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The Future of the Onanegozie Area

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It is a favorite indoor sport of economists to predict the future. The reader is reminded, however, that everyone engages in the practice. Each action implies a prediction of favorable results for the individual involved. Unfortunately, all crystal balls are somewhat cloudy. But, at the same time, it is possible to make reasonable judgements about the future despite the many pitfalls inherent in such a procedure.

In general we predict the future by a careful look at the past and present. By doing this, it is possible to identify the trends that are presently operating and extend them into the future. Some such predictions have turned out to be surprisingly accurate. On the other hand, there have been outstandingly poor guesses; one of the more famous being that of Thomas Jefferson, who, at the time of the Louisiana Purchase in 1803, declared "it will take a thousand years to settle the area." A contemporary social scientist would, almost certainly, have agreed. Actually, the area was settled in less than 100 years and in less than 175 years, parts of it were emptying out, at least temporarily. The example illustrates hazards of future projections. Technical and social innovation cannot be foreseen, thus Jefferson did not

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[1] Adapted from an address delivered to the annual meeting of the Onanegozie Resource Conservation and Development District (Counties of Aitkin, Carlton, Kanabec and Pine). January 1971.

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allow for such events as the development of railroads, and the Homestead Act.

The Present - An Overview

Now a look at the Onanegozie area - a future projection based upon immediate trends is not optimistic. The best single overall indicator of an area's economic future as given by the population growth trends: During the past decade - 1960 to 1970 - U.S. population has increased at the rate of about 13.5 percent, the Minnesota population was increasing by 10.4 percent, but the population of Onanegozie decreased, declining by 1.7 percent.

Any such decline is the result of a complex set of many factors. But an unfortunate sequence often accompanies a reduction in population numbers in which certain other factors come into play reinforcing the decline and causing it to continue. For example: As some individuals in the population adjust to need for smaller numbers of agricultural producers and rural services by seeking employment in metropolitan centers (An adjustment that has been underway throughout the period of the Industrial Revolution) the area left behind by these people has fewer customers for retail stores. Because of smaller volume the stores are not as able to provide as good service and still other people find the community a poorer place in which to live. A result is the desire on the part of individuals who might be satisfied with available job opportunities to leave in search of better kind of service facilities. Departure of these families, in turn, will reduce the tax base in the community possibly leading to poorer schools, which again, diminishes the community's attractiveness - thus, the decline-cycle continues!

Fortunately the reverse is also true. Positive factors can reinforce each other to produce an upward spiral of growth and development. The problem: How to induce the necessary critical mass of positive factors to reverse a down trend ?

One overriding principle is suggested: Place yourself in the "path of history." In other words, what major tides are running that have specific economic and social application to Onanegozie? Possible positive interrelationships between three major factors should be examined: (1) What is the overall course of the United States and Minnesota economy and society of which Onanegozie is a part? (2) What resources of the area have particular relevance to the trends in the general economy? and, (3) What is the degree to which the human resources - citizens of the area - have the skills, vision and desire to do something about it?

Onanegozie possesses substantial positive advantages. It is an area of about 3 million acres, and home for 65,000 people. Its location offers distinct opportunity. It is the link between two of the unique regions of the United States: On the north are Minnesota's iron ranges; Duluth - one of the world's most beautifully situated cities; Minnesota's greatest wood processing complex; and further north the magnificent lakes, and woods area. To the south, and within commuting distance of the southern part of Onanegozie, is the dynamic metropolis of Minneapolis-St.Paul.

Passing through the Onanegozie area and linking the above two regions are Interstate 35 and U.S. Highway 65. Transportation nodes and linkages have performed key roles in past development and they still do. In earlier eras, seaports and rivers were determiners of much development; later railroads became important;

To these factors can now be added highways, interstates and airports.

Allow, for the minute, an assumption about goals of the 65,000 inhabitants of Onanegozie: That they be able to share at least equally in the economic growth of the United States. Such a goal might imply migration for certain individuals. But this paper concentrates upon ways in which the region may reverse the net out-migration pattern, by attention to those features in which it has a comparative advantage.

In order to develop an ecosystem that is attractive for human habitation, three interrelated social and economic needs must be fulfilled by the area: (1) it must provide a place to work, in other words, the economic base, (2) it must provide a suitable living environment, (3) it must provide a place to play and recreate given the prevailing mood of today's society. It is proposed to examine the capacity of the Onanegozie area for fulfilling these needs.

A Place to Work

How well is the need of a place to work, that is, the economic requirements, met by the area?

Agriculture constitutes one significant economic component. Farm product sales total approximately 24 million dollars annually. Is this sum large or small? That depends upon the area of comparison. It is more than 50 percent larger than farm sales from the 15-county area comprising the Upper Pennisula of Michigan. On the other hand, 19 single counties in the state of Minnesota each has a larger volume of sales of agricultural produce.

