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The Hidden Costs of Coal

Several of our readers, from different parts of the country, asked if we couldn't reprint the following article. It is written by the courageous leader of the United Mine Workers of America, Mr. Arnold Miller. We found Mr.Miller's discussion of the energy crisis and the coal industry so timely and cogent that we thought all of our readers should have opportunity to read it. Our thanks goes to the Center for the Study of Democratic Institutions for permission to reprint it here.

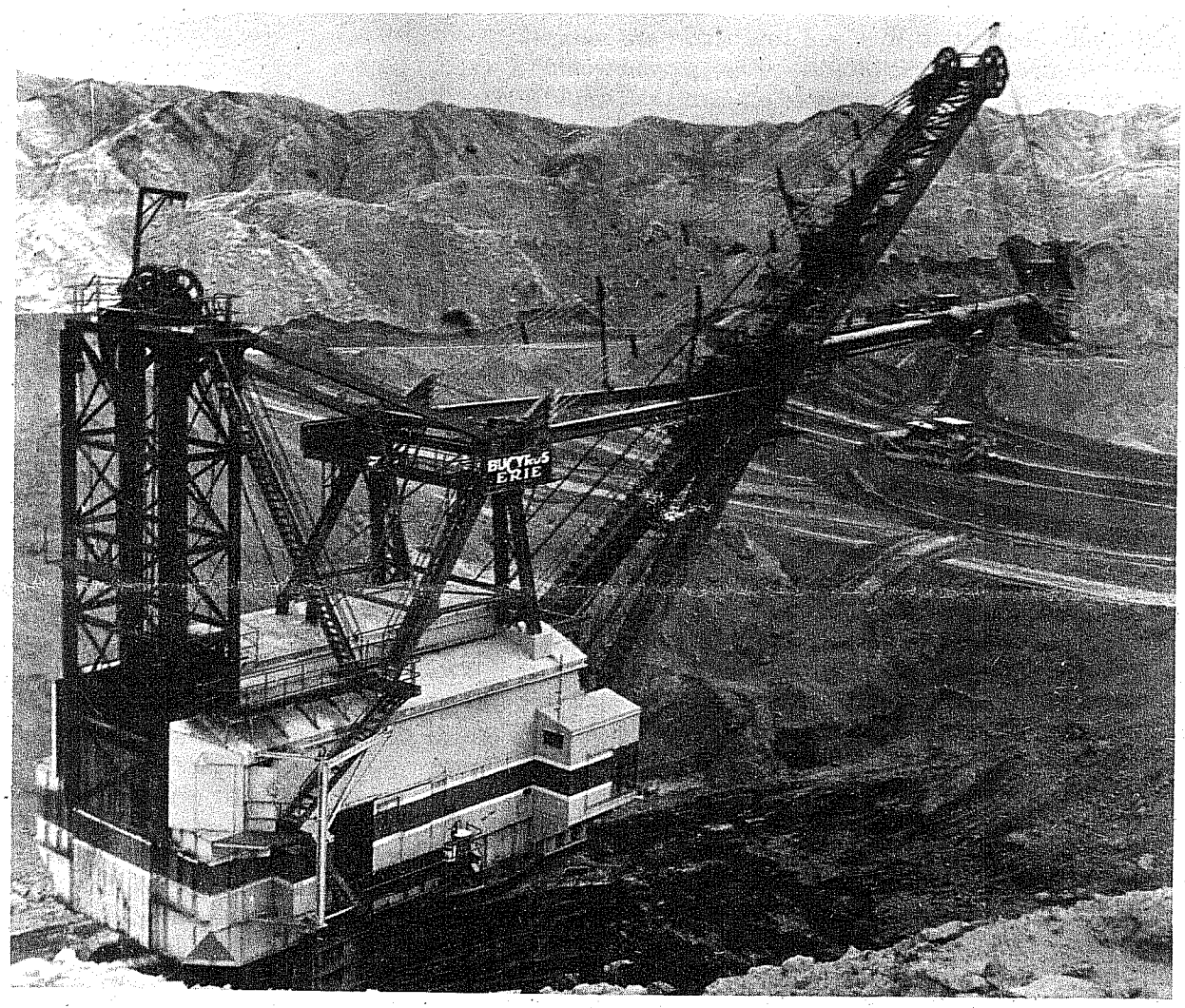
The editors.

by Arnold Miller

I was born in the mountains of West Virginia, and my views are the views of a coal miner. Coal mining is hard, dirty work, and when you have time to think on the job, you mainly think about your survival. I have spent most of my life just trying to survive, and what free time I had left over I spent on trying to reform the union I belonged to. That is hard work, too. So my views are generally geared to getting from one day to the next.

When I first began thinking about what I wanted to discuss at the Center, a number of possibilities struck me. I could concentrate on what it is like to try to run a union in the process of reforming itself. Or I could discuss coal miners and the energy crisis. Then I began thinking about your name — The Center for the Study of Democratic Institutions — and it occurred to me that coal miners don't have much opportunity to study democratic institutions, because there are so few such institutions where we live. Our union is only now getting serious about democracy. The industry we work for is totally undemocratic. The state legislatures that it controls pay lip service to democracy, but that is as far as they are willing to go. There are a few congressmen and senators from coal states who are a credit to democracy, but most of them are not interested in it unless the price is right. Then there is the White House. The people there are supposed to know about democracy and they also have a great deal to do with policies affecting coal miners. But based on what I have seen and heard from there, especially since Watergate, the idea of "democratic institutions" doesn't impress them much. So I come down to the idea that I would like to talk about democratic institutions if only because it is such an unfamiliar subject to me.

Of course it is too big a subject for anyone to handle. I know I ought to narrow it down. However when I was still working underground, long before I knew any people who called themselves environmentalists, I ran across what the founder of the Sierra Club, John Muir, said: "When we try to pick out anything by itself, we find it hitched to everything else in the universe." I think that is about as true as any idea I ever heard. You can't talk about energy without talking about oil. You can't talk about oil without talking about politics. You can't talk about politics without talking about corruption. You can't talk about corruption without talking about companies that are so big that they can give half a million dollars to a politician without its even showing up on their books. You can't talk about companies like that without talking about energy, because they supply it. And you can't talk about energy without talking about coal. So I will talk about all of these things, and if I wander around, you can blame it on the Sierra Club. That is what the coal industry does.



The United States will produce around 600 million tons of coal in 1974. Much of it will still come from West Virginia and Kentucky. But the scene is shifting westward to huge easily-stripped deposits of low-sulfur coal. Here, near Colstrip, Montana, Peabody Coal Co. is producing over 1.5 million tons per year for use by Minnesota Power & Light, some 800 miles east.

