Chapter 3

The Beginnings of Adjustment . . .

The Commission believes that a coordinated, adequately funded and sustained effort must be undertaken to restore the region's economic vitality. But recent developments indicate clearly that the Appalachian people understand their problems and are determined to solve them.

(*a*) The previously discussed regional outmigration is a prime example of a natural adjustment to a changing economy. Each of the regional deficits already discussed would have been aggravated had these erstwhile 2 million Appalachians stayed home.

(*b*) American agriculture has undergone a technological revolution in recent decades. As farm productivity has increased, farm employment has drastically declined. National adjustments to this process have been duplicated in Appalachia.

Between 1950 and 1960, the Appalachian farm population decreased from 22.4 percent to 9.7 percent of the total. No less than 118,000 subsistence farms statistically disappeared, and the number of farm families declined from 726,000 to 334,000. At the same time, the number statistically "employed" in agriculture was cut by more than half—from 706,000 to 336,000.

Between 1950 and 1960, a marked shift from marginal cropland to pasturage occurred, and the number of beef cows more than doubled.

(*c*) Another necessary adjustment is the diversification which has occurred in Appalachian employment. Manufacturing and service employment have not grown at the national rate, but they have grown in the face of rapidly declining employment in mining and agriculture. The growth in service employment is the most promising economic development in the region. The 16.3 percent increase in service employment between 1950 and 1960 has been accomplished in the face of a 15.1 percent decrease in nonservice jobs. Furthermore, Appalachia is moving closer to the national ratio between total population and service employees. In 1950 there were 14.4 service workers for every 100 persons. In 1960 there were 16.5 for every 100 persons. In the rest of the United States, the comparable ratio for 1950 was 21.5 for every 100 persons. In 1960, it had risen to 22.9 for every 100 per-

sons. The ratio in Appalachia grew faster than in the rest of the Nation. [*See appendix C, table 8.*]

(*d*) While the value of coal produced in Appalachian States decreased $933 million between 1951 and 1961, the value of fuels other than coal increased $73 million, and the value of nonfuel minerals increased $378 million. These increases themselves are below the national growth rate for the industry, but they are significant in terms of a beginning diversification of Appalachian mineral production.

(*e*) In 1950, only 107 counties, accounting for 60 percent of the region's population, had better than 80 percent of their high school age population in school; by 1960, 227 counties, accounting for 85 percent of the region's population, had reached this level. In 1950, the median school years completed was 9 years or better in 31 counties having a total of 4.1 million residents; in 1960, there were 90 counties, with 8.9 million residents, at this level.

(*f*) In 1950, over 60 percent of the housing was substandard in 262 counties with a population of 5.9 million; by 1960, this had dropped to 140 counties with only 2.3 million people.

PROGRESS THROUGH STATE AND LOCAL LEADERSHIP

These are only a few specific recitations of the adjustment and progress which have recently taken place in Appalachia. Without question, the most impressive phenomenon in the region has been the emergence of talent and leadership within the Appalachian States to cope with their own problems.

The account of the Conference of Appalachian Governors given in the letter transmitting this report conveys but little of the large effort and considerable achievement of private citizens whose abilities and generosity have been equally limitless, of State and local administrations and agencies who have been as inventive as they have been tireless in the attack on their most urgent problems.

