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Mineral Extraction and Local Economic Development

Last week the bipartisan legislative committee charged with proposing a new law specifying in broad terms the energy policy of the State of Montana could not reach agreement on any of the major issues. The Democrats pushed for a commitment by the State of Montana to reduce human produced green-house gases in order to stabilize our climate. Republicans pushed for a commitment to the development of the abundant coal, oil, and natural gas resources that Montana has. Of course, since the burning of fossil fuels, especially coal, necessarily involves the release of green-house gases, the two sides did not reach agreement.

This is a difficult time for a politician to be rejecting any public policy that *might* create high paying jobs. Given the long lingering effects of the Great Recession, mineral development is likely to look like a good thing to many, despite the reservations they might have about its environmental impacts, reservations that in more prosperous times might have represented a significant political force aimed at limiting environmental damage.

Because mineral extraction involves capturing a “gift of nature,” it is commonly presented and perceived as involving the “production” of substantial wealth. In both our history and folklore, mineral exploration, when successful, has been seen as the discovery substantial “treasure.” The gold rushes in Montana and other western states brought in large numbers of European-American treasure seekers who often are seen as laying the basis for the modern West.

But it is not just the development of precious metals that can generate considerable wealth. The copper deposits in Butte, Montana, came to be referred to as “the richest hill on Earth” in the early 20th century. The discovery of oil fields and later natural gas fields were the source of personal fortunes and substantial corporate profits in Oklahoma, Texas, and California. Coal, iron, lead, and other mineral discoveries transformed regions while generating considerable income. This view of our economic history has led to a common association of almost any mining project with the production of considerable wealth, some of which is expected to benefit both workers and local residents through its high-paid jobs. In fact, mineral extraction activities *do* pay among the highest wages available to blue collar workers.

Given the high wages associated with mining, one would expect communities that rely heavily on mining to be unusually prosperous. That, in general, has **not** been the case. Across the United States mining communities, instead, are noted for high levels of unemployment, slow rates of growth of income and employment, high poverty rates, and stagnant or declining populations. In fact, our historic mining regions have become synonymous with persistent poverty, not prosperity: Appalachia with its coal, the Ozarks with lead, the Four Corners area with coal, and the Upper Peninsula of Michigan with its copper and iron are dramatic examples of the association of mining with persistent poverty rather than prosperity. For many decades federal efforts have focused considerable resources at overcoming the poverty and unemployment found in these historic mining districts.

One can also look at Butte’s struggles to recover from mining. The same is true of the copper towns of Arizona and New Mexico, the Wallace and Kellogg areas in the

Silver Valley of Idaho, the Iron Range in Minnesota, and the once “uranium capitol” of the nation, the Grants area in New Mexico. Of course there are also all of the gold and silver ghost towns of the West. Almost none of these mining dependent areas are prosperous, vital communities.

Some of these areas have begun to recover over the last several decades due sometimes to the expenditure of hundreds of millions of dollars on Super Fund clean up or due to the in-migration of new, relatively foot-loose residents and economic activities, but that recovery and new economic vitality is usually not tied to ongoing mining activity.

What is clear is that mining by itself does not usually trigger self-sustaining economic vitality. The reasons for this are not a mystery. Mineral prices fluctuate wildly on international commodity markets. Look at the wild swings in natural gas and copper prices over the last several years. As mineral prices swing, mineral extraction activity rises and falls, booming for a time and then laying off workers and shutting down operations. In addition labor-saving technologies constantly reduce the need for mineral extraction workers, even when production is steady or slowly rising. The minerals, of course, ultimately are mined out and mineral extraction has to shift to another region. Unfortunately, mineral extraction is a land and environment intensive activity, often leaving an environmental disaster behind that discourages in-migration of people and businesses.

Those environmental problems are not just a problem with the “old fashion, dirty, mining of the past.” Mountain top removal remains a major source of coal in the eastern United States and un-reclaimable open pit mines continue to be dug across the West. The use of toxic chemicals to dissolve minerals in place or to free up natural gas

continues to expand across North America and Alberta's extensive destruction of forests and wetlands to get at its tar sands is an increasingly important source of oil supply for the United States.

There may be profits to be made, a few hundred high-paying jobs to be had, and tax revenues to make it easier for politicians to govern, but none of that has brought sustainable prosperity or environmental stability to our mining-dependent communities. Given that, even in these hard times, we cannot afford to act like beggars who cannot be good choosers. We owe Montana and future generations more than that.