006 at 3.2 percent and a first-quarter rate in 2007 of 2.3 percent.
- n Gross domestic product up 13.2 percent to \$27 billion, ranked first in the country.
- n State revenues 7 percent ahead of previous forecasts.

Economic diversification means having an economy that is so balanced in its diversity that it can't be knocked down. According to McVeigh's research, with a score of 100 being perfect, the state of Missouri leads the nation with a score of 99.0, he said.

Wyoming has a diversification score of 34.9 and was at 44 last year, said McVeigh.

"Diversification gets worse during a boom," he said, because the booming industry draws resources from other sectors. While Wyoming is a national leader in mining and construction, it is almost dead last in manufacturing or education/health professionals.

Both Goss and McVeigh warned that low diversification increases Wyoming's exposure to an energy downturn.

Both recommended recruiting individuals and diverse businesses and industries to come to Wyoming.

Goss recommended a quiet, low-level, non-public approach in Wyoming, similar to efforts he's watching in Nebraska. There, business leaders line up land and then go out to recruit businesses to come to Nebraska, to help Nebraska get away from a corn-fueled economy.

"We're looking at insurance, warehousing and transportation," said Goss. "These aren't elite companies, but they're good jobs."

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