

COMPASS: *Points of view from the community*

Immense Pebble project will be beneficial to all Alaskans

By CHUCK HAWLEY

George Matz's April 10 Compass ("Pebble debate an echo of our past") reflects a populist view of Alaska that has been long held but without much factual basis.

The bottom line — and a much more accurate view — is that Alaska's copper, gold, silver, oil, gas, fish and even tourism have never had much inherent value within Alaska: They have value because they are needed or desired in an outside world that has what Alaska lacks to develop them, namely capital. There are parallels between Wrangell Mountains copper and the Pebble deposit.

To develop the rich deposits in the Wrangells required almost 200 miles of railroad built through some of the most forbidding country on Earth. It required a steamship line to bring construction materials north and take copper concentrate south. For the most



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efficient shipping, it was desirable to have a refinery or smelter built to produce metallic copper in Alaska and to develop local coal resources. The capital need was immense for the time, at least \$25 million, now equivalent to hundreds of millions of dollars.

The project was too large even for the Guggenheims, and it was necessary to bring in more capital. The Kennecott mine project, or most of it, was built and was successful, although it

took creative financing and World War I to amortize the investment and produce a slow rate of capital return.

The smelter was not built, and because of the withdrawal of coal lands by President Theodore Roosevelt, the Bering River coal field was not developed. It made little difference to Kennecott; the steam locomotives were converted from coal to oil. It made much more difference to Alaskans who had hoped to mine the coal.

In the long term, Alaska benefited from the Kennecott-owned common-carrier steamship line that carried freight and passengers throughout coastal Alaska from the early 1900s to World War II, and a railway, also a common carrier, that opened part of the copper country. The Wrangell mines provided jobs in a chain that reached down the Copper River and Northwestern Railway, throughout Prince William Sound to the smelter at Tacoma.

Contrary to assertion, the Guggenheims did not high-grade the deposits. They developed technology that allowed them to mine low-grade material.

To develop Pebble, and indirectly allow Alaska to gain some value from its metals, will be a much larger task. Before the first pound of molybdenum or copper or the first ounce of gold is produced, a mining consortium will have invested about \$2 billion to develop the

project. Moreover, even on the most optimistic schedule, it will require years to recover capital and allow a profit at Pebble.

Perhaps one member of the consortium will be Rio Tinto, a multinational whose complex ancestry includes Kennecott Copper Corp. Northern Dynasty will deserve credit rather than blame for putting this enterprise together.

There are enough real technical and environmental challenges at Pebble without erecting fake game and fish reserves that have potential to do much more harm to local economies than any possible benefit. As in the development of Alaska's oil and gas, or the Kennecott mine, all Alaskans will benefit from jobs, taxes and infrastructure required to build an immense project.

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