

**TOURISM AND FOREST PRODUCTS:
TWIN RESOURCE SECTORS FOR EFFECTIVE
COMMUNITY DEVELOPMENT
IN THE LAKE STATES**

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Henry H. Webster, Daniel E. Chappelle and Stephen C. Andrews¹

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¹ Research Associate, Department of Forest Resources, University of Minnesota, 1530 N. Cleveland Avenue, St. Paul, MN 55108, and Project Director, Lake States Forest Resources Assessment, Lake States Forestry Alliance; Professor Emeritus, Department of Resource Development, Michigan State University, East Lansing, MI; and Senior Advisor, Northwest Wisconsin Regional Resource Planning Commission, Spooner, WI. Research supported by the University of Minnesota's College of Natural Resources and the Minnesota Agricultural Experiment Station. Published as Paper Number 974420124 of the Minnesota Agricultural Experiment Station.

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Tourism and Forest Products Twin Resource Sectors for Effective Community Development in the Lake States

Introduction

One part of the Lake States regional forest resources assessment has shown conclusively that communities with major activities in *both* tourism and forest products are substantially better off than communities more nearly one or the other. Specifically, they are better off in terms of employment and related community effects.

Systematic analysis of unemployment rates for parts of the Lake States every month for six years clearly showed this. Several “combined development centers” had unemployment rates both lower and more stable than communities more dependent on one sector alone. A related analysis made clear that combined development centers also provide a wider variety of employment opportunities that may appeal to multiple family members. This variety of employment opportunities provides associated benefits to family stability and community character.

The next two sections of this paper examine sequences by which several combined development centers came about. They also examine some potentially important similarities among these combined development centers. These similarities relate to natural, cultural, and infrastructural assets that appear to have contributed to these communities becoming combined development centers. Some differences among combined development centers are also noted, but similarities are the primary point. The final section of this paper discusses some ideas on how other communities might appraise their own prospects for becoming combined development centers.

Multiple Sequences by Which Combined Development Centers Have Occurred and Grown

Case studies of historic development have been completed for three Lake States communities. They were carried out in the order listed: Rhinelander and northeastern Wisconsin, Grand Rapids and north central Minnesota, and the area including and surrounding both Gaylord and Grayling in northern Lower Peninsula Michigan. All three had previously been identified as combined development centers.

The three communities appear to have become combined development centers via three different processes or time sequences. Significant activity in both tourism and forest products began at nearly the same time in Rhinelander and northeastern Wisconsin. This occurred from small beginnings during two decades preceding 1900. The two sectors thus began coexisting and adjusting to each other essentially from the

start. A long period of continuous adjustment was very likely useful in helping the two sectors become and remain complementary. The other case studies show that while a long period of continuous adjustment may be helpful, it is not necessary in any absolute sense.

Significant activity in tourism and forest products developed at different times several decades apart in Grand Rapids and north central Minnesota. Forest products came first a bit before 1900 with the pulp and paper plant that is now Blandin Paper Company as the core. A quite nice town grew up around this major enterprise based in large part on the employment and income it generated. Very positive interaction among this major enterprise, the community itself, and a very community-minded newspaper also helped to create a quite nice town. Resorts and related tourism activity then developed in the area surrounding the town. This began to occur in the 1920s with the start of travel by individual automobile on some appreciable scale. The town provided and continues to provide a focus for adjacent tourism activity in terms of shopping and now transportation by air.

Significant activity in tourism and forest products also developed at different times several decades apart in the area surrounding Gaylord and Grayling in northern Lower Peninsula Michigan. The sequence was the reverse of that at Grand Rapids, if a significant difference in the history of the individual Lake States is appropriately taken into account. Timber-related activities disappeared from Michigan following original harvest in the late 1800s to a much greater extent than in either Wisconsin or Minnesota. In those two states, original harvest was the start of a more or less continuous development process. In Michigan, original harvest was essentially a one shot event followed by a void lasting several decades. It was prehistory in terms of any real continuous development. A devastating fire history covering a larger part of Michigan's forested area than in the other two states helped create this void.

Significant tourism and resort activity in and near Gaylord and Grayling began in the 1920s with considerable orientation to hunting and fishing. Skiing was gradually added to the mix of recreation activities. A new forest products sector began in the late 1950s. Substantially larger expansion of this new forest products sector occurred in a decade spanning the late 1970s to the late 1980s. Additional employment, tax base, and revenue had a considerable transforming effect, particularly benefitting the public schools. At much the same time, the tourism sector also expanded, focused around high-quality golf courses and expanded skiing facilities.

