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US: Murray Energy files for bankruptcy, miners' pensions in peril

In a long-anticipated move, coal giant Murray Energy filed for bankruptcy Tuesday, putting the jobs of 7,000 coal miners at risk and further jeopardizing the pension and health benefits of 82,000 current and retired miners.

Murray lists \$1.7 billion in debts. At the beginning of October, the company told creditors that it was unable to meet payments and invoked a 15-day extension. That came and passed without the company being able to meet its obligations.

Murray has begun making restructuring agreements and reports that it has been able to do so with about 60 percent of its creditors. With the bankruptcy filing, the company has been able to secure another \$350 million in credit to keep operations going through the bankruptcy process.

The company has not yet announced any mine closures, but undoubtedly that will come. Bankruptcy means the company can also cut wages, healthcare and other benefits for its nonunion miners and seek to have the courts rip up the contracts with its 2,500 union miners.

Robert Murray, the company founder, has agreed to step down as CEO. He is to be replaced by his nephew and former chief financial officer Robert Moore. Murray will remain as the company's chairman.

Murray Energy is the largest underground mining company in the United States with 17 active coal mines in Alabama, Illinois, Kentucky, Ohio, Utah and West Virginia. In those mines, the company operates 12 longwalls and 42 continuous mines.

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Murray Energy also operates two surface mines in Colombia, South America. Combined, the company says that it can produce 76 million tons of coal per year.

Murray is the 8th coal company to declare bankruptcy so far this year. Cloud Pike and Blackjewel are among the list.

Robert Murray is an adamant supporter of President Trump. He donated over \$1 million during his 2016 election to various super PACs, including \$300,000 to Trump's inauguration. In turn, during the election campaign Trump pledged to revive coal mining; many Trump rallies and appearances took place at Murray mines.

In early 2017, Murray met with Energy Secretary Rick Perry and other White House officials. During the meetings, Murray presented an "action plan" for coal that became a to-do list for the Trump administration.

The plan listed such items as cutting the staff of the Environmental Protection Agency, withdrawal from the Paris climate agreement, elimination of government pollution regulations and ending the Obama-era Clean Power Plan.

Trump complied, gutting regulations and pulling the US out of the Paris accord. Yet coal has continued to decline. Since taking office, scores of coal-fired power plants have gone offline, switching to natural gas and renewable sources such as wind and solar.

The US Energy Information Administration reports that coal now accounts for less than 25 percent of US electric power production, down from over 50 percent just a few years ago. According to the EIA, demand for coal has fallen to a 40-year low.

Most industry analysts blame the decline, despite Trump's actions, on the fracking boom and the abundance of cheaper natural gas and the growing renewable industry. While undoubtedly true, this is only part of the story, the crisis in coal production is also part of the global slowdown in manufacturing.

In the past, coal companies would balance production of coal for power generation, with metallurgical coal used in steel production. Metallurgical coal was more specialized, but always got a much higher price and higher profits.

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Steel, another industry Trump claimed he would revive, saw a short-lived spike after Trump imposed tariffs but has been in a steady decline since mid-2018, with demand and prices falling. As a result, demand and the price for metallurgical coal have also dropped.

This is expected to continue as more and more steel production switches over to electric arc furnaces.

World demand for coal is also down, in part due to the move away from coal to other sources for power generation, but also because of the general slowdown in the world economy and outright recession in many major countries.

Coal exports for the third quarter are down 28 percent from the same quarter last year. This is mainly due to a drop in demand from China whose economy, while not shrinking, is no longer growing as fast.

The Murray Energy bankruptcy spells doom for the United Mine Workers pension plan, which covers 82,000 current and former coal miners, and the fund covering health insurance.

The pension fund was expected to run out in 2022, but will run out of money next year without the payments owed by Murray Energy. The healthcare fund is in slightly better shape, but will also run dry in only a few years.

Murray Energy lists billions in liabilities to the funds and it is almost certain that the bankruptcy judge will rule that the company no longer has to meet these obligations. Money owed to workers is treated last under US bankruptcy law, which ensures that the banks and other creditors are paid first.

Murray Energy was formed by the acquisition of closed, bankrupt or near bankrupt coal mines. In several cases, the company took over mines, absorbing those companies' pension liabilities, knowing full well that it would declare bankruptcy and shed those obligations.

Murray Energy's largest acquisition was of Consolidated Coal Company in 2013 from Consol Energy. Murray Energy took over all of Consol's mines in West Virginia and Ohio, leaving Consol with the massive Bailey Mining complex in Southwestern Pennsylvania.

The United Mine Workers of America, which represents about 2,500 of the miners at Murray Energy (nearly a third of the UMWA's active members), is opposed to mobilizing miners to fight the threat to their jobs, pensions and healthcare.

Instead, according to a statement issued by UMWA President Cecil Roberts, the union will use miners' dues money to mobilize their "high-powered legal, financial and

communications teams in place that will fight to protect our members' interests in the bankruptcy court.”

In addition, the UMWA will continue to work to head off the anger of miners over the bankruptcy of their health and pension funds with continued appeals to the Trump administration and Republicans and Democrats in the Senate and Congress to pass long-stalled legislation to bail out the health and pension funds.

As the massive fires burning in California and the threat to the entire planet with global warming shows, the capitalist system has no solution the crisis created by the profit system. Instead, giant corporations continue to make the working class pay with their jobs and further environmental catastrophes. The entire energy production industry must be put under workers' control and run as part of a planned economy to meet human needs while providing for secure jobs and retirement for its workers.

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