The Appalachian Regional Commission: Twenty-Five Years of Government Policy

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With a Foreword by
Senator John D. Rockefeller IV

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In 1964 I came to Appalachia as a VISTA volunteer in the community of Emmons, West Virginia. During the two years I lived and worked in Emmons, I tried hard to contribute to an improved quality of life for its citizens. But, frankly, whatever contribution I may have made is dwarfed by what I learned from its citizens—about their perseverance, hard work, and strongly held moral values; about their hopes, dreams, and aspirations. In a larger sense I came to appreciate how far we had to go in assuring all our citizens an equal opportunity to share in the American dream. And I came to appreciate in a much more dramatic sense the need for our nation to address the needs of its own citizens effectively if it intends to maintain its moral and economic leadership on the world stage.

One year after I arrived in Emmons, President Lyndon B. Johnson and the United States Congress demonstrated their commitment to a previously neglected and exploited region of our nation with the creation of the Appalachian Regional Commission (ARC). The ARC was a unique experiment in joint federal-state responsibility and decision-making. It grew out of strong grassroots leadership in the region and strong gubernatorial support, and it was designed to ensure that the people of Appalachia determined for themselves what was needed to help their region achieve economic parity with the rest of the nation.

Since then, as a state legislator, as governor of West Virginia and ARC states' co-chairman, and as a United States senator, I have devoted considerable energy and time to supporting the mission, the goals, and the programs of the Appalachian Regional Commission. Today more than ever I am an enthusiastic advocate, even in the face of diminished federal fiscal resources.

First, the ARC has helped make West Virginia and Appalachia more economically competitive with the rest of the nation by dramatically improving the quality of life throughout the region. It has helped to develop a network of clinics to make primary health care available...
for the first time to many Appalachian residents. It has put in place a network of vocational educational facilities and programs to enable our young people to be better prepared for productive working careers. It has helped to build numerous water and sewer systems to bring modern plumbing to some of the most rural portions of our nation. And it has helped to build a system of highways to bring industry and jobs to our region, with the promise of more to come.

Second, it is the only government program that is a true partnership. Everything that happens—from policy changes to program development—is the product of cooperation and consensus between the federal government and the thirteen Appalachian states. And the individual projects are, for the most part, developed and implemented by local officials and local citizens who know their communities best. The Appalachian Regional Commission works the way a government of the people, by the people, and for the people ought to work.

In spite of its strong support and obvious success, however, the ARC has had its critics throughout the years. They range from those who think the federal government knows best, to those who believe the federal government should play no role in local economic development, to those who see special assistance to one region of the country as unfair. I, and many of my colleagues, have answered these critics time and time again. We have pointed out that local people know far better than the Washington bureaucracy how to help their communities; that federal policies clearly have their impact on local economic development and on various regions of the country and therefore the federal government has a responsibility to address such impacts. We have pointed out that special assistance for particular regions of the country has always been an important part of our national mission, from the first national road designed to open in the West, to early railroad construction, to farm subsidies, to hydroelectric power dams in the West. Furthermore, special assistance to Appalachia not only benefits our region; it benefits the entire nation because of the access it provides to our plentiful natural resources, especially our vast reserves of coal.

Now comes Michael Bradshaw, an expert in the field and yet an outsider, a man with a wholly objective perspective, to answer the same critics. In a clear and concise exposition, Bradshaw tells exactly how and in what context the Appalachian Regional Commission was created, what it has done and why, and the difference it has made to our region and in our lives. He describes the tremendous changes that have taken place in the region because of the Commission, and he discusses what the future may hold. He examines the work of the
Commission from an outsider’s perspective. But because he is so familiar with the region and has conducted so many interviews with its people, he brings to his analysis an insider’s knowledge.

During the next several years the long-term domestic priorities of our nation will be the subject of important debate. A book such as this could not be more welcome—or more needed—at this time. It is an affirmation that our federal government, by carefully directing resources to one region of the country in partnership with that region’s citizens and leaders, can bring dramatic change and, in so doing, enhance the long-term economic health of the entire nation.

It is a book that should be read by those of us who are engaged in this debate and by any citizen who is interested in how to make government work effectively at all levels and for all citizens. It could very well point the way toward a more effective use of government resources at a time when such resources are increasingly scarce and thus must be used even more wisely.

Honorable John D. Rockefeller IV
United States Senator
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This book about a U.S. government agency is written by a British geographer, for whom the subject has been a concern of great interest and development for fifteen years. It is thus the view of an outsider, but an outsider who has been able to take advantage of much inside information. Doctoral studies in the early 1980s made it possible for me to carry out extensive visits throughout Appalachia and to meet persons who had been closely involved with the establishment and operation of the Appalachian Regional Commission. Structured interviews were held with staff at the Washington headquarters of the Appalachian Regional Commission and in twelve of the local districts. More recently, a series of recorded interviews by Donald Whitehead and Michael Wenger with John Whisman, Harry Caudill, Henry Krevor, Sam Dayton, Getliff Craig, and Robert Shepherd have provided reflective and illustrative material for this book.

The sample of experiences, the interviews, and the bibliography on which this book is based may appear to some restricted and even biased, but I have attempted to illuminate a side of the fuller picture which has not been presented before. The contribution of the Appalachian Regional Commission to socioeconomic changes in Appalachia has been subject to criticism by many commentators but has been praised by others equally concerned with the future of this part of the United States. This book provides a fresh perspective to set some of the record straight; it also perceives some further implications arising out of the work of the ARC for the role of political institutions in general and for the future of U.S. public policy in particular.

I have been greatly assisted through encouragement and critical review of the manuscript by Stephen E. White of Kansas State University at Manhattan, Don Whitehead (formerly federal co-chairman of the ARC), Michael Wenger (states' representative to the ARC), Mike Newman (ARC), Ron Eller (director, Appalachian Center, University of Kentucky), and Roland Allison (a colleague in Plymouth, England).
They have pointed out the "puff," the "fluff," and the "bluff" that needed to be excised; they have also helped to refine the focus of evaluation, which is a problematic task for an author dealing with such a complex set of issues. Their assistance is acknowledged here with gratitude. Tony Atkin, of the College of St. Mark and St. John, Plymouth, prepared drawings, and made helpful suggestions for their design. Patricia Sterling is thanked for her suggestions on improving the manuscript.
**Abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADHS</td>
<td>Appalachian Development Highway System</td>
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<td>ARA</td>
<td>Area Redevelopment Act (1961); Area Redevelopment Administration</td>
</tr>
<tr>
<td>ARC</td>
<td>Appalachian Regional Commission</td>
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<tr>
<td>ARDA</td>
<td>Appalachian Regional Development Act (1965)</td>
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<tr>
<td>A-95</td>
<td>The A-95 process, known by the number of the form used: this was the basis for the coordination of federal grant-aid programs through the regional clearinghouses</td>
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<tr>
<td>COE</td>
<td>United States Army Corps of Engineers</td>
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<tr>
<td>EDA</td>
<td>Economic Development Administration (Department of Commerce)</td>
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<td>EDD</td>
<td>Economic Development District (EDA)</td>
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<tr>
<td>EPA</td>
<td>Environmental Protection Agency</td>
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<tr>
<td>FHA</td>
<td>Farmers’ Home Administration (Department of Agriculture)</td>
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<tr>
<td>FY</td>
<td>Fiscal Year (begins in August)</td>
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<td>HUD</td>
<td>Department of Housing and Urban Development</td>
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<tr>
<td>LDD</td>
<td>Local Development District (ARC)</td>
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<tr>
<td>NASA</td>
<td>National Aeronautics and Space Agency</td>
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<tr>
<td>OEDP</td>
<td>Overall Economic Development Plan</td>
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<td>OEO</td>
<td>Office of Economic Opportunity (later: Community Services Agency)</td>
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<tr>
<td>OMB</td>
<td>Office of Management and Budget (formerly: Office of the Budget)</td>
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<tr>
<td>PARC</td>
<td>President’s Appalachian Regional Commission</td>
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<tr>
<td>PWEDA</td>
<td>Public Works and Economic Development Act (1965)</td>
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<tr>
<td>TVA</td>
<td>Tennessee Valley Authority</td>
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<td>USDA</td>
<td>United States Department of Agriculture</td>
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1

Appalachia: Planning and Public Policy

The congress hereby finds and declares that the Appalachian region of the United States, while abundant in natural resources and rich in potential, lags behind the rest of the Nation in its economic growth and that its people have not shared properly in the Nation's prosperity. The region's uneven past development, with its historical reliance on a few basic industries and a marginal agriculture, has failed to provide the economic base that is a vital prerequisite for vigorous, self-sustaining growth.

Section 2, Appalachian Regional Development Act (1965)

This book is about an attempt to change the human geography of a large region in the United States by means of public policy. Every region is subjected to changes in its human geography through time. Many of these are economic changes that result from the fluctuating status of the region's resources. These resources are finite and may become exhausted; they are also subject to vicissitudes in the value given them by the market. Other economic changes result from improved technology, which affects transport systems, sources of energy, and industrial processes. In addition, there are changes in social conditions such as the relationships between groups of people, migrations of people within and between regions, and the ways in which people are employed or spend their leisure. All these elements are reflected in the infrastructure of settlements, transport systems, farms, mines, and factories, which have been built in response to contemporary economic and social conditions.

New conditions generate new forms of infrastructure and improve personal mobility; they also render older infrastructure redundant. If a region is favored by the changes, the redundant infrastructure will be replaced; if it is not, the region may become underprivileged relative to the rest of the country. One key question for studies of geographical change is whether the national government should provide assistance to underprivileged regions in order to engineer changes which will bring them up to par. If so, what form and amount should that assistance take?
In the minds of most geographers, Appalachia is a physical entity. It is a mountainous region stretching for some 1,200 miles from northeast to southwest, and up to 300 miles from east to west. Although the northern one-third of Appalachia was industrialized from the mid-nineteenth century, it has scarcely experienced the improvements found in the regions that surround it. Those regions have been in the forefront of U.S. economic growth over the last two hundred years. The southern one-third was afflicted by involvement with the southern states in the economic disaster that accompanied and followed the Civil War in the 1860s. The central portion formed part of the "border states" between North and South; fought over during the Civil War, it was in turn largely isolated and then exploited for its coal deposits. The boom-and-bust economies of coal mining, the decline of farming as a form of employment, the massive outmigration of the younger and better-educated groups, and the environmental pollution caused by mining and industry added to the area's problems in the twentieth century. By 1960 the whole of Appalachia was widely perceived as a region of economic lag, social deprivation, environmental degradation, and political isolation. Many attempts had been made by church and business groups, other indigenous groups, and social workers to improve this situation from the late nineteenth century onward, while theoretical planners had put forward schemes to engineer change. All such groups, however, suffered from the fact that they had small resources with which to attack the massive and complex problems that had built up. Many politicians and businessmen recognized the need to establish a government program utilizing federal resources in order to cope more adequately with the needs of Appalachia. In 1965 the Appalachian Regional Commission was established to address the situation.

Once the need for government intervention had been acknowledged, a further set of issues was raised concerning the nature of the public policy to be adopted. The recognition of specific needy areas or groups, the form of assistance, and mode of delivery were basic issues. Other considerations included the way in which financial assistance should be distributed and the extent to which the national government supplying this assistance should influence its use in local areas. The questions raised involved the status of federal, state, and local governments within the United States.

The study of origins and operation of the Appalachian Regional Commission (ARC) in this book follows a sequence that enables the reader, first, to become aware of the problems facing those who wished to establish an "Appalachian program"; second, to evaluate the tasks facing those who were charged with fulfilling legislated roles; and
third, to assess the means adopted by the ARC and the results achieved throughout a quarter-century of activity. Chapters 1 and 2 provide a context: they focus on the status of regional planning and development within U.S. public policy and on the background to the dire state of Appalachia recognized in the early 1960s. The main section of the book (Chapters 3 to 6) charts the development, operation, achievements, and criticisms of the ARC from 1965 to 1990. Finally, Chapters 7 and 8 draw strands together to evaluate the impact of the ARC on Appalachia and to ascertain whether any of the lessons derived can contribute more widely to similar problems encountered in other parts of the United States.

The remainder of this chapter seeks to establish two points. The first is that regional planning and regional development remain inexact and uncertain sciences, partly because many, often opposing, views have been put forward by the proponents of region-based policies, and these views have all been challenged by those who are not convinced that regional planning and regional development have anything to offer either lagging or growing regions. The resulting confusion affords no secure basis for providing against the (unknown) future, and so region-based policies are bound to be experimental. The second point is that society contains a series of competing interest groups. Political systems have the responsibility of considering and resolving differences between interests and do so usually in favor of the dominant group. Assessment of the nature and outcomes of region-based public policies aimed at Appalachia has to be conducted within the context of the U.S. political system.

Who Is Right? Views on Regional Planning and Development

"Regional planning" suggests a nationwide approach to economic and social planning which recognizes the strengths and needs of all regions within a country. Some would say that it also involves the people of each region in determining their future well-being. In practice, the urban-industrial nations of western Europe and North America have concentrated such planning on providing assistance from the central government to specific regions of identified need. Appalachia may be a case in point in the United States, but a better example is the way in which the Canadian government has assisted the Maritime Provinces and other peripheral regions. Western European nations have also devised a range of regional policies for similar purposes. In the so-called "planned economies" of eastern European countries and others
with Communist governments, there has been less regional policy (within the definition adopted above) than centrally directed economic development.

"Regional development" means an attempt to modernize the economic and social conditions of specific regions that lag behind the rest of a nation. As such, it is a better term for much of what has been attempted by means of public-policy regionalism and is used in this book to refer to what has been attempted in Appalachia. It is a more open term than "regional planning" in the sense that it does not prescribe whether modernization is to be achieved by government or by free market forces.

Before examining the ways in which a given agency has been involved in a process of regional development, it is as well to be reminded that there are many who oppose the whole concept of public policies designed to assist specific regions. The very idea that regions which lag behind the rest of a country should be subjected to special treatment has been debated by politicians, sociologists, economists, and geographers during the twentieth century. The debate has fluctuated around varied views on issues ranging from ways of achieving economic efficiency to a concern for social justice. The focus of the debate has shifted at different periods within the century; as a result theories derived from conditions at one period of time may be applied ineffectively to a changed situation at a later period.

In the early part of the century, concerns with the deteriorating human environments associated with growing urban-industrial centers led to a strong regional planning movement that advocated the building of new towns in the countryside and economic development based on river-basin units. The result, it was thought, would be a harmonious blending of human and natural resources (Friedmann and Weaver 1979). Nevertheless, the dominant trend of twentieth-century economic growth before the 1960s continued to be based on urbanization. U.S. economy, social life, and politics became dominated by large urban centers. Attempts in the 1930s to focus public policy on regional economic development in rural areas by means of such projects as the Tennessee Valley Authority did not achieve the goals set by the planners.

The significance of the manufacturing sector in generating economic "take-off" and in spatially concentrating economic resources (labor, market, and capital) in urban areas, together with the growth of market-oriented service industries, resulted in the continued expansion of many urban places in the United States to metropolitan size. In the 1950s and 1960s, economists studying regional development perceived such centralized metropolitan growth as holding the secret to
Planning and Public Policy

regional prosperity and based their plans on the identification and further development of “growth centers.” In regional planning theory this idea was even extended to suggest that new urban centers be created where they did not already exist in order to provide a basis for economic growth in lagging regions. Such ideas were written into the legislation that established the ARC in 1965.

Another trend by midcentury was the emergence of “regional science” based on theoretical economic analysis and attempts to find the best location for particular economic activities. This proved too neatly mathematical, however, and too narrow to form a basis for regional development. It assumed that an all-wise “economic man” would take rational decisions in the location of new industry but did not take social, political, or environmental factors into account.

Each of the emphases identified at these different periods was rooted in the economic and social trends of the time and led to theoretical analyses based on limited projections of past events. Unforeseen changes reduced the value of the projections and thus of the theoretical base. Still, the ideas continued to have supporters—often increasingly out of tune with contemporary conditions. Furthermore, each group of ideas was merely an expression of influential opinion at the time and had its critics as well as its supporters. In hindsight it has been concluded that few of the ideas which emerged from such limited theoretical considerations of the issues related to regional development resulted in successful public-policy applications (Zysman 1980). When they were taken up by legislators, it was often only as a matter of political convenience.

If lessons are to be learned from these attempts to provide a theoretical basis for regional development, one is the need for more sophisticated analysis of situations and trends before general models are produced. The attempts of “regional science” relied unduly on economic analysis without considering the social and political factors at work. Another lesson, which follows from the first, is that there is a need for such ideas to catch the imagination of politicians in order to promote definitive action. It is one of the central theses of this book that the political dimension should assume a much greater role in considerations of regional development.

Who Decides? The Dilemma of Conflicting Interests

U.S. society is composed of varied and competing groups. These groups have differing perceptions as to what the goals of society should be and how they may be achieved. The issues raised by regional
planning and development are met in different ways by these groups. The total picture is much more complex than can be portrayed here, but opposite ends of a spectrum of views may be used to highlight the differences. Opinions across the spectrum have all been important in the debate concerning regional development within Appalachia.

At one end of the spectrum is a group that sees the free operation of the market system as the only basis for stimulating economic activity to produce wealth. One corollary of this attitude is that government should be as unobtrusive as possible, and another is that there should be no public policy to assist lagging regions. The assumption is that such regions will benefit by the "trickle down" of wealth from the most efficient location of firms, based on "market forces" in regions of growing economy. Observers of Appalachia have concluded that these processes must act very slowly, however, since people there have remained poorer than other Americans for most of the twentieth century. This situation may be related to the fact that the "free" market often becomes controlled by the largest firms, who are able to set their own prices and establish their production plants where they wish.

At the other end of the spectrum is a view based on the belief that the free market system, by its very nature, gives rise to inequalities in the regional allocation of wealth. Prosperous regions are those where wealth is accumulated most efficiently, often at the expense of other regions. Any wealth produced in other regions is removed to the prospering regions and used there. This process is known as "economic colonialism." Wealth created in a resource-rich region such as Appalachia has been channeled to shareholders who often live outside the region, and so the local wealth does not fully benefit the local people. These outcomes have been judged to require government action to regulate free market activities. Government intervention may also include redistributing the spatial concentration of wealth to less successful regions through such means as payments to individuals or the provision of grant aid for building the infrastructure projects needed to modernize a lagging region's facilities.

The arguments for less or more government action are clearly opposed. A further view, which has been much discussed in relation to the development of Appalachia, argues that the operation of government programs often generates a bureaucracy and service sector jobs (as opposed to "wealth-creating" jobs). Government employees and linked professionals—from clerks to lawyers, accountants, administrators, and media people—who move into a lagging region to implement and take advantage of the regional development policies may themselves become the main beneficiaries of better living standards. This
process has been called “professional colonialism”; Clavel (1983) used Appalachia to illustrate the results.

One reaction to the perceived ills arising from the combination of economic and professional colonialism in Appalachia has been a movement toward the generation of community action: local group activity fostered by those who feel that they, or others, have been left out of the business/government mode of operation. Yet such action returns attention to the question of how development for the benefit of the local population can best be generated. Is it possible without either the enterprise provided by the business community or the infrastructure provided by government?

Each of these views has its shortcomings but can satisfy a part of the overall needs. Few attempts have been made to reconcile the expressed differences, which have been highlighted and even exaggerated by political polarization. There appears little likelihood of a spontaneous accommodation, since the interested parties state their views forcefully and subjectively to the exclusion of alternative perceptions. The only way of resolving this conflict open to people in the United States is by formal political decision. The issues that separate the various interest groups are the extent and type of government intervention and the extent of local involvement in decision-making. One approach to such a polarization of views is to take pragmatic action based on what is possible within the U.S. political system. The generation of the ARC provides a good example of an attempt to get things done through the established system.

Politics and Regional Development

The U.S. political system makes long-term national and regional “planning” difficult; it has not given rise to energy or industrial policies for the country as a whole, and it has seldom generated policies with a regional basis. This is one practical outcome of the expressed “political will” of the American people in the nineteenth and twentieth centuries, of the system of government at the federal level, and the federal-state-local separation of powers.

The political will of the United States has a tendency to favor the operation of the market system within a framework of minimal government intervention (House 1983b). Although Schlesinger (1986) has made a case for recognizing periods of “public-purpose” government lasting longer than periods of “private interest” government in the twentieth century, the former have contained relatively few and short-
lived phases of intense and single-minded legislative activity focused on broad public concerns. And of these concerns, regional development has been low on the list. Thus, the New Deal period of the 1930s and the Great Society period of the mid-1960s stand out as peaks in public-purpose legislation, whereas the administrations during the 1920s, 1950s, 1970s and 1980s focused on private interest. Yet, despite the tendency to favor the private interest, which might appear to provide resistance to "more government," the level of direct government intervention in U.S. affairs has increased greatly in the twentieth century, especially at the federal level. There is a basic mismatch between attitudes toward the role of government and the inexorable increase in that role since 1900.

The political structure of the United States results in the ponderous sifting of proposed legislation. The dual and often competitive nature of the houses of Congress and the division of executive and legislative powers produce adversarial patterns that make formulating and passing legislation difficult and lengthy processes. The same characteristics, it may also be said, make it difficult to put an end to a particular program once it has been signed into law by the president. The combination of a political will that does not favor regional (that is, multistate) planning and a political structure that makes any legislation subject to stringent tests of broad acceptability has resulted in few bills being passed to assist particular regions.

The division of powers between the federal and state government has been a further barrier in the way of regional development policies: the generation of multistate commissions with extensive powers (as opposed to commissions with powers limited to a single aspect of development) has not been favored by either state governors or federal agencies. Both see multistate commissions as an erosion of their powers as defined in the United States Constitution. During most of the twentieth century the states have progressively ceded influence to the federal government because of a combination of increasing federal tax revenues and greater interstate movements of people and goods requiring federal regulation; however, the states have generally failed to see any virtue in forming groups with broader regional interests that might offset this trend.

The decline of the state voice in politics has also filtered through to the local level of government, where the 3,067 counties and thousands of municipalities and special districts have held on to control over such matters as education and physical planning. This is so despite the fact that many of the local government units are too small to be effective in the modern age, when greater personal mobility and the need for
capital investment in large-scale facilities are two reasons for increasing
the size of such units. The result of different attitudes among so many
local government units has been a fragmented, rather than coordi­
nated, approach to economic development. The fact that planning is
the responsibility of states but is often delegated to local jurisdictions
(counties, municipalities) has resulted in a jealous guarding of the
planning role. Both state and local roles have often been overridden by
federal programs through the process of eminent domain or by a
federal-local link in grant aid programs which bypasses state involve­
ment. The resulting tensions between federal and state authorities
have made it more difficult for state and federal agencies to work
together. Federal actions in the 1930s and since have given the "feds" a
reputation for heavy-handed, top-down planning, often expressed in
terms of national need and with little concern for local communities.
The experience of Appalachia up to 1960 offered little prospect of
getting the federal government to act sensitively toward the needs
expressed by the people of the region.

Other results of government fragmentation have been the overlap­
ping and inefficient use of public funds by the wide range of federal
and state agencies, and a jealous refusal by local jurisdictions to work
together. These problems have further stultified coordinated activity,
but frustrations arising from them led to a desire for the greater
integration of public policy in the 1930s and again in the early 1960s.

Many of the problems associated with the mismatch between the
U.S. political system and the needs of the regions before 1960 are
illustrated by the experience of the Tennessee Valley Authority (TVA).
This experience is particularly relevant in the present context, since the
TVA area covers much of southern Appalachia, and the TVA agency
had been in existence for thirty years before the ARC was created. The
TVA was established by legislation passed on 18 May 1933 (Bradshaw
1984a). At the time it was viewed by many of its supporters as a
precursor of nationwide integrated regional planning (Wilson 1980),
but it was never followed up in other parts of the country and did not
become a model of that function even in its own region. It is now
viewed by both conservative and liberal politicians as an example of
top-down federal intervention that strayed from its original intentions,
becoming little more than an outsize electricity utility. The fundamen­
tal thesis on which it was based—the river-basin socioeconomic plan­
ing that was popular in the 1920s—has since been largely rejected as a
basis for regional development.

Although the form of the TVA programs grew partly out of ideas
on river-basin development promulgated by planning groups in the
1920s, it was also subject to contemporary political factors. The new administration of President Franklin Roosevelt, who took office in January 1933, needed to fulfill the campaign promise that government action could be effective in a time of economic depression. Roosevelt’s experience when he was governor of New York with state involvement in public power generation helped to convince him that integrated planning and introduction of cheap electricity through the medium of the TVA was a good way to proceed. The fact that the federal government still owned hydroelectric and factory facilities built in Alabama for World War I helped him decide that the Tennessee River basin—one of several in the poverty-stricken U.S. South—would be a major focus of federal investment. Speed of action was assisted greatly by the plans that the U.S. Army Corps of Engineers had produced since the mid-1920s for improved navigation and flood control on rivers (such as the Tennessee) draining to the Mississippi. Moreover, the Bureau of Reclamation had designs available for dams and power stations as a result of its work in the West. While the building of dams proceeded rapidly in the mid-1930s, initial intentions to build social facilities into new towns across the Tennessee basin did not progress very far.

Local farmers and the state of Tennessee objected to all these plans, but the most intense local antagonism was stirred up by private power companies, which resented the prospect of competing with cheap public electricity. This brought political concern over the future of the project to a head in 1938, when the federal government settled an inquiry in favor of TVA and gave it the go-ahead to generate and sell hydroelectricity on a major scale. The central focus was thereby diverted from providing a wide range of social and economic programs for the people of the river basin and more narrowly focused on generating more and more cheap electricity. It was successful in doing so for over thirty years, and it is accepted widely that the TVA’s main goal was to improve socioeconomic conditions by providing cheap power.

The failure to realize its wider regional planning role was partly a result of its failure to establish sympathy and collaboration with states and local jurisdictions in the river basin. These had not been consulted at the time of the legislation that established the TVA, and many opposed the project at every step. In addition, up to the 1960s neither state nor local governments possessed the administrative or financial capability to compete with the growing powers of the federal government agencies created by the New Deal. Attempts by the TVA to revive its regional planning role through the Tributary Area Development program and the Tellico Project in the 1960s and 1970s were not successful. The pattern was not repeated elsewhere in the United States for
political reasons: it established an initial image as a social(ist) federal response; resisted by businessmen and farmers alike in the early days, its programs were literally bulldozed through. This image made the concept politically unacceptable in later U.S. approaches to regional planning. At the time of pressure for Appalachian legislation in the 1960s, the TVA concept was considered as an answer to the regions' problems (e.g., Caudill1962), but by then it was an idea whose time had gone: it was generally rejected by politicians as a way forward for Appalachia.

