



Coal Miners and the Green Agenda

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Last June, President Obama announced his “Climate Action Plan.” This is his administration’s major second-term initiative to re-energize its agenda around fighting climate change and supporting major new investments in clean energy.

The primary focus of the Action Plan is the administration’s program to dramatically reduce carbon emissions from the country’s electricity utility plants. These emissions result primarily from burning coal, but also natural gas, to produce electricity. Carbon emissions from electricity generation represent about one-third of all greenhouse gas emissions produced by all sources within the U.S. economy today. It is evident that these emissions need to be cut dramatically if we are going to stop playing Russian roulette with the environment.

New Regulations and Technologies Are Not Enough

The administration’s strategy for achieving these emissions cuts is to begin strictly enforcing the existing air pollution regulations established as part of the 1990 Clean Air Act. The administration is taking this approach because it allows them to avoid asking Congress to either spend more money or pass new regulations.

The administration expects that the utility companies can achieve the needed emissions reductions through a technological fix: the introduction of carbon capture and sequestration (CCS) processes, through which, they believe, coal and natural gas could burn cleanly. This is how the phrase “clean coal” has begun

to emerge on billboards and TV commercials. CCS encompasses several specific technologies that aim to capture carbon emissions from power plants and other industrial facilities. The captured carbon is then transported, usually through pipelines, to locations where it is then stored permanently—that is, for all time—in subsurface geological formations.

Opponents of the administration’s Action Plan claim that CCS remains unproven and, even if it becomes technically feasible, would impose heavy new costs on utilities.

In this instance, the administration’s critics have the weight of evidence on their side. As such, the Action Plan faces two fundamental problems. First, as there is no proven technology for delivering clean coal—or, for that matter, clean oil or natural gas—the only viable path for dramatically reducing carbon emissions is to sharply reduce fossil fuel consumption. This, in turn, means that workers and communities dependent on the fossil fuel industries will face job losses and retrenchment. It is therefore no surprise that even Democratic politicians representing the affected communities are actively opposing Obama’s initiative. The response of the Democratic Secretary of State of Kentucky, Alison Lundergan Grimes, who is aiming to unseat Senate Minority Leader Mitch McConnell, is typical: “Yet again President Obama’s administration has taken direct aim at Kentucky jobs. Kentuckians deserve better than

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out-of-touch Washington regulations that further devastate an already ravaged region.”

[Under the Obama administration’s Climate Action Plan] workers and communities dependent on the fossil fuel industries will face job losses and retrenchment.

The second problem is that even if the Action Plan were fully implemented, it would not be nearly adequate to control climate change. A major new joint public/private investment program in energy efficiency and renewable energy is the only truly viable option for the United States to do its fair share toward controlling global climate change. The scale would need to be on the order of \$200 billion per year over twenty years, or about 1.2 percent of current U.S. GDP.

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At least superficially, it appears that solving one of these two problems will necessarily mean making the other one worse. How do you protect jobs for coal miners, for example, while still cutting way back on coal-fired electricity generation? In fact, it is possible to avoid this dismal logjam. We begin by recognizing that large-scale investments in energy efficiency and renewable energy will themselves be a major new engine of job creation. But cutting back on coal, oil, and natural gas production will still certainly create hardships for workers whose livelihoods depend on the fossil fuel sectors. This reality must be faced directly. As such, the second, equally important, policy priority must be the provision of major transitional support for workers and communities facing retrenchment. Policies along these lines have been implemented successfully in the past. It will be critical to build from these experiences.

Promoting Regional Equity

Some regions will clearly experience disproportionate negative impacts from the contraction of the fossil fuel industry. This will include oil-producing states such as Texas, Louisiana, and Oklahoma, and coal-producing regions such as the Appalachian region and Montana. At the same time, crucial elements of the clean energy agenda will require large-scale investments in all regions of the country. An obvious case in point is the need to retrofit a majority of the country’s entire existing building stock to increase energy efficiency. Similarly, expanding public transportation systems and upgrading electrical grid transmission lines will need to be undertaken in all parts of the country.

