

The Flow of Natural Resources and Raw Materials

By Lance Winslow - 2001

The Flow of Natural Resources and Raw Materials is vital to our Nation's Industrial Capacity and Job base. There are many reasons why we should be harvesting the raw materials that already exist in this country, rather than importing them, whenever it is feasible or possible. When there are reasons, which prevent us from doing the collecting of those natural resources within our own country, then and only then should we look towards our trading partners to supply us such raw materials and resources.

When we can harvest or through mining collect such raw materials within our borders and transport them short distances to the processing facilities, manufacturing factories, refineries, energy power plants and shipping ports or railroads for movement within our nation in expeditious and cost effective manner, our industrial capacity can run at optimum. In our country we have seen the loss of most of our mining in the last 40 years.

Some of these closures were due to ***Federal Clean Water Act in 1972***, which was to prevent the pollution from things like strip mining. Many other mines, drilling rigs and plants were closed due to the cost. This was often due to the World market price for the minerals or natural resource. Much of the mining was shut down due to regulations, labor costs, labor unions, OSHA rules, etc. Some examples of the problems of cost in mining have been overwhelming. We need our iron ore mines for instance to continue to build.



When reviewing the recent closing of the *Gold Mine in Butte, MT* we find that the mine was closed due to the increasing costs of energy to crush the rocks to get the gold out. Their costs in energy went from \$280,000 per month to 1.6 million per month. Sure there were other issues although imagine getting that electricity bill and trying to manage your expenses? Unpredictable energy costs are necessary for mining and other heavy industry, price spikes on top of over regulations is a death nail. Please see the essay; ***The Flow of Energy*** in this series. Now in many countries people have protested mines, as diamonds, gold and silver are easy ones to protest because these are often associated with greed since they are also considered legal tender. But protesting mining is also akin to attacking your economic base and strength.



A great mine to visit is one of the first gold mines in the country, The **Reed Gold Mine in Charlotte**. There were over 300 gold mines in North Carolina in the 1820's, before the 49'ers of CA, the Reed Mine was active until 1912. A total of 13 gold mines closed in during the last drop in the gold prices. Collecting the Gold under the conditions required in most of North America is no longer feasible with current technology, unless it can be collected along with other precious metals and the remaining material can be further sifted for iron ore, copper or another metal. There are several places on Earth where multiple metals appear within a very close proximity. Mining often, like many industrial endeavors can cause air pollution. When mining the excess which is not used is piled up and often causes leaching into the ground when it rains, those other minerals released are more concentrated than much of the normal downstream waters. The flow of clean water is important to a healthy America; please read: **The Flow of Water** in this series of essays.

This is because the minerals have been buried for centuries underneath in layers from previous periods. In the old **Berkeley Pit**, a copper mine which is closed not far from the **Sunlight Goldmine** in Montana, the rain water mixing with the minerals left in the bottom of the Pit was quite toxic and contained arsenic, which is harmful in large amounts to humans and animals. Although arsenic is a poison, it is part of the natural occurring minerals in nature and common to that area. Small traces are not to bad, but once they become to high it is cause for alarm.

http://www.carwashguys.com/tour_berkeley.shtml

Most of the Copper Mines in the United States have been closed. One excellent tour to visit is the famous old mine in AZ, **Bisbee Mine**. Why? Well, global prices, but more of an issue was the over regulation. Arizona at one time had many copper mines than any other place in the World. Many ancient Indians of the Americas made art out of the metallic materials found near their regions in Arizona. Many stories were handed down regarding its power?



The costs of transportation is also important in mining and a major consideration. Please read; *The Flow of Transportation* essay in this series. Most mines still in business today are in very close proximity to major rail lines, even with all the regulations and rules that exist some mining still exists in the United States; *Borax in Dagget, CA*. The Borax mine was moved from the *Harmony Borax Works* mine in Death Valley, the second hottest place on Earth with temps up to 134 degrees, In the 1880's, the famous 20 mule team borax trains hauled their loads a grueling 165 miles to the railroad in Mojave. This is an illustration of why the transportation factor is critical in the efficiency of mining to keep costs down for the factories which use the raw material or natural resources.

If you look at the above ground mines in North America, those with rail service right to the site can compete if the economies of scale and market prices remain stable. There are many other factors to consider also, for instance if your other countries do not have the same rules for environmental controls they can often sell those raw materials to other countries who in turn can sell their finished products, such a specialty alloys, steel, etc. at lower prices than your companies can produce them. Which would appear to be dumping; selling their products for less it costs them to produce them.

