

CAPITALIST ECONOMIC DEVELOPMENT IN  
APPALACHIAN KENTUCKY

by

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S.B., Massachusetts Institute of Technology  
(1970)

SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE  
MASTER OF CITY PLANNING  
at the  
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June, 1973

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ABSTRACT

"Capitalist Economic Development in Appalachian Kentucky" utilizes the methodology of historical materialism to study the generation and reproduction of poverty in the Appalachian region.

Chapter 1 reviews the explanations of poverty that have been suggested by missionaries and educators, liberal and conservative "culture of poverty" theorists, economists, and union and grass-roots organizers. A brief critique of these explanations is given in terms of their functions in either legitimizing or challenging the process of capitalist economic development.

Chapter 2 describes the historical process of "primitive accumulation", the establishment and legitimization of outside capitalist control over the region, and early union struggles against this control.

Chapter 3 describes the role that the United Mine Workers of America has in the process of development in Appalachia. Beginning with the unionization drives in the mid-1930's, the form of development was dominated by conflicts and agreements that were made by the UMW of A and the coal/energy industry.

In Chapter 4 the analytical tools of Marxian Economic Analysis and Economic Dualism are synthesized to describe the structure of the Appalachian political economy. Wage determination, maintenance of surplus labor, capital accumulation, income and wealth distribution, and subsistence in the political economy are described.

Chapter 5 describes the social and political "superstructure" that has supported the economic structure in the region.

Chapter 6 briefly outlines the dialectics of future development.

Thesis Advisor: John R. Harris, Associate Professor of Economics and  
Urban Studies

### ACKNOWLEDGMENTS

This paper was written with the cooperation, guidance, and inspiration of a number of people.

Judy, my wife, and I have spent three periods of time in Appalachian Kentucky. Much of this paper, therefore, represents a joint effort. During our travels, we have been provided with hospitality and good friendship. Special appreciation is extended to Doug and Willa Grant when they lived in Leslie County, and Lowell Wagner in Harlan County. We have also been blessed with several fine teachers. Among them are Bill Worthington, Granny Hager, Hobert Grills, and various members of the Kentucky Black Lung Association.

In addition, I wish to thank several people in Cambridge. Professors Frank Jones and Charles Miller have helped support my research since 1971. Professors Samuel Bowles and John Harris have guided and critiqued earlier drafts of this paper. Sandy Williams has guided me through the process of preparing the final version.

Though I take responsibility for its content, this paper represents a cooperative effort. I hope it will spark further questioning.

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(Source: Michael Kline and Richard Kirby, They Can't Put It Back, Dillons Run Records, Capon Bridge, West Virginia.)

CHAPTER I

Introduction

Why are so many people in the Appalachian region poor? This question has been asked by missionaries and educators, union and grass-roots organizers, economists, and government planners since the beginning of capitalist economic development in Appalachia. The question has persisted because the condition of widespread poverty and unemployment has remained a continuing fact of life in the region. The political economy of Appalachia has undergone dramatic transformations since the late 1800's when the development process first began. Each stage of development has brought promises of prosperity and the reality of exploitation.

Many of the explanations of Appalachian poverty have been useful in rationalizing and legitimizing the process of economic development. Included in these explanations are the theories of the early missionaries and educators, of regional and industrial economists, and of the "culture of poverty" warriors in the 1960's.

The early missionaries and educators in Appalachia believed that the mountain people were spiritually, intellectually, and culturally backward. Capital owners were largely accepted as the custodians of property and the national wealth. Since the exploitation of coal reserves was essential to industrialization, cooperation with the coal barons in Appalachia and elsewhere was seen as an

important act in the "drama of civilization."<sup>(1)</sup> The philosophy of the Appalachian missionaries is summarized in the founding issue of their magazine "Mountain Life and Work" in 1925:

"Northern and Eastern artisans and capitalists are our friends and we invite them among us but we must not permit them to crowd us out and take away our heritage and birthright. There is no insinuation that this heritage and birthright are being dishonestly taken from us. They are simply slipping from our hands because of our inability to hold them. We can hold them only through education, skill and efficiency. These three acquirements must become our possession if we would develop the mountain resources."<sup>(2)</sup>

The War on Poverty in the 1960's revitalized the theories of poverty of the early missionaries and educators. There is no historical evidence, however, to indicate that applications of the earlier theories had ever been discontinued in the missions and schools. The War on Poverty formalized into liberal government programs the belief that the people were poor due to lack of skills, inferior culture, and insufficient general education. These deficiencies were believed to create a "culture" of poverty that led to a "cycle" of poverty.

In addition to the liberal theory, a conservative culture of poverty theory has also re-emerged. Some studies have claimed that Appalachians who have left the region have higher education and

skills than those who have remained.<sup>(3)</sup> This belief has helped reinforce a more extreme view that inter-marriage among the "intellectually inferior" remaining population has, possibly, weakened the gene pool of those who remain. Proponents of this view believe both that intelligence is inherited and that it is important for economic success. Thus, according to this extreme view, a permanent class of poor people is being reproduced from generation to generation because of their low intelligence (which, they believe, can be measured by I.Q. testing). The conservative culture of poverty view is much more extreme than its liberal counterpart since it claims that not only do the people lack the education, skills and culture to move out of poverty, but they also lack the innate ability to do so.<sup>(4)</sup>

Economists and others have perpetuated the belief, particularly since the 1950's, that the region and its people have been too closely tied to a declining industry. The diminished demand for coal in the 1950's and the resulting wave of high unemployment in the region are cited as evidence that this is true.<sup>(5)</sup>

Related to the declining industry belief is a theory developed by Regional Economics called Location Theory. Economists who have applied location theory to Appalachia, including those in the Appalachian Regional Commission, have assumed that the coal industry is declining and have focused their attention on the question of why other industry has not located in the region. Appalachian



poverty exists because outside industry has not moved in to employ those who have lost their jobs in the coal industry. Regional economics' location theory claims that the Appalachian economy is "underdeveloped" because companies have found it unprofitable to locate in the region. Isolation and poor "infrastructure", the theory claims, have been a major factor retarding the growth of an expanding, balanced economy. The infrastructure which regional economists view as important are roads and other transportation networks to major market areas, water and electricity, prepared industrial sites, supportive government services such as good schools and low taxes, and, possibly, financial institutions offering low interest loans. A low-wage labor force is usually assumed. In other words, according to this theory, Appalachian poverty exists because outside industry has not moved in to employ those who have lost their jobs in the coal industry. (6)

The "missionary-educator", "culture of poverty" and "economist" views of Appalachian poverty have tended to rationalize and legitimize the historical development of Appalachia's economy. Implicit in these explanations is the belief that the people of the region are at fault for their poverty: either they lack the skills, education, intelligence or culture to succeed or they have chosen to live in the wrong place.

Another explanation, offered by union organizers and Appalachian grass-roots organizations over the years has tended to challenge the

structure of the economy as it has evolved. The general argument is quite simple: Ownership of the region's mineral resources was "stolen" from the people by wealthy financial interests. Since then, wealth has been extracted daily in the form of the region's natural resources, particularly coal. Because of their greed and their legally sanctioned ownership of the mineral resources, the outside capitalists have accumulated a large share of the generated surplus to the detriment of the coal miners and the region as a whole. Thus, the coal capitalists' greed and their ability to overcome the mountain people's resistance by mobilizing economic, political, and police power has created and perpetuated the poverty in the Appalachian Mountains.

This belief has been useful in challenging the generation and reproduction of poverty and wealth by the major institutions in the region's political economy; the others have been useful in legitimizing that process. The major institutional actors in the region have included the missions and the schools, the coal and oil companies, the courts, the county and regional political offices, the U.M.W. of A. and other unions, the banks, and federal agencies. Acting independently and in concert, these actors have shaped Appalachia's economy.

The opening question - Why are so many people in Appalachia poor? - should be rephrased to read: What have been the motivating forces behind the generation and reproduction of Appalachian wealth and poverty? The first question places the emphasis on individual

characteristics which, along with the legitimizing theories, have led researchers and others to ask the wrong questions about causal relationships in the region's economy. Data such as - Average education (I.Q.) Appalachia vs. U.S. average education (I.Q.); average per capita income Appalachia vs. U.S. Average Per-Capita Income; Industrial Structure (Infrastructure) Appalachia vs. U.S. Industrial Structure (Infrastructure); Family Structure Appalachia vs. Family Structure U.S. - are often sought. Ahistorical data such as these help provide a snapshot of some aspects of a region's economy. Ahistorical data cannot, however, prove causal relationships. Causal relationships can only be inferred from such data based on a previous theory or assumption . Thus, if one finds that average I.Q., education, and skills are lower in Appalachia than in the rest of the U.S., one can infer that Appalachia's relative poverty is due to these factors only after assuming that high I.Q., skills, and education cause economic success. Even if this assumption is universally accepted, however, a proof would still not have been established about the causes of Appalachian poverty. For example, suppose that one found through historical research that a group of people had control over all education and skill-training in Appalachia and that they successfully conspired to keep Appalachians from acquiring much of either. One would then begin researching how this group came to control all education and training, why they sought to limit opportunities, how they maintained their control, etc., in order to begin

establishing the causes of poverty. Inferences based on theories or assumptions are insufficient.

Historical research, on the other hand, can establish the causes of Appalachian poverty. Utilizing historical evidence and economic analysis, this paper will establish the motivating forces that have generated and reproduced Appalachian poverty and wealth since the late 1800's - the time when capitalist economic development first began. The above theories of Appalachian poverty will not be debated in the body of this paper; but the reader should keep them in mind as the historical evidence unfolds. Appalachian Kentucky will be examined in detail; the timing of development differs slightly for other parts of the region, but the same fundamental forces have been at work throughout the central Appalachian coal fields.

The establishment and evolution of the region's economic structure will be analyzed in terms of the ownership patterns of the land and mineral resources, the organization of capital and labor, and the continuing transformation of the coal and energy industry. The political and legal superstructure that has grown out of this fundamental economic structure will be studied by reviewing the creation and maintenance of town and county governments, and the relationship of state and federal laws and government to the region. Social consciousness will be analyzed in terms of the ways in which missions, schools, labor unions, grass-roots organizations,

and television programming have either reinforced or diminished conflict generated by the political economy. Finally, directions for future economic development will be outlined by looking at the forces at work to transform the region's economy and alter the welfare of its people. (7)

NOTES

- (1) Robert W. Bruere, The Coming of Coal, Federation Council of the Churches of Christ in America, New York, New York, 1922, pp. 3-34.
- (2) "Mountain Life and Work", Council of Southern Mountain Workers, April, 1925; also see Helen Lewis, Sue Kobak and Linda Johnson, "Family, Religion and Colonialism in Central Appalachia," unpublished, December 1972.
- (3) Niles Hansen, Rural Poverty and the Urban Crisis, Indiana University Press, Bloomington, 1970, p. 80.
- (4) For the General I.Q. Argument, see: Richard Herrnstein, "I.Q.", Atlantic Monthly, September 1971, pp. 43-64; and Arthur R. Jensen, "How Much Can We Boost IQ and Scholastic Achievement?", Harvard Educational Review, Reprint Series No. 2, 1969, pp. 126-134.
- (5) Hansen, Op. cit., p. 64.
- (6) Ibid., pp. 59-106.
- (7) See Appendix A.

THE APPALACHIAN HILLS

Oh those East Kentucky hills, so beautiful, so green,  
If they could only tell you of the awful times they've seen  
Gutted roads and worn out schools, and they treat your kids  
like fools  
There's been hard times in the East Kentucky hills.

Over the hills, beautiful hills, there's been hard times in  
the East Kentucky hills  
But if we all united stand and you take your brother's hand  
Better times will soon be comin to the hills.

Oh those Appalachian hills, so rugged and so dear  
For generations ruled through corruption, greed and fear  
Those that couldn't take a stand, they were driven from the land  
And the strippers scarred those Appalachian hills.

Over the hills, beautiful hills, there's been hard times in  
the Appalachian hills  
But if we all united stand and you take your neighbor's hand  
Better times will soon be comin to the hills.

CHAPTER II

Establishing Control Over Appalachia

Precapitalist Appalachia

During the early part of the 1800's, the Appalachian Kentucky hills provided isolation, beauty, and sustenance for the frontiersmen. In general, the pioneers of the early 1800's were native North Americans who sought unplowed creek bottoms, a plentiful supply of game, and a chance to get away from his neighbors<sup>(1)</sup>. By 1830 the influx of pioneers was completed and few new settlers ventured into the region until the latter part of the century<sup>(2)</sup>.

By the end of the 1800's, the society in the Appalachian Kentucky mountains remained, in general, based upon hunting and subsistence agriculture and a "kinship" social organization. Isolated mountain families lived up in hollows and maintained strong kinship ties. The neighborhoods that grew out of these extensive kin relationships acted as mutual aid societies for the residents and the feeling of egalitarianism among neighbors was very strong<sup>(3)</sup>.

The mountain values of egalitarianism, democracy and simplicity were reflected in one social institution which they created - the church or meeting house. The meeting house served some of the functions of a civil court - to sanction the behavior of neighbors. The anti-elitist bias of mountain society is reflected in the fact that the communities insisted on untrained ministers.<sup>(4)</sup>



In addition to game and land, the Appalachian Kentucky hills possessed spectacular stands of virgin timber. Giant pencil-straight poplars towering one-hundred and seventy-five feet with diameters of seven and eight feet; white oaks five feet across; black and white walnuts a yard in diameter; red, black, and chestnut oaks; armies of hickories; beeches; "sugar trees" and maples; basswoods; ash, persimmon, and black-gum trees; graceful willows, sycamore and birches; and the evergreens, the hemlocks, cedars, and pines. (5) According to Harry Caudill, "No region in the earth's temperate zone boasts a larger variety of forest trees than the Cumberland Plateau...the tree blights of the Old World had not yet infested this forest, and many specimens were centuries old and had withstood the fleeting decades without impairment. (6)

For the mountaineer in the decades after 1830, the magnificent timber stands provided an important source of income. The mountaineers cut their trees and delivered them to cities like Cutlettsburg and Frankfort via the spring river tides. (7) This income, along with farming and hunting, provided the mountain families with subsistence that continued largely uninterrupted until the 1870's. The society that had developed from this economic base was classless and depended on kinship ties for mutual aid and support during hard times.

#### The Process of Primitive Accumulation

Appalachian Kentucky by 1870 - and to a large extent until

1910 - was not involved in the capitalist economic development that had taken hold throughout many parts of the United States. That era, however, witnessed a process of development that is a pre-condition to capitalist economic development. This process is called either "previous accumulation" (Adam Smith) or "primitive accumulation" (Marx).

The concept of primitive accumulation is really quite simple: In order for wealth to be generated from capitalist production two groups of commodity possessors must exist and come together. One group must be "The owners of money, means of production, means of subsistence, who are eager to increase the sum of values they possess by buying other people's labour-power; and the other "free labourers, the sellers of their own labour-power, and therefore, the sellers of labour."(8)

In order for this state of affairs to exist a process must take place which takes away the means of production from the population, transforms the social means of subsistence and of production into capital and the immediate producers into wage-earners. "The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production."(9)

In the case of Appalachian Kentucky, the process of primitive accumulation was planned and executed by outside financial interests. Capital owners already existed outside of the region - men like

Morgan, McCormick, Mellon and, later, Ford, Rockefeller - who were interested in accumulating more capital through investment in timber and coal. During the 1870's, investors in Philadelphia, New York, and Cincinnati, and other northern cities began to hear of the immense virgin forests and potential coal fields of eastern Kentucky. Financial and industrial circles buzzed with talk of railroads to the region. "Their agents were soon traversing the narrow, winding mountain trails to seek out boundaries of the best trees and to buy them cheaply against the day when the coming of the iron road would automatically multiply their value many fold."<sup>(10)</sup> Some firms contracted with businessmen in Lexington, Louisville, and Ashland to acquire timber stands.<sup>(11)</sup>

The capitalists' agents found an ownership pattern in the mountains favorable to their purposes. The land in Appalachian Kentucky had been chronically subject to title confusions as a result of overlapping and inconsistent eighteenth century land patents based on an incompetent survey by George Washington.<sup>(12)</sup> The agents were thereby able to claim vast tracts of minerals and timber through what came to be called "wild-cat surveys", that stood up in court largely because of the overall confusion. In addition, many mountaineers had laid claim only on the valleys of the hollows in which they lived even though they considered the hills as their own. Part of the reason for this is that they were not anxious to pay taxes on mountainsides that could not be farmed.

Teams of Surveyors were sent in by the capitalists to survey land which they suspected were under tenuous title claims. "These wildcat surveys usually started at the mouth of the stream and embraced immense areas, including farm lands obviously covered by prior patents."<sup>(13)</sup> The courts held that the land generated by these surveys were valid as to all land not specifically appropriated by the mountaineers.