Thus, the TVA was initiated in a particular period of public-purpose government and, at first, attempted a regional-planning solution to the economic and social problems of its river basin. It demonstrates the power of the federal government to implement its policies, and the way in which interest-group conflicts and events modified the outcome of applying the legislation. The fact that the TVA wandered from its charge was partly due to the fact that the power company resistance shifted emphasis to the question of electricity generation; it was also partly due to the fact that local and state governments were not involved, and were informed only after decisions had already been made to acquire land under eminent domain for dams and power stations. The TVA continues to exist not as an exemplar of successful regional planning but as the largest electric utility in the United States; the socioeconomic impact has been real but indirect, and not planned.

Conclusions

This chapter has analyzed two aspects of the context in which the ARC was generated: the nature of ideas available on regional development, and the role of the U.S. political system. They are aspects largely external to Appalachia in their origins, but they have very important implications for regional public policy related to Appalachia.

First, the ways in which ideas on regional development were generated and applied did not provide an all-embracing, or agreed-upon approach that could be applied to Appalachia. The shifts in basic premises and in ideas about the means of implementing regional policy left policy-makers at a loss as to the way ahead. The situation also made it possible for public policy to be chosen on the basis of what was politically acceptable instead of what some might regard as more "rational" criteria.

Second, a debate between advocates of "more" and "less" govern-
ment has continued in the United States, despite the fact that the powers and involvement of the federal government have grown in a major way during the twentieth century. In the mixed political-economic system that developed in the Congress, both major political parties supported a free market system but disagreed as to how much intervention by government should be allowed. Although groups of Americans continued to express views outside this more limited spectrum, it remained unlikely in the 1960s (as it does today) that their views would gain political support. For Appalachia the problem was whether it should, and whether it could, be helped from outside. In the 1950s and early 1960s many within the region spoke out for federal intervention, while others counseled that they wished to be left alone. The latter took this view either because they did not want the “feds” to perpetrate a program irrespective of their needs or because they felt that Appalachian problems were largely the result of outside interference in the first place and required even more radical solutions than could be envisaged within the current U.S. political system.

Third, the political system both restricted the amount of legislation that could be passed and made it particularly difficult for public policy with a regional base to be accepted. Even when a piece of region-based public policy was passed (TVA), events diverted its regional planning thrust into an indirect process in which cheap electricity enhanced regional development. Those in Appalachia who did look to federal government for policies to assist the plight of their region had to find ways of getting legislation through these barriers.

Within this context of regional development and its place in U.S. public policy, the next task is to evaluate Appalachia's situation and the extent of its socioeconomic problems in the early 1960s.
Origins of the Problems of Appalachia

The problems of such a large region as Appalachia are essentially complex and cannot be expected to have simple solutions. Contemporary problems have their roots in historical events involving economic, social, environmental, and political factors. Different parts of the region have their own distinctive histories. An understanding of the roots of the problems, and their varied expressions throughout Appalachia, provides a second set of contexts that form a necessary prelude to making an assessment of the work of the ARC.

This chapter first examines the natural features and historical events that gave rise to the human geography of Appalachia in 1960 and the relatively underprivileged position of the region within the United States. It then discusses some of the ideas put forward to account for the accumulated problems. It is necessary to consider these against such a background, since some of them were taken up in discussions over appropriate legislation for the Appalachian situation: assumed causes were related to specific effects and possible cures.

The Endowment of Nature and History

The present human geography of a region can be viewed as the result of the buildup of infrastructure elements by the groups of people who have lived in the region. The Amerinds left few long-term marks on Appalachia, but successive waves of white Europeans and Americans introduced different types of economic development. Especially from the early nineteenth century on, each left its own settlement patterns and transport systems, which later groups often found difficult to adapt to new needs. This posed a continuing set of problems for people in Appalachia. The local economy was often based on a single export
product subject to price fluctuations, or on specialized and narrowly based manufacturing. There was a history of insufficient investment in the region's infrastructure to bring it up to date, and the problems were compounded over time. Economic development tended to lag behind that of the surrounding regions.

Yet no account of Appalachia can disregard the physical environment: the fact that it is such a large upland region has been used as an explanation for many of its socioeconomic problems. The Appalachian Mountains developed as a physical unit over millions of years and today incorporate a variety of upland types (see Map 1). This physical unit provides the most commonly used definition of Appalachia: its boundary follows the line where upland and ancient rocks give way to lowland and younger rocks.

The highest section, the Blue Ridge Mountains, is formed of ancient crystalline rocks and reaches over 6,000 feet above sea level in the south, where it constitutes a major east-west barrier, but is lower and narrower farther north. Although little of the rest of Appalachia reaches much over 3,000 feet, the highest parts have also been barrier-like at certain stages of history, channeling movements of people through the lower routes. To the east of the Blue Ridge is the Piedmont, an area of ancient rocks that have been worn down to a low plateau. To the west of the Blue Ridge the younger (Lower Palaeozoic) sedimentary rocks have been folded and eroded into a series of steep ridges and broad lowlands running northeast to southwest. This is the "ridge and valley" section. Some of the valleys etched out of weaker rocks are tens of miles wide and continue for several hundred miles. The western part of the mountain system is composed of plateaus formed on almost horizontal layers of Upper Palaeozoic sedimentary rocks, including limestones, thick seams of coal, and some layers rich in iron. The plateaus, more than one hundred miles wide in the central portion of the Appalachians, are incised by deep, narrow, and winding river valleys—further barriers to movement.

The Appalachians were formed by upheavals of the earth's crust several hundred million years ago, but since that time the forces of erosion have removed thousands of feet of rock. The region has been subject to re-uplift, and erosion caused mainly by rivers has provided the present relief of deep valleys carved between ridges and across plateaus. The Ice Age, one of the more recent phases of erosion, directly affected only the northern parts of the region, but its more widespread indirect effects were due to meltwater flowing southeastward and cutting major water gaps through the ridges. The meltwater valleys and gaps have become important as transport routes. Frost
MAP 1. The Appalachian Mountains: major relief regions. The ARC boundary is added for comparison.
action and solifluction during this period left the soils on the steep mountain slopes thin and composed largely of angular rock fragments. As the ice sheets melted some 10,000 years ago, the region was re-clothed with forest, ranging from coniferous woodland on the higher ridges and in the north to some of the richest deciduous temperate woodlands the world has known in terms of diversity of species and size of trees.

These woodlands and mountains were long home to many Amer-Indian groups, who cleared patches for farming and hunted and fished in the mountain areas while extending their influence over the surrounding plains. They moved around both by water and by narrow overland trails. Even as Europeans were settling the eastern coasts of North America after A.D. 1600, the Appalachians remained frontier lands of conflict and little settlement up to the time of U.S. independence in 1783. The mountains affected early settlers in various ways, forming a barrier in some places, providing an isolated refuge in others. Almost everywhere the soils are shallow and relatively poor, with better soils limited to the major valley floors. The climate is noticeably cooler and wetter than that of the surrounding lowlands—from the perspective of farming peoples, a further marked physical disadvantage.

The early nineteenth century witnessed the first real occupation of the Appalachians by white Americans, who moved inland from the eastern coast to settle the areas their country had won or purchased. The former frontier lands of Appalachia, largely cleared of the Amerind tribes, provided room for many new settlements; towns were founded and often acted as a base for the expansion of farming into the surrounding districts. The routeways of upper New York (the Mohawk valley, along the northern edge of Appalachia) and of southern Pennslyvania (the Susquehanna and upper Ohio valleys) were settled by farmers with densities of population ranging from twenty to more than fifty per square mile. The Great Valley, extending southwest from Baltimore to Tennessee, formed another zone of movement and farming settlement. It was overtaken in importance by the more northerly routes once the Amerinds had been cleared from them, since there were few breaks through the plateau escarpment to the west of the valley. Nevertheless, many families moved right through Appalachia at this time to the midwestern farmlands beyond. Pittsburgh became a route focus and a major center of population as a result of these movements, and many businesses were established in the town to cater to the traffic. By 1850 it had become the center of an iron industry linked by water transport to the surrounding valleys and based on local
ore, wood, and coal. Few settlements of any size were established in central Appalachia because of the more difficult terrain and the smaller numbers passing through. Southern Appalachia began to be occupied by white farmers after the final clearance of Amerind tribes in the 1830s. These hill farmers, known as "poor whites" in contrast to the cotton plantation owners of the adjacent plains, focused their activities on subsistence products together with small amounts of commercial crops such as tobacco.

Such an economy imposed a rigid and environmentally unsound form of land use on the hilly terrain: the farmers often ploughed up and down the slopes (thus speeding soil erosion) and became tied to their impoverished land by debt. This legacy was passed to succeeding generations. In the early nineteenth century, however, small family farms and local markets were the dominant forms of enterprise throughout the United States, and the fortunes of people who settled in Appalachia at this time were not very different from those of settlers in the lower lands on either side—except in the South, where there was a major contrast between the lives of the small hill farmers of Appalachia and the plantation owners of the surrounding lowlands.

By the end of the nineteenth century, the Civil War and the Industrial Revolution based on steelmaking had resulted in further major changes in the geography of Appalachia. In the north the Pittsburgh region had become the world's greatest center of iron and steel manufacture, thanks to its coking coal and routeways, which now included railroads as well as the waterways. A number of other steel-making centers expanded into northwest Pennsylvania, eastern Ohio, and northern West Virginia. They were linked by the Ohio River and by the expanding rail network to the rest of the nation and its growing markets for rails, locomotives, bridges, girders, and machine tools. The valley floors of this part of northern Appalachia became filled with larger and larger iron and steel works, railroad lines, foundries, and mills, while worker housing spread up the valley sides. New immigrants from southern and eastern Europe were brought to work in the expanding factory industries. At the other end of Pennsylvania, the textile center of Scranton and the steel industry of the Lehigh Valley also experienced major changes as a result of industrial expansion. In between, farming continued in the main valleys but was clearly less prosperous than that of the emerging Midwest.

Following its traumatic role as a Civil War battleground, central Appalachia went through a period of relative isolation and lack of industrial development; hence, its population density remained low. It was at this time that many families in this part of the region laid the
roots of future landlessness and poverty by selling the mineral and timber rights on their land for a few dollars. Itinerant engineers and former soldiers had noticed the quality of the timber and the thick coal seams outcropping on the valley sides when they had passed through during the Civil War; they now returned to obtain the rights of which local people did not yet understand the value (Caudill 1962). In southern Appalachia the economy suffered with that of the rest of the South in the aftermath of the Civil War; a few textile mills were set up in towns such as Knoxville, Tennessee, and Huntsville, Alabama, to exploit the cheap labor, but most people continued to live in conditions of rural subsistence.

This was a time of U.S. regional differentiation on an economic basis and of the growth of commerce and capitalism in all sectors of the economy. An increasing gulf opened between the rural subsistence economies of central and southern Appalachia and the manufacturing wealth being generated in the growing urban areas of the surrounding regions and to the north. It was at this time that Appalachia was first perceived as a "problem" region, although in the late nineteenth and early twentieth centuries, "Problem Appalachia" would have included just the southern and perhaps the central areas of greatest poverty and declining farming.

During the first half of the twentieth century the trends of the late nineteenth-century economy and its associated infrastructure intensified. The heavy manufacturing industries of the northern part of the region expanded until they employed hundreds of thousands of workers in larger and larger factories. The steel manufacturing in and around Pittsburgh was at the height of its dominance, and its local raw materials were replaced by those transported in from elsewhere: iron ore came from the Great Lakes area; coal was sought southward in central Appalachia. In general, it was a period when the scale of economic operations was extended from intraregional exchanges to increasing interregional linkages within the United States. Northern Appalachia regarded itself as part of the prosperous U.S. "manufacturing belt" and had little in common with central and southern Appalachia.

At the turn of the century, geologists employed by mining companies traveled through the central parts of Appalachia, where they identified thick seams of good coal with almost horizontal outcrops extending for miles along the valley sides. Those who had obtained the mineral and timber rights now capitalized on them, and many Appalachian farming families found themselves landless and powerless. It came as a great surprise to many local farmers that someone else had
the right to remove them from the land their families had farmed for many years. Their only future was to work in the mines and go to live in the local camps. To serve the growing market for coal, railroads were built to tap these easily won resources, and small coal-company settlements were established in almost every valley.

The extraction of coal followed the cutting of timber in central Appalachia, which had already accustomed the former subsistence farmers to wage earning, and their numbers were now supplemented by immigrants from eastern Europe and by black people from the South. Timber cutting had steadily moved southward; the northern parts had been clear-cut by the turn of the century, and by 1920 much of the best timber had been felled across the whole of Appalachia. The economy of the central portions, dependent as it was on single products such as timber and coal, was subject to boom and bust; relatively prosperous periods, based on a high level of demand for coal up to 1920 and in the 1940s, alternated with times of depression and deep poverty. Because the mining companies were not fully taxed on what they produced, little money was available to local authorities to provide an adequate infrastructure of transport, public health, and housing.

Southern Appalachia remained at a low ebb in the early years of the century, after some fifty years of slow economic development. It was to the "southern mountains" that the missionary schools and doctors were sent by outside church groups; the general perception at the time was that this was the most problematic part of Appalachia—isolated from the manufacturing of the north and the "wealthy" coalfields of the central region. In 1933 the Tennessee Valley Authority was created with the goal of improving the lot of people living in that drainage basin, which exemplified the problems of the South: narrow economic base, rural way of life, little modern industry, poor communications, and high energy costs.

Federal intervention in Appalachia before 1930 included the designation of national forests from 1911 and the establishment of the Great Smoky Mountains National Park in 1926. Both involved government purchase of land, often from the timber companies after they had felled the trees but also by compulsion from families that had not previously sold out to those companies. The latter purchases generated dislike of federal intervention among local people.

By the 1950s all parts of Appalachia were showing clear signs of economic and social distress, albeit in varying ways. In the north, people living in Pennsylvania found it difficult to accept that they should now be lumped together with those in eastern Kentucky (central Appalachia) or the hills of northern Georgia (southern Appala-
for many the term "Appalachian" had become a rude name, implying not only poverty but also some blame for descending to that condition within a predominantly prosperous nation. The northern industrial areas still maintained incomes close to the U.S. average, but forecasts of the near future were not so encouraging for them. The iron and steel industry was handicapped by old factories, cramped sites, and increasing competition from abroad; the region was beginning to earn the name "Rustbelt" as older factories closed. The drab manufacturing towns, with their bankrupt railroad lines and polluted surroundings, lacked the necessary infrastructure for attracting replacement industries. The steel industry's accumulation of large factories and worker housing had imposed a built environment that would be difficult to change. Already, the Scranton area of northeast Pennsylvania was experiencing major difficulties: its silk textile factories closed in the 1950s with the advent of artificial fibers, and its anthracite mines found less demand for their products. Areas outside the main urban-industrial centers were also affected by the decline in farming employment, which accelerated in midcentury. For most in northern Appalachia, however, the main problems were still to come. Central Appalachia became the main area of regional poverty within the United States at this time (Caudill 1962). Its coal industry was badly affected by adverse competition with cheap oil and natural gas; consequently, low wages, unemployment, and a dearth of local funding to modernize its infrastructure led to massive outmigration. Between 1950 and 1970, some 75 percent of the 15-34 age group left central Appalachia for industrial cities to the north such as Cincinnati and Cleveland. The lack of investment left narrow roads easily rutted by coal trucks and poor provision for health and education, while the abandoned mines and farms left a polluted landscape of utilitarian buildings and a highly dependent population. In contrast, southern Appalachia was showing positive signs of economic progress by this time. The spread of cheap TVA electricity throughout the valley region had been largely accomplished by 1950, World War II government industrial plants had continued to function, and labor costs remained low: a period of growth and prosperity was about to dawn. Yet economic growth did not come as rapidly as had been hoped following these investments because of the poor communications, health, and education systems which were a hangover from the previous era of southern poverty. Thus, all parts of Appalachia expressed economic and social needs of various kinds in the 1950s. The northern parts had experienced industrial prosperity in the steel and textile towns, but the impact of
this was beginning to wane. It left heavily built-up areas (requiring a major infrastructure reinvestment) and large areas of unsightly mine waste (often with extensive underground fires). The southern parts were beginning to grow but did not have an adequate level of services to support continuing expansion. Central Appalachia appeared to be incapable of sustained economic growth: it was hit by one setback after another, with flooding of the narrow valleys adding to the plight caused by the declining coal industry. The people and institutions within Appalachia appeared unable to do much about the problems they faced.

More precise details of the state of matters of Appalachia in 1960 relative to the rest of the country may be found in Chapter 3, which reports the survey conducted by the President’s Appalachian Regional Commission in 1963. But the symptoms of deep problems were obvious for all to see.

Problems Perceived and Solutions Offered

Throughout Appalachia’s history of socioeconomic and environmental problems, the perceptions of those problems and of possible solutions have changed. These varied perceptions have given rise to images and stereotypes of the people and the difficulties they face.

One of the earlier explanations of the poverty and “backwardness” of the region arose from the nature of living in a mountain environment at a time when commercial lowland farming and urbanization were expanding in adjacent regions. Urban dwellers in particular came to perceive those living in the mountains as being less than civilized. Over two hundred accounts of travel in the Appalachian region between 1870 and 1890 portrayed the people as a “rude, backward, romantic and sometimes violent race who had lived for generations in isolation from the mainstream of American life” (Eller 1978). In the late nineteenth century the isolation engendered by slow travel and the small densities of people supported on the poor mountain soils, particularly in the southern and central parts, were seen as barriers to progress and as the source of different attitudes to work, family life, and religion.

Other writers replaced explanations based on physical determinism with those based on a variety of human determinism imposed in some way by history. Caudill (1962) blamed the poor human qualities of those who first settled Appalachia, a history of conflict and feuding enhanced by the Civil War and labor-union battles, and the degrading
effect of the ups and downs of the coal industry in central Appalachia. Determinism, whether physical or human, is by definition impossible to correct; its significance has been contested in recent writings (e.g. Eller 1982), but in the late nineteenth century neither the physical nor the historical deterministic views offered much ground for hope of internally generated improvements. It was left to missionary efforts by ecclesiastical bodies inside and outside Appalachia to provide schools and churches.

The outcome of such thinking was that by the 1920s most people perceived the white hill farmers of southern Appalachia as a poorly educated and stubborn group whose wrong farming methods had degraded the land and reduced its yields until they did not have any means of their own to cope with the problem. Their situation was largely their own fault. The Roosevelt administration, taking office in 1933, saw it differently, however: these people’s difficulties were due to a combination of environment and history, not to any fault of theirs, and the federal government could help them—whether they agreed or not! The solution of the New Deal policy was to change the economy of the region by educating farmers to improve land management and by controlling the hydrology within the Tennessee Valley. The cheap electricity generated as part of the water management policy could—and did—provide a basis for manufacturing industry to generate alternative jobs for those whose farms had been washed away by soil erosion. These policies were paralleled by other federal programs directed more toward conserving resources than to helping people: they developed areas of southern Appalachia as national forests and national parks, despite the fact that this policy often turned farmers off their land and engendered bitterness toward the government.

The coal companies of the early twentieth century may also have felt that they were combatting the backwardness of central Appalachia by building houses for their workers, together with a store, church, and school, at each mine. They gathered miners and their families into company towns, often after dispossessing them of their land. At first this was a well-intentioned policy, but the provision made was always limited in scope, and such paternalism ended when the coal companies hit hard times and labor unions disrupted their production. The facilities were not renewed or replaced after the 1930s and by the 1960s had often deteriorated or fallen into disuse. This neglect demonstrated the limited intentions and abilities of employers. Whole mining communities had lost their own land and were now dependent on low wages even in the best of times.

By the 1950s the mining areas of central Appalachia were perceived
as a peripheral though resource-rich region of the United States. Like other such regions (for example, Canadian Shield and South Wales), these areas suffered because the intrinsic wealth of their products was removed for the benefit of shareholders and manufacturers in other parts of the country, but little was returned to help develop the mining area and its people. The coal companies even resisted attempts to attract other employers, since this might increase competition for labor and raise wages (Lewis, Johnson, and Askins 1978). The coal industry was also subject to international energy market prices, and by the 1950s Appalachian coal was at a disadvantage in competition with cheap Middle East oil.

Even the better farming areas of Appalachia possessed little in the way of physical advantage in an era of increasing commercialism, and the demise of farm employment often occurred without any prospect of its being revived or of replacement opportunities being attracted. Poverty in areas that had relied on farm income was seen as the result of a lag in the transition from a traditional rural economy, largely self-sufficient, to a modern urban-based way of life (Morrill and Wohlenberg 1971). This view suggested a need to modernize Appalachia or to encourage its people to move to growing metropolitan centers outside their region.

The areas of heavy industry in northern Appalachia were seen as going through another sort of transition: they had become areas of "industrial maturity," requiring new investment in diversified modern manufacturing. The remedies proposed for these problems focused on the encouragement of new urban-industrial expansion to provide jobs and exports in "growth centers," which in turn required better transport facilities, better education for job skills, and better infrastructure of all sorts. This series of processes, collectively known as "modernization," was seen as necessary even in southern Appalachia, but the problem of how to fill the identified needs remained unsolved.

Although most commentators in the 1950s blamed Appalachia's predicament on economic deficiencies due to the nature of the coal industry, emergence from a poor farming base, or the slowdown in the steel industry, others looked more deeply at the problems. They saw Appalachian residents as dispossessed economically, socially, and politically. Many had been pushed off their land by the coal companies or the federal government; local communities did not have the funds to provide good education or health care, because wealth had been siphoned off to the benefit of other regions; and local politics was often semifeudal in its domination by a single party or even a single family. Such situations were not the case in all parts of Appalachia but were
most prevalent in areas where sources of livelihood were most re-
stricted. And then there was the degradation of the environment as a
result of mining, timber felling, manufacturing, and farming. Spoil
heaps, mine fires, strip mining, rusting steel plants, polluted streams,
and soil erosion all made a contribution to the impression that human
activities had destroyed the potential resource base of the region.

By 1960 all these explanations were being put forward to account
for the low state of Appalachia and its people. Different interpretations
clashed, but all groups identifying the problems in these various ways
suffered from a lack of ability to do much about them.

Times Remembered

The conditions in Appalachia, so far as they affected individuals, have
been recalled by a number of those who grew up in the years before
1960. Three of the people quoted below were natives of southern or
central Appalachia, went away to college, and returned to take up jobs
with local development districts.

Cotton textiles came into the district just after the turn of the century; then corn
and cotton proved difficult to farm, and indoors poultry rearing took over in
the 1930s. That was all the employment. Most people classified themselves as
being employed in some form of agriculture. That was as close as you could get
in the U.S. to a subsistence type of employment, and it really was a hand-to­
mouth type of existence.

I had an aunt and five first cousins who lived in northern Georgia. Shortly
after World War II they were involved in migration to the northern cities,
spending off first in Cincinnati—the younger ones went first and got the older
to follow if they got a job. An entire Appalachian family was transplanted bit by
bit. They didn’t all do well: the social problems of [southern] whites trying to
integrate with whites in Cincinnati were great. (S. Dayton, 1984)

Our people often felt fear and shame when they went to Cincinnati, and made
an effort to copy the local people, even to pretending not to know about farm
animals. It’s funny, but it’s sad—and it was partly due to the fact that we were
not as well educated as some people. (G. Craig, 1984)

I was in high school, and I remember that winter having to walk about a mile
through the mud to get to the school bus; up to that time the nearest paved road
had been three miles away, and eight to ten years before it had been fifteen
miles away.

I remember working in a cabbage patch on Memorial Day and watching all
the cars from Michigan drive by. These were the automobile workers returning
to our area. Most of the people I know. Some of them ended up being foremen and supervisors due to hard work, but they mostly went without a college education and often without a high school education. (R. Shepherd, 1984)

There were no other economic helps of any kind: we had to rely on coal, and coal was going through a great depression. So we became a people whose land had worn out. There were no roads or other public facilities of the kind that would enable us to attract or maintain or support anything where people could earn wages. We had been bypassed by TVA. So here we sat, a people who were psychologically sick, economically sick, socially sick, and ironically one of the oldest parts of the nation and part of a country which had played a great role in rebuilding Europe after World War II. (H. Caudill, 1984)

Conclusions

The different parts of Appalachia experienced different trends and had different prospects in 1960, but all suffered from widely recognized economic and social difficulties. Appalachia contained a range of problems that could be found elsewhere in the United States but were not so concentrated in any other single region: the problems of boom-and-bust resource regions, of marginal hill farmland, of mature industrial regions, and of regions where economic, social, environmental, and political factors, some clearly outside the scope and scale of public policy but others that federal programs could address to an extent. The recognition of these situations led to demands for government action as the only real source of potential assistance.

In the late 1950s and early 1960s, especially during the debate at the time of the 1960 presidential election, these matters came to the notice of the American nation, and a slender political majority began to look for public-policy action. Yet there was much resistance to be overcome in the system and no model of a government program on which to base such action. The TVA process had by then been rejected, and most federal programs operated through major agencies whose priorities were set at the national level; they bypassed both the state and local levels and so had little understanding of either the contribution that state governments could make or the particular needs of local groups. The Appalachian region needed a major new initiative for regional economic development.
The Origins of the ARC: Mid-1950s to 1965

The Appalachian Regional Commission was established in 1965 as a result of the Appalachian Regional Development Act passed by Congress in March of that year. This chapter reviews the processes and events which culminated in that piece of legislation. It illustrates the way in which particular issues within the United States are brought to Washington and the vicissitudes that affect the progress of legislation. It also demonstrates how forces in the U.S. political system that act against region-based policies were overcome to produce an innovative law.

Attempts to design economic development legislation were instigated in the mid-1950s by Senator Paul H. Douglas from Illinois, who was concerned over the rising level of poverty among coal miners in his state. The adverse economic conditions in rural areas across the United States were causing widespread concern and provided support for such proposals. But the proposals were not concerted, received little enthusiasm in Congress, and were opposed by Dwight D. Eisenhower's administration. A bill introduced by Douglas took four years to pass Congress and then was vetoed twice by President Eisenhower. The head-on approach through Congress appeared to be closed at a time when the president was opposed to such programs.

Local and State Government Initiatives

During the 1950s the main stimulus for change in Appalachia came from the local level. Demands generated by business groups began to point to a need and will for cooperative economic development. Those involved hoped that these demands would generate economic growth and the modernization of infrastructure in backward parts of Appalachia. Such growth was seen to be necessary for an improved
quality of life for all. Moves toward cooperative planning occurred independently in northern Georgia, parts of Pennsylvania, and eastern Kentucky, largely generated by particular business leaders and local politicians.

In 1959 eleven counties in northwestern Georgia joined to form a voluntary association for the promotion of planning and development (ARC 1968). Leaders in state and local government had become aware that both urban and rural areas could benefit from sharing the resources of a multicounty region. The success of this venture led to an alteration of the Georgia State Planning Laws in 1960 to facilitate the establishment of area planning and development commissions throughout the state. Groupings of counties were decided by the participating agencies of local government and so constituted workable units. The steps creating these groupings were important initiatives leading to the formulation of planning machinery that filled a need at the time and was still functioning in 1990. To quote one state official: “Such a system of politically responsible substate district programming, tied in with the State’s development policies and programs, could, for example, lead to the investment of public funds for needed physical developments and their related programs, at locations within each substate area which would serve the entire district, attract needed private investments, and maintain or achieve viability for each substate district—to the ultimate benefit of the State as a whole” (ARC 1968).

