Wave of layoffs sweeps North American coal industry

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Virginia-based Alpha Natural Resources—the second-largest US coal producer—announced last month that it intended to lay off approximately 1,100 coal miners and support staff at 11 affiliated coal mining operations in southern West Virginia by mid-October. These job cuts are only the most drastic in a wave of layoffs sweeping through the coal industry this year.

In a press release, Alpha President Paul Vining noted that in the last three years the company has idled about 35 million tons of coal production in an effort to cut costs. These moves underlay the closing of eight mines and a similar mass layoff of 1,200 coal miners in 2012. Moreover, these layoffs come on the heels of the company's announcement in late June that it was permanently closing its Cherokee Mine in Dickenson County, Virginia, cutting about 120 jobs.

Similarly, Coal River Mining announced last week it planned to eliminate 280 mining positions at its operations in Kanawha, Boone and Lincoln counties in West Virginia. This comes on top of more than 150 layoffs by the company last year.

In July, Cumberland River Coal—a subsidiary of US mining giant Arch Coal—announced it was idling two mines at its complex on the Virginia-Kentucky border, eliminating 213 positions.

In June, St. Louis-based Patriot Coal confirmed it was laying off 75 of the nearly 850 workers to whom the company had issued layoff notices at its Corridor G and Wells mining complexes in Boone County, West Virginia. Back in May, after posting $116 million in first-quarter profits, CONSOL Energy cut production at its Buchanan Mine near Oakwood, Virginia, eliminating 188 jobs.

All these layoffs and production cuts occur in Appalachia, where the coal industry remains in a protracted structural decline driven by thinning seams and higher production costs. According to statistics compiled by Sean O'Leary of the West Virginia Center on Budget and Policy, Central Appalachian productivity stood at just 2 short tons per labor hour in 2012, compared to more than 4 short tons in the Illinois Basin and nearly 30 short tons in the Powder River Basin (Wyoming-Montana).

The US Energy Information Agency (EIA) forecasts that coal production in Central Appalachia—comprised mainly of southern West Virginia and eastern Kentucky—will decline to half its 2010 level by the end of the present decade.

However, the decline of Central Appalachian coal production takes place within a broader crisis facing the US coal industry. Thermal coal used in electricity generation faces increasing competition for domestic energy production as the list of aging coal-fired power plant retirements grows under the pressure of cheap and abundant natural gas. The EIA projects natural gas will surpass coal in its share of domestic energy production by 2035.

In response to these trends, many US coal companies have already begun to refocus on metallurgical, or steel-making, coal and concentrate on expanding exports, particularly to China. However, the recent wave of layoffs and production cuts, nearly all of which have been in metallurgical coal, underscores the limitations of this strategy.

As a July report by *SNL Financial* explains, "Nearly all of the publicly announced cuts, mine idlings and closures so far in 2014 have been in response to the collapsing metallurgical coal market, triggered by oversupply from Australia and tempered demand from China for the steelmaking ingredients."

In other words, the recent layoffs and production cuts having nothing to do with the so-called "War on Coal" supposedly being waged by the Obama administration. As *SNL* makes clear, the "production cuts at US coal mines in 2014 reflect a changing landscape that has little to do with the regulatory environment."

Despite this reality, the coal operators, their political servants in both the Democratic and Republican parties, and their faithful mouthpieces in the media have continued to obscure the character of the crisis of US coal production and promote the "War on Coal" myth.

In fact, the Obama administration has gone out of its way to craft the US Environmental Protection Agency's (EPA) proposed carbon emissions regulation entirely in the interests of the coal industry. With a baseline year of 2005 and a carbon emissions reduction target of only 30 percent by 2030, the administration's goal is not only already more than halfway met, it is also less stringent than the reduction trends currently underway.

The "War on Coal" narrative is as pernicious as it is absurd. Its aim is to disorient miners regarding the real source of the crisis: the capitalist system and the subordination of energy policy to the interests of private profit.

Meanwhile, the coal industry, in lockstep with the Obama administration, proceeds to shift the cost of the crisis onto the backs of miners through an assault on their jobs and living standards. In a June analysis of US Mine Safety and Health Administration (MSHA) data, *SNL* claimed US coal mining employment has been in a “free fall” since its last short-term peak in the fourth quarter of 2011. Since that time, average coal mining employment has plunged by more than 17,000 through the first quarter of 2014.

