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Resources and People in East Kentucky: Problems and Potentials of a Lagging Economy

By

MARY JEAN BOWMAN AND W. WARREN HAYNES

Baltimore: The Johns Hopkins Press for Resources for the Future, Inc. 1963.

Pp. xxiv, 448, \$10.00

The problems of depressed areas have been staked out periodically as targets for special aid and legislation. Recently renewed interest in such areas has been stimulated as part of the general "war on poverty." In particular, the Appalachian region has been singled out as an area for accelerated public development because of its low income, low standard of living and high unemployment. Yet, surprisingly enough, there has been a general scarcity of solid research designed to explore the nature and causes of lagging economic regions in the United States. Clearly, the book under review is an important and timely research effort aimed at helping to fill the void. Although the authors may provide the general reader with more facts on East Kentucky (on a county by county basis) than he may digest or desire, the policy-oriented chapters should be required reading for all serious policymakers and students concerned with depressed regions.

This book was initiated and financed by Resources for the Future, Inc., as part of its program in regional studies. One gains the impression that the study may have been underway for a number of years before it was finally published. Most of the writing, we are told, is dated as of 1961. Very little material from the 1960 Census appears. Many of the statistical studies were based upon 1950 data. Even base estimates of 1960 unemployment rates were derived from 1956 rates.¹ Fortunately, such "dated" material does not detract from the major conclusions of the study; events of recent years have not changed the picture materially. Nevertheless, an issue of editorial strategy does remain. Does the exhaustive listing of tables of numbers from the 1950's, county by county, for various series² add a great deal to the value of the study? Ob-

1. P. 162.

2. For example, data for Insured Employment per Thousand Population by Major Industry Group by Counties, June 1950 and 1955, appears at p. 100.

viously, the answer to this question is not clear-cut because of the diversity of interests of various readers.

Perhaps as a reflection of the interests of the two authors, the book is divided into two parts which are rather separate and self-contained. Part I presents an overall, comprehensive picture of the East Kentucky region—its people, incomes, employment, education and resources. This section was written by Mary Jean Bowman; it comprises thirteen chapters and 285 pages. The orientation is described by the author as an “historical-ecological approach to the diagnostic analysis of underdevelopment.”³ Part I concludes with two fine summary chapters realistically setting forth the rather sobering prospects of East Kentucky and suggesting some compelling strategies for future development policy.

Part II of the book, on the other hand, is a faithful and exhaustive study of the East Kentucky bituminous coal industry in the Post-World War II period. The industry study was written by both authors; it contains seven chapters and 149 pages. The justification for placing these two studies together in one book stems from the fact that the instability and subsequent decline of the coal industry, more than any other one factor, seems to explain the economic distress of the region. Although this rationale is well-taken, it is fair to point out that most of the major conclusions stemming from Part II are *earlier* summarized in Part I, *e.g.*,

The East Kentucky mountains as a whole face increasingly tough competition from better located and more efficient fields in a national and international market that offers little promise of significant future growth. Moreover, regardless of what happens to outputs and profits, employment is virtually certain to decline over the long term. There is no prospect in coal mining for the absorption of the chronically surplus labor force. Nor is there any likelihood in the near future that the conditions making for high cycle sensitivity in the East Kentucky field will be substantially altered. The human problems that stem from these conditions are neither temporary nor easily resolved.⁴

This fact, together with the presentation of the summary and policy chapters in Part I, reduces the value of Part II to the general reader of area development and serves to make this section a circumscribed hunting preserve for specialists in coal industry eco-

3. P. 3.

4. P. 82.

nomics who wish to trace the ups and downs of the coal industry in ten Kentucky counties during the 1947-1957 period. The emphasis in the remaining portion of this review will be placed on Part I.

Part I is broad in its orientation; it is full of convincing evidence concerning an economy in serious difficulty which faces rather bleak future prospects. Here is an economy with a base of natural resources—coal, clay, timber and small amounts of oil and gas—backed up by a subsistence agriculture. The labor force is clearly under-educated and untrained. It far exceeds in size present or prospective job opportunities within the East Kentucky region. Obviously, East Kentucky must adjust to a population decline. Yet migration poses problems to those who leave and also to the communities who receive the migrants. In addition, migration creates difficulties for the people and communities left behind.

Cultural isolation combined with never-ending rural poverty have long been the lot of East Kentucky. The technological revolutions in transportation have not benefited the area. In fact, such changes have increased its comparative disadvantage in transportation and, thus, have served to inhibit economic diversification and growth in East Kentucky.

