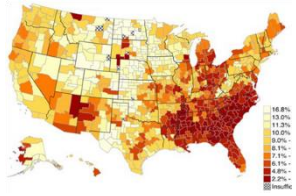
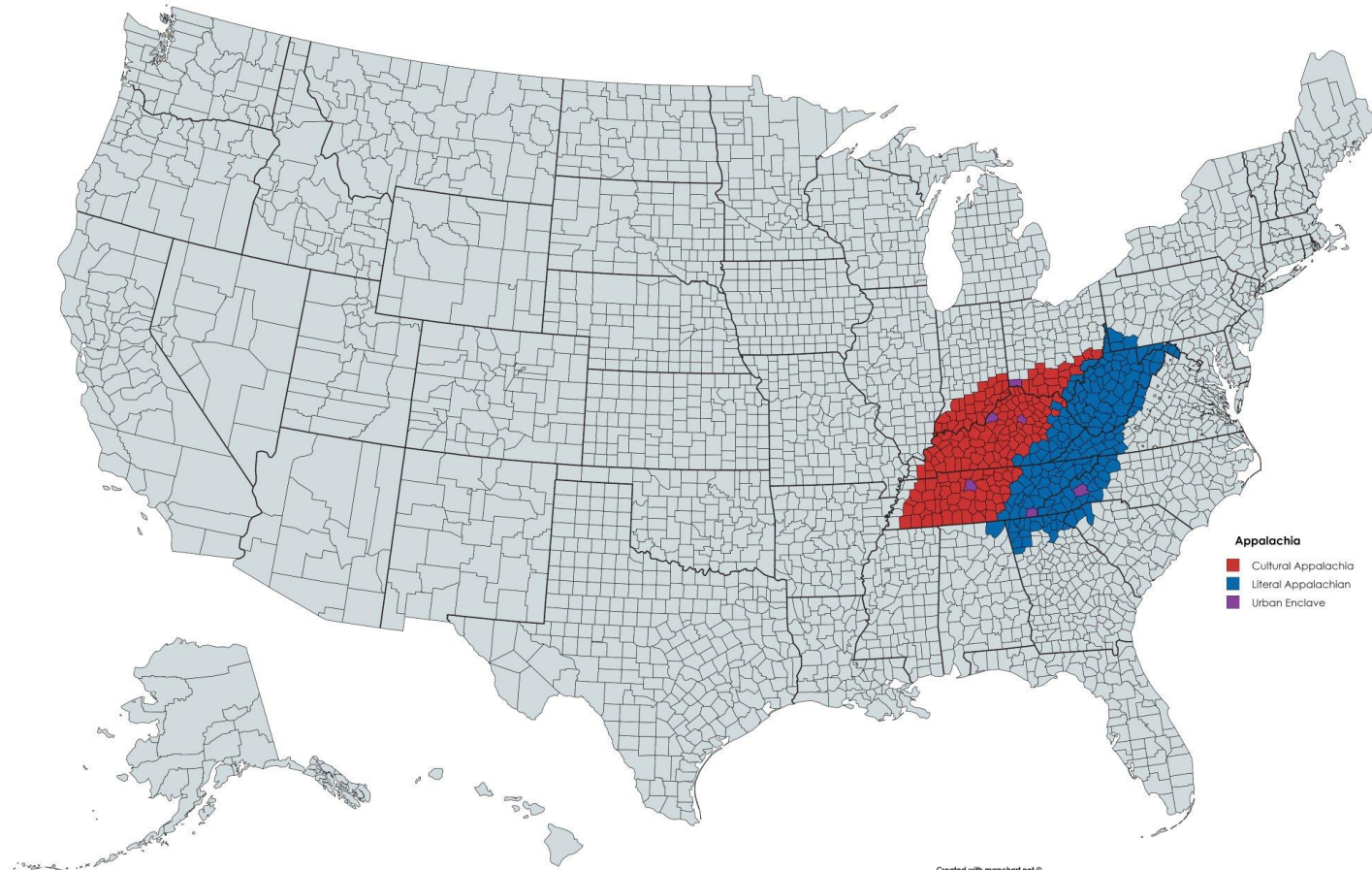


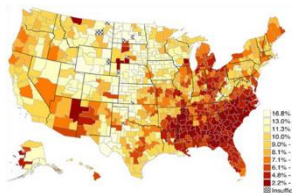
Escape from Appalachia: The Economic ~~Success~~ of Those Left Behind.

