

Kentucky coal miners continue protest as Blackjewel assets auction proceeds

Naomi Spencer
7 August 2019

Protests by coal miners in Harlan County, Kentucky have stretched into their second week over unpaid wages at a shuttered Blackjewel LLC mine. On Monday, August 5, 40 miners and family members traveled to Charleston, West Virginia to attend the company's bankruptcy hearing in the federal court.

The Harlan County miners and their supporters from around the region have blocked 100 loaded coal cars on train tracks outside the Blackjewel-owned Cloverlick mines near the town of Cumberland, demanding that the bankrupt company pay them for their work of extracting and processing the coal. At least 172 miners there are owed \$664,000 for work, according to court documents.

Blackjewel, the sixth largest coal producer in the US before its bankruptcy, employed more than 1,700 workers at 32 mine sites across the Central Appalachian and western US Powder Basin coal fields. The mines are located in West Virginia, Virginia, Kentucky and Wyoming.

Workers were locked out abruptly July 1, finding out about the bankruptcy only when they arrived at work and were turned away. Their June 28 paychecks then bounced, leaving miners and their families reeling from bank penalties. Workers also lost their 401(k) retirement funds and health care benefits.

Little more than a month after Blackjewel LLC filed for Chapter 11 bankruptcy, the company has moved rapidly to divest itself of assets and liabilities. Coal mines in Kentucky, West Virginia and Wyoming have been hastily auctioned for tens of millions of dollars.

The sales, initiated Thursday, August 1, were only revealed Sunday after Frank Volk, the federal judge overseeing bankruptcy proceedings in the Southern District of West Virginia, ordered the company to report its auction activities. The sales will be finalized pending Volk's review and approval. As of this writing, no decision has been made by the court.

In addition to owing approximately \$6 million in unpaid wages and benefits to its workforce, Blackjewel owes at least \$288 million to dozens of other creditors, including

federal, state and local governments. The company was also ignoring a mountain of fines for safety and environmental violations.

The company was operating in violation of state and federal laws. In Kentucky, Blackjewel was flouting a largely unenforced law requiring companies less than five years' old to take out a bond to ensure a month of payroll. As its operations ran on less than a shoestring, Blackjewel's CEO Jeff Hoops made sure he was paid first, padding his fortune and pet projects like a \$32 million luxury resort and golf course currently under construction in West Virginia.

The frenzied pace of the Blackjewel bankruptcy and auction reveals how coal companies have been utilizing bankruptcy courts to offload debts and liabilities so that their owners can make money at the expense of their workforce and communities around mining operations. Executives effectively walk away from the disasters they produce unscathed, richer than ever, leaving thousands of working class families in the wreckage.

This is the rule, not the exception, particularly over the past decade since the 2008 financial crisis. The downturn in the global economy, coupled with a turn to cheaper and plentiful natural gas, sent a shock wave through the US coal industry and touched off a wave of bankruptcies and mergers and acquisitions.

Companies broke apart, renamed, operated under cover of limited liability companies, bought and flipped mining sites, and tore up agreements with the coal mining workforce and the state and local governments dependent on mine severance tax revenue. Governments from the federal level on down groveled before the "struggling" coal industry, happily shredding environmental and health and safety laws, laying off inspectors, and looking the other way as coal operators ignored financial obligations.

At the same time, the United Mine Workers union—which has shrunk to a negligible size due to decades of betrayed strikes and collusion in the looting of miners' wages and pensions—sought to transform itself into a job training and labor contracting business.

Blackjewel's executives are now being exposed as criminals, defrauding their workers and lenders alike as they ran the company into the ground. But, as West Virginia's governor Jim Justice, a coal magnate and the state's richest man, very publicly demonstrates, Jeff Hoops is not a unique case.

For years, Justice's companies have defiantly neglected to pay taxes to West Virginia and Kentucky, racking up millions of dollars in fines and severance tax debts. In response, Justice himself has simply said he was unaware of the day-to-day operations of his mines—as if being ignorant of the business operations excused his responsibility.

At the same time, the Justice administration has gutted West Virginia severance tax and corporate tax rates. Municipalities, counties and state agencies dependent on the tax revenues are consequently thrown into fiscal crises. Schools are closed, water systems are left polluted, public services are dysfunctional, and towns are pulled further down into economic sinkholes.

The players in the Blackjewel auction highlight the shell game nature of the coal industry's bankruptcies. Tennessee-based Contura Energy submitted a bid of \$33.75 million for Blackjewel's Eagle Butte and Belle Ayr mines in Wyoming and the Pax Surface Mine in West Virginia. Only two years ago, in 2017, Contura owned the Wyoming mines, which it sold to Blackjewel.

Contura was itself a creation of Alpha Natural Resources, which declared bankruptcy in 2015 and then worked through the courts to destroy collective bargaining agreements for its unionized workforce and retirees. At the same time, Peabody Energy—then the largest coal company in the world—similarly sought Chapter 11 “protection” to offload its obligations to workers and retirees. All of this took place with the acquiescence and complicity of the UMW.

A long list of one-time giants in the coal industry have fled into the bankruptcy courts, including Arch Coal, James River Coal, Walter Energy, Patriot Coal, and in May of this year, Cloud Peak Energy.

Between the bankruptcy shell game, which destroys workers' livelihoods, and the lack of government oversight or taxation, which destroy communities and the environment where workers live, the coal companies are robbing the working class twice.

The actions taken by miners in Harlan County at the Cloverlick mine are courageous and deserve the widest support from the working class internationally. Their militancy and opposition to the company's theft of their labor and living conditions is welcome and the sign of the growing militancy of workers around the world, from the West Virginia teachers to the uprising of workers in Puerto Rico and Hong Kong.

The resistance of the miners in Harlan County—a historic center of the class struggle by miners against the coal operators—explodes the lies peddled by the Democratic Party that workers in the coalfields are racists basking in their so-called “white privilege.” Like everywhere else in the world, the central dividing line in America is class, not race or ethnicity.

As workers enter into a struggle against these capitalist attacks, however, they must understand the political nature of the fight.

From every corner of the political establishment, greetings and expressions of solidarity have been issued. The office of Republican Senator Majority Leader Mitch McConnell, a strident opponent of miners' health and safety standards, was quick to offer kind words. The Trump administration's Department of Labor, tail-ending the protest, has issued a call to halt the removal of coal from the Cloverlick mine until the miners are paid.

Kentucky Governor Matt Bevin—who displayed an especially vicious contempt for the working class when teachers opposed his attempts to destroy their pensions last year—made a visit to Cumberland to posture as a supporter of the miners.

Kentucky's Democrat Attorney General Andy Beshear—running for governor against Bevin—has likewise attempted to put himself out in front of the miners' fight as a supposed advocate for the working class. Similarly posturing is the UMW, a pathetic husk of its former self, which abandoned Kentucky without so much as a whimper three years ago when the last unionized mine in the state closed.

These attempts at hijacking the initiative of the workers must be opposed. The Republicans and Democrats alike are interested in subverting any independent movement of the working class, containing it within the two corporate-controlled parties and crushing it.

Blackjewel miners and their supporters must look at the lessons of the recent teachers strikes across West Virginia, Kentucky and elsewhere. They must begin organizing their own committees of struggle that are completely independent of, and in opposition to, the political establishment and the unions, and fight to mobilize the broadest sections of the working class against the looting of workers' livelihoods by the capitalist profit system.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact