

# The U.S. Economy Needs the Coastal Zone Management Act

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The U.S. economy is a coastal economy.

Coastal counties produce more than 40% of the nation's economic output<sup>1</sup>.

If coastal counties in the U.S. were their own country they would have the world's second largest economy<sup>2</sup>.

Three quarters of all US trade passes through our estuary ports and coasts support more than \$70 billion annually in tourism and recreation spending<sup>3</sup>.

Coasts and oceans also add to the quality of life of nearly half of all Americans who visit the seashore each year for play, peace, and a mental recharge. In a recent book, I estimated the added "non-market value" of coastal recreation to be far in excess of \$30 billion annually<sup>4</sup>.

The coastal economy, however, is not one that runs on autopilot.

The coastal economy is the biggest sector of the U.S. economy and it also is the most complex.

Part of this complexity arises from the fact that many of the resources upon which the coastal economy is built are both public and private in nature. When a fisherman in Maine brings in his catch, he takes OUR fish and makes them HIS. When a developer builds a hotel on the Gaviota coast of California, she takes OUR beach and makes it HERS. When an oil company erects a platform off the coast of Florida, they take OUR view and OUR ocean and make it THEIR base of extraction.

This constant tension between private interests and the public interest means the coastal economy requires more government oversight, more planning, and more careful monitoring than other parts of our economy. The market will not allocate public and private coastal

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<sup>1</sup> The National Ocean Economics Program estimates the contribution of GDP by coastal counties to be \$5.7 trillion. National Ocean Economics Program. 2009. National Ocean Economics Report. [www.oceaneconomics.org](http://www.oceaneconomics.org)

<sup>2</sup> Based on GDP figures from the CIA Factbook 2008 and the National Ocean Economics Program.

<sup>3</sup> National Ocean Economics Program. 2009. National Ocean Economics Report. [www.oceaneconomics.org](http://www.oceaneconomics.org)

<sup>4</sup> Pendleton, L. 2008. The Economic Value of Coastal and Estuary Recreation in The Economic and Market Value of America's Coasts and Estuaries: What's at Stake, Coastal Ocean Values Press, L. Pendleton, editor

resources in an optimal way. The market, on its own, will not give us the most economically productive coastal economy. The market will give us too many hotels, too few beaches, and far too little overall economic value.

The coastal economy is more complex than the rest of our economy because the natural foundations upon which it is based are fluid and constantly changing. The coastal ocean seamlessly connects watersheds, bays, and waterfronts. Valuable, living resources – menhaden, herring, and salmon – swim from sea to estuary and sometimes well into rivers. Beaches shift naturally with the seasons and over time. Sand moves along the coast from Atlantic Beach to Pine Knoll Shores, from Delaware to Maryland, from offshore to onshore and back again. The coastal ocean tethers coastal economies to one another and to economies upstream, sometimes hundreds of miles away. The coastal economy is a network of economies, none of which exists in isolation.

The liquid foundation of the coastal economy also carries the pollutants, trash, and detritus of a nation from the heartland to the coast; from miles up the Mississippi, Columbia, and the Susquehanna Rivers to the sensitive ecosystems of the Gulf of Mexico, Puget Sound, and the Chesapeake Bay. As a result, fallout from bad decisions, poor planning, and destructive private decisions upstream can be felt faraway – at the coast. Poor farming practices in Tappahannock cut the profits of crabbers in Deltaville. Loss of habitat in the Everglades results in fewer birds, and thus fewer birdwatchers, in the Florida Keys. A sewer overflow in Lowell affects the health and economic wellbeing of beach goers on the Massachusetts Sea Coast.

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One reason the American economy is concentrated along the coast is that so many people want to live there. Recreational opportunities abound in coastal areas. Oceans and bays provide open space, views, and cool breezes. The hundred million residents drawn to live in coastal counties also pose one of the greatest challenges to maintaining a healthy, environmentally stable and resilient coast. Balancing population growth, economic output, and coastal ecological health requires a great deal of planning and care.

Without a healthy coast, the economic wellbeing of coastal populations would decline. People would leave the coast and the economy would migrate inward – away from ports, away from domestic AND foreign markets, and away from the economic infrastructure the nation was built upon.

Before the Coastal Zone Management Act, our nation witnessed a long and steady decline in the environmental health and economic productivity of our coastal zone. Waterfronts were abandoned; highways severed coastal towns from the ocean that gave them life.

The CZMA has done much to reverse that decline. So far, the CZMA has empowered the National Coastal Zone Management Program, the National Estuary Research Reserves, and 34 State and Insular Coastal Programs to revive America's waterfronts, to stem the loss of coastal wetlands and dunes, and to restore other economically important coastal areas. The job is a big one and there is no doubt that there are areas in which better coordination could yield even more economic benefits. The fact is, though, that managing this hydra of an economy is not something that can be done easily. Managing the coastal economy is a constant race to keep pace with new scientific findings, to adapt to changes in the human and coastal landscape ... and seascape ... and to do so in a political system where state and federal priorities often change faster than coastal conditions.

The effectiveness of the CZMA is difficult to measure. So many factors affect the coastal economy. We are only now learning how to collect data to identify the effect of coastal management policies on these economies. Still, it is hard to imagine how we would manage the coastal economy in the absence of the CZMA. I think it is clear, that the economic value of our nation's coasts would be much less in the absence of the CZMA; the public value of the coast would be greatly reduced.

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Of course, the CZMA cannot work without adequate funding.

With so much of our economy dependent upon coasts and oceans, it is remarkable how little our government has invested in CZMA related programs. In 2008, the total funding for state coastal programs was only \$65.5 million with a cap of \$2 million for each of the 34 states with coastal programs. Keep in mind, the coastal economy contributes 5 times more to GDP than the financial sector<sup>5</sup>. Beach goers in southern California alone contribute more than \$4 billion annually to local economic activity<sup>6</sup>.

Yet, we spend far more on a single bank bailout than we have on CZMA programs for their entire existence. When it comes to protecting the largest component of our nation's economy, we are not doing enough.

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<sup>5</sup> Based on figures available at [www.bea.gov](http://www.bea.gov) and [www.oceaneconomics.org](http://www.oceaneconomics.org)

<sup>6</sup> Pendleton, L. and J. Kildow. 2006. "The Non-Market Value of California's Beaches", *Shore and Beach* (Journal of the American Shore and Beach Preservation Association), v. 74, n. 2, Spring 2006

This underinvestment in our coasts comes, in part, from the fact that we consistently failed to recognize our coasts and oceans for their widespread contribution to the economy of the entire nation. We need to think of the coast not as a picturesque trim for the continent – not just a place to play and watch the waves. We need to think of the coast as a key part of our national economic infrastructure – like transportation, energy, and education. At the Federal and State levels, we need to manage the coast as infrastructure. That means we need to make large and sustained investments in ocean health and coastal ecological conditions. We need to think of the coast and the coastal ocean less as a luxury and more as an essential part of our economic system.

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It's a common myth that coastal areas only benefit coastal communities. A mounting body of evidence shows that well managed coasts benefit Americans from all states and all walks of life. Congress should re-authorize the Coastal Zone Management Act. Congress should also fund CZMA activities at a level that reflects the economic importance of the coastal infrastructure. I think \$300 to \$400 million is a prudent initial target. That's about a \$1/foot<sup>7</sup>. It's a good investment for the country.

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<sup>7</sup> The GAO reports that the total coastline of states receiving CZMA funding is \$60,918 miles. GAO 2008. Coastal Zone Management: Measuring Program's Effectiveness Continues to be a Challenge.