In eastern Kentucky, the poorest part of Appalachia in the 1950s because of low energy prices worldwide, events of even greater moment for the longer term in Appalachia as a whole were under way (Lexington Herald 1956). One source of prompting was the state’s Junior Chamber of Commerce, which held its September 1956 meeting at Hazard, in the heart of the poverty-stricken coalfields. Its president, John Whisman, proposed the formation of an Eastern Kentucky Regional Development Council. This drew together a group of local political and business leaders, anxious to get something done to raise the well-being (and thus help the business climate) of that area. The initial project of this council was to gather information and suggest projects to civic groups. Past experience had demonstrated that the area had excellent individual political leaders but lacked organized planning and the experience of operating cooperative projects between local jurisdictions. The council members had been named by November, and the first proposals were drawn up. A three-pronged program included building highways to overcome the dreadful state of roads in the area between proposed interstate highways, upgrading river transport on the Big Sandy and Kentucky rivers, and setting up an industrial
research center to appraise local resources and establish the feasibility of exploiting them.

By 1960 the group's title had been changed to Eastern Kentucky Regional Planning Commission and its authority extended to thirty-two counties, for which an ambitious development plan, "Project 60," was published (Eastern Kentucky Regional Planning Commission 1960). The commission comprised of nine men representing the main centers of population in eastern Kentucky: two coal company executives, one oil company executive, an oil/gas driller, a realty developer, a newspaper editor, a college president, a church minister, and a doctor. The 1962 report of this group (Eastern Kentucky Regional Planning Commission 1962), though making clear that the scale of the problems faced was enormous, recorded some achievements, such as the completion of the Eastern Kentucky Turnpike (now the Mountain Parkway) and other encouraging events. The efforts of the commission had proved the importance of a broader vision for planning within a subregional context. It also served to emphasize the need for greater financial involvement of government at the state and, especially, the federal level. A positive event in this direction was the establishment by the state government of similar bodies throughout Kentucky.

The next step of major significance was the organization of nine governors of Appalachian states (Alabama, Georgia, Kentucky, Maryland, North Carolina, Pennsylvania, Tennessee, Virginia, and West Virginia) to address common problems and press for federal action. The Council of Appalachian Governors was an ad hoc group established to lobby for external assistance for the Appalachian parts of their states; at first it did not include all possible participants because of individual political differences of opinion. Following a meeting in Maryland in May 1960, however, the governor's group met with presidential candidate John F. Kennedy, whose 1960 election campaign was alerting him to the problems of Appalachia. At this time Governor Bert T. Combs of Kentucky was chairman of the U.S. Conference of State Governors and so had access to the president; John Whisman had become his staff member. Governor Combs, a native of Appalachian Kentucky, and other Appalachian state governors were to play a major part in fostering the birth of a regional agency at the federal level and in supporting the ARC over the years.

Thus, though the separate states had developed independent approaches in the late 1950s, ideas were coordinated increasingly through the Council of Appalachian Governors in the early 1960s. The governors were frustrated because they were not capable of achieving substantial results on their own in the context of the huge regional scale of
problems in Appalachia, but they were beginning to alert both the public and politicians in the region and the nation to the size of the difficulties that Appalachia faced. What is more, a basis for approaching problems cooperatively was being generated at the local level, and this would prove valuable later. By raising the issues in this way, the local jurisdictions and state governors were also providing experience for some of the individuals who would have a major impact on the development of the Appalachian regional legislation.

**Getting The Issues on the Federal Agenda**

Appalachia clearly lagged economically behind the rest of the United States; it had social problems resulting from isolation and outmigration; its political processes tended to hold back modernization; and its environment was deteriorating. It was a major step to mold issues identified at local and state levels, together with the ad hoc cooperative processes that had been developed, into an agenda for public policy at the federal level. That step was made possible during the 1960 presidential election campaign, when John F. Kennedy took up the plight of America's disadvantaged—from the blacks in the U.S. South to the white poor of Appalachia. The plight of the Appalachian people was more significant than that of the southern blacks in winning the votes that put Kennedy in the White House after he beat Hubert Humphrey in the primaries and narrowly defeated Republican candidate Richard Nixon, who had been vice-president in the Eisenhower administration, 1953-61.

A key test for Kennedy took place when his campaign for the Democratic nomination got to West Virginia. This primary had promised to provide a needed impetus for the candidacy of Humphrey, who had the support of organized labor, whereas Kennedy had the double drawback of being rich and Catholic in a poor and Protestant state. Yet here Kennedy both won the state and also set a major part of his subsequent political agenda. Eisenhower had just vetoed the Douglas "depressed areas" bill (which Kennedy had supported in the Senate) for the second time when Kennedy arrived in West Virginia and came face to face with many of the problems at which this legislation had been aimed. He met with state governors, who were deeply concerned about the economic lag within their states, and the presence of Franklin Roosevelt, Jr., on Kennedy's team suggested to voters that some New Deal-style public policies might be implemented if Kennedy were elected. His campaign in this crucial primary was also greatly assisted
by his money and media following. The image of Kennedy, shocked at the sight of shoeless children, made a point about the paradox of poverty and marked inequalities existing within the affluent American society of the time; his promise to deal with such problems provided a crusading basis for an appeal to the national electorate. Caring for disadvantaged people was to be a feature of the “New Frontier” within U.S. society.

The West Virginia experience illustrates the importance of particular events in triggering widespread public concern over a particular issue that may have been present for some time without such recognition. It also ensured that the Appalachian question would remain in the forefront of President Kennedy’s own agenda for political action.

First Attempt at a Legislated Solution: The Area Development Act, 1961

As soon as Kennedy was voted in, his administration prepared a policy agenda and worked to get it accepted and implemented by Congress. Senator Douglas was appointed to lead a task force on depressed areas and reported as early as 1 January 1961; the new bill was labeled S1, indicating the priority attached to this concern in the forthcoming session of Congress (Whisnant 1980). The Area Redevelopment Act was signed into law on 1 May 1961. It was supported by Appalachian senators and representatives, although some pointed out that it was too general and would almost certainly be underfunded. Conservative opponents caricatured the bill as operating against essential American free enterprise and saw it as a preliminary to full state control: that is, socialism.

The act established the Area Redevelopment Administration (ARA), an agency housed in the Department of Commerce, despite pleas for its independence. Whisnant (1980) quotes its administrator, William L. Batt, on the ARA approach:

The pattern functions like this: the communities are encouraged to organize for economic development, to analyze their opportunities . . . and to develop a plan for action. ARA will help them to make promising resource and industry feasibility studies. When a businessman indicates interest in a specific opportunity . . . he is extended a long maturity, low-interest loan. This loan is often coupled with financial help to the local government to provide the public facilities necessary to service the new enterprise. It may be that the enterprise requires workers specifically trained for its operation. ARA, through the De-
part of Labor, provides this training; and the cycle from community planning to actual jobs is complete.

As this extract indicates, some of the programs were the responsibility of other agencies, which did not see them as priorities. In addition, not only was the ARA hampered by a relatively low level of funding, but local matching contributions were necessary, together with the presentation of an overall economic development plan (OEDP), and rural areas such as Appalachia seldom possessed such finances or the planning teams required. Further, the ARA did not overcome problems linked to its definition of "community" as a local jurisdiction and the motives of private-sector employers.

The main problem was probably that, by definition, over one-third of U.S. counties could qualify for ARA benefits, yet the most depressed (many of which lay in Appalachia) had neither the willing entrepreneurs nor the professional expertise to produce an OEDP backed by local matching funds. Thus, Appalachia was poorly served by this agency, since funds tended to be scattered in small projects where U.S. senators or representatives had been influential. Up to 1964 over half the Appalachian-bound funds went to one state, West Virginia, where some two-thirds of the money was used in tourism projects.

In general, Appalachian politicians at federal, state, and local levels were not happy with the ARA, its piecemeal approach, and its lack of coordination with the other federal agencies that were expected to implement the projects it initiated. The ARA was also limited to building "bricks-and-mortar" items, because they were acceptable to the congressional funders, rather than contributing directly to much-needed human resource development such as education and health care; provision of the latter was still viewed with suspicion by conservative politicians. Such shortcomings themselves, however, highlighted the features that would be required in an improved program: more specific criteria to focus the utilization of scarce public funds; an overview of the grant aid funds available through different federal agencies to avoid overlap or repetition; help for poor rural local jurisdictions in gaining access to federal grant aid; and more sympathetic consideration to a wider range of provision, beyond mere bricks-and-mortar projects.

The President's Appalachian Regional Commission

Within nine months of the passing of the ARA legislation, President Kennedy signaled his impatience over the agency's lack of progress in
tackling the problems of Appalachia. In October 1962 the ARA set up an interagency committee to work with the Appalachian state governors: this committee involved personnel from ARA, other federal agencies, and the governors' staffs. Flooding in central Appalachia in March 1963 brought yet another crisis to the region and caused Kennedy to turn a full ARA Advisory Policy Board meeting on 9 April into one that focused on the specific needs of Appalachia. The day before, Congressman Carl Perkins of Kentucky had introduced a bill, HR 5525, "to provide for a resource and economic development program for the Appalachian highlands area" through water resource and natural resource development. This put pressure on the president, staff, and state governors to initiate their own approach.

Following the March 1963 flood, a delegation from Congress led by Senator Robert Byrd (West Virginia) toured the affected areas. This visit highlighted a major problem when the interagency group tried to formulate a response to its findings (Whisman, 1984). Among other damage, over a thousand bridges had been destroyed in eastern Kentucky alone, but the emergency-aid programs available funded only basic replacements. The poor Appalachian states did not have the funds to raise this aid to the levels necessary to replace the bridges, let alone to improve them; therefore, after replacement they would be worse than before the flood. And yet this event presented an opportunity to rebuild in a way that would encourage development of the Appalachian region and not merely restore the old systems.

It became clear that a broadly conceived new program was needed to deal with the simple fact that the impoverished Appalachian states acting alone could not begin to respond to this disaster. It was when such a demand caught the imagination of President Kennedy that he changed the purpose of the 9 April ARA meeting. The staffs of the Council of Appalachian Governors, the interagency committee linked to that council, and the White House prepared a strategy that called for three outcomes for Appalachia. First, a thirty-day study would be carried out to ascertain what could be done in Appalachia without legislation; but there was a delay in initiating the study, and it was several months before the University of Pittsburgh was commissioned to produce it over a period of two years; by then, other events had overtaken it. Second, an Appalachian Institute would be created to study further the problems of the region and encourage the involvement of academic institutions in its future; however, this institute was never established because the academic and political groups proved difficult to coordinate. Both those steps were palliatives and delaying tactics. The final proposal came from the Appalachian state governors,
who wanted something more ambitious: the creation by executive order of a President’s Appalachian Regional Commission (PARC) to develop specific legislation for Appalachia. This step led to immediate action, and the commission was charged to work closely with the Council of Appalachian Governors. This unique response (which should have been a “committee”, rather than a “commission”) was a crucial move toward the Appalachian Regional Development Act. It is significant that this outcome resulted from responses to an unexpected event, followed up rapidly by the Appalachian governors and their staffs, who pressed for action at a meeting that had threatened to come up with very little, since the established federal system for dealing with emergencies and natural disasters had powers to deal only with outcomes, not causes. The governors’ offices were ready to grasp the opportunity presented in this way.

The President’s Appalachian Regional Commission was set up in April 1963 to provide “a comprehensive program for the economic development of the Appalachian Region,” according to President Kennedy, and it reported a year later (Roosevelt 1964). Franklin Roosevelt, Jr., was appointed chairman, and the previously proposed grant to the University of Pittsburgh for the thirty-day study was converted to pay the PARC staff costs. The commission was similar to the group that had met with President Kennedy on 9 April: besides the chairman there were thirteen representatives of federal agencies concerned with Appalachia, and governor-appointed representatives from nine Appalachian states. John Whisman, the Kentucky governor’s representative, was appointed executive secretary. There was also a staff of ten, led by John Sweeney as executive director.

By the time the commission reported, however, Kennedy had been assassinated; Lyndon Johnson had taken over as president and would be running for reelection at the end of 1964. Initial legislation based on the PARC report was sent to Congress in the summer of 1964; it was not passed before the November elections, but on the resumption of Congress in 1965, revised legislation was passed by both houses and signed into law by President Johnson on 9 March 1965.

The PARC’s work was extremely complex and carried out under pressure from the White House to bring legislation forward as soon as possible. Teams of additional representatives from federal agencies and the nine Appalachian states examined areas such as highways and transportation, water resources, physical resources, human resources, and the feasibility of comprehensive program development. Chairman Franklin Roosevelt, Jr., visited each state in establishing these teams. Over 1,000 people took part in discussions. The states were clear that
they wanted highways and resource development, together with preferential treatment by federal agencies; the federal officials were directed by the president to be cooperative. Ideas for increasing agency budgets to assist the region were forthcoming; for instance, the Department of Transportation was only too willing to suggest a $1.2 billion program of regional and local-access roads to be financed largely by additional federal funds. Roosevelt and the small central staff led by John Sweeney brought coordination and a degree of balance to these ideas; they evaluated the priorities expressed by state governors in the context of a theoretical rationale and a plan for the structure of a permanent agency to carry out the requirements (James Sundquist, a member of PARC, quoted in ARC 1985a).

The PARC report (Roosevelt 1964) took an overview of the whole Appalachian region, using 1960 statistics. This approach was preferred to merely highlighting the conditions in the worst central areas. It defined Appalachia as containing ten states or parts of states (see Map 2), adding counties in Ohio to the original nine states involved in the Council of Appalachian Governors. Some of the major points in the report concerning the conditions in Appalachia at the time include the following.

- **Income gap**: Average per capita income in Appalachia was 74 percent of the U.S. average (see Chart 1). One-third of Appalachian families had incomes below the official “poverty” level, compared with one-fifth across the whole nation; the percentage of Appalachian families with “high” incomes was half that in the United States as a whole. The low incomes led to low levels of savings (56 percent of U.S. average), low levels of spending on retail goods (75 percent of what might be expected by national criteria), and low levels of spending on recreation, amusement, and other personal services (53 percent of U.S. average). Low incomes were also reflected in the low quality of the housing units available: over a quarter required major repairs, and 7.5 percent were in a dangerous condition—both categories 50 percent above the national figure.

- **Job gap**: Low incomes were further related to limited job opportunities in the region. In 1960 the rate of unemployment was 40 percent higher than the U.S. average, but there were many in Appalachia who had given up hope of a job and withdrawn from the labor force; real unemployment and underemployment were therefore much higher. Labor-force participation was very low, in central Appalachia, as little as half the national average. Rural Appalachia was in the middle of a massive transition affecting employment categories: between 1950 and 1960 the farming and mining industries had cut their labor force by half, and although new jobs in manufacturing and services made up for most of these losses in the region as a whole, they were often created in parts different from those suffering the major primary-sector losses. Overall, employment
MAP 2. Political Appalachia: expansion from the PARC nine to the ARDA eleven and the 1967 amendments' thirteen states. The map denotes the counties regarded as too affluent to qualify for ARDA grants before 1965. The central subregion is shaded, separating the northern and southern subregions. The geographer's boundary shows the difference between one geographical definition and the ARDA political definition of the region.
1. FAMILY INCOMES, 1960

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<th></th>
<th>Metropolitan</th>
<th>Non-Metropolitan</th>
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Key: United States

2. DISTRIBUTION OF FAMILIES BY INCOME GROUP, 1960

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<td>63.9%</td>
<td>5.6%</td>
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Key: Annual Family Income

3. PER CAPITA INCOME, 1960

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<tr>
<td>Kentucky</td>
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CHART 1. The PARC analysis of Appalachia, 1964. These graphic summaries were used to demonstrate the economic basis of the region’s problems in 1960.
Origins of the ARC

decreased by 1.5 percent in Appalachia during a decade when it increased by 17.1 percent nationally.

- **Education gap**: Most of the new jobs demanded skills and improved levels of education. But there was a shortage of technical and specialist education with a vocational emphasis in the region and thus of the skills needed by potential employers. The percentage of Appalachian high school and college graduates was only three-quarters of the U.S. average, and a high proportion of young people dropped out of formal education at an early age.

- **Population shift**: Unable to obtain jobs within Appalachia, many migrated out of the region: during the 1950s outmigration exceeded immigration by two million. Those who left were mainly younger people in the 15-34 age range and often those with more marketable skills; they left behind high proportions of dependent, especially aging, groups. This exacerbated the shortage of skilled local manpower in Appalachia. The previously high birthrates also fell as the main child-bearing age groups left the region. During the 1950s the overall Appalachian population rose by 1.1 percent, compared with 20.4 percent for the nation. Even those who migrated out of the region, often going to the cities just outside Appalachia such as Cincinnati in search of jobs, found themselves at a disadvantage because of their poor education and health; they congregated in “hillbilly ghettos” (Philliber and McCoy 1981). Within Appalachia there was a slower move to urban and especially metropolitan areas than in the rest of the country up to 1960, and over twice as many people were classified as “rural nonfarm” as in the rest of the nation.

The section of the President’s Appalachian Regional Commission report dealing with the situation in 1960 concluded: “This then, is Appalachia: a nonurban land with a population over 50 percent rural but less than 10 percent farm; deeply unemployed; all too frequently deprived of the facilities and services of a modern society; dependent on local jurisdictions with an inadequate tax base and too often reliant upon the marginal comforts of a welfare economy. What it [the commission] has found is a record of insufficiency—a history of traditional acts not performed, of American patterns not fulfilled. This sets Appalachia apart from the rest of the Nation.”

Following its analysis, the PARC report first set out a series of actions that would provide the elements of a legislative program and then proposed means to implement it. The elements were based on four priorities: “the provisions of access both to and within the region; programs to use more fully the region’s great natural resources—coal, timber and arable land; construction of facilities both to control and exploit the abundant rainfall of Appalachia; programs in which immediate improvements in human resources can be attained.” It was emphasized that the recommendations in themselves could not be
regarded as a "definitive solution for the many-sided Appalachian problem"; that would require the full involvement of private enterprise, together with regional coordination by an organization working with state and local units and with "multiple State and Federal agencies." The program was envisaged as a "first step," the "indispensable groundwork for a solution." The proposed elements of the program based on the four priorities were as follows.

- **Providing Access** to overcome regional isolation was considered a critical basis for development within Appalachia, and over one-third of the federal investment for 1965-67 should be in the building of highways. Airport services within the region should also be improved, following initial studies of need.

- **Water Resources Development** would require a comprehensive attack on flood incidence, water quality, and the use of water resources. Funds were recommended to accelerate construction of water-management and sewage facilities.

- **Natural Resources** were seen as the key to a more prosperous economy. In particular, the needs of agriculture (acceleration of pasture improvements to expand livestock), the management and marketing of timber through Timber Development Organizations, and the development of coal and other mineral resources were recommended for funding. Studies were also needed of the regional potential for expanding power production (based on coal, gas, oil, and nuclear fuels) and recreational facilities.

- **Human Resources** would require development with linked programs focusing on "food, clothing, medical care, housing, basic education, skills, jobs, hope and dignity." President Johnson's envisaged poverty program would cover many of these, but additional resources should be focused on Appalachia to ensure that the people in the region could profit from other grant aid. In particular, funding was recommended for vocational schools, employment, welfare services, health, nutrition, and housing. This whole area was a major new consideration so far as the U.S. philosophy of public policy and regional development was concerned.

The list of proposals regarded the combination of infrastructure and people skills as basic to providing new jobs. In addition, private individuals, their communities, and government agencies at all levels would need to be involved in building on the foundation so provided. Industrial and commercial development and the provision of community amenities would also be required to foster economic development. No sums of money were recommended for these aspects, but reference was made to expanding the ARA programs for industrial and commercial growth. Thus, the PARC focused on highway access and natural resource development, with a smaller emphasis on human
resources and community/area development in the expectation that President Johnson’s other Great Society programs would provide such needs.

The report then set out the means for achieving the needs of Appalachia: a new independent agency to coordinate state and federal actions, building on the basis of cooperation and dedication that had resulted in the PARC report. There would be a recognition of different geographical scales of activity and linkage, from the national interest through the region and its states to the local jurisdictions. Such an agency would be expected to act as a clearinghouse for the coordination of public and private efforts for development within the region. The Appalachian Regional Commission would include the governor (or appointee) of each participating state, plus a federal representative appointed by the president. It would be co-chaired by the federal and a states’ representative. This was another major innovation, giving state governors as a group an equal vote with the president’s appointee in disbursing federal funds. A majority vote of the members would be needed to approve proposals. A staff would be set up and funded. Citizens’ councils, including appropriate existing organizations approved by each state, would be established, and staffing for these would also be funded. An additional fund would be created to provide grant aid where it was not already available under current arrangements within federal agencies.

On receiving the PARC report, President Johnson hesitated, concerned about cost should other underprivileged regions similarly seek federal assistance. Nevertheless, the bill proposed by the commission went forward: the Senate passed it in mid-1964 by a 45-13 roll call, although the senators who backed it had to reassure colleagues that similar regional commissions would be authorized for other parts of the nation. The House of Representatives, preoccupied with the impending elections of November 1964, did not pass the bill at this stage, and that might have been the end of the Appalachian legislation if the nation had not returned Lyndon Johnson to the White House.

Because the 1964 debate over the PARC-based bill brought to light broader political objections to some of its provisions (ARC 1971a), many recommendations related to natural resource development were dropped or modified in the revised bill brought forward in the following year. For instance, midwestern cattle producers objected to the pasture improvement element, and so control of soil erosion became the emphasis; the scope of the timber development program was severely restricted to what proved to be unworkable levels; the water resource program was cut back to an initial study to be carried out by
the U.S. Army Corps of Engineers; and the new Commission was to be specifically prohibited from producing or marketing power. At the same time, pressure from Pennsylvania led to the expansion of plans for mine reclamation and a directive to conduct a survey of strip mining facilities. Thus, the resource development elements of the PARC program were replaced by remedial concerns with environmental improvement. It is significant that the debates about the Appalachian regional bill focused on such aspects as the content of the program and on provision for parts of the United States that would not be covered, scarcely referring to the operational mechanism proposed by the PARC.

Throughout this period the individuals involved in producing the PARC report were backed by strong gubernatorial support especially from Bert T. Combs (Kentucky), J. Millard Tawes (Maryland), Terry Sanford (North Carolina), and William W. Scranton (Pennsylvania). This was matched by sympathy at various crucial levels in Congress. Thus, Jennings Randolph, senior West Virginia senator, was a member of the Senate Public Works Committee, 1960-66, and then its chairman, 1966-80. Senator John Sherman Cooper of Kentucky cosponsored the Appalachian legislation in the Senate with Randolph. Joe L. Evins, a congressman from eastern Tennessee, was a member of the House Public Works Committee and its chairman from 1966 to 1975. Robert E. Jones, a congressman from northern Alabama, chaired an ad hoc group considering the Appalachian legislation and sponsored it in the House. Many others could be named, but the point is that the bill had sufficient powerful supporters in Washington to assist its passage through Congress. This combination of federal and state support, together with the development of a core group of committed staff members, provided a firm foundation of enthusiasm and expertise for the passing of the legislation and the establishment of the future Appalachian Regional Commission.

The Appalachian Regional Development Act, 1965

The Appalachian Regional Development ACT (ARDA), which was signed into law on 9 March 1965 as Public Law 89-4 (U.S. Congress 1965b), was passed by votes of 62 to 22 in the Senate and 257 to 165 in the House—despite the opposition of most Republicans (Congressional Quarterly 1969)—thanks to a combination of the support of powerful congressional leaders, the “LBJ honeymoon effect” following Johnson’s landslide reelection in 1964, and a set of compromises made in the
earlier proposals. It failed to fulfill all that the PARC members had hoped for, but it did provide a basis for future developments. The fundamental context of the act was set out in the aims and sentiments of Section 2.

Findings and Statement of Purpose

Sec. 2. The Congress hereby finds and declares that the Appalachian region of the United States, while abundant in natural resources and rich in potential, lags behind the rest of the Nation in its economic growth and that its people have not shared properly in the Nation’s prosperity. The region’s uneven past development, with its historical reliance on a few basic industries and a marginal agriculture, has failed to provide the economic base that is a vital prerequisite for vigorous, self-sustaining growth. The State and local governments and the people of the region understand their problems and have been working and will continue to work purposefully toward their solution. The Congress recognizes the comprehensive report of the President’s Appalachian Regional Commission documenting these findings and concludes that region-wide development is feasible, desirable, and urgently needed. It is, therefore, the purpose of this Act to assist the region in meeting its special problems, to promote its economic development, and to establish a framework for joint Federal and State efforts toward providing the basic facilities essential to its growth and attacking its common problems and meeting its common needs on a co-ordinated and concerted regional basis. The public investments made in the region under this Act shall be concentrated in areas where there is a significant potential for future growth, and where the expected return on public dollars invested will be greatest. The States will be responsible for recommending local and State projects, within their borders, which will receive assistance under this Act. As the region obtains the needed physical and transportation facilities and develops its human resources, the Congress expects that the region will generate a diversified industry, and that the region will then be able to support itself, through the workings of a strengthened free enterprise economy.

The contents of the act may be summarized as follows.

PURPOSE
To assist the region in meeting its special problems.
To promote its economic development.
To establish a framework for joint federal and state efforts toward providing essential basic facilities.

TITLE I: THE APPALACHIAN REGIONAL COMMISSION
The ARC would be established with a presidential appointee as federal co-chairman and having a veto; there would be a representative from each
state, electing a states' co-chairman and requiring a majority to pass decisions.

Defined functions:
(a) To develop comprehensive and coordinated plans and establish planning priorities for the region.
(b) To conduct and sponsor research.
(c) To review other programs.
(d) To formulate and recommend interstate cooperation.
(e) To encourage the formation of local development districts.
(f) To encourage private development.
(g) To provide a forum for the discussion of problems in the region and their solutions.

Administrative powers were also determined.

TITLE II: SPECIAL APPALACHIAN PROGRAMS
NEW PROGRAMS
SECTION 201. The Appalachian Development Highway System: to build highways and access roads to "open up an area or areas with developmental potential." Federal assistance: 50% and up to 70% in some cases.
SECTION 202. Demonstration health facilities: funding for construction, equipment, and operation of multicounty facilities with grants up to 100%.
SECTION 203. Land stabilization, conservation, and erosion control, based on agreements with landowners and users.
SECTION 204. Timber development organizations: technical assistance, some initial capital.
SECTION 205. Mining area restoration: rehabilitation of areas damaged by mining.
SECTION 206. Authorization of U.S. Army Corps of Engineers to prepare plans for utilizing water resources.

