

# Resisting Resource Colonialism in the Lake Superior Region

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Unjustified technological optimism led to BP's Gulf Coast oil spill and the Fukushima nuclear disaster in Japan. Now, proposals to deploy that same unchecked and faulty industrial logic threaten Wisconsin's water and the Upper Great Lakes. A coal-mining company is proposing a gigantic open pit mine and massive waste piles that have all the makings of a future ecological disaster that would extend far beyond Wisconsin.

The water that flows off the iron-rich Penoque Hills feeds the Penoque aquifer and the Bad River watershed, which flows into Lake Superior and provides drinking water for the city of Ashland and nearby towns. The water also feeds the wild rice beds of the Bad River Ojibwe Tribe. Wild rice is a sacred plant for the Ojibwe and an important food source. The tribe's wild rice beds are the largest in the state.

The company has invested in a massive public relations offensive with radio ads proclaiming that such mining can be done safely for generations while protecting the environment. Even worse, this same company has been crafting legislation that would prevent the public and the state's Indian Nations from challenging any of these claims by excluding them from participation in the mine permitting process. Secrecy is the hallmark of this ill-conceived legislation, with total disregard for public knowledge and input, fundamental water conservation principles, safety and indigenous rights. Local government input would also be limited. This is a recipe for another technological disaster.

Soaring demand for steel, copper and nickel in the rapidly industrializing economies of China and India has led to a mining rush in the entire Lake Superior region of Wisconsin, Michigan, and Minnesota. Wisconsin's historic iron mining district is confronting the prospects for a new boom-bust cycle based on the low-grade iron ore (taconite) resources of the Penoque-Gogebic Range that stretches

from Gogebic County, Michigan to southeastern Bayfield County, Wisconsin. The U.S. Geological Survey (USGS) says this is one of the largest undeveloped taconite resources in the country. They also note that previous resource estimates failed to consider the environmental impacts of large open-pit mines and related processing facilities which would determine whether this resource can be profitably mined.



Gogebic Taconite (GTAC) has leases for the mineral rights on 22,000 acres of the Penokee-Gogebic Range, covering 22 miles in Ashland and Iron Counties. The proposed mine would extract taconite by removing about 650 feet of overburden (waste rock) and creating a narrow pit four miles long, one-third mile wide and at least 900 feet deep. The overburden would be dumped in massive tailings piles along the northwest side of the Penokee-Gogebic Range. If permitted, it would be the largest mine ever seen in Wisconsin. It is already the most controversial project since the failed Crandon metallic sulfide proposal (see “The Crandon Mine Saga” *Z Magazine*, February 2004). Ever since a grassroots Indian, environmental and sportfishing alliance defeated the Crandon mine proposal the international mining industry has considered the state among the least favorable places for mining investment.

With a projected investment of \$1.5 billion, GTAC executives wanted to minimize the political risk of the project. The greatest political vulnerability is organized opposition at the earliest stage of the project. Accurate, reliable information about the social, economic and environmental impacts of taconite mining is likely to fuel the opposition. They were also worried that Wisconsin’s mining regulations would

not allow such a mine to be permitted. GTAC executives discussed these concerns with several legislators and contributed more than \$40,000 in 2010 campaign contributions to Republican candidates involved with the mining issue, including Gov. Scott Walker and Rep. Mark Honadel (R-South Milwaukee). Now Representative Honadel and Senator Rich Zipperer (R-Pewaukee) are pushing to have the legislature rush through a major overhaul of Wisconsin's mining regulations without adequate public notice or participation.

The Iron Mining Law, drafted with the assistance of mining industry consultants, would drastically speed up the mine permitting process by denying the public and Indian Nations their right to be informed about the social, economic and environmental impacts of mining projects and to participate in the decision making process through contested case hearings and local impact committees.

### *What's the Big Rush?*

State Senator Bob Jauch (D-Poplar), whose district encompasses the proposed mine, was outraged when he learned that mining proponents were attempting to rush the Iron Mining bill (re-named the "Jobs for Generations Act") through the legislature. "It is an absolute insult for Senator Hopper to schedule a bill that hasn't even been released to the public. The mining company has been privately writing this legislation for five months. It is only a matter of common decency that the chair gives the public more than five days to review the bill. I am still in the process of trying to understand what the 186-page bill does," said Jauch. "In five words, I think it means 'give us what we want.'"

