FILE NAME: Newspaper & Magazine Articles (NMA)

DATE: 1973 Aug 31

DOC#: NMA079

DOCUMENT DESCRIPTION: NYT - Economics is Key in Pollution Suit

New York Times (1857-Current file), Aug 31, 1973, ProQuest Historical Newspapers The New York Times (1851 - 2
pg 23

ECONOMICS IS KEY IN POLLUTION SUIT

Mine's Dumpings in Lake Pit Environmentalists Against Company

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Special to The New York Times

MINNEAPOLIS, Aug. 28 — A complex pollution trial under way in Federal District Court here pits the Government, five environmental groups and Wisconsin, Michigan and Minnesota against the Reserve Mining Company and a number of Chambers of Commerce and small towns whose economies are inextricably linked to the company's mining operations.

The trial, about to enter its fifth week; is considered by many to be a classic confrontation over a pollution issue. Its origins date to 1969.

At that time the Federal Government tried unsuccessfully to persuade the company, located at Silver Bay, to stop dumping 67,000 tons of taconite tailings daily into Lake Superior, something the company has done for 16 years and something the Government says causes widespread pollution of a body of water thought to be the largest and purest freshwater lake in the world. The tailings are grains of ore from which magnetic particles of iron have been extracted.

In addition, the Government contended that the company's use of the lake as a dumping ground hastened its ecological decline and violated water quality laws.

The Reserve Mining Company is jointly owned by the Republic Steel Corporation and the Armco Steel Corporation.

Suit Filed in '72

A Federal suit was finally brought against Reserve in February, 1972, at the request of the Federal Environmental Protection Agency. Agency spokesmen suggested that the suit had been delayed because Willis Boyer, chairman of Republic, was a vice chairman of the Ohio Republican Finance Committee, and C. William Verity, head of Armco, was a Republican fund raiser.

In June of this year another issue arose when the E.P.A. released a report saying that "high concentrations" of potentially injurious asbestos fibers had been found in the western end of Lake Superior, the source of drinking water for the city of Duluth and the smaller communities of Silver Bay, Beaver Bay and Two Harbors.

The Federal agency said that while there was "no conclusive evidence" that the lake water was unfit for consumption "prudence dictates that an alternate source of drinking water be found for very young children."

The contention by the Minnesota Pollution Control Agency and later by a government witness at the trial was that the asbestos-type fibers detected in Duluth's water supply could only have come from Reserve's plant at Silver Bay.

Attorneys for Reserve said in court that the company will present "concrete evidence" that the asbestos fibers are found in a mineral called cummingtonite, a substance the company says enters Lake Superior from numerous streams located on the Canadian side of the lake's basin.

On-Land Disposal

The Government is insisting that the company dispose of its waste from its mining process on land at Babbitt, Minn., where Reserve mines the taconite that is shipped for processing to Silver Bay 47 miles away. Reserve said that on-land disposal was not feasible, since a revamping of its operations to permit such a method of disposal would cost more than $200-million, a sum the company says it cannot afford.

In its pre-trial brief, one of nearly 800 documents filed in the case, Reserve said it would "establish that Reserve's method of discharge of taconite tailings has no significant adverse effects on Lake Superior" and that it was "the best available method for minimizing any potential adverse ecological effects.

Reserve pioneered in the process that frees the iron-bearing particles from the taconite, a process that helped to rejuvenate the waning Mesabi iron range. The company now produces 15 per cent of the United States iron ore used in the country's blast furnaces.

The company estimates that its average of 2,933 employes for this year are receiving a payroll of $46-million. It says its budget for purchase of materials and supplies will total $43.8-million from 550 vendors in the state. Its state and local taxes will amount to $6.5-million, the company says.

Any disruption of its operations, the company said, would result in "severe economic repercussions" in northeast Minnesota and other areas of the state.

One of the questions that has been posed during the trial by United States District Judge Miles Lord is what the effect might be if he ordered the company shut down if it is definitely established that Reserve's taconite waste is a health hazard. He said it was a matter he wanted pursued at some point during the trial.

One of the significant developments in the trial to date has been Judge Lord's ruling that allegations that Reserve is polluting the air — as well as the water — by discharging potentially injurious asbestos fibers would be heard during the trial.

The charge, strenuously opposed by Reserve's attorneys, was made by the Environmental Defense Fund, one of the plaintiff-intervenors in the case. The fund, a nonprofit environmental group composed of scientists, lawyers and educators is based in East Setauket, L. I.

The fund's motion was also opposed by attorneys for the Federal Government who said they wanted the question of air pollution to be taken up in separate court action.

Studies of asbestos workers have shown that they had high death rates from cancer of the colon, lungs and stomach.

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