

Thousands laid off as employment crisis deepens in Appalachia

Ashland, Kentucky steel furnace idled

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Layoffs continue across eastern Kentucky and southern West Virginia as factories and mine operations close. As the *World Socialist Web Site* has reported, the region has been wracked by the global economic crisis, particularly the decline in energy prices and demand for coal. Thousands of workers in coal, rail, and associated industries have lost their jobs while state and local budgets have been slashed to the bone.

In Ashland, Kentucky, approximately 1,100 employees of AK Steel received notice that they would be laid off in mid-December, just before Christmas. The company is idling its century-old blast furnace, reportedly for the next six months, citing the global glut in steel. Its hot-dip galvanized line, which primarily serves the automotive industry, will remain active.

The layoffs come amidst a months-long lockout at Allegheny Technologies Inc. The ATI struggle has been isolated by the United Steelworkers, which has kept 30,000 US Steel and ArcelorMittal workers on the job without a contract. Among the 1,100 Ashland workers are some 600 who are represented by the USW. After AK Steel announced its plan to reduce expenses by \$60 million by the end of the year, the USW and other unions representing the AK workforce throughout the country rather than organize a fight against the layoffs, sought to stoke chauvinism against China over alleged “unfair trade.”

“It’s a bad time for the US and we need to do something about it,” USW Local 1865 president Scott Conley told the *Ashland Independent*. “We need to put tariffs in place and stop this from ruining the economy.”

Conley’s counterpart in Middletown, Ohio, International Association of Machinists and Aerospace Workers Local 1943 president Neil Douglas merely offered his condolences to the Ashland workers. “We’re still hiring and we definitely feel for our brothers and sisters down in Ashland... We don’t like it. I do know these cost-cutting measures are absolutely coming down.”

Ashland, located on the border with West Virginia at the Ohio River, has a long history of steel and iron production. The blast furnace, built by Armco Steel, began operating in 1923. It was the first mill in the country to feature a continuous rolling method for steel sheet production. Armco integrated into its operations even older facilities run by the Ashland Steel Company and the Ashland Culvert Works since the turn of the 20th century.

At its peak in the 1950s, the Armco workforce stood at 7,500 but steadily declined over the course of the century, reaching a low of 700 by the early 1990s. In 1989, Armco consolidated with Kawasaki Steel of Japan; the Ashland plant was renamed in 1994 for the new company, AK Steel. A state tax break worth \$40 million in 2004 funded new efficiencies at the plant, and the workforce grew for the first time in half a century.

Out of a population of just over 21,000 in Ashland, and only 9,429 in the labor force according to the Census Bureau, the loss of 1,100 jobs represents a devastating blow to the town. Like the region as a whole, low wages, poverty, and unemployment are rampant. A quarter of the population lives below the federal poverty level and per capita income is around \$24,000.

The idling of the plant is expected to take over a million dollars out of Ashland city tax, water, and sewer revenues over the next six months. The company has not announced a timeline for restarting the furnace.

The layoffs in Ashland parallel devastating job losses in towns throughout the region.

Cuts in coal, gas and manufacturing

Over the past four years employment at Kentucky coal mines and preparation plants has declined by more than

half. In the mountainous eastern end of the state, the drop has been even steeper. In 2011, 14,300 people worked in mining in the region, according to the state Energy and Environment Cabinet. As of October 2105, that figure stood at 5,800.

Mining employment in Kentucky is at its lowest point in over a century, and at 64 million tons of coal for the year, production is at its lowest level since 1960.

The decline in mining has pulled down every other sector of the economy. “There’s so many empty buildings,” W. Bruce Ayers, executive director of Harlan County’s Tri-City Chamber of Commerce, told the *Lexington Herald-Leader* November 4. “When you talk with people, they’re so discouraged it’s almost palpable.”

Letcher County, Kentucky saw coal production plummet 56 percent in the third quarter of this year. County revenue fell from \$1 million to \$350,000, prompting emergency budget cuts.

In the Letcher County town of Jenkins, the liquid nitrogen company Ferus announced it was permanently closing its operations and laying off two dozen employees on November 11. The employees were given no notice, according to local station WYMT Mountain News.

In **Perry County, Kentucky**, Blackhawk Mining announced November 19 that it was axing 200 jobs and idling its Blue Diamond Prep Plant and two mines.

Magoffin County, Kentucky saw the layoff of 69 at Joy Global, a mining equipment manufacturer in Salyersville. Employees will receive pay until December 28.

In **Dickenson County, Virginia**, 96 Alpha Natural Resources miners were put out of work with the closure of two deep mines (44 and 37). The layoffs are part of a wave of closures following the company’s August bankruptcy filing. Alpha is also pursuing the termination of health and other benefits for some 4,500 non-union retirees.

Range Resources, a natural gas company also located in the southwest tip of Virginia, issued a layoff notice to 158 workers on November 9. The announcement followed energy investment firm EnerVest’s purchase of the Range operations in Dickerson and Washington Counties. The consolidation and cuts are significant given that natural gas is presented in political circles as a sort of economic savior in the region.

Signs of slowdown in the real economy are evident across all industries. In Sebree and Hawesville, Kentucky, Century Aluminum has dramatically reduced production in the past two months. The Hawesville plant is operating

at 40 percent of capacity, and on October 30, the company said it was closing one of three “hotlines” in Sebree by December 31. These reductions follow the permanent shuttering of Century’s massive Ravenswood, West Virginia plant in July after years of idling.

Across West Virginia, mine closures continue. In **Randolph County, West Virginia**, 170 miners at the Carter Roag Coal Company were told last week they were losing their jobs. Roag Coal is a non-unionized subsidiary of United Coal.

Residents speaking to local television news channel WDTV 5 expressed their dismay. “There’s just so many jobs here right now people are looking for,” said Kay Simmons, whose niece was among those laid off. “Extra coming off the mines that’s going to be looking for jobs, too—I just don’t know what they’re going to do.” Another resident agreed, adding, “A lot of people will be out of work, Christmas time, too. Ain’t nowhere to work, unless you work in the woods. And around here, that ain’t nothing.”

Walker Machinery, a Caterpillar equipment dealer in West Virginia, announced the layoff of 77 people, or 15 percent of its workforce. Calling the layoffs a “right size” of the company, an official release pointed to “slow economic conditions, deterioration in market conditions, and no signs of future improvement for some time in West Virginia and the coal industry.”

West Virginia, the state with the highest unemployment rate and lowest labor force participation rate in the country, saw its official jobless rate drop four-tenths of a percent to 6.9 percent in October. The dip was largely attributable to an uptick in seasonal retail hiring, and long-term unemployed job-seekers falling out of the labor market.

Statewide, at least 800 miners and loggers lost their jobs, 400 factory workers were laid off, and 1,300 workers in transportation and utilities were cut in the past month.



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