

# Sierra Club: Strategic Minerals Problem Only a Pursuit of Private Profits

Easing environmental regulations for mining and processing and providing companies easier access to the wilderness, is not the answer to increasing domestic production of strategic minerals to reduce U.S. dependence on foreign suppliers, says an article in the July-August edition of Sierra Magazine.

According to Carol Polsgrove, author of the article "Strategic Minerals, Reality and Ruse," a better approach to reducing U.S. imports of critical minerals is to work on developing substitute alloys, conservation measures and recycling systems.

"For some of the most critical minerals, it is unlikely that either economic incentives or opening of large areas of government lands to conventional exploration and mining can insure a stable supply," said Polsgrove. "The truth is that the mining industry has exaggerated the strategic minerals problem as one more ploy to help it pursue private profits at public expense, and to fight the environmental movement."

Chuck Herbert, former president of the Resource Development Council and noted Alaska mining consultant, pointed out the conclusion of a well-balanced series of articles on minerals in the Christian Science Monitor which said "U.S. reliance on imported strategic raw minerals, often from politically unstable areas, is as risky as dependence on imported oil was in the 1970's."

Herbert stressed that "unless memories of the petroleum shortages and inflation-producing oil price hikes of the 1970s are very short, intelligent readers will listen to the Christian Science Monitor's warning of risk, rather than endorse the Sierra Club's fears of "private profit." Herbert continued, "the truth is that the U.S. mining industry, consistently over the years, has been less profitable than manufacturing."

Herbert, a former Alaska commissioner of Natural Resources, said

profits are further reduced by huge investments in environmental-dictated pollution abatement measures, which have "so shrunk the capital needed for plant replacement and expansion that many economists warn that dependence on imports will be aggravated."

U.S. demand for mineral raw materials, equal to about one-third of the world's supply, will face stiff competition from both economic and political forces, Herbert predicts. Pointing out that this is not a new alarm, Herbert said that even before President Kennedy's lament over diminishing economic and political freedom caused by mineral import dependence, Russian Major General Lagovskiy advised his nation to exploit the U.S. dependence. The communist-inspired attack by Angola in 1978 on the world's most important source of cobalt shows that the General's advice is not forgotten, said Herbert.

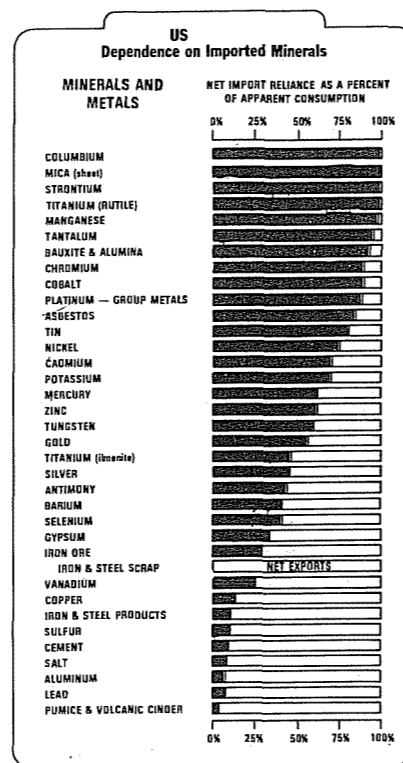
Citing that it is not only the unfriendly or unstable nations that may take advantage of American weakness in mineral supplies, Herbert said several oil refineries in the Midwest were threatened with extinction by a proposed cut-off in Canadian oil supplies.

Nor does the U.S. have a clean record in raw materials trade, Herbert admitted, as "in the past we have damaged our friends with severe export restrictions on uranium, copper and soy beans."

The mining consultant said the Sierra Club is correct in urging more recycling of metals to conserve supplies and energy. "Hopefully, the club will use its demonstrated clout to improve freight rates and regulations that now burden the producers of recycled metals."

However, recycling of some metals, largely those that are essential to many steel alloys, is very difficult, Herbert explained. "Even their identification during the sorting of scrap metal is often impossible."

Conservation, substitution and recycling will become more necessary



This chart shows U.S. dependence on imported minerals, all of which are essential to the U.S. economy.

but they cannot close or even reduce the gap between domestic use and domestic availability of many metals, Herbert said. Since U.S. production cannot provide all of the mineral raw materials required in this complex industrialized society, "we must rely on trade and that reliance dictates that we be in a strong trading position," said Herbert. Proven domestic mineral reserves are insurance against threats of embargoes and insufferable price escalations, he added.

