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Fed chief sounds a deficit warning

HARD CHOICES ON TAXES, BENEFITS

Nation urged to commit to fiscal responsibility

BY NEIL IRWIN
AND LORI MONTGOMERY

Federal Reserve Chairman Ben S. Bernanke warned Wednesday that Americans may have to accept higher taxes or changes in cherished entitlements such as Medicare and Social Security if the nation is to avoid staggering budget deficits that threaten to choke off economic growth.

"These choices are difficult, and it always seems easier to put them off — until the day they cannot be put off anymore," Bernanke said in a speech. "But unless we as a nation demonstrate a strong commitment to fiscal re-

sponsibility, in the longer run we will have neither financial stability nor healthy economic growth."

His stern lecture came as the economy is emerging from the worst recession in years, sending the stock market up considerably over the past year and raising public hopes for a return to prosperity. But the economic downturn — with tumbling tax revenue, aggressive stimulus spending and rising safety-net payments such as unemployment insurance — has driven already large budget deficits to their highest level relative to the econ-

omy since the end of World War II. This has fueled public concern over how long the United States can sustain its fiscal policies.

The health-care bill signed by President Obama last month has further stoked the national debate over government entitlement programs, although the non-partisan Congressional Budget Office has projected that the legislation would actually reduce future deficits.

Barely two months after Bernanke was confirmed by Congress for a second term following a bruising fight, he used his bully

pulpit to tread into an area of economic policy that is usually the province of the president and Congress. He characterized the budget gap as the biggest long-term economic challenge the nation faces, even as he acknowledged that reducing the deficit immediately would be "neither practical nor advisable" given the still-weak economy.

Although the immediate audience for the speech was the Dallas Regional Chamber, Bernanke's message was intended for Congress and the Obama administration. Officials in both branches

Mine company faulted on safety issues, regulators say

1,342 VIOLATIONS OVER 5 YEARS

Toxic gases delay search for 4 missing miners

BY JERRY MARKON,
DAVID A. FAHRENTHOLD
AND KIMBERLY KINDY

The company that owns the West Virginia coal mine where at least 25 workers died this week has pressed its employees for higher productivity rates, some-

times at the expense of safety, according to regulators, lawyers who have sued the company and documents.

The 98-year-old Massey Energy Co., which went public a decade ago, has been acquiring reserves and bolstering its strong presence in the Central Appalachia coal basin. Its chief executive, Don L. Blankenship, has consistently asked for production updates as often as every two hours, according to court documents and interviews.

Some former regulators say the company did not pay enough at-

tention to safety issues, especially those piling up at the Upper Big Branch mine, where Monday's explosion took place.

The company was tied to eight fatal accidents at West Virginia mines in 2001 and was criticized by investigators for not preventing a 2006 fire that killed two miners.

The Upper Big Branch mine itself was cited by federal regulators for 1,342 safety violations over the past five years. Davitt McAteer, former head of the U.S. Mine Safety and Health Administration and chief investigator of

the earlier Massey accidents, called that "a huge number" and said that Monday's explosion "should not have happened. It was preventable."

At the mine Wednesday, workers drilled holes to release toxic underground gases, but the high concentration of those gases set back plans to send in rescue teams to look for four miners missing since the explosion.

Kevin Stricklin, an administrator with the Mine Safety and Health Administration, remained hopeful that rescue efforts could

commence Wednesday night, but he cautioned, "We just can't take any chances of the rescue teams going into an area that could ... cause a problem or an explosion" or put them at risk of getting disoriented in smoke and losing contact with other rescuers.

"Based on the numbers we're seeing," he said, the chances are "even more minuscule" that any of the four missing miners could survive outside a special rescue chamber with its own air supplies.

Air samples taken from the first

borehole to reach the mine shaft, nearly 1,100 feet underground, showed "really high" concentrations of carbon monoxide and hydrogen, Stricklin said. The air quality was so bad that it affected the men who were drilling the boreholes, and drilling had to be stopped until the air could be vented away from them, he added.

Methane is naturally released through coal mining, and workers and companies are alert to any buildup of the highly combustible gas. Any methane concentration above 1 percent is considered unsafe.

A worker in the Upper Big Branch mine said Wednesday that his shift had been canceled by

Massey two to three weeks ago because of a ventilation problem in an area near where the explosion occurred.

"We just couldn't figure out why there was this problem," said Jim Lucas. But then, he said, the company announced it was fixed. "We went back to work."