Several of the state's environmental groups, including the Wisconsin League of Conservation Voters, Clean Wisconsin, and the Wisconsin John Muir Chapter of the Sierra Club successfully mobilized their membership to force the cancellation of the hearing. The bill has been rewritten, but is still unavailable to the public as of this writing.



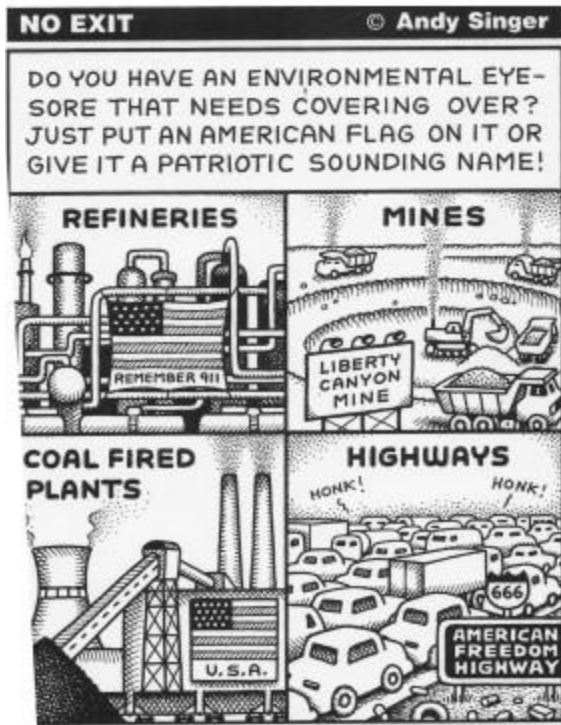
The legislation comes as a complete surprise to the communities most likely to be affected by the proposed mining. At a public forum in Ashland last January 2011,

representatives of GTAC assured the audience that they were not seeking to change Wisconsin mining regulations or public participation in the permit process. Four months later there is a bill that does exactly that. “Legislators are totally rewriting Wisconsin’s mining laws for one out-of-state mining company that’s never developed an iron mine,” said Jennifer Giegerich of the Wisconsin League of Conservation Voters. “One of the things they’re doing is eliminating many of the public-health and natural resource protections that we have valued here in Wisconsin.”

Under the provisions of this bill (LRB 2035), which only applies to iron mining, the mining company will no longer be required to do a risk assessment of accidental health and environmental hazards associated with the mining operation. Existing water quality standards that protect water in the Great Lakes basin will be sacrificed if they conflict with “the need for waste sites and processing facilities to be contiguous to the location of the iron deposits.”

Just in case the authors of the bill may have overlooked some potential environmental obstacle, the bill states that, “If there is a conflict between a provision in the iron mining laws and a provision in another state environmental law, the provision in the iron mining law controls.” In other words, the Iron Mining Law proclaims that the expansion of the mining industry is the official policy of the state and all other considerations are subordinate to mining.

### ***The Cline Group of Companies***



The major reason for this assault on environmental protection and indigenous rights is to accommodate the wishes of a mining company to receive a mining permit in record time. GTAC President Bill Williams told a reporter that his company may abandon the project if the process takes too long.

GTAC is a limited liability company registered on the Toronto Stock Exchange and owned by the privately held Cline Group, a coal mining company based in Florida. Christopher Cline is a billionaire who owns large coal reserves in Illinois and Northern Appalachia. He has been called the “New King Coal” by *Bloomberg Markets Magazine*. Coal industry publications describe his leadership style as confrontational. In 1999 he closed down a West Virginia mine when workers voted to join the union. He then reopened the mine without union workers. As popular opposition to the practice of mountaintop removal coal mining spread in Appalachia, Cline shifted his new investments to Illinois coal. The company’s coal mines in Illinois use longwall mining to remove the entire coal seam. Once the coal has been removed the ground sinks, sometimes to a depth of more than four feet as the earth above the excavated coal fills the void. Environmental groups have protested that longwall mining has disrupted stream flows, polluted aquifers and permanently damaged historic buildings.

Senator Zipperer, co-sponsor of the bill, says that mining companies need to be assured that they will get their permits at the end of the process: “The main

problem they have is uncertainty. I think the current statute is, in effect, a mining moratorium in this state.” The current Mining Moratorium Law does not ban mining. It simply requires that before the state can issue a permit for mining of sulfide ore bodies, potential miners must provide an example of where a metallic sulfide mine in the United States or Canada has not polluted surface and groundwaters during or after mining. This is also known as Wisconsin’s “Prove it First” law. The political movement that was responsible for this landmark environmental legislation left an indelible impression on the entire international mining industry. The *Mining Environmental Management Journal* in 2000 portrayed the Wolf Watershed Educational Project, one of the leading opponents of the Crandon mine, as an “example of what is becoming a very real threat to the global mining industry.”

