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Back to previous page

Can Appalachia survive when the coal runs out?

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The Central Appalachian region has been the heart of coal country for as long as anyone can remember. But how much longer will that last? The AP's Dylan Lovan recently reported that coal production in Appalachia has been sharply declining in recent years. The thick, easy-to-get-at coal seams are quickly disappearing, forcing operators to resort to invasive tactics like blowing up mountaintops — techniques that often run afoul of EPA rules. What's more, producers in West Virginia and Kentucky are facing heavy pressure from cheap, low-sulfur coal out of Wyoming's open-pit mines.

Ed Reinke/Associated Press

Add this all up, and the Energy Information Administration estimates that coal production in Central Appalachia will soon be just half of what it was in 2008, plunging from 234 million tons down to 112 million tons in 2015. (Coal from out West, particularly in Wyoming, will likely pick up the slack.) While it's tempting to blame Obama's EPA, Lovan notes that Appalachian coal was growing scarce even during the industry-friendly Bush years. In the end, geology will prevail. So what happens then? Are eastern Kentucky and West Virginia facing certain doom? Or could this — as some observers argue — actually prove a blessing for the region?

There's no question coal is utterly critical for these two states. While the coal industry directly employs just 21,000 workers in West Virginia, the industry itself added about $5.9 billion to state GDP in 2008 and generated $670 million in taxes — a whopping 15 percent of the state's budget. Those funds won't vanish tomorrow, but it will slowly slip away. A 2010 report by the consulting firm Downstream Strategies noted that the coal decline would lead to sharp decreases in tax revenue for Kentucky and West Virginia. (Coal production in Northern Appalachia, including parts of Ohio and Pennsylvania, is expected hold steady for years.)

But there's a flip side here. There's evidence that Kentucky and West Virginia have actually *hurt* themselves by lashing themselves so tightly to coal over the years. A 2009 economic study of Kentucky found that the coal-heavy regions in the eastern part of the state had some of the deepest pockets of poverty. By depending so heavily on mining, these regions have been vulnerable to the slightest swings in the fortunes of the industry. In one study of the coal boom-and-bust cycle, economists found that the job and income losses from the downturns were frequently greater than the benefits from the boom years. And that's not even tallying up the health and environmental ravages that mining can inflict. (See here for one attempt at an estimate.)

In international development, there's a term for this: the "resource curse." A country leans too heavily on its lucrative oil deposits, say, and fails to develop a well-rounded economy. It's less-established that individual states suffer from the resource curse, although one 2010 paper by the University of Wyoming's Alex James and David Aadland found that resource-dependent counties in the United States "exhibit more anemic economic growth," even after controlling for a variety of factors.

If that's true, then Central Appalachia could eventually thrive from shifting away from its single-minded focus on coal. The Downstream Strategies report observes that the region has a wealth of clean-energy resources, from wind to solar to sustainable biomass. West Virginia, for one, is looking to get into shale-gas drilling. Still, it'd be a mistake to gloss over how disruptive — and painful — that transition could be. Just look at Detroit's struggles in shifting away from its longstanding reliance on the auto industry.