Dwight E. Williams, Saginaw Valley Torch Club, Feb. 5, 2019



Where is Appalachia? (Cultural Appalachia)

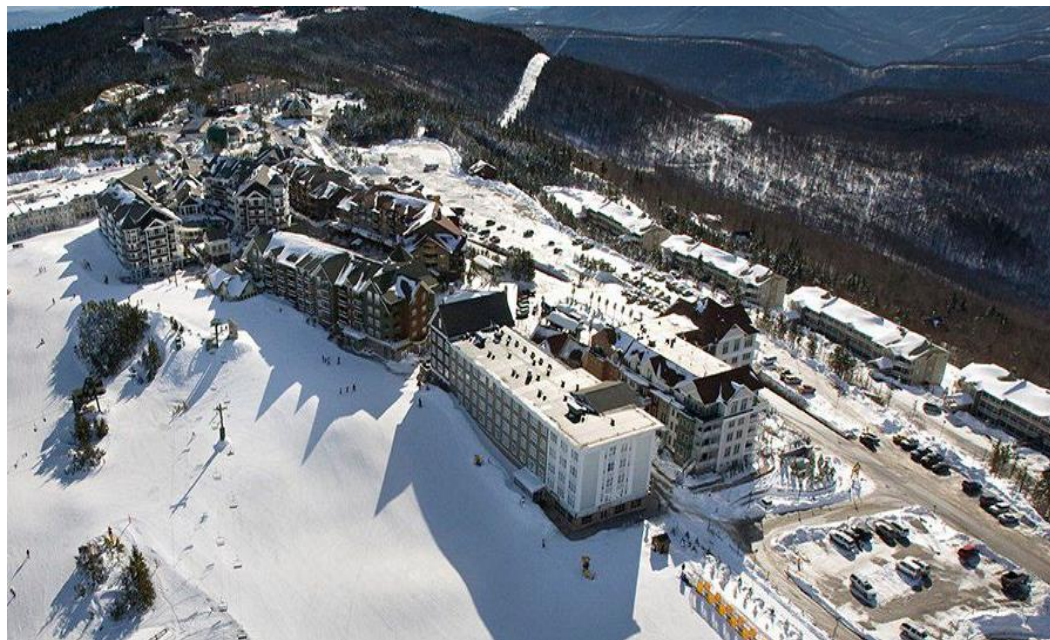




An Appalachian Example

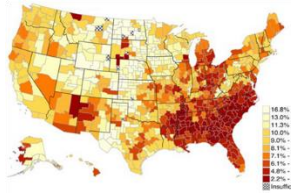
Vacationers see this West Virginia

Snowshoe Ski Resort



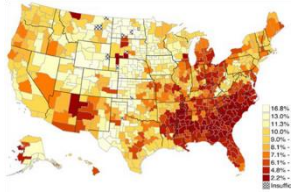
New River summer boating





Appalachians see this WV





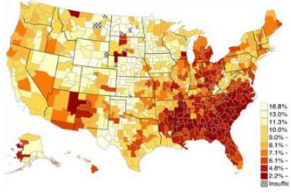
My Personal Story

I grew up in a middle-class enclave in Appalachia--Charleston, WV.

Father was raised by widowed mother on a poor farm in Iowa and earned a PhD.

The chemical industry drew many outlanders like my father to town. Our enclave neighborhood was surrounded by Appalachian ones....like Cabin Creek...Cripple Creek...and on the other side of our hill, Magazine Hollow.

