

REPORT

Trump Can't Save Coal Country

With eight bankruptcies in the last year—the latest this week—coal is in deep trouble again, and that could spell trouble for Trump in 2020.

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President Donald Trump came into the White House vowing to end the Obama administration's so-called war on coal and Make Anthracite Great Again. Instead, Trump is overseeing a cascading collapse of America's coal industry, a trend that could have political consequences for him in the 2020 U.S. presidential election.

The latest casualty came Tuesday, when Murray Energy, the nation's largest privately owned coal miner, filed for **bankruptcy**. It was the eighth such coal bankruptcy in just the last year, underscoring the runaway decline of a sector that once powered nearly the whole country and at its peak employed about 1 million miners. Robert Murray, the eponymous owner of the now-bankrupt firm, has long been one of Trump's staunchest backers; he repeatedly advocated for all sorts of government intervention to prop up his business, including pulling out of the Paris climate agreement, nixing former President Barack Obama's Clean Power Plan, forcing utilities to buy coal, slashing safety regulations, and eviscerating the U.S. Environmental Protection Agency.

To little avail: Murray and other coal companies have been trying to hold back forces beyond their control. Consumption has dropped by one-third in the last decade. Ten years ago, about 45 percent of U.S. electricity was generated with coal; by last year, **coal's share** in the **electricity mix** was half that. Mining employment a decade ago was north of **80,000** and fell to about 50,000 by the time Trump took office; during his administration, only about 3,000 mining jobs have been added, though the recent spate of bankruptcies could soon wipe out even those gains.

Just as Trump's own economic policies have dealt a severe blow to politically favored sectors he pledged to boost—like steel-makers, who are **reeling** from Trump's tariffs, or farmers, devastated by Trump's trade wars—coal miners are partially paying the price of Trumponomics. When demand for U.S. coal is soft at power plants at home, the go-to safety valve has always been—and certainly was last year—**exports overseas**. But Trump's trade wars have chilled the prospects of global growth, with particular pain for manufacturing and steel. That has **cast a pall** on U.S. exports of

coal used both in power plants and for steel-making. (Exports to China, one of the biggest export hopes for U.S. producers, have suffered especially as a result of the trade war.)

Ironically, Obama used government policies to try to phase out coal in order to curb harmful emissions but made little progress before the Trump administration killed his Clean Power Plan. Trump in turn sought to use government policy to prop up the industry. In the end, what prevailed wasn't government policies one way or the other but the market.

The biggest driver behind coal's decline has been the spectacular boom in U.S. natural gas production—a cleaner-burning substitute for coal in power plants. The United States is pumping so much natural gas these days it is **burning off** or simply throwing away more each year than many midsized countries, such as Israel or Romania, consume. As a result, natural gas prices are dirt cheap—down about **27 percent** in just the last year. And cheap gas elbows coal out of the power market: Natural gas is today the biggest single source of fuel for America's power plants.

“There's a combination of factors, but cheap natural gas has been the primary factor that has lowered the competitiveness of coal in the United States,” said Jason Bordoff, a former energy advisor in the Obama White House and the founding director of Columbia University's Center on Global Energy Policy.

At the same time, coal has another, increasingly cheap rival: renewable energy, especially wind and solar power. Prices for wind energy **have fallen** by more than 35 percent globally in the past 10 years and more in the United States. Meanwhile, output from wind turbines has gotten more **reliable**. Cheaper and increasingly reliable clean energy puts further pressure on coal as a source of electricity.

“If you look at the last two to three years, renewable energy has been a bigger driver” in coal's decline, Bordoff said.

So what is the outlook for coal? Natural gas can't get much cheaper, so the pain from that competitor is probably largely past. But in the short term, the avalanche of coal sector bankruptcies could prompt the Trump administration to take another crack at government intervention to support the industry—especially with an election looming next year and malaise already hitting the manufacturing sector in Rust Belt states.

“I would not overlook the importance of Trump's most important coal supporter [Murray] going bankrupt,” said Kevin Book, the managing director of ClearView Energy Partners, a consultancy.

But the Trump administration already tried a number of ways to tilt the playing field to favor coal, and Trump's own energy regulators shot down the idea. Other regulatory changes face opposition in courts—even from Trump-appointed judges.

“They can try many things, but can they defend them?” Book said. U.S. oil and gas producers have become huge energy players during the decade-long fracking boom, in a way they weren't before. “Now, other interests that are adversely affected by the government putting their thumb on the scale will have something to say about heavy-handed, command intervention in the market,” Book said.

And there's another irony: Federal courts are packed with conservative judges who take a strict view of monkeying around with the market on specious grounds.

“Defending things in the name of thinly veiled political goals on national security grounds probably got harder after 150-plus Trump appointments to the bench,” Book said.

Regardless of what happens with coal over the next year, there's another decline almost baked in to the system in the near future. Coal-burning power plants that were retrofitted at great cost to meet Obama-era environmental rules are still running flat out—but will be eligible for retirement in droves starting in about five years.

“I would suggest that we haven't seen the end of coal's decline,” Book said. “But that would be a terrible outcome for the United States—diversification is good.”

He notes that transport in the United States (like much of the rest of the world) is becoming increasingly electrified, meaning there will be even greater demand for reliable supplies of electricity in the future. “It's not necessarily a policy win when all of America's power comes from a small number of sources, and transportation is going the same way—that is not energy security,” Book said.

Since the United States fully electrified in the 1930s and 1940s, it has been powered largely by steady sources of juice like big dams, oil, coal, and nuclear plants. Today the shift to renewable energy sources is well underway—renewables now make up the same share of electricity generation as coal, at 22 percent—and renewables are poised to make up the vast majority of U.S. power capacity in years to come.

“On the books is a massive transition, and it raises questions about resilience that so far have been pooh-poohed,” Book said. “There could be a newfound appreciation for coal in that case.”

There's a political—and moral—issue with coal's collapse, too. The coal bankruptcies raise immediate questions about pension and health benefits for thousands of

workers, many of whom got sick precisely because of the hazardous nature of coal mining; Murray was the last big coal company still paying into the **nearly insolvent** miners' pension fund.

And while the coal sector's employment is small on a national basis—**famously less** than the number employed by Arby's, despite the coal sector's outsized political influence—those mining jobs are not scattered across the country but are concentrated in a small number of places, including potential battleground states. That means that coal's future, and Trump's efforts to bail it out, could play a big part in next year's election.

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