There being at least three different processes or time sequences suggests something important and hopeful. Having several different sequences suggests additional communities might be able to become combined development centers. No one simple inexorable process requires that a community start in a particular way if it is to become a combined development center.

Important Common Attributes of Combined Development Centers

Particular combined development centers come about via several time sequences that differ one from another. There are at the same time some substantial similarities in terms of assets underpinning these centers. Some assets relate to given economic sectors, while others contribute to community development in a more generic sense.

Primary location factors for the forest products sector as a whole are supply of timber at relatively modest cost, supply of labor of appropriate skills (including training programs for developing skills), and effective transportation access to principal markets. Substantial supplies of good quality water are an additional location factor for pulp and paper plants (appendix A for some specifics).

Primary location factors for tourism and resorts in the Lake States are attractive landscapes, attractive bodies of water, community facilities supporting some variety of cultural, entertainment, and shopping activities, specific resort and dining attractions (including a variety to meet different tastes and budgets), and transportation access for visitors (appendix B for some specifics).²

These location factors operate for the two sectors largely independently. By themselves they might result in separate development centers for tourism/resorts and for forest products. Combined development centers also have some additional factors at work.

Apparently, there are also linking factors that foster compatible development of the two sectors. One set of linking factors are natural features, particularly gentle topography and intricate lakeshores. A second set of linking factors are cultural in a sense. Particularly important is strong and cooperative community leadership that fosters a sense of community cohesion. (These linking factors are illustrated in appendix C.)

² It might be argued that a readily perceived distinct identity as a destination is an additional location factor. Some examples of quite diverse character in the Lake States are Mackinac Island, Bayfield and the Apostle Islands, the Mall of America, and the Boundary Waters Canoe Area Wilderness. It can also be argued that "distinct identity" is as much or more a *result* of tourism development as it is a *factor* contributing to such development. The fact is that Rhineland, Grand Rapids, and Gaylord-Grayling each have substantial tourism activity with less sharply distinct identity than examples just cited. This tends to confirm that distinct identity is *not* a major factor in any necessary sense. In particular, it is *not* at the beginning of development as a tourism center (though a degree of distinct identity will emerge if development is successful).

Self-appraisal of Prospects by Additional Communities

There are communities in the Lake States that are not now combined development centers for tourism and forest products, but are development centers for one or the other of these two sectors. Some may have realistic opportunity to become combined development centers.

The histories of Grand Rapids and Gaylord and Grayling are illustrative. The forest products sector developed first at Grand Rapids. A quite nice town grew up around the major pulp and paper plant, supported in part by its employment and income. Recreational visitation and tourism activity was then attracted to the quite nice town several decades later. In terms of continuous development in the modern era, recreational visitation and tourism activity occurred first in the Gaylord/Grayling area. An entirely new forest products industry then developed by stages several decades later when the extent of a major regrowth of forests became readily apparent.

Only Rhinelander among three communities analyzed experienced nearly simultaneous development of the two sectors from a common beginning point. Particular communities have gotten there via at least three different specific sequences.

Realistic appraisal is crucial to accurately judging prospects of a particular community, and to determining an appropriate focus for efforts. Such appraisal is best made by the particular community itself. Following are a few suggestions for making an appraisal in sequential steps in realistic manner.

- Examine the community in terms of primary location factors for whichever sector is substantially missing.
- Primary location factors for the forest products sector overall are: (1) supply of timber at relatively modest cost, (2) supply of labor of appropriate skills (including training programs for developing skills), and (3) effective transportation access to principal markets. Water supply is an additional location factor in the specific case of pulp and paper manufacture. See appendix A for additional specifics.
- Primary location factors for tourism and resorts are (1) attractive landscapes, (2) attractive bodies of water, (3) community facilities supporting some variety of cultural, entertainment, and shopping activities, (4) specific resort and dining attractions (including a variety to meet different tastes and budgets), and (5) transportation access for visitors. See appendix B for additional specifics.
- Do this examination as directly and factually as possible. Focus initially on the current situation. This is necessary for realistic appraisal of prospects. (Consideration of possible improvement re location factors is best done

separately a bit later (to avoid intermixing what *is* with what we *might like* it to be.)

