THE RISE AND FALL OF THE

By Curtis Seltzer

IN THE LOBBY OF THE UNITED Mine Workers' headquarters in Washington, D.C., an outsized bust of John L. Lewis watches the fumblings of his successors. Not only does Lewis watch, he judges. His is a constant, scowling glare, fashioned deliberately to inspire fear and awe. Lewis' shadow darkens the union of coal miners in life and death.

Like a polygon, Lewis had many sides. It follows that the institutions he shaped to express his view of the world would be as complicated. So it *is* with the United Mine Workers of America (UMW)—a coal miners' union—and its Welfare and Retirement Funds.

The fund was designed in 1946 to provide health care and pensions to coal miners and their families. After four years of erratic beginnings the fund really got going in 1950.

In the decade that followed the fund built and sponsored a unique health system, one of the most progressive in the nation—a network of hospitals and community clinics that offered prepaid, nearly comprehensive health care in the coalfields.

From its inception the fund has been beset with contradictions.

It has always been a creature of collective bargaining between the union and the coal operators. By informal agreement UMW presidents controlled its assets and set basic institutional directions until 1973. At the same time the fund's medical program was conceived and implemented by some of America's most radical medical people.

The resulting oil-and-water mixture of progressive medical personnel and conservative—and often corrupt—UMW presidents has fermented in the fund for some 25 years. While the service-oriented leftwingers strove to build a model healthcare system, UMW presidents Lewis and Boyle turned the fund into a carnival of financial jugglers, pickpockets and sideshow sharpies.

The nub of an even more important set of contradictions lies in the financing of the fund. The level of mine workers' health-and-pension benefits have always been pegged to the level of output of unionized operators. By linking benefits to production and productivity, the fund tied itself closely to the fortunes of the industry.

The plan was barely in place in the early 1960s it began a series of contractions that have reduced it from a vision of a comprehensive health system to little more than a health insurance scheme. The hospitals have been sold, prepayment axed, clinic support cut, eligibility and benefit levels dramatically reduced.

Last June these cutbacks precipitated a summer-long wildcat strike of 80,000 miners and are now a major issue in the nationwide UMW strike.

Today the fund stands at the crossroads of historical changes both in the industry and in the union. The UMW/big coal operator alliance that structure the political economy of the industry since 1950 has collapsed. The traditional Eastern leadership of the industry by Consolidation Coal and U.S. Steel is now challenged by big non-unionized, strip mines in the West, led by Amax. And the UMW is fragmented.

The future of coalfield health care and pensions is directly tied to the strength of the UMW in collective bargaining—a strength that is being severely tested now.

PRIOR TO 1945 OCCUPATIONAL safety and health, not to mention health care benefits, took a back seat to what John L. Lewis considered more urgent demands: union recognition, the union shop, the eight-hour day and higher wages.

World War II imposed a wage-freeze on American workers. Health care benefits were wedged into collective bargaining, however, when the National Labor Board ruled that a sickness benefit program not exceeding 5 percent of payroll costs was acceptably non-inflationary.

Companies faced with excess profits could deduct the costs of health benefits as business expenses with "...little actual expense, since they would have had in any case to have paid much of it out in taxes." The Department of Labor estimated about 600,000 U.S. workers "were covered by health benefit plans established through collective bargaining" by 1945.

In the spring of 1945 Lewis demanded and industrial health plan from the operators. (Pensions were not part of the original proposal.) The plan would be financed by a 10 cents-per-ton royalty on UMW-mined coal.

The operators refused. Labor Secretary Frances Perkins, in unsuccessful mediation attempts, rejected the health plan demand. Miners walked out when their contract expired in 1945. President Truman subsequently seized the mines and the miners returned to work under a conditional contract with the U.S. government soon after.

Lewis renewed the demand for health benefits and linked it with a pension plan in his 1946 negotiations with Secretary of the Interior Julius Krug, manager of the now-federalized coal industry.

Eventually, Lewis persuaded Krug to go along with a five cent royalty (five cents to the fund for every ton of coal mined), and the fund was born in 1946.

Financing the fund on the basis of output vested the UMW with an interest in higher production and productivity, but not necessarily in a large number of working miners. In other words, the scope and quality of UMW health care was to depend on the marketplace success of the coal operators, not on employment in the coalfields. (In contrast, almost all other union health plans are financed by employer and/or employee contributions per worker, thus linking the size of the benefit fund to the size of the labor force

It soon became apparent that when health and safety concerns in the workplace rubbed against productivity goals, production won. In an ironic way, then, the fund "won" as the rank-and-file was losing. But what Lewis conceded in occupational health and safety, he hoped to make good through quality health care provided by the fund.