My two best friends in childhood were Steve and "Dumpy". Steve became a captain in the Charleston Fire Dept. Dumpy became a PhD physicist working in Oak Ridge, Tenn. We weren't typical of Appalachia. But many of my classmates in grade, middle, and high school were Appalachian, born and bred.



Bob's Personal Story shared with me

Bob grew up on a vegetable patch farm in the hills of Tennessee, 11th of 12 children.

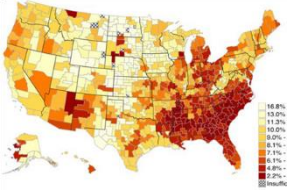
He ended up with a PhD in education and settled in Columbus, Ohio

Ascribed his success to growing up in a religious and hard-working family.

He draws a distinction between the rural self-sufficient vs. the urban poor. The latter need financial help from family or government to survive, per Bob.

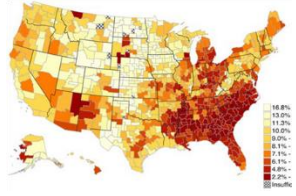
Milltown management effect...controls town & schools...presses for ample labor supply. "Rocket Boy", a memoir from Coalwood, WV perfect example.

Family/clan tradition...clan/family doesn't want to lose its members, which is apt to happen if one goes to college. Pressure to stay nearby, whether grew up in the hills or in town.



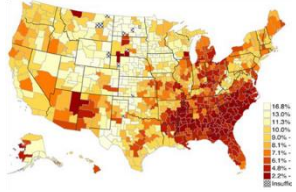
J. D. Vance's Own Story—told in Hillbilly Elegy

- Kentuckian hillbilly clan/family
 - His part of the family migrated to a steel mill town in Southern Ohio during WWII
 - The later demise of the US steel industry took its toll on the community
- Mother was bright but wild, multiple husbands, addictions, etc.
 - J. D. basically raised by a strong-willed grandmother
- High School → Army → OSU → Yale Law
- Attributes his “escape” to influences of grandmother & Army



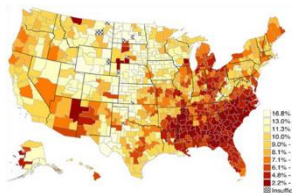
Short discussion regarding those born in poverty

- Have any of you had a personal involvement with families stuck in single- or multi-generational poverty?
- Do you feel the poor to blame for their predicament?



“White Trash, the 400-year Untold History of Class in America,” by Nancy Isenberg

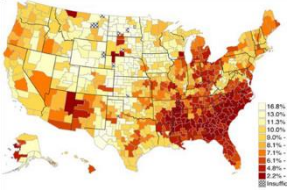
- Ms. Isenberg is a Professor of history at LSU. Her focus not limited to Appalachia.
- “Early British colonists recruited from the criminal and poor to provide forced labor to the upper class landowners in America.”
- Subsequent migrations to the sparsely populated western frontier retained the ancestral culture.
- These families and clans, with few escapes, have languished in poverty for many generations ever since, per Isenberg,



Capital in the Twenty-first Century,

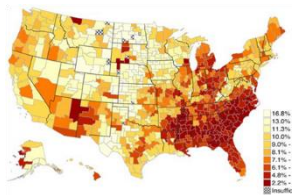
by Thomas Piketty

- A data-heavy book by an economist and writer who focuses on the unequal distribution of wealth on large and small scales.
- “The global distribution of income is more unequal than the distribution of output.”
- The main driver of inequality is the tendency for the return on capital to exceed the rate of economic growth.
- These inequalities have grown to the point that threaten political stability.
- Inequalities can be reduced by wise tax and fiscal policy.



