

Economics 4350 – Appalachian Studies 4530  
Appalachian Studies 5530  
Economic History of Appalachia

Spring 2017

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TH 10:00 – 12:00 noon

or by appointment or send questions by email.

### Synopsis

This course covers the history of economic development of the Appalachian region from 1800 - 2000. This history has been influenced by the pattern of development of regional resources, by settlement patterns, by migration, and by public policy. Major events, such as the Civil War, the Great Depression, and World War II have had significant effects on the path of development and we will examine the role these have played. We will also examine the effects of significant public policy initiatives such as the New Deal, the TVA, and the ARC. We will develop and apply some basic tools of economic analysis to attempt to understand the sequence of economic development of the Appalachian Region. In the context of the broader pattern of economic development in the US we will try to address two questions. Why has Appalachia lagged? Why does it matter?

### **Some Issues and Topics we will discuss**

Technical change and growth in the major economic sectors

Out migration and the lagging region – loss of human capital with particular focus on the effect on demographics

Access to financial capital for investment – when the value added of exports less than value added of imports there is an outflow of capital from the region. Look at effect of capital shortage on development.

Why did the resource extraction industry not spawn durable investment in long term growth? Why have there been no economic developments (investments) in sectors that would have used the secondary labor in the region?

The role of incomplete property rights – commons dilemmas and resource mismanagement.

Theories of economic growth – what factors lead to growth?

The role of the environment in the economic growth and the future of Appalachia

### **Course Assessment (graduate students in bold)**

Your grade will be based on 2 **(3)** short writing assignments. I'll assign a question using basic economic tools in explaining particular patterns or periods of the economic history of the region.

These assignments will account for 30% of your grade. The remainder of the grade will be based on a term paper. I'll give some details on the paper in the first lecture.

**Texts:**

Paul Salstrom, *Appalachia's Path to Dependency*, UK Press, 1994. (A general overview of Appalachian economic history through beginning of World War II)

John Alexander Williams, *Appalachia: A History*, UNC Press, 2002.

**Some Books on the Economic History of Appalachia**

Harry Caudill, *Night Comes to the Cumberlands: A biography of a depressed area*, Little Brown, 1963. A narrative that is useful for the chronology but not supported by references in the usual manner. I won't cite specific chapters to this book but it's a very worthwhile read.

Ronald Eller, *Miners, Millhands, and Mountaineers: Industrialization of the Appalachian South, 1880 - 1930*, UT Press, 1982; Eller (1).

Ronald Eller, *Uneven Ground: Appalachia Since 1945*, UK Press, 2008. (2)

Ronald Lewis, *Transforming the Appalachian Countryside*, UNC Press, 1998. (role of resources and extractive industries)

John Moore (ed) *The Economic Impact of the TVA*, UT Press, 1967

Harley Jolley, *The Blue Ridge Parkway*, UT Press, 1969.

Anne Mitchell Whisnant, *Super-scenic Motorway: A Blue Ridge Parkway History*, UNC Press

Abramson and Haskell, *Encyclopedia of Appalachia*, UT Press, 2006

Randall Hall, *Mountains on the Market: Industry, the Environment, and the South*, University of Kentucky Press, 2012.

Thomas Ziliak (ed), *Appalachian Legacy*, Brookings, 2012.

**Some Methodology books – we will draw from these for tools**

Albert Hirschman, *The Strategy of Economic Development*, Yale University Press, 1958.

Albert Hirschman, *Exit, Voice and Loyalty*, Harvard U Press, 1970

Charles Wilkinson, *Crossing the Next Meridian: Land, Water, and the Future of the American West*, (what happens after the resource boom is over, an example from the West)

## **Outline of the Course (readings marked with a \* are on my web site: [mikemckee.weebly.com](http://mikemckee.weebly.com))**

### **Pre-Introduction – What is a region?**

We will briefly discuss the concept that regional studies disciplines use to identify and differentiate a region as an entity. That is, why study Appalachia as an entity?

Krutilla, John 1955, “Criteria for Evaluating Regional Development Programs,” *American Economic Review*, vol 45, May pp. 120 – 132.