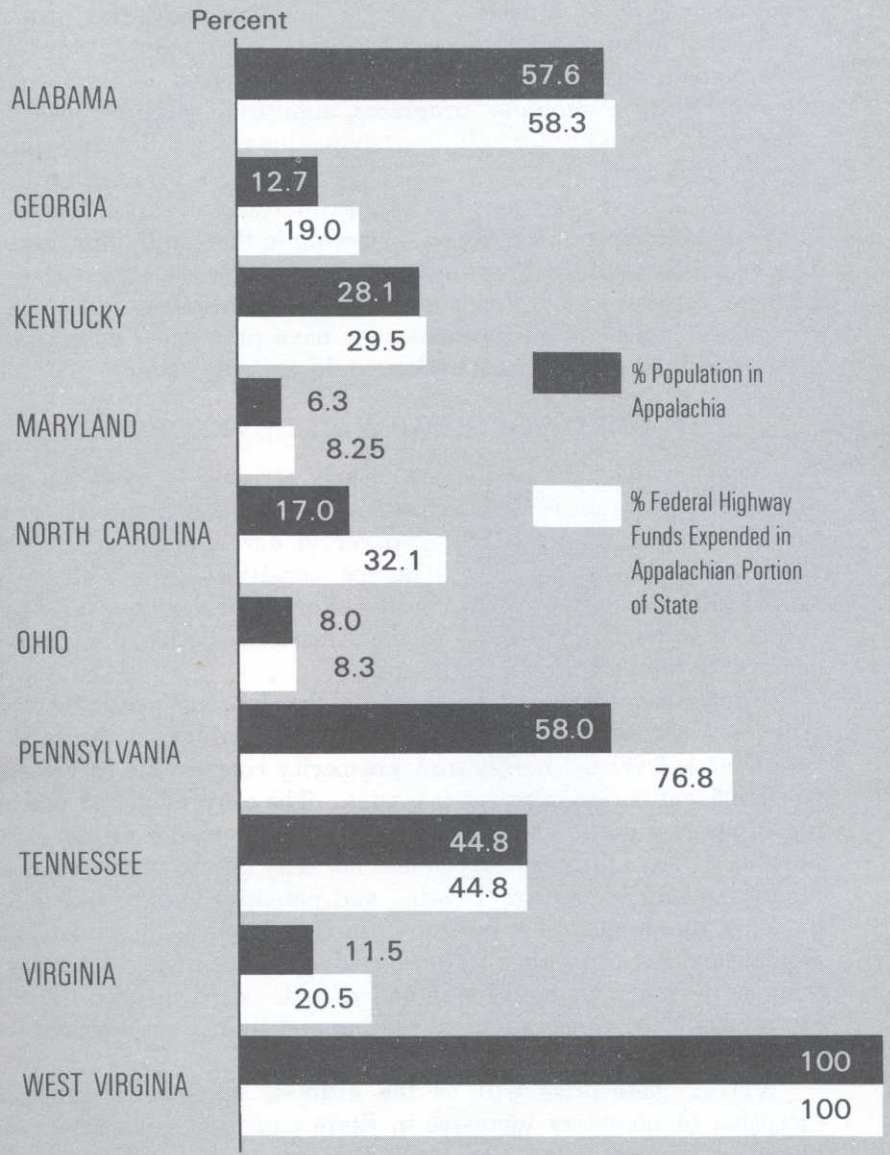
Every State in Appalachia has established a unit for economic development. These units are staffed by dedicated men and women who have created a climate of hope and enthusiasm throughout the region. Each of the development programs has the firm support of State political leaders and the cooperation of local officials in the communities. In addition to utilizing known techniques of economic development, these units have been responsible for some remarkable innovations in the development process.

Despite the inadequate tax base in Appalachia, valiant efforts have been made at the State and local level to meet the region's needs. Figure 13 cites the Appalachian highway effort in each State. With few exceptions, the States have undertaken an Appalachian effort of a magnitude which would be unwarranted based on the population of

HIGHWAY EFFORT

FIGURE 13

Proportion of Highway Funds Expended in Appalachia by States, Relative to Population of Region, January, 1960 to June, 1963



Source: Bureau of Public Roads.

the region. This is true for both the Interstate and ABC highway programs.

A similar spending effort has been made in education. Despite the low assessed value of property in the region, described above as 38 percent below the rest of the Nation, Appalachian school expenditures per capita are only 22 percent below that for the balance of the country. [*See fig. 14.*]

Community development activity is as advanced in Appalachia as in any region of America. Substantial efforts have been made in the fields of urban renewal, sewage and water treatment, water supply, mass transit, and other important programs. And in the development of State community programs, significant progress has been achieved in air and water pollution, strip mine reclamation and similar conservation activity.

