



**Your on the
Street Reporter**



Uyless Black

Black Coal and Red Ink

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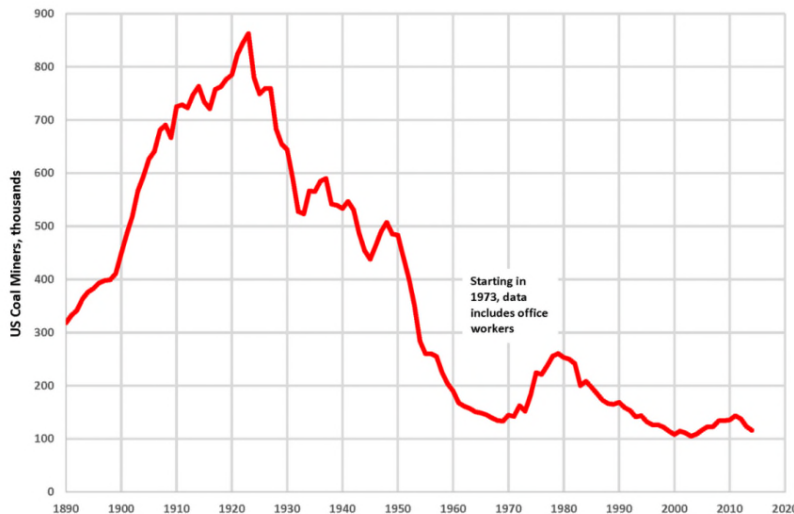
May 4, 2017

Recently, President Trump signed an executive order pertaining to what he characterizes as energy independence. He ordered the EPA to rewrite the Clean Power Bill, an Obama-sponsored act intended to cut emissions from existing power plants. He also directed the EPA to loosen limits of methane emissions in oil and gas productions, and to cancel a moratorium on new coal mining on land owned by the government.

He told the coal miners who attended the signing ceremony, “You’re going back to work.”¹ This statement is an example of the dangers of politicians following up on their campaign promises.

Facts state otherwise. I have empathy for unemployed people, having been in that position earlier in my life. It can lead to despair and fear of the future. Mr. Trump’s actions may yield immediate gains for the coal miners and the coal industry. But in the long run, the coal train has left the station, and it is not coming back.

The evidence speaks for itself. Since 2005, the number of coal-based power plants in the United States has decreased by 31 percent. In 2015, 65,000 miners plied their trade, in comparison to almost 900,000 in the 1920s, as seen in the figure below.²



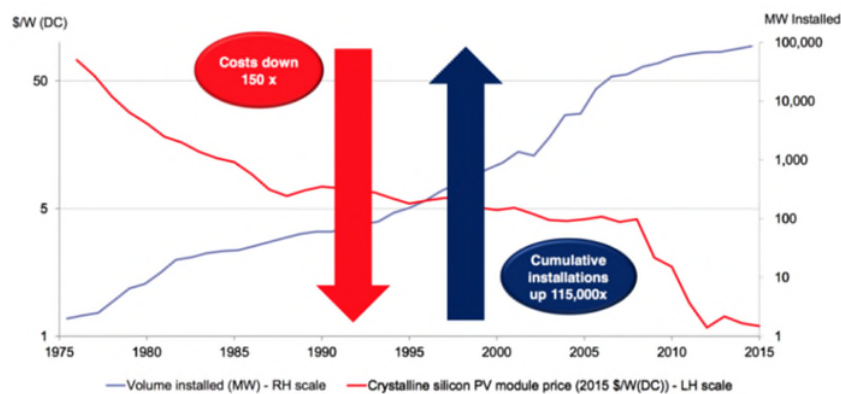
Even though coal remains an export industry for America, and the U.S. Government makes over \$1 billion annually by leasing its land to coal mining companies, increasingly, renewable energy systems are replacing coal-based systems, as seen in the next chart.³ (W stands for watts.)

¹ See David Roberts at Vox.com.

² <https://www.bloomberg.com/news/articles/2016-04-06/wind-and-solar-are-crushing-fossil-fuels>.

³ Ibid.

As solar prices fall, installations boom



These trends indicate that the U.S. coal industry will increasingly find itself experiencing reduced profits, especially given the competition from countries that export coal. Australia, Indonesia, and Russia are the dominant players in the coal exporting business. The United States is fourth. This reality does not bode well for Mr. Trump being able to fulfill his promise to the coal miners. These developments point to black coal and red ink forming a partnership.

A problem that won't go away

However, all is not green for the greenies, or for that matter, for any consumer of energy. That would be every person in America. First, solar and wind generated energy provide intermittent power. Thus, if the trends shown in the previous figure continue, some experts claim coal, natural gas and nuclear plants will still be needed for times when the wind does not blow and the sun does not shine.

Other experts state it is only a matter of time before the advances in batteries and smart meters will permit energy users to store adequate energy for times when the wind and sun are not present--to smooth out their energy needs from energy farms by using upcoming technology.

I cannot conceive of natural gas-fed and nuclear-based systems going away completely. But for coal-fired plants, if they are to survive, it seems logical they will have to be subsidized by the government---a politically explosive issue, especially given coal's dirty and dangerous emissions.

Helping miners and other displaced workers

The United States needs to re-vitalize its once vibrant trade school industry. Not everyone needs or can benefit from a traditional college education. Germany, unlike America, did not abandon its trade school setup during the past fifty years. Thus, it manufactures most of its wares, while America imports many of its industrial components. It is not just the cheap labor overseas that have done us in. We are to blame for abandoning our manufacturing and trade school base.

In the long run, Mr. Trump could help the coal miners (and other dying professions) by adapting a Marshall Plan for retraining, perhaps relocating workers who are not working but want to work.

He should be looking to the future to help Americans. His approach to the coal miner problem is looking to the past.