MODIFICATIONS OF EXISTING PROGRAMS
SECTION 211. Vocational education facilities were to be constructed.
SECTION 212. Sewage treatment works could be constructed.
SECTION 213. Amendment to 1954 Housing Act made the ARC a regional planning authority.
SECTION 214. Supplementary funds would be available for use with federal grant aid programs: federal share raised from 50 to 80%.

GENERAL PROVISIONS
States could not divert funds from their Appalachian sector to other parts; states had to enter the program willingly and consent to its conditions.

TITLE III: ADMINISTRATION
SECTION 301 defined "local development district" as a group of counties designated by a state governor for the purpose of economic development;
Origins of the ARC

LDDs were to receive administrative grants for up to three years. Stipulations regarding project approval and annual reports were also included.

TITLE IV. MISCELLANEOUS PROVISIONS

SECTION 403 defined the region in terms of the list of counties to be identified by each state.

Its specific provisions retained and enhanced the highway provisions proposed by the PARC; replaced much of the natural resource development with environmental conservation, referring the rest to other federal agencies; and retained only the vocational education and health care demonstration projects of the human resources elements. Funds authorized at the outset included $840 million for highway construction up to the expiration of the law in 1971, plus $252.4 million for other projects up to 1967.

The limited and reduced nature of this act has been the subject of much dismissive comment, but major innovations that provided the seeds for future achievements were often overlooked by earlier commentators, who were intent on criticizing perceived weaknesses. The radical features included the nature of the composition of an independent commission involving state and federal representation; the establishment of local development districts (LDDs) by grouping counties together and providing staff funding for three years; and the concept of supplemental funds to raise the federal contributions to grant aid projects. Supplemental funds were important as a device to overcome the difficulty that rural areas faced in finding the 50 percent matching funds to go with federal grant aid; such funds were expected to provide 30 of the required 50 percent and even the full amount in some cases. Many of these features can be seen as outgrowths of the experience of those who had been instrumental in trying to achieve something for Appalachia in the moves toward the legislation. Even some of the provisions that were perceived as restrictive in the initial stages were relaxed in later revisions of the legislation.

The politicians who had argued for similar assistance to other parts of the United States were only partly satisfied by the Public Works and Economic Development Act (PWEDA) passed later in 1965. This act set up a series of regional commissions under its Title V, four of which had been defined by 1967 and others created up to 1979. It also established the Economic Development Administration (EDA), which worked through multicounty units known as economic development districts (EDDs). However, the Title V regional commissions received low levels of funding compared with the ARC; they were not linked to the EDDs; and the whole program was administered as a small part of the Depart-
The Appalachian Regional Commission

ment of Commerce, rather than as a set of independent agencies. This combination was to prove fatal to the Title V commissions (Chapter 6) and also created problems for the ARC in 1979 (Chapters 5 and 8).

The "Appalachia" to which the ARDA applied comprised parts of ten states plus the whole of West Virginia. It was not what academics or others would have chosen or perceived (Raitz and Ulack 1984); it was essentially a political creation. It followed the junction between upland and lowland in many places but omitted most of the Piedmont area on the east and extended beyond the physiographic boundaries into central Alabama (compare Map 1 with Map 2). The need to define "Appalachia" arose out of the common concerns of a group of state governors for problem areas within their states, but the concept of "an island of poverty in a sea of affluence" was merely a beginning. That the problem areas were concentrated largely, though not totally, within the Appalachian Mountains provided a common focus for cooperation and defining a program. None of the state governors had a clearly bounded region in mind, although it was agreed that the central part of Appalachia (West Virginia, eastern Kentucky, and western Virginia) suffered most from the problems identified. In the course of the PARC discussions the nine states of the Council of Appalachian Governors had grown to ten with the inclusion of Ohio; these had been augmented to eleven when six South Carolina counties were added in time for inclusion in the 1965 legislation. Thus, the original concept of Appalachia based on identified needs was made more concrete by the political necessity of drawing a line to specify the counties to which the legislation should apply. This exercise was also seen in the pragmatic terms of marshaling as much congressional support as possible.

Each state nominated a group of counties, choices often criticized in the congressional committees responding to the proposed legislation because they included some counties where socioeconomic conditions were better than the United States average (U.S. Congress 1965b). But the designers of the legislation argued that it was important to produce a compact region—which may be seen as a rationalization of the process by which border counties were often added if they brought in an additional congressional district and the support of its representative. The boundary excluded marginal metropolitan centers, such as Cleveland, Columbus, Cincinnati, Lexington, Nashville, Atlanta, and Charlotte—which might have been seen as major growth centers linked to hinterlands incorporating large sections of Appalachia—because the legislation sought to emphasize the internal needs of the region and because the inclusion of these major metropolitan centers would have defeated the object of getting federal grant aid to the rural portions.
At the time of designation, some counties made strong pleas to be left out, largely on the grounds that their political leaders disagreed with the philosophy behind the ARDA. These counties included a group around Roanoke, Virginia, where there is a conspicuous embayment in the eastern ARC boundary. That area’s later request for inclusion came too late, after the finalization of the boundaries in 1967.

The drawing of any regional boundaries can provoke disagreement. The essence of defining a boundary, however, is that it should be related to a particular usage. The Raitz-Ulack geographical line shown in Map 2 was justified on the basis of nonpolitical criteria, including people’s perceptions of the boundaries of Appalachia. The ARC boundary was established for the purposes of the ARDA and its operation, which included the provision of continuing political support.

Conclusions

The Appalachian Regional Development Act was passed in 1965 despite the many obstacles that stood in the way of regional public policy in the United States. It was not the optimum legislation envisaged by the PARC, but many of those involved in the series of events leading to its passage agreed that it was an achievement to enact some sort of legislation as a basis for future action. The seeds sown by local and state government in the 1950s germinated and gathered sustenance and momentum from the involvement of the state governors, federal politicians, and agency staff in the various task forces of the early 1960s. The issues raised during the 1960 presidential campaign became major public policy objectives resulting in the passage of early bills in 1961 (e.g., ARA) and 1965 (e.g., ARDA, PWEDA). On the way to the ARDA, opposition was expressed in Congress at every turn but was either mollified by concessions (especially on the natural resource program) or outvoted. The loss of some items recommended by the PARC affected elements within the program rather than the machinery by which it should be worked out; the structure of the commission as outlined in the act is very similar to that proposed in the PARC report.

Thus, the genesis of the ARC and the drawing of regional boundaries were essentially the results of practical political forces at work. Once the matter of Appalachian needs had been taken up by the state governors and had been pressed home with President Kennedy, events led to the establishment of the PARC. Once PARC reported, the legislation being formulated was subject almost totally to the cut-and-thrust (trading and compromise) within Congress. This meant that alternative suggestions, such as those publicized by Harry Caudill
The Appalachian Regional Commission (1962), calling for a TVA-like public corporation, were largely ignored or rejected by the policy-makers or eliminated by political processes. Although some feel that this is a less than ideal way of doing things, it may well have provided greater strength to the agency in the long term, since it has had to operate within and be answerable to the political environment that created it.
Once the president had signed the Appalachian Regional Development Act into law in the Rose Garden ceremony, the most important question (as for any public-policy program) had to be faced: would it work out in practice? The first essentials were to establish working procedures and to show that something could be achieved quickly. Politicians and the general public tended to be impatient for results after years of waiting for the legislation to materialize.

The newly formed Appalachian Regional Commission was the focus of many hopes, but it had to face a number of difficulties in its early days. First, it was a new and small independent agency with limited programs, yet it had to make its way alongside the vast bureaucracies of established federal departments. Second, it incorporated a number of experimental aspects, particularly in its organizational structure and unique special relationship with state governors; other federal agencies were both paternalistic toward and suspicious of the upstart. Third, and related to these attitudes, funds for specific Appalachian programs had to be requested through the established agencies, a procedure that added further layers of bureaucracy, and thus time, to the processes of decision-making. Fourth, the Appalachian programs were restricted in comparison with the PARC recommendations, and it appeared that the main effort would be confined to the road-building program. This discouraged some would-be supporters at the outset, since they jumped to the conclusion that other needs would be neglected. Fifth, the elements of the legislation that were new, such as the federal-state relationship and the establishment of LDDs, looked as if they might take longer to realize than had been hoped, given all the good intentions expressed by federal officers and state governors.

Thus, it is important in this chapter to look back on the first phase of ARC operation between 1965 and 1975 and see how it established a
foundation for the gradual evolution of confidence and practical implementation of the legislation. It is convenient to divide the decade into the periods 1965-67, 1967-71, and 1971-75 for the purpose of examining this process of evolution, since each phase culminated in reviews of the legislation and the role of ARC and led to an expansion of its responsibilities.

Commencement, 1965-67

The first meeting of the ARC took place on 19 April 1965, and all but two of the eleven Appalachian governors attended. John L. Sweeney, who had been executive director of the PARC, was appointed by President Johnson as federal co-chairman. The state governors agreed to nominate alternates to take part in the detailed arrangements, and also to employ a permanent representative with an office in the ARC's Washington headquarters. Harry A. Boswell, the Maryland governor's PARC representative, was appointed to the latter position but was succeeded in 1966 by John Whisman, who had been executive secretary of the PARC. Ralph Widner was appointed the ARC's first executive director; he had been working on the staff of a U.S. senator and did not have the status to provide an alternative voice in competition with Sweeney, who dominated the early days of the agency. Sweeney was highly regarded by the early staff; he expected total dedication to the job but imbued it with a sense of mission (Krevor 1984, Whisman 1984).

The first projects were also approved at this initial meeting, and the commission began to operate in May. From the outset it was no easy matter to arrange for project funding. The period 1965-67 was marked by the extreme complexity of the process. Relevant preestablished federal agencies had to request special funds from Congress for Appalachian projects within their general budgets. When the budget sum for each project was known, the Appalachian state involved would seek ARC approval, and the ARC would then recommend it to the federal agencies concerned. Other aspects of funding—for research, technical assistance, and the administration funds for LDDs—were administered through the Department of Commerce. Negotiations between the ARC, the states, and other federal agencies were continuous and often difficult; it was almost impossible to establish conventions and ground rules to ease these processes, since each early project tended to require different combinations of inputs.

Despite these difficulties, the ARC soon gained a reputation for using its independence to get things done when other federal agencies
would have been tied by protocol. Two examples are worth recording (Krevor 1984). The first took place within the first few weeks of ARC’s existence, when a crisis arose in which the Appalachian Regional Hospitals (which had been established by the United Mineworkers of America) could not pay their salary bill. The Office of Economic Opportunity (OEO, the Johnson administration’s “poverty program” agency) had funds that could be used for such a purpose, but the staff there had qualms about the technicalities of transferring the money. The new ARC staff managed by various stratagems to obtain $1.2 million from OEO within two weeks; had it not done so, hospitals throughout Appalachia would have closed. No existing federal agency could have achieved such a result in so short a time.

The second occasion concerned the 1967 collapse of the Silver Bridge between West Virginia and Ohio. In normal circumstances it would have taken five to six years to get a replacement built: getting special dispensations to overcome specific limitations relating to the bridge; reaching agreements with the two states involved; and obtaining the matching local funds. ARC staff members, however, managed to get the rebuilding started within three weeks of the collapse. They obtained rapid agreement to amend existing legislation by convincing the staff of the Senate Public Works Committee that this should be a priority. They even shamed the Army Corps of Engineers into rapid action: when a rumor started that the corps would not be asked to do the work, it not only got on with building the bridge at once but also paid for it.

Other examples of ARC-led activities in the early years included the assembling of a dozen agencies to fund and execute the massive task of redirecting a river, the Levisa Fork, at Pikeville, Kentucky—a major demonstration of what could be achieved in a place notorious for its annual flooding. Thus, in various ways the ARC established an early reputation for getting things done through new approaches that circumvented established (delay-inducing) procedures. It had the advantage of not being tied by the long-entrenched bureaucratic practices that are often characteristic of the larger agencies and specific to each one. At times, others took the credit for the results, and the ARC’s lack of public exposure lost it some deserved plaudits: for example, Governor Moore of West Virginia was perceived by many as the man who got the Silver Bridge project going. Even when the ARC was credited with particular achievements of this type, it attracted criticism from other commentators for being too wedded to physical infrastructure projects and not sufficiently concerned with people.

A report by the executive director at the end of the first two years
(Widner 1968) focused on some of the immediate achievements of the ARC while warning that it was too early to expect much change. The stronger U.S. economy as a whole had had a positive impact on the region, and this made him cautious about claiming too much for the Commission. Among the achievements cited was the way in which the selection of growth centers to be used as a basis for concentrating the investment of public funds had gone ahead: the 125 that had been chosen involved only 12 percent of the area but 80 percent of the Appalachian population, 88 percent of bank deposits, 90 percent of trade, and 92 percent of major services. In the first two years of operation, 90 percent of ARC funds had gone to these 125 centers. Plans for the construction of the Appalachian Development Highway System (ADHS) had been completed, and agreement had been reached—after heated debate—concerning the operation of health care provision. One indicator of ARC activities (quoted by Widner) was the fact that federal funds appropriated for applications within Appalachia had risen from 7.7 percent of the national total in 1965 to 9.7 percent in 1967. This reflected a major early contribution of the agency toward overcoming the inherent difficulties of rural areas in gaining access to these funds.

Widner also reported that the concept of multicounty local development districts had been accepted by all the Appalachian states, some adopting it merely in their Appalachian areas, others extending it to the whole state. Another report at this time (ARC 1968) showed that the states had established LDDs in many different forms. Some had had their own systems of substate units before the 1965 act, often related to the demands of federal agencies with different perceptions on the nature of these units; others were slow to devolve any form of responsibility from the state house to local government. Thus, five of the original ARC states (Alabama, Maryland, North Carolina, South Carolina, West Virginia) were still carrying out local operations as an extension of state planning; only the three states with pre-1965 systems (Georgia, Kentucky, Pennsylvania) were operating local units as envisaged with the aid of ARC funds; and the others (Ohio, Tennessee, Virginia) each had only one or two such districts operating where local initiatives had been taken.

Widner’s 1968 report also made the point that the early years of ARC operation had been a learning experience. A few of the early projects had been unwise or incorrectly targeted, but this was seen as the price of attempting to get something moving quickly in an experimental situation; more care would be taken in the future over the use of public funds. It had also been found that there were great shortages of
trained people in Appalachia for the new public-sector jobs in teaching, health care, government, and economic development, as well as in the manufacturing and commercial sectors of employment. Moreover, much of the private capital generated in Appalachia was being invested in projects based in other parts of the United States and abroad to obtain a maximum return, while local tax policies were often acting against local economic development by discouraging the establishment of new employment opportunities. There was still much to be done.

**Broadening the ARC Concept and Powers, 1967-71**

Between 1965 and 1975 a series of amendments, summarized here, enhanced and extended the original act.

**THE 1967 CHANGES**
- Additions to the area included counties from two new states (Mississippi and New York) and a few others. The ARC region was finalized.
- Direct appropriation of funds through the president was made possible.
- A more flexible approach to the allocation of funds was adopted.
- Money was allocated for vocational education, health facilities, and a housing fund.

**THE 1969 CHANGES**
- Highway funding was increased.
- The health program was extended to demonstration facilities for nutrition, child care, and occupational diseases.
- The LDD staff funding was extended beyond the initial three-year span.
- The OMB A-95 clearinghouse process was made the responsibility of LDDs by many states.

**THE 1971 CHANGES**
- The nonhighway programs were treated as a single entity from this date.
- Supplemental funds could be used as “first-dollar” funds under certain circumstances.
- Other aspects were extended in smaller ways.

**THE 1975 CHANGES**
- A new weighting factor was applied to nonhighway funds so that a higher proportion would go to central Appalachia.
- The ARC was expected to produce an overall plan for the region.
- A restriction on the use of alternates resulted in the fuller personal involvement of state governors.
- The LDDs were formalized and linked to the production of annual areawide action plans.
The Appalachian Regional Commission

Further development of housing, education, and supplementary grants programs extended ARC functions.

In the 1967 amendments (ARC 1967; Congressional Quarterly 1969b), Congress added thirteen counties in New York (as envisaged in the debate on and text of the 1965 act) and twenty in Mississippi, plus two more in Alabama and one more in Tennessee. Bringing in two new states raised the total involved in the Commission to thirteen (see Map 2) and increased the political strength of the ARC, especially in the Senate. Although the counties in Mississippi could hardly be justified as part of the physiographic province of the Appalachian Mountains, they were contiguous with the previously defined ARC region. Moreover, Senator John C. Stennis of Mississippi, then a member of the Senate Appropriations Committee and a powerful figure in the Senate, had been determined to include his state (and his own native county of Kemper) in the program from the start. Congressman Jamie Whitten, much of whose congressional district lies within the ARC boundary in Mississippi, supported the ARC through his role on the House Appropriations Subcommittee in the 1960s; he later became chairman of the full Appropriations Committee and was instrumental in the survival of the Commission in the 1980s. The inclusion of New York had much to do with the fact that one of the state's U.S. senators at that stage was Robert Kennedy, who continued his brother's interest in Appalachia. Thus, the 1967 expansion followed the same pragmatic political processes that had been behind the original definition of the region in 1965. Additional states now wished to be fully involved in the program, and powerful politicians in Congress worked to make this possible; at the same time, ARC gained further political support in Congress. In allowing the 1967 expansion, however, Congress added a prohibition with respect to further additions of territory.

The most important change introduced in 1967 was the removal of the restrictive and time-consuming process of budgeting through previously established federal agencies: a direct and single appropriation of funds was now made to the president and through him to the ARC, thus reducing administrative time and costs and providing greater flexibility. It also strengthened the Commission's direct ties with the presidency but did not mean relinquishing its working links with other federal agencies. The change, a major turningpoint in the history of the ARC, required lengthy negotiations with Congress; at first ARC staff were accused of power-building (Krevor 1984), and there was opposition from the Department of Commerce. Although the ARC had been in existence only two years, confidence in the caliber and persistence of its staff were factors in carrying the day. There was also congressional
interest in the new agency as a basis for economic development rather than for poverty relief: "Teaching them to fish is more important than feeding them fish" became a common maxim.

It remained difficult, however, to communicate this central thrust of the ARC program to those who still insisted that it should be something else than what was stipulated by the legislation.

The president needed to sign an executive order giving the ARC authority to carry out its daily decision-making (Krevor 1984). Several drafts were modified by the Department of Commerce in an attempt to prevent the Commission from achieving its legislated independence. Eventually, a vaguely phrased order—which did not spell out, for instance, the functions of the federal co-chairman as the ARC staff would have liked—was signed by the president, and the poorly defined roles had to be developed by the personnel who took up the various ARC offices.

The new manner of budgeting made it easier to deliver the allocations of funds to the Appalachian states. These had been calculated since 1965 on the basis of formulas derived by weighting population, land areas, and the relative involvement of each state in particular programs. Such formulas were still quite complex. Thus, for the vocational education program (Section 211) the number of high school-age residents not enrolled in school formed the base; for the supplemental grants (Section 214) the state's per capita income was inversely weighted. Some programs operated without a formula and were activated in relation to expressed need; mine reclamation was a particular example, where Pennsylvania benefited most. A problem that emerged from this process was that because there were so many programs involved and the weighting procedures were unique to many of them, a state could not obtain much advance notice as to the total funds that would be available for the coming year. As a result, the states began to exchange funds with each other, especially for Sections 211 and 214. This informal mechanism demonstrated that more flexible approaches to the distribution of funds were possible and that further progress in this matter would be an advantage.

Other changes during 1967 reflected responses to needs expressed during the first two years of operation. The vocational education program had proved very popular and now gained additional funding; health funds were allowed to be used for operating as well as building new facilities; a housing fund was set up by each state to stimulate low-cost housing; and broader frames of reference were applied to mine reclamation and highway funding. The impact of these changes was also to broaden the scope of the ARC's work.

At the beginning of 1969 a new administration under Richard
Nixon entered the White House, and the ARC had to adjust to a more critical view of its development. The new Republican president, who was generally opposed to such agencies (Congressional Quarterly 1977), needed convincing that the ARC program was worthwhile. His special assistant, Edwin Harper, charged with the goal of making federal agencies more efficient in coordinating their programs, made a study of the ARC and in a perceptive report (Harper 1970) approved of the way in which it made planning from the local situation upward possible within a continuing context of federal control on expenditure. He also supported its role as a catalyst for increasing cooperation between local jurisdictions. However, he was less happy about the potential consequences of state governors acting without reference to their legislatures; he did not like the addition of the “fourth tier” of government that he perceived the ARC process to be providing; he felt that the lack of an overall national plan meant that the regional commissions tended to react more to local concerns than to national ones; and he suggested that the ARC should be more interested than it appeared to be in generating an overall plan for the entire region. These themes were to recur in various ways and from various sources through the early 1970s.

In 1969 the ARDA legislation was extended for a further two years, and additional amendments were introduced (ARC 1969c, Congressional Quarterly 1973). These were significant for the growing range of responsibilities given to the ARC and in demonstrating continued congressional support for the program as the new administration took office. First and foremost was an increase in the highway funding authorization, which Congress “regarded as the key to accelerating the rate of economic growth in the region.” This raised ARC funding to the high levels that were maintained throughout the 1970s and allowed longer-term planning of the highway program. A second major expansion was in the health program (Section 202), which the House Committee on Public Works saw as the “greatest contribution of the Appalachian program in building institutions”: demonstration programs concerned with nutrition, child care, and occupational diseases were to be established, and the ARC contribution to the operating costs of these programs could be raised from 50 to 75 percent for periods of three to five years. Third, the funding for staffs of the LDDs was extended beyond the initial three-year period, effectively guaranteeing the future of these districts. Other developments included further broadening of the mine restoration and of the housing and supplemental funds programs.

The matter of more efficient use and coordination of federal funds
through its multiplicity of agencies had become a concern to the Bureau of the Budget (later the Office of Management and Budget, OMB). This concern was enshrined in the Intergovernmental Cooperation Act of 1968 (ARC 1969d). Directives were issued to the effect that metropolitan areas should establish clearinghouses to deal with all applications for federal grant aid. On 1 October 1969 a similar directive was extended to the rest of the country, for which the states were expected to establish regional, nonmetropolitan clearinghouses. The directive also stipulated that applications for federal grant aid should pass through state planning and development clearinghouses: this became known as the A-95 process, after the number of the form used for the applications. New applicants for assistance had to notify both the state and the metro or nonmetro clearinghouse so that conflicts with other plans might be eliminated and differences resolved. State governors had the responsibility of designating the agencies that would act as clearinghouses. By the end of 1969, Kentucky, Tennessee, and South Carolina had already designated the ARC local development districts as the regional nonmetropolitan clearinghouses, and eight of the Appalachian states had located the state responsibility for the clearinghouse process in the same office as that for the ARC program. Other states soon followed this pattern (although Pennsylvania did not do so until 1975), giving further support to the LDDs, which were still emerging in an experimental fashion in many parts of the region; it has been suggested (Whisnant 1980) that the LDDs would have found it much more difficult to establish their position without this clearinghouse role.

In the following year, 1970, Congress passed the National Environmental Policy Act, which laid further responsibilities on local areas in planning for improved water quality and provided considerable funding toward the goals of the policy. Once again the LDDs, with their planning teams, local contacts, and clearinghouse role, were involved and their status strengthened. As with a number of other developments in national policy-making at this time, the ARC structure was able to provide vertical links between different levels of government and horizontal links between local and state governments, and so facilitate the application of policies for intergovernmental efficiency and environmental improvement.

The 1971 Changes

In 1971 the Appalachian Regional Development Act legislation was again reauthorized by Congress, and there were also some major
changes in the ARC’s personnel (Congressional Quarterly 1973). The 1965 act had envisaged the ARC as terminating in 1971 after completing its task; however, the 1971 reauthorization developed the work of the ARC further. Two particular amendments resulted in another increase in flexibility for the Commission’s mode of operation. First, all the non-highway programs were brought together under a single head (although in practice the Public Works Committees of the House and Senate still preferred to keep the individual programs separate for several more years). Second, because the supplemental funds program (Section 214) had proved successful in increasing the contribution from other federal agencies to local projects—and so providing access to these funds for poor rural parts of Appalachia—from 1971 these funds could be used as “first dollar” funds for federal grant aid programs if that grant aid was insufficient to support urgent Appalachian projects with an obvious economic benefit. In this way, several of the ARC programs received additional latitude in their operation and greater ease in funding particular projects.

President Nixon was by this time persuaded that the ARC should continue in existence and appointed Donald Whitehead, a Boston lawyer with a family background in Pennsylvanian Appalachia, as federal co-chairman to replace John Waters. Waters had been Nixon’s first appointee to this post and had transmitted a favorable impression of ARC to the president. This was a notable achievement for a Kennedy-Johnson agency (Krevor 1984). Whitehead had been a Republican party manager and previously general counsel for the ARC. In making this appointment, Nixon named a person who would stay in the post from 1971 to 1977 (three people had held this office between 1965 and 1971), and who believed strongly in the work of the ARC.

Ralph Widner, the executive director since 1965, left the commission in 1971. In his report for the congressional hearings (Widner 1971) he responded to surfacing criticism of the ARC and its pattern of development, claiming that the Commission had closely followed the legislated mandate of 1965; that the format of federal and state components had worked in practice; and that the LDDs were being successfully established. Some fifty-seven such districts were in existence by 1971, and had reported encouraging reductions in local disagreements between county and municipal officials, which had stood in the way of cooperative progress in the past. Widner made the point that cooperation at the local level was a vital ingredient for continuing progress.

Widner saw a three-stage process in the development of ARC operations:
• **STAGE I.** At first the ARC had to concentrate on planning visible physical facilities such as roads, since these were needed to “plug in” the region to adjacent wealthier regions and to convince legislators that “results” were being obtained. Basic human resources in health and education were just as important at this stage, however, and the total of federal, state, and local funds involved in such programs was equal to the amount used in highway construction. Over 180,000 trainees at 310 centers had taken advantage of the vocational education now available, and new health delivery programs were also fulfilling a major need. Widner considered that this stage had been implemented throughout the region by 1970.

• **STAGE II.** By 1971 the emphasis was shifting from the construction of physical facilities to their operation, and from the vocational aspect of education to the preschool years and to assistance with formal elementary, secondary, and higher education. There were also attempts at reforming Appalachian institutions, at retaining capital within the region, and especially at providing low-cost housing and developing a planning partnership.

• **STAGE III.** Widner believed that the next shift of emphasis—at some stage in the future—should be from providing buildings and operating costs to assisting the leaders and people of Appalachia in tackling what were perhaps the hardest questions. These included the revision of tax policies to enable local areas to receive benefit from wealth produced there, a greater emphasis on environmental conservation, and the restructuring of institutions for public service delivery.

Widner expressed a modest satisfaction with the results obtained by 1971, but saw it as imperative to continue the program in order to obtain the full results of what had been sought in setting up the ARC in 1965. This view was supported strongly in Congress. The advantage of further hindsight shows that Widner’s Stage I did not end before 1971 in many parts of Appalachia and that Stage III still awaits full agreement and implementation.