Each of these programs has been supported and supplemented by the private citizens of the region. Serving in their individual capacities, as members of local committees formed under the area redevelopment or rural areas development programs, as members of State and local development organizations—they have provided a substance of effort which no governmental effort could possibly attain.

THE NEED FOR REGIONAL DEVELOPMENT

The Appalachian people are clearly striving to meet the challenge of deprivation. Their achievements are the best augury for the ultimate success of a full-scale, concerted development effort. But these achievements cannot, alone, be construed as evidence that Appalachia should be left to its own efforts and devices. If Appalachia is to participate fully in the American society, a process of regional development must begin now.

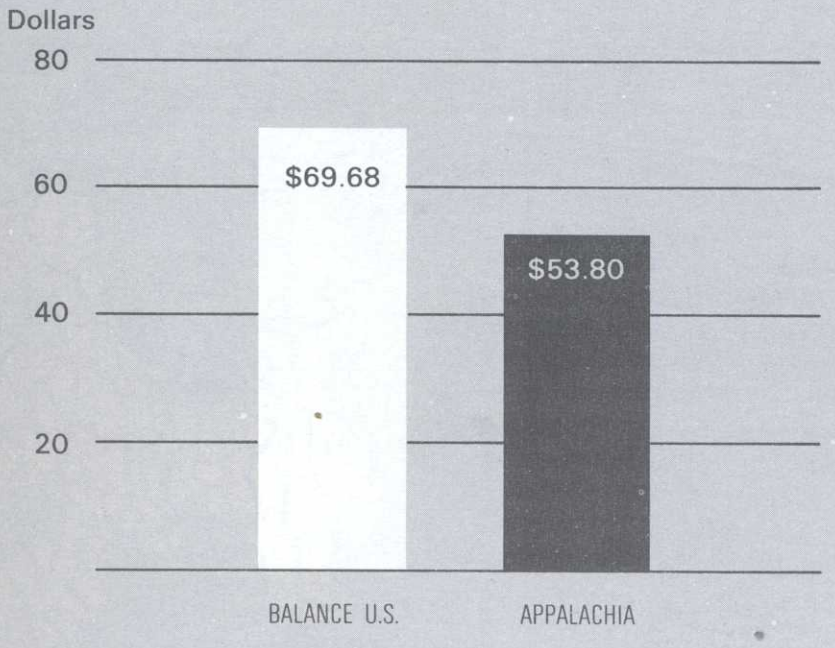
The major objective of this regional development process is clear: Appalachia must attain an employment base which can sustain its people at a level of dignity and prosperity comparable to the relatively affluent nation of which it is part. The conversion and processing of its raw materials should be done locally to the fullest extent possible. New industries, dependent not only on the resources of the region but on the strategic location and potential market which Appalachia represents, must be located in the region. The magnificent recreational resources must be developed with coordinated intensity if their employment potential is to be realized. Agricultural diversification should be accelerated and mining and timber employment and income expanded.

Private enterprise will be the ultimate employer. With the exception of necessary increases in State and local government employment, private firms and individual enterprises will create the jobs needed. But before this can happen, public investment must