In addition to the wildcat surveys, sales agents were sent into the mountains to "bargain" away the land and resources from the people. The commonly accepted image of this process is presented by Harry Caudill: "In the summer of 1885 gentlemen arrived in the county seat towns for the purpose of buying tracts of minerals, leaving the surface of the land in ownership of the mountaineers who resided on it. The Eastern and Northern Capitalists selected for this mission men of great guile and charm... Their goal was to buy the minerals on a grand scale as cheaply as possible and on terms so favorable to the purchasers as to grant them every desirable exploitive privilege, while simultaneously leaving to the mountaineer an illusion of ownership and the continuing responsibility for practically all the taxes which might thereafter be levied against the land."<sup>(14)</sup>

The mountaineer, living outside of the business and scientific worlds, knew little or nothing of the wealth within his land. The purchasing agents, with their knowledge and charm were

able to strike amazing bargains as this passage from Caudill indicates:

"We have seen that the mountaineer sold his great trees for a consideration little more than nominal, but if his timber brought him a small financial reward, his minerals were virtually given away. The going price in the early years was fifty cents per acre, and though the price rose, little by little, over the next three decades, it rarely surpassed five dollars. Under ordinary mining methods prevailing throughout the region during the years after 1913, the operating coal companies were able to recover from one thousand to fifteen hundred tons of coal per acre foot. This means that a seam of coal five feet thick produced a minimum of five thousand tons per acre! Where more than one seam was mined, a single acre sometimes yielded fifteen to twenty thousand tons! Even this prodigious recovery left thousands of tons underground--plus the oil, gas and other minerals. For this vast mineral wealth the mountaineer in most instances received a single half-dollar."<sup>(15)</sup>

The agents also "purchased" land and minerals which no one owned. According to the Homestead Act controlling land grants in eastern Kentucky, land was only available to private individuals, not corporations. Not enough private ownership existed by the early 1900's to enable the huge severance of mineral estates which were recorded. There is evidence that the outside agents devised a way of dealing with this obstacle. They approached individual landowners with an attractive offer. They would pay the homesteader for his

signature on a mineral conveyance from a neighboring land estate which no one actually owned. Such an offer was not easy to refuse.

Gross fraud also had a role in the process of land and resource accumulation. By 1903, most deeds were still written in long-hand. According to some, a large number of these deeds were very restrictive in what they granted.<sup>(17)</sup> Later, however, the deeds were recopied into typed records by the buyers and reworded to grant more privilege. Usually, the land owner learned of this swindle too late to prove it, for rarely did he possess a copy of the original.<sup>(18)</sup>

In addition to money, surveys, slick agents and gross fraud, the capitalists employed a legal instrument to grab the land's wealth: the now infamous broad-form deed. The broad-form deed derives from the property concept of a mineral estate severed from the surface estate - a concept unfamiliar to most European countries but respected by English law.<sup>(19)</sup> The notion was reshaped by enterprising Americans to what has become known as the long-form or broad-form deed.

One such individual credited with the development was John C. Mayo, a native of Paintsville, Kentucky and member of an old Kentucky family. His particular version, the Mayo deed, served as the norm in Kentucky during this period. Mayo himself was reported to have traveled around eastern Kentucky offering gold in exchange for an abstract of title to the minerals and an accompanying

survey.<sup>(20)</sup> The northern and eastern capitalists took advantage of the existence of this deed to secure the land's riches for the coming of the railroads at a later date. The deeds allowed the landowner to remain the "surface" owner, creating the illusion that his condition in relation to the use of the land did not change. In reality, however, the mineral estate created by the deed became dominant to the surface estate: "The broad-form deeds passed to the coal companies title to all coal, oil, and gas and all mineral and metallic substances and all combinations of the same! They authorized the grantees to excavate for the minerals, to build roads and structures on the land and to use the surface for any purpose 'convenient or necessary' to the company and its successors in title. Their wordy covenants passed to the coal men the right to utilize as mining props the timber growing on the land, to divert and pollute the water and to cover the surface with toxic mining refuse. The landowner's estate was made perpetually 'servient' to the superior or 'dominant' rights of the owner of the minerals. And, for good measure, a final clause absolved the mining company from all liability to the landowner for such damages as might be caused 'directly or indirectly' by the mining operations on his land...."(21)

The combination of money, surveys, agents, gross fraud and the broad form deed proved effective. The huge stands of virgin timber began to pass into the hands of the Eastern and Northern corporations for very small sums of money. Many mountaineers yielded their rights to trees for "enough money to buy an iron bed, stove,

rifle, coffee or sugar,"<sup>(22)</sup> and some "factory" clothes for his wife.<sup>(23)</sup> Even the wilier mountaineers who suspected that their timber and minerals possessed greater value than the prospectors claimed were no match for the representatives of the Capitalists.

The mountaineers, particularly when they realized the impact of the transactions on their lives, were not altogether passive during this period. The mountains became blanketed by overlapping and conflicting land titles. Generations of court litigation emerged between the mountaineers and the coal and timber companies. Before the coming of the railroads when economic and political power was consolidated under "King Coal", the mountaineers sometimes won these court battles. The judges during this early period faced with sympathy the stories of deception that were later to fall on deaf ears.

One example of such a case was an 1892 suit by a mineral buyer seeking specific performance of a contract for the sale of approximately two hundred acres of minerals at 40¢/acre. The court denied relief on the grounds that "the grossly inadequate price of this purchase can only be accounted for upon the ground that the appellant (landowner) was misled and acted under gross misapprehension."<sup>(24)</sup> Likewise the court took note that the agent for the buyer had informed the landowner his surface would remain undisturbed during his lifetime although the agent knew a railroad was soon scheduled to pass through. The judge would not condone such practices..."When this



relief (specific performance) is sought, ethics are considered...a contract ought not to be carried into specific performance unless it be just and fair in all respects."<sup>(25)</sup>

This attitude was again reflected in a 1905 suit in equity before the Court of Appeals<sup>(26)</sup>. The court refused to enforce a contract for the sale of two hundred acres of minerals at \$1.50 per acre. The landowner was perceived the victim of fraud by the deception of his nephew, an agent for the buyer. The court's description of these parties, respectively, is very revealing: "...an old, infirm and ignorant man, unused to the ways of the world; that this nephew, O.F. Wolford, is an educated, bright, wide-awake real estate agent." The legal notion of the "unconscionable" bargain and the unequal knowledge of the contracting parties played a decisive role in the court's refusal to endorse this particular business venture.

Even when the courts ruled that the purchase of mineral estates were fair bargains, the surface owner still retained certain important rights in the early history of these cases. When Lynch, the owner of the surface of one of two adjoining mineral tracts owned by Nebo Consolidated Coal and Coking Co., sued the coal company in 1911, the court acknowledged the seriousness of his complaint.<sup>(27)</sup> It awarded Lynch damages due to the pollution of a stream on his property caused by a slag heap that had been washed by rain onto Lynch's surface from the adjacent tract. The court was not swayed by the company's arguments that Lynch had notice of the operations or

that it had the right to use his surface since it owned the minerals below both tracts. The matter seemed simple: Lynch had agreed to allow the extraction of minerals from his own property but not to have it serve as a dumping ground for other refuse.<sup>(28)</sup>

Even for these "successful" early legal battles, and for the other mountain people who managed to hold onto their land or drive reasonable bargains for stands of timber, "...the welter of lawsuits resulting from the wildcatters and the feuds were to dissipate most of his new wealth without lasting benefit to him or his family. Indeed, when most of his timber had found its way into the hands of absentee owners he found himself in drastically worse circumstances than before, for then a great feature of his environment -- a principle source of food for his livestock and money for his pockets -- was gone insofar as title was concerned, and, before many more decades had passed, was to be gone in fact, leaving him a poorer, sadder, and perhaps a wiser man."<sup>(29)</sup>

The process of land, timber, and mineral redistribution brought about a stratification of society into the poor, the reasonably well of, and the relatively rich. Some mountaineers began to increase their landholdings substantially during these years. Others, who had sold land earlier and retained little fertile land and no means for subsistence were forced into sharecropping.<sup>(30)</sup> "The farmer-purchaser simply permitted the seller to return to his ancestral land and to cultivate his fields as he had previously, but now the tiller of the soil did not harvest the crops as his own. Instead,

he delivered one-third to one-half of his corn and other crops to the landowner. (31)

By 1910, nearly a third of the people were sharecropping on other people's land. This system of agriculture created a new tenant class. As the rather primitive agriculture--utilizing no fertilizer, cover crops, or soil conservation techniques--proceeded, many of the landlords, too, found themselves possessing little fertile land from which to gain a living. (32)

By 1910 three-fourths of the remaining salable timber was held by outside capitalists and an estimated eighty-five percent of the minerals had passed out of the hands of the mountain people. (33)

The arrival of the railroads was accompanied by the acceleration of capitalist development. The mineral and timber wealth had, to a large degree, passed into the hands of the capitalists. Equally as important, however, is the fact that the population had gradually lost its means of subsistence. These farmers and hunters as well as sharecroppers recruited from the South would provide cheap labor for the mines. With the preconditions for capitalist development met by 1910, the coal interests began the process of building "infrastructure" for the exploitation of the region. This infrastructure included the establishment of towns, coal camps, missions, and schools and the creation of a favorable social and political climate.

Legitimizing Control

The arrival of the railroads in 1910 was accompanied by massive town-building efforts, carried out by the coal operators. The main purpose of this construction was to provide housing and subsistence needs within close proximity to the mines. The size and character of these towns varied from rows of poorly constructed shacks called "coal camps" to quite complete towns with an administration building, school, hotel, rooming houses, a recreation hall, and, inevitably: commissaries.<sup>(34)</sup> The companies located their own elite class of engineers, executives, clerks, timekeepers, doctors, and accountants. The families of the social elite lived in houses apart from the rest of the town, usually on a commanding mountain bench.<sup>(35)</sup>

The bigger coal camps incorporated and became organized with a mayor, schools, town council, and police and fire departments. The operators could thereby control the property taxes that they paid. "Judges, council members, mayors, and all their underlings were hand-picked in the offices of the company, and their official hiring in City Hall was nothing more than a ratification of decisions previously made."<sup>(36)</sup> Miners and other company employees were required to live in the company towns. This requirement insured a stream of income from rents from houses, post offices, and school buildings and profits from the commissaries. These rents and profits alone could insure that an operation was profitable.<sup>(37)</sup> For the miners

and their families, life came to be totally controlled by the bosses in the coal companies. (38)

In addition to providing increased profits for the coal companies, the coal towns provided a means of controlling the population. Missionaries and ministers were welcomed by coal operators and frequently provided with houses and buildings for schools and churches. (39) Since they owed their existence to the companies they refrained from the social gospel and preached instead an "other-worldly" type of religion.

Schools, likewise, were largely supported from company "contributions" usually taken from 50 cents to \$1.00 deductions from miners' salaries. Teachers were therefore hesitant about making decisions on school matters without first consulting the operators. (40)

Many families of miners barely subsisted on the income from wages. In 1931, wages in Harlan County were as low as \$4.00 and \$5.00 a week. Even this income was not continuous. Many companies took "cuts" for store, lights, rent, coal, smithing, doctor, burial fund, and other expenses from these meager payments. (41) The miners also had to spend their money at commissaries; and commissary prices ran thirty to one hundred percent higher than private stores. Table 1 shows the results of a 1932 survey of food prices. If a miner spent a large part of his income elsewhere, he would be told: "If you can buy cheaper elsewhere go and work there too." (43) A letter from the Black Mountain Coal Company to such a miner reads:

TABLE 1

PRICES IN PERRY COUNTY, KENTUCKY, MAY 18, 1932<sup>(42)</sup>

(SAME GRADE OR BRAND OF GOODS)

	Company Store Prices	A. & P. Prices	Independent Store Prices
Butter	50¢ lb.	23¢ lb.	25¢ lb.
Lard	15¢ lb.	6¢ lb.	8¢ lb.
Fresh Milk	20¢ qt.	15¢ qt.	15¢ qt.
Canned Milk	10¢ can	5¢ can	7¢ can
Flour	70-95¢ (25 lbs.)	45¢ (25 lbs.)	48¢ (25 lbs.)
Rice	10¢ lb.	5¢ lb.	5¢ lb.
Potatoes	15¢ (5 lbs.)	24¢ peck	15¢ (5 lbs.)
Corn	10-20¢ can	9¢ can	-----
Peas	20-25¢ can	10-25¢ can	-----
Macaroni	10¢ box	10¢ (3 boxes)	-----
Tomatoes	10¢ can	25¢ (3 cans)	
Sugar	10¢ lb.	5¢ lb.	5 1/2¢ lb.
Coffee	25-40¢ lb.	17¢ lb.	15¢ lb.
Tea	10¢ box	18¢ (1/4 lb.)	-----
Eggs	24¢ doz.	25¢ dox.	-----
Pork Chops	25¢ lb.	11¢ lb.	15¢ lb.
Sliced Bacon	40¢	25¢ lb.	-----
Salt Bacon	16¢ lb.	7¢ lb.	-----

"Dear Sir:

On checking our pay rolls and books in the store we find that you are not drawing very much scrip. This is evidence to us that you are trading with the independent stores. ...We are furnishing you employment and pay you twice a month for your earned wages...

I am sure that things can be adjusted and you will give us one-hundred percent of your trade."(44)

Throughout the Southern coal fields where the land on which much of the towns rested belonged to the companies or were leased to them, the right of union organizers to "trespass" was frequently not granted. Furthermore, dwellings were frequently tied to employment at a particular mine. Most of the leases to these dwellings included agreements such as this:

"And said Employee shall not harbor or permit to use, occupy or otherwise be upon said premises, any person objectionable to the Company, and SAID Employee shall upon notice and demand of the Company remove any person therefrom objectionable to the Company, and failing so to do the right of the said Employee and his family to so use and occupy said premises shall thereupon immediately cease and terminate"(45)

While the towns were being built and reorganized, changes were also taking place in the state's court system. Since the early 1800's, Circuit Court and Court of Appeals judges throughout Kentucky have been elected officials. With the coming of coal to the region, their attitudes began to change.

Virginia Iron Coal & Coke Co. v. Crigger<sup>(46)</sup> is an early example of the type of court decision the Appalachian was to frequently encounter. No longer sympathetic to the tales of the mountain people, unschooled in business affairs and victims of those who were, the court refused to cancel a mineral conveyance of one hundred and one acres for \$100 consideration on the grounds that gross inadequacy of price was not necessarily a badge of fraud. The court held that the son (both father and son were sellers) understood the consequence of the deed even though: 1) he could not read; 2) alleged he had been misinformed about the extent of his share in the minerals; and 3) had been paid only ten dollars for this one-half share.

Not only did the court refuse to recognize the unequal bargaining power of the parties involved in these mineral conveyances, but it next shifted the burden of contract imperfections onto the landowner. This course of interpretation began in 1925 in McIntyre v. Marion Coal<sup>(47)</sup> when a surface owner sought an injunction against a coal company from building and maintaining houses, tipples, and stores upon his surface estate. In denying the injunction, the court devised a pernicious rationale: ambiguous deeds should be construed most strongly against the grantor, and unambiguous deeds likewise



strictly. The court held this in spite of the fact that the broad-form deed was a standard contract contrived by the grantee (coal company).

Unfortunately, McIntyre v. Marion Coal set the norm for many court decisions to follow. Interpretation of the clauses of the broad-form deed came to depend upon the activities of the coal company at the moment. For example, "the right to erect thereon, maintain and remove therefrom such structures as may be deemed necessary or convenient for mining the minerals conveyed in the deed" acquired remarkable significance. The court held that the mineral owner could construct dwellings on a surface owner's estate for miners he employed elsewhere in the county!<sup>(48)</sup>

Express clauses were given strict attention if coal companies stood to benefit. When a deed specifically indicated that the mineral owner could haul coal from other tracts over the surface owner's land as well as dump slag from these other operations, the courts upheld it no matter how harsh the consequences.<sup>(49)</sup> Sometimes this literal treatment was accompanied by an obvious disregard for the intent of certain clauses. In Inland Steel Co. v. Issacs, the surface owner sued for damages to his house resulting from the company's flooding his land and polluting his well in the process of clearing its flooded mine.<sup>(50)</sup> The deed had exempted the mineral owner from all liability for property damage except for one acre designated as the surface owner's homestead. Isaacs and the company no doubt made the bargain on the knowledge that the surface owner

wished to continue his living on the surface undisturbed...the importance of the one acre had to do with its use, not the particular footage. Yet the court of appeals refused to look beyond the express words of the agreement. It reversed the award of damages and remanded the case to lower court for the determination of whether or not the homestead was presently located on the specific acre.

