



FOLK
Friends of the Land of Keweenaw
P.O. Box 473, Houghton, MI 49931
Website: www.folkup.org & www.folkminingeducation.info
Email: info@folkup.org

**Reinventing the Keweenaw and the Western U.P:
New Strategies, Changing Perceptions, and the Emergence of a Quality-of-Life
Economy**

By David Harmon

November 15, 2012

Prepared for FOLK as part of an action research project to create a future vision for the western U.P.

The very real prospect of renewed mining in the western Upper Peninsula provides the opportunity to begin a community-wide conversation on what we want for our region in the near future and beyond. The time to begin the conversation is now, before specific mining proposals are on the table, so we can try to step back and see the bigger picture as clearly as we can.

A good way to begin is to take stock of the economic history of our region, and especially how our economy has changed over the past twenty or thirty years. The story is not just that we have progressed from a relatively simple economy, based on only two resource extraction industries, to a more diversified one — significant though that is.

Something else has happened in the region, something that is hard to catch in numbers, but is no less important than income figures and employment rates. It is the growing acceptance that our well-being is not only determined by access to good-paying jobs, but by how well such jobs complement and support the social and environmental quality of life that makes our region a unique place to live. We call this the emergence of a quality-of-life economy.

This short paper aims to contribute to the start of the conversation. Drawing heavily on a 2012 analysis by the Keweenaw Economic Development Alliance (KEDA), it begins by going over the history of the Keweenaw* industrial economy and how it has changed in recent decades. The paper then broadens the discussion by recapping three recent community-led projects, each of which produced an aspirational vision of the Keweenaw's future: the 1990 sustainable development report of FOLK (Friends of the Land of Keweenaw), the 2000–2001 Common Ground Initiative on community planning,

* “Keweenaw,” as used in this paper, encompasses the counties of Keweenaw, Houghton, Baraga and Ontonagon.

and 2000–2001 Public Access Keweenaw effort to mobilize support for state purchase of recreational lands in Keweenaw County.

This paper does not make a case either for or against renewed mining. Rather, it simply tries to provide some background that citizens can use in discussing where the Keweenaw's economy has been, how it is already changing, and how our understanding of what prosperity means has broadened to include social and environmental concerns.

The Keweenaw Industrial Economy, 1968–Present: From Resource Extraction to Entrepreneurial Support

Prior to the late 1960s, the economy of Houghton and Keweenaw counties was very simple: there was forestry and copper mining, and virtually everything else depended on them. It was a classic resource extraction economy: you logged and mined and shipped the raw materials out to be made into high-value products elsewhere. Local businesses devoted themselves mostly to providing products and services to these two industries, and neglected to expand their customer base either geographically or by industrial sector. Further, the local wood products industry engaged in only a very low level of value-added manufacturing activities; most of the harvested roundwood was shipped out of the area as pulp or saw logs, or was cut into green lumber by local sawmills. These low-value products were, and to a large extent still are, sent to other areas in the Upper Midwest to be processed into higher value-added products, thus allowing those areas to reap the greater economic benefits.

In 1968, the last copper mine in Houghton and Keweenaw counties closed. From then until the mid-1980s, the local economy plummeted. It became very susceptible to downturns in the national economy. Tourism provided some buffering employment in the summer and winter months, but the “shoulder” months saw unemployment rise to double digits, sometimes as high as 20% or more.

Then our economic fortunes began to change due to an improving national economy, combined with local economic development organizations such as the Keweenaw Economic Development Alliance (KEDA) and the Western U.P. Planning and Development Region (WUPPDR) which took a proactive approach to expanding and diversifying the Keweenaw's economy by providing business retention, expansion, start-up assistance, and municipal planning

Economic Development organizations took the lead in:

- Helping local entrepreneurs start new businesses.
- Assisting manufacturing, technology, and service companies that sell their products outside the local area, thus bringing new dollars into the Keweenaw.
- Creating small business revolving loan funds to boost start-ups, and two tax-free industrial parks to attract new manufacturers, and
- Municipal and regional planning to support business expansion efforts