### **1. Introduction – Appalachia as a Lagging Region**

Salstrom, chapter 1

Caudill – read this book over the course of the semester and after. It’s a fascinating narrative.

Eller (1) Introduction and Chapter 1\*

Eller (2) Introduction and Chapter 1\*

Easterlin, R., “Regional Income Trends, 1840 – 1950,” Chapter 16 in *American Economic History*, S. E. Harris (ed), McGraw-Hill, 1961.\*

Goldin, C. and F. Lewis, 1975, “The Economic Cost of the Civil War,” *Journal of Economic History*, 35: 304-09.

Kirby, Jack, 1983, “The Southern Exodus 1910-60: A Primer for Historians,” *J. of Southern History*, 49: 585 – 600.

Zarycki, Thomasz, 2007, “An Interdisciplinary Model of Centre-Periphery Relationships,” *Regional and Local Studies*, Special Issue.\*

### **2. Early Settlement Period – population growth and capacity of region to absorb population**

Salstrom, chapter 1

### **3. Agricultural Decline – the story here is lack of capital and land exhaustion and the dislocations accompanying the Civil War**

Salstrom, chapter 2

Wright, G., 1974, “Cotton Competition and the Post Bellum Recovery of the American South,” *Journal of Economic History*, 34: 611 -

Wright, G. and H. Kunreuther, 1975, “Cotton, Corn and Risk in the 19<sup>th</sup> Century,” *Journal of Economics History*, 35:

Pudup, Mary Beth, 1990, "The Limits of Subsistence: Agriculture and Industry in Central Appalachia," *Agricultural History*, 64(1): 61-89.

#### **4. Resource Extraction – mining (chiefly coal) and forestry**

Hardin, G., 1968, "The Tragedy of the Commons," *Science*, 162: 1243-48.\*

Gordon, H. S., 1954, "The Economic Theory of a Common Property Resource: The Fishery," *Journal of Political Economy*, 62: 124-142.\*

##### **a) Forestry**

The Weeks Act (1911)

Eller (1), Chapter 3\*

Lewis, Chapter 4\*

##### **b) Coal development**

Eller (1) chapters 4 and 5\*

Salstrom, chapter 4

Coal Companies versus Residents: PENNSYLVANIA COAL COMPANY v. MAHON ET AL. No. 549. SUPREME COURT OF THE UNITED STATES, 260 U.S. 393; 43 S. Ct. 158; 67 L. Ed. 322; 1922 U.S. LEXIS 2381; 28 A.L.R. 1321 (Argued November 14, 1922; December 11, 1922, Decided)

Wheeler, H., 1976, "Mountaineer Mine Wars: An analysis of the West Virginia Mine Wars of 1912 – 13 and 1920 – 21," *The Business History Review*, Vol. 50, pp 69-91.

Fishback, Price, 1986, "Did Coal Miners "Owe Their Souls to the Company Store"? Theory and Evidence from the Early 1900s," *The Journal of Economic History*, Vol. 46, No. 4, pp. 1011-1029.

Wright, Gavin, 1984, "Rethinking the Postbellum Southern Political Economy: A review essay," *Business History Review*, 58: 409-416.

Hirschman, chapter 2\*

Lewis, R.L., "Appalachian Restructuring in Historical Perspective: Coal, Culture, and Social Change in West Virginia," Working Paper (9102), West Virginia U, 1992.\*

Weise, Robert, *Grasping at Independence: Debt, Male Authority and Mineral Rights in Appalachian Kentucky 1850 – 1915*, University of Kentucky Press, Chapter 9

### **c) Other mining**

Hall, Randall, Chapter 2\*

Cherry, Todd, entry on mica in Encyclopedia of Appalachia.

## **5. The Great Depression and the New Deal**

### **a) The TVA**

The TVA mission changed from one of regional (river system) development to electric power generator. Why? What has been the effect? Here are historical narratives on this transformation.

Krutilla, John 1955, "Criteria for Evaluating Regional Development Programs," *American Economic Review*, vol 45, May pp. 120 – 132.