As significant as dollar volume is trend; the most recent trends available compare the years 1959 and 1964. In this period, agricultural sales in the state of Minnesota increased by 13.5 percent, while sales of the Onanegozie area increased at only about half that rate, or 6.2 percent. Again, this trend is only good or bad by comparison. There were 14 counties in the state of Minnesota that actually had a loss in agricultural sales in this five-year period.

The above comparisons indicate the Onanegozie area to rank below average as a Minnesota agricultural area. But its agriculture is still a substantial economic generator for the future. One of these is dairy. Dairy product demand is strong as indicated by the current price. Part of the price strength results from shifts away from dairy production in areas adapted to cash crops. Since cash crop farming is not well adapted to Onanegozie and since there is currently a strong dairy component and one that is well located relative to market, it is one industry that should be carefully fostered and strengthened where possible. In order to do this, steps toward continued viability of the dairy industry include: (1) continuing efforts to strengthen the sales machinery, (2) availability of adequate agricultural services such as fertilizer, dairy equipment and veterinary skills, and (3) maintenance of managerial and technical capabilities of producers at a high level.

Note has been made of the poor adaptation of common kinds of cash crops. There is, however, the possibility that specialty crops may play a cash crop role. Wild rice falls in this category. While its production is still in the experimental stage, expansion is under way and it may prove to be one means of expansion in agriculture. Perhaps there are other specialty crops that can be developed.

Beef is another adapted agricultural product for which there is a strong demand. Our current society demands increasing supplies of beef as a food fitting their style of life and having a prestige appeal. In areas where forage crops can be produced, but for various reasons dairying is not applicable, beef production represents one possible alternative. Some types of beef enterprise particularly fit the situation for part-time farmers. There may even be adaptations possible to a setting where there are absentee owners.

The forestry and wood using industries constitute another important part of the economic base of this area. Much of the colorful part of the areas past heritage stems from the days of early logging operations. Fortunately, there are major positive tides in the current setting of the wood's industries. During the period 1960 to the year 2000, it is projected that the demand for pulp in the United States will increase by 3 to 5 times! Linked with this major demand is the 1.8 million acres of commercial forest in Onanegozie, occupying approximately 60 percent of the land area. Full advantage of economic resources, therefore, demands management of forests for optimum production and the continued development of processing opportunities. As has been noted, the Cloquet area has a concentration of wood processing operations, major plants include those of the Northwest Paper Company, Weyerhauser, Diamond National and Wood Conversion Company. The Blandin plant at Grand Rapids is another that is located just outside Onanegozie.

Yet another economic component is manufacturing. At present, manufacturing is not a major economic contributor, even including the wood processing operations total employment was only 4,600 in 1968. But comparisons in employment growth

are significant. In the four-year 1964 to 1968 period, manufacturing employment increased in the Onanegozie area by 7.3 percent, but the tide in Minnesota was much stronger - manufacturing employment increased at a four times faster rate, and was up 27.7 percent in the same four year period. The biggest component of the area's manufacturing is in wood processing where little growth occurred. If the effect of the wood mills is removed, employment in "other" manufacturing grew at the rate of 50 percent - almost double that of the increase in manufacturing employment generally in Minnesota. While the sample is small, both in time span observed and in the volume of "other" employment, the trend is decidedly encouraging.

A Place to Live and Play

Now let us look briefly and perhaps, somewhat superficially, at the characteristics of Onanegozie as a place to live and play.

There are two major tides that are moving, of which we should be aware. One is that the American public is currently spending in the vicinity of 150 to 200 billion dollars annually for recreation and leisure purposes. This rate of expenditure is one of the largest single items of expenditure. The other trend is the change in life styles related to choices of a place to live. In an earlier day most families were forced by economic necessity and by transportation limitations to live in narrowly restricted areas. There is now a wider choice in where families may live. People tend increasingly to live where they wish, and as population clusters develop, because of the fact that many types of economic endeavors are relatively footloose there is a tendency to move economic operations to the population concentrations. This latter point says that the quality of the living environment and

the quality of services for living and raising a family, may play a major role in an area's economic future.

In this context, let us look at a list of some of the major unique features of these four counties. The list is indeed impressive:

1. Just to the Northeast is one of the outstandingly beautiful cities in the world, Duluth.
2. The iron mining area of Minnesota, including the Cuyuna range and the border of the Mesabi, is another unique feature of the area. It lends distinctive appearance and atmosphere.
3. The logging, timber and wood using industry, are outstanding. The cluster of wood processing plants at Cloquet, along with the 1.8 million acres of forest land, make this an ideal site to continue to manage the forests and to tell the story of logging and wood using industry - its contribution to our nation's past, to the present and its future potential - in a way that has never been told. Forests add to the quality of living. Most people do not necessarily need virgin woods to enjoy them. In fact, our studies have shown that many people consider any area that has forests to be a "wilderness." Management of forests for timber production improves their appearance to the average individual.
4. The two traffic arteries, Interstate 35 and U.S. 65 make most of Onanegozie readily accessible to the metropolitan population of Minnesota, to visitors from out-of-state, to markets, and make commuting feasible.