Pungent Insights

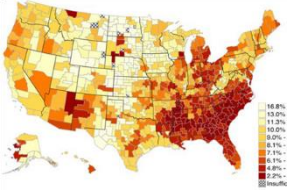
- “How close I was to the abyss...I am one lucky son-of-a-bitch.”, J. D. Vance
- “How much...should we credit to our personal decisions, and how much is just the inheritance of our culture, our families, and our parents who have failed their children?”, J. D. Vance.
- “The same self-made man who looked down on white trash (chooses) to forget that his own parents escaped the tar-paper shack only with the help of the federal government”, N. Isenberg.
- “Let them eat cake,” M. Antoinette



Towards Understanding Regional Stagnation vs. Upward Mobility

Next several slides are based on the article:

“Where is the Land of Opportunity: “The Geography of Intergenerational (economic) mobility in the U.S.”

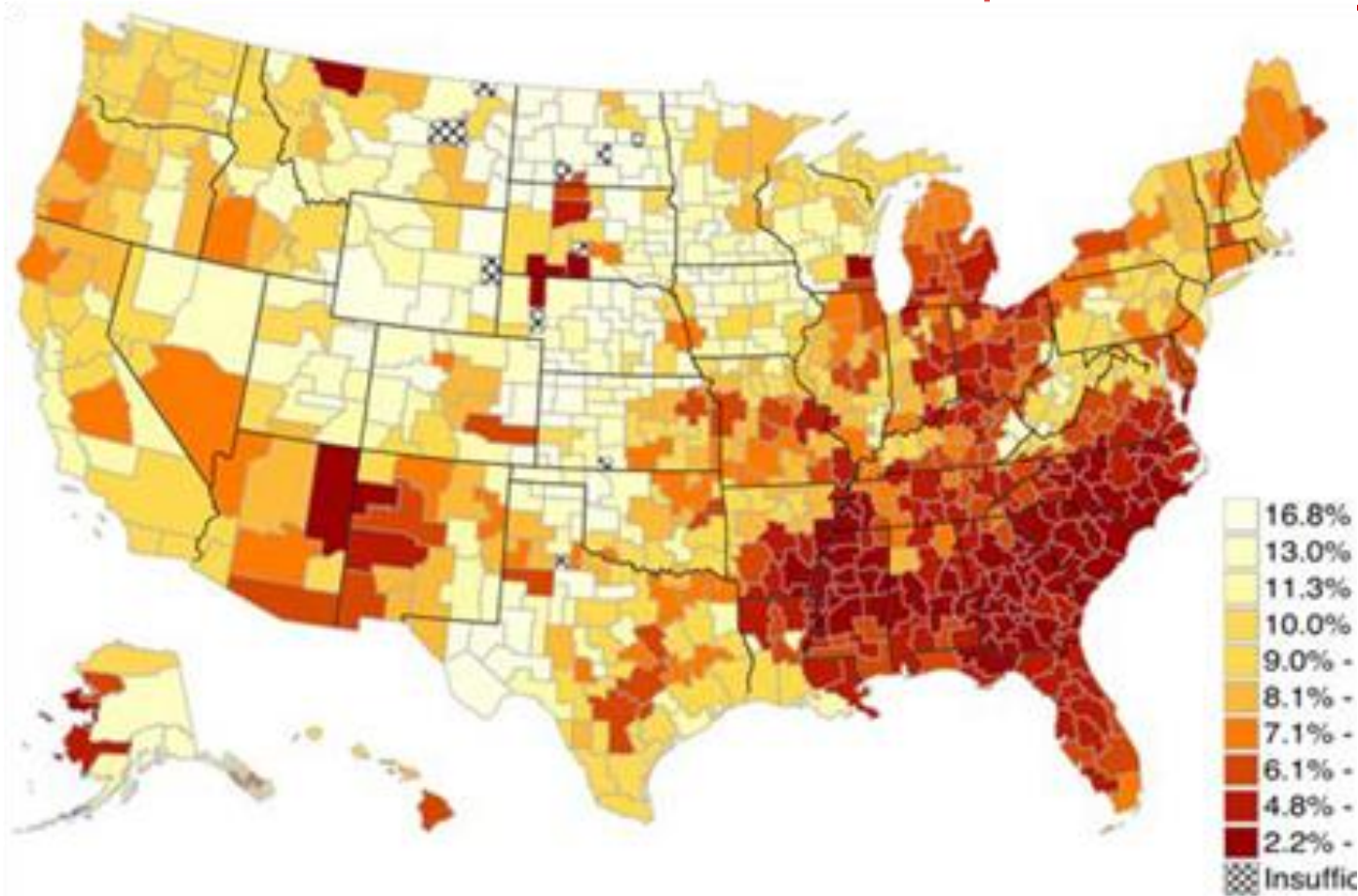


Where is the Land of Opportunity: The Geography of Intergenerational (economic) mobility in the U.S.