Wildavsky, Aaron, 1961, "TVA and Power Politics," *American Political Science Review*, 50: 577-79

Lowitt, Richard, 1983, "The TVA, 1933 – 1945," Chapter 2 in Erwin Hargrove and Paul Conkin (eds), *TVA: Fifty Years of Grass-roots Bureaucracy*, University of Illinois Press.\*

Droze, Wilmon, 1983, "The TVA, 1945 – 80," Chapter 3 in Erwin Hargrove and Paul Conkin (eds), *TVA: Fifty Years of Grass-roots Bureaucracy*, University of Illinois Press. \*

Eminent Domain cases and the TVA – TBA (I'll post something related to the Tellico Dame case)

### **b) The Blue Ridge Parkway project**

Jolley, Chapters 3 – 6. A history of the political debates that arose during the deliberations regarding the BRP location and construction.\*

### **c) The NRA and the WPA**

Salstrom, Chapters 5 and 6

Mitchell, Chapters 7, 9, and 10\*

Romer, Christina, 1993, "The Nation in Depression," *Journal of Economic Perspectives*, 7: 19-39.

Reading, D., 1973, "New Deal Activity and the States," *Journal of Economic History*, 33(4):793-810.

#### **d) The Shifting Culture and Economic Changes**

Craig, Steve, 2006, "The More They Listen the More They Buy: Radio and the Modernization of Rural America 1930 – 39," *Agricultural History*, vol 80(1): 1 – 16.

Williams, Chapter 4.

Harkins, A., 2002, "The Hillbilly in the Living Room: Television Representations of Southern Mountaineers in Situation Comedies, 1952-1971," *Appalachian Journal*, 29 (1/2): 98-126.

#### **6. WWII and the Aftermath – the out-migration anew**

Here we'll discuss the role of agglomeration economies and ask, "why hasn't Appalachia experienced these?" What Eller terms, "growth without development"

Krugman, P., 1991, "Increasing Returns and Economic Geography," *Journal of Political Economy*, vol 99, pp 483 – 499.

Lemert, Ben, 1934, "The Furniture Industry of the Appalachian Piedmont," *Economic Geography*, vol 10, pp 183 – 99.

Hirschman, Chapters 6 (on linkages)\*

Class handout on regional economic modeling (some notes I've worked up on this)\*

Charles Tiebout, 1962, *The Community Economic Base Study*, Chapters 4 and 5 (this is one of the most technical pieces we will review)\*

Heinemann, Lindsay and Markus Hadler, 2015, "Resisting Economic Opportunities? An Inquiry into the Reasons and Motivations of Individuals Who Stay in a Socio-Economically Deprived Area," *Journal of Appalachian Studies*, vol 21, pp 86 – 104.

#### **7. The "War on Poverty" and the Appalachian Regional Commission**

Eller (2) chapters 2 and 3\*

Eller (2) chapter 5\*

Isserman, A. and T. Rephann, 1995, "The Economic Effects of the Appalachian Regional Commission: An empirical assessment of 26 years of regional development planning," *Journal of the American Planning Association*, vol 61, pp 345-364.\*

Williams, J. A., 1996, "Counting Yesterday's People: Using Aggregate Data to Address the Problem of Appalachia's Boundaries," *Journal of Appalachian Studies*, 2: 3-27

Bailey, Martha and Nicolas Duquette, 2014, "How Johnson Fought the War on Poverty: The Economics and Politics of Funding at the Office of Economic Opportunity," *The Journal of Economic History*, vol 74, pp 351-388.

## **8. Predicting the Future: Where does Appalachia Go from Here?**

Gragston, T. and Bolstad, P, 2006, "Land Use Legacies and the Future of Southern Appalachia, *Society and Natural Resources*, 19: 175-190 \*

Gauthier, Howard L., 1973, "The Appalachian Development Highway System: Development for Whom?" *Economic Geography*, Vol. 49, No. 2, pp. 103-108.\*

Eller (2) chapter 6\*

Lichter, Daniel, et al (2005), "Emerging Patterns of Population Redistribution and Migration in Appalachia," Population Reference Bureau, Appalachian Regional Commission, Ohio State University.\*

Willams, Chapter 4\*

Hall, Randall, Chapter 5\*