Harvard Economics Study Shows the Boundary Waters Economy is a Winner

An independent and peer reviewed study by a prominent Harvard economist compares the effects of the Forest Service’s proposed 20-year mining ban near the Boundary Waters with the economic consequences of sulfide-ore copper mining to the Boundary Waters watershed. The conclusion: more jobs and more income in the region are generated by protecting public lands near the Boundary Waters than by sulfide-ore copper mining. See: Stock, J.H. & Bradt, J.T. Analysis of proposed 20-year mineral leasing withdrawal in Superior National Forest, Ecological Economics 174 (March 2020)

Economic Scenarios Comparison: The study by Harvard Professor James H. Stock, Ph.D., former chair of Harvard’s economics department and former member of the White House Council of Economic Advisors, compared two scenarios:

- **Scenario 1**: The Boundary Waters economy continues to develop during a 20-year mining ban; versus
- **Scenario 2**: The mining ban does not occur, and a Twin Metals mine is developed

Results Summary: The Stock/Harvard study projected 72 different scenarios which in turn generate 72 different time paths for income and employment over 20 years. The analysis shows that mining would likely have a negative effect on the regional economy in both employment and income due to the negative impact of mining on the recreational industry and on in-migration. The findings highlight the importance of considering the long-term effects of resource extraction in natural amenity rich areas. Here the preponderance of the scenarios (89%) indicates fewer jobs and less income resulting from a mining project, meaning that an economy based on copper mining would significantly underperform the existing growing, sustainable economy.

The Boundary Waters economy supports a diverse and growing business environment and in-migration of new residents seeking to live near the Boundary Waters and the Superior National Forest:

- Studies by Headwaters Economics Group, a non-partisan land management research organization, show that Wilderness and public lands retain and attract residents to local communities, boosting employment and personal income, attracting investment, and supporting vibrant businesses, entrepreneurialism, and job opportunities in rural areas.

The Boundary Waters regional economy sells itself as “The last, great, pure experience!” Introduction of sulfide-ore copper mining would ruin that economy:

- Leaders in the Boundary Waters business community filed two lawsuits challenging the Department of Interior and the Bureau of Land Management’s unlawful decision to
reinstate and renew expired federal mineral leases for Twin Metals – leases that had been rejected in 2016 by the Forest Service and the BLM because of the grave risk of harm to the Boundary Waters and the Superior National Forest.

- The businesses, seven outdoor recreation companies near Boundary Waters gateway communities of Ely, the Sawbill Trail, and the Gunflint Trail, and two canoe manufacturers in central and southern Minnesota, would be harmed in a Twin Metals economy.

- Jack Lee, Executive Director of Voyageur Outward Bound School (VOBS): “For more than five decades, VOBS has been an important part of the Ely community and regional economy. VOBS employs approximately 25 people year-round, all of who live and around Ely, and we employ an additional 75 persons there in the summer months. Our interests as an organization are inextricably tied to the health and preservation of the Boundary Waters and maintaining its wilderness character. The potential pollution and destruction to the Boundary Waters’ lakes, rivers, streams, forest and wildlife by adjacent mining operations presents what VOBS has concluded is a potentially lethal and unacceptable risk to its business and to its mission of changing lives through challenge and discovery in a wilderness setting.”

- Mike Cichanowski, Wenonah Canoe (Winona Post 7.2.18): To explain why his company is suing the federal government, Wenonah Canoe owner Mike Cichanowski walked through the production floor at the company’s Winona factory. It was full of canoes in all stages of assembly – Kevlar hulls drying in molds and craftsmen custom-building wooden gunwales. On each boat was a work order describing who ordered it and what they wanted. Many were bound for BWCA-area outfitters. “It’s a big part of my business. It really is,” Cichanowski said. … Wenonah Canoe is one of the foremost makers of Kevlar canoes in the world, and the BWCA is one of the most popular canoe destinations anywhere…Chichanowski fears that the Twin Metals mine could change the Boundary Waters for a long, long time. The proposed mine is just a few miles outside the BWCA, at Birch Lake, southeast of Ely, Minn… “Sooner or later you will have a break. They’re not going to contain that forever,” he said.

- In 2018 the White House promoted the success of Boundary Waters businesses:
  - Susan Schurke’s Wintergreen Northern Wear was showcased in the White House and appeared on Fox Business News.
  - Wintergreen’s message: America’s public lands build business.

- A 2017 economic study by Key Log Economics documented the harm to the Boundary Waters economy if copper mining were introduced near the Boundary Waters:
  - Travel & Tourism: 4,490 local jobs would be at risk
  - Diverse & Growing Industries: 5,066 to 22,791 jobs and between $402 million and $1.6 billion in lost annual income in the Arrowhead region at risk
  - Property value loss: $509 million

- In-migration of new residents would drop and out-migration would increase:
  - Twenty-three percent (23%) of property owners in the four townships in the Ely and Twin Metals mine area say they will move away from the area if copper mining were introduced (University of Minnesota-Morris 4-township survey)