Within this broader economy-wide project, we can then provide that states with larger-than-average fossil fuel industries should also be given additional support to advance the elements of a clean energy agenda that are most appropriate for that area. For example, Texas and Montana could receive additional support for building a wind energy industry. The Appalachian region could receive extra support for upgrading the energy efficiency of their building stock and electrical grid transmission system, and to undertake ecological restoration of areas severely degraded by coal mining.

In fact, distributing public investment and other subsidies equitably on a regional basis is an approach with which U.S. policy makers have long been familiar. Spending by the Pentagon is already distributed on a basis of reasonable parity across all states. This, indeed, has been crucial in enabling the military to maintain public support for its gigantic budgets.

Targeted Community Adjustment Assistance

Even with a broadly supportive regional investment framework, there will still be a need for more focused community assistance measures. A good precedent for how this could be organized is the Worker and Community Transition program that operated through the Department of Energy from 1994 to 2004. This program was targeted at thirteen communities that had been

heavily dependent on the nuclear industry, but subsequently faced retrenchment due to nuclear decommissioning. The program provided grants and other forms of assistance to diversify the economic base of the thirteen affected communities.

A study of this program in 2000 by John Lynch and Seth Kirshenberg concluded that the program did achieve successes, but that the “most serious problem” they faced was “the lack of a basic regional economic development and industrial diversification capacity.” This is precisely the problem that coal mining and other fossil fuel dependent regions will face. To address this problem directly, community assistance initiatives should encourage the formation of new clean energy businesses in the affected area. One example of a successful diversification program coming out of the Worker and Community Transition Program was the repurposing of a nuclear test site in Nevada to what is now a solar proving ground.

A Worker Adjustment Assistance “Superfund”

Helping communities rebuild and diversify their economies is a process that generally takes years. That does nothing for displaced workers in the short term, who need immediate support to compensate them for their lost jobs and income.

The federal Trade Adjustment Assistance (TAA) can serve as the first reference point here. TAA began in 1962. In its current form, it provides assistance to workers with wage subsidies, health insurance, counseling and retraining, relocation, and job search costs. As of fiscal year 2012, TAA spending totaled \$826 million. However, this level of funding has long been derided as inadequate within the U.S. labor movement.

How expensive would this program have to be to provide adequate assistance to workers in the contracting fossil fuel industries? At present, within the domestic U.S. economy, there are about 560,000 workers who are directly employed in all aspects of the coal, oil, and natural gas industries. As a rough calculation based on my recent research, let us assume that U.S. oil and gas production falls by 20 percent between

now and 2030 and that coal production falls by 50 percent over this period. That means an overall contraction of about 100,000 direct jobs in the fossil fuel sector as of 2030 relative to 2013. If these losses were to occur on a steady basis between now and 2030, that would mean a contraction of about 10,000 jobs per year.

The TAA program presently costs about \$10,000 per worker per year, and the support continues, on average, for about two years. If we applied this level of support to displaced workers in the fossil fuel sector, this would mean roughly \$200 million per year in funding to support these workers. But let’s assume, by way of illustration, that the cost per worker needs to be four times higher, \$40,000 per year, for the program to support displaced workers adequately. That means the program would cost roughly \$800 million per year. Funding at this level would come close to approximating the idea of the late labor leader Tony Mazzocchi for a “Superfund” to support workers displaced by necessary environmental transitions. As Mazzocchi said, “There is a Superfund for dirt. There ought to be one for workers.” Even at \$800 million per year, this Superfund proposal would still only represent about 0.02 percent of the current federal budget.

[Spending roughly \$800 million per year to support displaced fossil-fuel-sector workers] would represent about 0.02 percent of the current federal budget.

These specific calculations demonstrate a much broader point: that we can advance a viable agenda for building a green economy while equally addressing the altogether legitimate concerns of workers and communities that will be hurt by this agenda. There is no reason, in other words, for the fight to control climate change to continue becoming discombobulated over false trade-offs between jobs and the environment.

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