"The environmentalists deliberately weaken our trading position by locking vast areas with unknown and untested mineral potential in parks, wilderness and refuges," Herbert stated. "The Sierra Club would deny us even the right to know what we might have as weapons to use in the threatening trade war for mineral supplies."

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# Resource Review

August 1982



Alaska Wilderness

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## Message From The Executive Director

By Paula P. Easley

Those of us who share a deep concern over our nation's reliance on politically unpredictable sources for petroleum and minerals have a battle on our hands with those who want less domestic development.

We believe a sudden cutoff of either resource would have a chaotic effect on our country's ability to function. We advocate petroleum and mineral development policies that encourage self-sufficiency and national security.

To accomplish this, it is apparent that some exploration and development is necessary on the public lands -- lands controlled by the federal government that comprise a third of the nation's land mass.

Political scientist John Baden and economist Richard Stroup, who founded and direct the Center for Political Economy and Natural Resources at Montana State University, have for some time proposed a solution to the battle of public land usages.

Baden and Stroup propose giving wilderness lands to groups such as Audubon, Sierra and the Wilderness Society in exchange for their agreement that no future wilderness areas will be established by government and accepting tradeoffs for cleaning up other land. The result would be that these areas, which are now primarily closed to all mining activity, would be managed by groups with motivation to weigh potential damage to ecology against profits.

The new owner would have the opportunity to lease mineral rights and obtain royalties. Says Baden, "Assuming that the managers of the interest group are intelligent and dedicated individuals, they will attempt, in accord with their values, to maximize their potential value from the resource.

"For example, if the area has a titanium deposit that is expected to yield \$1 million worth of benefits, they would consider developing it."

Under these circumstances as opposed to the public ownership we now have, the wilderness groups would be forced by self-interest to consider the opportunity cost of not developing the land.

The best example of this approach in action is the Rainy Wildlife Sanctuary in Vermilion Parish, Louisiana. Bequeathed to the Audubon Society in 1924, the sanctuary of 26,800 acres is run for the sake of the abundant wildlife there, and visitors

are strictly limited.

Coexisting in harmony with the wildlife are gas-producing wells which bring in almost a million dollars a year in royalty revenues and cattle grazing on about 8,000 acres with a per head fee charged to the owners.

John Anderson, director of Audubon's Sanctuaries Department, speaks highly of the oil companies operating there and says they have leaned over backwards to comply with Rainy's strict management provisions. The companies have, in fact, greatly improved the capacity of certain areas of the marsh to sustain wildlife.

Rainy preserve uses controlled burning to encourage growth of a grass preferred by geese (not possible on government-owned wilderness land) and has found cattle grazing to improve the sanctuary's environmental quality by passing seed and breaking up the ground for plants the geese relish.

Another group, The Nature Conservancy, buys and manages ecologically sensitive lands and allow activities which help the properties pay for themselves. With profits the organization is enabled to acquire other land.

Baden and Stroup believe it unlikely that many large mineral deposits coincide with areas of critical environmental concern. Considering that the total acreage mined for nonfuel miners in the U.S. in the last 50 years is less than a million acres, it makes little sense to lock up vast wilderness areas when a small portion could be carefully mined and the wilderness characteristics retained.

"If an environmental group decided that minerals in a particular area could not be extracted without greater damage to the land than the benefits of extraction, the group would simply be required to make improvements on an equivalent amount of land that had been damaged by previous activities." ... Conservationists could thus add to their stock by using their pool of voluntary labor to repair land damaged by primitive mining techniques.

While this explanation of the Center's proposal gives you only an idea of its approach, it is a unique means of saving wilderness that you may wish to explore further. A request from you will bring more in-depth information.

What do you think about this?

## Pacific Legal Foundation Requests Your Partnership

In a free society conflicts are ultimately resolved by the rule of law. More and more courts are setting social policy through their decisions. You must get involved in court actions and be sure your views are represented.

Pacific Legal Foundation was created to be a voice for the responsible citizen. It fights in court for limited government, preservation of private property rights and the free enterprise system. Let them speak out on your behalf. Send for information on their activities and join with them in their efforts by giving your support.