**From Experimental to Operational Program, 1972-75**

The period beginning in 1972 was particularly significant in leading up to the most far-reaching revision of the Appalachian legislation, in 1975. During those years, aspects of the program were further developed and some administrative loose ends were tied up. There were also new challenges to face as some of the national and global economic factors that had long acted to the detriment of Appalachia began to turn around in its favor.
By the end of 1973, sixty-nine LDDs had been established and were beginning to function as intended in the legislation, (see Map 3). West Virginia was the last state to comply fully. It had held on to these districts as an integral part of the governor’s office in 1971 but reconstituted them as “regional councils” with a more independent role, requiring all local governments to become involved. The reorganization was complete by 1973, and since that time the annual West Virginia state economic plan has been based on the work of the regional councils.

In presenting the ARC’s 1975 budget requests to Congress in early 1974, Federal Co-chairman Whitehead proposed that a new form of weighting be applied to the nonhighway funds, one that would recognize the distinctiveness of each of the Appalachian subregions and their different needs (Lewis 1974). The division of Appalachia adopted by the Commission in its early days and used for descriptive purposes consisted of northern, central and southern subregions, plus a separate “highlands” subregion that overlapped with the others. These divisions recognized historical and geographical differences between the parts of Appalachia but had no fund allocating significance before 1975. Whitehead proposed that the highlands subregion designated should be abandoned because it had not proved to have practical value for the ARC program. The northern, central and southern subregions, however, should form an additional basis for fund allocation in order to channel more money into the central region with its lower ability to achieve the goals of the program. Thus, for fiscal year 1975, 80 percent of the nonhighway funds would be divided as previously, but 20 percent would be split so that the central subregion would get a higher proportion: overall, 36.9 percent of the nonhighway funds would go to the northern subregion ($1.47 per capita), 23.3 percent to the central subregion ($5.14 per capita), and 39.9 percent to the south ($2.29 per capita). The proposal also reflected demands from other federal agencies for a more rational approach to fund allocation. The point had been hard won in debate within the Commission, since the northern and southern subregion states resisted the diversion of more funds to the central subregion states.

During the early 1970s the relative pricing of fuels began to change in world markets, and prices for Appalachian coal rose along with the prices of imported oil. This trend had begun before the 1973 crisis, when OPEC steeply raised oil prices, but was highlighted by that event. It led to increased demands for the low-sulfur coal of central Appalachia, since environmental legislation had made it costly to burn other types, and to an emphasis on energy conservation in public
Early Development of the ARC

MAP 3. The sixty-nine local development districts established by 1973. They cover the entire ARC region, and were still in existence in 1990. Some states designated local districts that overlapped with the ARC boundary. The numbers are based on the alphabetic order of the states. (The shaded LDDs were part of a specific piece of research discussed in Chapter 5.)
policy. This major economic shift re-opened mining-related jobs in deprived central Appalachia, and new mining technology helped to improve working conditions and pay. For the ARC, this change meant that its programs had to function not merely to remedy the problems of a lagging region but to support growth within an important sector of the regional economy. Much of what had already been done in road construction, education, health care delivery, and the development of local government cooperation provided such support, and allocating additional funds to central Appalachia would make further responses possible.

The 1975 reauthorization of the Appalachian Regional Development Act involved the most extensive shifts of policy in the history of the ARC (McCloskey 1976; Congressional Quarterly 1977). Congress expressed continuing enthusiasm for the ARC programs and guided the Commission into further developments: there had been "substantial progress, but much remains to be done." New objectives reflected new challenges: the ARC was to coordinate energy-related planning in its region and to give greater emphasis to conservation and quality-of-life issues.

The ARC was asked to provide an overall plan for its region. This request responded to critics who had pointed out the lack of overall regional planning goals for Appalachia to which local plans might be related. It was also related to another change: the stipulation that the state governors should be personally involved in the Commission's decisions and that their alternates should be limited to a single appointment from the governor's cabinet or personal staff. This change came about as a result of criticisms that the central "triumvirate" of federal co-chairman, executive director, and states' representative were making decisions without the correct level of accountability. In particular, the states' representative was often taking on responsibilities that many senators, including Jennings Randolph, thought the individual governors should be fulfilling by more consistent attendance at Commission meetings and involvement in decision-making.

A particularly significant feature of the 1975 legislation was that it formalized the status of the originally experimental LDDs; although there was a stipulation that planning at the local level should be linked to the overall Appalachian plan, the role of the LDDs and their relationship to the state governors' offices now provided an effective basis for local planning in the region. LDDs were recognized as an important link between federal agencies, state governments, and local jurisdictions; states were directed to consult with them on ARC matters, and the districts were to prepare annual areawide action plans, linked to
the A-95 process and incorporating all federal grant aid proposals. These plans were also to be related to state and overall regional development plans. Such a level of coordination of federal grant aid programs was a unique feature that the ARC had been developing throughout its history. Further, the 1975 legislation added further breadth to housing, education, and supplemental funds sections.

It had taken ten years to develop a position that gave the ARC a firm basis of political, financial, and administrative strength and workability. It had the potential for flexible reactions to local and state requests, which were themselves changing in response to the new challenges. The Commission had achieved much in that period, given the relatively feeble position granted to it by the initial legislation and the ties to established federal agencies in 1965. It now possessed an envied status as an independent agency, and many of the untried aspects of the 1965 legislation had proved their worth and had evolved into accepted practice.

Criticism of the ARC up to 1975

The work of a government agency can be viewed too easily from the perspectives of those inside the agency, whereas its main reason for existence must be to achieve the results intended by the establishing legislation. Much of the foregoing sections of this chapter, outlining the progressive establishment of the ARC as a federal-state agency, was written on the basis of material published by the Commission itself or discussions with ARC-related personnel. But, before 1975, few external commentators had much good to say about the ARC. This is, in part, understandable in view of three factors: the expectations raised in the early 1960s, the need to develop the innovative aspects of the 1965 legislation, and the ARC's method of working in conjunction with other agencies and local government units. The Commission not only had to start work with a limited set of tools but also had to develop some of the very experimental concepts involved in the legislation. At the same time, it had to maintain political support in Washington in order that its mandate and authorizations be renewed every two to four years.

Whisnant (1980) provides a readable and wide-ranging account of the criticism, set in the context of an account of all federal actions in Appalachia. Virtually all his bibliographic references are to the period before 1975; his book should be seen as a critique of the ARC up to that date. Other critical publications of this period had a left-wing political
bias, including those edited by Walls and Stephenson (1972) and by the self-styled ARC Accountability Project (1974). In addition, conservative politicians continued to object to establishing such an agency in the first place, as was emphasized in the early days of the Nixon administration. The points of criticism made can be grouped for discussion but often combine several sources.

First, the general design of the 1965 legislation was regarded as inadequate. Critics who claimed to have a close understanding of the Appalachian people stated that the provisions of the legislation were based on a false premise: an assumption that Appalachia needed to be more integrated with the rest of the United States in order to take advantage of the general national affluence. In their view, Appalachia was already too integrated with the rest of the country through the private commercial sector and had become an economic colony marred by resource exploitation and large-scale absentee ownership. The ARC programs were seen as having been designed to be acceptable to these established interests (as articulated by their supported members in Congress), rather than to find effective solutions to the problems of the region, and so offered palliatives instead of real remedies. The basic needs of the region—secure jobs, higher wage levels, more widely accessible human services, and reduced environmental destruction—could not be addressed by what was seen as essentially a road-building program. Business interests were put before those of “the people” by the emphasis on roads and economic development. The fact that human resource development was at first placed in the Office of Economic Opportunity (the main focus of President Johnson’s “Great Society”) and not made part of the ARC’s responsibility had been a major drawback and had destroyed the prospect of an integrated program at the outset. Critics also believed that much of the legislation and the thinking behind it were fundamentally mistaken in assuming a lack of skills and leadership in Appalachia itself, whereas such leadership was available and merely needed active involvement in the planning process. That opportunity had been missed to a large extent.

Second, many early academic critics considered the emphasis on highway development to be misplaced. Munro (1969) commented on the “lack of planning” in both the choice of route corridors and the analysis of likely future growth points to be served. Benefits were not carefully specified or costs evaluated, and so construction estimates escalated. He predicted that the Appalachian Development Highway System would make a relatively small additional contribution to inter-regional accessibility. The main point of the highway program, in his view, was as an expensive sort of “sprat” (that is, the sort of program liked by politicians) to catch larger fish in the shape of support for a
wider range of other programs. The road construction was also favored by politicians and bureaucrats because its visible impact demonstrated that something was happening. In short, he believed that political motivation had become divorced from serious economic considerations. Gauthier (1973) commented on the failure to design and execute a coordinated plan; he observed that the sections of highway built by 1971 had encouraged local mobility and commuting but were being constructed in too fragmentary a fashion to increase links with areas outside Appalachia. Even when completed, he feared the new roads would merely form an easier way out of Appalachia and so encourage further depopulation.

Third, critics saw the growth-area policy for investment as producing "unbalanced growth"; a more desirable and balanced approach would have created a "variety of related industries, well-distributed geographically" (Whisnant 1980). Moreover, the growth-area policy focused on urban areas rather than the needy rural places. New urban centers would have to be created in the extensive rural areas of Appalachia but would provide little help for those living in the isolated "hollows"—perceived as the real challenge of Appalachia to public policy.

Fourth, the claims for instituting a "new federalism" were thought to be overstated. Harper (1970) was worried about the implications of a new tier of government, new power patterns among federal agencies, and new power given to state governors. Others perceived a false appearance of unanimity caused by the failure of the Commission to use vetoes and thus demonstrate disagreement (Whisnant 1980). Such critics were worried about what they saw as inconsistencies in the workings of the ARC: for example, the lack of coordination of projects across state boundaries, and the independent spending of ARC money by states without reference to overall goals set by the Commission. The lack of an overall plan just served to prove the point that the federal-state-local government planning goals were working not as a whole but only in state-sized parts.

Fifth, the administration of the ARC was inadequate. Critics maintained that the "inner cabinet" (federal co-chairman, states' representative, executive director) made decisions without wider reference to other members of the Commission, and thus their ideological stance was having an undue impact. It was suggested that they had prevented implementation of some proposed programs because of their own political beliefs. Poor judgment in locating sections of the highway system and in the order of building them was also cited as a management weakness.

Sixth, the LDD idea was "flawed in concept and operation." Critics
in the early years maintained that the local districts had too little authority and that the composition of their boards was too narrow. Examples were cited of internal feuding as well as the adverse impact of illegal behavior on the part of some locally elected officials who became subject to criminal proceedings.

Finally, some regarded the whole program as unnecessary. This dismissive point of view was held by those who disapproved generally of government interference in local affairs. They categorized the ARC as a "pork-barrel" giveaway program, a mere tool of the politicians who had created it.

All these criticisms have to be seen in the context of the time at which they were made, the personal views of the individuals who made them (political opponents on either wing), and the fact that the ARC was a small agency compared with the giant established federal departments and had an even smaller public exposure in advertising its work. Its achievements were not always obvious, even to those living in Appalachia, since ARC funds were often used to assist local areas with projects mainly constructed by other agencies. Some of the criticisms can be seen in the light of later events to have been unjust; some were accepted and reflected in changes to the legislation; and some were based on misconceptions as to what was going on or what was politically feasible.

Thus, as further experience has demonstrated (ARC 1982b), the highway network did play a major part in the mid-1970s redevelopment of the coal industry and in the siting of new employment opportunities. The growth-area policy, although written into the legislation, did not play such a major role in bureaucratic restriction as it did in the operation of the Economic Development Administration. The view of the early ARC staff (Whisman 1984) was that the PARC team did not object to having the growth-area statement incorporated into the legislation but did not see it as a major statement of faith. They recognized its necessity, in relation to political pressure at the time, in avoiding problems that had arisen from the lack of specific targets in the ARA programs, but they always knew that it would be difficult to apply to Appalachia. Although Widner made much of the growth centers in his 1968 report, they were mentioned less and less in subsequent years.

On another point, the links between federal, state, and local government were not easy to establish and had to take account of sensitivities about the significance of the state role in U.S. politics. It is true that the LDDs were sometimes poorly organized in the initial phase, but most proved their worth during the 1970s, and the concept is now seen by many as an outstanding contribution of the Appalachia Re-
ional Development Act and the ARC operation. As with other aspects of ARC development in the early phase, a pragmatic approach was taken to satisfy political sensitivities.

Burlage (1972), an outspoken critic at this time, conceded that the ARC had produced some good in the region (although he could not bring himself to admit that it had done so by definite intention), but he was adamant that it would never be a "people's ARC." Critics often mention the opposition of the ARC to the interests of "the people" of Appalachia, but such an argument ignores the fact that a public-policy program by definition represents the expression of "the people's" will in the form of what is passed by elected representatives! The identification of people other than those who elected the representatives may call into question the operation of the whole political system but does not invalidate contemporary decisions taken legally within the framework of the present Constitution. Perhaps some Appalachian residents saw themselves—or were seen by others—as living apart from the rest of the United States and subject to different norms.

Conclusions

The account of the period 1965-75 demonstrates that the Appalachian Regional Commission initially faced problems of organizational and operational achievement. It did not always find definitive and final answers to these problems but did begin to deal with them within the federal-state political framework. This improved the ARC's effectiveness for attacking those problems which lay at the root of its original charge. The restricted and inflexible nature of the 1965 legislation was gradually overcome by events both internal and external to the Commission. The claims that ARC personnel made for the Appalachian program and its impact on other federal programs suggest that the early aims for working through the public-policy medium (see Chapter 3) were at least partly fulfilled by the ways in which the ARC developed as a unique federal agency.

The delivery of the programs to Appalachia was slower than those impatient for results might have wished, yet in its first ten years of activity the ARC could point to many achievements. There were also a few mistakes, mainly the poor choice of some early projects, and a number of instances of inadequate public perception of its work. Perhaps results could have been achieved sooner if the program had started with greater powers and overall responsibilities—but that is a matter of speculation. The political realities of the federal, state, and
local government situation and of the enthusiastic involvement of personalities in and around the ARC resulted in a gradual but solid set of achievements in particular areas of recognized need such as transport access, health care, and vocational education. The confidence established by these actions laid the foundations for increasing cooperation within and between the different levels of government, which was to be particularly fruitful in the next phase of the Commission's history.
The Maturity of the ARC, 1975-80

When a government agency is said to reach “maturity,” it must have achieved a position where it is functioning at the height of its potential powers and is able to carry out the job for which it was designed. It also involves an element of acceptability by other mature institutions in society and a willingness on their part to work with the agency on equal terms.

The ARC was in this position for a relatively short span of six years from 1975 through 1980. During this time it obtained its greatest access to federal grant aid funds and the widest expressions of support. The amendments to the legislation in 1975 had formalized some of the important developments of the first ten years of the Commission’s existence and had set an agenda for the next period. By the time the Appalachian Regional Development Act came up for review again in 1979, there were ambitious plans for expansion of the concept; these included linking up with other regional commissions (those established under Title V of the Public Works and Economic Development Act, 1965) in a nationwide program.

The emphasis in this chapter is on the delivery of the program to the areas in which it was needed. So much of the history of a government agency can be concerned with administrative and even personal issues that the main objectives of its existence may be relegated to a subsidiary status. Chapters 3 and 4 laid particular stress on the evolution of the systems within the ARC and the broadening of the legislation from 1965 to 1975. The test of the systems evolved from the basic legislation is whether they worked during a period generally agreed to be that when maximum effectiveness was attained. The overall plan for Appalachia is the first issue discussed in this context; it is followed by a more extended study of the roles and achievements of the LDDs and by an account of the wider intergovernmental links established by the
The Appalachian Regional Commission

ARC. There is then an evaluation of the writings of some who analyzed the Commission's work during the late 1970s. These accounts and critiques are placed alongside an assessment of the socio-economic conditions in Appalachia during the period, and the ways in which these conditions had changed since 1960. The chapter ends with an account of the problems encountered when the ARDA legislation was brought to Congress for renewal in 1979. This proved to be an anticlimax to the years of achievement.

The Overall Plan for Appalachia

One of the main items that emerged from the period leading up to 1975 and one that was included in the legislative amendments of that year was the call for an overall development plan for the whole region. This plan was expected to set goals related to national needs, goals that would form a basis for action at the level of the states and LDDs. To planners and politicians alike, this seemed a reasonable move to counteract criticisms of too much local or state independence, or of the lack of accountability by the central executive committee. It also addressed the need to involve state governors more centrally in Commission discussions and decisions. A lot of energy and consultation went into the formulation of such a plan through 1976 and 1977. In fact, the generation of this plan formalized and coordinated a set of processes and functions that were already being carried out in various ways. It was not so new an approach as to cause great upheavals within the ARC or lead to a fundamental reconsideration of how the Commission should work.

Much of the November 1976 Commission meeting was devoted to discussion of the "forthcoming regional plan" (ARC 1976b). A resolution was passed which authorized a schedule leading to the production of the plan. This resolution committed each state to involve citizens in public hearings, in addition to obtaining contributions from its own agencies and LDDs. A set of "Questions for Appalachia," accompanied by recent statistical information on the region, was published (ARC 1976a) to form a basis for discussion in meetings convened in each of the thirteen states involved. It was hoped that these meetings would solicit the ideas and opinions of concerned citizens throughout Appalachia.

The discussion by the state governors, however, also showed that many of them had reservations about the nature and status of an overarching plan that might reduce their powers and limit what they
could do within their own states. Both newly elected and longer-term members of the ARC were all impressed by its ability to deliver federal grant aid where it was needed at the local level; they felt that the way in which the federal-state-local partnership had been established and was working had been the essence of the ARC's contribution. But they were also convinced that an overall plan would be reduced to matters of interstate concern, such as the provision of transport or access to higher education facilities. The governors made clear their view that regional plans were not necessary for programs that did not require interaction between the states, because the governors' offices were already dealing effectively with the channeling of federal aid to local districts. An overall regional plan would be weakened by the differences in state goals: for instance, the energy concerns of the coal-producing states within Appalachia conflicted with those of states relying heavily on nuclear fuels. The governor of Virginia also raised the point that further emphasis on a regional plan might deflect attention from parts of his state that had become even more needy than his Appalachian counties.

Yet the proposed state-by-state consultations went ahead, despite the underlying opposition of state governors to the idea of a regional plan. The overall plan, Appalachia: Goals, Objectives, and Development Strategies, was published in December 1977 (ARC 1977d). It took the form of a general survey of changes in the region, followed by a set of resolutions as to what needed completion, rather than a dramatic new approach. It does not appear to have been updated on a yearly basis as intended in the introduction, although Commission meetings throughout the 1980s regularly reconsidered the overall goals. The most general goal as specified in the 1965 Appalachian Regional Development Act remains largely unchanged: "To build the foundation for a vigorous, diversified, self-sustaining Appalachian economy that affords a wide range of social and economic opportunities for the people of the region." This general goal would be achieved by policies for using federal funds as effectively as possible and by the strategic development of transport systems, community development (the provision of local facilities and the enhancement of administration), enterprise development (the attraction of further employment opportunities), human services (especially health and education), energy (involving production, conservation, and environmental restoration after mining), and natural resources. Thus, the plan continued the long-standing emphasis on the problems of access to and within Appalachia but elevated the aspects of community, enterprise, environment, and human resource development above those based on the
development of natural resources or the restoration of the natural environment. The overall plan was a useful exercise in restating and updating the general aims of the ARC, but it followed—rather than led—the thrust of the Commission's work. Certainly, it did not change the roles of the state governors or the process of grant aid acquisition.

A slightly different issue surfaced as the administration of Jimmy Carter took power early in 1977 and set up a series of regional conferences on "balanced growth and economic development." The Appalachian conference on this theme took place 27-29 October 1977 in Charleston, West Virginia (ARC 1977c). In addition to the recommendations from task forces on specific topics, the first resolution passed was that the ARC pattern of working should be adopted in a national system of regional commissions. As a part of this resolution, it was proposed that multiyear state development plans, which would contribute to multiyear regional development plans and investment strategies, should be submitted by groups of states to the president and Congress for funding and evaluation. The conference reflected an important stage in initiating the shift from the overriding emphasis on formulating a regional plan for Appalachia to one of applying the successful ARC working experience to other parts of the United States. It also reflected the 1970s version of "balanced growth," which was related to inequalities between areas of the country, whereas the 1960s version had been related to personal inequalities of opportunity. Of course, there was as yet no new legislation to carry forward the recommendations of these conferences.

The Local Development Districts: A Case Study

In addition to the governors' opposition, another reason the Appalachian regional development plan did not produce a more detailed set of goals in 1977, or subsequently, was that the substate, multicounty LDD units had become a major focus for the planning and coordination of the delivery of federal grant aid within each state. In the period 1975-80 the LDDs became very successful in this function, and although some of the sixty-nine districts had more impact than others (either on their own locality or on planning within their states), all managed to prove their usefulness to local parts of Appalachia. A crucial demonstration of the truth of this statement was that all the LDDs continued to function through the difficult times of the 1980s, when federal funding for administration costs was reduced and it became necessary for more local funds to be used to support LDDs (Chapter 6).
The Maturity of the ARC

A study of twelve LDDs was carried out in 1981-83 (Bradshaw 1984b). The sample was chosen to provide a cross section (see Map 3): four districts from each of the three subregions represented the major states of Appalachia (one each from Alabama, Georgia, North Carolina, and Ohio; two each from Kentucky, Pennsylvania, Tennessee, and West Virginia), areas with different socioeconomic or environmental problems, and those with varied histories as agencies of public-policy application. A statistical study of economic and demographic conditions for each district was based on its constituent counties, using census data for the period 1920-80. This was followed by visits to each district in 1981 to interview district staff and other local people to assess their views of the contribution of the LDD and the ARC programs within it. In 1983 an analysis of the utilization of ARC-linked funding was carried out for the twelve local districts. The following summaries provide a view of the districts at the end of the most productive period of ARC operation and also focus on the delivery aspect of ARC processes. The changing conditions in these twelve districts from 1960 to 1985 are summarized in Table 1.

Origins. The twelve case studies represent a variety of institutional histories (see Table 2). Georgia Mountains, eastern Kentucky's Big Sandy and Kentucky River, and Northeast Pennsylvania were among the earliest LDDs created (Chapter 3); they were established as a result of local enthusiasm and operated as state economic planning units for some years before the ARDA was passed in 1965. At the other end of the scale, West Virginia IV was not fully established until 1973. Each state took an independent line in establishing its own substate intergovernmental units, and while all twelve districts were ARC LDDs, some had used their parallel designation since 1965 as EDA EDDs (Chapter 4) to greater effect in obtaining federal funds (the Northwest Pennsylvania district was not linked to EDA until 1979). The differences in origin and status had been most obvious in the early 1970s, but the establishment of the A-95 process and of regional clearinghouses by the states, together with the 1975 ARDA amendments mandating areawide action plans from the districts, led to greater conformity in the later 1970s. Some of the early distinctions may still be reflected in the composition of the district boards; the LDDs that arose from local initiatives before the ARC was created often retained their individual character; those that were set up primarily as a result of ARC or EDA legislation have followed the criteria laid down by the founding agency.
<table>
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<tr>
<th>LDD</th>
<th>DATE</th>
<th>ASPECTS OF ECONOMY</th>
<th>NEEDS and STRENGTHS</th>
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<tbody>
<tr>
<td>Top of Alabama</td>
<td>1960</td>
<td>75 32 10 29 27</td>
<td>TVA-provided growth base; need for more diverse employment and improved access, infrastructure; major urban-rural contrast.</td>
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<tr>
<td></td>
<td>[Alabama 1C]</td>
<td>1980</td>
<td>165 41 19 42 10</td>
</tr>
<tr>
<td>Georgia Mountains</td>
<td>1960</td>
<td>50 33 5 20 48</td>
<td>Diversity of employment needed to replace farm losses; better access and infrastructure; development opportunities close to Atlanta.</td>
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<tr>
<td>Land of Sky Carolina 7B</td>
<td>1960</td>
<td>70 35 8 28 21</td>
<td>Recreation amenity potential, but better access and updated infrastructure needed, including education and health facilities.</td>
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<td></td>
<td></td>
<td>1980</td>
<td>108 42 13 36 7</td>
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<tr>
<td>East Tennessee 11B</td>
<td>1960</td>
<td>210 34 7 26 26</td>
<td>TVA-based development, but not linked to local planning and not producing a diversity of jobs.</td>
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<tr>
<td></td>
<td>[Tennessee 11B]</td>
<td>1980</td>
<td>330 41 14 35 10</td>
</tr>
<tr>
<td>Upper Cumberland 11A</td>
<td>1960</td>
<td>60 34 3 12 44</td>
<td>One of poorest parts of Appalachia, needing all kinds of infrastructure; jobs required to replace farming and mining employment.</td>
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<tr>
<td></td>
<td>[Tennessee 11A]</td>
<td>1980</td>
<td>98 40 6 22 15</td>
</tr>
<tr>
<td>Big Sandy 3E</td>
<td>1960</td>
<td>29 18 3 16 42</td>
<td>One of poorest parts of United States; coal industry depressed; roads and other infrastructure needed badly.</td>
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<tr>
<td></td>
<td>[Kentucky 3E]</td>
<td>1980</td>
<td>52 28 11 30 17</td>
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<td>Region</td>
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<td>Kentucky River</td>
<td>1960</td>
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<td>1980</td>
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<td>West Virginia III</td>
<td>1960</td>
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<td>32</td>
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<td>[West Virginia 13C]</td>
<td>1980</td>
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<tr>
<td>West Virginia IV</td>
<td>1960</td>
<td>38</td>
<td>23</td>
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<tr>
<td>[West Virginia 13D]</td>
<td>1980</td>
<td>43</td>
<td>31</td>
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<tr>
<td>Buckeye Hills</td>
<td>1960</td>
<td>66</td>
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<tr>
<td>[Ohio 8B]</td>
<td>1980</td>
<td>88</td>
<td>37</td>
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<tr>
<td>Northwest Pennsylvania</td>
<td>1960</td>
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<td>36</td>
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<tr>
<td>[Pennsylvania 9A]</td>
<td>1980</td>
<td>315</td>
<td>42</td>
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<tr>
<td>Northeast Pennsylvania</td>
<td>1960</td>
<td>315</td>
<td>35</td>
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<tr>
<td>[Pennsylvania 9D]</td>
<td>1980</td>
<td>365</td>
<td>40</td>
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**KEY:**
- **LF:** Percent of population in labor force
- **Hi:** Percent of family incomes in highest group (>166% of U.S. median)
- **Ave:** Percent of family incomes equal to or greater than U.S. median
- **Lo:** Percent of family incomes in lowest group (<50% of U.S. median)
<table>
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<th>LDD Case Studies: Institutional Origins and Links</th>
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<tr>
<td>Kentucky River</td>
</tr>
<tr>
<td>West Virginia IV</td>
</tr>
<tr>
<td>Northwest Pennsylvania</td>
</tr>
<tr>
<td>Northeast Pennsylvania</td>
</tr>
</tbody>
</table>

Note: Y = program operated by the LDD (date given if after 1965 or date set up)
**Staffing.** The staffing levels of the twelve districts in 1981 varied greatly, reflecting the local range of services provided. At the time of the survey, the Georgia Mountains district employed more staff than did the ARC headquarters in Washington, since it carried out an extended range of functions, such as payrolling, for the counties within its district. The smallest staffing levels occurred where there was a small local population (and consequently a small support base), or where the constituent counties or state offices retained more functions by themselves. The qualifications of LDD staff were impressive: with a few exceptions those interviewed had college education, and a good proportion had higher degrees. One or two districts (for example, Big Sandy) made a point of employing qualified personnel from outside the district in order to bring in those with wider experience and without local ties. But most districts gave priority to staff of local origin and knowledge; they saw this as vital to public relations and the assessment of district needs (the Kentucky River district, adjacent to Big Sandy, adopted this approach). Many of the staff members interviewed had previously worked in posts that may have fitted them only marginally for the district office work but had enabled them to establish important local personal contacts, particularly useful in human resource programs.