It is interesting to note, however, that the court did not always hesitate to resort to a more flexible construction of the broad-form deed. Not surprising, the surface owner was not the beneficiary of its adaptability. When Mr. Case, a surface owner, objected to the refusal of the Elkhorn Coal Company (mineral owner of the property) to allow the construction of his home upon a proposed electrical transmission route, the court over-ruled Case's objection.<sup>(51)</sup> Although the transmission lines had been threatened for a period of two years but never built, the judges surveyed the five long typewritten pages of mineral clauses and reached the following conclusion:

Clearly the defendant has the paramount right to the use of the surface in the prosecution of business for any purpose of necessity or convenience, and of this it is to be the judge, and unless it exercised this power oppressively, arbitrarily, wantonly or maliciously, plaintiff cannot complain.<sup>(52)</sup>

With Case v. Elkhorn Coal Co. the court established the measure by which all future controversies over what was necessary or convenient for extracting the minerals were to be evaluated. The measure seemed boundless. The pollution of streams, the spewing of debris, and the destruction of farmland were all deemed "necessary or convenient". Even the most reasonable concessions demanded of coal companies were unobtainable in court. When Flannery, a surface owner, attempted to prevent the coal company (mineral owner) from putting a tramway in front of his home instead of behind it, the company won an injunction against him.<sup>(53)</sup> Similarly when Johnson sought damages from a coal company for destroying his home in the process of mining beneath it, his suit was in vain.<sup>(54)</sup> Not only did the deed in question waive the landowner's right to surface support, but using the Case standard, the company was also not judged to have operated in an arbitrary, oppressive or wanton manner. In fact, the court applauded the company for using a lighter charge of dynamite than customary!

This new wave of court decisions that followed the arrival of the railroads and accelerated development consolidated the mineral owner's control over the land and resources of Appalachian Kentucky and reversed the trend of earlier court battles. Paralleling the legitimization of legal control over the land and social control over the towns and mining communities was another process essential to the capitalist development of the time: the creation of a surplus labor pool.

During this period, thousands of mountaineers streamed into the coal camps from surrounding counties and the bordering states of Virginia, Tennessee and West Virginia. In addition, black workers who had built the railroad tracks into the mountains provided a source of labor. But the labor supply available locally was not sufficient, so labor agents were employed to recruit farmers and sharecroppers from other parts of the state and from the South. Table 2 shows the place of birth of miners in Kentucky and West Virginia according to a survey taken during the Winter and Spring of 1932. Almost 45% of the miners were either born in the same county or the adjacent one. The other 55% were largely recruited by agents from other parts of the South. During World War I, labor agents actively recruited black sharecroppers from Alabama, Georgia, North Carolina and Virginia. Sometimes black labor was brought in to break strikes, and at other times simply to increase the supply of labor.<sup>(56)</sup> Examples have also been found of labor agents recruiting workers from European countries as strikebreakers or surplus labor<sup>(57)</sup>. According to Table 2, however, the general case is that the agents found sufficient labor from the U.S. South.

#### Rebellion and Union Activity

Widespread rebellion against the coal interests in Appalachian Kentucky came later than in other coal fields. The earliest recorded strike occurred in 1897, apparently paralleling but independent of the nation-wide coal strike of that time. Reporting on the magnitude

TABLE 2

PLACE OF BIRTH OF 956 KENTUCKY AND  
WEST VIRGINIA MINERS<sup>(55)</sup>

Place of Birth	Kentucky		West Virginia		Totals	
	Number	%	Number	%	Number	%
Born in County in Which They Now Live	86	24.0	121	18.7	198	20.7
Born in County Adjacent to One in Which They Now Live	74	20.6	80	13.4	154	16.1
Alabama	11	3.1	17	2.8	28	2.9
Arkansas	1	0.3			1	0.1
California			1	0.2	1	0.1
Florida	1	0.3	1	0.2	2	0.2
Georgia	7	1.9	6	1.0	13	1.4
Illinois	1	0.3	4	0.7	5	0.5
Indiana			1	0.2	1	0.1
Kentucky	67	18.7	75	12.5	142	14.9
Maryland			9	1.5	9	0.9
Missouri	3	0.8	1	0.2	4	0.4
New York			2	0.3	2	0.2
North Carolina	6	1.7	11	1.8	17	1.8
Ohio	2	0.5	24	4.0	26	2.7
Oklahoma	1	0.3	1	0.2	2	0.2
Pennsylvania	2	0.5	18	3.0	20	2.1
South Carolina	1	0.3	1	0.2	2	0.2
Tennessee	55	15.3	16	2.7	71	7.5
Texas	2	0.5	1	0.2	3	0.3
Virginia	21	5.8	67	11.2	88	9.2
West Virginia	11	3.1	87	14.6	98	10.3
Wisconsin	1	0.3			1	0.1
Europe	6	1.7	60	10.0	66	6.9
Mexico			1	0.2	1	0.1
No Answer			1	0.2	1	0.1
<b>TOTALS</b>	<b>359</b>	<b>100.0</b>	<b>597</b>	<b>100.0</b>	<b>956</b>	<b>100.0</b>

of the strike an 1898 trade journal reported:

"The greatest hindrance of the year was the prolonged strike in the Jellico district. It commenced about the 1st of May and continued with most of the mines until late in the fall. Whitley Co....output in 1896 of 428,980 tons has been reduced in 1897 to 197,732 tons... Knox Co. shows a loss of over 53,000 tons; Pulaski with 25,000 tons, Bell, with 10,500 tons; Carter, with 3,400 tons, and Johnson with 2,800 tons. The loss in the southeastern district for the year is 314,011 tons."<sup>(58)</sup>

Production - which will be discussed in the next section - remained low before 1910 and so did the demand for labor. The isolation of the mines scattered throughout Appalachian Kentucky during this period contributed to the lack of organization among the miners. In addition, the nature of work was different for the eastern Kentucky mines than for the mines of Illinois, Indiana, Ohio and Pennsylvania.

✓ Mechanization came to the mountains later than the other coal fields. Prior to mechanization, the coal miner was a skilled craftsman who determined which tools to use, where to work, at what pace to proceed, etc. This independence helped produce pride and a degree of on-the-job satisfaction for the early miners.<sup>(59)</sup>

Mechanization was introduced in coal mining for two basic reasons: The transformation of the coal miner from a skilled craftsman

to an unskilled worker and the reduction in production costs. Desire for greater output apparently was not a motivating force in early mechanization.<sup>(60)</sup> With mechanization, then, the miner's relatively secure job became threatened by virtually anyone the mine owner could recruit from the national labor market. In addition, mechanization introduced the possibility of greater supervision of the workforce more along the lines of factory organization.<sup>(61)</sup> Finally, machine coal mining introduced the trend of diminished demand for labor for the same output of coal.

✓ Mechanization in the form of the coal cutting machine was introduced in Appalachian Kentucky during World War I.<sup>(62)</sup> Instead of diminishing the demand for labor, however, mechanization paralleled the massive recruiting drives of unskilled labor and the general expansion of the coal industry in the region that took place in the years preceeding and after World War I. Therefore, though the general demand for coal miners began to diminish after World War I, West Virginia and Eastern Kentucky continued to have an increase in mining employment until 1928.<sup>(63)</sup>

Union activity during the expansion of coal development was fairly unsuccessful. The peak of union strength was reached in 1920 with approximately 18,000 members in Kentucky and 100,000 members in West Virginia. Apparently due to disinterest on the part of the national union and determined opposition by the coal operators, the United Mine Workers membership dropped to an estimated 1,500 members in Kentucky and 600 members in West Virginia by 1929.<sup>(64)</sup>

During this same period dissatisfaction was growing nationally among the U.M.W. membership over its lack of militancy and inability to organize the new coal fields. A split began to develop between John L. Lewis and the socialists and other left-wing groups within the union. In April of 1928, 1,000 miners gathered in Pittsburg at a mass meeting sponsored by the Save-the-Union-Committee, a coalition of progressive and socialist miners. The "Save-the-Union Movement", as it came to be called, quickly split into one group wanting to reform the U.M.W. of A. from within and another group wishing to form a militant, independent union of miners. The first group was crushed by John L. Lewis; the second held another convention in September, 1928.

When the militant wing of the Save-the-Union Movement met in September, they formed an independent union organization - the National Miners Union (N.M.U.). The preamble to the N.M.U. constitution called for equality of black and white workers and "class struggle for the final abolition of capitalistic exploitation."<sup>(65)</sup> In 1929, the N.M.U. began to organize in Appalachian Kentucky.

The misery and hunger in the coal communities, the physical and economic oppression in the mines, and the lack of control over their futures led the Kentucky miners to militant action. Findley Donaldson, a native of Knox County, Kentucky, became local chairman of the National Miners Union. He helped lead a massive recruitment drive in 1931 after the U.M.W. of A. refused to support local strikes.



The coal companies retaliated with unequalled determination and violence. Organizers were intimidated and murdered. The Black Mountain Corporation discharged union members and drove them from their homes in coal camps. Sheriff John Blair in Harlan County became a hired gun for the coal companies. Miners accused of murder by the companies were tried in "Blue-Grass" counties of Kentucky where "hillbillies" and "niggers" were little respected. Convictions and prison sentences followed. In the "Harlan Coal War" and the "Battle of Evarts" the coal interests in 1931 demonstrated their military and political superiority<sup>(66)</sup>.

The National Miners Union also made a strategic error while organizing the miners. The N.M.U. organizers sent Donaldson and other local leaders north for indoctrination sessions. They returned horrified at the N.M.U.'s anti-American line and, particularly, its atheistic teachings. The N.M.U. organizers had completely disregarded the deep religious beliefs of the Kentucky miners. Donaldson and the others wrote "confessions" condemning the N.M.U. and its atheistic teachings. Newspapers printed the confessions and local officials and operators spread them on handbills throughout the region. Donaldson's confession, probably the most effective, ended with this statement: "I condemn the activities of the Communist Party and the activities of the National Miners Union as I fully believe in God and the United States. I cannot succumb to the teachings of the Party, "Banish God from the Skies and Capitalists from the Earth." They say they "can make Jesus and sell Him for a dime."<sup>(67)</sup>

The combination of superior military and political power on the side of the coal capitalists and strategic blunders by the N.M.U. crushed the union by 1932. With the passing of the N.M.U., organized labor militancy ended in Appalachian Kentucky for many years.

#### The Role of Appalachian Development

The discovery and exploitation of central Appalachian coal played an important role in fueling industrial development to the north and east. In addition, the maintenance of Central Appalachia as an essentially non-union coal field tipped the power balance between coal capitalists and miners in the capitalists' favor by 1932.

The excitement in financial circles concerning Appalachian coal led to the massive exploration and "purchases" of the 1880's and 1890's. By the early 1890's serious mining was taking place and news of the mineral discoveries filled trade journals. Mines opened in Bell and Knox County in 1888; with the hope that Bell County might become the center for an iron industry.<sup>(68)</sup> "Finest quality" coal was discovered in Johnson, Whitley and Wayne Counties and shipments to the East began to pick up by 1891.<sup>(69)</sup> In 1894, C.J. Norwood, Chief Inspector of Mines, predicted that Kentucky would become a leading coal state since its coal was among the best in the country. Transportation, he said, was the only factor retarding development.<sup>(70)</sup> Production for the years preceding 1900 is shown in Table 3.

TABLE 3  
 COAL PRODUCTION: APPALACHIAN KENTUCKY  
 1892-1899 BY COUNTIES <sup>(71)</sup>

	<u>1892</u>	<u>1893</u>	<u>1894</u>	<u>1895</u>	<u>1896</u>	<u>1898</u>	<u>1899</u>
Bell	16,528	67,595	63,022	79,373	89,534	86,892	132,674
Clay	2,400	1,800	.....	.....	.....	.....	.....
Knox	105,980	160,285	72,857	185,734	217,039	285,322	244,091
Laurel	251,068	285,082	261,177	233,638	288,494	272,919	314,244
Pulaski	78,023	90,990	51,664	81,188	72,537	79,435	100,579
Rockcastle	11,235	9,005	800	4,474	.....	3,016	.....
Whitley	<u>374,671</u>	<u>455,811</u>	<u>349,282</u>	<u>455,302</u>	<u>428,980</u>	<u>396,310</u>	<u>566,831</u>
SOUTHEASTERN DISTRICT	839,907	1,071,470	798,804	1,039,709	1,096,585	1,123,994	1,358,419
Boyd	162,556	153,313	111,659	170,442	121,022	138,694	159,421
Breathitt	13,088	7,829	.....	.....	2,405	17,983	15,700
Carter	156,918	132,509	85,266	102,028	136,066	114,836	165,120
Greenup	2,831	1,385	1,572	1,403	854		
Johnson	27,450	24,859	16,902	10,678	6,762		
Lawrence	84,785	93,774	86,497	55,913	47,474		
Mageffin	850	380	.....	.....	.....		
Menefee	4,260	115	.....	.....	.....		
Lee	.....	16,850	49,312	43,312	9,847		
NORTHEASTERN DISTRICT	<u>452,740</u>	<u>430,987</u>	<u>351,425</u>	<u>383,776</u>	<u>324,431</u>		

By the time the railroads arrived in Appalachian Kentucky the major coal reserves had been explored and the mineral ownership had been acquired. Appalachian Kentucky's largest mineral holders include names well known in the annals of United States Capitalism. Morgan's United States Steel and the Morgan-McCormick International Harvester Company controlled (and still do) virtually all of Harlan County and numerous reserves throughout the region.<sup>(72)</sup> Morgan also owned railroad companies to carry out the coal, and Morgan and Insull utilities supplied power to eastern Kentucky.<sup>(73)</sup> Insull interests controlled the Black Mountain Corporation in Harlan County and the Peabody Coal Company in Pike County.<sup>(74)</sup> The Mellon family entered the coal fields in 1913 when the Pittsburgh Coal Company purchased minerals. Later, the Mellons secured the Elkhorn Coal Mining Company, operating in West Virginia and Floyd, Pike, Knott, and Letcher Counties.<sup>(75)</sup> Henry Ford, through the Fordson Coal Company acquired large tracts of land and timber encompassing half of Leslie County and parts of Pike and Harlan Counties. After World War I the Rockefeller family gained controlling interest in Consolidation Coal Company. A minority block of stock in Consolidation Coal was retained by the Mellon-controlled Elkhorn Coal Mining Company.<sup>(76)</sup>

By 1916, profits were soaring at the mining operations and the investors were receiving a good return on their investments. Table 4 shows the revenue-minus-cost profit rate and the approximate

TABLE 4

Profits from Appalachian Kentucky Coal  
1916 - 1920 by Districts <sup>(77)</sup>

	<u># Companies</u>	<u>Tonnage</u>	<u>Production Cost/Ton</u>	<u>Net Margin Per Ton</u>	<u>Profit Rate (Rev. - cost)</u>	<u>Profit Rate (Return invest.)</u>
District 2						
1918	34	6,413,902	1.97	.72	37%	21%
1920*	6	906,649	2.96	-.29	-9	-8
District 3						
1916	16	1,614,880	1.25	.15	12	5
1917	16	1,408,552	1.75	1.08	62	37
1918	104	6,954,152	2.28	.61	27	21
1920*	17	517,531	2.69	.92	35	31
District 4						
1918	13	2,695,766	1.85	.80	43	21
1920*	1	46,165	2.62	.84	32	22

\* six months

return-on-investment profit rate for eastern Kentucky Coal for 1916-1920. The return-on-investment profit rate is lower since "investment" includes all of the company's land and mineral holdings in the region. Therefore, "return-on-investment" is an unreliable measure of profitability since a low figure may indicate merely that the company has chosen to mine a small portion of the mineral holdings. Revenue-minus-cost is a more reliable measure of profitability in this case. As shown by the table, the mining operations during this period were extremely profitable.

Immediately after World War I changes began to take place in the coal fields of Indiana, Ohio, Pennsylvania, and Illinois. Changes in the demand for coal increased mechanization, and the closing down of mines in these states created mass unemployment.<sup>(78)</sup> The militant miners in these states led strikes throughout the 1920's against unemployment and worsening living conditions.<sup>(79)</sup> The miners of Appalachian Kentucky demonstrated no solidarity with these northern miners and the overexpansion of the coal industry proceeded unhampered in the central Appalachian region.

Appalachian coal began to be substituted directly for Indiana, Illinois and Ohio coal. Southern West Virginia and Eastern Kentucky coal was transported to Chicago, Indiana, Michigan, Ohio, Georgia, and the Great Lakes. This coal was primarily for industrial and domestic use. Northern West Virginia coal also went to these regions plus Pennsylvania, New York, and Virginia (for export). This

coal was used as railroad fuel in addition to industrial fuel and domestic heating.