I still run into people who think that the coal industry died when railroads converted from steam locomotives to diesel. They are very surprised when I point out to them that their electrical appliances burn coal. They don't see it because it is delivered by wire. The steel that goes into their cars could not have been produced without coal. That is true even if they are driving a Japanese car, because it is exported American coal that the Japanese steel industry uses — and then sends back to us, at a comfortable profit. I am sure, though, that you all know enough about our economy to realize that coal is the basis of it. If we stopped digging coal in September, the country would shut down in October, after the stockpiles ran out. It is that simple.

We are producing, at this point, about 590 million tons of coal a year from twenty-four states. West Virginia and Kentucky are the leading producers. They account for about forty

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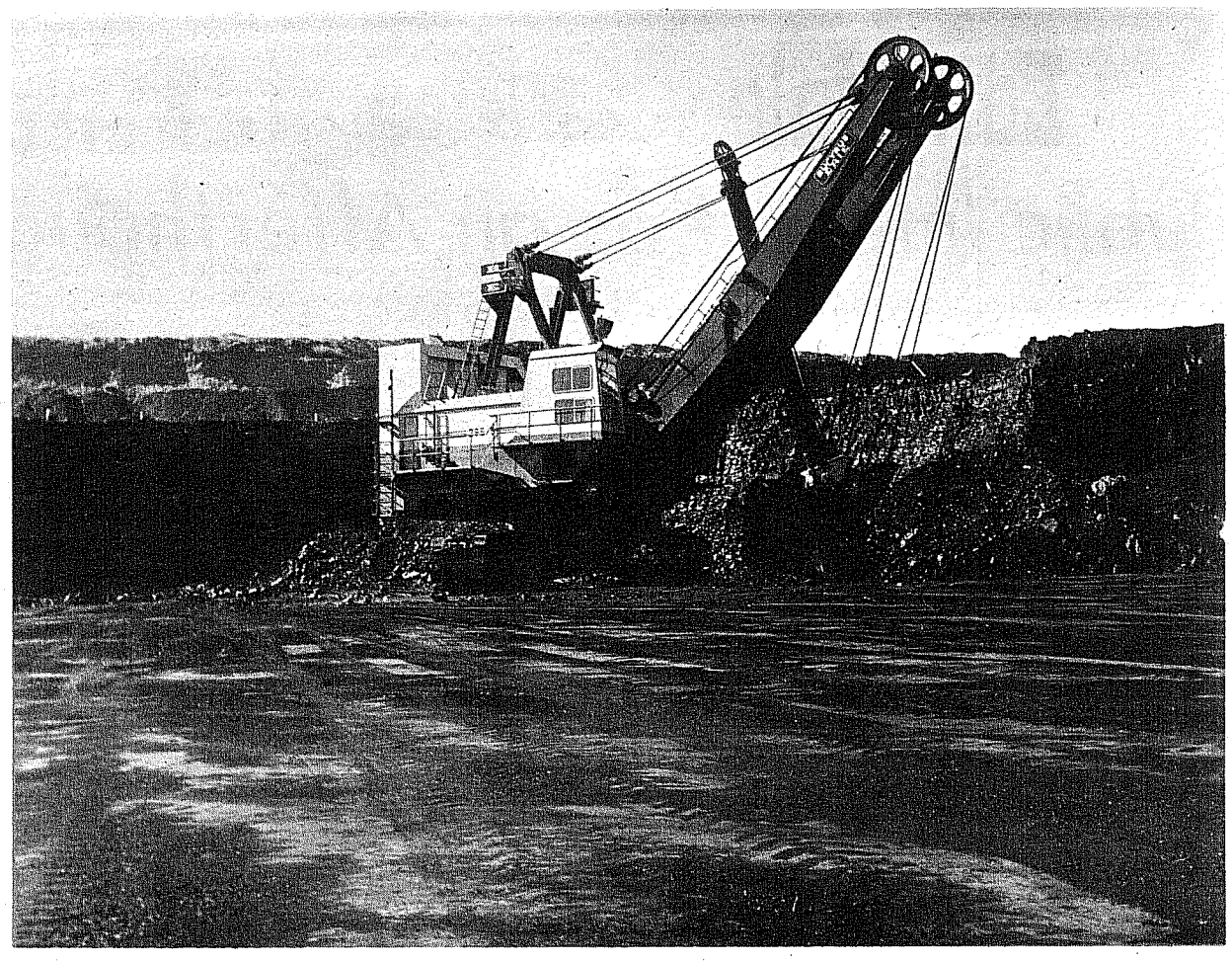
per cent of last year's total between them. In the east, the other principal coal-producing states are Pennsylvania, Ohio, Illinois, Indiana, Maryland, Virginia, Tennessee, and Alabama. Moving westward, there is production in Oklahoma, Arkansas, Iowa, Kansas and Missouri. The big reserves are in the Rocky Mountains and the Northern Plains.

All this coal is being mined by an estimated 150,000 men, which makes coal one of the most productive industries in the country. About 125,000 of those men belong to the United Mine Workers (our total membership, including retired miners, is about two hundred thousand). You can get some sense of how the coal industry has changed through mechanization by realizing that thirty years ago we were producing roughly the same amount of coal every year, but then it required a work force of about six hundred thousand to do it. Today the coal industry is about ninety-eight per cent mechanized.

More than half of the coal we produce goes to electric utilities. We deliver about ninety million tons to the steel industry. We export about fifty-seven million tons. We deliver the rest to a wide variety of other industries, particularly those producing chemicals, which rely heavily on coal and coal by-products.

Mainly because of mechanization and the high productivity that results from it, the price of coal traditionally has stayed low. That is the price to the consumer. The hidden cost of coal is the one we pay — the people who mine it. It is a high price. We get killed. Since the Bureau of Mines started keeping records of such things back in 1910, about eighty thousand of us have been killed. No other industry comes close to that. And we get black lung, from exposure to fine coal dust in the mine air. That problem has been with us through the history of the industry, but the companies and the company doctors have denied it even existed. They were still denying it in 1969 when the Public Health Service finally go around to releasing a study it had been sitting on for sixteen years that showed that one hundred thousand or more miners and retired miners were afflicted. And "afflicted" isn't a strong enough word. Dying of cancer is no worse. This old disease has become worse with mechanization because the high-speed mining machines stir the coal dust up much more intensely than in the old pick-and-shovel days. We have had our technological progress in coal, just as in other industries, but we are still being smothered to death.

