When Coal is No Longer King
American Appalachia, the German Ruhr Valley, and the Future of Work
By Brandon Bohn

Over the past two years, the Trump administration has rescinded green, eco-conscious rules and regulations – most recently the Obama-era Clean Power Plan – in order to “restore” the coal mining industry to American Appalachia. But while the current administration and coal lobby attribute the industry’s decline to so-called “harmful” regulations, economists instead blame the phenomenon on the market, alternative energy sources, and automation – the future of work. While the U.S. is applying a short-term solution to a much larger economic challenge, on the other side of the Atlantic, Germany is nearing the end of an 11-year commitment – part of a larger 50-year forward-thinking campaign – to provide a soft landing for the eventual end to coal-fired power plants. The U.S. should look to Germany for lessons on the matter.

Clean Power

On August 21, 2018, Charleston, West Virginia welcomed President Donald Trump back to “The Mountain State” in what could be described as a Roman triumph, the ceremonial return of a victorious general from battle. His crown of laurels was a miner’s helmet; his service to the state, the removal of the 2015 Clean Power Plan (CPP), a regulation which intended to set national limits on carbon emissions from power plants.\(^1\) In 2016, President Trump acquired 68.7 percent of the vote in West Virginia – the second highest margin of any state in the union – on a campaign that promised to reverse “damaging” regulations and ensure the quick return of the coal mining industry to the region.\(^2\) But while the CPP was introduced in 2015, it was never fully implemented due to various legal complications.\(^3\) Furthermore, the numbers show that the globalized economy, renewable energy, and automation – not regulations – have made American coal unprofitable and taken jobs away.

The Decline of American Coal

Despite the current rhetoric, the decline of the American coal mining industry did not begin under the Obama administration; rather, it started in the 1980s. The Bureau of Labor Statistics shows that while there were 175,000 coal jobs in 1985, the number had
decreased to just 65,000 by 2004, well before the days of the CPP and the Paris Agreement. While coal mining jobs decreased by 60 percent between 1980 and 2015, work productivity nearly tripled due to technological advances, with autonomous trucks and heavy machinery replacing many coal mining jobs of the past. Although the new Affordable Clean Energy (ACE) rule, which gives states the right to determine their own emission-reduction targets, could ostensibly allow a slight uptick in jobs to the coal mining industry, the market will eventually have its way. The Trump administration is applying a short-term fix to an industry experts say will eventually die, and the President’s steadfast voter base will, paradoxically, be worse off for it. American Appalachia is striving to maintain the coal mining industry, partly for its cultural and historic importance, but mainly because of the utter lack of new jobs coming to the region. At the same time, the German Ruhr Valley, a region with a similar storied coal mining past and tradition, is instead looking to the future.

The Ruhr Valley Transformation

By the end of 2018, the German Ruhr Valley will say goodbye to its last hard coal mine — a step within a larger future-oriented plan to transform the once “industrial heart of Germany” into a greener, progressive region, with the future of work in mind. The German coal mining industry began its decline in the 1960s, leading to thousands of lost jobs and economic turmoil. High costs associated with the extraction of German hard coal found at “extremely deep and complicated” geological locations made the industry uncompetitive on the global market. In response, the German government passed the 1968 Coal Adjustment Law, or Kohleanpassungsgesetz, which consolidated all coal mines under one company, the Ruhrkohle AG (RAG). The goal of the company has been to oversee a gradual, responsible phase-out of hard coal from the German federal states of North Rhine-Westphalia — to which the Ruhr Valley belongs — and Saarland. In 2007, the German federal government and hard coal mining trade union, IG Bergbau, Chemie, Energie (IG BCE), agreed to end government subsidies for hard coal mines by 2018. A RAG spokesperson stated that “2018 was defined as the year of exit, as RAG calculated that it would need 11 years to ensure the socially acceptable end to the hard coal industry.”

