

Coal Miners — Still Holding the Ladder

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About
Us

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Whenever I write about coal, I ask myself what my friend Pete Gordy would think about my article. Most of the time, when I'm discussing environmental issues, he would probably have shrugged his shoulders and said, "it's not my concern." But when I write about [treating coal miners as a potential casualty](#) of fighting greenhouse gases and global warming, along the same lines as tobacco farmers becoming casualties of the campaign to reduce smoking, I'm sure I'd get his attention. I doubt he would have tried to argue about saving the coal industry when confronted by the realities of damage to the environment from burning coal, but he would have demanded to know what we planned to do about helping unemployed coal miners. That was Pete's world. You see, Pete wasn't only a member of the United Mine Workers of America (UMWA), he was president of his local during the bruising UMWA 100-plus-day strike from 1977 to 1978.

Coal Strike of 1977 to 1978

As is the case with most coal miner strikes, the demands were better pay, safer work conditions, improved pension and health benefits. This was one of the longest strikes in the coal industry's history. It was nation-wide, included both union and non-union miners and became highly volatile, with local unions often at odds with the national union. In Kentucky, Indiana and Virginia, governors called out the national guard to protect coal mine operations. President Carter invoked the Taft-Hartley Act in an attempt to force the miners back to work. For the good of the nation, it was imperative that the coal mines kept mining to keep lights on and homes heated.

The first tentative agreement was rejected by the union's bargaining council. The second tentative agreement was rejected by the UMWA membership by a margin of 2 to 1. The final contract only won approval by 57 percent to 43 percent. Though the contract provided for increased pay, the miners found themselves giving up health and safety benefits won in the 1940s. Cradle-to-grave health benefits were lost, as were many pension benefits, and the locals' right to strike. Many of the miners felt they were sold out by the national UMWA and the government, having lost ground dearly won over the last 50 years.

Unlike today, prior to the strike, the mines were getting close to a three-decade record price for their coal: \$46 per ton for bituminous, which in today's dollars is approximately \$190 (bituminous coal is currently in the \$35 to \$46 range). It appears the coal mines were quite profitable during this period. Pittson Coal's profits were approximately \$200 million in 1975. In 1977, Peabody Coal was the only profitable division of Kennecott Copper for the prior two years. An analysis of coal miners' wages and treatment of them by the coal mine owners has historically had little correlation with coal companies' profits.

Coal: A History of Them Versus Us

Coal mining in the U.S. has a long, proud tradition. Pennsylvania, West Virginia, Ohio, Indiana, Illinois, Kentucky and Alabama have all been major producers of coal since the late 1700's and early 1800's. Coal's history is inextricably entwined with the railroads and the union movement, both equally steeped in tradition. It has also been central to immigrants and the mixing of races.

During the early 1900s, mine owners actively recruited a diverse ethnic labor pool, setting up recruitment operations at the various ports of entry. Their objective was not only to recruit a much-needed labor force, but to undermine the miners' ability to organize. If miners didn't speak a common language or were of different ethnic and religious backgrounds, mine owners thought, it would be more difficult to organize. In most mining camps and towns, miners' housing was segregated by ethnicity, fostered for the most part by mine owners, though there was a tendency to

self-segregate.

The problem, at least for the mine owners, was that underground, there was minimal segregation. The Irish worked next to the Poles and Czechs; [Hatfield-McCoy whites](#) next to African-Americans. The coal industry's history of company-owned towns, paying its workers with company script, and quelling strikes with armed guards, local law enforcement, militiamen, or in some cases federal troops, persisted throughout the 19th and 20th centuries. There was a feudalism to the relationship between mine owners and mine workers, which precipitated many conflicts, though any ethnic conflicts were put on hold in the face of mineworker versus mine owner.

A sample of these conflicts:

- [Coal Creek War – 1891](#)
- [Lattimer Massacre – 1897](#)
- [Paint Creek–Cabin Creek Strike – 1912](#) (approximately 50 miners killed)
- [Ludlow Massacre – 1914](#)
- [Battle of Matewan \(aka Massacre...\) – \(1920\)](#)
- [Battle of Blair Mountain – 1920](#)
- [Harlan County Strike – 1931 to 1939](#)
- [Bituminous coal strike – 1977 to 1978](#)
- [Pittston Coal Strike – 1989 to 1990](#)

Mine Owners Find Salvation in Bankruptcy, Not So for Miners

Pittston decided to depart the coal industry in 1998, selling some of its assets to [Massey Energy Company](#), a notoriously anti-union mine operator with a poor safety record, and other assets to Horizon Natural Resources in 2002, which subsequently filed for bankruptcy that same year (having emerged from bankruptcy less than a year earlier). Horizon's bankruptcy resulted in its assets being purchased by Wilbur Ross Holdings, an investment firm controlled by Wilbur Ross, Jr., the newly appointed Commerce Secretary for the Trump Administration.

The newly formed entity emerging from the Horizon bankruptcy filed a motion requesting they be allowed to jettison the collective bargaining agreements with the United Mines Worker of America (UMW) along with obligations to approximately 3,800 miners for future medical benefits. It was the first time bankruptcy law had been used to void union contracts in the coal industry.