Thus, the development of the central Appalachian coal industry provided a new source of coal to meet the nation's increasing fuel demand preceeding and including World War I. After World War I, substitution of Appalachian coal and labor for northern coal and labor provided a continuing source of fuel to industry and domestic users. Lack of solidarity between the union coal miners of Ohio, Indiana, and Illinois and the non-union miners in central Appalachia permitted the coal capitalists to create excess capacity in the industry. This excess provided employment for Appalachian Kentucky and West Virginia miners and unemployment throughout the other coal fields during the 1920's.<sup>(81)</sup> By the end of the 1920's, however, high unemployment had become a permanent feature of the Appalachian economy.

NOTES

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8. Karl Marx, Capital, The Modern Library Edition, New York, Volume 1, p. 785.
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21. Candill, op. cit., pp. 74-5.
22. Surface, op. cit., pp. 162-3.
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24. Scott-Woodruff, op. cit., p. 11; see, Williams v. Horsley, 93 Ky. 582, 20 SW 781 (1892).
25. Ibid., p. 11.
26. Wofford v. Steele, 27 Ky. L. Rep. 88, 84 SW 327 (1905)
27. Nebo Consolidated Coal & Coking Co., v. Lynch, 141 Ky. 711, 133 SW 763 (1911).
28. Scott-Woodruff, op. cit., pp. 12-13.
29. Candill, op. cit., p. 66.
30. Ibid., p. 81.
31. Ibid., p. 82.
32. Ibid., p. 83.
33. Ibid., p. 75.

34. Suzanne Crowell, Appalachian People's History Book, Southern Conference Education Fund, Louisville, Ky., 1971, p. 42; also Candill, op. cit., p. 98.
35. Candill, op. cit., p. 102.
36. Ibid., p. 112.
37. Ibid., p. 112.
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43. Miners Speak, op. cit., p. 29.
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45. Anna Rochester, Labor and Coal, International Publishers, New York, 1931, p. 99.
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47. McIntyre v. Marion Coal, 190 Ky. 342, 227 SW 298 (1921)
48. Bolen v. Standard Eikhorn Coal Co., 210 Ky. 43, 275 SW 372, 373 (1925).
49. Topolsky v. Bailey Fuel Co., 217 Ky. 144, 289 SW 207 (1926).
50. Inland Steel Co. v. Isaacs, 283 Ky. 770, 143 SW 20 503 (1940).

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56. Ibid.
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59. Morris, pp. 82-83.
60. Saward, 1890, p. 80; See Appendix B.
61. Ibid.
62. Morris, p. 83.
63. Ibid., pp. 21-22.
64. Ibid., p. 126.
65. Rochester, pp. 224-225.
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67. Morris, pp. 135-137.
68. Saward, 1889, p. 40.
69. Ibid., 1892, p. 37.

70. Ibid., 1895, pp. 27-8.
71. Ibid., 1897, p. 114; 1900, p. 42.
72. Miners Speak, pp. 50-51.
73. Ibid., p. 50.
74. Ibid., p. 52.
75. Ibid..
76. Ibid., p. 54.
77. Investment and Profit in Soft Coal Mining, Federal Trade Commission, Government Printing Office, 1922, pp. 81-89.
78. Rochester, p. 118.
79. Ibid., pp. 199-222.
80. "Bituminous Coal Distribution to Principal Markets - 1929,"  
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Federal Emergency Relief Administration, Washington, D.C.,  
December, 1935.
81. Rochester, p. 80.

COAL TRAIN SONG

Coal train a-comin, smokin down the track  
Takin away our coal, but she won't bring it back  
Till it's gone, it's solid gone...  
You know I feel like cryin when it's gone  
You know I'll feel like fightin when it's gone, it's solid gone.

Clinchfield coal train pullin so slow  
Clinchfield, Clinchfield, pullin so slow  
Hopin all the poor poeple won't know  
How much coal you've stole.

When I die, lord, bury me cold  
Down by that station N&W road  
So I can hear old number nine  
As she goes stealin by.

B&O pullin loaded down the track  
B&O coal trains empty comin back  
Taking all our coal away  
And the profits do not stay.

C&O coal trains you give me the chills  
Robbin the coal from our West Virginia hills  
Takin our coal so your world can run  
And your bosses can have their fun.

The coal you're stealin it once was mine  
The ones that stole it are hard to find  
I'd like to kill them owner class sons-of-a-bitch,  
But I can't tell which is which.

All you coal trains pullin down the track  
One of these days we won't let you come back  
That'll be the day when the people's train rolls by  
And we'll all be feelin high  
Said that'll be the day when the people's train rolls by  
And we'll all be ridin high.

CHAPTER 3

THE U.M.W. of A. and the COAL INDUSTRY:

1932-1969

With the destruction of militant union activity in eastern Kentucky in 1932 and the passage of the National Industrial Recovery Act which "legalized" trade unionism in 1933, Lewis directed a new organizing drive in the Kentucky mountains. Organizers went through the fields telling the miners that "The President" wanted them to join the union. They did not bother to mention that they meant President Lewis - not President Roosevelt.

The United Mine Workers of America faced a different situation and used different tactics than the National Miners Union of 1931-32. First, "trade unionism" had been legalized by an act of Congress. Second, the U.M.W. of A. under Lewis had become strongly anti-communist and cooperative with capitalist ownership of the coal industry. The Union, therefore, could not be subjected to massive Red-baiting campaigns. Finally, the U.M.W. of A. had developed better organizing techniques than the N.M.U. Instead of open rallies such as those used by the N.M.U., the U.M.W. of A. would secretly organize at mine sites, announcing their presence only after a majority of the miners had signed with the Union<sup>(1)</sup>. Once the U.M.W. of A. had re-organized the Appalachian coal fields in the mid-1930's, union

policy-setting and activity shifted from the fields themselves to Lewis and the national union. The future of the Appalachian miner came to be determined by the national struggle among Lewis, the Federal Government, and the coal companies.

The U.M.W. of A. by the mid-thirties' organizing drive had become a very different organization than it had been in earlier years. The United Mine Workers Journal before World War I carried articles about socialism, "Our Socialist Friends" and class struggle.<sup>(2)</sup> The U.M.W. of A. national convention had passed resolutions since 1894 calling for nationalization of the mines.<sup>(3)</sup> The last nationalization resolution was passed by the 1920 convention, when Lewis was President. In the 1921 convention, however, Lewis began to change the debate by stating that he supported some form of nationalization or regulation of the coal industry. Since the Federal Government could not "legally" nationalize the industry and did not have enough money in its general treasury anyway, Lewis proposed the route of regulation.<sup>(4)</sup>

In addition to the nationalization issue, Lewis began to establish policy on mechanization. In 1923 Lewis commented on the overexpansion of the coal industry and high unemployment by saying: "Shut down 4,000 coal mines, force 200,000 miners into other industries, and the coal problem will settle itself."<sup>(5)</sup> Lewis' general principle that "it is better to have a half million men working in the industry

at good wages ... than it is to have a million working in the industry in poverty"<sup>(6)</sup> was to have its greatest impact in the central Appalachian coal fields.

Lewis' personal beliefs came to be important to the economy of the Appalachian coal fields because the Union by the mid-thirties was firmly under his personal control. Lewis had been challenged by militant miners during the 1920's both on substantive economic and political<sup>(7)</sup> issues and on the issue of internal union democracy. This movement, culminating in the Save-the-Union Movement in 1928, was crushed by Lewis<sup>(8)</sup>. With the defeat of this internal movement, Union democracy ended and Lewis' personal actions and beliefs dominated the U.M.W. of A. and its members.

During the 1940's Lewis' United Mine Workers became the "biggest, richest, and most powerful labor union in the land..."<sup>(9)</sup> Under Lewis, the U.M.W. of A. forced the companies, through a series of national strikes, to agree to support a Welfare and Retirement fund by giving the Union royalty payments on coal tonnage produced.<sup>(10)</sup> Lewis, however, later bargained another contract: On January 18, 1951, Lewis signed a national agreement that gave coal companies a free hand in mechanization and consolidation.<sup>(11)</sup> Lewis apparently believed - as he had in 1923 - that miners who would be laid off would find employment in other industries. He also apparently thought that the Welfare and Retirement Fund would take care of the older miners.<sup>(12)</sup>



Lewis was wrong. Industrial consumers, unable to rely on their sources of coal, turned to increasingly competitive gas or oil. Domestic (home heating) coal demand also had begun to decline. In addition, the recessions of the late 1950's lowered coal demand and made other jobs difficult to find for miners.<sup>(13)</sup>

While unemployment was raging in the coal industry - 300,000 men had lost their jobs<sup>(14)</sup> - the union began to make agreements with the large coal producers.

The national Union/Industry policy created mass unemployment in the Appalachian mountains. In eastern Kentucky, employment dropped from 62,000 before the agreement to 22,000 by 1954.<sup>(15)</sup> In addition, during the period of 1950-1953, the number of days worked in the mines averaged a mere 185 days - or roughly, six months out of the year.<sup>(16)</sup>

Hundreds of small coal mines began to open, employing miners left unemployed by the other mines. These operations began to grab a large share of the coal market by underpricing the union coal mines. The Union hierarchy feared that it might lose its membership (who pay dues) if all of the companies went non-union. "Sweetheart" contracts-agreements whereby both parties agree to ignore part of the national agreement - became widespread in the Appalachian coal fields. In some cases the welfare royalty would be reduced; in others the wage level would be cut.<sup>(17)</sup> Pike County Coal Associates in

eastern Kentucky set up "dummy" corporations that would sign Union contracts and pay nominal royalty payments. The miners would be hired by a separately incorporated mining corporation. Cozy arrangements such as these permitted the U.M.W. of A. to maintain some membership in the region, while allowing the coal companies to pay low wages and minimal royalty payments. (18)

The union and coal companies also conspired to eliminate the small operators in eastern Kentucky. In October, 1962 the union headquarters announced that medical benefits would be cut off for men who worked in mines that did not meet their royalty payments. (19)

The process of mines going non-union, however, continued unabated:

"Some operators leased their coal holdings in pieces out to smaller operators to open truck mines (which invariably operate nonunion). Many operators mechanized their mines in the late 1950's and early 1960's. They would shut down a mine which employed 800 or 900 men; when it reopened with continuous miners and modern conveyor belts, only 200 or 250 miners would be needed. Every operator in the area -- with the exception of large companies like U.S. Steel, Bethlehem Steel, and International Harvester and a few medium-and-small-sized companies--broke the miners' union. Some miners fled from one mine to the next as the operators offensive engulfed entire counties, finally

to be left with the choice of working nonunion or not working at all."<sup>(20)</sup>

When it became clear that the Union leadership would not protect the unemployed miners, the "roving picket" movement sprung up in 1959 and 1960.<sup>(21)</sup> The roving pickets began shutting down mines going nonunion in Perry, Harlan, and Letcher Counties. In 1964, this movement led to the formation of the Appalachian Committee for Full Employment. "The Committee demanded a decent standard of living for every east Kentuckian. If a man works in the mines, he should enjoy union working conditions and benefits, but if he is unemployed, the federal government has the responsibility to see that he and his family don't starve."<sup>(22)</sup>

The coal operators fought back at the Committee's attempt to organize the region's unemployed. The Committee's offices in Hazard (Perry County) were fired upon. Miners were arrested for charges ranging up to murder. Also, members of Progressive Labor began offering aid to the roving pickets. In April 1964, when students supporting the pickets were invited to attend a conference in Hazard, Progressive Labor members walked around town passing out copies of their newspaper, "Challenge". Based on the content of "Challenge", the local paper carried the headline: "Communists Have Come to Eastern Kentucky." Red-baiting became an effective weapon in defeating the Roving Pickets as one participant explains: "This Communist accusation became the operators' chief weapon of heaping

abuse upon our Committee ... It was very effective in hindering the Appalachian Committee from organizing the unemployed of this area..."(23)

The Union and Coal companies were not satisfied with the defeat of the Roving Pickets. The violence between the small operators and the unemployed miners had not been sufficient to eliminate the competitive small operators. So, in 1965, the Welfare and Retirement Fund trustees adopted two new policies: the retirement age was lowered from sixty to fifty five (at a pension of \$85/month) and the twenty-five year service requirement for a pension was modified to require that a miner spend his last working year in a union mine. (24)

In addition, the Union conspired with the large coal companies to eliminate competition in another way. Many of the smaller mines relied on larger companies to act as sales agents for their coal. The larger companies, with their access to the railroads and with their marketing departments were well-suited for this. By previous agreement with the Union, the large companies refused to market non-union coal. One such case is the U.M.W.-Consolidation Coal Company conspiracy to eliminate South-East Coal Company in Letcher County, Kentucky. (25)

The intent of the conspiracy was two-fold. First, the nagging competition of the small mines would be eliminated. Second, the unemployed miners would remain a labor pool for the big producers who, because of this labor surplus, would pay them below negotiated union wages. Even though the labor surplus has been maintained since

the early 1960s, the coal conspiracy was unsuccessful in eliminating non-union mines in Appalachian Kentucky; in 1970, only 30% of the eastern Kentucky and Tennessee (Union Districts 19 and 30) coal miners were U.M.W. of A. members. (26)

A history of the 1950s and 1960s is not complete without a comment on profitability in the coal industry during this period. The economic depression that gripped King Coal in the 1950's seems, in retrospect, to have been a mere convulsion. Demand temporarily sagged, mines closed down in order to mechanize, and coal marketing shifted to electric utility companies. The low profit margins of the small "dog-hole" mines that leased coal property from the large land holding corporations during this period gave Appalachian Kentucky coal the reputation of being a "marginal" or "declining" industry. Many operations hovered around the break-even point, with many coal companies reporting losses. (27)

This low profitability seem to have been, in part, a result of the ownership pattern in eastern Kentucky. Most of these small mines leased their minerals from large mineral owners, paying them twenty-five cents per ton in royalty. Since these coal operators would receive income of only \$3.50 to \$4.50 a ton on sales, royalty payments decreased their (revenue-minus-cost) profit margins by as much as 7%. (28) In other words, in order to understand the magnitude of the surplus generated by Appalachian coal, royalty payments to mineral owners must be included. Part of the reason for this separa-

tion of income flow has to do with the manner in which royalty income is taxed. This will be discussed later.

The end of the 1958 recession and the increasing coal demand from electric utility companies ended the consumption crisis that had hit the industry as a whole. Coal production in eastern Kentucky surged almost ten percent a year in the early 1960's.<sup>(29)</sup> Profits soared also, as the following case studies show:

Virginia Ikon, Coal and Coke Company (VICCO) began buying eastern Kentucky minerals in 1899. The company (now called Penn-Virginia) owns 105,000 acres of minerals in eastern Kentucky, Virginia and West Virginia. In 1964, Dun's Review and Modern Industry called VICCO "one of the most lucrative investments in America." The reason: VICCO that year reported earnings of 61% on sales!<sup>(30)</sup> This trend continued, with VICCO's 1966 Annual Report stating: "once again improved demand for bituminous coal, reflected in higher royalty income, was the principle area of growth."<sup>(31)</sup>

Another land-holding company, Kentucky River Coal, was founded in Virginia in 1915. Kentucky River owns 190,000 acres in Perry, Knott, Letcher, and Leslie Counties, Kentucky. In 1964 and 1965, income from royalties was \$1,500,000 and \$1,870,000, respectively. Net profits for those two years was \$874,500 and \$1,110,155, or just under 60%!<sup>(32)</sup>

One cannot conclude from these two case studies that land holding companies in Appalachian Kentucky average a profit rate of

60%. They do demonstrate, however, that the "big money" is made by the land-holding companies, not local operators. If the mineral owners also operate mines, as do Bethlehem and U.S. Steel, so much the better: they can arrange their income to conform to the most favorable tax treatment. The point to be made here is that King Coal during the 1960's once again became a lucrative business in Appalachian Kentucky - in contradiction to the prevailing image of the industry as "declining" and "marginal".

NOTES

1. Interviews with retired coal miners, Harlan, Kentucky, December 1972, January 1973.
2. United Mine Workers Journal, United Mine Workers of America, Indianapolis, Indiana., February 16, 1911, p.4; March 2, 1911, p. 1; July 15, 1915, p. 7.
3. Rochester, p. 182.
4. "Proceedings: 38th Consecutive Convention of the U.M.W. of A.," Indianapolis, Indiana, 1921, p. 91.
5. Joseph Finley, The Corrupt Kingdom, Simon and Schuster, New York, 1972, p. 61.
6. Ibid.
7. See: John Brophy, "Compulsory Information in Coal," U.M.W. of A. Nationalization Research Committee, Clearfield, Pa., 1922.
8. See: Appendix C for the Save-the-Union Movement statement of purpose.
9. Brit Hume, Death and the Mines, Grossman Publishers, New York, 1971, p. 20.
10. Ibid., p. 21.
11. Tom Bethell, "Conspiracy in Coal," in Appalachia in the Sixties, David Walls and John Stephenson, editors, The University Press of Kentucky, 1972, pp. 76-91.
12. Hume, p. 22.