- It may be useful to discuss your appraisal of location factors with people outside the community who have specific knowledge of the tourism and forest products sectors. (Such discussion can strengthen directly factual appraisal.)
- At this point a defining judgment based on directly factual appraisal is needed. The question is: does the community now have sufficient strength in principal location factors to make becoming a combined development center a realistic possibility? Or does it not?
- If the answer is yes, the next stage of appraisal is to examine the community in terms of linking factors that could be brought to bear to foster compatible development of tourism and forest products sectors.
- Consider both the natural and cultural assets of the community in terms discussed for the three combined development centers (in appendix C).
 - Do local terrain and landscape arrange themselves in such a way that direct impact of the two sectors on each other can be fairly gentle? Or do local terrain and landscape simply not arrange themselves this way?
 - Does the community have a history of community leadership that can and has focused attention on the common good of the whole community? Or does the community simply not have such a history? Such leadership is vital if there is to be an effective collective desire to be a combined development center.
- Again, make this self-appraisal as directly factual as possible focusing on the current situation. Again, discussing this part of your overall appraisal with people outside the community who have specific knowledge of development patterns in many communities may be helpful.
- Another defining judgment based on directly factual appraisal is needed at this point. The question: does the community now have the natural and cultural assets to attempt realistically to become a combined development center? Or does the community simply not? *Pay particular attention* at this stage *to the matter of community leadership*. It *may be the most crucial single factor*.

Careful directly factual appraisal of this sort can lead to conclusions of three different sorts for particular communities. Rather different courses of action would then be appropriate.

Conclusion 1: Yes, community A clearly has specific location factors, and natural and cultural assets, to be a combined development center. Specifics of efforts to attract/develop the sector now substantially lacking are the next order of community business.

Conclusion 2: No, community B substantially lacks some of the specific location factors, and natural and cultural assets, to be a combined development center. Getting on with making the most of the sector the community does have is the next order of community business.

Conclusion 3: Community C comes close to having the specific location factors, and natural and cultural assets, to be a combined development center. It is, however, *slightly* short in terms of *one or perhaps two* of these factors and assets. What can *realistically* be done to strengthen this factor or factors are the next order of community business if there is a collective desire to be a joint development center.

Hopefully, these suggestions will aid communities in considering their own prospects and best directions. If any assistance in doing so seems helpful to particular communities, people who developed these suggestions and associated members of the Lake States Forestry Alliance will be pleased to attempt to assist.

Appendix A: Some Specifics of Forest Products Location Factors for the Three Combined Development Centers

Timber Supply

Each of the three combined development centers is in an area where forest growth exceeds harvest by a substantial margin. The margin of forest growth over harvest in the pertinent forest survey units ranges from 75 to 100 to 150 million cubic feet. The margin is largest for the unit in which Gaylord/Grayling is located, smallest for the unit in which Rhinelander is located, with the unit in which Grand Rapids is located in between. More intense development of forest products industries over a longer history first in Wisconsin, and secondarily in Minnesota, is reflected in these margins. Nevertheless, they are all quite large—and so act to restrain increases in timber prices.

The fact that the margin of forest growth over harvest is generally increasing is a further force in the same restraining direction. These increases are particularly large where the previous margin was smallest—illustrating stimulation of growth where harvest and associated resource management is relatively intense.

A related supply factor is complementarity of various forest products industries. For example, sawmills are important sources of wood chips for production of pulp and paper.

Availability of timber at moderate cost is a central point of foregoing observations.

Labor Supply

Areas where the three combined development centers are have a history of substantial availability of effective workers with adaptable skills. Willingness of previous out-migrants to industrial employment elsewhere to return in response to strengthened employment opportunities is a part of this labor availability.

Growth of a number of kinds of manufacturing enterprises (both beyond and including forest products) in northern parts of the Lake States has partially tightened labor supply. In recent history, unemployment rates have been higher in Michigan than in Minnesota and Wisconsin. Hence labor may be marginally more readily available in this state. This difference is, however, offset by particularly strong skills-training programs in the latter two states. Availability of labor with adaptable skills is the central thread.

Transportation Access to Principal Markets

Each of the combined growth centers has railroad freight service. There is single-line service from Rhinelander to Minneapolis/St. Paul, from Grand Rapids to Duluth and its major seaport, and from Gaylord/Grayling to Detroit and associated cities. Multiple-line freight service provides access to numerous additional cities with Milwaukee and Chicago assuming particular importance.