BY 1956 THE FUND HAD COMPLETED a chain of 10 coalfield hospitals and helped to organize several dozen clinics that employed doctors—both general practitioners and specialists—in group practices. Services included inpatient and outpatient hospital care, in-hospital physicians' care, rehabilitation, nursing home services, pharmaceuticals, short-term therapy in "good prognosis" mental cases and major appliances.

The clinics provided comprehensive primary health care to their participants on a prepaid basis. They stressed continuous health supervision, health maintenance, disease prevention, early detection, outpatient specialist consultation, family-centered rehabilitation and social services.

In some cases the clinics were organized and built by the UMW; in others, locally-organized group practices were financed by the UMW. Where neither arrangement could be made, flat-rate retainers were worked out with the most competent local providers to treat miners and their families. In addition, thousands of widows received modest death and maintenance benefits; modest pensions were distributed to eligible retirees.

In the late 1940s the fund hired politically active medical administrators and doctors for key jobs. Many came to the fund as refugees from Truman's red-hunting in the Public Health Service and later from McCarthy's binge.

Lewis was willing to hire medical radicals in the teeth of McCarthyism because of their professional ability and willingness to work for a militant labor union. They in turn got jobs and a chance to do good work.

Each side made its peace with the other. The radicals didn't challenge Lewis' alliance with the big companies, the fixed tonnage royalty or the eligibility cutbacks. In fact, advocacy of better health care led the fund's idealists to welcome the cold cash Lewis coaxed from coal operators. Lewis in turn backed up the radicals when they were attacked by the AMA for practicing "socialized" medicine.

And attacked they were. The fund's challenge to traditional fee-for-service care and its advocacy of group practice with consumer control enraged state and national medical societies who sabotaged and red-baited the fund throughout the '50s.

Short of national health insurance (which labor had pressed on Congress since the 1940s), the fund's health care system was as good as there was in the U.S. in the '50s.

YET, AS GOOD AS THE FUND WAS, it had its limits. The 1950 contract reconstituted the fund under the absolute control of three appointed trustees: one chosen by the UMW, a second by the operators and a third by the first two.

Although Lewis retired as UMW president in 1960, he served as the union's fund trustee until 1969--and ran the show. His choice for the neutral trustee was Josephine Roche, a confidant, who served until the early 1970s. She was never known to vote against Lewis.

Rank-and-file or beneficiary participation in top-level fund decision-making was totally absent. Policy was made by professionals within the framework established by Lewis.

Fund doctors and medical administrators at lower levels did try to devise ways of making medical programs accountable to miners and consumers, and many of the clinics were consumer-controlled.

To keep the big companies competitive with oil and gas in the electric utility market, Lewis and his successors chose not to seek an increase in the royalty (set at 40 cents per ton in 1952) through collective bargaining for 20 years. Consequently the fund had to cut off unemployed miners from health care.

In the early 1960s the static royalty forced the fund to sell its hospitals at a financial and spiritual loss. Without the hospitals, the fund, like any prepaid health system, no longer had a yardstick with which to measure the quality of other coalfield services.