13. Ibid., p. 23.
14. Ibid., p. 22.
15. Surface, p. 167.
16. Coal Annual, Bituminous Coal Institute, Washington, D.C., 1954, p. 104.
17. Hume, p. 23.
18. Finley, pp. 250-51.
19. Hume, p. 32.
20. "Mountain Life and Work," Council of the Southern Mountains, Volume XLVIII, Number 2, February 1972, p. 6.
21. Ibid., p. 7.
22. Ibid.
23. Ibid.
24. Hume, p. 33.
25. See Bethell, pp. 76-91.
26. "United Mine Workers Journal," U.M.W. of A., Washington, D.C., May 1, 1973, p. 4.
27. Mary Jean Bowman and W. Warren Haynes, Resources and People in East Kentucky, John Hopkins Press, Baltimore, 1963, pp. 300,301.
28. Interviews with former operators, Harlan, Kentucky, January, 1973.
29. James Millstone, "East Kentucky Coal Makes Profit for Owners, Not Region," in Appalachia in the Sixties, op. cit., p. 70.
30. Ibid., pp. 71-72.
31. Ibid.
32. Ibid.

COAL TATTOO

Travelin down that coal town road;  
listen to my rubber tires whine.  
Good-bye to buckeye and white sycamore  
I'm leaving you behind.  
I've been a coal man all my life  
Layin down track in the hole.  
Got a back like an ironwood bent by the wind;  
Blood veins blue as the coal.

Somebody said that's a strange tattoo  
You have on the side of your head.  
I said that's the blueprint left by the coal  
Just a little more and I'd be dead.  
But I love the rumble and I love the dark.  
I love the cool of the slate.  
But it's travelin down that new road looking for a job,  
This travelin and lookin I hate.

I've stood for the union, walked in the line,  
fought against the company.  
I've stood for the U.M.W. of A.,  
Now who's gonna stand by me?  
For I got no house and I got no pay,  
Just got a worried soul  
And this blue tattoo on the side of my head  
Left by the number nine coal.

Some day when I'm dead an gone  
To heaven, the land of my dreams,  
I won't have to worry about losin my job  
To hard times and big machines.  
I won't have to pay my money away  
On dues and hospital plans,  
I'm gonna cut coal while the blue heavens roll,  
And sing in the angel band.

CHAPTER 4

THE ECONOMIC STRUCTURE

Analytical Framework

In the last few years articles have begun to be written about Appalachia as an internal colony of the United States.<sup>(1)</sup> The colonial analogy has been useful politically to help give people a sense of regional identity. In addition, the colonial analogy provides a useful analytical framework for viewing the process of capitalist economic development in the region. The process of colonization, according to Blauner<sup>(2)</sup> has four general characteristics:

1. Forced involuntary entry by the colonizers:  
gaining control of the area and its resources.
2. Institutionalization of the colonizers into  
local administrative organs: formalizing  
control and removal of opposition.
3. Cultural imperialism: destruction of previous  
values and morals through education and conversion.
4. Racism: the native population is seen as inferior  
and is subordinated socially and psychologically  
by the colonizers.

In addition to Blauner's four attributes, colonization can be described as having a fifth characteristic:

5. Economic dualism: the establishment and maintenance of two sectors - advanced and subsistence - within one regional economy.

Forced involuntary entry was discussed in Chapter 2 as the process of primitive accumulation. The formalization of control and the removal of opposition was also discussed in that chapter. Cultural imperialism and racism will be discussed in the chapter on the social and political superstructure. The remainder of this chapter will be devoted to the application of the theory of economic dualism to the Appalachian Kentucky economy.

The theory of economic dualism developed from observations that a number of economists made of the behavior of capitalist economies in colonies of advanced countries. In an effort to explain different characteristics of these economies, the theory of economic dualism became segmented into "social" and "technological" dualism.

In an effort to describe the social as well as economic intervention that he observed in colonialist countries, Boeke developed a theory which he called "social dualism". Social dualism, according to Boeke, is "the clashing of an imported social system with an indigenous social system of another style. Most frequently, the imported social system is high capitalism."<sup>(3)</sup> Boeke claims that an economic theory that attempts to explain such a dualistic society must be three economic theories in one: an economic

theory of a developed capitalist or socialist society; an economic theory of precapitalist society; and an economic theory of the interactions of two distinct social systems within the borders of one society.<sup>(4)</sup>

The theory of dualism states that the resources in a dualistic society are immobile. Since resources are immobile, efforts to explain allocation of resources or income distribution according to theories that depend on factor (labor, capital) mobility will fail.<sup>(5)</sup> In fact, it will be shown that investment of resources must be highly concentrated in order for the dualistic system to be reproduced.

Since non-capitalists derive their income from either the selling of their labor-power to capitalists or through their labor in the "subsistence" sector of the economy, wage determination and employment level are important characteristics of the economy.

The theory of technological dualism predicts that a high rate of unemployment, or at least a surplus labor pool, will be maintained in a dualistic economy.

Technological dualism requires that the capitalist sector and the "rural" or subsistence sector have different production functions. In this theory, the rural sector has variable technical coefficients of production; and labor is the relatively abundant factor, leading to labor-intensive techniques of production.<sup>(6)</sup> Another way of saying this is that the farmers or laborer in the

subsistence sector is free to substitute between capital and labor in production; but since he has plenty of labor and little capital, he utilizes his and his family's labor.

In the "modern" sector (mines, oil and gas fields, heavy industry), however, production is characterized by fixed technical coefficients of production and is relatively capital intensive. "Fixed technical coefficients" of production means that for a given level of output and technology, there is a certain combination of labor and capital necessary.

In this model of the economy, technological innovation in the advanced sector causes higher unemployment. The factors that influence the choice of production technique are independent of the size of the surplus labor pool and price at which labor-power is sold. The magnitude of unemployment in this model is dependent on the amount of capital stock available. Organized labor can fight unemployment either by seeking expansion of overall production or by blocking the introduction of more capital-intensive techniques. (For a more formal presentation of this, see Appendix D).

The theory of technological dualism offers an explanation for the existence of high unemployment in mining. Two additional questions need to be answered: What determines the wage rate? Why does high overall (in the subsistence sector as well as in mining) unemployment and underemployment persist? An attempt to explain these two phenomena is offered by the other half of the theory of

technological dualism -- that pertaining to the subsistence sector -- and by W.A. Lewis in his analysis of economic development with "unlimited" supplies of labor.

According to the theory of technological dualism, in the traditional or subsistence sector, as labor supply increases, usable land becomes the relatively scarce factor and the production techniques remain or become highly labor-intensive. As all available land is cultivated, the marginal productivity of labor falls to zero or below (disguised unemployment appears). Given a labor "surplus", there is no incentive to change to more capital-intensive production techniques to increase output per man in the subsistence sector.

Leibenstein argues that with low capital/labor ratios common to the subsistence sector, a capital-intensive invention does not influence the choice of technique. If investment in the non-mining sectors of the economy could increase the productivity in those sectors, why doesn't investment take place? At least a partial answer can be found in analysis of the labor supply.

W.A. Lewis defines an economy with an unlimited supply of labor as one where the population is so large relative to capital and natural resources, that there are sectors of the economy in which the marginal productivity of labor is negligible, zero, or negative. (7)  
This phenomenon is not necessarily confined to the hollows or countryside: it may exist in agriculture, casual jobs, and petty

retail trading. The supply of labor is "unlimited" so long as the supply of labor at subsistence exceeds the demand.<sup>(8)</sup>

Maintenance of the pool of surplus labor is essential to the capitalists since the wage rate in the capitalist sector is determined by the average wage in the subsistence sector.<sup>(9)</sup>

The maintenance of surplus labor and the process of capital accumulation are integrally related, as Marx stated in Capital:

"But if a surplus labouring population is a necessary product of accumulation or of the development of wealth on a capitalist basis, this surplus population becomes, conversely, the lever of capitalistic accumulation, nay, a condition of the capitalist mode of production. It forms a disposable reserve army, that belongs to capital quite as absolutely as if the latter had bred it at its own cost ... it creates, for the changing needs of the self-expansion of capital, a mass of human material always ready for exploitation."<sup>(10)</sup>

The use to which the capitalist surplus is put is the key to the process of economic development. If the surplus is reinvested in creating new capital, the capitalist sector expands, taking more people into capitalist employment and out of the subsistence sector.<sup>(11)</sup> "The surplus is then larger still, capital formation is still greater, and so the process continues until the labor surplus disappears."<sup>(12)</sup>



The potential for eliminating the labor surplus rests, according to Lewis, with the accumulation of capital by the capitalist class. If the capitalists fare well, eventually, economic benefits will trickle down to the population as a whole through full employment in the capitalist sector.

This scenario has not taken place in Appalachian Kentucky. According to the theory of economic dualism, in fact, disincentives for investment in the region exist for outside and native capitalists. If income in the subsistence sector increases, then wages in the capitalist sector would also be driven up. The same thing would occur if the subsistence sector were eliminated. If wages are driven up, then the capitalist surplus shrinks. It is not, therefore, in the interest of the native and outside capitalists to utilize their profits for capital accumulation within the region. The one possible "sound" investment within the region would be reinvestment in mining for the purpose of mechanization and technological innovation. This would involve mechanizing the deep mines and introducing new strip-mining or augermining techniques. Investment in new technology might occur for two reasons: first, to increase the overall output and, therefore, the capitalist surplus. Or, second, to cause technological unemployment and thereby ensure a labor surplus from which to draw miners.

Earlier, the importation of labor was cited as one example of Coal operators' efforts to maintain a reserve army of labor, to block

unionization , and maintain low wages. Surplus labor has also been maintained by the companies in at least three other ways:

1. By directly blocking efforts by manufacturers and others to create alternative means of employment at above-subsistence wages in the region;
2. by indirectly blocking development of other alternatives through investment of its own accumulated capital outside of the region; and
3. by indirectly blocking development of other alternatives by influencing the investment policies of area banks.

These policies were natural actions for profit maximizing companies to pursue. The result of company actions and union cooperation (described in Chapter 2) has been high un- and under-employment and low wages for miners and workers in the subsistence sector. This economic system has created a highly unequal distribution of income and wealth. All of these characteristics of capitalist dualism in Appalachian Kentucky will be described in the following pages.

#### High Unemployment and Subsistence Wages

Appalachian Kentucky's people have been plagued by high unemployment and wages at the subsistence level. Today, counties such as Leslie and Owsley have unemployment rates of approximately

30%. In 1967, unemployment rates for twenty-six eastern Kentucky counties looked like this:

TABLE 5

1967 UNEMPLOYMENT RATE

26 Counties

<u>COUNTY</u>	<u>RATE</u>
Elliot	24.2%
Lawrence	10.0
Morgan	6.0
Floyd	11.5
Johnson	8.7
Magoffin	20.0
Pike	9.2
Bell	16.1
Clay	13.0
Harlan	10.0
Jackson	11.5
Knox	17.0
Laurel	5.3
Rockcastle	9.2
Whitely	6.0
Breathitt	24.7
Knott	23.7
Lee	7.1
Leslie	29.1
Letcher	9.4
Owsley	28.1
Perry	12.4
Wolfe	14.2

1967 UNEMPLOYMENT RATE (CT'D.)

26 Counties

<u>COUNTY</u>	<u>RATE</u>
McCreary	11.2%
Pulaski	5.0
Wayne	14.5

(Source: Appalachian Regional Commission)<sup>(13)</sup>

Not only has high unemployment been a serious problem for eastern Kentucky's people, but pitifully low wages have also plagued the region. The desparate situation of the employed miners of the 1930's, who saw their meager incomes totally exhausted by scrip purchases of absolute necessities, may not exist today for those who are regularly employed. Even for those who have regular employment in mining or manufacturing, however, wages hover around the subsistence level. A 1963 "Census of Manufactures" carried out by the U.S. Bureau of the Census revealed the following average hourly wages of production workers:

TABLE 6

1963 AVERAGE WAGES

26 Counties

<u>COUNTY</u>	<u>WAGE</u>
Elliot	n.a.
Lawrence	1.16
Morgan	1.00

1963 AVERAGE WAGES (CT'D.)

26 Counties

<u>COUNTY</u>	<u>WAGE</u>
Floyd	2.02
Johnson	1.53
Magoffin	0.95
Pike	1.34
Bell	1.49
Clay	1.12
Harlan	1.63
Jackson	0.60
Knox	1.63
Laurel	1.43
Rockcastle	1.21
Whitely	1.52
Breathitt	1.20
Knott	0.75
Lee	n.a.
Leslie	1.21
Letcher	1.13
Owsley	n.a.
Perry	1.24
Wolfe	n.a.
McCreary	1.12
Pulaski	1.53
Wayne	1.27

(Source, Appalachian Regional Commission) (14)

In addition to the low wage rates, two other facts emerge from the study. First, the average hourly wages were, in general, a small fraction of the value added per production man-hour (varying from one-eighth to one-third) -- average. Second, there seemed to be no correlation between value added per production man-hour and the wage level taken on a county-by-county basis.<sup>(15)</sup>

Surplus Labor Maintained by Retarding Development

Coal interests have blocked non-mining development in Appalachian Kentucky both directly and indirectly. B.D. Sizemore, a thirty-six-year-old miner, fired and blacklisted throughout east Kentucky when he tried to organize a mine in 1965, comments on the direct method:

"Shoemakers, shirt manufacturers, and mobile home companies have all tried to set up factories in our area. But every time they try, the coal operators keep them from getting the land they need. The operators want to keep a pool of unemployed people so they can lay off when they want to and call them back when they want to. They want all the human resources to themselves."<sup>(16)</sup>

Another example of this type of activity occurred in Hazard several years ago when General Electric attempted to build an electric bulb plant. The coal operators blocked GE from buying land.<sup>(17)</sup> Another example is an Arrow Shirt factory that was kept out of Harlan,

Kentucky. With the project ready to be finalized, federal infrastructure subsidies were suddenly withdrawn.<sup>(18)</sup>

George Wooton, County Judge in Leslie County, stated in 1970 that he does not want industries to come because he fears that they will pollute the streams or air! Judge Wooton's wife is an employee of the Hyden Citizen's Bank and he is part-owner of various deep and strip mining operations in Leslie County. Wooton has been promoting strip mining as "county redevelopment" (it creates flat land).

In addition to direct efforts to block manufacturing development in the region, coal interests have indirectly blocked development by their profits outside the region as do local banks. Household savings provide a potential pool of capital from which economic development might proceed. In 1969, the Appalachian Regional Commission published a study entitled "Capital Resources in the Central Appalachian Region."<sup>(19)</sup> In this study, data was presented on saving and investment flows and the composition of gross private investment in twenty-six east Kentucky counties. The saving and investment flows for 1967 were:

TABLE 7  
SAVING AND INVESTMENT FLOWS  
EASTERN KENTUCKY, 26 COUNTIES  
1967  
(in millions of dollars)

<u>Gross Personal Saving</u>	<u>Gross Corporate Saving</u>	<u>Gross Private Saving</u>	<u>Gross Private Investment</u>	<u>Savings Deficit</u>
90.5	60.7	151.2	86.5	64.7

(The data refer to saving for the year 1967 and not to the stock of capital.)

Economic literature stresses the need in under-developed areas for savings to increase in proportion to regional income in order for economic development to take place. Usually, the target savings rate for an under-developed region is estimated to be somewhere around 12%.<sup>(20)</sup> Since capitalists are presumed to save, the problem is generally perceived to be to encourage the "native" population to withhold from immediate consumption and to save. In the twenty-six Appalachian Kentucky counties surveyed, 13.7% of the gross personal income was placed on deposit in local banks. The study also found areas where relatively poor households maintained fairly high savings rates.<sup>(21)</sup>

Another interesting finding is the statistic that 64.7 million dollars left the region through the banks in 1967. Local people generally cannot receive loans since most banks require double or triple the amount of a requested loan as solid collateral.<sup>(22)</sup> The study also revealed that the investment that did take place in the region (86.5 million dollars) was largely in the mining industry.<sup>(23)</sup> In addition, the inflow of investment is highly concentrated "both as to industrial distribution -- mining -- and also as to geographic regions, i.e. counties, or groups of counties."<sup>(24)</sup> The result of increased investment in mining mechanization has, the study concluded, meant that large mines have tended to expand at the expense of



small mines because of the large financial requirements involved.<sup>(25)</sup>

In short, the Appalachian Regional Commission study shows what is predicted: capitalist accumulation tends not to occur within the region; and when it does occur, it goes into labor-saving mining techniques. These labor-saving techniques, in turn, have contributed to the maintenance of a reserve army of labor.

