

METALLIC SULFIDE MINING

A RISKY PROPOSITION

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The Problem

Several companies are vigorously pursuing metallic sulfide mining projects in northeastern Minnesota. But this is not the taconite mining that made the Iron Range famous and that Minnesotans understand. This is a much riskier mining that yields small amounts of nickel, copper, gold and platinum.

But, according to a study by Dr. Tom Power, Emeritus Professor of Economics at the University of Montana, northeastern Minnesotans no longer need to beg companies to locate in their communities, especially without demanding specific protections and benefits for their environment and economic future.

Mining always has been, and always will be, a boom and bust industry. Since the taconite mining downturn that began in 1979 and devastated the Iron Range economy through much of the 1980s, those northern counties have rebounded.

Using government economic data, Power found that the region is:

- currently approaching full employment with reported shortages of skilled workers, particularly in mining jobs
- reporting average incomes that have increased 30 to 40 percent over and above inflation
- attracting new, high-paying jobs, particularly in the medical and health service industries

In today's economy, the jobs more often follow the people, not the other way around, and the people are choosing to live in places with intact environments and communities that have stable, long-term social amenities, according to Power's report.

Environmental quality is central to the economic base and vitality of any region, especially northern Minnesota. The natural landscape is the source of valuable environmental services that make a location an attractive place to live, work and do business. This is not about a tourism-only economy, but about attracting and supporting entrepreneurs. The ability of an area to hold and attract residents is an important part of any region's economic base.

Sulfide mining, with its heavy industrialization, destruction of the landscape and potential to leach sulfuric acid and toxic metals into local watersheds, can create permanent environmental damage. It disturbs natural lands forever, including valuable wetlands that hold and store global warming pollutants, and creates water pollution problems that continue indefinitely into the future, requiring perpetual treatment and containment. Those costs are frequently left to the state's taxpayers after the mining companies have extracted all the profits.

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METALLIC SULFIDE MINING: A RISKY PROPOSITION

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The Problem, continued ...

The number of iron ore jobs in Minnesota dropped 83 percent between 1979 and 2005. But copper and other nonferrous mining will hardly be a savior for Minnesota. Nationally, employment in copper mining dropped 80 percent between 1972 and 2002. The drop in all mining jobs is due to the volatility of metal prices and new technologies purposely developed to reduce the number of jobs.

While metal mining and processing jobs are among the highest paid blue-collar jobs, the new proposals will have a relatively modest impact on residents. Construction work is temporary and will likely rely on many imported workers. The area is already near full employment with the existing mining work force aging and needing replacement, creating opportunities for younger workers. The PolyMet proposal will add only four-tenths of one percent to St. Louis County employment, and even with a multiplier effect, still represents less than one percent of total county employment. And the last studies done on copper development in Minnesota indicated that the new tax revenue from mining would not cover the governments' costs of providing additional services to residents and businesses.

The new, more diverse Iron Range economy is much less susceptible to economic downturns and its natural environment contains the keys to a sustainable economic future. These new sulfide mines require many fewer workers than the old taconite mines did, and everyone knows that somewhere down the road, these sulfide mines will go bust, too.

The Solution

Any proposed metallic sulfide mine must be closely scrutinized by state agencies and show that they can mine without damaging our valuable wetlands, rivers, lakes, groundwater and forests.

Further, the state should require letters of credit with no expiration date in amounts sufficient to ensure that no matter what happens to the company, state taxpayers don't get stuck cleaning up any mining mess.

To read Dr. Power's full report, go to http://www.mncenter.org/minnesota_center_for_envi/files/Miningreport10-4.pdf