One of the region's most significant achievements has been the creation of the SmartZone, a high-tech business incubator. Through the SmartZone, a technology sector

of around 40 companies has been created through spin-offs of research products developed at MTU, the relocation of high-tech firms wanting to have access to the technological resources of the university and wanting to enjoy the Keweenaw quality of life, and the decision by established technology companies — most recently, GE Aviation, Grand Rapids-based Dematic, Allen Park-based Controltec and — to locate branch offices in the Keweenaw. The common denominator is the desire to have immediate access to MTU graduates and the resources of the MTU campus and to Tech graduates, many of whom prefer to remain in the local area following school specifically because of a quality of life that includes some of the best outdoor recreation in the Midwest, access to the arts, and a small-town atmosphere. Small, flexible companies are eager to take advantage of a rural economy offering lower costs of doing business, short commutes, low crime, and an outdoor lifestyle.

This economic diversification and expansion strategy has paid off handsomely. Many local manufacturing companies have undertaken significant expansions in the past five years, including the adoption of more sophisticated production technologies and management practices. The Keweenaw manufacturing sector is now much more diverse than it has ever been, both in types of economic activity and in size. Some companies are transitioning to a hybrid model that combines traditional manufacturing with high-tech research and development. For the first time the Keweenaw region now has a relatively large number of smaller companies diversified across a wide range of economic sectors. These firms are increasingly adroit at using technology to exploit market niches, whether nationally or internationally. This diversity of companies means that the Keweenaw economy is not dependent on any one sector, has relatively small companies with niche markets, and will likely continue to grow despite a state or national economic downturn.

Currently, the Keweenaw economy has growth opportunities in five areas: (1) start-ups and expansions of existing firms by local entrepreneurs; (2) a growing technology sector fueled by research, intellectual property and corporate relationships at MTU; (3) expansion of the manufacturing sector as it integrates technology and advanced processes; (4) attraction of branch offices of established companies that want access to Michigan Tech's technological resources and the Keweenaw Peninsula's relatively lower cost of doing business; and (5) expansion of the tourism sector, particularly silent sports. It is likely that the high-tech sector offers the greatest likelihood of significant job growth in the future. The current technology sector is characterized by a number of small high-tech companies (fewer than 10 employees) with significant potential for growth. A few firms, such as ThermoAnalytics, GS Engineering, and Signature Research, have grown into second-stage companies (that is, those that are profitable with growing revenues) with workforces of 35–65 employees. It is expected that these companies will continue to grow, and will be joined by other local tech companies with significant growth potential. The growth of the technology sector is also important since these jobs pay relatively higher wages and benefits.

Finally, “rural outsourcing” offers potential for local job growth as outside companies — even Fortune 500 firms — discover the wealth of engineering talent available here. Rural outsourcing from urban areas could well be a major positive economic trend for the Keweenaw, one that is projected to pick up momentum in the coming years.

Ironically, this revolution in the Keweenaw industrial economy has gone largely unrecognized by the local community since many of these companies do not sell their products here, and hence do not advertise here. Thus, many recent high school graduates and other residents may not have the necessary information to prepare themselves for future local job opportunities. What we do know is that most future jobs — even those in traditional resource extraction industries — will require a higher level of technological skill than in the past. It will be much more difficult to create lower-skilled jobs than higher-skilled ones — the reverse of the traditional mindset when it comes to employment creation. As is the case all over the country, those high school students in the Keweenaw who are not going on to college will very likely not be well prepared for the jobs of the future. Nor do they receive much, if any, entrepreneurial education while in K–12. In fact, many of our better educated and trained young people, including MTU and Finlandia University graduates, are not geared toward entrepreneurship. That means they do not consider starting their own business, and end up having to leave the area to find a job.

Community Aspirations for a Quality-of-Life Economy

So the focus of local economic development efforts has shifted from extraction to entrepreneurship. That's one major trend since the mines closed in 1968. But a second trend — equally momentous, but even less visible because it is more dispersed — has emerged in the last twenty years. It is the groundswell of community support, coming from the grassroots, for making sure that any new industrial development doesn't threaten the quality of life here. More and more people in the Keweenaw are demanding that "jobs" decisions take social and environmental considerations into account too. In short, a new vision of what constitutes well-being has taken hold: the idea of a quality-of-life economy.