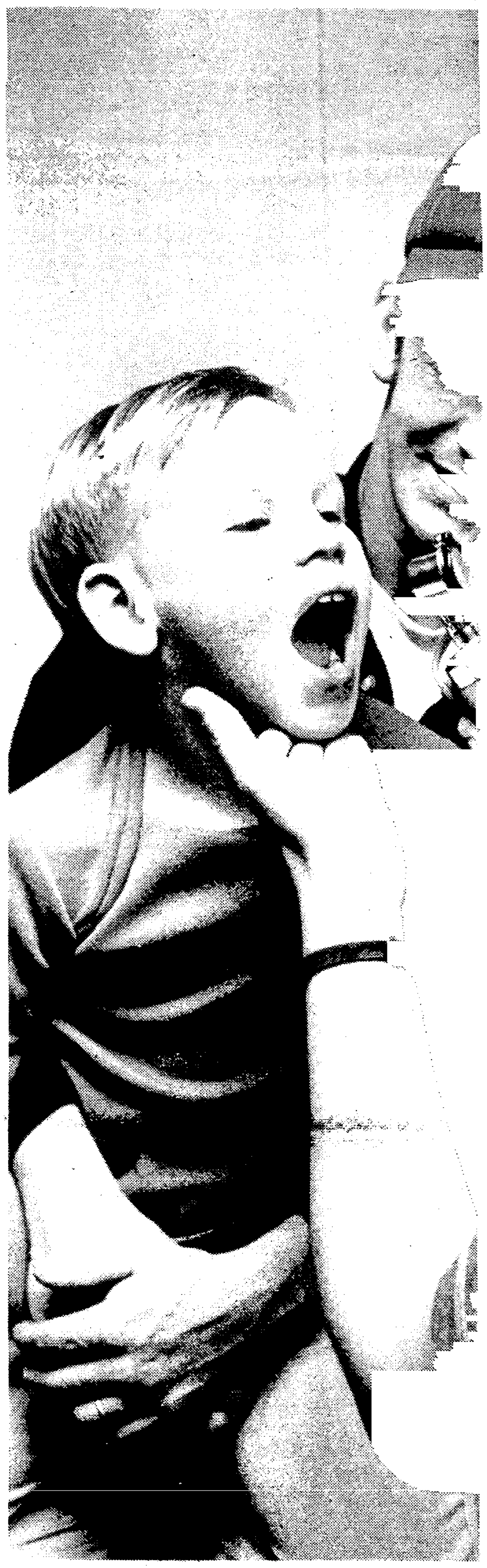
The fund's medical staff also had to fudge their commitment to preventive medicine when it involved *occupational* injury and disease.

Britain had recognized black lung as an occupational disease of coal miners in 1942, yet the fund did little to pin the growing incidence of the disease on the new machines that were the core of the post-1950 mechanization. The fund supported the occupational health work of Dr. Lorin Kerr, but little was done to follow it up.

Neither the UMW nor the fund pushed for black lung disability compensation until the late 1960s, and no thought at all was given to industry-financed compensation. It took the rank-and-file black lung revolt in West Virginia in 1969 to flush out the UMW on black lung compensation and even then the union's role was tainted by its Johnny-come-lately character.

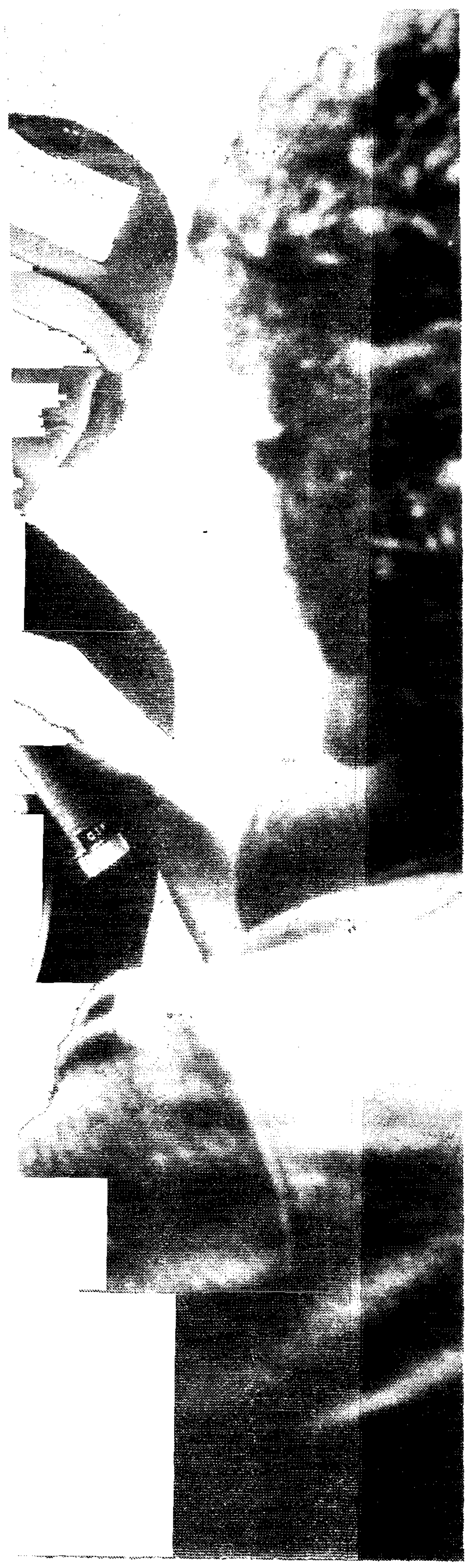
WHEN UMW REFORMERS, LED BY Arnold Miller, took over in December, 1972, both the UMW and the fund badly needed an overhaul. That work was begun, but it faced many problems and the odds against its success were surmountable, but barely.