- 2014 article by Chetty, Raj, Hendren, Kline, and Saez, professors in the Economics Depts. at Harvard and UC-Berkeley
- Described intergenerational mobility in the United States.
- Used administrative records (IRS data from 1980 to 2012).
- Included incomes of more than 40 million people—children and parents.

“Heat Map” of Upward Economic Mobility

Red = Low Upward Mobility



This Heat Map illustrates the geography of upward economic mobility in America.

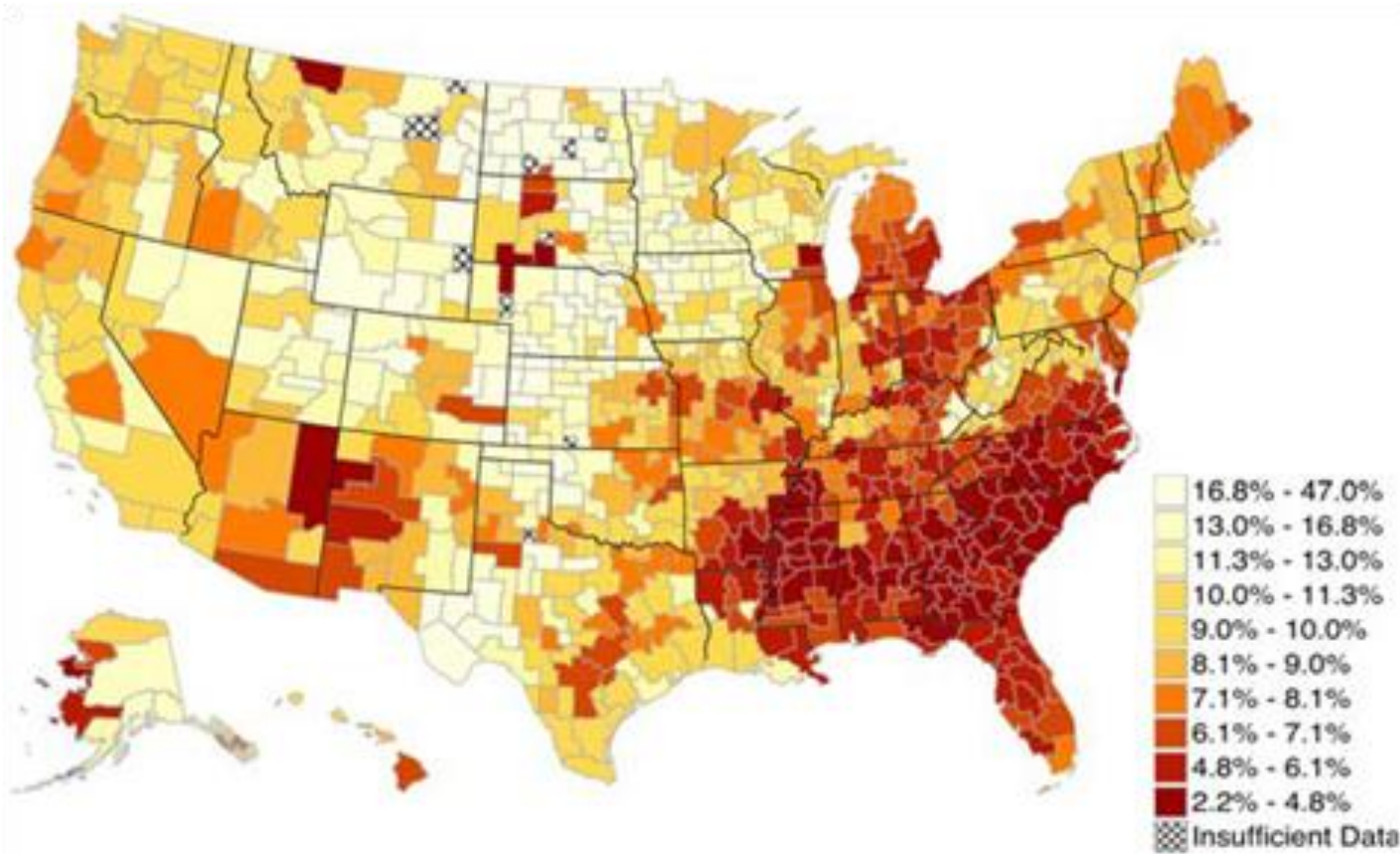
Compares progeny with parental income percentile