There are other hidden costs in coal. Underground mining produces acid wastes and gob piles. Strip mining destroys mountains and poisons watersheds. It also poisons people's lives. There is probably nothing worse than knowing those big shovels are coming to take your land and the house you grew up in. If you are poor, you don't have too many ways to fight back, and it is tempting to take whatever they offer you. That brings me back to John Muir's idea about everything's being hitched together to everything else. You are poor in the first place because of the coal industry — if you live in an Appalachian coal camp. They make you poor and then they come and take advantage of it. That is a hidden cost. Anybody who has had to fight the coal industry knows what it is like to pay it.



Thick, flat beds of low-sulfur coal, lying close to the surface, have drawn attention to Wyoming's Powder River Basin. Here, the Belle Ayr Mine of AMAX, located about 20 miles south of Gillette, is a forerunner of many more huge operations. The coal is now being hauled by unit train to Colorado Public Service Co. at Pueblo. But by 1980, the company may be producing 30 million tons a year, bound for such destinations as Topeka, Kansas; Carson, Texas, and Siloam Springs, Arkansas.

We have learned from bitter experience that when you fight the coal industry, there are terrible odds against you. The concentration in the industry is extreme. Of course, the industry says this is ridiculous. The industry spokesmen are always pointing out that there are five thousand mines and 1,200 mining companies. And then they ask how any industry with that many companies in it could possibly be concentrated. They get away with this question because so few people know anything about the industry. But the simple fact is that fifteen companies produced 301,208,359 tons last year, which was fifty-one per cent of the total. The top fifty companies combined produced 400,000,000 tons — two-thirds of the total. I am not an economist, but you don't have to be to know that any industry which has half of its production controlled by fifteen companies is concentrated. It is more concentrated, in fact, than those figures indicate. And what is really important is to understand where the concentration goes — where the puppet strings lead to, to put it another way.

First, let me list the top fifteen companies by their coal industry names, and you can see how many you recognize. Peabody, Consolidation, Island Creek, Clinchfield, Ayrshire, U.S. Steel, Bethlehem, Eastern Associated, North American, Old Ben, Freeman & United Electric, Westmoreland, Pittsburg & Midway, Utah International; and, in fifteenth place, a group: Central Ohio Coal, Central Appalachian Coal, Windsor Power House Coal, Central Coal, and Southern Ohio Coal.

If you have ever heard more than five of those names, you must have grown up in Appalachia, or you have been studying the industry. But the next question is harder. Who owns those fifteen companies? How many of them speak for themselves?

Peabody Coal is a wholly-owned subsidiary of Kennecott Copper. Consolidation Coal is a wholly-owned subsidiary of Continental Oil. Island Creek is a wholly-owned subsidiary of Occidental Oil. Clinchfield is a wholly-owned subsidiary of the Pittston Company, which operates oil refineries and owns the Brink's armored car company so that it won't have to pay someone to carry its cash around. Ayrshire Coal is a wholly-owned subsidiary of American Met Climax (Amax). U.S. Steel and Bethlehem own their own coal-mining operations. Eastern Associated is a division of Eastern Gas & Fuel. North American Coal is independent. (You have to get down to number nine on the list to find an independent coal company.) Old Ben is a wholly-owned subsidiary of Standard Oil of Ohio. Freeman Coal and United Electric are wholly-owned subsidiaries of General Dynamics. Westmoreland Coal is independent. Pittsburg & Midway is a wholly-owned subsidiary of Gulf Oil. Utah International is independent, but not strictly a coal company. It has worldwide operations in copper, iron ore, and other minerals. And that last group — Central Ohio Coal, Central Appalachian Coal, Windsor Power House, Central Coal, and Southern Ohio Coal — is a division of American Electric Power, the biggest private utility company in the world.

You realize very quickly that the coal industry is not what it seems to be at first glance. You have oil companies controlling two of the top three. Kennecott Copper controls the biggest of them all — a company which produced nearly seventy-two million tons last year and plans to double that by 1980. This one company, which gets about eighty per cent of its coal from strip mining, produces about twelve per cent of the industry total. In fact, Peabody alone outproduces the combined effort of the seven companies at the bottom of the top-fifteen list.

In the coal industry a very small number of very large companies not only sets the pace for the rest but also has the power to swamp them financially. What other industry has this same pattern? Everybody knows: oil. But not every-

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body knows that the oil industry effectively controls the coal industry. It shares that control to some degree with other industries — with Kennecott, with the steel people, and with utilities. I don't deny that they have their differences of opinion from time to time, and maybe even a little competition. But not very much competition, and less of it every day.

We are all slowly learning that the oil industry is more than that now. It has wide-ranging interests: coal, natural gas, uranium. It is an energy industry, though that is too polite a name. The Federal Trade Commission recently observed that "the industry operates much like a cartel" and filed suit to try to break it up. Exxon, Texaco, Gulf, Shell, Standard Oil of California, Atlantic-Richfield, Standard Oil of Indiana, and Mobil between them control fifty-one per cent of crude oil production, sixty-four per cent of crude oil reserves, fifty-eight per cent of all refining, fifty-nine per cent of refined gasoline, and fifty-five per cent of gasoline marketing. "A nation that runs on oil can't afford to run short," they say in their advertising. In the long run, it may be much more true that a nation that runs on energy can't afford to fall into the hands of a cartel. We already have some firsthand experience with shortages. But today's are nothing compared to tomorrow's. I think shortages are directly connected with concentration. The experience of the coal industry here is likely to be educational.

It should be admitted right off that concentration in the coal industry has had some notable advantages, even though we have not all been allowed to benefit from them. In the earlier part of this century the coal industry was about as mixed up as a pig's breakfast. Many thousands f companies competed with each other. You ould get into the business without much money. If you could get a railroad to put some tracks near your mine and send you a few empty cars every now and then, you could fill them up and send them away and make a profit. The lower you kept the wages of your miners, the more money you made. But there was chronic overproduction, and after 1920, when oil and natural gas began creeping into coal's heating markets, the overproduction got worse with every year. It was a logical thing for the bigger producers to work at getting still bigger and combining their assets through mergers so that they could carve out a secure place for themselves. They did that. They did it with increasing speed after World War II, when John L. Lewis forced mechanization into the mines by driving wages up to the point where it was cheaper to put machinery into the mines than it was to pay pick-and-shovel men.

Full-scale mechanization was something only big companies could afford. They paid for it out of working capital or with long-term loans at relatively favorable interest rates. The smaller companies couldn't keep up, even if they were relatively well managed. The record of the industry was too unstable to attract capital to small operations. An investor or a bank with a choice between a company with thirty-five mines and long-term contracts for its coal or a company with one or two mines that could be bankrupted by a strike at either of them — and that had only spot contracts — which do you think it would choose? But the trouble with this trend was that there was no stopping it. And now we have an industry in which the smaller independent operators have no leverage at all. But the irony is that the smaller companies are answerable to somebody. They are local, or nearly local. You can get at them. What is true of all the giants is that ordinary citizens can't get at them. They are not accountable to us.