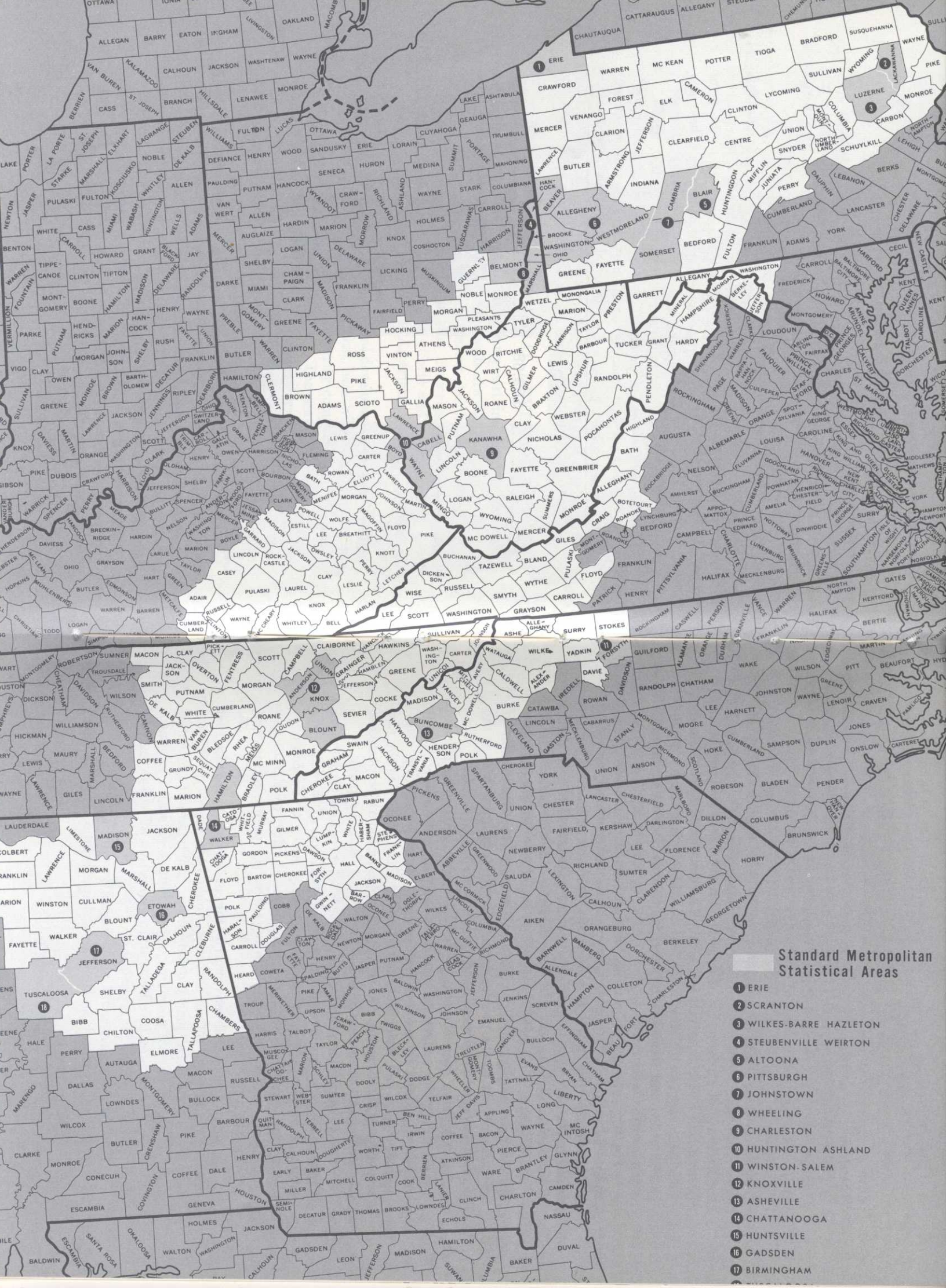
SCHOOL EXPENDITURES

FIGURE 14

Education Expenditures Per Capita in Appalachia and Balance of U.S., 1957



Source: Compiled from Published U.S. Census Reports.


Standard Metropolitan Statistical Areas
1 ERIE
2 SCRANTON
3 WILKES-BARRE HAZLETON
4 STEUBENVILLE WEIRTON
5 ALTOONA
6 PITTSBURGH
7 JOHNSTOWN
8 WHEELING
9 CHARLESTON
10 HUNTINGTON ASHLAND
11 WINSTON-SALEM
12 KNOXVILLE
13 ASHEVILLE
14 CHATTANOOGA
15 HUNTSVILLE
16 GADSDEN
17 BIRMINGHAM

create the foundation on which private enterprise can then build its own job-producing structure.