Upwards mobility often means migration from one's birth-home

Percent of progeny that reach top 20% of income who were born in the bottom 20%

Sorted into 741 “Commuting Zones” (CZ)

Geography of Upward Economic Mobility



Red = Low Mobility

Low → Appalachia and the Southeast

High → Prairie states

Moderate → West Coast and Northeast

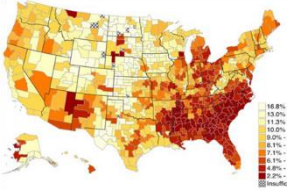
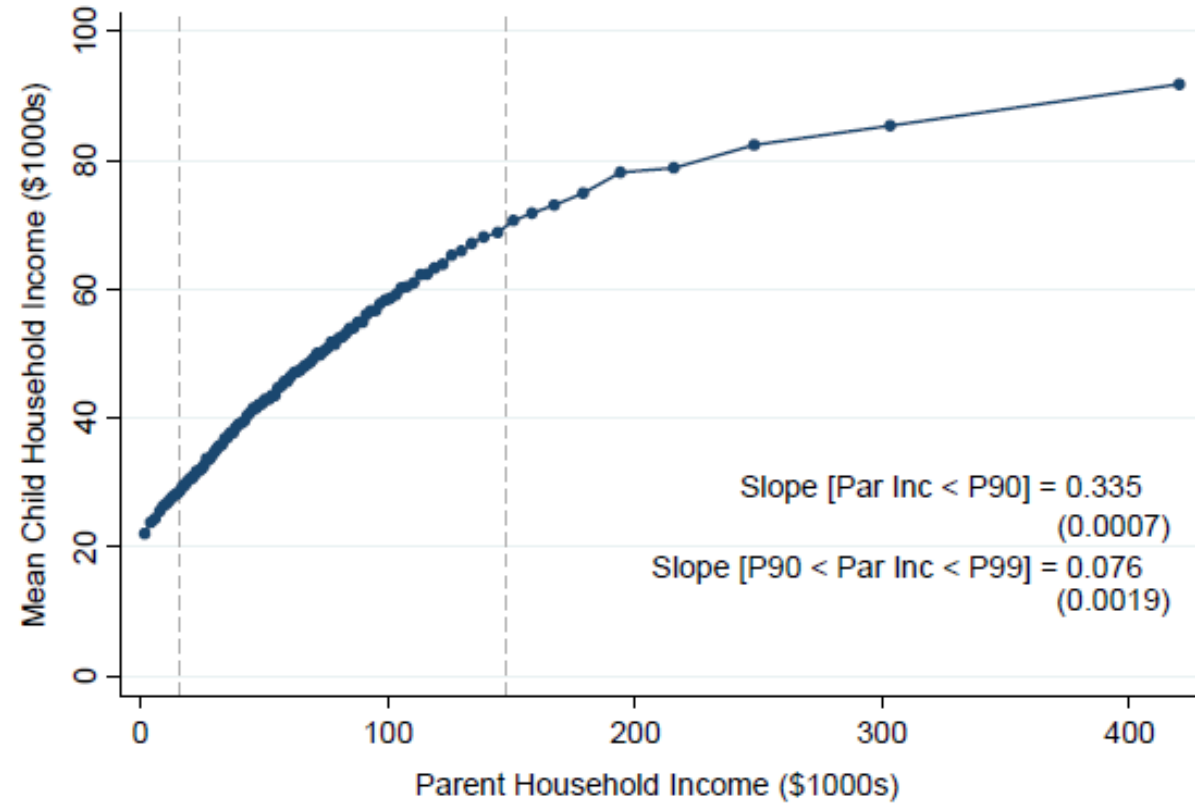
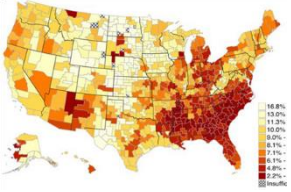