They should be, because there are some important questions they should be forced to answer — and not just with the usual symphony of public relations they pump out whenever they are being criticized. First of all, they should be forced to explain how they are going to deal with the future energy needs of this country. Lately we have had truckloads of studies indicating one thing: by 1985, the United States will be running out of domestic oil and domestic gas, and relying even more heavily than we already are on supplies imported from the Middle East. Most of the studies also give some passing mention to coal. Some of them point out that we will need to produce about 1.5 billion tons of it a year in order to keep our lights burning. That is more than double the six hundred million tons per year we produce now. In effect, it means building a whole new industry on top of the one we already have.

That might be possible if the coal industry were expanding production steadily, about ten per cent each year. But total production last year was less than in 1947. The National Coal Association forecast for 1973 shows little or no increase over 1972. At this point even that forecast seems to be off the mark; production is now running five to ten per cent behind last year, and it is likely to stay that way for some time. At this rate, there is no way that the coal industry will be producing 1.5 billion tons a year by 1985 — or for that matter, at any time after that.

Part of the reason is concentration. It is just not possible for independent coal companies to expand in competition with the giants. And some of the legislation that has been passed in recent years has not made it any easier for them. The 1969 Coal Mine Health and Safety Act has probably brought about the closing of numerous smaller mines which simply couldn't afford the investment in new equipment required by the very strict standards of the act. I don't think the act should have been less strict — if anything it could have been even tougher — but I wonder whether provisions should not have been made to provide some sort of relief to the smaller companies. I do not mean tax relief, which is equivalent to an outright subsidy; I can't see any value in rewarding a company for having had a consistent record of failing to provide a safe work place, as too many smaller companies did. But I think it might have been a good idea to establish something like a Small Mines Safety Bank that could have provided low-interest loans to be used for safety equipment and training. It may not be too late to do that, and it might have the effect of subsidizing competition.

The bigger companies, with effective control of their market, have no incentive to expand except when they are absolutely certain in advance of selling every ton of coal at acceptable prices. Their goal is to remove every last bit of risk from the business (except in the area of safety, where they are still willing to take all kinds of risks).

This was true even before they started being devoured by the oil industry; it is twice as true now. The oil industry knows that you don't refine more gasoline than you think the country will need, because if you do, the price will go down. In the days of competition you had less chance of manipulating the total production. These days, when competition in the oil industry is a joke, you can manipulate whatever you feel like manipulating, starting with the White House and the Interior Department and going on from there. The biggest oil-coal combines are sitting on vast reserves of readily recoverable coal. But that coal will come out of the ground only when the men who own it can be sure of the price they will get for it.

That is a simple objective, but it immediately becomes complicated. Coal, oil, and gas are largely interchangeable as far as electric utilities are concerned. They all produce Btu's. Many generating plants have been designed to take any or all three. If coal were still one hundred per cent competitive, there would be an incentive to mine more of it, sell it to the utilities at the lowest possible prices, and undercut oil and gas, which are increasingly difficult to find and bring to market, especially if

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Feelings run high in the ranch country of southeastern Montana. In the meantime, the people of West Virginia are not happy with the turn of events either. Recently, a West Virginia legislative study criticized state government for not doing more to protect and promote that state's coal industry. And a bill recently introduced into the Legislature would not allow automatic utility rate increases due to the cost of hauling coal into West Virginia. Photo by Terry Moore

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you have to go overseas to do it. But coal is not one hundred per cent competitive. It has problems of environmental damage and it is hard to transport efficiently. More importantly, however, it is being kept in the back room by the oil industry. When the other commodities are gone from the shelves, the industry will bring out coal. And it will sell for what the industry wants it to sell for.

Not long ago I was reading the testimony of John O'Leary, the director of licensing with the Atomic Energy Commission, before the Senate Interior Committee during its June hearings on energy problems. Mr. O'Leary is an economist by training. He was also director of the Bureau of Mines until someone in the White House decided that he was doing too good a job and got rid of him. He knows a great deal about oil companies and their interests in coal and other fuel sources. I was impressed by the clarity of something he said:

"Oil companies today have two overwhelming interests. The first is to increase the value of their domestic reserves, thereby enhancing their book value. The second is to liquidate as rapidly as possible their foreign holdings, thus maximizing current income from these holdings should these holdings for one reason or another be denied in the future.

"These strong and practical motivating forces run absolutely counter to the current public interest in energy research and development, which calls for rapid development of alternatives to conventional fuels. For the oil industry as a whole . . . a world without alternatives to conventional oil and gas is a better world than one which had available the sorts of alternatives that can be developed through research and development."

Not only is this a valuable summary of a dangerous situation, but it happens that the very day after Mr. O'Leary made these remarks, the A.E.C. put out a huffy statement to the effect that these were O'Leary's personal views and had nothing to do with those of the A.E.C. The oil people must have been on the phone to all the right places the moment he finished testifying. They rarely have to listen to that kind of truth from anyone within the government these days.

I like Mr. O'Leary's language because he steers clear of any talk of conspiracy. Words like that still tend to put people off. Instead, he describes in matter-of-fact language a situation in which the oil industry is on a collision course with the rest of us, and he uses the word "practical" to describe the industry's motivation. I think he is right. What is practical for eight or ten companies may be disastrous for two hundred million people. In that situation, the industry obviously must yield. But when was the last time we saw the oil industry yielding?

For coal miners, this isn't just a little spare-time exercise in industry-baiting. The idea of an unrestrained oil-coal-gas-uranium cartel is terrifying to us. We already know what it is to work for people who think of themselves as above the law. The coal industry has always been that way. If you don't believe it, look at what is left of the company towns they built — and then sold to us when they no longer needed them. Look at the schools in eastern Kentucky. Look at the roads all over Appalachia. Look at the men who were battered and broken in the mines, and then forgotten. Look at the stripped hills and the rivers running red with acid. Look at all that, and look at the coal companies' tax returns, and then tell me the coal industry isn't above the law.

The coal industry has its own "practical" reasons for being the way it is. If we have any warning to pass on to the rest of the country, it is to watch out for large industries with practical motivations. Mr. O'Leary could not have put it better.