Truck transport serves each of these centers in a more multidirectional way. Rhinelander and Grand Rapids are reached via conventional highways of good design and quality. Gaylord and Grayling are directly on an interstate freeway.

Water Supplies

Abundant water supplies (in addition to forest resources) are a principal reason for development of major pulp and paper industries in the Lake States. Water from the Wisconsin and Mississippi rivers played a major role in development of pulp and paper at Rhinelander and Grand Rapids. These rivers provided both water for the manufacturing process, and electric power to run the process. Significant waterfalls at both Rhinelander and Grand Rapids generate power efficiently, and indeed determined specific locations of these communities in a historic sense.

Gaylord and Grayling do not have water resources of comparable scale. Unsurprisingly, they are not a site of pulp and paper manufacture.

Appendix B. Some Specifics of Tourism/resorts Location Factors for the Three Combined Development Centers

Attractive Landscape and Bodies of Water

Each of the three combined development centers is in an area with moderately rolling topography. Each of these areas is substantially forested, but not entirely so. A variety of forest types adds further to diverse and attractive landscape appearance.

Each of the three areas has several bodies of water that enhance attractive appearance and provide opportunities for water-related activities. Forms of bodies of water differ among the three areas. In the Rhinelander area the principal bodies of water are chains of interconnected small lakes with quite intricate shoreline geography at very local scale. In the Grand Rapids area the principal bodies of water are lakes of some fair size, including one located right in the city itself. *Much* larger lakes are found 25 to 35 miles west of Grand Rapids. In the Gaylord/Grayling area the principal bodies of water are two rivers that have been historically regarded as very high-quality trout streams. These rivers flow in opposite directions (one to Lake Michigan, the other to Lake Huron) but have headwaters quite close together.

Lake States scenery is relatively varied and interesting, particularly in comparison with quite uniform and heavily agricultural areas to the south and west. That, and relatively cool summer climate, are broad-scale attractants of visitors to the region including the three combined development centers.

Community Facilities Supporting Cultural, Entertainment, and Shopping Activities

Rhinelander and Grand Rapids are each the primary populated centers in a sizeable regional area. This gives each a substantial amount of cultural, entertainment, and shopping activity. Grand Rapids in particular has shopping and related opportunities on a scale larger than is common in communities of its size. A primary reason is the very large geographic area for which it is principal center.

Rhinelander has other smaller centers nearby. There may be a beneficial interaction among several communities in northeastern Wisconsin in terms of attracting visitors. A wider variety of activities are provided by the several communities than by one alone.

Gaylord and Grayling are less clearly the principal centers for a large area. (Traverse City some 50 miles away is substantially larger both as a community and as a resort center.) But this appears offset by several factors: the high-quality trout streams, a relatively long history of skiing, and recent development of several new resorts organized around carefully designed, high-quality golf courses.

Specific Resort and Dining Attractions

Rhineland and northeastern Wisconsin have a particularly large number of resorts and dining facilities with substantial drawing power over significant distances. Rhineland, Eagle River, Minocqua, and Woodruff can perhaps be thought of as a single resort region. Both resorts themselves and their visitation patterns were originally rooted in visitor access by railroad from Milwaukee and Chicago. The pattern continues although specific influence of rail passenger service has long been gone. Where to go for vacation is sufficiently stable in some considerable number of families that visitation patterns also have considerable stability. Rhineland's drawing power is likely further enhanced by a particular resort's presentation of periodic and well-regarded jazz concerts.

Grand Rapids and north central Minnesota also have a number of resorts and dining facilities, though the overall scale of the tourism/resorts sector is smaller. There is one primary year-round destination resort and several smaller ones. The large lakes to the west of Grand Rapids attract significant number of fishing enthusiasts. A considerable number of small resorts and other lodging places provide accommodation for them.

Gaylord and Grayling and their area historically had relatively few destination resorts. They originally had primarily accommodations for fishing enthusiasts (reflecting the historic influence of the two high quality trout streams). They have now developed several destination resorts by stages, the first providing accommodations for skiers, and the most recent being the new golf-oriented resorts mentioned previously. There is reason to think that several golf-oriented resorts reinforce each others attraction to visitors. A real golf enthusiast could play several reasonably adjacent high-quality courses during a visit of a few days or a week.

Transportation Access for Visitors

Rhineland and Grand Rapids are accessible to visitors by good-quality standard highways, and by air. Rhineland has air service from both Chicago and Minneapolis/St. Paul, while Grand Rapids does from MSP. Those major city airports provide connections to a great many cities nationwide and beyond.