Harry Huge was named the UMW trustee and chairman of the fund. Inde-



At its height the UMW health and benefit plan this country. Above, a miner's family is examine win better treatment.

ATION'S BEST HEALTH PLAN



Douglas Yarrow

he closest thing to national health insurance in a clinic. Below, black lung victims organized to

pendence of the fund from the UMW was declared. (By law its policies and administration must be distinct from the union and the operators—a requirement openly disdained by Lewis and Boyle ever since the operators had conceded control of the fund in 1950.)

Huge, a smart and ambitious man, was genuinely moved by the plight of the fund's beneficiaries. But he chose a legalistic and technical approach to solving fund problems. He hired a veteran from the Law Enforcement Assistance Administration, Martin Danziger, to direct the fund.

Danziger had little knowledge of coal, coal miners, coal operators, the fund, pensions or health care. His only qualification for the position was his "considerable administrative experience," as the fund's *Annual Report* phrased it.

Both Huge and Danziger now put their professional reputations on the line. They chose to equate the quality of care with efficiency of service and concentrated on improving the fund's administrative services. The result was that their constituency became health providers, not health consumers.

Huge and Danziger have not managed the funds skillfully. Suzanne Jaworski Rhodenbaugh, a former health service specialist with the Johnstown, Pa., regional funds' administrator, for instance, charged the recent cutbacks were due less to the effect of wildcats than to simple mismanagement.

"They have failed miserably at managing. Many cost and quality controls in the health program have been lost. Medical bills are paid late (if not lost); duplicate claims are paid; pension checks to retired miners are delayed; eligibility controls are often out of control. Virtually all experienced top-level funds staffers have been retired, fired, or have quit in disgust. In their place have come dozens of would-be technocrats who know nothing of labor, health or pension programs, or management. These technocrats don't stay long, however, and the incredible turnover fuels the problem.

"So much of the funds' program has been gutted while it was 'modernized'. And direct health expenditures and administrative costs have risen dramatically. Yet the self-serving press releases of the funds—putting all the blame for the financial problems on the wildcats—have been blandly accepted."

Mismanagement has aggravated the funds' money problem. The funds no longer have any effective way of checking fees billed by the doctors. The result has been predictable: massive overcharging, which, if caught at all, comes after payment.

In many regions the funds have paid charges rather than haggle with local providers over cost-based arrangements—a reflection of the funds' bias toward their provider constituency. Some hospital administrators acknowledge the funds pay more for daily services than other plans, which amounts to a funds' subsidy for other coalfield health services.

THE UMW REFORMERS NEGOTIATed their first contract in late 1974. To ease the financial crisis of the old fund, the UMWA and the operators agreed to split it into four separate funds, each financed separately and each providing different benefits: the 1950 Pension Trust (with 82,000 pensioners), the 1950 Benefit Trust, the 1974 Pension Trust (with 6,000 pensioners) and the 1974 Benefit Trust. Both the 1950 Pension and the 1950 Benefit (health care) Funds continue to be financed by a tonnage royalty. The 1974 Pension and the 1974 Benefits Funds, however, are financed in whole or in part on an hours-worked basis.

In breaking up the funds the new contract established a two-tier pension system that discriminates against those miners who retired before 1975. Pre-contract pensioners are limited to $250 per month the wave after wave of wildcat strikes that have washed over the coalfields in the last three years. Since 1974 miners have quit work over a spectrum of workplace and non-workplace issues—gasoline rationing, the right to strike, offensive school textbooks, black lung legislation, seniority, safety, job rights, union politics and benefits cutbacks.

Because the other faulty projections left the funds short of cash, wildcat strikes threatened to bankrupt the 1974 and 1950 Benefit Trusts. Huge twice sought and obtained reallocation of future reserves from the other trusts to maintain health benefits before this summer's crunch.

But the operators—looking at the UMW's disintegration and upcoming contract negotiations—refused to bail out the funds a third time.