Going back to what he was talking about, let us look at a few aspects of the current energy situation. We are already using twenty-four trillion cubic feet of natural gas per year, and finding less than half that much in our reserves. Demand has increased about seven per cent per year since World War II. There is no leveling off in sight. The Federal Power Commission says we have a sixty-five-year supply of natural gas, but that figure is based on a demand increase of 1.4 per cent a year, which is ridiculously out of date. Mr. O'Leary sees us running out of domestic gas reserves by 1986. With luck, assuming there are more undiscovered reserves than we think, we might make it to 1995.

We are not quite as badly off in oil reserves, but the forecast is no more encouraging. We were using 14.7 million barrels a day in 1970. We were producing 11.6 million barrels a day from domestic wells. That gave us a deficit of 3.1 million barrels a day. We made it up with imports. Looking ahead, even the most conservative estimates for 1985 show domestic demand running at 30.2 million barrels a day, more than twice the consumption of 1970. With luck, domestic wells will be producing fifteen million barrels.

"Unfortunately, common sense has almost nothing to do with the way we consume energy in America."

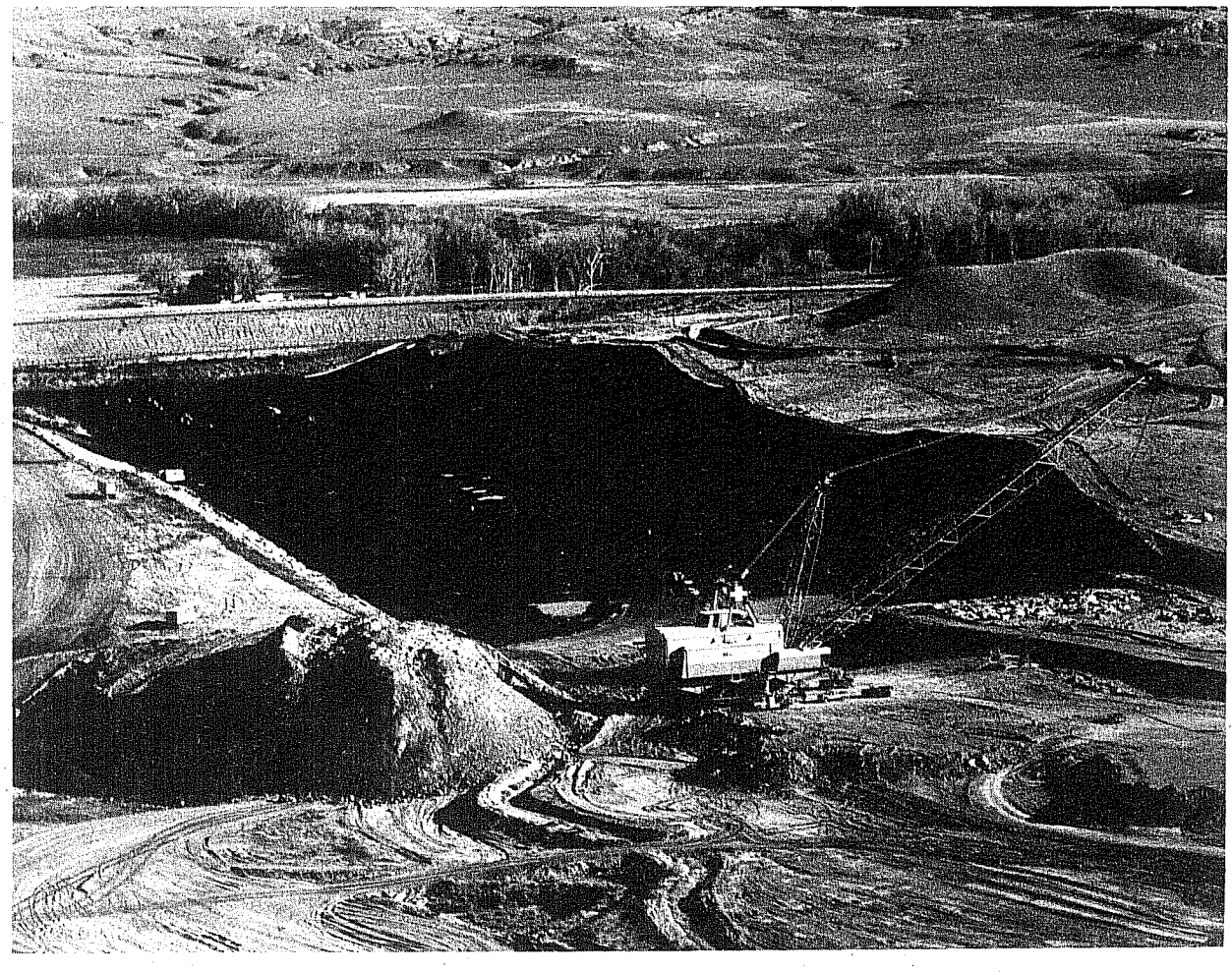
That is a deficit of 15.2 million barrels a day to be accounted for. It has to come from the Middle East, for the most part. In the back of my mind right now is the question: What are we going to be doing with all those B-52 bombers now that they are not bombing Cambodia any more? I don't think it is wrong to start worrying about what the Pentagon is up to — or will be up to. When we have too much dependence on foreign supply, as we now do, the temptation to go in there on some flimsy pretense and clean out all those sheiks will be strong. If the B-52's are too clumsy, we will do it with subversion and the C.I.A.

We don't have to do that, of course. We could be pouring money into research that would speed the day when we can convert coal to pipeline gas and synthetic gasoline. Very few people have come to grips with one vitally important fact. That fact is that we could run this country on coal, if we wanted to. Not tomorrow, no. But, with a sufficient commitment, we could be doing it before 1985.

Some time in the future, we will be running this country with fast-breeder nuclear reactors, though I won't live to see it. When my children are my age the first of these reactors will be making an impact. Beyond that, we will get the sun's energy harnessed. My children won't live to see that — at least not on a nationwide commercial scale. Meanwhile, we ought to be concentrating on figuring out how to use our conventional fuels. We have just about run out of gas. We are low on oil. What about coal?

We sit squarely on top of the largest readily available supply of coal on earth — about 1.3 trillion tons in all, with about 390 billion tons considered to be readily recoverable. That is a six-hundred year supply, at current consumption levels. Even when you double or triple our consumption, the supply will outlast any conceivable period of demand.

Coal overpowers gas and oil in terms of available reserves. The U.S. Geological Survey figures that coal accounts for 87.1 per cent of everything we have left. Oil is 3.5 per cent. Gas is 4.6 per cent. Sheer common sense should tell us



Decker Coal Co. is a joint venture between the large construction firm of Peter Kiewit & Sons and Pacific Power & Light Co. The mine, shown here in the initial stages, is located along the Tongue River just north of the Montana-Wyoming state line. The coal seam is 52 feet thick, just beneath the surface. Unit trains will haul some four million tons from here to Havanna, Ill., where it will be loaded on barges for shipment to Commonwealth Edison in Chicago. The mine is equipped to handle a much larger tonnage. **Photo by Terry Moore**

to put all our efforts into developing coal.