#### The Distribution of Income and Wealth

The distribution of income and wealth in a region is central to its economic welfare. "In both developed and under-developed countries, growing public concern with income inequality has been heightened by Marxian and contemporary radical stress on forces in capitalist societies tending to increase the concentration of wealth and income as well as by more orthodox studies of conflicts between distributional justice and economic efficiency."<sup>(26)</sup>

In a study for the International Bank for Reconstruction and Development, Irma Adelman and Cynthia Morris found that:

"Higher dualism increases the concentration of wealth by lowering the share of the least privileged 20 and 60 percent, by decreasing the share of income of the middle class, and by increasing the share of the wealthiest 20 percent. Furthermore, the analysis indicates that, once a sharply dualistic development pattern has been initiated, further economic growth actually reduces the share of the lowest 60 percent. When the dualistic development pattern

is primarily foreign-managed and financed, higher GNP tends to lower the share of the middle income households as well. In the absence of government intervention, dualistic growth therefore increases the concentration of income..."<sup>(27)</sup>

The distribution of income and wealth in a region can be measured in a number of ways. One way is to break down the distribution by income classes, as was done for the forty-four counties of eastern Kentucky:

TABLE 8  
DISTRIBUTION OF FAMILIES BY INCOME, 1960<sup>(28)</sup>

	<u>TOTAL</u>	<u>under</u> <u>\$2,000</u>	<u>\$2,000</u> <u>\$2,999</u>	<u>\$3,000</u> <u>\$5,999</u>	<u>\$6,000</u> <u>\$9,999</u>	<u>\$10,000&amp;</u> <u>over</u>
No.	218,124	91,119	31,566	61,492	25,629	8,328
%	100.0	41.8	14.5	28.2	11.8	3.8

The above table shows that 56.3% of the region's families subsisted on less than \$3,000 income that year. This fact pulled the per capita income of the region down to only \$924 or 43% of the national average.<sup>(29)</sup> As a measure of the true inequality generated by the region's economy, however, the above table has its limitations. First, the above distribution includes transfer payments, which can be assumed to accrue to the lower 60% of the distribution. Second, the distribution does not include corporate

profits, an estimated 90% of which accrues to owners and shareholders outside the region.<sup>(30)</sup> And, third, even though the table shows the percentage of people in each income class, it does not show the income shares of each group.

An attempt was made to estimate the income shares by averaging the income in each class. For example, the income average for the \$2,000 - \$2,999 class is assumed to be \$2,500. Two possible sources of error lie in the estimates for below \$2,000 income and \$10,000 and over income. For those below \$2,000 income \$1,500 was estimated as the average; for those above \$10,000, \$15,000 was estimated as the average. Both of these are conservative estimates, attributing more equality to the distribution than probably exists. The total income estimated in this manner comes to within 3% of the total personal income estimated for the region in 1959 by the Office of Business Economics.<sup>(31)</sup> In addition, an attempt was made to estimate corporate income that would not be included as income to families in the region. An estimate was made for the coal industry alone, based on a 1969 study of the industry by Richard Kirby.<sup>(32)</sup> Other corporate income in timber, manufacturing, and other businesses also flows outside of the region, but no estimates of this flow were available. Again, rather than overstate the case, a conservative estimate was used. The results for the 44 counties were:

TABLE 9

INCOME SHARE BY INCOME CLASS

<u>INCOME CLASS</u> <u>(dollars)</u>	<u>%</u> <u>FAMILIES</u>	<u>CLASS</u> <u>INCOME</u>	<u>%</u> <u>TOTAL INCOME</u>
under 2,000	41.8	136,678,500	16
2,000 - 3,000	14.5	78,890,000	9
3,000 - 6,000	28.2	276,709,500	32
6,000 - 9,999	11.7	195,032,000	23
10,000 plus	3.8	124,920,000	15
Outside Corp. (Coal only)	---	43,200,000	5

The above figures show more clearly the degree of inequality produced and maintained in Appalachian Kentucky. The lower 56% of the population receives only 25% of the income, the upper 15.5% of the families receive 43% of the income and the upper 3.8% of the population and the outside capitalists together receive 20% of the income. Since transfer payments are included in the above data, the degree of income inequality generated by the region's economy is still grossly understated. According to the Office of Business Economics, \$120,403,000 in transfer payments flowed into the region in 1960. Since most of this income accrues to families receiving under \$3,000 a year, the income share received by the lower 56% of the population drops to approximately 13%. This compares with the worst highly dualistic Colonialist countries studied by Adelman and Morris. (33)

Even though inclusion of transfer payments in the above table hides some inequality in relatives claims on locally generated income, the table is a good measure of overall inequality in the region's political economy. Since U.S. data for inequality shows that the lower 60% of the U.S. Population earns 36% of the income, and the richest 20% receives 41% of the national family income, even inclusion of transfer payments in the Appalachian data shows a more unequal economic system. (34)

Static measures of income and wealth distribution are generally limited in their usefulness since they cannot show the reproduction of inequality in a society over time. In order to show this, income distributions need to be taken for a number of years. Unfortunately, this was not possible in this study. However, I was able to compile data that provides some insight into the reproduction of inequality in Appalachian Kentucky. The Appalachian Regional Commission supplied me with county-by-county data on sources of personal income for the years 1929, 1940, 1950, 1959 and 1969. I compiled the data for twenty-six counties and found the following:

TABLE 10

PERSONAL INCOME BY SOURCE (35)  
26 Counties (thousands)

	<u>1929</u>	<u>1940</u>	<u>1950</u>	<u>1959</u>	<u>1969</u>
Total Personal Income	133,031	138,565	420,378	458,661	832,408
Wages & Salaries	84,649	88,120	252,349	248,508	486,651
Other Labor	1,207	1,163	11,643	19,761	31,443

PERSONAL INCOME BY SOURCE (COT'D.)

	<u>1929</u>	<u>1940</u>	<u>1950</u>	<u>1959</u>	<u>1969</u>
Farm Income	28,375	19,917	23,286	33,379	35,842
Non. Farm. Propriet.	10,378	11,326	36,750	50,213	71,432
Property	6,209	11,248	29,201	24,641	60,061
Transfer Payments	5,112	7,731	63,627	74,094	174,221
-----					
% Wages & Salaries	64%	64%	60%	54%	58%
% Other Labor	1	1	3	4	4
% Farm Income	21	14	6	7	4
% Non. Farm Propriet.	8	9	9	11	9
% Property	5	8	7	5	7
% Transfer Payments	4	5	15	16	21

The above data is not an overall distribution of income by source, but rather a distribution of income by source among residents in the region. From 1929 to 1959 the share of total income going to wages and salaries declined by 10%. The increase in wage and salary income between 1959 and 1969 can be largely attributed to growth in government or government-financed employment.<sup>(36)</sup> Farm income has steadily declined as a proportion of overall income since 1929. The growth of transfer payment income has continued dramatically since 1929, with transfer payments taking a dominant role in subsistence living.

The grossly unequal distribution of income and wealth cannot be fully understood without knowledge of the concentration of mineral ownership. In 1969, Ricard Kirby completed a study of eastern Kentucky's

coal industry, with particular emphasis on its ownership, taxation, and profits. (37) Production and ownership of the coal industry broke down as follows:

TABLE 11

COUNTY PRODUCTION AND OWNERSHIP

(based on 1966 Department of Mines and Minerals Data)

<u>COUNTY</u>	<u>PRODUCTION</u>	<u>ROYALTY</u>	<u>CAP. ROYALTY</u>	<u>ASSESSMENT</u>	<u>% LOCAL</u>
Harlan	6.9 m. tons	\$2.67m	\$23 million	\$4.7 m.	.2%
Pike	15.76	2.3	52.5	24.3	21.
Letcher	6.6	2.64	22	5.09	5.
Knott	3.1	1.24	10.33	7.8	12
Leslie	1.47	.59	4.92	n.a.	n.a.
Perry	4.72	1.89	15.75	2.68	7.
Clay	1.15	.46	3.83	.65	30.
Bell	2.64	1.06	9	.49	14
Floyd	5.47	2.19	18.33	5.43	1.
Breathitt	.84	.336	2.8	.5	38.
Knox	.213	.085	.71	n.a.	n.a.

In the above table, "production" means tons of coal produced; "royalty" means royalty payments on minerals paid to mineral owners; "capitalized royalty" refers to the accumulated assets of the companies; "Assessment" refers to the mineral valuation as assessed by the local tax assessor; "% local" refers to the percent of the minerals in the county owned locally.

The two most interesting figures in the table are the "Capitalized Royalty" (value of production for the year) and "% Local"

columns. Comparing the market value of production for the year with the total mineral assessment for each county gives some indication of how heavily mineral owners are taxed. Weighting the right column by the magnitude of the minerals in each county yields a rough estimate of 90% outside ownership of the region's minerals.

Estimating concentration of ownership in the coal industry based on mineral ownership yields truer results than estimating concentration based on tax returns as others have done.<sup>(38)</sup> Tax returns data is based on reported income from mining operators. Many east Kentucky operators are incorporated locally, managed (and sometimes partly owned) by "local" men, but are owned by interests outside the region frequently the mineral owners.<sup>(39)</sup>

The bulk of east Kentucky's mineral wealth is not only owned by outside interests, but also is concentrated in relatively few holders. This concentration is part of an increasing national problem, where in 1962 ten companies controlled 25 percent of the output and thirty companies control 37 percent.<sup>(40)</sup> Today the largest three companies control 27 percent of production.<sup>(41)</sup> Many of the Appalachian Kentucky's holders own vast amounts of minerals in other parts of Appalachia and other regions of the United States. The following list of outside and local ownership understates the concentration since many of them share common owners.<sup>(42)</sup>



TABLE 12

LARGEST MINERAL OWNERS

<u>Company</u>	<u>Assessment</u>
1. Bethlehem Steel, Bethlehem, Pa.	\$5,305,813
2. The Berwind Corp., Charleston, W. Va. (The Kentland Coal & Coke)	5,152,690
3. Kentucky River Coal, Lexington, Ky. (Falcon-Seaboard Oil Company, Texas)	3,567,951
4. Ashland Oil	3,121,652
5. Ford Motor Co., Detroit, Michigan (Fordson Coal Co.)	2,575,319
6. Elkhorn Coal Co., Carleston, W. Va.	1,961,810
7. Bates Manufacturing Co., New York (Virginia, Iron, Coal & Coke)	1,789,749
8. Southeastern Gas Co.	1,572,441
9. International Harvester	1,546,500
10. The Big Sandy Co., Boston, Mass.	1,542,420
11. U.S. Steel, Pittsburg, Pa.	1,438,550
12. National Mines, Corp.	1,253,888
13. J.M. Huber Corp.	925,980
14. Occidental Petrol. Corp., Los Angeles (Island Creek Coal Co.)	788,422
15. C. & O. Railway, Cleveland, Ohio (Western Pocahontas Corp.)	711,840
16. Kycoga Land Co.	681,118
17. W.W. Lindsay	639,121

LARGEST MINERAL OWNERS (COT'D)

<u>Company</u>	<u>Assessment</u>
18. Kennecot Copper Corp., New York (Peabody Coal Corp.)	599,790
19. Penn-Virginia Corp.	592,858
20. C.A. Lee	588,000
21. Bringardner Lumber Co.	511,350
22. N.Y. Mining & Manufacturing	473,950
23. Blackwoods Land Co.	451,400
24. Columbian Fuel Corp.	439,032
25. Mary Helen Coal Co.	368,133
26. J.M. Asher Coal Mining Co.	356,490
27. Harkins Mineral Corp.	325,000
28. Lawrence Tierney Land Co.	317,847
29. Pocahontas Land Corp.	284,380
30. Republic Steel Corp.	280,305
31. Morely H. Ringer	259,000

Subsistence in the Political Economy

Subsistence in Appalachian Kentucky is possible in spite of the lack of regular jobs. With hard work, ingenuity, luck, and a good word from the local judge, unemployed mountain people can survive through some combination of income from transfer payments, part-time service work, farming, temporary government training programs,

or public service jobs. The nature of this marginal life style of a large number of East Kentuckians is difficult to present with statistics, so a few case studies will also be presented and discussed:

Mr. and Mrs. Baker live with their eight children in a small wooden home in Leslie County. Mr. Baker is a miner earning \$400 a month when fully employed. Depending on the time of year, however, Mr. Baker might be laid off from four days to two weeks a month. One of the Bakers' children has cancer; but since Mr. Baker is employed, they are not eligible for Medicaid. Children's Hospital in Cincinnati and Frontier Nursing Service in Leslie County have given the family large amounts of free care, but the Bakers face outstanding bills of over \$800. One month last year the Bakers were able to receive food stamps; but they are generally ineligible since their income exceeds \$230 a month. Mrs. Baker makes a small number of quilts, pot holders, etc., to supplement their income.

The Adams live in Perry County with their three children and Mrs. Adams' mentally retarded brother and sister. Mr. Adams worked as a miner in the early 1950's and went to Detroit, then Pittsburg to work in factories when he could not find work in Perry County. Since his return fourteen years ago, he has not been regularly employed. The entire family lives off of the \$190 a month in welfare and social security checks which they receive to support the retarded brother and sister. Mr. Adams has a back injury and respiratory trouble sustained in his years in the mines. Since these injuries only

partially disable him, he is not eligible for disability payments. Another man in a similar situation to Mr. Adams describes the situation this way: "I can't do hard work, and I have a lot of pain, everyday of my life. I might be able to do light work, desk work, but hell, I'm not fit for anything like that; and even if I could, where's the work to be found? Around here? Never in a million years. We're doomed here, to sitting and growing the food we can and sharing our misery with one another."<sup>(43)</sup>

Rubin Napier is seventy-two years old, a retired miner in Leslie County, and has Black Lung disease. Even though it is apparent to anyone who spends time with Rubin that he is suffering from a very serious respiratory ailment, the Social Security Administration refuses to give him Black Lung Compensation. They say that his ailment does not fit their very restrictive definition of pneumoconiosis or "Black Lung". Rubin receives \$158 a month to support himself and his teenage son. Charlotte, his daughter, also lives in the home along with her two-year-old daughter. Until recently, Charlotte received \$80 a month AFDC to support herself and her child. Since their combined income exceeded the \$230 limit, the Napiers were not eligible for food stamps. Charlotte frequently did a full days' work cleaning people's homes and ironing clothes for \$1.50 to \$3.00 a day. In March, Charlotte began work as a clerk/typist at a health center for \$210 a month.

Coy Combs lives with his wife and four children up a hollow in Harlan County. Coy used to work three days a week at a small mine loading three coal trucks a day. Coy was fired for not showing up regularly. Coy and his family subsisted for a long time on surplus food distributed by the Department of Agriculture, loans from his mother, and an occasional day's employment splitting logs into mine props at a local saw mill. Coy tried to seek disability benefits but stopped when he and his family became eligible to receive food stamps. When the "Happy Pappy" public service employment program paying \$256 a month started (this, and the Manpower Development and Training Act and "Nelson" programs are the same), Coy worked conscientiously, but irregularly (If his income exceeds \$230 he is ineligible to receive food stamps). After months of employment cutting grass, repairing bridges, and working on houses, Coy and many of his fellow workers were offered jobs outside the region. Coy turned down a job in Illinois as a carpenter's helper in a shaft mine -- choosing instead to remain in the hollows. Even though Coy is now entitled to food stamps if he has no income at all, he occasionally does a day's work somewhere, or collects gin seng roots for sale in town, in order to make some payment for the stamps. (44)

Some miners receive income well above the levels discussed in the above examples. For the vast majority of Appalachian Kentucky miners, however, the level and stability of income is similar to that

of Mr. Baker -- even though his hourly wage may exceed that of those subsisting on transfer payments and uncertain labor income, his total income at the end of a month is not that different. His relative economic position differs even less when the risk and uncertainty about the future of work in the mines is taken into account. Due to unsafe conditions, death always threatens. One man in Leslie County began work as a miner at the age of eighteen -- and now, at the age of twenty-eight, he is totally disabled with Black Lung, though he receives no compensation for the illness.

Politicians, government bureaucrats, organizers, county officials, economists have all attempted to interpret the behavior of people like Coy Combs, Mr. Baker, and Charlotte Napier. George Wallace calls them "Welfare Loafers". Wallace's words are strengthened when local people employed by OEO try to "organize" men like Coy and they observe his firing for showing up only three days a week and his irregular attendance in the "Happy Pappy" program. Since the Social Security Administration doctors tell Mr. Baker he is not totally disabled, he must be "lazy". When Charlotte went into town to secure her AFDC payments, the County Judge told her that she was in her situation because her appearance and odor made her unattractive to local working men.