The beginnings of this vision can be traced back to the 1970s or even earlier, but it really took off around 1990 when large numbers of people mobilized to oppose a huge paper mill that had been proposed to be built on Keweenaw Bay. Many in the opposition joined together to form the group FOLK, the Friends of the Land of Keweenaw. FOLK accomplished many things in that fight, and deserves the lion's share of the credit for defeating the mill proposal. But they were not just naysayers. They developed a detailed alternative blueprint for economic development in the Keweenaw in what was called the FOLK Sustainable Development Report.

The report was a detailed (40+ pages) alternative to the vision being offered by the mill proponents, which was to go back to the pre-1968 economic model in which a big company came in and handed out jobs from the "top down." FOLK instead presented an economic vision that was an extension of the kind of "bottom up" entrepreneurial development that the Keweenaw had (of necessity) been following since the closing of the mines. It was a vision that looked outside the usual income-and-jobs sideboards of conventional economic development thinking. Some key principles from the report were:

- Living close to nature is by far the most important thing the people of our area share. The environment binds us together and gives us a common identity. It makes us a community. This means economic development in the Keweenaw must not be at odds

with environmental protection.

- “Progress” is too often defined as unlimited, ever-expanding growth and physical development. By contrast, FOLK advocated *sustainable development*, which measures progress by how well prosperity and environmental protection support each other.
- In practical terms, FOLK’s vision of prosperity emphasized expanded job opportunities and employment security derived from small and medium-sized businesses, energy and resource efficiency, and ecosystem health.
- FOLK recognized that sustainable development is particularly suited to the unique social conditions of the Keweenaw, because here people from all walks of life and all income levels are on a fairly equal social footing.

This last point is one often overlooked in discussions of the Keweenaw’s future. Unlike many areas, there are relatively few social structures here based on exclusivity. Instead there is an egalitarian strain which — while almost never overtly acknowledged — runs through the whole community. It provides common points of reference even among people who disagree fundamentally. For example, those who favor renewed mining will almost invariably say they do so because they want to see “good-paying jobs that will allow our kids to stay in the area.” In other words, they favor mining not because they want to get rich, but because they want to maintain their families intact and in place. At bottom, this is exactly the same motivation that drives those opposed to mining. Same vision, but two very different paths to realizing it.

The real achievement of FOLK’s Sustainable Development Report was not in providing a menu of practical business alternatives to “chasing smokestacks,” though much of the report was devoted to doing just that, in considerable detail, across various economic sectors. The real achievement was broadening the terms of the whole development discussion. The report lifted the dialogue out of stale, dead-end debates over “jobs versus the environment.” It framed the discussion more productively by including the whole range of factors that people here ultimately care about: social stability, environmental quality, opportunity generated by economic creativity, and self-reliance at a community level.

The reaction to the report from those who viewed themselves as business leaders and from elected officials was dismissive. That was predictable. What couldn’t have been predicted — but which happened nonetheless — was that neither FOLK nor the principles of the Sustainable Development Report ever went away. The mill proposal died and the controversy faded, but FOLK’s vision endured, and both the organization and its values are now ingrained permanently in the Keweenaw community. In fact, many people in the Keweenaw continue to follow a sustainable development path, though they may not even know the term.

The Sustainable Development Report came about after a wide consultation within the ranks of FOLK, but it was left to a later effort to truly canvass the wider community with a view to finding out what people want for the future of the Keweenaw. This year-long effort, which was completed in May 2001, was called the Common Ground Initiative.

Convened jointly by the Keweenaw Land Trust and the Keweenaw Industrial Council

(predecessor to KEDA), Common Ground was based on four principles:

1. Long-term economic prosperity depends on protecting natural and historical resources.
2. Inappropriate development poses serious threats to local ecosystems and our way of life.
3. Protection will only succeed with local coordinated land use planning and support by local people.
4. Sustainable development compatible with environmental protection is important and possible.

Common Ground began with a day-long workshop attended by a diverse group of businesses, government agencies, large landowners, educators, environmental groups, and health care providers that represented a broad cross-section of the Keweenaw community. Breaking into small groups, the participants formed task forces to keep the conversation going and widen it even further. Recurring themes at the workshop included “the high quality of life that both the people and the natural environment bring to our community, and the need to plan for economic development that is compatible with this quality of life.”