Within the past several years, newly enacted Federal programs have recognized the need for a concentrated investment effort within Appalachia. For example, the Area Redevelopment Administration has allocated almost 32 percent of its funds within the Appalachian counties; while Accelerated Public Works funds expended in Appalachia total about 22 percent of all funds allocated for the country.

However, total Federal investment in Appalachia has not been proportionate to either its population or its needs. In the last fiscal year, Appalachia's 8.5 percent of the population received 4.9 percent of the Federal dollar, exclusive of trust fund and interest expenditures. [*See fig. 15.*] This relatively low level of Federal spending, combined with the inadequate tax base of the region, explains part of the region's past distress; and indicates the need for a large Federal investment in the immediate future.

The highland isolation must be overcome with modern roads and air facilities. The ribbon-towns must be provided with the amenities of urban life. A substantial effort in education, health facilities, employment services, community apparatus—all the items of social overhead neglected for long decades—must be made.

The quantity of such investment is essential. But its character is even more important. It must be directed to the stimulation of growth, and not to the problems which result from growth as is the case with most of our present public investment.

Roads have been constructed in the region, as in the Nation, largely to ease the congestion caused by existing traffic. New schools have been erected to provide for the overflow from existing classrooms. Sewer and water lines have been financed to service the raw acres of new subdivisions. Most dams in the East have been placed to protect the present owners of private and commercial property.

The Commission proposes an investment program founded on a reverse concept—an investment from the other side of the coin. We submit a highway program to create traffic—not a traffic count to create highways. We suggest a water control effort to attract new investments in property—not a program solely to protect present investments.

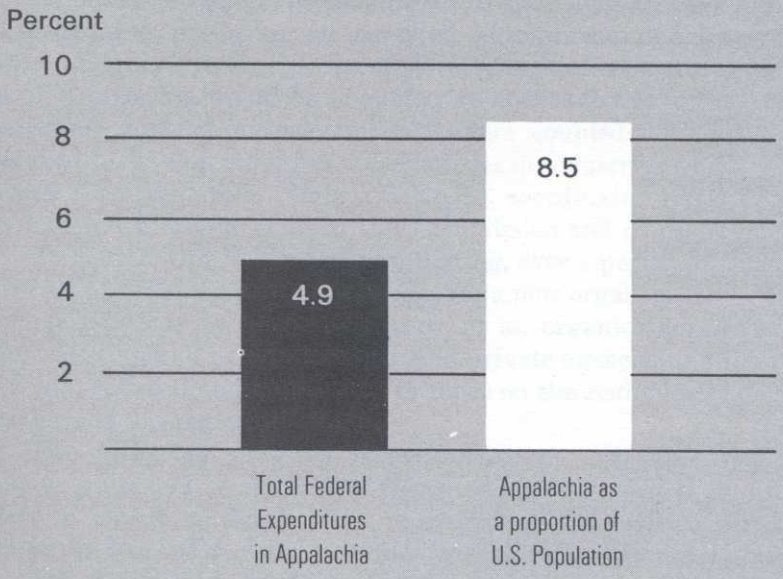
In many underdeveloped countries the conclusion was reached that investments in basic public facilities would have to be undertaken before economic development could occur. That part of our international development program which fosters capital investment should be incorporated into Federal programs that affect the regional development program for Appalachia.

This Commission concurs wholeheartedly with the findings of the Conference of Appalachian Governors that the problem under study

FEDERAL EXPENDITURES GAP

FIGURE 15

Proportion of Federal Expenditures in Appalachia
Relative to Population of Region, 1963



is first and last a regional one which will yield only to regionwide attack as broad in concept as it is in geographic area. We wholly sympathize with the necessity determined upon by the Conference of Appalachian Governors to turn to the Federal arm for special measures of support. We have seen no alternative to a deep Federal involvement in this urgent effort and, for at least the first five years of its execution, a heavy commitment of Federal funds.