Economists have observed the behavior of men like Combs and Baker in underdeveloped countries, saying that such people have a "backward bending supply curve of effort." Higgins believes that this

behavior is attributable to what he calls a "demonstration effect" provided by the ability of people to move from one standard of living to another as a result of their own extra effort. (45)

One east Kentucky mother put it this way:

"They told you over in Washington that you should just go and tell those people to organize themselves and decide they're a community, and then they can take advantage of this program and the next one that the government has for communities. So you came and told us, and so did others; and then we did what Washington told us to do. We got a few dollars together, to plan for things, and we met and talked and applied for grants and programs and aid, any aid we could get. But suddenly the War on Poverty was over. They told you that there wasn't any money ... I hate to say it, but like my husband said we knew all along that was going to be the way it would come out." (46)

An organizer in West Virginia and east Kentucky describes his efforts: "You get to talking with them, and they tell you they'll help, and they do. But after a while they find it hard to get other people to go along, because people around here are plain scared; they're afraid they'll be cut from welfare, or their kids won't be picked up by the bus, or won't get their free lunch, or a hundred other things will happen that the courthouse crowd can do to you." (47)

Another East Kentuckian comments: "They near die down there, our men, but they try to live; and that's all they want out of life actually: a chance to stay alive and have a little money in their pockets. If you ask me, a lot of the way miners act can be explained when you stop and think that they are people who are walking on thin ice every second, and they could drown. When you're almost drowning, you don't have time to feel sorry for yourself and you don't talk too much and you go about your business. And if you like it here besides -- not in the mines but in the county, where you've grown up -- then you feel even more that it's best to keep your mouth shut and keep from drowning, and then you won't have to go and leave here, because that is like drowning too."<sup>(48)</sup>

Robert Coles comments on the attitudes of mountain people:

"I have talked with enough children in the mountains to know that at the age of five or six, mountain children still have their dreams of glory and conquest, of advancement and accomplishment. Soon, though, they "learn" and in this case they learn something "life" teaches rather than schools; that is to say, they learn the futility of learning, the absurdity of ambition. They also learn about the hypocrisy of others and about their own desperate weakness -- a vulnerability that will stay with them until they die, no matter what words and slogans and promises are directed their way. Who, then, is to say that such people



are "suspicious" or "doubtful" or "egocentric" or "depressed" or "now oriented", and all the other things they are called? Why don't we simply summarize the problem and call them "realistic", which means smart about the world, plain and simple smart about their world."<sup>(49)</sup>

Part of being "realistic" is understanding the control that county officials have over access to income -- whether it be through jobs or transfer payments.<sup>(50)</sup> "In a region that lacks a well-developed and strongly diversified economy, a school system can become a major source of money and work and favors, and a sheriff and his men can be a law unto themselves ... In some counties of Kentucky and West Virginia one or two families run everything, they control the judge's office and the sheriff's office and they have their man as the superintendent of schools..It is impossible for those who live scattered up the hollows and creeks to defy such "authorities" without one or several harsh penalties..."<sup>(51)</sup>

The county judge can also be a formidable obstacle to a better life in the mountains. Men in Leslie County who are known to have voted against the county judge in the last election do not even bother to apply for a job with the Operation Mainstream Program. The judge also can secure summer employment in the Neighborhood Youth Corps for teenage sons and daughters, jobs on work crews when the Appalachian Regional Commission builds highways through the county, and positions in the county government and local offices of federal and state agencies.

The power of the judge and other county officials even extends to welfare, as a Perry County coal operator comments: "Welfare is a business here, not the right of a citizen who needs help and is entitled to it. No wonder a lot of people have contempt for welfare, even if they'll accept the money. They know that the county officials use welfare to stay in power, to buy votes and to punish enemies." (52)

Since employment in government-financed programs is becoming an increasingly important source of stable wage and salary income, (53) access to these jobs plays an important role in upward mobility in the region. Frequently, wives and other close relatives of county officials and local businessmen occupy important positions in Community Action Programs, Mental Health Centers, Welfare offices, the public and vocational schools, the court house, job training programs, and Head Start Centers. The large pool of unemployed, however, have faced a very small and highly restricted labor "market".

#### The Changing Economic Structure

Since the early 1960's strip mining has begun to be a factor in Appalachian Kentucky's economic development. Toward the end of the decade, strip mining development began to accelerate: in 1968, 43,450,858 tons of underground coal and 11,394,328 tons of strip coal were produced in eastern Kentucky. In 1970, underground coal production remained stable at 43,243,000 tons, but strip coal production increased to 29,259,000 tons. (54)

The general tendency in Appalachian strip mining has been for the mineral companies to lease their minerals to local coal operators. These operators, in turn, contract with strip mining machine companies, and with local truck drivers or coal truck owners. The only local employment demand generated by strip mining is, generally, for truck drivers. The machine operators frequently come in with the strip mine machine company.

This tendency to lease small tracts of minerals to local operators may be coming to an end. With the rapidly increasing demand for coal<sup>(55)</sup>, the large mineral owners may begin to lease to large operators or may even strip mine themselves.

In the short-run, strip mining provides some employment for local people. If strip mining came to dominate development in Appalachian Kentucky, the demand for labor and the desire to maintain a surplus labor pool would change dramatically. At present production levels, the demand for labor would be approximately one-quarter of what it is now. Also, trained machine operators are required - and the tendency has been to not hire local talent.

"Surplus labor" has also begun to become a nuisance to the strip mining interests. A population has to live somewhere - and that somewhere in eastern Kentucky happens to be up the hollows and on the hillsides where the mineral owners wish to strip mine. Since strip mined land in eastern Kentucky cannot be reclaimed (due to the steepness of the hills), strip mining renders the land uninhabitable. This

basic conflict between strip mining developers and residents who want a desirable environment and a place to live in the mountains is unavoidable.

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BLACK LUNG BLUES

I went to see my doctor cause I couldn't get my breath  
He said, boy, you got something could well mean your death  
Pneumconiosis, Black Lung Blues---  
You get the one, get the other, either way you lose.

I've always been a miner, breathed coal dust all my life  
Too old to learn a new trade, what can I tell my wife,  
Pneumconiosis, Black Lung Blues---  
You get the one, get the other, either way you lose.

I'll tell nobody nothin, I'll just keep working on  
The kids need all their schoolin before I'm dead and gone  
Pneumconiosis, Black Lung Blues---  
You get the one, get the other, either way you lose.

When I get up to heaven, St. Peter's going to cry  
When I tell him the reason this poor boy had to die,  
Pneumconiosis, Black Lung Blues---  
You get the one, get the other, either way you lose.

Pneu--com--coke--y--nosis, Black Lung Blues  
I'll lay down my pick and shovel, lose them Black Lung Blues  
Pneumconiosis, Black Lung Blues---  
You get the one, get the other, either way you lose.

CHAPTER 5

SOCIAL AND POLITICAL SUPERSTRUCTURE

Parallel to the development of the basic economic structure in Appalachia, a complex of supportive institutions and beliefs has evolved. This complex of institutions and beliefs will be called in this paper the "social and political superstructure". This social and political superstructure has served two primary functions in the Appalachian development process: the subjugation and control of the mountain people and the maintenance of the class structure within the mountains and in the United States as a whole.

Subjugation and Control

The early educators and missionaries in the mountains performed an important function in the development process: "to legitimize the exploitation, eliminate some of the worst abuses, and to educate and change values so that the people would accept the new ways."<sup>(1)</sup> The early missions and schools focused their attention on molding the character of the young and preparing them for "efficient life-work". These missionary and "settlement" schools were successful in educating a whole generation of teachers and middle class leaders for the mountains."<sup>(2)</sup> For the children as a whole, however, they either urged them away from the mountains or overwhelmed them with hopeless discouragement.<sup>(3)</sup>

"The churches and schools gave some support to certain harmless aspects of native culture, they started the public school system, and they also changed, reformed, uplifted the people and taught them the values of organization, planning, hard work, and thrift. In so doing,

they legitimized the industrial process by blaming the ills of the system on the mountaineer himself. He must learn to be more "cagey".....he must learn to be more thrifty and hard-working and respectful and cooperate with the mine owners. Although some of the missionaries saw clearly the exploitation, they still had great faith in progress and the benefits of industrialization."<sup>(4)</sup>

Implicit in the process of education and conversion of the mountain people has been the underlying belief that the Appalachians as a group are inferior mentally and culturally. In the early nineteen-thirties Stanford-Binet I.Q. tests were administered to mountain children. Psychologists concluded from their performance that they were, as a group, mentally retarded. Some people questioned these results, stating that the language and symbols used in the test were foreign to the mountain children. The general debate, however, focused on whether the children were mentally retarded because of environment or genetic make-up. Whatever the primary cause, the general conclusion was that mountain life and mountain genes created dull minds.<sup>(5)</sup>

This early view of the inferior hillbilly has been perpetuated in the minds of the general public through books, articles, and television programs. People have chuckled at Al Capp's "Li'l Abner" for years in the nation's newspapers. Capp's retarded, ignorant, and comical hillbilly image has been reproduced for the television audience on the serial, "The Beverly Hillbillies." Jethro and Ellie Mae are not what one would call ideal role models for Appalachia's children.

In addition, a new wave of I.Q. testing seems to be approaching. Recently, the Nixon administration eliminated funding for the

Kentucky Infant and Pre-School Program (KIPP) which services A.F.D.C. children. There were, however, four program components exempt from the cuts: foster care, drug addiction, alcoholism, and mental retardation. The KIPP staff is now discussing and planning a new wave of I.Q. examinations since they feel that they can find many children who they can classify as "mentally retarded". The purpose of this testing is to classify a large number of eastern Kentucky's children as mentally retarded in order to increase the program's funding. (6)

If carried out on a large scale throughout Appalachia, this new wave of testing may lead to the legitimization of the idea that Appalachians are poor because of their low mental abilities. This IQ theory of poverty has been proposed widely in recent years as an explanation of Black poverty; there is no reason to believe that social scientists and psychologists will not attempt to apply it again to the Appalachian experience. (7)

The subjugation and control of the Appalachian people has frequently been more direct than the religious, cultural, and intellectual methods. The prime example of direct subjugation and control has been the use of police power.

Brutal police action by local "deputized" thugs, the National Guard, and the Kentucky State Police has attempted in every way possible to halt organization against mining interests. Their efforts have included intimidation, bombings of union meetings, individual and group murder. (8) Police intervention did not end

in the 1930's. During the series of conflicts between miners and the companies in the 1950's, company guards and State Police killed and wounded miners; and numerous strikers were framed and convicted of false charges.<sup>(9)</sup> In April, 1964, Willie Couch led a U.M.W. strike at the Blue Diamond mine and recounts: "When we set up our picket line the company brought in twenty-five or thirty carloads full of state police armed with machine guns and tear gas. The troopers and company gun thugs kept us away from the strikebreakers. Some even drove the strike breakers through our picket lines in their state patrol cars. But if we tried anything, the police arrested us and beat us up..."<sup>(10)</sup>

Today, conflicts with coal interests continue; but usually between stripmining operations and individual residents or citizens' groups like "Save Our Kentucky" and "Save Our Cumberland Mountains". Police intervention in these conflicts has resulted in death,<sup>(11)</sup> and the physical removal of people from their homes or stripmine sites.<sup>(12)</sup> Sometimes, the state police or local sheriffs stand by while company guards brutalize demonstrators or people protecting their land.

#### Maintaining the Class Structure

It is impossible to quantitatively "sum up" the impact that local, state, and federal government has had on the Appalachian and U. S. class structure. There is substantial evidence, however, that these institutions have performed an important role in the creation and reproduction of the social relations of production in Appalachian Kentucky.

Government involvement in Appalachian Kentucky began before the American Revolution with extensive land surveys by young men like George Washington.<sup>(13)</sup> Concerted efforts followed to remove the native Cherokee Indians from their homeland.<sup>(14)</sup> The settlers who came in after the removal of the Cherokees were to have relatively unhampered settlement until the 1870's. Court recognition of the "wildcat" surveys and the creation of the broad-form deed helped establish a "legal" claim on the region's wealth by outside capitalist interests. Coal town incorporation established capitalist control of town and country law and favorable property taxation.

The impact of low property taxation can be illustrated by the case of VICCO. In 1966, with its net income at \$1,470,000 (above 60% profit), and property valued at \$13,100,000, VICCO paid a total of \$42,390 in property taxes.

The failure of the federal government to enforce mine safety regulations and to grant Black Lung Compensation to East Kentucky miners provides further examples of government bias in favor of mining interests. The December 1970 Hurricane Creek Mine Disaster in Hyden that killed thirty eight men serves as a reminder that the conditions that have killed thousands of East Kentucky miners over the years still exist. (Following the disaster, the man responsible for safety in the mine was hired as a federal mine inspector.)<sup>(16)</sup> In the past, the miners have also had to battle their own Union on the issue

of health and safety. Arnold Miller, the new U.M.W. of A. President has stated that because of the federal failure to enforce safety, the Union itself will take action to make coal mining safe.

In addition to mine accidents, Black Lung disease has disabled thousands of miners. In response to the demands of Black Lung Associations and small groups of doctors, federal Black Lung legislation was passed in 1969. Despite Black Lung legislation, thousands of totally disabled miners have not received their benefits. Administrative responsibility for Black Lung Compensation rests with the Social Security Administration, which has, up to now, succumbed to coal-interest pressure to deny miners their benefits.<sup>(17)</sup> The coal companies apparently fear that they will eventually bear the financial burden of Black Lung disease or will be forced to correct the mining techniques that create it. At the present time, however, Black Lung compensation is paid out of general federal tax revenue. In other words, the U.S. taxpayer is paying for the neglect of the coal industry. Furthermore, legal fees are frequently skimmed off of the payments going to the former miners or their widows. In a typical eastern Kentucky case a miner who had applied for Black Lung benefits since 1969 would be told by the Social Security office in his county that he needed a lawyer to represent him at his hearing. Lawyers, approached by these men or their widows would agree to represent them for 25% to 45% of the settlement. Since the settlements are retro-active, payments from

applications filed in 1969 can be as high as \$10,000. Thus some lawyers have received hundreds of thousands of dollars from the tax revenues intended for the disabled miners and widows.<sup>(18)</sup>

The federal tax system also grants special tax benefits to the coal industry as a whole. First, coal operators benefit from a ten percent depletion allowance. The operators can base this depletion allowance, furthermore, on the cost of mining the coal, the cost of preparing, breaking and sizing it, and the cost of transporting it up to fifty miles! The cost of constructing transportation networks, such as short-haul railroads, thus comes under this depletion allowance. This tax benefit can shelter up to one-half of the individual's or companies income and costs the federal treasury an estimated \$40--\$50 million a year.<sup>(19)</sup>

In addition, mineral owners are given an additional tax benefit. Income from coal royalty payments can be treated as capital gains income and, therefore, taxed at the 25% rate-- or one-half the normal rate. The federal treasury, as a result, loses an estimated \$5--\$8 million a year.<sup>(20)</sup>

Another tax benefit to coal operators was enacted in 1969. The 1969 Coal Mine Health and Safety Act included an important amendment. The National Coal Association fought for and won an amendment which allows five-year amortization of new mine safety equipment.<sup>(21)</sup> This means that the total cost of new mining equipment which the companies classify as "safety" equipment can be subtracted from their net income over a five-year period.



One financial report commented that this "legislation could be beneficial to the larger companies ,because it tends to drive out the marginal producer."<sup>(22)</sup>

The combination of these tax benefits allows coal companies - particularly the large ones - to pay little or no taxes. Some companies even report tax credits. Eastern Gas and Fuel, for example, reported tax credits in 1967, 1968, 1969, and 1970 on its mining operations in Kentucky and West Virginia.<sup>(23)</sup>

One counter-movement in the area of state and federal taxation has been the increasing interest in severance taxation on coal. Early proponents of severance taxation hoped that the revenue raised from this tax on coal could be plowed back into the region's economy. In 1972, the Kentucky legislature passed a state severance tax on coal, imposing a tax of 4% on gross income from coal production with a minimum of thirty cents per ton.<sup>(24)</sup> Unfortunately, the Kentucky law funnels the money into a general fund with no money going back to the mountains. The possible effect of this tax is to make Kentucky coal less competitive than it was before. Therefore, in 1972 and in January, 1973, Senator Marlow Cook of Kentucky proposed a national severance tax on coal. Cook's proposal also would not plow the money back into producing regions.<sup>(25)</sup> Without price controls, Cook's proposal would allow the companies to pass on the severance tax to coal consumers (largely electric utilities).

Government involvement in Appalachia that has received the widest recognition has been the various public service, public works, transfer payment, vocational education and job training programs that have come into the region since the Depression. Close examination of these programs shows, however, that, as a whole, they have also served to maintain the dualistic system in the region.

