

Report reveals deepening poverty in West Virginia

Joe McGee**25 January 2017**

Last month, the West Virginia Center for Budget and Policy and the American Friends Service Committee released their annual report on economic conditions in the state. Titled “2016 State of Working West Virginia: Why is West Virginia So Poor?,” the report reviews the history of the lumber, coal and extraction industries, as well as the severe impact of the 2008 financial crisis on working people.

The release of the study coincides with the inauguration of coal magnate and Democrat Jim Justice as governor and the convening of the Republican-dominated legislature. It also occurs within the context of a fiscal crisis which finds the state facing a budget shortfall possibly greater than \$400 million, according to outgoing Revenue Secretary Bob Kiss. The previous governor, Democrat Earl Ray Tomblin, has already instituted cuts of \$400 million over the six years of his administration, including a two percent across-the-board cut ordered last November.

Contributing to these dire numbers, according to the WVCBP report, is the continuing steep decline in the West Virginia economy. Employment in the state fell by 0.5 percent from 2012 to 2014 when massive layoffs began in the coal mining industry. Employment declined an additional 0.7 percent in 2015, leaving the state with 9,000 fewer jobs than in 2012.

The overall unemployment rate was 6 percent in November 2016, the fourth highest among the 50 US states. An additional factor in the job losses was the fall in natural gas prices, affecting capital investment in the Marcellus Shale fields which cut across northern West Virginia.

Compounding the impact of the layoffs is that many of the jobs lost over the past few years have been in relatively high-wage positions in what was already a poverty-stricken state. In fact, the report points out, the

state has lost 11,200 high-wage private sector jobs since 2000. Of these, 7,000 were in mining and 1,500 in heavy construction.

At the same time, the state has actually added 3,700 low-wage jobs since 2012. Of these, 1,300 are low-paid food service workers, whose average full-time earnings would amount to \$13,000 a year—provided an employee works on a full-time basis, which is a rarity in this highly exploitative industry.

In a particularly telling observation, the report notes the median wage is unchanged since 2012, at \$16.01 an hour. Adjusted for inflation, this amounts to \$1.01 less per hour than a median-wage worker earned in 1979. Additionally, jobs that provide health coverage or a pension are increasingly scarce. In 1979, 73 percent of West Virginia workers were covered by an employer-sponsored health plan, and 57 percent were covered by an employer-sponsored pension. This declined to 52 percent and 42 percent respectively in 2014.

West Virginia also has the lowest labor force participation rate in the nation for the section of the population that is defined as prime-age adults, those aged 25 to 54. The labor force participation rate for this group is 72 percent, compared to the national average of 80 percent. This translates to 193,000 prime-age adults in West Virginia who are not working or looking for employment. Additionally, of those prime-age adults, only 33.2 percent have more than a high school education.

The WVCBP report attempts to provide a historical context for these devastating statistics on human misery. A section called “A Brief Economic History of West Virginia” is devoted to the conception of a “culture of poverty,” promoted by right-wing groups, suggesting that impoverished residents of the state know little beyond their own borders or material

conditions, and thus accept their plight and have passed it down from generation to generation. These right-wing arguments were deployed to block the limited reforms of “anti-poverty” programs enacted in the 1960s.

Liberal media commentators now echo these views, portraying West Virginia, which voted heavily for Bernie Sanders in the Democratic primary and Republican Donald Trump in the general election, as a bastion of racism and sexism, with pseudo-left and liberal commentators suggesting that white workers deserve to be attacked and punished for rejecting the establishment-vetted Hillary Clinton.

In reality, the poverty, high rates of disability, and record rates of addiction that affect the residents of Appalachia cannot be separated from the rapaciousness of the capitalist system. The WVCBP report traces the economic development of West Virginia from the middle of the nineteenth century beginning with the extraction of timber that left the state almost denuded as early as 1920. This in turn required extensive reforestation.

The expansion of railroads went hand in hand with the increase in the tonnage of coal in the 1880s, leading workers to populate relatively isolated Appalachian towns, often set up by the coal operators. In order to maintain profitability, operators tried to increase the rate of exploitation of miners through various means, such as defrauding workers on their hauls or confining them to the use of company scrip at company stores. Efforts to organize labor unions led to great struggles on the part of the miners in the early twentieth century and made them some of the most militant members of the working class, resulting in the formation of the United Mine Workers of America (UMWA).

One section of the WVCBP report reviews the automation of coal mining and the UMWA’s role in bringing this about. The report notes that 125,000 miners were employed in West Virginia in 1948. The UMWA leader John L. Lewis offered a deal to industry that, in exchange for abandoning the union’s opposition to mechanization, the UMWA would establish a health and welfare fund tied to the tonnage of coal produced. As the report correctly points out, such an arrangement tied to production depended on a strong and consistent market for coal. In the late 1950s and early 1960s, production declined, eliminating many

of the benefits for miners. Meanwhile, the mechanization of the industry continued with the advent of the longwall miner, which greatly benefited the operators. This resulted in the loss of 100,000 coal mining jobs.

Today, the UMWA—a shell of its former self, exclusively concerned with enriching a layer of union bureaucrats and bolstering the Democratic Party—continues to play a shameful role in betraying the working class, along with the AFL-CIO. As mine after mine closed and coal companies shed their pension and health care obligations in bankruptcy court, the union stood by with little more than a few mildly disapproving words. In the 2016 gubernatorial election in West Virginia, the UMWA plumb new depths with the endorsement of coal magnate Jim Justice.

Like the unions, the two big business parties offer no solution to the situation confronting the West Virginia working class except cuts in education, health care, and other vital social infrastructure. The working class is not represented by the capitalist parties. Indeed, Democratic presidential nominee Hillary Clinton described many of these people as “deplorables.” Donald Trump, for his part, offered the hollow promise that he would “bring coal back.” The only way to resolve the crisis in West Virginia, across the US, and in the world economic system as a whole, is an independent movement of the international working class based on a genuine socialist program.



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