**Use of ARC Funds.** The twelve districts varied in their uses of the funds available through the ARC (see Table 3), but some patterns were common. The road programs were the province of the state authorities working directly in conjunction with the ARC, and so the LDDs focused on the nonhighway projects and helped to develop them within the ARC as a whole. In the early years, most districts had used ARC funds to develop health care and vocational education facilities—partly in response to local need but also because many other needs were being met by a range of other federal agencies at the time. The process of obtaining funds from federal sources in the late 1960s was very compartmentalized, with each federal agency jealously guarding its areas of responsibility.

By 1975 some of these early needs had been satisfied; there were more opportunities to combine funds from different federal agencies; and new programs had become available through the environmental policy legislation and the clearinghouse process. In the later 1970s there was a trend toward the greater use of funds for water and sewer projects, child development programs, and primary health care facilities. After 1979 there was a further shift toward the use of funding for planning and site development services for housing.
**TABLE 3. LDD CASE STUDIES: USE OF ARC FUNDS, 1965-83**

<table>
<thead>
<tr>
<th>LDD</th>
<th>No. of ARC Projects</th>
<th>Total Funds per Capita ($M)</th>
<th>Sources of Funding % (total)</th>
<th>Utilization of Funds % (total)</th>
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<td></td>
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<td>180.3</td>
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<td>194</td>
<td>213.37</td>
<td>28.6</td>
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<tr>
<td>Georgia Mountains</td>
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<td>79.2</td>
<td>331.38</td>
<td>35.4</td>
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<tr>
<td></td>
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<td>213.37</td>
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<td>361.73</td>
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<td></td>
<td></td>
<td>7.8</td>
<td>316.41</td>
<td>27.9</td>
</tr>
</tbody>
</table>

Source of data: Appalachian Regional Commission
Individual districts adopted their own approaches to the use of the funds available. Over the period 1965-83 all the districts studied except Kentucky River and Buckeye Hills spent most ARC-related money on water and sewer systems, though the percentage varied from 22 percent of total grant aid in the Land of Sky district (North Carolina) to as much as 63 percent in West Virginia IV. A common practice was for the LDD office to put together a package with funds from several agencies: a 50 percent grant from the Environmental Protection Agency might be combined with 30 percent from ARC supplemental funds and a low-interest loan from the Farmers’ Home Administration to cover the remaining 20 percent. The supplemental funds made it possible to use the main contributors’ grant aid. This process had the effect of spreading ARC dollars further, although any credit was given locally to the main source of funds.

After water and sewer systems, the most funds were spent on education and health care: health care accounted for the most significant expenditure of grant aid in the Buckeye Hills and Kentucky River districts; education or health funds came second in five of the twelve districts. The emphasis on housing-site development projects after 1979 was greatest in the Land of Sky, Big Sandy, and Kentucky River districts.

The major locally distinctive aspect of ARC-related funding was the large amount spent over the years on repairing mine subsidence, dousing mine fires, and restoring strip mining damage in the Northeast Pennsylvania district. A high proportion of grant aid money was spent on access roads and airport facilities in the Top of Alabama, Upper Cumberland (Tennessee), and Northeast Pennsylvania districts; industrial park facilities were stressed in East Tennessee; and libraries and recreation facilities were a further emphasis in West Virginia III.

Most of the districts spent the majority of their funds on a restricted number of categories, reflecting locally expressed needs in some LDDs, and the particular expertise of professional staff in others. Certainly, although some states imposed particular patterns on their districts (one governor of Georgia expressed opposition to human resource programs, for example), there was evidence that local needs as well as state political emphases were effectively considered. Many projects in human resource development also involved the level of innovation one might expect of a flexible program attempting to meet local needs. The LDD staffs had generally established good relations with business and other community groups in their districts by 1981, and both staff and board members were enthusiastic about the results of this partnership (ARC 1979b; Trantham 1981; Coogan 1980).
The process was almost as important as the outcome, however. It involved local people (normally locally elected officials and business people) in assessing priorities and deciding that a particular project was needed; the LDD office would prepare the plans and negotiate with the federal agencies; at the state level each district’s priority list would be assessed alongside other needs in the Appalachian part of the state; finally, the ARC would accept the project for funding after having provided earlier advice, if needed, on feasibility and acceptability. By the late 1970s these steps could all be accomplished within six months, and so the time from project conception to the start of construction was dramatically reduced in comparison with that for federal grant aid projects outside Appalachia.

Another significant feature of the use of ARC-related funds through the LDDs was the way in which new facilities came to be distributed within each district. The original ARDA legislation implied the use of a growth center basis for spatially concentrating such investments, and this was still a concern of the first executive director in his early report (Widner 1968). However, mapping of the 1965-83 projects by county within the case-study districts showed that a wider distribution had occurred in the 1970s. In each of the twelve districts the grant aid had been spread to almost every county and municipality. This was an outcome of the political processes operating via the district boards. Elected officials made up the majority of each board, and there was a tendency for them to circulate support for their own projects over the years: “I'll vote for your project this year if you vote for mine next.” Although such a process worked against the growth-center policy, it had the effect of assisting the poorest rural counties to obtain some of the benefits of improved infrastructure and services. This is an example of the way in which regional development theory from another time or place had become out of tune with the needs of a region such as Appalachia and also with political realities by the late 1970s.

A simple statistical testing of the linkage between ARC-related funding and its usage for projects in the case-study districts (see Tables 4A and 4B) revealed that the most significant correlations were between the numbers of ARC projects and total funds on the one side, and between the sizes and population totals of the districts on the other; that suggested an equitable distribution of the funds and projects on the basis of both land area and population. At a lower level of significance there were relationships between the operational characteristics: funds, projects, staff, program involvements, and years of operation. There was a significant inverse correlation between funds per head and total population or population density: this suggested a focus of ARC projects on the more rural parts of Appalachia.
### TABLE 4A. LDD CASE STUDIES: NINE VARIABLES

<table>
<thead>
<tr>
<th>LDD</th>
<th>1</th>
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<th>5</th>
<th>6</th>
<th>7</th>
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Variable 1: Area (square miles)
Variable 2: Population 1980 (thousands)
Variable 3: Density of population (persons per square mile)
Variable 4: Number of ARC-funded projects 1965-83
Variable 5: Total ARC funds allocated 1965-83 (million dollars)
Variable 6: ARC funds per capita 1965-83 (dollars)
Variable 7: Years of LDD operation to 1981
Variable 8: Number of major programs operated
Variable 9: Number of LDD staff in 1981

### TABLE 4B: CORRELATION MATRIX

<table>
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<th>Variables</th>
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Note: Boldface type denotes correlations at or above the 99% confidence level; italics denote correlations between the 95 and 99% confidence levels.
Perceptions and Opinions of Local District Staff. In addition to the more "objective" analysis of the work of the LDDs, personal judgments and opinions were sought from their staffs and from other persons in each locality. Staff members were asked for their views about the impact of federal funding programs on their district, and the value of the growth center concept as a basis for local planning. These questions were intended to focus attention on the relative place of the ARC among federal programs in meeting the needs of the districts and on the place of a specific theoretical concept in local planning.

A major distinction was made by the staff in all twelve LDDs between those federal programs that were operated directly from Washington, or through the regional offices of federal agencies, and those that were operated through the LDDs. The direct federal programs included the interstate highway project and other programs of the Department of Transportation, the Department of Agriculture, TVA, the National Aeronautics and Space Administration (NASA), the Forest Service, and the U.S. Army Corps of Engineers. These programs had usually been established—before the LDDs were thought of—to achieve national goals. There was little coordination of planning between these Washington-based agencies (or their regional offices) and the LDDs before the early 1970s. Although the TVA had its headquarters in Knoxville, Tennessee, and was a largely southern Appalachian region-based agency, it operated in the early ARC period like other federal agencies—without reference to the LDDs. There was a similar lack of coordination with local needs by some of the earlier state programs, such as those that established state parks and forests. By the mid-1970s, however, there was increasing consultation and cooperation with LDDs by both state and federal agencies. This was due partly to the demands of the regional clearinghouse overview for the OMB through the A-95 process, and partly to increased confidence in the role of the ARC and its LDDs.

The point was made by staff in a number of districts (especially East Tennessee in the TVA area, West Virginia III, and the two Pennsylvania districts) that individual federal programs had long built major public works but had seldom considered their impact on each local area. They had certainly not provided the means for integrating their projects with the development of the local economy. The interstate highway system, for instance, brought increased access to many parts of Appalachia, and the interchange points had special potential for economic development. But water facilities, sewers, electric power, and access to other services were required before the local communities could take advantage of the potential. Similarly, public use of the Great Smoky Moun-
tains National Park, on the border between Tennessee and North Carolina, led to demands for accommodations and other tourist facilities outside the park entrances, but it was not the responsibility of the Park Service to make these available. The LDD offices found themselves carrying out the role of providing and coordinating the necessary infrastructure around interstate highway intersection points in Pennsylvania and West Virginia, for industrial parks in the TVA area, and for facilities around the edges of the national park in Tennessee and North Carolina. Thus, they provided a facilitating role in drawing together various strands of funding in the context of locally perceived need or opportunity.

The federal agencies that worked increasingly in combination with the LDD offices included, in addition to the ARC, the Environmental Protection Agency (EPA), the Department of Housing and Urban Development (HUD), the Economic Development Administration (EDA), and the Farmers' Home Administration (FHA). The EPA funds were specifically for water quality and sewer projects. FHA funds were in the form of loans from the Department of Agriculture to assist in rural development. HUD funds varied over the years as programs changed; from 1974 they were available in block grants for complex projects. The EDA provided larger grants than the ARC in some districts, but it was regarded generally by district staffs as a more bureaucratic and less flexible agency. One of the reasons given for the greater use of EDA funding in the Georgia Mountains district was the emphasis given to economic development infrastructure by a number of governors of Georgia and the low priority given to ARC human resource programs in the state office, especially in the early years. In other districts, such as Big Sandy, ARC money had been used for human resource projects and EDA funds for physical infrastructure. Thus, the flexibility of ARC programs had been used to fit in with the availability to the districts of other funding.

The ARC usually contributed only partial funding for a project, but it added further important features that LDD staffs considered basic to local economic development. First, the ARC provided twice as much funding for administering the districts as did the EDA. Second, its supplemental funds were often crucial in rural districts that lacked the ability to provide matching funds for federal projects: the ARC made it possible for the district to gain access to the funds of other agencies. Third, the ARC's areawide action plan mechanism, which was added to the A-95 process after 1975, made it imperative to consult with local people and to gain local agreement on project priorities for some two hundred federal programs linked to a variety of agencies, and this led
to an improved overall coordination of federal funding through the LDDS. Fourth, the processes of obtaining grant aid funding through the LDDS acted as a catalyst for local action and also as a means of conveying local concerns to the state capital. The districts with a rural bias were particularly keen to emphasize the wider roles of the ARC processes as crucial in bringing development to their districts: their skills at "grantsmanship"—a term often using disparagingly but a process carried out effectively by the LDDs—had made it possible to gain access to a well-rounded group of projects.

One significant example of cooperation involving the local development district occurred in the Huntsville area of Alabama (Top of Alabama LDD). This area had been through growth-based difficulties resulting from a lack of coordination between local, state, and federal government during economic changes in the 1950s and 1960s. When the Redstone Arsenal was converted to a center for rocket research and later into the NASA rocket center, there were demands for better road transport, more housing, better schooling, and adequate medical care for the highly skilled scientists and their families brought into the area. The local and even the Alabama state system could not cope with such demands, and it required several special federal programs to meet these needs—after the event. In the early 1970s, when it became clear that the forthcoming reduction in NASA's program at Redstone would have a major adverse impact on the local economy, the LDD acted as a focus for consultation and subsequent efforts to attract alternative employment. As a result, although some 15,000 jobs were shed by NASA in Huntsville during the early 1970s, an equivalent number of replacement jobs were attracted, often in high-tech manufacturing and services, and so the potential trauma of job losses was reduced.

District responses to the question about the relevance of the growth center concept in the application of the programs to specific local needs revealed how the district staffs viewed their roles. They did not see themselves as either regional or physical planners working from theoretical concepts to determine what they put into practice; instead, they perceived their function as providing a basis of financial and technical assistance that could be used by local jurisdictions within the LDD as a basis for economic development. Thus, they were carrying out an essentially bureaucratic function in response to political decisions, whereas theoretical planning concepts such as growth centers had not been conceived in relation to such priorities. The growth-center concept, enshrined in both ARC and EDA legislation but applied in different ways by the two agencies, was described as "irrelevant," "inappropriate," or "inapplicable" by the LDD staff.
Condemnation of the growth-center concept was general among LDD staff, both those with major urban centers in their district and those without. Each district offered a limited list of reasons for this condemnation, but the total list was telling. First, it was considered difficult to create growth centers by legislation, and major urban centers performed as growth centers without additional encouragement; the relatively small level of funding available to federal agencies such as the ARC, together with restricted planning powers, made it difficult (or impossible) to foster new forms of economic growth in established growth centers or to build new urban centers of comparable size. Furthermore there was no national policy for planning in advance of development; “planning” in the United States was essentially a matter of reacting to needs after the event. In this context, the designation of a growth center was a paper exercise. Second, the concentration of new facilities in medium-sized and smaller places designated as growth centers when this policy was pursued most intensely (in the late 1960s and early 1970s) had often led to the overtaxing of other support services in these centers. Third, the competition for land in major cities already functioning as growth centers often made it very costly to obtain land for an industrial park development close to a highway when there was spontaneous “commercial strip” growth. These first three reasons were commonly given by LDD staffs associated with large metropolitan centers (such as Knoxville, Tennessee; Charleston, West Virginia, and Scranton, Pennsylvania).

Fourth, growth-center policy tended to overemphasize the significance of jobs in manufacturing, since the economics of locating factory units had been the focus of much growth-center thinking. Yet the economic environments of most districts had changed in emphasis during the 1970s: those with a high proportion of manufacturing did not increase that proportion, and others found it difficult to attract any manufacturing. During this decade all districts increased the broad range of service sector jobs, and there were doubts as to whether the growth-center concept was valid for this more footloose sector. The move to a “postindustrial society,” improved transport and communications, and the process of counterurbanization were linked trends that worked against the usefulness of growth-center theory. Fifth, the growth-center concept contrasted with a “balanced growth” approach in which both urban and rural parts of a district were encouraged to grow. The greatest needs were often found at a distance from the obvious growth centers, and almost all counties had some potential for growth. The EDA programs reflected these shifts at first by emphasizing a very tight definition of growth centers; they later switched to
virtually the opposite pole by treating the "worst first"—a tension that district staff found confusing. Sixth, even when a growth-center investment had been supported locally, state offices had not hesitated to overrule such a designation if a major manufacturer insisted on locating a new plant outside that center. These last three reasons were most commonly expressed in LDDs with a largely rural population.

It is no wonder that the growth-center concept had not been of much practical use as a basis for targeting grant aid, especially after the early 1970s. The districts operated in response to local and state public-policy processes rather than to perceived macroeconomic factors. Intergovernmental cooperation within the districts was particularly important; it resulted in the sharing of project funds between jurisdictions over the years and thus led to a wide distribution of grant-aided projects among the counties and municipalities involved in each LDD. Within this general pattern, some counties or municipalities obtained more than their average share of funding. Such outcomes normally resulted from the keen personal involvement of elected officials or LDD staff at the state level, or from the exhibition of managerial skills that engendered state confidence in the district, as reflected in state selection from the priority lists.

The district staffs often expressed the view that although it was right to identify the particular needs of communities within their district, and so make a bid for a specific project to meet these needs, it was also the case that all the projects obtained would be valuable in some way. It was also difficult to be certain that a particular grant aid project would fulfill the goals set for it. Some specifically targeted projects had failed to meet the need because of poor implementation or management or because of changed circumstances, yet projects that were obtained merely because the funds were available had often been successful: they often met a need that had not been foreseen. This illustrates one of the dilemmas of any sort of planning: projects that take several years to plan and build may have unknown outcomes.

Opinions of Others. A small but varied group of people interviewed in addition to the LDD staff in each of the twelve districts visited in 1981 included mayors and former mayors (Marshall, North Carolina; Paintsville, Kentucky; Caldwell and Athens, Ohio), a former chairman of a county commission (Madison, Alabama), a state senator (northern Georgia), a retired U.S. congressman (northern Alabama), a federal agency employee (Asheville, North Carolina), chamber of commerce staff (Cookeville, Tennessee; Hazleton, Pennsylvania), an engineering-design firm president (Asheville, North Carolina), a newspaper editor
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(Paintsville, Kentucky), the director of a settlement school (Hindman, Kentucky), the director of a child development center (Wilkes-Barre, Pennsylvania), and the director of a senior citizen center (Pomeroy, Ohio). Thus, they represented local politics, the business community, the media, and the care-provision services. Although a wider selection might have been desirable, this group offered the varied views of people who were all conscious of the work of the ARC, many of whom had been involved in LDD management or project development. One point made by all these interviewees was that their localities had witnessed major economic and social changes—mainly improvements—since 1960. However, each person interviewed had his or her own interests and perspectives.

The former chairman of the Madison County Commission in northern Alabama had been in office during the buildup and rundown of the NASA facility at the Redstone Arsenal near Huntsville. He compared the two events in terms of the lack of coordinating facilities in 1950s and early 1960s, and their presence through the LDD in the early 1970s. He also commented that the Appalachian Development Highway System and the provision of access roads had been responsible for attracting new factories to the rural areas of this district; he quoted a study showing that 264 firms employing 33,975 people had been established close to Corridor V (running from the northeastern corner of Alabama, past Huntsville, and west to Tupelo, Mississippi).

The mayor of Marshall, North Carolina, provided a contrast with the Alabama official: his town had only 1,000 inhabitants and was situated in the poorest county in the state. He was enthusiastic about the list of facilities that the local LDD had helped to fund: water and sewer systems, rehabilitated housing, paved streets and sidewalks, a senior citizen center, a library, a park, swimming pool, four child day-care centers, and two medical clinics. These in turn had attracted new residential developments and a shopping center. But he also commented on the continuing problems of attracting health-care staff and of children having to travel as much as two hours a day to high school, while old abandoned school buildings were not being put to community use.

In Paintsville, Kentucky, a former mayor who had also been involved widely in Kentucky state politics perceived the period up to 1960 as one of increasing “cultural confinement” for his district. Attempts to break out of that situation had had limited success because of competition and jealousy between local jurisdictions. The LDD had brought more cooperation and had had some success in obtaining more federal funding for water, sewer, health-care, hospital, and road systems. One
problem he had met was that ARC programs fluctuated in effectiveness, depending on the enthusiasm of the state governor and on federal provision (which had dipped since Ronald Reagan's inauguration).

The mayor of Athens, Ohio, a former U.S. Air Force colonel, saw three levels of benefits emanating from the ARC. The road-building program had put Athens on a new major corridor from Washington, D.C., to Cincinnati (Appalachian Highway Corridors E and D); day-care centers for children and older people, health clinics, and vocational education centers had provided much-needed community facilities; and bricks-and-mortar funding had improved water, sewer, and industrial park facilities. Growth had occurred in previously undeveloped places as a result, and rural areas had obtained more funding in this way than through revenue sharing. In the town of Athens itself, Ohio University was the main employer, and commercial strip retail development had increased rather than manufacturing industry.

In Caldwell, Ohio, another small town (1,935 people in 1980), the mayor had witnessed the halving of the Noble County population between 1930 and 1970 as employment first in farming and then in coal mining had declined. He considered local enterprise as important as federal funding in modernizing the town to take advantage of the building of Interstate 77 nearby: factories and a farmers' cooperative warehouse had been established and helped by new water supply facilities and a vocational technical school, which had acted as a catalyst. He regretted that although the economic development in the Caldwell area had produced new housing for the more affluent, it had made permanent housing more difficult to afford for those on lower incomes, and this had led to the spread of mobile homes.

The state senator in northern Georgia, who represented a nine-county area, was a local businessman owning a broom factory and a radio station. He was supportive of the LDD, which he saw as playing a significant part in assisting with the diversification of the local economy and the avoidance of polluting industries.

The former U.S. congressman from northern Alabama had been involved in the 1960s origins of the ARC, and his home area had received benefits as a result. He perceived the advantages of the ARC program as, first, building on the TVA inputs to southern Appalachia by involving local governments in coordinated efforts and in providing infrastructure (roads, industrial parks); second, linking local, state, and federal government through the work of locally based personnel in the LDDs; and third, providing a visible return to people who paid their taxes to Washington rather than locally.

The executive secretary of the local chamber of commerce and a
bank president in Cookeville, Tennessee, emphasized the importance of the LDD partnership with business. The local district had obtained more than its share of federal funds and had been able to capitalize on the fact that Interstate 40 ran through its center by building access roads and industrial parks. The presence of Tennessee Technical University was another major growth factor. Deposits at the bank had risen fivefold from 1970 to 1980. The north–south Appalachian Corridor J (planned to connect London, Kentucky, with Chattanooga, Tennessee) had not progressed far, however, because of a lack of liaison between the Tennessee and Kentucky state offices. These men also commented that the LDD program was as much the outcome of local political trading as it was the fulfillment of goals identified by the business community.

In Hazleton, Pennsylvania, the chamber of commerce had established a promotional venture in response to industrial decline in the 1950s. The Greater Hazleton Community Area New Development Organization (CANDO) had been centrally involved in establishing four industrial parks around a city that had lost its anthracite mining but found itself at the intersection of major interstate highway routes. These developments had been assisted by ARC funds for access roads and demonstration projects (such as a coal gasification plant) but had only just managed to keep the unemployment level stable and had been plagued by the comings and goings of firms in its factory buildings.

A businessman in Asheville, North Carolina, provided architectural and engineering services to industry in the area and had thus seen much change since he moved there in 1965. He regarded federal investment in highways, vocational education, and water/sewer systems as basic to local economic growth in that period and knew that the ARC had been involved in all of these. He was of the opinion that these investments had changed local attitudes toward further investment by both private and public bodies, yet despite obvious development, he could not see that district as one in which self-sustaining growth was yet possible.

The federal employee in the Asheville area, who worked with a housing authority in a rural county, voiced a note of caution over the process of modernization. He was involved with the problems of housing for those moving out of isolated mountain “coves” and was dismayed by the loss of personal confidence and established culture which the transition was bringing. A significant group in the population was being isolated in new social ways as the improved roads opened access for economic growth in the heart of the mountains.
Persons involved in care provision also voiced concerns as well as hopes in relation to the ARC program. The director of the Hindman Settlement School in eastern Kentucky, which was catering to adult education after many years of serving the whole population, still felt that the term “Appalachian” connoted a slur. People in eastern Kentucky were not less than human, as some implied, but had suffered from restricted opportunities due to the history and attitudes of the coal-mining industry. Coal companies still owned most of the land and often resisted new developments that might raise labor costs. Yet people were significantly better off and better educated than they had been in the 1960s. Although he could not give much of the credit to the ARC or other federal programs, he acknowledged that the removal of such programs would return conditions to those of the 1950s and 1960s and result in massive outmigration.

The director of the Senior Citizen Center in Pomeroy, Ohio, was proud of her new building, which had been a ten-year project following a 1971 survey that highlighted the needs of the aged in Meigs County. It had been funded by the state, HUD, and the ARC. Old people could be brought to the center each week and have access to medical care, social security advice, laundry facilities, and grocery stores; there were also craft groups and a food cooperative. A “chore service” and maintenance service helped people in their homes. Some two-thirds of the county’s elderly were associated with the center. There remained a problem of housing, and many were still too isolated to receive regular attention. The older people associated with the center were typically ex-farmers, used to independence and unresponsive to government assistance such as food stamps. The main role of the center was to make such people feel wanted in a society undergoing transition and to provide the kinds of services required.

The Child Development Center in Wilkes-Barre, Pennsylvania, provided day care for employed mothers in one central urban setting. It had been built partly with ARC funds and made a small but significant contribution to social needs in the area.

Finally, a newspaper editor in Paintsville, Kentucky, offered a fuller perspective. He made the point that although the LDD had contributed much in coordinating delivery of federal grant aid and making it available to most parts of the district, there had also been good leadership and some progress before 1965. The main problems had been that counties and municipalities without good leadership had lagged further and further behind in those days, and that rivalry between mayors and county judges had resulted in some uneconomic projects. In addition, his view was that private industry (the coal industry in
eastern Kentucky) could achieve the desired results more rapidly than government and was becoming more responsible about its links with local communities. Already one coal company had provided land for a regional airport, and other commercial companies had developed shopping centers as a result of the late 1970s coal boom. The quality of life had also improved for those wishing to stay in the area, with recreational services and increased numbers of TV channels available. He feared that the removal of federal grant aid would slow development but was optimistic that the district would not go back to its former depressed character.

Overall, these additional interviews tapped a limited number of people but a wide range of experiences from business, local politics, the media, and the caring services in states from Alabama to Pennsylvania. The representatives of these groups all recognized the presence of federal and ARC programs in their district, but their opinion of the role of such programs varied from "basic" to "catalytic" and "would be missed if terminated." Many of those interviewed emphasized the importance of local individual and group enterprise alongside or in front of government grant aid and planning assistance. Some emphasized the wide social implications of economic modernization and made it clear that the latter might be positive for the business community and those in better-paying jobs but still made only a small contribution to the aged and to the low-paid workers and the unemployed, who remained the largest sector of population in Appalachia.

Case-Study Summary. Several points emerging from this study summarize the ways in which the LDD concept was taken forward positively within Appalachia. First, the pre-ARC origins of some of the district organizations demonstrated an initial need for cooperation and access to expertise in obtaining grant aid at the local level in widely separated rural localities of northern Georgia, eastern Kentucky, and Pennsylvania. These needs were also present in other parts of the region and have been met by the application of the LDD concept to all parts of Appalachia. Old suspicions have been replaced by a willingness to work together, at least to obtain federal funds but in many cases with a genuine feeling that other benefits arise from cooperation.