Many countries prop up such industries with huge tax incentives or subsidizing those industries and/or companies. There are many reasons for this, sometimes it is merely to insure that those companies are in business to sell products to the Countries government agencies for infrastructure projects. Other times it is to appease labor and provide jobs. Sometimes it is in retaliation for a perceived or actual trade war from another trading partner country, which is propping up one of its other industries. The dynamics of World Trade on; industry, peace, quality of life of populations, money flow, raw materials and natural resources; are quite extensive, as you might have guessed. Please read the **Flow of Trade** essay in this series.

If you look at the above ground *Coal Mines in; Gillette, WY*; you can see a perfect example of how mining works when everything is just right. Hundreds and hundreds of complete train loads leaving weekly for coal fired energy plants across the country. The economies of scale in such mines are incredible, fun to watch and very serious, every single second is accounted for, it is now a pure science in efficiency. If you ever get the chance we recommend you take the Gillette, WY tour. You will be blown away to see where we have come in the past few centuries.



http://www.carwashguys.com/tour_gillette.shtml

<http://www.horizon-tours.com/coalmine.htm>

The deepest Coal Mine in the world is over 5000 feet below the ground in the UK. Many in the United States are over 1200 feet deep, most of those are closed and now few are remaining. There is a mine in Alabama, which is the deepest vertical shaft coalmine in North America, with operations at 2,140 feet beneath the surface. It is hard for the coalmines in Washington State, Pennsylvania, West Virginia and Alabama to compete with the incredible economies of scale of the Gillette WY above ground mine. Below ground coalmines can be quite dangerous. There are gases underground and coal dust and if a fire breaks out it steals all the oxygen. Learn more about the serious nature of these mine safety you may wish to visit this site; <http://www.usmra.com/> .

Recently the rescue of the coalminers in PA caught the attention of the whole world as rescue workers and heads-up trapped miners, worked non-stop to stay alive until every man got out. This is not always the case, many miners were lost in a Utah Mine recently and we all remember the miners who have lost their lives in West Virginia. Mining is dangerous business and safety is essential and comes at a high cost in productivity. Above ground machinery and robotics have made many mining efforts in the United States profitable and much safer. Also at issue as we have discussed are the environmental issues. One coalminer ancestor we interviewed had been in touch with relatives in the UK, she told us of the problems with pollution:

"My grandmothers were born in this country, but my grandfathers weren't so I am only a third generation American. My mining ancestors came from Wales and Scotland where the mines were very polluted and people equated them with working in hell. I understand that relatives there still work in the mines."

Things in the mining industry have significantly changed in the United States in the past 25 years the only question is; did they change too fast? The reason we won the Second World War was because of our industrial output, we had the raw materials and the will and we were able to do it all here, are we positive we wish to lose such capability in the future, after all it is still a cruel world, the human race is surely not done killing our own species yet, there will be more wars. The key issue in mining is the competition between third world countries trashing the environment and our environmental regulations in place here.



Today in the United States, we have new innovations to protect the environment without slowing the process. These new methods are costly on original capitalization of a project, but usually once started are amortized over a significant period. Many colleges are putting out environmental engineers specializing in mining in specialty colleges such as the famous mining college in Butte Montana. By doing this the job of doing mining correctly is feasible, but environmental laws are not the only regulations that mining operations have to deal with, once you let those bastard regulators on the property they are only interested in finding something wrong to pay for their trip.

Many older coal miners of the past few generations met these US Regulators at the gates with shotguns. This is due to the outrageous, self-righteous attitude. Here is one story for the daughter of an old coalmine that was eventually forced to be shut down. Was it competition that prompted this? Was it the environment? Organized labor? Why the attacks on a coalminer family?

"There is so much political bull in the energy field it isn't even funny. When I was 11 or 12, I walked down to the mine yard where I witnessed two Federal mine inspectors shoving my father around. They were provoking him to try to get him to fight them. He just stood there like the gentle soul he was. I went back to the house, picked up the rifle and shells and fired a warning shot over their heads. Lord, was my father ever mortified! The Feds backed up with their hands in the air and I told them exactly how to get in their vehicle and drive away. They did.