From their point of view, why should they? Industry's strategy is to use the health care system to discipline rank and file miners for striking. It is a strategy designed to soften the on-the-job militancy of miners by attacking their off-the-job security.

It is also a strategy based on the conclusion that the UMW is institutionally too fragmented to discipline its own membership; consequently operators are forced to junk their 25-year "use-the-union" posture.

LAST MAY THE TRUSTEES DECIDed that medical benefits would have to be cut. The funds lacked the cash to continue providing "first-dollar coverage" (payment of all initial medical costs for covered services), so a cost-sharing scheme was promulgated that set up deductible and coinsurance payments with a $500 annual "cap" (maximum out-of-pocket payment) per eligible family.

The trustees withheld the announcement, however, until June 20—six days after Arnold Miller had squeaked through a rough reelection campaign.

The funds also decided to cut back financial support for about two dozen coalfield clinics. These "miners" clinics are not formally affiliated with the UMW or the funds. Often set up through the combined efforts of the UMW, local unions and the funds, however, they have always enjoyed special retainer (prepayment) arrangements with the funds.

These retainers allowed the clinics to plan their programs and underwrite a wide range of medical services to miners and their communities not covered by specific fee-for-service payments. On July 1, 1977, without prior announcement, the funds stopped the retainers; instead they instituted a fee-for-service formula where the funds paid 60 percent of the bill and the patient 40 percent.

These cutbacks may be a lethal blow to one of the most innovative and, some would argue, successful elements of the funds health programs. The clinics not only provided competition to local providers, they embraced a different model of how health care should be provided.

Many of the clinics were founded on—and retain—consumer control mechanisms. Much of their programmatic thrust is toward prevention. A wide range of social services—including benefits counseling—is provided.

The clinics claim they save the funds millions of dollars by reducing hospitalizations and surgery although the claim is hard to prove. Each clinic has evolved differently over the years, and all have (a phased-in raise of $100 over their present pensions) while new retirees are allowed pensions of more than $350 a month on a sliding scale based on years worked and age at retirement. The artificial distinctions have embittered older pensioners and become a continuing source of division within the union.

Taken together, the funds are solvent, but separately the 1950 Pension and Benefit Trust are bankrupt. The industry, through negotiations or the funds' trustees, may try to dump the 1950 Pension Trust with its high obligations onto the federal government.

UMW negotiators estimated the cash needs of the four trusts, projecting new funds' beneficiaries, increased coal production, medical costs and inflation. Some of the projections were close; some were not. More beneficiaries were added than expected; less coal was mined and many fewer new mines were opened than the operators had promised; medical costs—for whatever reasons—went through the roof. The UMW had assumed it could organize Western strip mines; it couldn't. Bad winter weather in 1976 and 1977 cut into production.

Finally, no one could have predicted differences. Nevertheless, all have become medical outposts in the coalfields and important community institutions. Nothing will replace them if they fold.

Had miners been involved, they would have known that the June cutbacks would precipitate a strike. The funds' leadership, on the other hand, seemed surprised by the three-month wildcat that resulted.

The strike finally wound down after a coalfield meeting between strikers and Arnold Miller; the UMWA president was given a 60-day reprieve to restore the cuts or call a nationwide strike.

The 80,000-member wildcat strike was a health-consumer protest. It failed to restore the cutbacks, however, because the operators were not hurt by it. It was the only wildcat in recent memory that did not find company lawyers bursting into federal court for back-to-work injunctions. When stockpiles are high, strikes don't hurt.

A necessary part of the solution to the impasse over coalfield medical care lies in negotiating a health and retirement plan that is not tied in to any particular index of operator prosperity, but finances benefits as they are needed.

For instance, the UMW could seek a contractual guarantee from the Bituminous Coal Operators of America (BCOA) to pay all funds expenses for contracted services whatever they may be. Winning this point in negotiations would free the miners' health care system from being hostage to inflation, production ups and downs and strikes, those initiated by miners and those precipitated by operators. This method could or could not continue the pay-as-you-go financing system, but it does remove the incentive for the funds to cut back on services and benefits in emergencies.

Only the UMW and the BCOA- the negotiating arm of the industry—can make such a change, and they are unlikely to do so. More likely is a switch to traditional Blue Cross/Blue Shield coverage, whereupon 25 years of coalfield health struggle goes down the drain.

The funds, as always, will be the creature of collective bargaining. This year's negotiations promise to be the most important since the 1950 contract.

