Murray Energy lays off 160 miners in response to Obama’s reelection

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Murray Energy—the nation’s largest privately owned coal mining company—announced it was laying off more than 160 workers in response to the reelection of President Barrack Obama. The company cites the Obama administration’s so-called war on coal as the reason the layoffs are necessary.

The layoffs include 102 miners at the company’s operations in Utah, 54 in Illinois, and 7 in West Virginia. Murray currently employs about 3,000 workers, producing some 30 million tons of bituminous coal every year.

Murray CEO Robert E. Murray announced the layoffs on November 9 after delivering a prayer to company staff claiming “the takers outvoted the producers” in the election.

“The American people have made their choice,” said Murray. “They have decided that America must change its course, away from the principles of our Founders. And, away from the idea of individual freedom and individual responsibility. Away from capitalism, economic responsibility, and personal acceptance.”

He concluded by asking forgiveness for the layoffs. “Lord, please forgive me and anyone with me in Murray Energy Corp. for the decisions that we are now forced to make to preserve the very existence of any of the enterprises that you have helped us build.”

Murray also predicted that the reelection of Obama set the stage for the “total destruction of the coal industry by 2030.” In reality, however, most analysts agree that the challenges faced by the US coal industry are largely the result of a combination of economic forces.

The development and expansion of the technique of hydraulic fracturing, or fracking, has led to burgeoning natural gas reserves and cheap prices that are significantly undercutting coal’s once dominant share of electricity production.

According to the latest figure from the Energy Information Agency (EIA), “In August 2012, coal produced 39% of U.S. electricity, up from a low of 32% in April 2012, when the natural gas share of generation equaled that of coal…. The August coal share of generation is still notably lower than the 50% annual average over the 1990-2010 period.”

“It’s the market forces that are pushing [coal] out of the market,” claimed Alan Beamon of the EIA.

A report from the Brattle Group released last month revised upward its prediction for coal-fired power plant retirements in the next four years, concluding that the “change is primarily due to changing market conditions, not environmental rule revisions, which have trended towards more lenient requirements and schedules.”

The often-cited report from Bloomberg Government that claimed that “New coal plants would effectively be banned because their emission rate is almost double that of the proposed standard” also concluded that “The new policy probably wouldn’t shift current investment patterns in the power sector. Natural-gas plants already have a compelling price advantage.”

“Coal really hasn’t been the fuel of choice in the power sector for some time,” the report explained. “The average U.S. coal-fired power plant is 38 years old, and a majority of plants were built before 1980. Since 1990, coal has been the fuel of choice in just 6 percent of new power plants, while natural gas has powered 77 percent of the additions.”

“Whether the EPA’s proposed greenhouse gas emissions standard eventually becomes U.S. law is a moot point in many ways,” the report concludes. “Natural gas is already the fuel of choice in the power sector, and increased use of natural gas is already putting downward pressure on power-related [greenhouse gas] emissions."

Moreover, a report last year by the non-partisan Congressional Research Services (CRS), which analyzed nine of the new regulations that are to take effect, found that "The primary impacts of many of the rules will largely be on coal-fired plants more than 40 years old that have not, until now, installed state-of-the-art pollution controls. Many of these plants are inefficient and are being replaced by more efficient combined cycle natural gas plants, a development likely to be encouraged if the price of competing fuel—natural gas—continues to be low, almost regardless of EPA rules."

Nowhere has the "war on coal" narrative been parroted stronger than in central Appalachia, mainly southern West Virginia and eastern Kentucky, where the coal industry faces a deepening crisis. The US Department of Energy's latest projections released in June predict production in the region will be cut in half by the end of the decade.

"Appalachian coal production declines substantially from current levels, as coal produced from the extensively mined, higher cost reserves of Central Appalachia is supplanted by lower cost coal from other supply regions," the Energy Information Administration wrote.

As Sean O'Leary from the West Virginia Center for Budget and Policy recently explained to Ken Ward of the *Charleston Gazette*, "The reality is that even without greenhouse gas or mercury regulations, coal production in Central Appalachia is going to dramatically decline. Repealing environmental regulations won't make the remaining coal seams in West Virginia any thicker or easier to mine, and it won't stop power plants from converting to natural gas."

These production declines have translated into growing layoffs in West Virginia, where recent statistics from the US Department of Labor show that coal-mining employment declined by 900 in the third quarter. This comes on top of the loss of 1,200 coal jobs in the second quarter.

The US coal industry is also highly exposed to the deepening global economic crisis. Last year's 107 million short tons of coal—worth $16 billion—exported by the US onto the global market represented the largest export volume since 1991 and more than double the amount exported in 2006. Economic recession and financial turmoil in Europe, as well as slowdowns in the emerging economies like China, increasingly threaten important markets for the high-quality metallurgical coal reserves remaining in central Appalachia.