My father took the rifle and walked me back to the house lecturing me with the biggest grin on his face. When my mom and dad were discussing the situation, I snuck out, hopped on my bicycle and went after them (of course, I was gun less by this time). They were on the highway a few miles away and I decided to do the domino effect. I got neighbors to get other neighbors and we all hit the highway with me still on my bicycle leading the troops. We went around the corner and the bastards had decided to turn around and come back. All vehicles stopped and everyone got out and stood across the road with me. All were packing with their guns at their sides. The neighbors went to my parent's house after this to tell them what we'd done. Someone got the law and the attorney and it was probably the first time I saw the gaping holes in our legal system."

Interesting how we deal with things in this country and mind you this is a true story, certainly 30 years ago, but it is real. *Truth, Justice and The American* Way are an ideal to work towards, it is questionable if they ever have actually existed in our country as per those wonderful text books in grade school. However with that now known and with the truth of Santa Clause also revealed to us, we do have duty in this country to fight for that ideal. Having read about this in many novels and non-fiction books and having now experienced these things personally. <http://washguy.com/ftc.shtml> I believe we can have those ideals and still provide business opportunities for those who wish to control various industries, by finding win-win solutions that expand the pie for all and serve the needs of the people, not the sheep.

If you read about the Oil Barons in this country and understand the politics, the law and the DOJ, you can see there is more to it than simply digging up a raw material or resource, collecting it, refining it and selling it. These circumstances are not necessarily good or bad, they just are, and this is an area we must work on in our nation. Everyone should read Ayn Rand before they judge the producers, wild caters, entrepreneurs and risk takers that built all we are and all we know. Perhaps I am not the only one upset about the government's mistakes which end up disrupting the flow of things. I recommend *The Business End of Government* by Smoot.



For us to continue to mine our own natural resources we need to sustain our factories and manufacturing facilities we need a new hands off approach to the inane regulations that plague the industry. We are not saying a complete lack of regard for the environment, but rather a better approach to the streamlining the bureaucracy and more reality based lawmaking and regulations. Not simply laws to make laws or appease the protesting groups with a small and skewed view of things, often borrowing junk science. Unfortunately this is non-reality based thinking, it is based on the Utopia theory, which we have not earned yet. One, which cannot exist until all the systems are fixed and the flow of everything we know is running like a Rolex Watch.

In this country we have Salt Mines, Uranium Mines, Zinc, Lead, Molybdenum, Iron Ore, Copper, Silver, Gold, Aluminum, etc. Some of what we ought to be mining is old computers, refuse and disposed of automobiles. Gosh you drive through the South and every Jerry Springer future guest star has five cars sitting out front with the high grass camouflaging them. Europeans have an interesting idea. How about all those tires? We should be mining those too. We should be finding ways to mine better and when we can figure out ways to re-use and mine old vehicles, which is the best for all concerned. Why not apply the mining process to recycling as well, in fact, this concept is now being done.

<http://www.parthe.net/cwg0503/0000006f.htm>

<http://www.parthe.net/cwg0503/00000070.htm>

We must keep our mines running, as it employs lots of people and provides local raw materials, thus saving the expense of overseas shipping and if we are careful to mitigate the issues of environment along with the need for efficiencies, we should be able to slow the flow of the growing deficit. There are many mines around the world, which are owned by the new global citizen who considers no country their home. Literally a world-class jet set of entrepreneurs. They are unconcerned with where on Earth that they do business, they take their business to whichever country they can make a deal with and make the quickest ROI and the greatest profit. This is not good or bad, this is the reality of opportunity, capitalism and risk-reward scenarios.



The United States can compete, if we will drop the attitude and the delays caused by frivolous lawsuits, bad law making and bogus regulations, which are said to help people when in actuality they serve no free man. If you read the Ayn Rand books, you can get a sense of this. Different places in the world have all the same minerals we have here. All in all we need to change our attitude on all issues of mining, there are some brilliant entrepreneurs out there, state of the art equipment, brilliant industry consultants who can and will get the job done without polluting, without hurting the environment and still turn a considerable profit. Who wins?

We do, because the world prices of raw materials and resources dictate the cost and the efficiency of having it here in country before we start to make something out of these resources and materials is good for America. We should allow these brilliant problem solvers in the name of profits help us figure out how to do it right, presently we are over regulating and not listening to these new technologies and the thinking of those in the know. Nothing happens until someone considers some of these other options, we have discussed. I hope you have enjoyed some of these observations and this dialogue of an Industry in severe stress in our country, one we cannot afford to lose. This has been another topic in *Improving the Flow of All We Know*.