Miners and mine-area health consumers are once again faced with the need to take control over their union and their health plan. They must do this both to get to the root of production-related illnesses, injuries and deaths in the mines and to establish once again an effective system of community-based health services in the coalfield regions.

Restorations of the cuts made by the trustees this summer is a necessary—but incomplete—demand. What really needs restoring is the progressive vision of the early fund, a vision of what a health care system should do. That vision is valid today. It sees a miner-controlled health service system where facilities are owned by the miners and providers are employees of a workers' organization. It's that vision that should be restored.

A longer version of this article appeared in the Nov./Dec. Health/PAC Bulletin (17 Murray St., NYC 10017, $8/year). Rob Burlage of the Public Resource Center assisted in its preparation. Curtis Seltzer, a veteran coalfield journalist and founder of the Appalachian News Service, now works in Washington, D.C.

DANGER IS A WAY OF LIFE IN LOW COAL

By Matt Witt

LOGAN COUNTY, W. VA.

THE ROOF IS ONLY 30 INCHES high. The walls are wet and jagged. The sun never shines.

This is the world of the 15,000 workers in the U.S. who mine "low" coal. They are on their knees, neck and back bent, for eight hours, five or six days a week year after year—shoveling coal, moving thick timbers for roof support, carrying 50-pound sacks of supplies.

With this winter's coal strike bringing the economics of coal into the public eye, the human side behind the wage demands often remains obscure.

For the nation's 15,000 low-coal miners—scattered throughout the southern Appalachian mountains, Ohio, Pennsylvania, Alabama, Illinois, Utah, Colorado and other major coal states—each workday is a test: a test of how much physical and psychological stress they can endure.

The miners begin their day by riding flat on their stomachs as many as five miles into the earth. The ride is a jarring, jerking kidney-bouncer.

"I don't eat breakfast anymore," says James Bragg Jr., a 32-year-old miner who works in 30-inch coal in Logan County, W.Va. "Riding in that way, laying on your belly, anything you ate, you know it."

The coal seam—and therefore the work space—may narrow to as low as 24 inches and rarely fluctuates above 36 inches. The workers need knee-pads to keep their skin from rubbing raw as they crawl and often use safety shoes with steel plates on the outside to keep the toes from wearing out. Sometimes needing both hands as they crawl to their machines, they may use their mouths to carry their lunch buckets.

They pray the roof won't fall, because they can't run or even walk out of danger. In fact, they have a special dread of any kind of accident, because they know how hard it will be for their buddies, on their knees, to carry them to transportation.

THE WORK IS EVEN MORE DANgerous than mining in higher coal, which itself is three times more hazardous than the national average for industrial operations. With almost no clearance above the 20- to 30-foot-long machines, the workers cannot see where they are going much of the time.

They have to lean out the side, while being careful not to crush themselves against the mine walls. It's like trying to drive a Greyhound bus with no windows through a narrow highway tunnel in heavy traffic with your body hanging out the side of the bus—only harder.

"The thing that scares me to death about low coal is running into somebody else on the side of the machine where I can't see them," says Blaine Lester, a 6-foot, 250-pound miner nicknamed "Big'n" who barely fits into the 2½-foot spaces. "When I come around the corner with that cutting machine, I just have to guess where I'm going and hope nobody is in the way."

According to Lester, a major safety problem is that the low conditions encourage shortcuts in work procedures.

"In any mine you work in, there will be foremen trying to get you to work faster whether it's safe or not," he says. "But it's more common in low coal, because it takes longer to do it right if you're going to put up roof supports or shovel loose coal so there won't be an explosion."

Federal mine safety officials estimate that one-third of the deaths from roof cave-ins, the number one coal-mine killer, could be prevented by the use of steel canopies or cabs to protect machine operators from falling rock.

Mining equipment manufacturers generally have failed to design canopies or cabs for 30-inch coal, according to mine safety experts. One typical cab delivered for use at a West Virginia mine confined the machine operator to a space 23 inches high, 25 inches wide, and 45 inches long, with a door less than 15 inches high.

"In 30-inch coal, you find all the health and safety problems of the coal industry," says Richard Cooper, a safety inspector for the United Mine Workers. "The people who design the equipment often have never worked in a coal mine. There is no attempt at special training for low-coal miners. And some of the government inspectors give the companies too much leeway just because certain safety regulations cost money to comply with."