Second, the ways in which each district developed its own character and mode of operating reflected a combination of the political environment of each local area, the state governors' political convictions, and the increasing range of federal grant aid available through LDDs after 1965. This combination of factors operated in the context of a national desire for the more efficient use of public funds and the
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ARC concern that federal programs should be seen to have a local impact based on consultation. This context strengthened the district positions.

Third, the staff employed by the LDDs provided both expertise and sympathy for the local areas. Many members were local residents who had direct contact with the people and situations concerned. This made them more approachable and their perceptions of need more realistic and practical than those of state or federal officials. For these reasons they were able to get closer to local needs as perceived by "the people."

Fourth, the changes in emphasis in the use of federal funds had some relationship to the changing needs of the individual districts as unemployment, poverty, and outmigration gave way in the 1970s to better conditions including economic growth and immigration.

Fifth, districts with different local needs could make use of similar federal funding for projects. Places at all stages of economic development required new or updated infrastructure provision: the districts of eastern Kentucky needed money for water and sewer facilities—sometimes to provide a proper system for the first time but often to update the basic facilities provided by coal companies in the 1920s; in Pennsylvania there was a need to upgrade the systems installed in the larger factory towns during the earlier twentieth century; in southern Appalachia new and consolidated facilities were often required for the first time in areas where economic development was at an early stage. Then, improvements in basic services led to requirements for human resource development. Many of the districts demonstrated that there had been a transition over their period of existence from a time when any grant aid project was welcome (since they were all needed) to the point where more precise needs emerged and the local district board became more experienced in targeting these needs.

Those outside the LDD but conscious of their activities saw them in the contexts of the much larger spheres of private business enterprise and social transition as the result of modernization. The perceptions of people in different types of occupations reveal a range of personal conclusions. Clearly, too much could be made of the LDD role, but those close to it saw it as at least a catalyst for economic and social progress. The emphasis placed by many of those interviewed on the nature and involvement of local business enterprise and the development of caring services reflected the views of the PARC (Chapter 3) that all levels of the community should become involved in the processes of development, since the goals could not otherwise be obtained.
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The ARC and Other Federal Agencies

At first (1965-67) the ARC was tied to other federal agencies in its budgeting process. In 1967 it achieved independence and a special position with direct responsibility to the president, but it continued to work closely and develop links with other agencies. These links were enhanced by the clearinghouse processes after 1970 and by the area-wide action plan processes at the LDD level after 1975. Among specific links established in the late 1970s, there was a formal agreement with the TVA and the Department of Agriculture for closer working relationships in the TVA area (ARC 1980b). TVA officers recognized the importance of what the ARC had established as a process to promote local development, and the Department of Agriculture also saw the value of ARC work in rural areas. By the period 1975-80, the ARC was cooperating on equal terms with a range of federal agencies.

Some Critical Views

The period 1975-80 was marked not only by the improved operation of ARC processes but also by more positive responses from external critics. Four very different and independent sources of review provide a sample of such assessments. These are emphasized here in order to put the record straight. More negative comments continued at this time, but they tended to repeat criticism made in the earlier phase of ARC history (Chapter 4). It must also be stressed that the views expressed in the four studies highlighted here came from those who might not have been expected to support the work of the ARC or even give it a modest word of approval.

The American Enterprise Institute, a conservative Republican "think tank" organization noted for its opposition to federal government interference in local and state affairs, commissioned two California academics to carry out a study of the effectiveness of a range of federal programs in Appalachia (Pascale and Barbour 1977). The authors questioned state and local officials about their experiences with these programs, and although all types of federal funding systems were found to have both strengths and weaknesses, they concluded that the ARC was, on balance, the most popular and practical program in the region (Table 5). Its main strengths were perceived to be its flexibility, responsiveness, improvement of local and state planning coordination and procedures, and increased level of involvement of local people at all stages in the delivery of federal program money. A comparison by state officials of the ARC and non-ARC areas in their
<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>Respondent level</th>
<th>Respondents' Rankings of Funding Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Block Grants</td>
<td>Categorical Grants</td>
</tr>
<tr>
<td>Flexibility</td>
<td>federal</td>
<td>third</td>
</tr>
<tr>
<td>Q3. Which is the best source of supplemental funding?</td>
<td>state</td>
<td>third</td>
</tr>
<tr>
<td>Q4. Which one responds the fastest?</td>
<td>local</td>
<td>third</td>
</tr>
<tr>
<td>Timeliness</td>
<td>federal</td>
<td>second</td>
</tr>
<tr>
<td>Q7. If your project qualified for funds from all four systems, where would you have the best chance of getting funds?</td>
<td>state</td>
<td>third</td>
</tr>
<tr>
<td>Q12. Which one best helps develop local management skills?</td>
<td>local</td>
<td>third</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>federal</td>
<td>third</td>
</tr>
<tr>
<td>Involvement and Influence</td>
<td>federal</td>
<td>third</td>
</tr>
<tr>
<td>Q25. Which one promotes most interaction between federal, state, and local levels of government?</td>
<td>state</td>
<td>third</td>
</tr>
<tr>
<td>National Priorities</td>
<td>federal</td>
<td>second</td>
</tr>
<tr>
<td>Q24. Which one most effectively promotes national priorities?</td>
<td>state</td>
<td>second</td>
</tr>
<tr>
<td></td>
<td>local</td>
<td>second</td>
</tr>
</tbody>
</table>

Note: More than one questions was asked for each criterion; a selection is made here of representative rankings.

Source: American Enterprise Institute study (Pascale and Barbour 1977)
The Maturity of the ARC

states showed that the ARC counties had a much better record in local planning.

Estall (1982), a British geographer, made a study of the U.S. regional commissions up to 1980. He concluded that the Title V commissions had largely failed to promote economic development, because they had inadequate funds to persuade the states that they could fulfil such a function, whereas the ARC had higher levels of funding and involved the system of LDDs. He found that earlier criticisms of the highway program had been partly answered by the importance of that system in the revival of coal production in the 1970s and by the rise in nonhighway funds from 23 percent of the ARC total in 1965 to over 40 percent by the late 1970s. Thus, the much criticized overemphasis on highway construction had been reduced. Estall concluded that many new facilities had been provided by a flexible set of processes in response to different needs in the varied parts of Appalachia. Although it was difficult to separate the ARC contribution from the complex series of internal and external economic changes affecting Appalachia, "the ARC has some quite impressive results to show. Perhaps a balanced judgment to date is that, in the overall context, it has been small but positive, while in particular local instances it has been highly significant." In short, Estall gave a guarded but positive report.

In May 1981 the Louisville Courier-Journal printed a series of ten articles titled "Battle for Appalachia" (Dunlop, Whitt, and Brown 1981). These examined the impact of federal programs in eastern Kentucky, commonly acknowledged as the core area of Appalachian problems, at a time when the newly elected Reagan administration was attempting to eliminate the federal funding and so end the ARC's existence. The general conclusion of these articles was that the federal programs had played a major role in treating the symptoms of poverty in eastern Kentucky—and would be missed greatly—but had not succeeded in eliminating the basic causes; a number of areas and groups had hardly been touched. ARC staff who commented on these articles saw them as a fair and balanced view that reflected both the limited but real achievements of the Commission and the continuing need for its work. The writers pointed to a range of improved conditions in the region, despite a number of poorly conceived projects (Table 6). Hundreds of millions of dollars had entered eastern Kentucky in welfare payments. In addition, the ARC had spent $561 million there between 1965 and 1981; EDA, HUD, and EPA had also invested several hundred million dollars through their own projects or in combination with the ARC. Yet despite a reduction in poverty, it still existed, and few manufacturing jobs had been created; coal was still "king" in the region's econ-
### TABLE 6. Progress in Eastern Kentucky

<table>
<thead>
<tr>
<th></th>
<th>1965</th>
<th>late 1970s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Fifty percent of U.S. per capita</td>
<td>Sixty-six percent of U.S. per capita;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>poverty less than half 1960s figure;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>still only one county above U.S. average</td>
</tr>
<tr>
<td></td>
<td></td>
<td>income in 1978</td>
</tr>
<tr>
<td>Housing</td>
<td>Very poor conditions</td>
<td>Over 10,000 units built under</td>
</tr>
<tr>
<td></td>
<td></td>
<td>federal programs</td>
</tr>
<tr>
<td>Migration</td>
<td>High outmigration</td>
<td>Immigration replaced outmigration</td>
</tr>
<tr>
<td>Infant Mortality</td>
<td>High, with shortage of nurses, doctors,</td>
<td>Reduced to U.S. average; nurse training;</td>
</tr>
<tr>
<td></td>
<td>clinics</td>
<td>nutrition programs; eighteen primary-care</td>
</tr>
<tr>
<td></td>
<td></td>
<td>clinics</td>
</tr>
<tr>
<td>Unemployment</td>
<td>High</td>
<td>Fell until 1979, then rose again</td>
</tr>
<tr>
<td></td>
<td></td>
<td>during recession</td>
</tr>
<tr>
<td></td>
<td>Only twenty-five percent</td>
<td>Thirty-six percent completed in</td>
</tr>
<tr>
<td></td>
<td>completed (U.S. 52%)</td>
<td>1976 (U.S. 63%). Built forty-six vocational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>schools, nine child-care centers; new school</td>
</tr>
<tr>
<td></td>
<td></td>
<td>buildings</td>
</tr>
<tr>
<td>Personal Involvement</td>
<td>People excluded from political power</td>
<td>Better legal services; medicaid</td>
</tr>
<tr>
<td>Public facilities</td>
<td>Decrepit</td>
<td>&quot;Face-lifts&quot; for many town halls</td>
</tr>
<tr>
<td>Transportation</td>
<td>Slow internal travel</td>
<td>New highways, airports</td>
</tr>
<tr>
<td>Economy</td>
<td>Dependent on coal; few wealthy;</td>
<td>Still dependent on coal, but wages</td>
</tr>
<tr>
<td></td>
<td>little contribution of mining</td>
<td>higher and jobs different (surface machines);</td>
</tr>
<tr>
<td></td>
<td>industry to local taxes; many</td>
<td>Kentucky severance</td>
</tr>
<tr>
<td></td>
<td>injuries and black lung</td>
<td>tax returns money to mining areas</td>
</tr>
</tbody>
</table>

to promote schism and opposition as a result of the differences between locally perceived needs and centrally imposed policies. In assessing the work of the ARC within the federal activity in Appalachia, he had begun from a hostile position. He saw the ARC’s emergence as due to the initiative of state governors and as limited in its initial stages by the U.S. fixation on major public works such as roads and dams rather than on poverty alleviation or coal company regulation. He had concluded that this approach was likely to expand the powers of the state governors but also to sap opportunities for a wider constituency. Clavel admitted, however, that during the operation of the ARC program a number of events had changed his initial impression. First, the growth-center concept (seen by some as a convenient way of establishing central government control and by others as a guide to allocating scarce funds) had little lasting effect, given the workings of local politics in the development districts. Second, there had been a shift from capital construction projects to human resource programs, despite the predilections of the same politicians. Third, although the LDDs had tended to be limited in their wider community response by the necessity of working with the local political powers, some districts had involved a wider range of people in consultative planning processes by employing local staff experienced in community affairs. Still, the general emphasis was on grant delivery, and the LDDs were often opposed by grassroots groups who in turn saw the district offices and boards as perpetuating the powers of the business interests. Hence, conflict remained. Clavel’s view, in the context of his thesis, was that the ARC should be tested by the criterion of whether the composition of the LDD boards could be changed to reflect the changing constituencies. He remained doubtful that this could be so. He suggested that despite the ARC’s positive achievements, it might ultimately fail because it was limited by having to operate inside the formal political systems.

These four accounts from very different standpoints all recognized the achievements of the Commission but emphasized the partial nature of its “success.” Nevertheless, based on a more careful and informed analysis of the ARC role as it had emerged by the end of the decade, they presented a very different picture from that of almost solidly negative criticism in the early 1970s.

Appalachia in 1980

The measures used in the PARC report to identify gaps between Appalachia and the rest of the U.S.—incomes, jobs, education, and
population outmigration—had undergone changes by 1980. Comparisons of conditions in 1960 and in 1980 show that during this period Appalachian people gained considerable improvement in income, employment opportunity, education, and health provision relative to the rest of the country and that net migration was mainly into the region during the late 1970s.

A study published in 1986 (Kublawi et al. 1986) showed that major improvements had occurred in a number of indicators. From 1965 to 1980, per capita income in Appalachia had risen from 78 to 82.5 percent of the U.S. average, and most significantly, the proportion of people living in poverty had been halved. Although it was still the case in 1980 that few counties in any subregion exceeded the national mean for family income, there were certainly major improvements, and these were particularly dramatic in the central and southern subregions.

Health-care delivery, related to access and the number of doctors and medical staff who could be supported, had been improved so that by 1980 it was available within a thirty-minute drive for people in 332 of the 397 Appalachian counties (ARC 1985a). Thirty-minute access had been a goal of the ARC from its early days: although still worse than U.S. norms, it was quite good for a largely rural area. Numbers of doctors working in the region had increased from 90.8 per 100,000 people in 1967 (U.S. average = 140), to 131.2 in 1981 (U.S. average = 217)—an absolute rather than relative improvement but still significant. Infant mortality, a prime indicator of good health care, had been reduced from 27.9 deaths per 100,000 live births in 1963 (U.S. average = 19.7) to 11.4 (the U.S. average) in 1982. In education there had been a rise in the proportion of residents who had completed at least four years of high school—from 33 percent in 1960 to 56 percent in 1980.

Population changes reflect the balance between natural causes (births, deaths) and migration. Population gains occur when there is a net natural increase by births exceeding deaths (approximately 1 percent per year in Appalachia through the 1970s), and/or a net immigration (which became significant where population increases across the decade exceeded 10 percent). Population losses occur either when deaths exceed births or when there is excessive outmigration: since all Appalachian counties had natural increases of population in the 1970s, the few that declined in population were still being affected by outmigration. The Appalachian counties had been dominated by outmigration in the decades of the 1950s and 1960s; despite the high levels of fertility during the "baby boom" period, 64 percent of counties either lost population or had at most a 2 percent gain between 1950 and 1960, and over 55 percent of counties were still in this category between 1960
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and 1970. In the 1970s, however, 93 percent of the counties had population increases of over 2 percent, and 20 percent of the counties had increases of over 25 percent, despite the fact that this was a period of lower fertility than 1950-70. Thus, there was considerable inmigration during the 1970s.

The southern subregion experienced the greatest rises in both family income and population. From 1949 to 1979 the changes in family incomes relative to U.S. norms were massive. In the 1950s there was a reduction in the number of counties dominated by very poor families (designated by having less than half the U.S. average income), but little growth in the number of families with incomes close to the national levels: counties with average incomes above 75 percent of the national norm rose only from 11 to 14 percent of the total. Between 1960 and 1980, however, the counties averaging below half the U.S. norm were eliminated, while those averaging over 75 percent of the U.S. norm rose to 42 percent of the total.

The southern Appalachian population showed losses in 60 percent of the counties in the 1950s but gains in all except two of the 169 counties in the 1970s; population gains of over 25 percent in the latter decade were recorded in 24 percent of the southern counties. These changes in southern Appalachia can be related to increasing local work opportunities, in both numbers of jobs and diversity of occupations. Many southern Appalachian counties doubled the jobs available, with major increases in manufacturing and service sector employment in the 1960s and 1970s, and labor force participation rates rose to the U.S. norm. Nor did the gap between urban and rural areas grow, since the rural counties often experienced as much growth as the urban ones.

In central Appalachia the pattern of family incomes showed a major worsening between 1949 and 1959 but some reduction of extreme poverty in the 1960s, although there was little increase in the higher-income categories: 70 percent of counties had mean family incomes less than half the U.S. norm in 1959, and the figures were little better in 1969. From 1969 to 1979, however, families with incomes less than half the U.S. norm were reduced to 15 percent of the total—the major change affecting this subregion. In the 1970s, counties with average incomes over 75 percent of the U.S. norm rose to 20 percent of the total; they had never topped 10 percent in prior years. Thus, although many of the counties remained among the poorest in the United States, even in the poorest subregion there were relative increases in family income. The average figures for some counties with small populations were affected by a few mine-owning millionaires, and many of the new jobs available were taken up by inmigrants (White 1989).
There was some change in population movements during the 1960s, but losses continued in two-thirds of the central Appalachian counties. The 1970s recorded gains of 2 percent or more in all but two of the eighty-five counties; nearly one-third experienced population increases of over 25 percent during the 1970s. This hardly restored the 1950 levels in most instances, but it was a reversal of the pre-1970 trends. Just as the population and income factors changed little until the 1970s, so the employment numbers continued to decline through the 1960s but improved in the 1970s. Few manufacturing jobs were attracted to central Appalachia in the 1970s, however, and total manufacturing jobs declined in Kentucky. Most of the added jobs were in the service sector, and many of the 1970s immigrants were former residents returning home as jobs in northern cities declined. The basic weakness in the central Appalachian economy remained in place, albeit not so obviously, during this period of coal-mining boom and higher incomes for some.

Northern Appalachia experienced the least change between 1960 and 1980. Average incomes were much higher in this subregion than in the other two; in 1949 only 8 percent of counties had a majority of families who were very poor. By 1979 the poorest counties had all improved their income status, but there was also a decline in the highest level of family incomes relative to U.S. norms. Population movements in the northern subregion were similar through the 1950s and 1960s, with outmigration from nearly 59 percent of the counties in both decades. In the 1970s the northern subregion contained most of the few counties in Appalachia that lost population, and fewer (8 percent) of those with gains of 25 percent or more. The problems that had been foreseen in the early 1960s were brought home to this subregion in the following twenty years. It had high densities of people employed in manufacturing industries, which were now declining or moving elsewhere: this was the heart of the Rustbelt. It was not a matter of unmitigated decline in northern Appalachia during the 1970s, however. Many of the jobs lost in “heavy” manufacturing were replaced by new jobs in different forms of manufacturing located in this prime area close to the largest markets in the United States. As in central and southern Appalachia, there was also a major growth in service sector jobs in the 1970s.

From 1960 to 1980, then, the southern Appalachian subregion made rapid progress and achieved a close parity with national U.S. norms in population growth, income, and employment. Central Appalachia had moved out of the trough of the 1950s and 1960s but remained the poorest part of the region—despite having received the
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most federal funding per capita. Yet it had begun with the most lag and
did not have the basic economic strength of either the growing southern
subregion or the "mature" manufacturing northern subregion. Northern Appalachia was experiencing a transition as old industries
were replaced by new; its economy had been sluggish, and its population had begun to decline while this occurred. Overall, it is clear that
Appalachia experienced major economic and social changes during the
period 1960-80, mainly for the better. The southern subregion experi­
enced the greatest advance relative to U.S. norms, and the northern
just about maintained its relative position, but the central subregion,
which had been so far behind, was still in the process of catching up—
but the rest of the country was running away faster than it could move.
The fact that central Appalachia continued to lag behind average U.S.
conditions has to be seen against the high economic levels reached by
the rest of the nation.

Personal Reflections: The Turnaround

Comments from the persons quoted at the end of Chapter 2, who were
all involved in the changes affecting Appalachia after 1960, demon­
strate some ways in which the economic improvements between 1960
and 1980 personally affected them and other people in their areas. Not
all the improvements they noted were related specifically to the ARC
(just as not all the changes in Appalachia were due to the work of the
ARC) but reflect the changed attitudes in some parts of the region.

We had nothing but sourbriar farms and backwoods and some hills and a gravel
road that was passable, but that’s all. But in the middle sixties this little old
county which laid back for a long time came to the front. We had a road, it was
announced, and they were going to build it through there. It’s known as
Interstate 75, and they built that thing. And we got hold of a notion. We had no
water impounded in the county, none to use. We had a Mayor there in the little
town of Mount Vernon by the name of Clyde Linville. He spawned this notion
of taking this highway fill of I-75 across to Renfro Valley and impound water
there. Four hundred and some acres were impounded and called Lake Linville.
The road made the water impoundment possible; the water impoundment led
to water distribution and this made decent housing possible. A little industrial
park was also built and brought jobs, better incomes and services. We are just
completing a rail spur and a new bypass to link to I-75. That is a considerable
change. (G. Craig 1984)

My case was a good example of where employment doubled from 50,000
persons in 1960 to 100,000 in 1980. It had a whole series of results, some good,
some bad. We found that the local people had got away from their roots and had forgotten the craft skills which had once been essential in rural mountain economy; many of the new jobs went to people whom I would classify as outsiders, since the locals did not have adequate education; and that is linked to a persistent problem of underemployment, particularly in relation to many of the new service-type jobs. There are persisting problems for the "Appalachians," as opposed to the "outsiders." (S. Dayton 1984)

I think that a pride in Appalachia has begun to return. I can recall when I even felt the lack of pride after I left Appalachia for a few years. I felt that I should not like country music. Something happened right around 1970 or soon thereafter. There was an effort to go out and recapture the old songs, many of them going back years and years, people recording them before the old-timers who remembered them died and so on. So it is interesting that not only the crafts but the poetry, the music, all of it—there seems to be a new pride in it maybe in the last twenty-five years. (R. Shepherd 1984)

The 1979 Renewal of the ARDA Legislation

By 1979 the ARC had become established as an independent though relatively small federal-state agency, and some of its achievements were being recognized, particularly in delivering federal grant aid to its region and providing a new governmental mechanism. As the 1979 congressional committee hearings on the renewal of the ARDA legislation learned of and applauded these achievements (U.S. Congress 1979; ARC 1979a), there was wide support for a plan to extend the benefits nationwide. It was proposed that the Title V commissions, which were still in existence and had just been increased, should be included with the ARC in common legislation to cover the entire nation. This point had arisen from the White House Conference on Balanced Growth and Economic Development, which followed the regional conferences. Although the final conference had not seen the regional commissions as being funded through the executive office (as the ARC was), it's recognition of the effectiveness of the ARC was mentioned in the renewal hearings. Hence, the planning process involving states and LDDs, formulated in the 1977 overall plan (ARC 1979a), was incorporated in the 1979 proposals for renewed legislation. In early 1980 the Commission's executive director was optimistic about the progress of the legislation (ARC 1980a).

But as the debate continued into 1980, action on the legislation was held back by disputes over the changes proposed and their major implications for the EDA (Congressional Quarterly 1981). The conflict was
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not resolved before the 1980 presidential elections, and thus the ARDA was not renewed. Neither was the ARC incorporated in a more ambitious format. Its reauthorization extended only to September 1982 (Congressional Quarterly 1979-88).

Conclusions

The 1970s were years of improving socioeconomic conditions for the people of Appalachia, and these gains could be seen to parallel the increasing influence of the ARC up to 1980. It would be simplistic, however, to make a direct cause-effect linkage between the development of ARC and the improved quality of life in its region. The experience of the 1980s, discussed in Chapters 6 and 7, emphasize the difficulties of justifying such a link. Nevertheless, the period 1975-80 was one in which the ARC evidenced a degree of operational maturity. In particular, its role in getting grant aid funds applied where they were needed and the part played by the LDDs were widely recognized. The increasing links forged between federal agencies following ARC encouragement was a further positive administrative contribution. Its growing stature and level of achievement led to proposals for extending across the nation the processes developed by the ARC, but that plan raised a set of concerns in Congress which were not resolved before the 1980 presidential elections. The new Reagan administration was to pose major problems for the continuing existence of the Commission in the 1980s. This came as a shock to many at all levels of government with an interest in Appalachia, given the steady progress the ARC had achieved.

As the ARC’s maturity was demonstrated by these events, other aspects of the agency’s work, and especially its implications for American politics, were also emphasized. The discussions over the development of an overall plan highlighted the powerful position retained by the state governors and their influence in reducing the contribution of overall planning. Political forces were also seen to be fundamental in continuing congressional support for the ARC even as executive interest began to wane during the later Carter years and then as the Reagan presidency proposed still more drastic treatment.
President Reagan's attitude could not have been clearer. From the moment he entered the White House, he did what he could to get rid of regional commissions. The Title V commissions found few champions and were closed in 1981; in every year of the Reagan presidency the executive budget proposals included no funding for the ARC. No arguments based on the success of the ARC program, the needs of rural America, or the fact that the ideas behind the Commission were essentially close to the president's own thinking in involving the states could change his mind on this matter. Various responses by the administration were offered to groups fighting for the continuation of funding: at one time, the ARC was to be closed because it was a useless waste of public money; at another, it was to be terminated because it had done its job successfully and was no longer needed!

Despite powerful opposition from the chief executive for eight years, however, the ARC remained in business throughout the 1980s, although its profile was lowered and its activities reduced by lower levels of funding. The state governors provided strong support; the House of Representatives voted by huge majorities each year to restore budget appropriations; and there was continuing strong backup in the Senate, especially when the Democratic party gained majority again in 1987. Much of the lukewarm attitude in the Senate during 1981-87 was an expression of personal support for the president rather than antagonism to the ARC, which had attracted an increasing level of bipartisan support throughout its history. Although its funding had been reduced by the mid-1980s to just under one-third of that in its best years, the Commission was penalized relatively less in this respect than the EDA, which had received much larger budgets to carry out its nationwide charge than the ARC in the 1970s.
This chapter surveys the response of the ARC to the Reagan administration efforts to close it down. The 1980s segment of the agency’s history was partly a matter of pursuing survival tactics. But the ARC was able to continue its contributions to improving conditions in Appalachia. After a period of political pessimism in the early part of the decade, the state governors came back in 1982 with a “finish-up” program designed to prevent closure of the ARC, and again in 1987—the year it was finally due to close its doors—with proposals to restore and expand its work. The early attitudes of the Bush administration in 1989 suggested that there could be grounds for a fuller revival of the fortunes of the ARC in the 1990s.

The Finish-Up Program, 1982

As soon as Ronald Reagan was elected president in November 1980, a group of state governors sent him a petition to request continuation of the ARC program (ARC 1981a). At the commission meeting on 24 February 1981, just one month after the inauguration of the president, the new administration’s response was reported: the ARC should be closed, and all noncommitted money should be rescinded; no funds would be provided in the following fiscal year; and the highway programs would be transferred to the Department of Transportation following special legislation.

Ten Appalachian governors present at this meeting resolved that the administration be urged at least to restore its cuts to the fiscal year (FY) 1981 nonhighway programs. The governors accepted a need to reduce federal spending but wanted only a “fair share” of the cuts to be applied to the ARC. At the same time, they urged the president to appoint a representative to work with the governors over a ninety-day period to assess how “the ARC process might be used to carry out the President’s programs nationally.” The text of the resolution was as follows:

A Resolution of the Appalachian Governors Concerning the Appalachian Regional Commission, February 24, 1981.