Unfortunately, common sense has almost nothing to do with the way we consume energy in America. Not only do we consume more of it than we should — it is a widely quoted statistic that we add up to six per cent of the world's people and burn up about forty per cent of the world's energy — but we consume more of it all the time. Population increased fourteen per cent from 1961 to 1973; per-capita consumption of energy went up forty per cent. And while we are busily consuming more every day, we are burning up the wrong things. Oil and natural gas account for 77.9 per cent of our current total energy consumption — almost a direct inversion of the figure for available reserves. Coal accounts for 17.5 per cent. Hydroelectric and nuclear sources provide the remaining 4.6 per cent. It is not just because I am a coal miner that I consider this a ridiculous situation. It is also because I am a citizen. My interests as a citizen are not being served by this kind of arrangement.

There are various reasons why coal is low on the list of fuels currently supplying our energy requirements. The biggest reason has to do with simple expedience. Aside from the fact that coal is difficult to transport and requires large storage facilities, it also comes out of the ground mixed with various impurities. The most serious is sulphur. The burning of coal produces other impurities — fly ash, particulates — but electrostatic precipitators and redesigned boilers have largely brought those under control. But sulphur is not under control, and that is a very serious problem, since a high percentage of the coal we mine in the East is high-sulphur.

A few months ago I was in a meeting with some coal barons who were wringing their hands about the sulphur problem and how it was affecting their sales. I couldn't argue that it was having that effect, but I could still ask them a question: "Gentlemen, when did you first discover there was sulphur in coal?" I knew the answer as well as they did. The discovery goes back hundreds of years. The next question was: "Gentlemen, how much money has each of your companies spent researching ways to handle the sulphur problem?" They changed the subject.

I can understand that they would, because research is not something the coal industry has been comfortable with. Some coal companies will tell you that they have a research department, and in the annual report you will find a picture of a man in a white coat squinting at a piece of coal; but when you go to their headquarters and ask to see the research department, either they have nothing at all or their "research" consists of a technician working out of a converted broom closet fixed up with a Bunsen burner and two or three beakers. All he does by way of research is to analyze random samples coming out of the company's mines.

Having said that, in fairness I should point out that the coal industry's trade association has a research wing, Bituminous Coal Research, Inc., which carries out research for the entire industry. But B.C.R. did not get serious about sulphur problems until the mid-nineteen-sixties. Even then, its involvement was slight.

Further, the industry does not pay its own way in research. It siphons money, through contracts, from the federal Office of Coal Research, which is part of the Department of the Interior. Electric utilities have been criticized because they spend less than a fourth of one per cent of revenues on research. That puts them one-fourth of one per cent ahead of the typical coal company. The coal industry waits for Department of Interior to do it.

Unfortunately, Interior does not do it. The Office of Coal Research, which was lobbied into

Photo by Terry Moore

A quiet and relatively simple pastoral society is about to be swallowed in the rush to provide coal for energy. The Bill McKinny Family of Birney, Montana, is only one of many families whose lives and livelihoods will be disrupted as industrialization comes to the Northern Great Plains of Montana, Wyoming, and the Dakotas.

existence in 1960, is a storefront operation which hands out contracts but does little or no basic research itself. Compare it with the Atomic Energy Commission, which is pushing coal's principal competition after gas and oil reserves run out, and you can see the absurdity of our situation. During the current fiscal year, A.E.C. is operating on a budget of $2.2 billion dollars. O.C.R. has a budget of fifty-eight million dollars. A.E.C. employs 5,800 people; O.C.R. thirty-seven.

About fifteen years ago, the utilities companies on the East Coast began moving away from coal. Gas was the ideal fuel — clean and cheap, and nobody said anything about running out of it. Oil was almost as good, especially since removing sulphur from oil is easier than removing it from coal — if you use low-sulphur residual fuel oil, you do not have to deal with the sulphur problem at all. The coal industry responded to the threat like the two men sitting at the table with their feet up telling each other, "Next week we've got to get organized."

The industry wanted the government to do more research but it would rather disappear than let the government exercise any control over the results. For the past fifteen years various people have been proposing a national fuels policy to replace the mess we have now. The coal industry said that would be fine, as long as the people administering such a policy had no actual influence. The coal industry's thinking on free enterprise is stubborn and basic — and, as far as I am concerned, about as enlightened as the robber barons who got the whole thing started a hundred years ago.

While the industry was fending off socialism (or what it thought would become socialism, given half a chance), it was losing its market. One by one the East Coast utilities switched — particularly to gas and residual fuel oil. The trend moved inland as well. Coal had sixty-seven per cent of the utilities as recently as 1965. By 1972, that figure had dropped to fifty-four per cent.

It is still dropping, despite the coming shortages of other fuels. Meanwhile, residual fuel imports during the first three months of this year amounted to 192 million barrels, representing an 11.4 per cent increase over the same period in 1972. That increase alone, translated into terms of coal, would come to 4.7 million tons. That is more than eight hundred mining jobs.

Now the utilities are beginning to hesitate. It may be that fewer of them will convert — not because they don't want to, but because they can't be sure of future supplies of oil and gas. In at least one state — New York — the Public Service Commission has ordered utilities not to convert unless they retain the capability of switching back to coal. Naturally the coal industry is pleased with this development, though it did nothing to bring it about.

But this development needs to be looked at in context. And the context is that the key coal reserves being held for future use belong either to the oil industry or to corporations based in the western part of the United States. Western coal is generally of lower heat value than Eastern coal and it is still more remote from its markets, even though the country's growth continues moving westward. But Western coal is generally low-sulphur. And it sits there in gigantic quantities.

The Fort Union coal formation, which underlies eastern Montana and part of North Dakota, is the largest single block of coal in the world. Other coal formations underlying Wyoming, Colorado, New Mexico, and Arizona are enormous. Getting at them is easy, because they lie under less than three hundred feet of "overburden," as the strip-mining industry calls it. You

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". . . their 'research' consists of a technician working out of a converted broom closet. . ."

Photo by Terry Moore

"Some people can't understand that money is not everything. I told that man (from Consolidation Coal) that I knew he represented one of the biggest coal companies and that he was backed by one of the richest industries in the world, but no matter how much money they came up with, they would always be $4.60 short of the price of my ranch."

Boyd and Anne Charter at their ranch home in the Bull Mountains of Montana.

Hidden Costs . . .