5. The St. Croix River is one of the first to be dedicated as part of the Wild and Scenic River System of the United States.
6. There are three major state parks at Savannah Portage, Jay Cooke, and St. Croix.
7. Mille Lacs Lake is the most accessible large lake in Minnesota.
8. There are 96 other lakes in Onanegozie that are at least 150 acres or or more in size.
9. There are 656 miles of rivers.
10. Five of the 17 rivers designated as canoe trails by the Minnesota Department of Natural Resources are in this area. They are the Mississippi, the St. Louis, the Snake and the two most famous canoeing streams in the state - the St. Croix and the Kettle.
11. As a part of the 1.8 million acres of forest land there are 11 state forests. These add many kinds of special appeals to the area.
12. There is a fascinating history based upon the early forestry, the Hinckley fire, the iron mining development, the discovery of Mille Lacs, the Indian culture and the other components of early history.
13. Rice Lake is one of the large, beautiful, natural National Wild Life Refugees in the state.

The Next Steps

It is obvious from the above discussion that this four-county area is possessed of a wealth of resources. These are features that can be utilized to play a decisive

role in the area's well-being. It should be possible to share in the expansion of the Minnesota and U.S. economy; there can be superb environmental quality; these two factors interact and can make possible an outstanding living quality.

A few examples will illustrate some of the kinds of projects that are feasible.

A recent study has produced an estimate of $72 million that will be spent on snowmobiles in Minnesota in the 1970-71 season. Snowmobilers have a problem - where to operate their machines? If there is a place accessible to the metropolitan area that has an abundance of space that is adapted to snowmobiling, it is Onanegozie. But more than simple space is required - the space must be organized as to permissible use, and made accessible. Further, if economic significance is to be derived, a package of appropriate services - food, entertainment, events, lodging, guides - must be available and sold to the snowmobilers.

Similar services and organization for other kinds of recreation adapted to the area is needed - hiking, sightseeing, fishing, canoeing, etc. Where would you advise a person who wished to take a three-day back-packing hike to start, and what route should be taken? Where can I do an overnite saddle-pack trip? While the natural resources are well adapted to these and other recreational activities, if services are not available, and trails are not laid out and mapped then this recreation is really not available to most people. Economic returns can come thru these activities only if supporting services and facilities are "sold" to the public.

There may be ways in which more than one end may be simultaneously

achieved through initiative and organization. Take the interrelated problems of land that is going tax delinquent, the demand for hunting and recreational lands on the part of metropolitan dwellers, the need for well-managed forests, and the opportunities for beef production. There might be a simultaneous solution, in part, for all of these problems.

An organized effort could be made to list land that is available for sale - public, private and both. This land might be merchandized to individuals who might wish to own it for recreation purposes as well as other reasons. This will help to keep land in private hands and on the tax rolls. You might rightly object, however, that such a step will keep the land at a low use and return relatively little tax income. Then, may I suggest that a land managment service be organized. Such a service could manage the land for timber if timber is its best use, including arrangements for timber harvest and sales. It would help to supply timber for processing, provide returns to absentee owners or those working away from home, and generally upgrade the area's productivity. A similarly organized service can be made to set up leasing arrangements so that some of the bright young men who would like to continue to farm and run a beef cattle operation and yet who have difficulty in getting enough capital and land together for an adequately sized operation. It would operate by renting tracts of land for beef and for hay production from absentee owners or part-time farmers who do not have enough time or skill and knowledge to manage this land themselves. Thus, the land can be kept working, on the tax rolls and make it possible for loggers and farmers to make a living from this land.

On the lower end of Interstate 35 traffic averages over 5,000 vehicles daily. Traffic on U.S. 65 is substantially smaller, but together these two transporation arteries feed 2,500,000 to 3,000,000 vehicles annually into and through the area. This is a substantial volume and offers potential for much more than its present contribution to the area. How? Each citizen might perform a simple experiment: As he enters his home community ask himself, "Does my town have highway appeal? Are there quality services available, and how would I as a highway traveler know this?" Then, he and his fellow citizens should set to work making certain that these questions have a right answer!

These are only a few examples. There are many more specific projects that may be undertaken to ensure that citizens of the Onanegozie area share adequately in the economic growth of the United States.