FIGURE I: Association between Children's and Parents' Incomes

- Correlation shows a near linear dependence at lower incomes
- This linearity drops off as parent's income rises.
- Wealth begets wealth

A. Level of Child Family Income vs. Parent Family Income

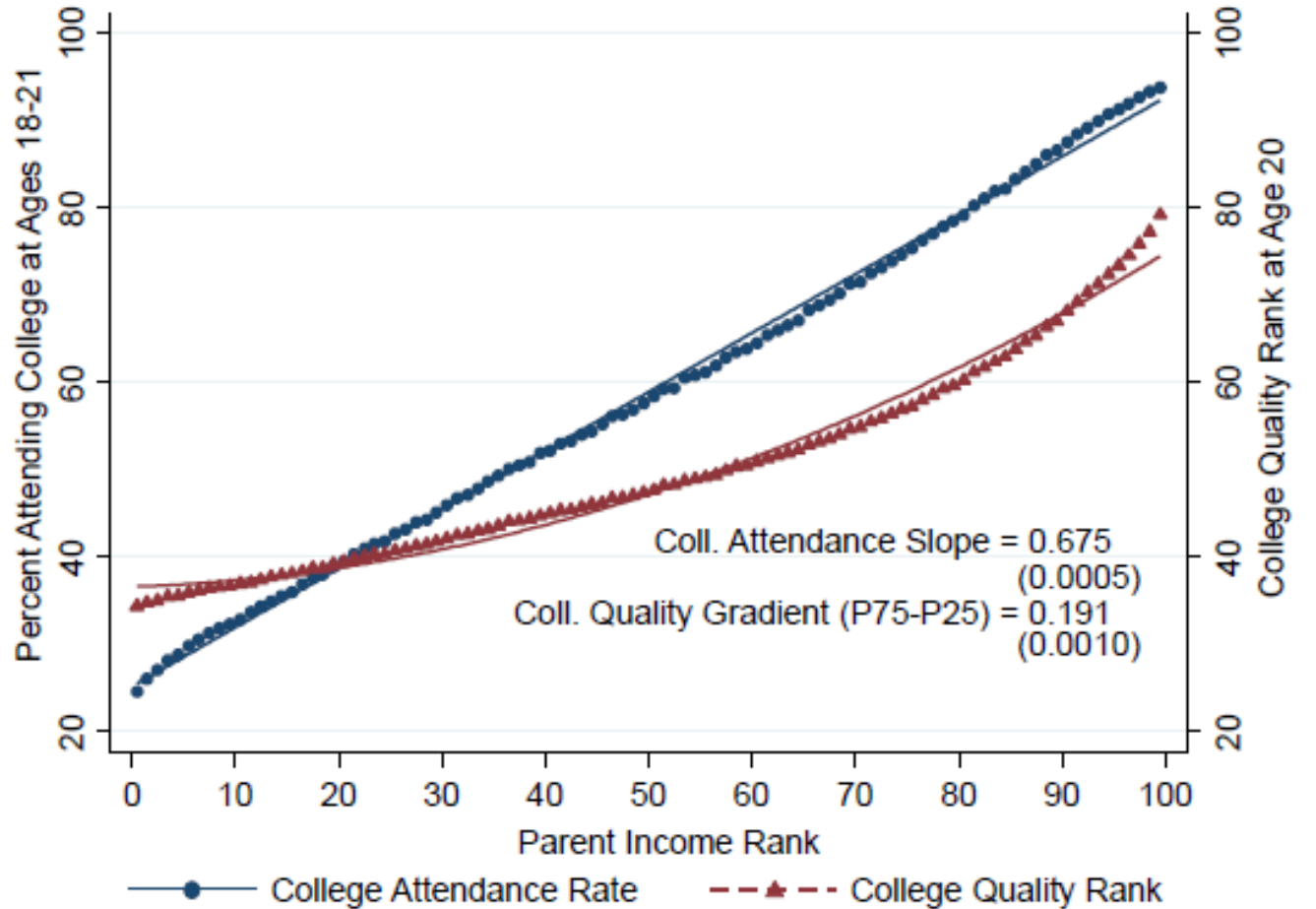


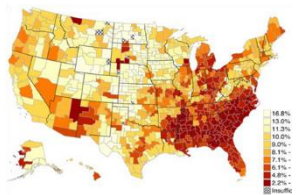


College Attendance & Quality vs. Parents Income

- Other studies show College graduation correlates with higher progeny income
- Attendance linear with parents income
- College quality rises with parental income as well.
- Wealth begets wealth

A. Children's College Attendance Rate and Quality vs. Parent Income Rank

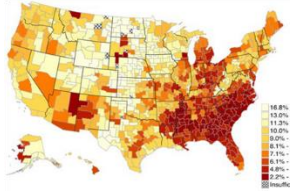




“Where is The Land of Opportunity”

The study found these factors correlated with high upward mobility:

- Less residential segregation within a CZ or region
 - Economic and/or racial
- Less income inequality (Geni coefficient)
- Better primary schools—better middle and high school less important
 - Measured by school investments
- Greater social capital (a measurable economic term)
 - Social networks, shared trust and values in the community
- Greater family stability in the CZ or region



Why do some clans/cultures/regions not participate in the Great American Dream?

- Does history determine destiny?
- Do the sins of the father descend unto the sons down to the 7th generation?
- Why can't people lift themselves up? Is Free Will illusionary?
- The Hamlet curse of indecision,
“...whether to suffer the slings and arrows of outrageous fortune...
or take arms against a sea of troubles, and by opposing, end them.”

Key References

“White Trash, the 400-year Untold History of Class in America,” by Nancy Isenberg