If transfer payments and public service employment income were to rise substantially above the subsistence level, a contradiction in the political economy of the region could occur. With income in the subsistence sector pushed up, wages in the capitalist sector would also have to rise. However, since the Work Projects Administration and the National Youth Administration programs came into the area during the Depression,<sup>(26)</sup> income from public service employment and transfer payments have hovered around the subsistence level. In 1971, the average monthly A.F.D.C. payment in Kentucky was \$32.65 per recipient.<sup>(27)</sup> In 1970, the Manpower Development and Training Act programs payed \$64 a week to working fathers.<sup>(28)</sup> Even though good data is not available on the distribution of above-subsistence government jobs by income class, evidence presented earlier indicates that those jobs are generally available to those who already are in the upper portion of the region's income distribution.

The Appalachian Regional Commission's highway development program follows the same pattern as the other programs. When a highway

passes through a county, the high-paid and stable jobs are held by skilled workers who are generally not from the area and the low-skill, low-paying temporary jobs go to people from the county. Once they are completed, the roads will not be suitable for local use since they have very limited access. The rationale for highway construction has been that reduction of transportation costs will attract higher-paying industry to the area.<sup>(29)</sup> There is, however, no convincing evidence available from the A.R.C. indicating that this will come about -- this will not be known for a number of years. These highways may be useful for other purposes, however. The existence of fast roads into and out of the region may permit workers, who would otherwise stay in the mountains to migrate to cities for work and return to their families on weekends. In addition, up until now, the larger strip mining machines have not been able to move into eastern Kentucky because of its narrow roads. With these new highways, eastern Kentucky may begin to witness the coming of the really large earth moving machines.

The final major involvement that government has had in Appalachian Kentucky's political economy has been in education. The drop out rate in Appalachian Kentucky's counties remains high - some counties report that as many as 65% of the students drop out before graduation.<sup>(28)</sup> Most of these drop-outs, along with unemployed high school graduates, are forced to migrate to find work.<sup>(29)</sup> When the schools are successful -- for the 40% or so who

do graduate -- the young people are being prepared for higher education or jobs outside the region. The "cream of the crop" who attend higher education find institutions encouraging them to get "educated" to enable them to leave the region "instead of promoting a regional consciousness on the part of this potential leadership..."<sup>(30)</sup>

Vocational education has been seen by many as a panacea for the region's educational problems. The effort so far has been a failure. "Students are frequently trained for jobs which do not exist, and are not trained for those that are available..."<sup>(31)</sup> Even the efforts that are successful train students in skills that can be utilized only if they move out of the region.

James Branscome, a man who has studied the entire Appalachian region's education systems concludes that "Once they are educated and/or trained, Appalachia's young people move away because they believe that nothing can be done to change the way of life that they are escaping..."<sup>(32)</sup> The schools have performed an important role in developing that consciousness. The schools "send the culturally different student -- ashamed of his background and ill-equipped to meet the needs of his region -- into middle-class society outside the region or out of productive society entirely."<sup>(33)</sup>

The trend in manpower programs, vocational education, and public education leads to suspicions of a comprehensive "de-population" program developing. If these programs achieved their goals today, that would be their effect. And there is no assurance that leaving

the region will make the people better off, as Dr. Robert Coles,<sup>(34)</sup> James Branscome,<sup>(35)</sup> and other literature<sup>(36)</sup> point out.

De-population efforts may reflect a belief on the part of economists like Niles Hansen that economic welfare and efficiency can be best achieved by developing medium-sized cities outside the region -- the "growth pole" theory.<sup>(37)</sup> Or, de-population efforts might reflect an insistence in America that children must become melting pot products -- Appalachian children are, for the most part, "white". Or, de-population efforts may be a deliberate effort on the part of coal interests to clear the hollows for their strip mine machines -- large amounts of unskilled labor, after all, are no longer necessary. Whatever the intent, the Appalachian people, like the Cherokee people before them, may no longer be necessary; and, in fact, might just get in the way of further "development". Indications are that government, through its manpower, education, and economic development programs will, once again, grease the path for further capitalist exploitation of the region -- this time, though, without the people.

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STRIP AWAY

Strip away, big D-9 Dozer, comin for to bury my home  
I'm gettin madder as you're gettin closer  
Comin for to bury my home.

When I looked up a spoil bank and what did I see  
Comin for to bury my home  
The Island Creek Company pushin down my trees  
Comin for to bury my home.

They're goin to turn our mountain homeland to acid-clay  
Comin for to bury my home  
To make a cheaper rate for the TVA  
Comin for to bury my home.

Well, boys, we gotta organize against them stripmine men  
Comin for to bury our homes  
And the broad-form deed that always lets them win  
Comin for to bury our homes.

Strip way, big D-9 Dozer, comin for to bury our homes  
We're all gettin madder as you're gettin closer  
Comin for to bury my home.

CHAPTER 6

DIALECTICS OF FUTURE DEVELOPMENT

The struggle over the direction that economic development will take in Appalachia is continuing - and the stakes may be getting higher. The move to strip mining techniques represents a higher stage of capitalist economic development. Efforts are underway to remove the people from the hollows and, ultimately, from the region. Huge machines requiring small numbers of imported, skilled workers are being brought into Appalachian Kentucky. If these efforts continue, the hollows will become virtual "free fire zones" from which the mighty machines will be free to extract the coal (or, to borrow another military phrase, to "search and destroy").

Overshadowing all of this is the so-called "Energy Crisis." We are told daily that we are running out of energy by multinational energy companies on television and in newspaper advertisements. Paralleling the Energy Crisis we are also faced with an "Environmental Crisis". Coal, particularly high sulfur Appalachian coal, is a "dirty" energy source . The combination of these two crises has made the future of Appalachia highly uncertain. There seems to be a dilemma: On the one hand, if the multinational energy corporations have their way, the Appalachian hills will be ripped apart and the people removed. On the other hand, environmentalists seem to be pushing for laws that would create high unemployment and widespread poverty in the eastern coal fields.

Countering the energy strategy of the multinationals and their White House friends, the U.M.W. of A. President Arnold Miller, has begun to take positions on the two crises:

"...we face an energy crisis today because government has failed to develop a national approach to our energy needs, but has instead allowed corporate interests to develop and supply the nation's energy in accordance with their instincts for profit alone. As a result, we have become heavily dependent on unstable foreign sources of oil; we have failed to develop effective research to utilize our vast reserves of high sulfur underground coal; we have promoted a lopsided commitment to the development of nuclear power which has consistently failed to yield its promised rewards; and we have permitted major oil interests to develop monopoly control of the major sources of energy on which we depend as a nation.... Coal miners don't want to be pitted against environmentalists in a battle between jobs and clean air. But that's what present government ensures."<sup>(1)</sup>

While the U.M.W. of A. has begun to challenge national energy policy, grass-roots groups in the mountains are also continuing to challenge the relations of production in the coal fields. The most widespread of these are the anti-stripmine groups such as "Save our Kentucky" (SOK) and "Save Our Cumberland Mountains" (SOCM). These

groups have two general goals: first, stopping all stripmining and the ability of the broad-form deed to apply to stripmining; and, second, invalidation of the broad-form deed altogether, and, therefore, the legal basis of mineral ownership in the mountains.

These grass-roots organizations have used both legal and direct-action strategies. The record has been disappointing for anti-strip mining and anti-broad-form deed efforts in the courts. In Kentucky, all nine cases involving the broad-form deed have been decided in favor of coal interests.<sup>(2)</sup> Scattered direct-action confrontations have impeded continued strip mining on peoples' land - such as the case of Warren Wright in Burdine, Kentucky. But these small-scale challenges have been, on the whole, ineffective since they have confronted an ownership pattern sanctioned by legal, corporate, and police power.

The future of Appalachia is not, however, as dismal as all of this may make it seem. The new U.M.W. of A. leadership is vitally interested in the region and its people and has, thus far, been responsive to the demands of rank-and-file miners. In addition, the U.M.W. of A. has begun to support unionization efforts of non-mining workers in the region.<sup>(3)</sup>

Regional consciousness has also begun to emerge among Appalachia's young people as the basis of a political/economic movement. The Peoples Appalachian Research Collective (PARC) in Morgantown, West Virginia, publishes a monthly journal that discusses issues such

as urban migration, "regionalization" of the coal industry for future development, creation of a mineral-based economy, Appalachian history, research and political organizing methods, etc.<sup>(4)</sup> PARC, along with the Appalachian Movement Press in Huntington, West Virginia, are providing vital "consciousness-raising" functions in the new Appalachian movement.

Consciousness-raising is also beginning to spread into political activity. Last year, Bill Worthington, a black coal miner from Harlan, Kentucky, and President of the Kentucky Black Lung Association, ran for congress in Kentucky's Fifth Congressional District. Bessie Smith, former President of "Save our Kentucky" ran for Congress from Kentucky's seventh congressional district. In West Virginia, the "Peoples' Party" has formed and will be running candidates for office. These are all small beginnings, but many people are prepared for a long struggle. The Appalachian movement is up against one hundred years of history.

Capitalist economic development has created and maintained poverty in Appalachia. One hundred years of capitalist development has impoverished the mountain people; has forced others to work in slave-like conditions; has fueled this nation's industrial expansion; has met the energy demands of our cities; and has yielded enormous profits to coal operators, mineral owners, and, now, multinational energy conglomerates. With the energy and environmental crises accelerating and the Appalachian movement growing, a new era of struggle has begun in the mountains.

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THEY CAN'T PUT IT BACK

Down in the valley bout a mile from me  
Where the crow no longer fly,  
There's a great big earth-movin monster-machine  
Stands ten stories high.  
The ground he can eat, it's a sight;  
He can rip out a hundred tons at a bite.  
He can eat up the grass, it's a fact,  
BUT HE CAN'T PUT IT BACK.

They come and tell me I've got to move  
Make way for that big machine;  
But I ain't a-movin unless they kill me,  
like they killed the fish in my stream.  
But look at that big machine go;  
Took that shady grove a long time to grow.  
He can rip it out with one whack  
BUT HE CAN'T PUT IT BACK.

I never was one to walk in lines,  
Picket with placards, or carry signs,  
But maybe I'm behind the times.

You can bet your sweet life you're goin to hear from me;  
I ain't a-goin to take it layin down,  
Cause I'm tired of seein rocks that bleed  
On the bare guts of the ground.  
And I ain't sellin my soul  
So they can strip out another tiny little vein of coal.  
And I ain't a-movin out of my tracks,  
Cause they can't put it back,  
THEY CAN'T PUT IT BACK....

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Appendix A

HISTORICAL MATERIALISM

In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness. At a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production or - what is but a legal expression for the same thing - with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution. With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed. In considering such transformations a distinction should always be made between the material transformation of the economic conditions of

production, which can be determined with the precision of natural science, and the legal, political, religious, aesthetic or philosophic - in short, ideological forms in which men become conscious of this conflict and fight it out. Just as our opinion of an individual is not based on what he thinks of himself, so can we not judge of such a period of transformation by its own consciousness; on the contrary, this consciousness must be explained rather from the contradictions of material life, from the existing conflict between the social productive forces and the relations of production. No social order ever perishes before all the productive forces for which there is room in it have developed; and new, higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself.

Source: Karl Marx, "Preface to a Contribution To the Critique of Political Economy", in Karl Marx and Frederick Engels: Selected Works, International Publishers, New York, 1970, pp.182-183.



Appendix B

ADVANTAGES OF MACHINE COAL MINING

The mining machine not only revolutionizes the methods of work, but it equally changes the system of wages. The coal miner proper takes his own tools into the pit, and undertakes to deliver from the wall of mineral before him certain tons of coal ready for market, for a certain sum per ton. His earnings depend upon himself, and the better the man, the better the pay. He mines and drills and blasts and loads his own coal, timbers his own roof, takes care of his own tools and is responsible mainly to himself both for his personal safety and the amount of his output.

In the machine mine it takes seven or eight men to perform these various functions, and, in the mine as in the mill, the machine is the master and the men are its servitors. The operator of the mechanism simply directs its energies, when the motive power is given to it, and the coal is undercut or mined; the blaster follows with drills and explosives to loosen the mass; the loaders reduce it and shovel it into pit-cars; the timbermen follow and prop the roof which no longer has the mineral to rest upon; laborers assist in every process, and a machinist is retained for repairs. Each one does his certain portion of the work and no more, and doubtless does it better as well as faster by reason of his greater skill thus acquired; but this is only one small talent at the best, and chiefly

consists in that sort of activity and smartness, which is common to all good workmen, and which qualifies any good workman to take his place. Herein lies the chief value of the machine to the mine owner. It relieves him for the most part of the skilled labor, and of all the restraints which that implies; it opens to him the whole labor market from which to recruit his forces, it enables him to concentrate the work of the mines at given points, and it admits of the graduation of wages to specific work, and the payment of wages by the day. These conditions signify a more effective organization of the working force, and doubtless reduce the ultimate cost of production even though the output be not materially increased.

Source: Seward, The Coal Trade, 1890, p. 80.

Appendix C

SAVE-THE-UNION COMMITTEE STATEMENT - 1928

The National Conference of the Save the Union Committee of the UMWA made up of 1125 delegates representing the overwhelming sentiment of the masses of organized and unorganized miners in this country, was called to take measures to meet the life and death crisis in which the miners find themselves. Wage cuts, unemployment, evictions, jailing, starvation are the order of the day in the mining districts. Betrayed by their reactionary union leaders, the miners are facing a gigantic conspiracy of the big coal operators, the powerful railroad and financial interests, backed fully by the Federal and State Governments. The issues at stake are of profound importance not only to the great body of miners but also to every worker, organized and unorganized, in this country...

The great body of miners, organized as well as unorganized are being rapidly forced into the depths of poverty. Today the coal-mining camps of this country...are saturated with misery and suffering, often verging into actual starvation...

As a 'remedy' for this situation, the coal operators, many of whom are even now reaping large profits, propose to sink the miners into veritable serfdom. They demand special governmental support to wipe out competition among themselves and to establish monopoly conditions. [This they have succeeded in accomplishing in large measure.]

They demand the destruction of the union and the establishment of the open shop so that they may have a free hand to introduce their whole program of cutting wages, lengthening hours, speeding up production, and the elimination of safety devices, checkweighmen and many other job protections established by the miners after a generation of struggle. To the unemployed they brutally declare: 'There are too many miners: 250,000 of you must get out of the industry.' The semi-slave camps of the southern coal mining districts are an indication of what conditions the mine operators seek to force upon the whole body of miners...

Workers, the Save the Union National Conference asks your solidarity and support. This is your fight as well as ours. The outcome of this struggle will be of the most profound significance to the whole American working class, unorganized as well as organized. It is a struggle of basic importance internationally, and we appeal to the miners and other workers throughout the world to rally to our support.

The crisis of the UMWA is the crisis of the entire American labor movement. If the Miners Union, the foundation of organized labor, is destroyed, every trade union in the country will be in danger. The downfall of the UMWA would be the signal for an elimination struggle against trade unions in every industry by the open-shop forces. If the miners are forced into semi-slave conditions, every worker in America will feel the effects of it in wage cuts and generally worsened conditions.

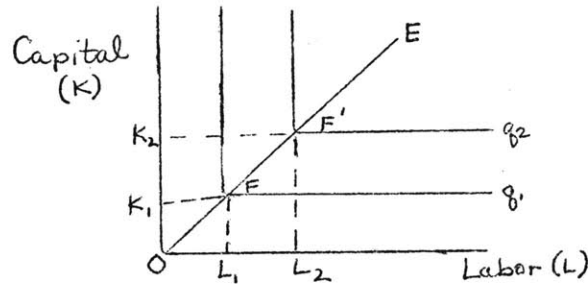
The fight against the Lewis Machine is the fight against the whole reactionary and corrupt leadership in the trade unions. If this struggle is lost, it means that our unions, sunk still deeper in the morass of reaction, will be helpless and will go down before the open-shop attacks of the employers. If the fight is won, our trade unions will go into a new period of progress and development..."

Source: reprinted in "Coal Fields Struggle History", Peoples Appalachia, Vol. 3, No. 3, Winter 1972-73, pp. 40-41.

Appendix D

TECHNOLOGICAL DUALISM

Technological dualism's explanation of unemployment in the "advanced" sector can be represented by the following diagram:



According to the above diagram, if the actual factor endowment is to the right of the OE line (expansion path of the sector), then there must be unemployment of labor in this sector. To produce  $q_1$ , only  $OK_1$  of capital and  $OL_1$  of labor are needed even if  $OL_2$  of labor are available. The excess labor  $L_1L_2$  will have no effect on production techniques and will remain unemployed in the sector regardless of the relative factor prices of labor and capital.  $L_2$  can be fully employed only if  $FF'$  capital stock is available; otherwise the excess labor will either remain unemployed or find employment in the subsistence sector.  $L_1L_2$ , the "reserve army" of labor is dependent on the amount of capital stock available. Introduction of new technology is represented by a bending of the expansion line OE toward the K axis, creating more unemployment in the sector.

Source: G.M. Meier, Leading Issues in Development Economics, Oxford University Press, New York, 1964, p.69.