Common Ground went on to convene two well-attended meetings on land use planning. These meetings turned out to be an important boost to the first-ever land use plans for Keweenaw County (completed township-by-township over several years) and Houghton County (countywide, completed in 2012). The Common Ground meetings began by inventorying natural and social assets of the two counties that contribute to a “sense of place,” a term that means the feelings of attachment and uniqueness we associated with a particular place. As an example, people at the April 2000 meeting identified the following things and characteristics that they valued about living and working here:

- Quality of Life
 - People
 - Friendly
 - Spirit of community
 - Small-town values
 - Accessibility
- Natural Environment
 - Lake Superior shoreline
 - Natural scenic beauty
 - Large open spaces
 - Rugged and wild
 - Accessibility
- Historic Resources

The attendees were also asked “Where is our common ground?” They answered:

- Our sense of place
- Sustain our economic and natural resources
- We need to communicate more and work together

- We need more knowledge
- If you fail to plan, you plan to fail: We need an open, flexible planning process with public involvement

Common Ground's extensive final report, published in May 2001, is rich with details about the initiative's public engagement process, the assets people identified in the two counties, and the findings of the workshop and two planning meetings.

In the final analysis, Common Ground was an important extension to FOLK's Sustainable Development Report. Founded on the same principles, the earlier report set the philosophical tone for Common Ground's practical focus on land use planning.

Just as Common Ground got into full swing, a third grassroots community initiative emerged to add to the momentum in a very specific and tangible way. This was the formation of an ad hoc group, called Public Access Keweenaw (PAK), to seize a once-in-a-lifetime opportunity for the State of Michigan to purchase and preserve thousands of acres of prime-quality recreational and environmentally significant land near the tip of the peninsula in Keweenaw County. In December 2000, PAK convened a well-attended meeting in Calumet to galvanize support for the Michigan Natural Resources Trust Fund to purchase the land. Ultimately, the effort was successful. The land is now State-owned and managed for recreational use and preservation in perpetuity.

The key element of success was that PAK solicited the public to share, through a website portal and by mail-in postcard, the most special places in the Keweenaw that people wanted to see preserved. Dozens of suggestions came in. Together, they constituted a powerful statement by the community that they wanted to see the land purchase happen. It was a statement that got the attention of lawmakers and other public officials from the township level right on up to the governor. PAK demonstrated that "sense of place" reasoning is not just a pie-in-the-sky exercise in pipe dreaming; it has the power to drive major practical decisions in land use planning.

Conclusion

Here in the Keweenaw, things have changed in fundamental ways since the heyday of copper mining that gave our region the nickname of "the Copper Country." In all likelihood, we will see specific proposals for renewed mining of copper and other metals in the next few years. The debate over those proposals is sure to be controversial. But the debate will be more productive to the extent that both sides recognize that the economic context has changed. We no longer live in a region where all the jobs revolve around resource extraction, important as that sector of the economy still is. We now live in a region whose economy is much more entrepreneurial and multilayered. It is an economy that is less reliant on large outside corporations. And it is an economy that depends on environmental protection for its success — not just in the tourism sector, but in efforts to recruit high-tech entrepreneurs who value an outdoor lifestyle enough to want to site their new businesses here. The economy of the Keweenaw is now a quality of life economy, and all future development proposals will have to take that into account if they aim to be a good fit for our region.

Dave Harmon: Dave is responsible for overseeing the George Wright's Society's* operations, including co-editing *The George Wright Forum* and helping plan the Society's biennial conferences. A member of the GWS since 1985, Dave began working for the organization in 1990 and served as deputy executive director until being named executive director in 1998. He is active in IUCN's World Commission on Protected Areas. He also maintains an active research interest in the relationship between biological and cultural diversity, having co-founded the NGO Terralingua, which is devoted to that subject. He is the author or co-author of several books and has edited others.

* The **George Wright Society** (GWS) is a nonprofit association of researchers, managers, administrators, educators, and other professionals who work in, or on behalf of, parks, protected areas, and cultural/historic sites. The GWS focuses on the scientific and heritage values of these areas by promoting professional research and resource stewardship across all the natural and cultural resource disciplines that are required for modern-day park management. The society is named after [George Melendez Wright](#) (1904-1936), the first scientist to be employed by the U.S. [National Park Service](#).