



Protecting clean water, healthy communities, and the Boundary Waters
206 E. Sheridan Street, Ely, Minnesota 55731 • nmworg.org • 218.365.7808

ELY'S STABLE AND SUSTAINABLE ECONOMY/ SULFIDE ORE MINING

The Ely, Minnesota area features a stable, vibrant economy because of the beautiful landscape and priceless waters of the Superior National Forest.

Ely-area residents (including among others retirees, telecommuters, and people with portable jobs), wilderness travelers, vacation homeowners, and camp/resort visitors support Ely's "Main Street" businesses consistently and year-round. These people visit or live in the Ely area because of the clean water, forested landscape, and recreational amenities of the Boundary Waters and the remainder of the Superior National Forest. The U.S. Forest Service estimates that the Superior National Forest generates a half billion dollars per year in economic activity.

Ely area canoe outfitters, resorts, not-for-profit tourism based businesses, and dogsledders employ 400 people year-round and another 600 during the summer months. The Ely area and the Boundary Waters have been recognized repeatedly by prominent publications, including National Geographic, Outside, Sports Afield, Field and Stream, USA Today, and Reader's Digest, as must-visit places for outdoor enthusiasts.

Tourism continues to grow. Ely lodging tax receipts have grown by 68% since year 2000, with 2012 showing the highest lodging tax receipts in Ely history.

Economic studies show that rural areas have the best chance of success when they have a high quality natural environment (an abundance of conservation lands, clean air, and clean water), a high proportion of creative workers, and a rich entrepreneurial context. Studies by the Federal Reserve Bank of Kansas City show that, measured by the percentage of income that is "proprietor income" instead of wage or salary income, the three Boundary Waters counties (Cook, Lake, St. Louis) are above average in Minnesota. Further, these three counties have a much higher level of investment income per capita than the rest of the state.

The Sulfide Ore Mining Threat

Subsidiaries of giant multinational mining companies seek to develop several large copper-nickel mines in the watershed of the Boundary Waters.

The history of sulfide ore mining in the United States is a history of destructive acid mine drainage and heavy metal contamination of groundwater, surface waters, and land. The U.S. Environmental Protection Agency estimates that 40% of the watersheds in the western United States are contaminated by pollution from hardrock mining. The U.S. Forest Service estimates that about 10,000 miles of streams on Forest Service land have been polluted by mining activity. The total cost of cleanup will be many billions of dollars.

If acid mine drainage and heavy metal pollution occur in the watershed of the Boundary Waters, drinking water, fisheries, and people and wildlife that depend on the fisheries will be at risk. The massive surface disturbances,

transportation infrastructure, and electrical power infrastructure necessary to support industrial mining on the scale proposed by the multinational mining companies will cause air pollution, noise pollution, and damage to the landscape that will destroy the area's appeal to tourists, recreational home owners, retirees, and others.

Mining communities experience degraded landscapes, boom and bust economic cycles because of great shifts in commodity metals prices, a dearth of economic diversity because of the unattractiveness of mining communities as places to live and to locate other businesses, and persistent poverty.

Mining's abysmal history as a basis for community prosperity is written in the shrinking mining towns and ghost towns of the American West, in the poverty-ridden communities of the Appalachian coal fields, in the long-term decline of Minnesota's Mesabi Iron Range, and in scores of other places.

Mining is detrimental to long-term prosperity for many reasons. Mining, minerals processing, and waste storage disturb the land in ways that prevent real reclamation and result in a permanently-degraded landscape. This landscape degradation and the pollution of waters by acid mine drainage, sulfates, and heavy metals destroy the natural amenities that would otherwise draw businesses, retirees, and vacationers. Mining drives out other businesses and entrepreneurs. Further, the volatility of metal prices results in layoffs and shutdowns. The relentless advance of ore-extraction technology results increased productivity with fewer and fewer employees. Thus, mining jobs and mining communities are inherently unstable because of the boom-and-bust economics of the mining industry.

The negative economic impact of mining reveals itself in a variety of measures. From 1980 to 2008, per capita income in mining-dependent U.S. counties (counties in which 20% or more of labor earnings come from mining) was on average only 83% of the per capita income in non-mining dependent counties. Because of advances in ore extraction technology, employment in copper mining in the U.S. declined from 36,400 jobs in 1972 to 10,400 jobs in 2007. In 1960, the Minnesota iron mining industry employed more than 200 workers per million tons of ore produced; by the year 2005, the ratio was only 80 workers employed per million tons of ore produced. This increase in productivity because of ore extraction mechanization and technology is reflected in Iron Range population numbers; for example, in 1960 the population of Virginia, Minnesota, which lies in the very heart of the Mesabi Range's mining and ore processing activity, was 14,034. In 2010, the population of Virginia had declined 38%, to 8,712.

CONCLUSION

Trading Ely's current stable and sustainable economy for the boom and bust economics and environmental destruction of sulfide ore mining would not be rational.

Patrick Carr, a Rutgers University sociologist who has lived in the Midwest and has written about rural economies in the Midwest, suggests this strategy: "Start working with what you have and go from there. To chase the big score, that is dangerous. It's not the way to go anymore. Communities need to be flexible and be able to adapt to different conditions. Adaptability is a key thing. I think it's the smaller efforts that work," he said. *Fighting for An American Countryside*, Minnesota Public Radio, 2013.