DESPITE THE DANGERS, THOUsands of miners continue to work in 30-inch coal because there are few other jobs available in the isolated regions in which they live. Young men and women often find employment more easily at mines with low coal than at other operations where they would compete for jobs with older, more experienced workers.

"I don't like it at all, to be honest with you," says Bill Curry, a young miner who left a good job in Chicago so he could raise his family in his native West Virginia. "I think it's a hazard to my health, especially eating all that [coal] dust. All the older men around here are dying from black lung [disease] after so many years of eating the dust. But how else can I make enough money to live on?"

During his first weeks on the job, Curry brought a washcloth to work so he could wash his face and hands before eating lunch. But the other men laughed at him, and soon he could see their point: after crawling through the dust, water, grease and loose coal all morning, how could he pretend, while lying on his side on the mine floor to eat, that the grime could be overcome by a little washing?

While young miners like Curry say they are forced to stay in low coal, some more experienced workers actually prefer it.

One big reason is that the companies often must pay $5 or $10 above the $50-$60 per day other miners earn. With the cost of living soaring because of general inflation, the coalfield housing shortage and the high cost of transportation in rural areas, many miners with families cannot turn down a chance to increase their pay.

"The company has to pay us a little more; they have to treat us right," says Cecil Bobbit, an older mine worker whose specialty is handling explosives. "We've got experienced men that could work anywhere they want to. So they've got to get along with us." ■

Matt Witt, former editor of the United Mine Workers Journal, now writes on job safety issues from Washington, D.C.

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Earl Dotter

The work in low coal mining is even more dangerous than mining in higher coal, which is already three times more hazardous than other industrial operations. Here miners relax in a "dining hole" before returning to the shafts, which can go as low as 24 inches, and are rarely higher than 36 inches.

ON THE SCENE

IN THESE TIMES *correspondent* Kelley Martin recently visited Charleston, W.Va., to talk to striking coal miners. One of the miners that she interviewed, who *did not want to have his name used for fear of the pervasive* "redbaiting" that has occurred in the area, summed up the strike in the following way:

"This strike's no longer about economic issues; it's about political issues—the right to strike, whether or not the coal operators can take away our health and welfare benefits, safe working conditions and things like that.

"All of us on strike are losing money. I was out two months this summer and now it's almost three months this time. But we are not doing it just for a better paycheck. We're doing it to build the union, and that's why we wouldn't settle when the BCOA offered a wage increase that took away the right to strike.

"Heck, there are guys out on the picket line now whose grandfathers lived in tents for two years. They never made up the money they lost during that strike even with what they earned during the rest of their working lives. But they got a union and they felt like human beings because they had better working conditions.

"The Steelworkers gave up the right to strike but I think they made a mistake. They may gain in the short run but they'll lose in the long run. We've got to have the right to strike. The grievance procedure sounds beautiful in writing—submitting everything that can't be resolved to arbitration—but it doesn't work in practice. The companies want things to go to arbitration because they know they're going to win. Seventy-five percent of the cases that go to arbitration are decided in the company's favor.

"And they're using the grievance procedure as a way to discipline guys they don't like even though they know they'll lose when it's arbitrated. Things like violating the contract on seniority or job bidding or temporary job assignments—even though you file for arbitration you've got to do it anyway until the decision comes through.

"Now I think the strike is a powerful weapon and you shouldn't have to resort to it over every little thing. If I want to shoot an alley cat, I don't get out my 34 Winchester, I use my pellet gun. But wildcat strikes are all we've got when the grievance procedure doesn't work, and you gain a certain amount of self respect from being able to side with your brothers and your sisters.

"If you read the proposed contract you'll see that the language about what you can be fined for in connection with wildcat strikes is real vague. Like just passing out literature that *might* lead to a work stoppage—whether it actually occurs or not—is subject to a fine.

"And health benefits—if we accepted what they offered, we'd be going backwards. Before the funds ran out we didn't pay anything. Now they want us to pay $7.50 every time we see a doctor and $5 on every prescription.

"The most important thing at this point is to broaden the strike. People have been sitting on the sidelines. It's past the time for free clinics and relief fund money. We're fighting for all of labor. The UMW was the union out of which the CIO and then the Rubber Workers and the UAW and the Steelworkers grew. The coal operators are out to break the union and if they can break the UMW, they can break any union in this country." ■