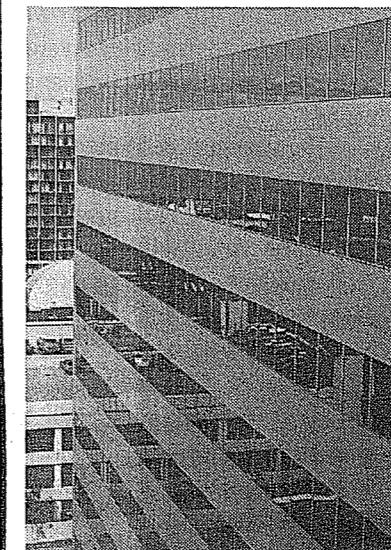
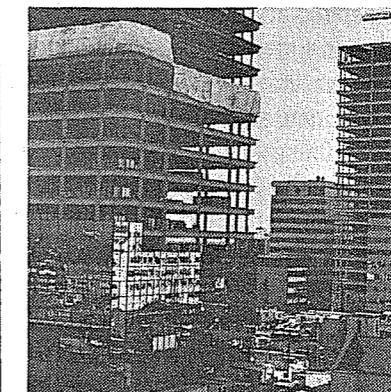
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### NOTABLE QUOTE

"Environmentalists and others who believe our public lands need to be protected can and must form effective coalitions of their own. Coalitions will enable them to break the confines limiting the effectiveness of single-issue activists. It is an old rule -- not particularly admirable, but true nonetheless -- that political "clout" is based on sizeable coalitions. Failure to reach for wider alliances will surely result in failure to achieve the goals we seek. Only by demonstrating the weight of numbers and organization, can we realistically hope to influence decisions of officials elected or appointed on the basis of viewpoints opposite to our own."

George McGovern

## Anchorage Construction Soars Upward



## Ketchikan Council Wants Development

The Ketchikan City Council voted last month to lump three capital projects together into a single development plan that will go on the ballot in October.

The three projects are a community center, a police station and a downtown parking facility. The council estimated the total cost of the project at \$15 million with a senate bill, municipal assistance funds and a bond sale to pay for the package.

In discussing the plan, Councilman George Rozwick said the three items in the project were very important and that the council should not shy away from the size of the project.

Rozwick commented that Ketchikan should be big for once and that "we're always behind in building things we need and this time we're probably 50 years behind. We can bond for the other half and have everything we need."

Councilman Norman Dupre said he's wrestled with having to fund all the projects now, "but this is a unique opportunity to get enough funds to cover half of three major projects at once."

Councilwoman Elaine Seymour agreed with Dupre, adding that the council had been fooling around with the projects for a long time.

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Fourteen men and women who played a role in the discovery of oil at Swanson River 25 years ago, reminisced at center state during the RDC Black Gold Silver Anniversary Dinner at the Captain Cook Hotel in Anchorage July 22. About 200 people attended the event, which was part of Oil



Discovery Week. At right, Harry Jamison, President of ARCO Exploration Company, blows out 25 candles on the anniversary cake, presented by RDC Deputy Director Joyce Munson at left. Master of ceremonies was Bob Fleming, long-time Alaska broadcaster.

## Udall "Immensely" Satisfied With Alaska Lands Bill

In a Sierra Club magazine interview, Mo Udall, Chair of the House Interior Committee, applauded his efforts in championing the Alaska National Interests Lands Conservation Act, saying he is "immensely" satisfied with its results.

In the August edition of *Sierra*, Udall said that with passage of the land act, "we doubled the national park system." He added, "we also almost doubled the wilderness system and we doubled the game refuge system that one afternoon." afternoon."

Udall praised the Sierra Club for its efforts toward securing a strong Alaska lands bill and termed their action a "beauty to behold."

In describing the final days before passage of the bill, Udall said "the bill passed through the House twice, and each time there were energy crisis' underway. People were sitting in gas lines the day we passed the bill the last time in the House. The opponents seized on that; they tried to turn this into a referendum on jobs versus energy and versus conservation, and we beat them, beat them bad."

"They taught me there is deep-seated bipartisan support for conservation goals, and we can win these fights if we'll get organized. We put together a finely honed, tooled, interrelated legislative machine. We could find out in an instant that some senator was about to join up with somebody on a bum amendment, and we'd have five people from his home state who had credentials as supporters of his who would show up or would get on the telephone. We did the ultimate kind of civics and lobbying jobs that you read about in the textbooks."

"A law that complicated is going to have defects in it, and I want to be in a position to bargain a little bit," Udall said. "Where we left out a piece of land that should have been in or where a serious mistake is about to be made, I want to be in a position to go in and fine tune it."