Early British colonists were recruited from the criminal and poor to provide forced labor to the upper class landowners in America. **These families and clans have languished** in poverty for many generations **ever since**, per Isenberg.

Hillbilly Elegy, by J. D. Vance

Many of the extended families of Appalachia and its Rust Belt fringes have been stuck in multicycles of poverty, cycles lasting since their arrival in the 1800s. Appalachian culture goes back to these early settlers from the lawless border lands between Ireland, Scotland and England. Since arriving in America, **few have escaped the cultural, clan, and family imperatives of Appalachia.**

Capital in the Twenty-first Century, by Thomas Piketty

“The global distribution of income is more unequal than the distribution of output...at the continental or national level.”
The resultant growth in inequality and thus of political instability is not inevitable but rather can be avoided by adjusting tax and fiscal policies.

Intergenerational Mobility in Europe and North America, Jo Blanden, Paul Gregg and Stephen Machin, London School of Economics, April 2005

Intergenerational mobility in Britain is of the same order of magnitude **as in the US**, but these countries are **much less mobile than Canada, the Nordic countries, and Germany**. Intergenerational mobility fell markedly from 1958 to 1997 in Britain. No similar change occurred during these years in the US.

Where is the Land of Opportunity: The Geography of Intergenerational mobility in the U.S.

See <http://voxeu.org/article/where-land-opportunity-intergenerational-mobility-us>, Chetty, Raj, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez (2014)

Analysis derived from public anonymous IRS data.