(Continued from page 7)

have none of the engineering requirements of a major underground mine, and you need a fraction of the lead time to get started. Your biggest problem is waiting for delivery of a dragline, which will cost you around twenty million dollars to buy. It's worth it. One man operates it, and the bucket picks up anywhere from fifteen to two hundred tons at a swoop (depending on the size of the machine). Even with a small dragline you can load two thousand tons an hour. That is more than a medium-sized Appalachian underground mine can load in a whole shift.

Obviously, Western mining has another attraction. Almost no workers. In the East, the general rule of thumb is that you need about two hundred men to get out a million tons a year. In fact that is the minimum work force needed. In the West, you can clear the same tonnage with ten men. If I were a coal baron, I'd be heading west. And they are. They are gloating about it, too. Ed Phelps, president of Peabody Coal, told his colleagues about it at the National Coal Association convention a few weeks ago: "Talking about Western coal reminds me of that old fisherman's prayer which you sometimes see printed on wooden plaques for sale in sporting goods stores. It goes, 'O Lord let me catch a fish so big that when I tell about it later, I won't even have to lie.' Western coal reserves are like that fish." That is true, and Ed Phelps's company has already leased as estimated 8.7 billion tons of Western coal. That would last 125 years if he shifted all his equipment west and maintained his current level of production. But his company is looking for more. Meanwhile , he is getting a good start by digging up the Navajo reservation at Black Mesa.

Ed Phelps's prize black fish isn't the biggest catch in the West. Burlington Northern has more than eleven billion tons, and Union Pacific has ten billion. Continental Oil has 8.1 billion. Amax has four billion; Westmoreland Coal, 1.2 billion; Northern American Coal, 2.6 billion; Montana Power, a billion. And there are numerous others we haven't begun to identify, because they buy up coal under assumed names and we do not have the manpower to track through all the records.

So the West sits there, waiting to be developed. There are huge mines in operation there now, of course. But they do not represent a fraction of what is coming if the energy cartel is allowed to pursue its own timetable. The ranchers and environmentalists who are fighting against strip mining in the Northern Plains haven't seen anything yet. Look at the tonnages I've just mentioned, and compare them against

"The ranchers and environn strip mining in the Northern P

Montana's total production last year, which was about eight million tons. There are more than thirty billion tons of coal under Montana, and eight million tons is only two-tenths of one per cent of that. We have a long way to go, and if there is any ranchland left in Montana when Ed Phelps is finished, I will be very surprised.

I know all about what they promise: reclamation. "Land as good as it ever was." I know about the "reclamation" in Appalachia because I have to live with it. The reclamation in Appalachia — to borrow a phrase from a former officer of our union — is the small end of nothing, shaved down to a point.

This kind of talk usually gets me into trouble. Several thousand members of our union are stripmine employees and they don't like to hear their president talking like an environmentalist. What is more, the U.M.W.A. has launched an organizing drive in the West, on the theory that wherever there are men digging coal they should be members of the United Mine Workers. Whenever I say anything critical of the industry I find that it is reproduced and distributed with blinding speed among the men we are trying to organize. Strategically it would be much better to stay silent. But there is a tradition of speaking out in my union, and the westward trend of coal mining creates an issue we have to confront. In West Virginia and Kentucky, all over Appalachia, we found out, as our fathers found out before us, that when the companies no longer need you or want you, all you have left are your scars and the dust in your lungs. And in our hills, what we have left are the scars and the mud slides and the streams choked up with silt where we used to fish.

Sometimes it is much worse than that. Sometimes gas explodes underground and we lose as many as seventy-eight men at a time, as we did in West Virginia in 1968 at one of Consolidation Coal's mines. Or a dam made out of coal wastes lets go in the early morning, and 125 people are carried away and drowned or suffocated under millions of tons of mud. That was Buffalo Creek in February, 1972 — the Pittston Company's operation.

The moral is simple: beware of industrialists bearing gifts. Fifty years ago they promised to develop Appalachia, and they left it in wreckage. Now they promise to develop the Northern Plains. They will leave it in ruins. A dragline operator working seven days a week can make more than twenty-five thousand dollars a year. I can understand his enthusiasm for the industry he serves; but somewhere we have to find the common ground between miners and "eagle freaks."

"Eagle freaks" are what coal men call the ranchers who liked Montana and Wyoming the way they were before the draglines moved in. Recently I read a magazine report about the Northern Plains problem, and about a rancher named Boyd Charter, who decided he did not want to sell to Consolidation Coal. "Some people can't understand that money is not everything," Mr. Charter said. "I told that man that I knew he represented one of the biggest coal companies and that he was backed by one of the richest industries in the world, but no matter how much money they came up with, they would always be $4.60 short of the price of my ranch." It doesn't matter that he is a rancher and I am a miner. I know what he means. If I owned my hills of West Virginia I would have kept the price $4.60 higher than the industry could pay to strip them. But they had the price, and now we have the mud.

ts who are fighting against ven't seen anything yet."

The man from Consolidation Coal did not think much of Mr. Charter. "You can be as hard-boiled about this as you want. But we'll get you in the end." That's how he put it. I know that kind of language. I've heard it all my life.

Government, of course, ought to be protecting Mr. Charter's ranch just as it ought to be protecting my fishing, just as it ought to be protecting my safety. But that is not the kind of government we have in Washington. What we have in Washington now is a very well-oiled job-shuttle system. You start out in industry and shuttle over to government for a while and shuttle back into industry again. Let me just briefly cite some examples that come to mind:

— Carl Bagge starts out as a lawyer for the Sante Fe Railroad, then is appointed to the Federal Power Commission. He leaves the F.P.C. to become the president of the National Coal Association.

— Lawrence O'Connor starts out as director of the Independent Petroleum Association, leaves to join the Federal Power Commission, then leaves the F.P.C. to become vice-president and chief Washington lobbyist for Standard Oil of Ohio (SOHIO).

— Albert Gore is defeated for reelection as a populist senator from Tennessee, leaves a lifetime of good works and becomes chairman of Island Creek Coal, Occidental Petroleum's wholly-owned subsidiary.

— Hollis Dole, Assistant Secretary of Interior for Mineral Resources, leaves government to become head of Colony Development Operation, an oil shale development consortium in which the principal company is Atlantic-Richfield, run by Robert O. Anderson, a major Republican fund-raiser and G.O.P. national committeeman from New Mexico. Dole is then appointed vice-president of the National Petroleum Council, the half-government, half-industry group that "advises" Interior on energy policy. In his new capacity he returns to Washington to speak for industry. All within a matter of weeks.