## Borax To Begin Road Construction

*Continued from page 3*

Finney said he doesn't expect any delay in construction, although environmentalists have threatened to protest the EIS decision. "My feeling is that the process has been followed closely and carefully," he said.

In an update briefing of U.S. Borax activities at Quartz Hill before an RDC breakfast meeting audience last month, Finney said construction of mine facilities could begin in 1984 with operation in 1987. However, due to current market conditions, he reported that Borax may only produce about 40,000 tons daily in the early years of the project. He added, however, that economists are predicting a world shortage of molybdenum by 1990.

An Environment Review Team organized by RDC selected the Blossom route as its preferred route some months ago. RDC was surprised that its lengthy review and analysis was excluded from the Final Environmental Impact Statement, but, said the Council's executive director, "It's not the first time our comments have been ignored by a government agency in the EIS process and I doubt it will be the last."

## Borax Readies for Blossom Road Construction

U.S. Borax has received the go-ahead to use the Blossom River route to its molybdenum mine at Quartz Hill 45 miles from Ketchikan for road access and bulk sampling. The U.S. Forest Service issued its ruling in a final environmental impact statement (EIS) for road access and bulk sampling.

According to Don Finney, U.S. Borax Ketchikan manager, construction on the

road could begin later this month. "We expect to have South coast geared up and ready to go," Finney said. The first step, he added, is to move in a floating camp to establish a beachhead for the road-building effort.



Don Finney

The EIS found the 10 mile Blossom

route to have a more favorable safety factor, more townsite options, a shorter and more protected marine transportation route between Ketchikan, more efficient arrangement of mine site facilities and long term economic advantages for mine development over the Keta River alternative backed by environmental organizations.

*Continued on page 6*

## Roaring '20s Train Trip Scheduled

Musical groups, casino games, singing, dancing and an outrageous baseball game are only a few of the zany events planned for the fourth Roaring Twenties Express to Seward September 11.

Sponsored by the Resource Development Council, the popular Alaska Railroad charter leaves the Anchorage depot at 9:00 a.m. and arrives back in town at 11:30 p.m. Over 600 persons jammed the previous Express to Seward, which the Alaska Railroad claimed was the longest passenger train in North America.

Several bands have been commissioned to perform aboard the train, including two California jazz bands: The World Famous Desolation Jazz Ensemble and Mess Kit Repair Battalion of Pismo Beach and the East Guadalajara Ironworks Marching Brass Band of Sacramento.

In addition to numerous activities planned aboard the train, an auction and a labor versus management coed softball game are planned in Seward as well as a Roaring Twenties costume and Charleston contest. Bus tours of Seward and nearby Exit Glacier are also planned.

Since the theme of the charter is "Roaring Twenties," passengers are urged to dress in 1920s attire. Railroad cars reflecting the 20s spirit will add to the festivities.

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While the Alaska Railroad does make regular freight runs to Seward, passenger runs have not been scheduled for many years. This year's train trip will bring back memories for residents who had traveled the route in

the "old days." Persons wishing to assure passage on the Express are urged to make reservations early by contacting the Resource Development Council at 278-9615. Round trip tickets sell for \$65.



According to Senator Frank Murkowski, high concentrations of water in Southeast Alaska and in the tundra make about half of the state subject to wetlands regulations.

## RDC Attacks Wetland Rules

The regulatory quagmire facing property owners who seek to develop their land was the focal point of five individual Alaskans testifying before a U.S. Senate Environment and Public Works Committee hearing on wetlands in Anchorage July 8. The testimonies were coordinated through the Resource Development Council, which claimed that some individuals have lost their life savings in pursuit of wetland permits.

The hearing, chaired by Senator Frank Murkowski, centered on current effectiveness of wetlands regulatory programs and recommendations for improving the permit process. Testimony was also presented by government agencies, private industry, trade associations and environmental groups.

Council witnesses reported that impacts of wetland regulations are profound, given the extensive nature of current definitions. The Council's testimonies highlighted the overlapping of entities and administrative agencies seeking to assume some portion of jurisdictional approval over Alaska's wetlands.

Paula Easley, RDC Executive Director, recommended that zoning classifications of "preservation" or "conservation" as they relate to private

property allow for adequate compensation by the zoning authority. "Private property left in the preservation classification allowing for no development should not be taxed," Easley said.

Since the wetland definitions are so broad and ambiguous, the issue could hinder development in Alaska since much of the state's tundra is determined to be wetlands, said Darlene Ruiz, an attorney with the Pacific Legal Foundation.

