

Magazine

What's the Matter With Eastern Kentucky?

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It's the Economy

By ANNIE LOWREY

There are many tough places in this country: the ghost cities of Detroit, Camden and Gary, the sunbaked misery of inland California and the isolated reservations where Native American communities were left to struggle. But in its persistent poverty, Eastern Kentucky — land of storybook hills and drawls — just might be the hardest place to live in the United States. Statistically speaking.

The team at The Upshot, a Times news and data-analysis venture, compiled six basic metrics to give a picture of the quality and longevity of life in each county of the nation: educational attainment, household income, jobless rate, disability rate, life expectancy and obesity rate. Weighting each equally, six counties in eastern Kentucky's coal country (Breathitt, Clay, Jackson, Lee, Leslie and Magoffin) rank among the bottom 10.



Clay County, in dead last, might as well be in a different country. The median household income there is barely above the poverty line, at \$22,296, and is just over half the nationwide median. Only 7.4 percent of the population has a bachelor's degree or higher. The unemployment rate is 12.7 percent. The disability rate is nearly as high, at 11.7 percent. (Nationwide, that figure is 1.3 percent.) Life expectancy is six years shorter than average. Perhaps related, nearly half of Clay County is obese.

It's coal country, but perhaps in name only. In the first quarter of this year, just

54 people were employed in coal mining in Clay County, a precipitous drop from its coal-production peak in 1980. That year, about 2.5 million tons of coal were taken out of the ground in Clay; this year, the county has produced a fraction of that — just over 38,000 tons. Former mines have been reclaimed, and that land has been repurposed in scattershot ways: a golf course, shopping centers, a medium-security federal prison. But nothing has truly come to replace the industry on which Clay County once depended.

The public debate about the haves and the have-nots tends to focus on the 1 percent, especially on the astonishing, breakaway wealth in cities like New York, San Francisco and Washington and the great disparities contained therein. But what has happened in the smudge of the country between New Orleans and Pittsburgh — the Deep South and Appalachia — is in many ways as remarkable as what has happened in affluent cities. In some places, decades of growth have failed to raise incomes, and of late, poverty has become more concentrated not in urban areas but in rural ones.

Despite this, rural poverty is largely shunted aside in the conversation about inequality, much in the way rural areas have been left behind by broader shifts in the economy. The sheer intractability of rural poverty raises uncomfortable questions about how to fix it, or to what extent it is even fixable.

The desperation in coal country is hard to square with the beauty of the place — the densely flocked hills peppered with tiny towns. It's magical. But it is also poor, even if economic growth and the federal safety-net programs have drastically improved what that poverty looks like.

Fifty years ago, President Lyndon B. Johnson declared his “war on poverty” from a doorstep in the tiny Kentucky town of Inez, and since then, Washington has directed trillions of dollars to such communities in the form of cash assistance, food stamps, Medicaid and tax incentives for development. (In some places, these transfer payments make up half of all income.) Still, after adjusting for inflation, median income was higher in Clay County in 1979 than it is now, even though the American economy has more than doubled in size.

There have been periodic attempts to flood persistently poor counties with federal dollars in an effort to jolt them into higher growth rates. The Obama

administration this year named southeastern Kentucky a “promise zone,” putting it at the top of the list for federal grants. It’s an old idea: Draw in businesses, create jobs, help finance infrastructure, turn the cycle virtuous.

On the opposite end of the ideological spectrum, Kentucky’s libertarian senator, Rand Paul, has proposed a more supply-side-oriented strategy: Let certain counties eliminate capital-gains taxes and institute a special federal income tax of 5 percent in those areas. “I’m just letting you keep more of your own money,” Paul said to a small crowd in a college auditorium in eastern Kentucky last winter. “The difference between this and a government grant is I don’t choose who gets it.” On either side of the aisle, the underlying assumption is the same: Places like Clay County just need a kick-start. But what if that isn’t true?

In many cases, a primary problem in poor rural areas is the very fact that they’re rural — remote, miles from major highways and plagued by substandard infrastructure. Think about the advantages of urban areas, described by thinkers going back to Jane Jacobs and beyond. Density means more workers to choose from, more potential customers, more spillover knowledge from nearby companies. As such, cities punch above their weight, economically speaking. The 10 largest metro regions produced more than a third of the country’s entire economic output as of 2012.

The converse is true for rural areas. Take eastern Kentucky, grappling with the decline of coal — and perhaps looking at an even bleaker future for the industry, given recent carbon-reduction efforts by the E.P.A. Those rolling hills might be picturesque. But those country roads make it hard to ship goods in and out, in turn making it more expensive to build a warehouse or a factory.

“One of the challenges that faces eastern Kentucky is the remoteness of the area,” said James P. Ziliak, the director of the Center for Poverty Research at the University of Kentucky. “It’s difficult to get to a lot of places. The communities are small, and they’re spread apart, so you lose that synergy that you want to spark development a lot of times.” Even with additional government subsidies, would businesses really want to move there? “It’s this chicken-and-egg problem,” Ziliak said. “My view is that firms will never locate into a community with an unskilled

labor force, unless the only labor they need is unskilled. And there has been a historic lack of investment in human capital in these areas.”

The queasy answer that economists come to is that it would be better to help the people than the place — in some cases, helping people leave the place. Generally, the wealthier and better educated the family, the more mobile they are. It takes resources to pack up all your things, sign a new lease, pay for gas or a flight and go. That might help explain why more Americans aren’t flocking from places with high unemployment rates to places with low ones, even if those places are surprisingly close together. College graduates, for instance, are several times as responsive to differences in labor demand as those who completed only high school, according to a study in *The Journal of Human Resources*.

But government policy based less on place and more on people might help ameliorate that trend. “Let’s say I was a hardworking person who lost my job in Harlan, Ky. — the ideal place, really, to go is Williston, N.D.,” Senator Paul said. “People need to be mobile to go there. Some government programs prevent mobility or discourage mobility.” And none encourage it: There are scant federal resources to help the unemployed or the poor in rural areas move to a job or even just a better neighborhood. (Imagine Senator Mitch McConnell running for re-election on the campaign slogan: “I’ll get you out of this moribund area and up to the wilderness of North Dakota!”)

Of course, thousands of families in places like Kentucky, South Dakota and West Virginia manage to cobble together enough resources to make the move themselves; the share of Americans living in rural areas has slowly drifted down. In Clay County, the population has declined for the last decade. And the overall population in rural areas declined for the first time from 2010 to 2012, according to the Census Bureau.

Jeff Whitehead runs the Eastern Kentucky Concentrated Employment Program, which helps retrain laid-off coal miners and find them new jobs. “There’s just very limited opportunity for the people who were working in the region,” he said, adding that he helped 220 families move out of the area in recent years, despite many workers’ understandable resistance. “That’s a really hard pill to swallow. People are really connected to place here. For a lot of people, it’s the last thing they’re doing.

They're holding off until they have no other choice.”

But the number and proportion of people living in poverty in places like eastern Kentucky persists, despite all the trillions of dollars spent to improve the state of the poor in the United States and promote development. Ziliak thinks that efforts focused on human capital — meaning education initiatives, from prekindergarten all the way through college — might be the best use of any new money. But, of course, that also might mean more people moving away.

Annie Lowrey was, until recently, an economics reporter for The Times. Alan Flippen contributed reporting.

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