— Edward G. Failor, a lobbyist and Republican campaign strategist, is put in charge of safety enforcement at the Bureau of Mines. He leaves in June, 1972, to go to work for Charles Colson of the White House, "monitoring" Democrats in Miami Beach.

— John B. Rigg leaves the Colorado Mining Association to become Interior Deputy Assistant Secretary for Mineral Programs.

— Harry Moffett serves the American Mining Congress as its chief Washington lobbyist for thirty-one years. Then he joins Interior as Deputy Assistant Secretary for Minerals and Energy Policy.

— Stephen Wakefield becomes Assistant Secretary of Interior after serving the oil industry as an attorney at Baker & Botts, the Houston law firm, where he represented Pennzoil, the firm which had a hand in "laundering" the Watergate money. At Interior, Mr. Wakefield dismisses any talk of antitrust action against the oil cartel. "A large number of people grasp at the most simplistic solutions," he says. "They must find a culprit. Industry, especially the largest companies, are obvious candidates."

You bet they are.

I would not claim that industry and government are one and the same, because my experience with the federal bureaucracy is that it is a world all to itself. But I do believe that industry and government are much closer together and much less distinguishable than they have a right to be. And I believe that when we talk about developing an intelligent energy policy in this country — a policy designed to serve us all, not just a corporate few — we'd better know that the odds are bad, and the size of the job is almost overwhelming.

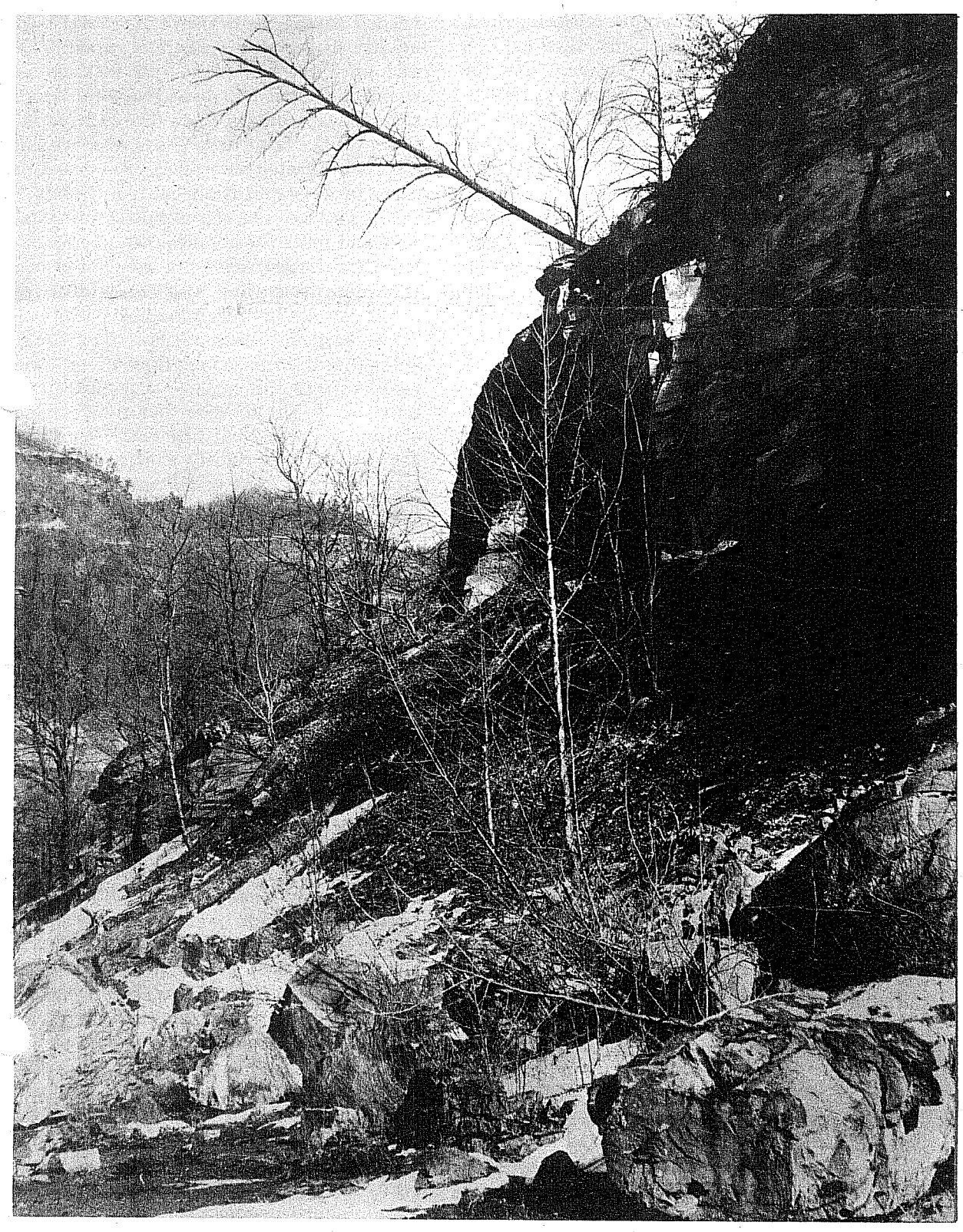
As far as coal is concerned, I define the job this way: we must greatly expand total production, on a crash basis, and aim at a goal of domestic energy self-sufficiency as quickly as possible.

We must not rush into development of the West at the expense of the East. A headlong commitment to super-scale Western mining means that over the next five years between twenty-five thousand and forty thousand mining jobs will be lost in the East. Of course, that concerns us as a union of miners. It concerns us also because we have lived through an unending depression in Appalachia, and we simply cannot sit silently and watch another one come rolling in on us. Finally it concerns us because you cannot turn underground coal production on and off like a light switch. If we arrive at a rational fuels policy five or six or seven years from now, and decide to strengthen our emphasis on Eastern mining, the mines will not be there, and neither will the miners.

We must not rush into development of the West at the expense of the West. Our western members need jobs, and we believe they should have them. But that does not mean that we want to see eastern Montana wiped out.

We owe it to ourselves and our children to develop a National Energy Policy that means something more than giveaway. To do that, we will have to make some very tough decisions that nobody is going to be entirely happy about. What I mean by that is that there must be some form of authority empowered to say no to the most powerful corporations in the United States. At the moment there is no such authority anywhere, and there will be none during this Administration.

I know that sounds pessimistic. I am not a pessimist but I would prefer to try to be realistic now than to be taken by surprise later.



West Virginia has already been hit by the destructive forces of strip mining. Here a highwall and the area just under it have begun to recover after ten years. But the highwall keeps breaking off since it was shattered years ago by blasting which preceded the bulldozer.