Chapter 8 carefully examines the likely role of industrialization as a solution to the problem of low incomes and chronic employment. The blunt conclusion is:

To look to 'industrialization' to sop up East Kentucky's unemployment is obviously to look at a mirage. No such solution is in prospect.⁵

Among the factors which led Professor Bowman to this position were: First, a sheer lack of suitable industrial sites. One survey turned up only sixteen sites in thirty-two counties which had as much as three acres with access to rail or highway transportation. Second, there is a lack of adequate water supply for industrial use. Third, prospective low wage rates for the large labor supply are offset by the fact that the labor force is unskilled and undereducated (as of 1950 less than sixty per cent of the children of East Kentucky completed the eighth grade). In addition, there are other areas in the United States which also have large supplies of labor in conjunction with more basic raw materials and easier accessibility to markets.

With such discouraging prospects in mind the author develops

5. P. 159.

projections of male employment (it is not clear why female employment was not also studied) through 1970. Dr. Bowman finds, under plausible assumptions, that nearly one-third of the male labor force in 1970 will have to find jobs outside of East Kentucky if they are to be employed.⁶ She is quick to point out, however, that migration from East Kentucky has already occurred on a large scale. Nevertheless, it must increase and continue because of the bleak job prospects combined with the continuous replacement of people in the labor force from birth rates which are equal to the highest in the nation. Another problem has been the heavy back-migration into East Kentucky counties because of the marginality of East Kentucky out-migrants in the job markets elsewhere. Apparently, these out-migrants are quite vulnerable to downturns in their areas of destination and quickly return home when they become unemployed.

With this sort of background the reader will find it relatively easy to accept Professor Bowman's oft-repeated view that migration is both the problem and the salvation for East Kentucky. However, she is frank to recognize that this solution is a "bad word" to East Kentucky leaders who must espouse a policy of "jobs at home." Governor Combs provides a good example of this point of view:

'If these people want to live there, I think they are entitled to do so, and they should be provided a way to make a decent, honorable, honest living. And I think it is incumbent on those of us who have some position of leadership to make every possible effort to find the means by which these people can make an honest living in the area.'⁷

The author recognizes that such talk is political but suggests that it still diverts attention from efforts to de-isolate the mountain people and to prepare the youth of East Kentucky for fitting into the communities and the economy to which they will migrate.

Publicity for the book tends to stress that it is not a "policy or planning document" but that it is just a research report. To the contrary, I find that the analysis is continually interlaced with policy prescriptions. In some places, in fact, the prescription precedes the analysis. Moreover, the policy prescriptions are quite convincing and certainly deserve careful consideration and study. The section in Chapter 12 which examines criteria for social policy for area redevelopment is one of the best of its kind. Professor Bowman leaves little doubt that the Area Redevelopment Act of 1961 (and

6. Ch. 9.

7. P. 253.

similar programs) can not significantly increase job opportunities in East Kentucky. Her own general policy prescriptions are:

- 1) policies that are not in fact directed to problem areas or East Kentucky at all, but rather to aggregate national levels of employment and economic growth; and
- 2) the development of the human resources that will come out of East Kentucky in the future, along with those who will remain in the hills. To these a third should be added, though its importance derives only in small part from the prospects for continuing high rates of out-migration. This is the reformulation of conceptions of what life in the mountains could be in the future, development of programs and activities to make the quality of life a better one—economic considerations aside.⁸

Although this is an important book, it clearly has some flaws and limitations. Depending upon one's tastes and professional outlook some factors will be of more concern than others. For example, some economists who deal either in model building or in rigorous testing of hypotheses may tend to be impatient with the historical-descriptive methods employed. Some readers will tend to question some plausible generalizations which are not buttressed by facts and analysis. The statement that the social costs of mining far exceed the private ones⁹ is not entirely convincing when a more comprehensive view of the "externality" problem is taken. Actually, it is fair to say that some of the most interesting writing in the book may be characterized as "broad-brush" in spirit which is a welcome contrast to tedious description of long time-series.

Certainly, it is important to observe that East Kentucky may not be representative of Appalachia as a whole; policy prescriptions for East Kentucky should not necessarily be applied to the entire region. Some of the same cautions should undoubtedly be observed even within East Kentucky. Although the book attempts to be comprehensive in terms of resources and people some important resource potentials were not examined. For example, the development of East Kentucky water resources for possible power generation, for flood control, for industrial water supply and for water-based recreation was not studied even though these types of resource investment are usually mentioned with reference to East Kentucky development. At the time the book was written public programs for

8. P. 266.

9. P. 429.

water resource development were already well underway or completed at Wolf Creek Dam, Cumberland Lake, and Dewey Lake. East Kentucky, indeed, may "not be a potential tourist Mecca."¹⁰ but the evidence for justifying this conclusion is not presented. Moreover, the East Kentucky Regional Development Commission (created in 1958) is mentioned only briefly without an analysis and appraisal of its program.

Despite these shortcomings, the book is timely reading for its much-needed research findings and for its willingness to come to grips with the tough policy issues facing an area and a people much in need of new strategies for human development.

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10. P. 274.

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