The agreement between RAG, the German federal government, state governments and IG BCE is one that provides a soft landing for the industry and avoids perpetual government subsidies, and mass unemployment. Instead of unexpected shutdowns and layoffs, as seen in the United States today, the last mines in Germany began planning for their closure a decade in advance. When the Ruhr Valley’s last coal mine, Prosper Haniel in Bottrop, closes, no workers will lose their jobs. RAG will have placed 27,000 workers on retirement or early retirement by 2021. Furthermore, the company will retrain an additional 350 workers who do not qualify for early retirement to oversee post-mining activities such as pit water management, surface water management, and groundwater purification. Consensus among German policymakers, industry executives and trade unions has allowed the Ruhr Valley to reduce its dependence on coal and diversify its economic landscape.

Phasing out coal from the Ruhr Valley was once considered unthinkable — a mindset currently espoused throughout American Appalachia. The wish of former German Chancellor Willy Brandt to see blue skies over the Ruhr Valley was deemed an impossibility in the 1960s, given the connection between the industry and the region. But through long-term planning and big picture politics, German leadership has helped to convince the region of a departure from coal mining. This change in mindset has been aided through the implementation of a responsible phase-out of hard coal mining operations and the simultaneous introduction of safer, higher-paying jobs in the industries of the future. The Ruhr Valley has redefined its economic identity through significant investments in renewable energy, mine conversion, green projects, and education. Several mines, most notably the Zollverein in Essen, have been converted into museums, employing former coal miners in the process. The Ruhr Valley is now home to 22 universities and colleges and is recognized as having the greatest density of institutions of higher education anywhere in Europe. Furthermore, the European Commission named Essen, the former face of coal mining in the Ruhr Valley, as the 2017 European Green Capital for its investment in green projects throughout the city.

Overall, the Ruhr Valley has generated roughly 300,000 new jobs outside of the coal industry since 1989. These types of investments — ones focused on economic diversification, education, renewable energy sources, and the jobs of the future — are exactly what American Appalachia could use.

Looking Ahead

Instead of increased government subsidies and decreased regulations to help supplement — to little effect — hard coal mining operations, U.S. policymakers and mining executives should take a few pages from Germany’s playbook to adapt to the changing economy. While some point to the distinct differences between the German Ruhr Valley and American Appalachia, specifically population size and geography, certain forward-thinking methods and strategies are of universal value. Investment in broadband
internet, education, and traineeships for coal miners is crucial to diversifying the Appalachian economy. The Trump administration has already taken a step in the right direction by implementing a July 2017 Executive Order to provide $200 million to expand apprenticeships in the United States.22,23 As in the German case, traineeships could be used to retrain coal miners in up-and-coming sectors of the economy and attract new companies to the region.

Before U.S. policymakers and industry elites can adopt methods and policies from the German playbook, however, they must (1) accept the fate of the coal mining industry, and (2) convince the workers of American Appalachia of the health and financial benefits of a gradual phase-out – as seen in the German case. By most accounts, the coal miners of Appalachia welcome the rollback in regulations despite the foreseen limited impact and increased 1,400 deaths per year associated with the policy change – a testament to the community’s absolute dependence on coal.24,25 While Germany is looking to the future by implementing sensible policies to phase out the industry responsibly and invest in the jobs of tomorrow, the United States is looking to the past by cutting regulations and increasing government subsidies for an outdated energy source made insolvent through alternative energy sources, automation, and the globalized economy. President Trump can boast to his West Virginia voters that his “promises made” are “promises kept,” but, unfortunately, his promises will only ensure that the Appalachian economy will suffer for years to come. Lessons learned in the German case can help U.S. leadership and the coal miners of American Appalachia understand both the qualitative and quantitative benefits of economic diversification. German policymakers and industry officials understand that long-term economic challenges require long-term solutions, and have consequently devised a successful plan of action to help the Ruhr Valley adapt to the future of work. The coal miners of American Appalachia deserve the same.

Endnotes:
10. Ibid.
14. Ibid.
20. Ibid.