Gaylord and Grayling have better highway access but poorer access by air. Gaylord and Grayling are on a north-south interstate highway (as mentioned previously in the section on forest products location factors). There is no scheduled air service at either community. The nearest airports with scheduled air service are 50 to 60 miles west in one case, and a similar distance north in the other. Both airports have other resort communities substantially close to them. Differences in access by highway and by air may offset each other to a degree in terms of the three combined development

centers. It seems possible that these differences in access may influence visitation patterns to a degree.

Appendix C. Important “Linking Factors” That Foster Compatible Development

Separate location factors for forest products and for tourism/resorts help considerably to explain development of combined development centers. But they do not fully explain it. Other centers with many of the same assets have not become combined development centers, being much more limited to one resource sector or the other. The question is: why the difference?

It would appear that these three combined development centers have a *combination* of historic, natural, and cultural assets that have made a substantial difference. Various parts of this combination can be illustrated via examples taken from each of the three communities.

Historic and Natural Assets

The Rhinelander area illustrates quite clearly historic and natural assets that foster compatible development. First, there is a long history in Rhinelander and northeastern Wisconsin of major tourism and forest products activity. This history affects human perceptions, particularly of residents. The community is quite accustomed to some people working in factories, and other people serving visitors. That this combination provides employment opportunities for a considerable range of family members is likely quite widely understood. It is quite striking that this pattern of compatibility goes back to initiation of local activity in the two sectors at almost the same time a century ago. The fact that the two sectors did not begin simultaneously in either Grand Rapids, or Gaylord and Grayling, suggests that this long continuity, while helpful, is not entirely essential.

A second factor relates to physical environment. The Rhinelander and northeastern Wisconsin area have a gentle but certainly not monotonous terrain. This gentle terrain tends quite naturally to limit distance-of-sight from any given point of observation. There are no dramatic long-range views of the kind found in mountainous regions. This means that timber harvest and related operations may not be readily apparent to many visitors. Careful sizing and positioning of areas being harvested and treated can help substantially to this harmonious purpose. This gentle terrain is something the Rhinelander and northeastern Wisconsin area shares with much of the Lake States. Conversion of the paper plant to production of paper only may also have an effect. No local production of woodpulp means no truck or trainloads of pulpwood. This amounts to a disguise that is useful in one sense. But it may also lessen appreciation of the real importance of forest products to the local economy. Both Grand Rapids and Gaylord and Grayling have primary processing of forest products in closer proximity. This again suggests that some things helpful in the case of Rhinelander are not entirely essential.

Compatibility and complementarity also exist within the tourism sector. A particular resort and its surrounding illustrate this at very local scale. (The resort in question was the site of one of the early meetings in organizing the Lake States Forestry Alliance.) The area around this resort features several interconnected water bodies, several quite sizeable resorts, and numerous residences, some year-round and others seasonal. Human population is quite sizeable, more so at some times of the year than others. At the same time there is a feeling of tranquility without any sense of a large number of people being about (least of all any oppressive sense).

Both historic and natural or geographic factors seem to contribute to this pattern of compatibility and complementary within the tourism sector. Particular areas and resorts draw some clientele and not others. This is largely self-selection, reinforced in many cases by a long history of family visits to particular areas and resorts. Visitors to this particular resort appear to expect other people to be there, and to pursue relatively quiet activities calmly. Absence of *both* people disturbed by simply the presence of others, *and* those interested in some of the most frenetic and exhibitionist forms of nightlife, is noticeable. Interestingly, occasional jazz concerts fit successfully within the tranquil pattern, as noted earlier.

A second factor is again a matter of physical environment. The interconnected water bodies have a quite intricate geography at very local scale. This results in a rather different view from the shore about every 50 to 75 feet. This intricate geography succeeds in separating both areas and people into relatively small, unhurried units. This intricate geography of water bodies is parallel to the gentle terrain that contributes to compatibility and complementarity among tourism and forest products sectors.

Cultural Assets

Strong and cooperative community leadership is a particularly important cultural asset. Such leadership can maintain focus on many or all of the sectors and factors that contribute to effective community development. Such leadership has the effect of proactively preventing essentially zero-sum arguments among sectors of the community.