Appalachia has been hit hardest, accounting for nearly 14,300 of these job losses, according to the MSHA data. More than 5,000 job losses occurred in West Virginia alone over this period, with coal mining employment in Boone County dropping by more than 40 percent, or about 1,800 jobs.

According to the state government report *Kentucky Coal Facts 2014*, coal mining employment in eastern Kentucky has fallen by approximately 7,000 jobs, or 38 percent, since the middle of 2011, leaving the state’s coal mining employment at its lowest level since the numbers began being tracked in 1927. Meanwhile, coal production in Kentucky stands at its lowest level since the early 1960s, with production in eastern Kentucky dropping 63 percent since 2000.

While mass layoffs have not yet been seen this year in the Illinois Basin or the massive strip mines of Wyoming’s Powder River Basin, they have affected coal mining in British Columbia, Canada. In April, Alabama-based Walter Energy began idling two of its surface operations, the Wolverine and Brazion, cutting 695 jobs.

Operators, seeking to offset weakening profit margins and declining productivity, are also driven to attack the health and safety of coal miners. Highlighting this is the death of a miner on Wednesday at CONSOL’s Buchanan Mine where layoffs took place earlier this year.

Similarly, two miners were killed in May at the Brody Mine at Patriot Coal’s Wells complex in West Virginia, which was under the threat of closure. The miners were engaged in a dangerous “retreat mining” operation to extract the coal from the pillars holding up the mine’s roof.

Of the 26 miners killed in the US this year, 10 have been coal miners. Faced with a spike in mining deaths in the first half of 2014, MSHA responded not through new safety rules or stricter enforcement of existing ones, but by deepening its collaboration with the coal operators. The agency launched a series of safety “walk and talks” to “increase their awareness of recent fatalities and encourage them to apply their safety training and remain vigilant for unsafe conditions.”

In Kentucky, the General Assembly cut the state’s mine safety budget in April by nearly a third to $10 million while reducing the number of required annual mine inspections from six to four. Staffing will be cut from 142 to 88 employees as a new, smaller Division of Mine Safety replaces the state’s Office of Mine Safety and Licensing.

Meanwhile, the Obama administration continues to stall on rules proposed by MSHA in 2011 requiring proximity detectors on continuous mining machines and other mobile mine equipment that would disable equipment when a miner gets too close. Since the mid-1980s, dozens of miners have been killed—including two this year—and hundreds injured in preventable pinning and crushing accidents.

However, the intersection of these processes finds its most deadly expression in the resurgence of black lung disease, centered in Central Appalachia, where inadequate and loosely enforced dust standards coupled with thinning coal seams and longer working hours expose miners to a particularly toxic mixture of coal and rock dust. The deadly, yet entirely preventable, lung disease kills hundreds every year and rates stand highest in Central Appalachia, where the most severe cases have quadrupled since the 1980s.

Earlier this year, the Obama administration intervened to significantly loosen MSHA’s proposed coal dust limits. The new coal dust standards will continue to leave thousands of miners at risk for black lung in the years to come.

While opposition to these conditions exists among miners, it remains largely undeveloped and unexpressed. Primary responsibility for this disorganization rests with the United Mine Workers (UMW) union, which has done nothing to mobilize miners against mine closures, layoffs or unsafe working conditions. This stands in stark contrast to the recent protests the union has mounted, hand in hand with the coal operators, against the EPA’s proposed carbon emissions rule.

Nowhere has this role of the UMW bureaucracy as a junior partner in the assault on the miners been more clearly expressed than in the 2012 bankruptcy of Patriot Coal. The union did everything in its power to return the company to profitability while diffusing opposition through a public relations campaign, impotent rallies and protest stunts.

Armed with the bankruptcy judge’s approval of Patriot’s reorganization plan, the UMW rammed through a concessions contract in August 2013 and then agreed to a global settlement in October that replaced company-provided retiree health care with an underfunded, union-controlled VEBA fund. The union has remained silent on the hundreds of layoffs announced by Patriot since the settlement was reached, as well as the four mining deaths at the company’s operations over the past year and a half.