The mining industry has not been able to find a single example where they have mined without polluting surface and groundwaters, including the recently closed (1997) Flambeau copper sulfide mine in Ladysmith, Wisconsin. In January 2011, the Wisconsin Resources Protection Council (WRPC) filed suit against the Flambeau Mining Company and Kennecott Minerals (subsidiaries of parent company Rio Tinto in London) for ongoing violations of the federal Clean Water Act, including discharging pollutants such as copper, into the Flambeau River at levels far in excess of applicable water quality standards.

GTAC published an open letter to the people of Ashland and Iron Counties explaining why they were seeking legislative changes to the mining law. The ad stated that, “The regulatory framework needs certainty.” The Bad River Watershed Association responded to the ad saying, “We agree. For example, local people who drink groundwater from their wells need the certainty that they can continue to count on a reliable supply of safe drinking water. We deserve a permitting process that will ensure rigorous review before a mine goes forward.... The permit process should not allow for a series of hurry-up exemptions to the detriment of our streams, wetlands and groundwater.” Unfortunately, under the provisions of this bill there will be no time for a rigorous review. If the Wisconsin Department of Natural Resources (DNR) does not complete their review of the application within 300 days the application is automatically approved.

### ***A Threat to Water and Health***

The process of extracting taconite from the host rocks requires large amounts of water and leaves behind vast amounts of waste rock called tailings. These large tailings piles have the potential to generate acid rock drainage if sulfide minerals

are present in the waste rock. Matt Fifield, managing director of GTAC told a reporter that, “We have no expectations of making acid mine drainage.” If sulfide minerals are present in the host rock, there will always be the possibility of acid mine drainage. Does Fifield really believe that GTAC is exempt from natural law? In Minnesota, sulfate pollution from iron ore waste rock has destroyed wild rice beds downstream from mining operations. The sulfate comes from sulfide in rocks exposed to air and water during mining.

One of the early victories of the environmental movement was the successful prosecution of the Reserve Mining Company for dumping taconite tailings into Lake Superior. From 1955-1974, Reserve Mining’s processing plant at Silver Bay, Minnesota dumped 47 tons of taconite tailings into Lake Superior every minute. In 1974 U.S. District Court Judge Miles Lord ruled that Reserve’s discharge into Lake Superior violated federal and state pollution laws and ordered Reserve to stop dumping its tailings in the lake. The key moment in the lengthy court battle was when a chemist with the U.S. Environmental Protection Agency (EPA) found microscopic fibers similar to asbestos in the water supplies of Duluth and Two Harbors, both downstream from Silver Bay. The EPA put out an advisory about the asbestos-like particles because asbestos was known to cause cancer. Concerned about possible health risks, Duluth residents switched to drinking bottled water until a special filtration plant was built.

The Minnesota Health Department has confirmed 58 taconite miners have died of mesothelioma, a rare form of cancer, since 2003. Researchers concluded that commercial asbestos was the likely cause of the mesothelioma though it didn’t rule out taconite dust as a factor. Some scientists have suspected that exposure to asbestos might be from inhaling asbestos-like fibers in the taconite production plants or from contaminated taconite rocks.

According to Mary Manning, the director of health promotion and chronic disease at the Minnesota Department of Health (MDH), “Those fragments get into the air and there’s been questions over the years about what the health effects associated with those mineral fragments are.” After the MDH was criticized for withholding data from the public about a dozen confirmed cases of mesothelioma among Iron Range miners, the University of Minnesota’s School of Public Health took the lead role in studying the relationship between mesothelioma and taconite mining in northern Minnesota. Before Judge Lord’s decision, taconite tailings from East Range mines were used in sidewalk construction, house foundations, road building and winter sanding. After Lord’s decision, taconite tailings can only be used at the mine site.

## ***Ignoring Indigenous Rights***

The Lake Superior region is well known for its rich reserves of iron and copper. Gogebic and Penokee come from the Ojibwe word for iron. The systematic removal of the indigenous peoples from these mineral and timber-rich lands impoverished the Lake Superior Ojibwe bands and enriched several generations of East Coast copper and iron-mining families, including the Aggasizs and the Rockefellers.