In approving the transaction, the judge is quoted as justifying his decision based upon "...unrefuted evidence" that the Company (Horizon) could not be sold as long as these expensive obligations remained in place. Citing the unavoidable pain for many, the judge approved the debtor's motion. He did stipulate that the purchasers of any assets had to assume the mine's reclamation obligations under any assumed leases. The losers in this bankruptcy were the miners. The mine owners emerged relatively debt-free and without obligations for pensions and health care benefits to the miners. A precedent had been set.

In the ensuing years, most of the large coal companies filed for bankruptcy protection: Alpha Natural Resources in 2012; Patriot in 2012 and 2015; Peabody Energy (the world's largest operator) in 2015; and Archer Coal in 2015. In all of these bankruptcies, the courts allowed the companies to jettison many pension and health care responsibilities to retirees and in many cases, land reclamation. Once again, the losers, for the most part, have been the miners. On the other hand, mine owners and senior management have fared quite well. Hefty retention bonuses have been approved by the courts as miners are let go and health benefits terminated. Wilbur Ross's sale of International Coal Group (the entity that purchased Horizon) netted Mr. Ross approximately \$210 million according to Forbes.



A polish coal miner working in West Virginia. (Photo: Wikimedia Commons)

Certain members of Congress (for the most part Democrats) have attempted to pass legislation to address the plight of the miners resulting from these bankruptcies. The Miners Protection Act was introduced in 2016 with the support of the UMWA, but its passage has been blocked by Senate Majority Leader Mitch McConnell, who refuses to bring it to the floor for a vote. He has now introduced his own bill, substantially similar to the one introduced in 2016, but he added language which blames the decline in coal industry jobs on federal regulations enacted under the Obama Administration. He calls for Congress to roll back regulations governing emission from coal plants. He is also unhappy, no doubt, with the UMWA for supporting his opponent in his reelection campaign, and indicated he didn't like what he saw as favorable provisions for the UMWA pension fund (there are no longer any union miners in Kentucky). McConnell's demands have little to do with providing a safety net for miners, but everything to do with protecting the interests of mine owners and the utilities that burn coal.

And now there is another potential crisis confronting the coal miners. Under the Affordable Care Act (ACA), aka ObamaCare, there was a provision specifically addressing certain healthcare issues facing miners. Before 2009, in order for a miner to receive disability and healthcare for the treatment of black lung disease, the miners had to prove not only that they were disabled because of breathing problems from black lung, but that their disability was caused by their working in the mines. The onus to prove cause and disability was on the miner. The ACA put the onus on the mining company to prove that the black lung condition was not the result of working in the mines. In light of black lung making a resurgence in the industry, with the number of cases not seen since the 1970s, this will have an

ongoing effect for the foreseeable future.

More immediate will be the miners' losing their healthcare should Congress fail to approve funding for the ACA. This will affect an estimated 25,000 retired miners on disability. These are many of the same miners whose hard-won pensions and healthcare benefits were jettisoned by the mines in bankruptcy. In a somewhat tone-deaf event recently celebrated at President Trump's Mar-a-Lago resort, the annual Distressed Investing Summit put on by M&A Advisors, companies involved in the reorganization of Alpha Natural Resources were honored with an award: Best Chapter 11 Reorganization over \$5 billion. Archer Coal was also honored for Best Restructuring of \$5 to 10 billion). In both bankruptcies, the surviving operating entity jettisoned the vast majority, if not all of their previous commitments and obligations to their miners' pension and future healthcare needs. I don't think the miners would have felt so generous towards these companies.

And Why I Bring Up the Memory of Pete

Pete became a miner because he wanted to be involved in protecting worker's rights. He was a child of the 1960s and became a member of the Socialist Workers Party. He may have joined UMWA because of its long history of organizing labor, its historic ties to Mother Jones, or the history of intense comradery between its members. The union also had a history of inclusion. Its predecessor, the Knights of Labor, welcomed blacks. The Congress of Industrial Organization (CIO), which the UMWA affiliated with, broke with the American Federation of Labor (AFL) in 1938, which had a history of racism and protectionism from immigrants. The CIO sought out members of all races, working with the National Negro Conference organization, and eventually partnering with the National Advancement of Colored People (NAACP) in the 1940s to expand its membership.

For Pete, the UMWA had the pedigree, history and reputation for protecting the interests of its members. That may have been one of the reasons he became so disillusioned with the union after the 1977 – 1978 strike. During the strike, he found himself unable to go to a bar by himself because he kept getting beat up when he went out on his own. He was never sure if it was union guys or mine company people. He felt that the UMWA president, Arnold Miller, had sold out the miners and that the U.S. government had sided with the mine owners in pressuring the Union to accept what he saw as a flawed, bad contract.

I think Pete's disillusionment with the system is what led to his demise. Pete was killed by a sheriff while attempting to free some prisoners from the Williamson County jail in southern Illinois. He had visited me and my brother in New Hampshire a few months earlier. Pete, a normally upbeat, optimistic man, was depressed, expressing his disillusionment with the system.

I can't help but feel Pete would be a bit outraged by the coal companies jettisoning their obligations to miners in bankruptcy, not to mention Congress stalling on passing legislation to protect miners while they run interference for the coal companies and utilities. He must have turned in his grave upon hearing that Trump won coal country with the promise to bring back coal mining jobs. The promise rings hollow, since the main beneficiaries of this retro promise would be the mine owners and the utility companies. Coal mine jobs are being lost to automation, to large open pit mines requiring few miners and utilities turning to natural gas. Sorry, Pete.

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