Strong and cooperative community leadership can be illustrated at different scales for Grand Rapids and for Gaylord. At Grand Rapids three entities have historically interacted unusually closely and effectively. One is the major forest products firm that operates a major pulp and paper plant in the heart of Grand Rapids. The second is the community of Grand Rapids itself. Both the original manager of the pulp and paper plant, and a subsequent and active owner, held very community-supportive views. These views became institutionalized and are strongly reciprocated by the community. A notably civic-minded newspaper has further reinforced a supportive pattern more strongly than in many partially similar places.

This supportive pattern, and the direct role of the pulp and paper plant in providing substantial employment in relatively well-paying manufacturing jobs, helped to make Grand Rapids an attractive community. It seems essentially a statement of fact that Grand Rapids is substantially nicer than many industrial communities of similar size. This attractive community then attracted other resource-based activities, including substantial activity in the tourism/resorts sector.

A smaller scale but a sharply-etched example of cooperative community leadership helped Gaylord develop a new form of resort industry which emerged concurrent with forest products expansions occurring during the 1980s. Preceding arrival of skiing and new golf-oriented resorts, the community gave itself a fairly widespread Alpine architectural motif through a series of reasonably coordinated building renovations. Though the nearby hills are un-Alpine in a strict sense of the word, the motif worked. It worked to create a tourist destination on a scale larger than had existed before.

The underlying point of these illustrations is that it takes a *combination* of historic, natural, and cultural assets to become a combined development center. These assets are in addition to specific location factors separately for the forest products and tourism sectors. The combination is certainly not identical for every existing or potential combined development center. But a combination of such assets is necessary.

Appendix D1. Some Economic and Related Demographic Trends for Combined Development Centers

The Rhinelander, Grand Rapids, and Gaylord/Grayling combined development centers have been analyzed in terms of economic and related demographic trends over a period of 25 years. The beginning and end of the period for which reasonably suitable data is readily available are 1969 and 1993, respectively. The data source is a series called the Regional Economic Information System (REIS) compiled by the U.S. Department of Commerce.

The analysis in its original form was quite detailed and quantitative (Chappelle 1997). This appendix is an accurate simplification in interest of wider understanding of major findings and their practical significance.

Major Findings

Following are major findings of the analyses, succinctly stated.

- Each combined development center experienced faster growth in its economy than did the state in which the particular center is located. (Personal income is aspect of economic growth for which accurate data is most readily available.) Number of jobs grew relative to population over past 25 to 30 years in each center, as well.
- The combined development centers appear to be more alike in economic and demographic terms than are the states in which they are located. (Large differences among the states as whole are rooted in major differences among metropolitan areas with MSP and Detroit as examples.)
- Furthermore the three combined development centers appear to have become progressively more alike with passage of time over the past 25 years.
- Detailed economic structure of combined development centers has been quite stable over 25 years. One factor that has grown some in proportionate terms is income from so-called transfer payments. This likely reflects an increase in share of population in these centers living on retirement income rooted in previous employment elsewhere.

Significance of Major Findings

Economic growth faster than that of the states in which they are located suggests that combined development centers contribute significantly to state and regional prosperity on a fairly broad scale--as well as to their own more local prosperity.

The specific significance of this contribution to state and regional prosperity differs somewhat among the three states, namely:

- Wisconsin has a developed economy more nearly statewide than do the other Lake States. Nearly the whole state shares in a moderate rate of population and economic growth. A resort industry longer established over much of the state contributes to this pattern. A large concentration of technologically advanced forest products does also. Combined development centers help to anchor this pattern.
- Minnesota has a distinct two-tiered growth pattern, sometimes disguised by the fastest state population growth in the Midwest. The metropolitan corridor centered on Minneapolis/St. Paul and stretching one-way to St. Cloud and the other to Rochester is growing rapidly. The rest of the state is growing much more slowly with actual economic shrinkage in some localities, particularly some strongly associated with agriculture and mining. Tourism/resort enterprises and forest products industries are major contributors to reasonable prosperity in parts of the state where such contributions are most needed. Combined development centers intensify the beneficial effect.
- Michigan's economy has historically been strongly concentrated in heavy industries, particularly automobiles. These industries (as is widely known) encountered some heavy weather in the 1980s with some remaining effects well into the 1990s. Recently several parts of Michigan away from the primary automobile production corridor appear to be growing away from it in a sense. They are becoming more connected with adjacent jurisdictions, and less like the most densely populated part of their own state. Combined development centers contribute significantly to this beneficial process. The observation that combined development centers in the three states are more alike than the states themselves illustrates this.