Beginning in the 1890s and continuing for the next 50 years or so, the iron mines of Wisconsin, Michigan and Minnesota shipped over four billion tons of iron ore to America's steel mills, accounting for more than three-quarters of the nation's iron ore. But all this wealth did not result in prosperous and stable communities; rather, it has resulted in widespread poverty and unemployment. In the post World War II period, the steel companies diversified their supply sources by investing in potentially competitive sources of iron ore in Venezuela, Brazil, Canada and Australia.

The investment decisions of U.S. Steel and Hanna Mining threw an entire regional economy based on mining into a severe economic depression. The last iron ore mined in Wisconsin was from the Cary mine in 1965.

Will this boom-bust cycle produce different results this time around? Bad River Ojibwe Tribal chair Mike Wiggins Jr. is concerned that this mine could discharge polluted water to the Bad River watershed and the tribe's wild rice beds in the Kakagon Sloughs. The Sloughs are a 16,000-acre complex of wetlands, woodlands and sand dune ecosystems that is one of the largest freshwater estuaries in the world and crucial spawning grounds for Lake Superior fisheries. The Kakagon and Bad River wetland complex has been called "Wisconsin's Everglades."

To protect their wild rice beds the tribe has applied to the EPA for authority under the Clean Water Act to enforce tribal water quality standards on the reservation. It was the Mole Lake Ojibwe's assertion of tribal water regulatory authority that was one of the major turning points in the successful resistance to the Crandon mine project. "Water and water levels are non-negotiable," said Wiggins. "They are for our survival."

## ***Economic Engine or Resource Curse?***



Wisconsin Manufacturers and Commerce (WMC) is the state's largest business lobbying group, representing some of the world's largest mining equipment companies like Joy Global and Bucyrus International, located in southeastern Wisconsin. If large-scale taconite mining is permitted in Wisconsin, these companies stand to profit by supplying the mining machinery for these operations. WMC was a major lobbying force for the Crandon mine and against the Mining Moratorium Law. Now, even before any legislation has been introduced, GTAC executives have enlisted WMC to run a statewide radio ad campaign promoting the bill as a "Jobs for Generations Act." The ad states: "Iron County could be the center of record breaking job creation that will ripple through our entire state. You see, there are billions of tons of iron ore in Iron County, Wisconsin that can be safely mined for generations, all while protecting the environment."

We've heard this story before—mining as an engine of growth. Just look at the poverty in Appalachia (coal), the Ozarks (lead), the Upper Peninsula of Michigan (iron and copper) or Minnesota's Iron Range. "In the United States," says economist Thomas Power, "the historic mining regions have become synonymous with persistent poverty, not prosperity." Economists call this the "resource curse." This refers to the paradox that countries (and communities) with an abundance of natural resources have less economic growth than countries (and communities) without these natural resources. Over the last several decades the evidence shows that dependence on mining did not enable U.S. mining communities to perform better than other U.S. communities. "In fact," says Power, "mining-dependent communities lagged significantly behind the average for the rest of the nation."

Modern mineral mining is very machinery-intensive, creating far fewer jobs than promised. The most competitive mines extract more minerals with fewer workers. Rio Tinto's iron ore mines in the Pilbara region of Western Australia have invested heavily in robotics, including driverless trucks and automated drilling. GTAC's Matt Fifield has said that his taconite mine could compete with established mines despite the difficulty of mining such steep and narrow deposits by operating more efficiently and relying heavily on automation.

If GTAC's job projections are overstated, they completely ignore the impact of the proposed mine on existing jobs in tourism, forestry, the Lake Superior fishery and the subsistence economies of the Lake Superior Ojibwe tribes that have treaty-protected harvest rights in the ceded territories of Wisconsin, Michigan and Minnesota.

On June 9, 2011, environmental activists and organizations gathered at the Sigurd Olson Environmental Institute at Northland College to organize the Penokee Hills Education Project. Inspired by the Wolf Watershed Educational Project that helped defeat the Crandon mine, this coalition of Indian and environmental groups will educate a statewide audience about the stakes involved in the proposed mine. According to Frank Koehn, one of the organizers of the Penokee Hills Education Project, “GTAC tried to change the mining laws to give them unlimited and free access to the waters of the Bad River watershed so they could make billions of dollars.”

### *Postscript*

When the Wisconsin legislature concluded its spring session without passing the Iron Mining bill, GTAC put the project on hold. Matt Fifield said his company is ready to spend \$20 to \$30 million on the next phase of the project if the mining laws are changed to accommodate his project. When the bill comes up in the fall 2011 legislative session, the opposition will be ready to resume the battle.

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