Testifying on behalf of RDC, Ruiz said a major problem with federal

wetlands regulations is that no one has a clear-cut definition. Another problem, she added, is that state agencies are being asked to take over some aspects of such regulation. Depending on how they interpret regulations, she said activity on some property could be restricted to the point of reducing its value without adequate compensation for the property owners.

Ruiz told the Committee that "agencies have raced to increase their jurisdictions through expansion of the definition of wetlands with little concern for the effect upon regions."



Tilted utility poles in moist terrain is a common sight in Alaska.

## Wetland Nightmares

# Witnesses Complain Private Property Rights Violated

Don Benson purchased a piece of property at Mile 33 of the Glenn Highway from a Palmer resident in 1978. Later that year he obtained all local permits for the development of an airstrip and aircraft maintenance facility, and started work on the project. In March 1979, Benson was given a cease and desist order issued by the Corps of Engineers, at which time he immediately halted the project. He was told by the Corps that his development was subject to a nationwide wetlands permit.

"It has been four years and our project has yet to be completed," said Benson, one of five Resource Development Council witnesses testifying before a U.S. Senate Environment and Public Works Committee hearing on wetlands in Anchorage July 8.

and mortgage payments on the land, estimates his losses at about \$250,000.

While development on his land has stood idle over much of the past four years, Benson has watched construction of a road for the State of Alaska Department of Fish & Game take place within 200 feet of his property. The Corps was notified of Fish & Game's plans and in less than one week it was determined that the property involved was not a wetland. Benson said the Corps' own survey shows this property to be identical to the property he is trying to develop.

Chester Cone owns property in Kenai, adjacent to the Kenai River. The property consists of 160 acres that he has homesteaded since 1958, and on which he has lived and improved upon until now.

In 1977 Cone started subdividing the land into different parcels for sale and for his own residential development. In the spring of 1977 he subdivided a 15 acre tract and after approval by all local planning agencies sold it to Miles Dean, who started a recreational development

beside the Kenai River. At the same time he drew up plans for a rural residential development on 90 acres adjoining the parcel sold to Dean.

In the spring of 1978 the Corps of Engineers, in a series of public meetings, announced its intent of determining the status of all lands along the Kenai River and made public a document called "Kenai River Review."

The Corps informed the public that much of the land along the river had been classified as wetlands and that all property owners must have their land inspected before starting or continuing any development.

"Mr. Dean and I both asked for an inspection, which was done during the summer of 1978 and soon after both of us were cited for filling and dredging on 'wetlands,' even though neither of us had received a report of determination as promised by the Corps," Cone reported to the Senate Committee. "We were both issued a cease and desist order and informed that we could be fined as much as \$25,000 per day until the violations were taken care of by submitting a 'wetland' permit application."

Months later Dean was sent a determination report that classified his land as "wetlands" but a full year later Cone had never received a determination, even though he had been informed to stop all development.

"Repeatedly, Colonel George Robertson and other Corps personnel told us and everyone else that we would not be deprived of the use of our land, but would only have to obtain a use permit," Cone said. Relying on this information, they both filed all necessary forms.

"After about 1½ years, I finally received notice that my land was 'wetlands' and an apology from the Colonel that it had taken so long," Cone revealed.

A year after filing the application, Dean received a denial for use and he



Testifying at the wetlands hearing are RDC witnesses Paula Easley, Chester Cone, Bud Dye, Don Benson and Darlene Ruiz.

immediately stopped making payments and turned the entire property back to Cone for a loss of \$300,000. Cone's denial came 2½ years after filing and as a result of both denials, he is left with 155 acres of land that he cannot use or sell.

"Practically none of the protesting agencies had ever seen or set foot on the land and all of their letters of denial were almost exact copies of the first denial from a person in the Alaska Department of Fish & Game, who informed me that as far as he was concerned there would never be any development along the Kenai River," said a disgusted Cone.

"After four years of frustration and loss of my life's savings I am resubmitting the parcels, one by one, and hoping for a little sanity in the process this time around."

Meanwhile, Benson told the Committee that the denial of citizens to develop their private property should be stopped and that the committee should act to stop the violation of property rights. Benson said the permit process is based on the biases of government agencies involved and not on the real public interest expressed by citizens. To support that statement Benson gave the committee a stack of petitions bearing 275 signatures of nearby residents who support his project.