Points discussed in this appendix have been accurately drawn from a quite detailed and quantitative analysis mentioned in the introduction. The detailed and quantitative analysis is available upon specific request.

Reference

Chappelle, D. E. 1997. A detailed analysis of economic and related demographic trends for combined development centers. A paper prepared as part of this Lake States Forestry Alliance project.

Insert Appendix D2

Insert Appendix E

Appendix F. A Further Examination of Complimentarity of Four Great Lakes Communities³

INTRODUCTION

The following paper is a subsequent examination to an earlier work discussing complimentarity of the forest products and tourism industries in selected communities around the upper Great Lakes area.

The "communities" of Rhinelander and Oneida County, Wisconsin; Grand Rapids and Itasca County, Minnesota; and Grayling (Crawford County) and Gaylord (Otsego County) Michigan had been earlier identified as examples where strong interactions and identifiable sequences had marked effects on the evolution and current status of their economies.

The Grayling and Gaylord communities have a unique position in the discussion in that the two communities taken as individuals show strong sector complimentarity with Grayling being slightly stronger in forest products and Gaylord being slightly stronger in tourism. Taken together, the two communities form a larger and very potent economic subregion of Michigan with "economic critical mass" despite their physical separation and visual disparity. The internal functioning of this economic subregion is worthy of further examination outside this discussion.

Tourism

The four communities are blessed with an abundance of the "northwoods" natural resource base. That is, a post glacial terrain of outwash, end moraine and dead ice features which provide the opportunities of a surface drainage with numerous high quality lakes and streams, a mixture of poorly drained and well drained soils conducive to desirable forest species and secondarily to cool weather crops (potatoes, etc.), pleasing relief with many scenic vistas and a moderately cool continental climate. These are present along with a reasonable proximity to major population centers.

Those population centers on the other hand are located on generally featureless flat plains with little relief, with larger scale surface drainage patterns consisting of larger rivers and larger, but less numerous lakes and a moderately warm continental climate.

Tourism of the 1800s and early 1900s was characterized by word of mouth

³ Stephen C. Andrews, Northwest Regional Planning Commission, Spooner, Wisconsin. A project funded by the Lakes States Forestry Alliance in cooperation with the University of Minnesota. June 1997

relating stories of abundant fish and game, and hay fever relief. Those first exposures were a result of personal accounts of more affluent persons riding the rails to "end of track" as guests of railroad or timber company executives. Many of those accounts ended up in such places as the Chicago Anglers Club. The first "boosterism" was exhibited as early as 1873 (Gaylord), 1880 (Rhineland), 1891 (Grand Rapids), and 1900 (Grayling). Several "lure pieces" were produced by the newspapers, railroads, advancement associations (chambers of commerce), or land developers.

The destination facility of the day was the water and wildlife habitat resource. This is compared to today where we consider a destination facility to be a human-made attraction such as a resort around which the natural resource, or another human-made service is consumed.

The major factors which have assisted the growth and development of tourism in these and other communities are:

- * The invention of the automobile
- * The demand for and subsequent availability of leisure time after World War II.
- * The creation of new winter sports, such as downhill skiing, following the return of the 10th Mountain Division after World War II.
- * The availability of technology which allowed the development of the snowmobile, all terrain vehicle and the motorcycle for recreation.
- * The growth of second-home based recreation.
- * The conversion of second-homes to permanent residences
- * The change in travel habits and expectations (reasons for travel). In 1986, Wisconsin tourism surveys indicated that a week in a rowboat fishing had been replaced by three days doing a number of perhaps unrelated activities, such as visiting historical places and enjoying scenic beauty with one day of fishing.
- * Responsiveness of the tourism sector to new market demands and new market populations (downhill skiing, cross-country skiing, snowmobiling and golf)
- * Responsiveness of the tourism sector to develop new (or improve old tourism destination facility infrastructure)
- * In a unique case, the natural physical setting of Camp Grayling, at which many men of the major population centers of the Midwest have received military training, entices many to return with their families to enjoy the natural beauty at a more leisurely pace.

These factors are manifested by the presence of more new or improved facilities and/or the appearance of those facilities in design unison, such as Gaylord's alpine theme.

What is not seen is the cultural dispersion impact of the overnight visitor population, which in some cases can be a multiplier of 2 to 4 times the base population.