On the day of the explosion, Lucas said, he was just arriving at the mine when he saw a huge cloud of dust blow out of a ventilation fan far from the explosion site. "That's probably six miles underground from where the blast occurred," he said. Lucas said he learned later that the force of the blast made motorized fans stop and spin backward.

The Massey mine was cited for

two safety violations Monday, federal records show, but Stricklin said Wednesday night that he was confident neither had any role in the explosion.

The Mine Safety and Health Administration said Wednesday that it would dispatch a team of inspectors and Labor Department lawyers to West Virginia to evaluate potential causes of the explosion and whether Massey was in compliance with federal health and safety standards. Team members will come from outside West Virginia and will be led by Norman Page, a 25-year agency veteran from Kentucky who has investigated previous accidents.

Federal officials would not

speculate about possible causes, but they pledged a thorough investigation. They said the review could take months.

Blankenship has declined to comment since Monday's explosion, other than to tell a West Virginia radio station that accidents are "unfortunately an inevitable part of the mining process."

The accident highlights the perils of mining in the competitive coal industry and the constant pressure on companies to meet expectations.

A Citigroup analyst report on the company in February said, "For the past five years, [Massey] has tended to set stretch targets that they have been unable to achieve." In 2009, partly because

of the weak economy, Massey shipped only 36.7 million tons of coal, about 9 million tons less than it forecast.

Blankenship is well-known in the industry for requiring a steady stream of production updates for each of Massey's mining operations. He personally reviews the updates and sends frequent notes to managers if rates have fallen, according to court records and interviews.

The company says that attention to detail has helped Massey grow rapidly over the years — it now controls about 36 percent of the proven coal reserves in Central Appalachia. Tim Bailey, a

Charleston lawyer who has handled several mining industry lawsuits, including one filed against Massey, said Blankenship "is a complete micromanager. If your production blips off the screen, you will get a phone call from someone who can roll your head."

During the first 10 months of 2001, 13 miners were killed in accidents in West Virginia, six of them by falling rock. Eight of them worked at Massey-owned mines or for Massey contractors, said McAteer, who filed a report on the accidents to West Virginia's governor.

McAteer said in an interview that investigators found the company's safety practices "inadequate."

Blankenship vowed to fix safety violations in a meeting with McAteer after the 2001 accidents, McAteer recalled, and the company's Web site Wednesday said: "S-1 means Safety First. Massey's safety innovations, developed and implemented over the years, demonstrate our continuing commitment to operating safe coal mines."

In January 2006, the fire along a conveyor belt at Massey's Aracoma Alma Mine in West Virginia killed the two miners. The investigative report, written by McAteer, blamed a malfunction along the belt — and strongly criticized Massey for not taking steps to prevent it, such as properly removing accumulated coal dust and installing carbon monoxide detectors. Rescue efforts were hampered by an absence of water, the report said.

Three months earlier, Blankenship had told mine superintendents to "ignore" requests to build overcasts — devices that are important for ventilating deadly gases from mines. "We seem not to understand that coal pays the bills," he wrote in the memo, which was quoted in McAteer's report.

Seven hours before the fire, court records show, a report sent to Blankenship noted that a section of the mine would not be in

production for one day because crews were stabilizing the structure with blocks and timber. In response, Blankenship wrote that he wanted production to resume.

"Call in second crew . . . if need be," a copy of a handwritten note shows. "Stay on coal."

Some industry experts have faulted the Mine Safety and Health Administration as not doing enough to prevent Monday's disaster, noting that inspectors served the Upper Big Branch mine with blizzards of paper violations but never sought to close the facility.

But efforts to strengthen the agency's authority have faced resistance in Congress. Though the first significant mine safety reforms in almost three decades passed after the 2006 Sago (W.Va.) mine blast that killed 12 workers, follow-up legislation the next year died in the Senate after a veto threat from the Bush administration. It would have given the agency subpoena authority for the first time and permitted officials to stop production at a mine if a company failed to quickly address violations.

"How many times does the federal government need to fail before somebody on Capitol Hill gets it?" said Brookings Institution scholar Paul Light, an expert on federal regulatory policy. "We've got a systemic problem where we've got these breakdowns coming faster and faster."

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KATHERINE FREY/THE WASHINGTON POST

A vigil is held in Whitesville, W.Va., to remember the 25 miners killed in Monday's explosion and the four still missing.