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## **Was Stillwater's Future Foreshadowed by Anaconda's Past**

A Montana Public Radio Commentary by Evan Barrett

June 6, 2013

It's said that "those who do not learn from history are condemned to repeat it." Almost exactly thirty years ago the last Anaconda/ARCO miner laid down his tools. Does that economic disaster provide lessons for Stillwater Mining today?

In 1923, the Anaconda Copper Mining Company (ACM), Montana's largest employer and backbone of the state's economy, decided to chase cheap labor -- buying mining properties in the Andes Mountains of Chile in South America in what was called "the largest cash transfer that Wall Street had ever seen." What ensued for Montana was a multi-decades diminishing of Anaconda's operations here. They failed to adequately re-invest in their Montana properties as company cash flowed to South America. Then in 1971, with unbelievable speed, the decline and fall came as the new, leftist government of Chile seized and nationalized the Anaconda properties. In just twelve short years -- June 1983 -- nearly 7500 Montana ACM workers had become just 17 caretakers oiling the hinges while seeking a takeout buyer for the weakened company.

That terrible chapter of Montana history was on the mind of many Montanans as former Governor Brian Schweitzer led a shareholder effort to save Stillwater Mining from its own bad boardroom decisions and, in the process, save thousands of Montana jobs. For those like me, who lived through the ultimate death of ACM, the corporate misjudgments of Stillwater were hauntingly reminiscent of the mistakes of ACM as it fell from industrial giant to corporate takeover bait.

The Stillwater Mining parallel to ACM is troubling. In 2010, while Stillwater was profiting from its unique Montana platinum and palladium ore bodies and employing nearly 2000 highly-skilled, highly paid Montanans, its board authorized executives to start a foreign buying binge -- spending over \$100 million on various properties in eastern Canada. Then in mid-2011, Stillwater started putting money, now over \$500 million, into a mining property in Argentina, ironically only 6 miles from the Chilean border. And they pledged to put \$2-3 billion more into developing those properties. The market responded to these apparently rash board-level moves by driving the value of the company down to 35% of its previous value (though it has since recovered to the 54% level).

It's no surprise that many Montanans heard echoes of the past, fearing that Stillwater was traveling the same path that led to Anaconda's disintegration. Was Stillwater disinvestment in Montana inevitable unless there was some shareholder intervention to change the company's direction? Would ACM's historical mistakes be repeated by Stillwater, leaving Montana, its workers and their families as victims?

According to news accounts, those historic parallels were in Governor Schweitzer's mind and on his lips as he left office in January. He spoke of the ACM parallel as he led the Clinton Group's successful shareholder effort to assert new boardroom control

at Stillwater. Now, at the conclusion of the shareholder battle, with Stillwater refocused on its core Montana properties, many Montanans are breathing a sigh of relief.

Montanans like the sons, daughters and grandkids of smelter workers in Anaconda who will never forget the closure of the giant smelter on September 30, 1980, crushing their economy. Like the descendants of refinery workers in Great Falls who remember the refinery closure that same day and the demolition of the great smokestack just 2 years later, again crushing their economy. And folks here in Butte know that when the Berkeley Pit was closed and underground mine water pumps were turned off, the inexorable rising of acidic water in the Pit began, toxically demonstrating the “take the money and run” mentality that drove ACM executives as they destroyed Montana’s industrial giant – forever destroying the thousands of Anaconda jobs.

As for Stillwater Mining, the Schweitzer/Clinton Group intervention appears to be producing results. The new company board includes a Montanan (Schweitzer) for the first time in a decade, and as Chairman for the first time ever. The Stillwater board and management have pledged to focus company investments on its Montana properties. The company’s stock value is beginning to rise. The voices of the past have been heard. Perhaps thirty years and some concerned and insightful leadership have made a difference. We may not be condemned to repeat history.

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*Evan Barrett, Butte, is the Director of Business & Community Outreach and an instructor at Highlands College of Montana Tech. He has spent the last 44 years at the top level of Montana economic development, government, politics and education. These are his personal views.*