These visitors bring with them, on vacation, their desire for physical and social change and in many cases is willing to work, while on vacation, to accomplish those desires. I believe that this generally ignored impact may well be the essential force in the positive growth and development of tourism centers. This population constantly mutates in size and expectations with the popularity and presence of an individual tourism centers' mix of attractions and/or natural resources. It also fluxes with the age and generation of the individual tourist. The net result is a constant inflow of fresh consumers with new ideas and desires that can have a massive impact on growth and the style of growth management.

Agent for Change

The mechanism for modifying this impact is to make changes horizontally and vertically in the tourism sector. These include, but are not limited to:

- * Strengthening of the shoulder and off season portions of the sector to attract more visitors
- * Modifying the population to be attracted by the redirection of marketing efforts
- * Seeking to create a critical mass of diverse tourism destination facilities and resources available to a broader tourism market population.

It is important to recognize that this impact is not limited to the tourism and closely allied portions of the local economy. There can be no doubt that the impacts extend to the development of community infrastructure and the expansion of the manufacturing sector as well. Many occurrences have been documented in the upper Midwest and other locales as entrepreneurs travel and acquire second homes, they look to the day when the second home is of primary importance and perhaps it is the workplace that is moved.

Wood Products

The initial timber production cycle seems to have lasted 30 to 45 years in the four case studies, with the longest period around Grand Rapids. This is most probably due to the immense volume of the Minnesota white pine resource. While reliable information is scarce, all the communities but Gaylord seemed to have experienced growth in diversified wood products business starts within 5 to 10 years of the primary production start-up. However the large secondary wood products business start-ups were much closer to the point of sale until well after the turn of the century.

Most people recognize that the boom and bust cycle of primary resource extraction, whether it be wood fiber, metallic ore or construction materials is of a short term nature and while it is usually profitable its contribution to the long term stability of

a community economy is one of a jump start. It is secondary and tertiary business development and government that makes significant contributions to establishment of critical mass for a sustainable community economy.

In 1901, the St. Paul Pioneer Press displayed a political cartoon which showed many men with axes racing for the last white pine. It may have been the last white pine, but, it was not the last tree. The cartoon, when viewed from today's perspective of the northwoods and its available softwood and northern hardwood resource raises the issue of impact of the cycle of timber replacement and harvest availability on a community's economy.

I propose then, that there exists a wood products business start-up cycle to a local economy that is time dependent upon the availability of harvestable timber volumes. This cycle, also largely unseen except by history, is much longer than the input cycle for tourism which is probably daily and certainly annually. The exact length of the wood products cycle is probably dependant upon the following factors:

- * The time necessary for a certain species or species mix to regenerate harvestable volumes
- * The modification of the species mix
- * The desire by the industrial sector to develop a new business or product line
- * The development of new markets through advancements in technology
- * The change in consumer choice
- * The political and environmental climate surrounding utilization of the resource

Agent for Change

Contributions are to be found in supporting applied research to identify new product and market opportunities and creating an atmosphere in the community that is receptive to change and willing to modify its hard and soft infrastructure to support that change.

Government

The majority of the research discussion has focused on the important role of wood products and tourism input cycles to local community development. However, there have been periods in the development of these communities when both cycles have been at ebb and the communities continued to survive. Clearly some other forces must be at work for that to occur. In some case it may have been the strength of the other combined sectors, but in some cases, government plays a strong role. In one sense a governmental sector consisting of both city and county government, functions

somewhat like a mini-tourism sector only in this case the consumers are there not out of choice but out of need. In any event the presence of a government center forcibly contributes to the visitor flow of a community on a very regular and even basis. The presence of this overlooked sector may be exceptionally important during the down-turn periods of a community's life and economy in providing a stabilized traffic flow to the retail and service sectors.

Summary

The success of the four twin sector communities studied is linked to the long term input cycle of the wood products sector and the more powerful short term input cycle of tourism. Some studies have suggested that tourism jobs and tourism in general is not as powerful an economic engine as one based on manufacturing, however the tourism sector is the one where it is possible to make more rapid change in response to changes in the market and the economy. However, large resorts require substantial investment which requires a long-range perspective.

In any event, in the four case study communities, the two sectors have combined with a strong local government sector to firmly establish what appears to be a sustainable base economy upon which to grow.

From the beginning we have emphasized the importance of complementarity. It may be more appropriate to say that communities whether founded on tourism and wood products or some other mix of sectors must have some degree of complementarity to be considered sustainable.

Fortunately, the tourism and forest products sectors are quite compatible as demonstrated by these combined development centers.

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