We support the President’s determination to limit federal spending and agree that the Appalachian Regional Commission should take its fair share of the cuts. We are concerned because the Administration proposal terminates the Commission. We wish to call several matters to the attention of the President and Congress:
• ARC’s effectiveness is based on a system of sharing power in the conduct of government business which is consistent with the President’s determination to shift power from Washington to the states so that national priorities can be adapted to the real needs of states and local communities.
• The Commission program is succeeding. Substantial and visible progress is being made in reversing decades of neglect. However, special needs remain.
• More than 700 Appalachian communities will suffer unfairly if their projects to which we have committed ourselves are denied funding by rescission of ARC FY1981 funds.
• Continuity of progress of the ARC highway system is essential. The President’s proposal for future funding out of the Highway Trust Fund requires legislation which may not be in place by the beginning of FY1982.
• State capacities to assume responsibility for ARC nonhighway activities will be affected by the passage and implementation of flexible block grant programs which may not be in place by the beginning of FY1982.

Therefore:

• We urge the President and the Congress not to rescind remaining ARC FY1981 nonhighway funds.
• We urge the President and the Congress to provide continued funding for ARC highway and nonhighway programs in FY1982 at whatever levels reflect a fair share of federal budget cuts.
• We urge the President to appoint a representative to work with us during the next 90 days to determine how our experience with the ARC process might be used to carry out the President’s programs nationally. We commit ourselves to a cooperative, bipartisan effort. We will submit our recommendations promptly, along with various opinions, including a possible orderly phase out of the Commission.

Following the receipt of a copy of this resolution, the House Appropriations Committee in July 1981 requested the Commission to prepare a report for it by the end of 1981, including recommendations for a three- to five-year finish-up program and for the completion of the highway program. The Commission at its meeting on 11 August 1981, agreed to respond to this request (ARC 1981b). The states co-chairman for 1982, Governor John Y. Brown, Jr., of Kentucky, reported that he had accepted the nomination to that post because he believed the Commission still had an important role. He had been involved in presenting the February resolution to Congress:

I told the Congress we need time to finish the job. We need time in the coal states to build the housing, the water and sewer systems, the health clinics and the basic services in the isolated communities where miners must live if they are to get out the coal we need to replace foreign oil. We need time to get our
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coop haul roads, feeder rail lines, highways and ports in shape to handle twice as much coal as they are now handling. We need time to put in place the tax and investment programs which can divert more coal dollars to reinvestment in diversified economic development that will bring more jobs to the Region. I told the Congress we need ARC for three to five years to help finish up the economic development job we have begun in Appalachia and to replace federal dollars with private, state and local resources in an orderly transition period.

Brown's predecessor as states' co-chairman, Governor Lamar Alexander of Tennessee, was pleased to report that the ARC had survived the federal budget cutting with two-thirds of its money intact, although it was the nonhighway programs that had taken the greatest cuts.

Their "Report to Congress" at the end of 1981 set out the governors' proposals (ARC 1982a). This report was the result of rapid work by the ARC staff (Krevor 1984), who had to consult closely with all thirteen states about the nature of the proposed program. There were two major aspects of the finish-up program. The Highway Finish-up Program was still regarded as particularly important; a survey just concluded had found that the highways built to date had played a significant role in the improvements recognized in Appalachia (ARC 1982b). To complete the planned 3,033 miles of the total program, however, would require a further $7 billion, and so a more modest final total of 2,351 miles (550 more than had already been built) by 1990 was proposed at a further cost of $2.27 billion.

Funds for the nonhighway programs, regrouped as the Area Development Finish-up Program, were requested at the level of $83 million for each of the next three years and $75 million for each of the last two years of the program, finishing in 1987. These sums could be compared with $125 million received by the ARC for the nonhighway programs in FY1981. The ARC would fund projects up to only 50 percent, thus shifting the responsibility to state and local government, and the reduced funds would target the most needy counties. A three-year health program would bring basic health care to counties not yet reached and to those with relatively high infant mortality rates; a five-year program would help the sixty or so most distressed and underdeveloped counties (Map 4) to meet their most critical needs, especially in the provision of safe drinking water and waste disposal. The private sector would be asked to help in various ways.

The governors believed that their proposals would provide a sensible transition period during which local resources could be mobilized to meet the shortfall from Washington. They once again reiterated their belief that "ARC is one program that works" and pointed out its
MAP 4. Distressed counties as designated in the finish-up program, 1982.
considerable local support. They also had in mind that if the Commission could be kept in business until 1987, the Republican party might by then have lost its narrow majority in the Senate, possibly permitting a revival of the Commission in the late 1980s.

One of the major architects and supporters of the ARC since before 1965, Senator Jennings Randolph of West Virginia, also submitted a statement to the House Appropriations Committee hearings on 19 January 1982:

We live in uncertain times . . . when there are strong forces at work in Washington to drastically reduce virtually all government activities. It was only through considerable hard work and personal commitment, in both the House and Senate, that we avoided the abrupt and disastrous termination of the Appalachian effort last year.

The five-year program developed by the governors is a pragmatic response to current conditions. It required difficult and sometimes painful decisions on their part, decisions that were made unselfishly and for the overall benefit of the region.

This proposal, if adopted, will provide for the orderly transfer of Appalachian programs to other sources of support and will leave us with the established, ongoing institutions when the ARC completes its work.

The Congress will begin its consideration of these proposals in the near future. I assure the members of the subcommittee and the people of Appalachia that I will devote my full energies to the continuation of the program, which has brought so many benefits to our state and our region.

Final federal agreement on the finish-up program was never formally achieved, but even though President Reagan put "zero dollars" for the ARC into each executive budget proposal from 1982 to 1989, Congress continued to appropriate funds. Yet although the continuation of funding meant that the ARC's future was extended beyond 30 September 1982, when its legislated authority ran out, the absence of final agreement on the status of the legislation meant that the House Appropriations Committee could do no more than phase down the ARC appropriations over a period of time. The House of Representatives had passed by a vote of 281 to 95 a resolution to implement the full finish-up program proposals, but the Senate had limited the extension to one year with total funding of $150 million for FY1983; thus, the ARC had to live from year to year through the finish-up program and mount a continuing political defense. While the Highway Finish-up Program was agreed upon as proposed, funding for the following year was only $95 million of the requested $215 million. The Area Development Finish-up Program was restricted to $50 million for the year; this
meant further cutbacks and an emphasis on job creation and private investment efforts.

Another important event in late 1982 was the replacement of Albert Smith as federal co-chairman by Winifred Pizzano (ARC 1983). Smith, appointed by President Carter, had been involved centrally in the efforts to keep the ARC in being during Reagan’s first year in office. In view of the Reagan administration’s opposition to the ARC, it was doubted at one stage whether the president would appoint anyone to this post; the Commission’s business, requiring agreement between federal and state governments, could not have continued without such an appointment. Pizzano had a difficult role to fill: appointed by a president who disapproved of the ARC, she annually had to propose a nil budget; at the same time, she had to work with the state governors to disburse the funds appropriated by Congress. She did discover, however, that some of her own personal interests in social issues could be pursued through the ARC mechanism.

Continued Appropriations and Other Developments

The ARC not only weathered the initial Reagan administration storm but continued to receive annual appropriations (see Chart 2). At each congressional hearing on the matter, the federal co-chairman reported that the administration wished to recommend no funding for the coming year, but both the House and Senate responded by voting funds. For example, in 1985 the House proposed $134 million for FY1986 (of which $100 million was for the highway program), and the Senate proposed $71.8 million; the conference between the Senate and House agreed on $122.2 million, earmarking a portion of that sum for the least privileged four of the thirteen states (ARC 1986b).

During this period of reduced funding and increased political opposition, a set of new emphases was developing within the ARC programs. One problem attacked was that of the school dropout rate in Appalachia, an issue taken up by the new federal co-chairman and developed at a major workshop in Atlanta in June 1985 (ARC 1985b). On another front there was emphasis on small business creation and expansion; a workshop in Charleston, West Virginia, 23-25 September 1986 (ARC 1986a), raised issues relating to the best targets for growth in employment opportunities. “Smokestack chasing” (recruiting manufacturing companies from other states) was seen to have little benefit by this time, but improved education, technology transfer, and business acumen could lead to better results by emphasizing excellence.
At the Commission meeting held after that workshop there was a review of current accomplishments (ARC 1986b). The ARC's director of human resources reported that from 1983 to 1985 the Commission had spent $101 million on the jobs and private investment program; this had attracted over $1 billion in private investment and had created or saved at least 81,000 jobs. The programs for vocational education and dropout reduction had cost $11.5 million and had served 100,000 people. In the health-care field, 350 physicians had been placed in underserved areas, and thirteen new primary-care centers had been built at a cost of $11.7 million to complete the three-year finish-up program; these projects served 222,000 people. A further $45.8 million had been spent in the distressed counties, mostly bringing water and sewer systems to serve 280,000 people. A transport adviser reported encouraging highway progress. The states had increased their contributions by $50 million during the last year in recognition of the importance they accorded to this program. Instead of the expected 322 miles of the reduced system to complete by the end of FY1986, there would be 305 because of increased state contributions.

Despite these developments and achievements, the Commission still had to face the fact of continuing cutbacks in funding in real terms.
Both House and Senate Appropriations Committees urged the ARC to continue human resource programs and address special regional problems. It was therefore important for the Commission to review these proposals and to set an agenda for its remaining period of operation.

The LDDs also continued to function throughout this period. Although ARC funds for their administration were cut back from the 1981 level, local support made up much of the difference. Federal Co-chairman Winifred Pizzano concluded that such support reflected a high local regard for the work of the districts (ARC 1983). She felt that the strengthening links among the LDDs and the imagination of their vocal leaders would ensure that they remained innovative and obtained the assistance they required.

A study of Linkous (1986) demonstrated that the districts too had changed their emphases over this period. The reduction in federal programs had given them less grant aid money to chase, and the cuts in ARC and EDA administrative funds had also provided a challenge: whereas ARC funds had contributed about half of the districts operating funds before 1981, this proportion had been reduced to 15 percent by 1985. The 1970s LDD role of assisting local jurisdictions with grant applications and preparing regional development plans had been modified in the 1980s. The districts either had to reduce their staff or diversify by establishing new priorities and ways of working.

In the two years preceding the Linkous report, the budgets of twenty-six of the sixty-nine Appalachian districts had grown by more than 20 percent (largely—and ironically—because of increased federal funding), while the budgets of nineteen districts had declined. One of the major changes had been the transfer of the administration of many federal grant aid programs from the agencies' regional offices to state offices, and this resulted in closer liaison between the states and the districts. Another major change had involved new federal programs, such as Aid to the Elderly, which was being administered by forty of the sixty-nine districts in Appalachia and formed the second largest source of financial support for LDDs in the early 1980s. Thirty-four of the districts assisted and administered programs under the Job Training Partnership Act (JTPA). Some twenty Appalachian districts involved in metropolitan areas received federal funds for planning and coordinating transport systems.

In addition to the new types of federal support, local governments had found it cost-effective to centralize the planning and administration of their own programs in the LDD offices: fifty-five of the districts now received funding for this purpose. District staff provided economic forecasting and analysis to their local governments. Other new
activities included involvement in enterprise development, such as the administration of revolving loans and the provision of small business assistance. Some districts assisted in implementing and promoting tourism. Thus, the districts had more varied, though often less secure, sources of funding.

The most successful LDDs were those that had changed focus in response to the political climate of the 1980s. Diversification was the key to survival and even expansion in many cases. Districts in states where there was strong support from the governor or legislature were often in the best health, especially if they also had a history of providing local services. Districts that continued to rely largely on federal support were still able to function, but their existence would be threatened increasingly by further cuts. Districts that had become the operating agencies for single programs, such as aging or enterprise, were in danger of losing their close links with state offices, which now acted as a major base for grant aid funding. It was anticipated that the late 1980s might see the end of some LDDs and the merging of others, but there was certainly no suggestion that the LDDs might all disappear. Many districts had bigger budgets and larger staffs in 1985 than they had had before 1981.

Overall, the period from 1982 (when it seemed that the demise of the ARC might be near) to 1987 (when it was due to go out of existence at the end of the finish-up program) demonstrated a resilience in the program and its operators—from state governors and Washington headquarters staff to the staff and boards of LDDs. It was a matter not merely of successful survival tactics but also of the emergence of new ideas and emphases. The period of tension and even of persecution gave rise to a renewed optimism.

A New Vision, 1987

Just when it was anticipated that the ARC would fade out with the ending of the finish-up program, the state governors produced some surprises. When Governor Carroll Campbell of South Carolina, then states' co-chairman, appeared before the relevant House Appropriations Subcommittee on 31 March 1988, he presented proposals for what amounted to the reinvigoration of the ARC and the consideration of its extension to the rest of rural America (ARC 1988a).

These proposals had come out of a meeting of the commission in 1987 (ARC 1987a). At that meeting, attended by eleven of the state governors, Governor Arch A. Moore, Jr., of West Virginia, the states co-
chairman for the year, described the ARC program as "outstanding" in its shortcutting relationship between the federal establishment and the people. He wanted the program to be continued, even revitalized, and put much effort into supporting this thrust. Federal Co-chairman Pizzano introduced what she described as the first policy changes in five years; in fact, they not only provided for an extension of ARC activities beyond the finish-up program but were even more radical in their significance. The proposed policies focused again on human resources and the most distressed counties (the thrust of the finish-up program) but also provided new means for building on the success achieved in other Appalachian counties. The new approaches included the creation of a category of "regional program initiatives"; the designation of "economically competitive counties"; and more funding for distressed counties (increased in number from seventy-six to eighty-eight), which would continue to have access to ARC funding for up to 80 percent of the cost of projects. Projects in distressed counties or in distressed pockets within counties might address specific economic problems or opportunities such as technology transfer, export development, school dropout prevention, or rural health care. The "economically competitive counties" were those that had attained, or nearly attained, national norms in economic conditions and were well placed on regional program initiatives. Most nonhighway projects in the economically competitive counties would be funded by the ARC at 50 percent. A further resolution pressed for the full completion of the original highway program to a new total of 3,042 miles; two-thirds of this was complete.

During 1987 more encouragement and support for the continuation of the ARC came from a combination of the kinds of projects being implemented and a further report on the impact of the highway program (ARC 1988b). New projects that received publicity included the success of small-firm funding (ARC 1987b) and technology transfer support (ARC 1987d). A report on the impact of the highway program updated the 1981 survey (ARC 1982b) and concluded that 695,000 jobs had been created in Appalachia between 1980 and 1986; of these, 81 percent were in the 241 (of 397) Appalachian counties crossed by Appalachian or interstate highways; 20 percent of the jobs were in manufacturing, mining, or construction; and the remaining 80 percent were in trade, finances, services, professions, or government. These figures have to be seen in the context of the fact that the decade of the 1980s was a period of economic stress in much of Appalachia, especially in the coal-mining central subregion, where the unemployment rates reached 15-25 percent again.
Another sign of renewed optimism was the record turnout at the LDD conference in Washington in March 1987 and the enthusiasm engendered there by the new positive attitude among the state governors in supporting the future of the Commission. Not least of the changes producing a new image for the ARC was the new appearance and revised approach of the ARC journal *Appalachia* from its summer 1987 edition (ARC 1987e): the addition of color, together with new sections of information and views about the region, suggested a new life for the ARC as well as its journal.

It is also significant that the pressure for continuation and reinvigoration of the ARC came at a time when the original reasons for its existence were reemerging. The decline of the coal-mining industry in central Appalachia and of heavy metal manufacturing in northern Appalachia brought much economic stress to these subregions and alerted many politicians to the fact there was a continuing need for federal programs to assist their constituency area.

These needs were put to the test in the congressional hearings on the FY1989 budget. Once again, the Reagan administration proposed nil funding for the ARC. The Commission having obtained $110 million for all programs in the previous year, Governor Campbell brought new proposals related to a budget of $319.2 million for fully effective operation—a figure consistent with previous requests by the governors—but also put forward a lower figure of $162.6 million as a politically realistic alternative and one consistent with the sum passed by the House (330 to 89) in 1987. Campbell further cited three resolutions passed at the 22 February 1988 Commission meeting (1988a):

A RESOLUTION setting forth general rules for the conduct of an ARC-assisted business development program. Congress had made it possible for this development in the previous year by removing restrictions from Section 224 of ARDA which had prevented ARC from participating directly in activities which benefited industrial and commercial enterprises (apart from energy-related projects after 1975).

A RESOLUTION to provide resources for a new ARC initiative in technology transfer, with an emphasis on industry needs rather than research capacity. An ARC conference on this aspect was organized for September 1988.

A RESOLUTION setting forth principles to be considered in any new programs or policies relating to the economic decline of rural America as a whole in the 1980s, based on the experience of ARC. The primary theme of this resolution was the need for cooperative partnership between public and private sectors and between the different levels of government.
These efforts by the state governors and ARC staff again led Congress to overrule the administration's wishes. They did not for the moment result in more money for the ARC than in the previous years but helped to retain congressional support. The ultimate test would come in the November 1988 presidential elections and in the policies of the next administration and Congress. Another Republican administration could make it difficult for the ARC to hang on for a further lengthy period, although it would depend on who was elected and whether he was interested in regional planning. If a Democrat were elected, the ARC might become a model for new nationwide policies.

A continuing demand for region-based public policy in the United States was demonstrated in 1988 by two separate proposals to Congress for such legislation (Wenger 1988-89). These were related to two parts of the country where socioeconomic conditions had become worse than those in Appalachia. One, brought forward by Senator Dale Bumpers of Arkansas and passed in late 1988, led to the creation of the Lower Mississippi Delta Development Commission, charged to study the needs of the rural areas of the lower Mississippi valley and propose modifications in existing legislation to assist the region. The other, advanced by Senator Lloyd Bentsen of Texas and passed in 1989, was to establish a United States-Mexico Border Regional Commission to "assist in the development of the economic and human resources of the border region." Both bills set out to provide a stage on which the economic development of the respective areas could be promoted and their special needs recognized. One aspect of the significance of these bills was to announce that needs were being recognized in different parts of the United States which the people of those areas could not deal with themselves. The bills, and their favorable reception, emphasized a willingness on the part of Congress to consider ways in which the federal government might help specific regions.

Appalachia in the 1980s

The ARC continued to exist through the 1980s despite the antagonism from the Reagan administration, and to generate innovatory approaches to its task. Nevertheless, during the 1980s there was a definite slowing down in the relative economic improvement that had occurred between 1960 and 1980 (Kublawi et al. 1986; Kublawi 1987), and differences in economic measures between Appalachia and the rest of the United States began to increase again. The Appalachian gain in employment between April 1980 and April 1986 was only 2.2 percent,
compared with 9.8 percent nationwide. Appalachia slipped to 7.8 percent of the total U.S. employment in 1985 compared with 8.3 percent in 1980. The Appalachian labor force grew only 1.9 percent from 1980 to 1984, compared with 6.2 percent in the nation. Unemployment began to increase faster in the region than in the nation in 1979 and was two percentage points higher (7.3 percent) in 1985—almost returning to the 1960 differential. Moreover, the official unemployment figures have been estimated to be only about half the true rate (White 1989).

Individual and family income, which had grown remarkably in Appalachia in the 1970s, fell back in the early 1980s. Per capita income, which was 82.5 percent of the U.S. average in 1980, fell to 81.2 percent in 1983. Although the population of Appalachia continued to grow, the rate slowed and was less than that for the rest of the nation: 1.7 percent growth compared with 5.4 percent for the United States in 1980-85.

Projections for the period 1986 to 1995 (Kublawi 1987) suggested that Appalachia as a whole would see employment increases following national trends but lagging behind them: an 8.9 percent increase in jobs compared with 13.4 percent for the nation. These projected figures included further losses in manufacturing jobs but moderate gains for employment in transport, communications, public utility, retail and wholesale trade, finance, real estate, and insurance. The largest job gains might be in health, personal services, and professional services.

The subregions of Appalachia performed very differently from each other during the first half of the 1980s (see Table 7). Their differences reflected the impacts within Appalachia of a further series of global and national economic shifts.

Southern Appalachia continued the economic and population expansion initiated in the 1960s. Although Georgia was the only state in which the Appalachian sector exceeded the national rate of population growth between 1980 and 1985, the Appalachian sections of other southern states all had increases in population above the average for the region as a whole. In four southern states (Alabama, Georgia, North Carolina, Tennessee) the Appalachian sectors registered increases in employment above the national average between 1980 and 1986; only Mississippi had a slight drop in employment-rate rise during this period. By May 1986, however, although over 70 percent of the Georgia and North Carolina Appalachian counties had lower unemployment rates than the U.S. average, more than 40 percent of the Appalachian counties in Alabama, Mississippi, and Tennessee suffered unemployment rates some 50 percent above the national average. This contrast reflected the differential success of local manufacturing and service industries in these states. The projections to 1995 suggested
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Source: Kublawi 1987
that except for Mississippi and South Carolina, where growth would be somewhat slower, southern Appalachia would continue to experience growth in employment at or above the national average.

Central Appalachia, with its continuing dependence on the coal industry, experienced major losses in jobs and low growth or loss of population during the first half of the 1980s. Over 60 percent of the counties in this subregion had unemployment rates more than 50 percent above the national average in May 1986. Projections for the period to 1995 envisaged only very slow growth in employment (1-3 percent, compared with a national figure of 13.4 percent) if low energy prices and reduced demand for coal continued.

The nature and level of changes in northern Appalachia approached those of the central subregion during this period. Population losses occurred in the Appalachian portions of all states except for a small gain in Ohio. All states had employment losses ranging from 1.2 to 3.4 percent; 79 percent of Appalachian counties in Ohio and 35 percent in Pennsylvania had unemployment rates 50 percent above the national average in May 1986. This reflected the decline of heavy industry and its slow replacement by other types of employment. The prospects to 1995 were regarded as better for northern Appalachia than for the central subregion, however, with employment gains approximating 6 percent from 1986 to 1995, or nearly half the national average.

Kublawi et al. (1986) also makes it possible to consider some important trends at the local level within Appalachia. This study, based on a national ranking of counties for population, income, and proportion of urban living, compares 1970 with the mid-1980s. In southern Appalachia the larger urban centers continued to experience economic and population growth through the 1980s, but the rural counties went through relative decline. Rural, nonfarm counties also declined in central Appalachia, although many of them were in the lowest category in 1970 and stayed there. In northern Appalachia there was a consistent loss of status over the period, but once again it affected particularly those counties which had a rural, nonfarm emphasis and did not contain major urban or metropolitan centers. The hopes expressed for rural counties in the 1970s were not realized in the 1980s, and their plight became more obvious.

**Critics of the ARC in the Mid-1980s**

Critics during the 1980s revived arguments for a different sort of development, based on the contribution of people and communities
within Appalachia, and often added an ecological message. One such critique was put forward by McNutt (1987), who saw the mid-1980s position as a "crisis of development theories" that required a new approach. He summarized the current theories of two groups, neither of which had proved able to meet the challenge of Appalachia.

First, the "official development position" involved regional policy and modernization approaches in which problems were perceived as being internal to the region of concern, and solutions were devised to provide institutions whose aim was to achieve modernization by external assistance. The ARC had adopted approaches based on such premises. But such approaches, according to McNutt, focused on economic growth and hence on urban development; often antirural, they destroyed environment and culture.

Second, the "radical alternative" was based on dependency theory and Marxist analysis, including the internal colonialism model (Lewis, Johnson, and Askins 1978). These approaches were linked by an assumption of the external exploitation of Appalachian wealth (bolstering the national core at the expense of the periphery) and of dependence on external resources provided by government programs that were inadequate because they provided few practical policies and would cut the region off from the surrounding world.

McNutt's own alternative was based on ecological values, eco-development, renewable energy sources, and self-reliance: there would be a move away from urbanization toward reduced consumption and greater participation in community development (his strategy is summarized in Chart 3). This approach, however, is as unlikely to be adopted or to be workable in the current U.S. social, economic, and political climate as the radical alternative; it resembles the policies of the "Greens" in Europe, which have only just begun to make a political impact in some countries and have a less organized presence in the United States. Such proposals remain idealistic for the foreseeable future; those who look for more immediate change in Appalachia are limited to what is acceptable and available in the current national political system and climate.

The Future of the ARC under a New Administration

The first months of the new Republican administration, following the inauguration of George Bush as president in January 1989, were marked by slow progress in the appointment of federal staff and in the formulation of a policy agenda. By March 1989, however, it was becom-
CHART 3. A community-based ecological strategy for Appalachia. The McNutt (1987) strategy's totally new approach to identifying social goals leads to the development of regional policy as a spinoff from local concerns. Community decision-making remains central throughout the process.
commerce, Robert Mosbacher, expressed support for the EDA after years of cutbacks under the Reagan administration, and this was also seen as a boost for the future fortunes of the ARC. A further sign of changing attitudes was that the new Lower Mississippi Delta Development Commission, set up at the end of 1988, had appointed an executive director.

In 1990 the president's proposals for the 1991 budget included $50 million for the ARC—a figure likely to be increased by Congress, and an action that signaled White House support for the agency. The budget for fiscal year 1992 increased this to $100 million. At this writing it is too early to determine the nature of any new future for the ARC, but its prospects are once again bright, though it will retain a low profile while new legislation is prepared and put through the congressional processes. Perhaps this is a good time to reflect on what might be the best sort of program—in the context of what is likely to obtain legislative approval.

Conclusions

The ARC survived the Reagan administration's continued attempts to end its existence from 1981 to 1988; other agencies did not, or had to face even greater reductions in funding. The Title V regional commissions were closed as soon as President Reagan took office. The Office of Economic Opportunity—the central agency created in the "Great Society" legislation of the mid-1960s—also closed after having been much reduced in influence by the Nixon administration, though some of its programs survived within the renamed Community Services Agency until 1981. The Economic Development Administration continued, but its funding was cut more heavily than that of the ARC in proportion to its former levels and in relation to its nationwide role.

The survival of the ARC demonstrated that there was support for it among state governors and in Congress, particularly the House of Representatives, based on confidence in its programs. There was also confidence at the local level: when their federal administrative funding was reduced, the LDDs became more dependent on local sources, and these were readily provided. The districts were also able to diversify their functions to meet the new economic stringencies.

The challenge of justifying the continued existence of the ARC had the effect of concentrating the minds of those running the Commission: they were forced to narrow its focus as the result of reduced resources and to limit its assistance to the areas of greatest need. The ARC did not
retreat into a shell but came forward with new proposals and kept up with developments that might be of benefit to Appalachia and even more widely across the United States. Proposals in 1988 for setting up new regional commissions suggested that Congress was becoming interested again in regional policy. The election of President Bush led to fresh optimism about the future of the ARC.

Nevertheless, the period 1981-89 reduced the ability of the Commission to meet the increasing needs of its region. Many people, even within Appalachia, had the impression that the ARC had been abolished by President Reagan; certainly places outside of the “depressed counties” were able to obtain very little grant aid funding in the ways that had worked before 1981. The ARC and the LDDs became different bodies and even more opportunistic in seeking out programs and local business support that would maintain their presence. In short, the process of survival affected the ARC’s contribution during this period; it had to expend considerable energy in political stratagems to keep going rather than devoting all its energies to the changing situation in Appalachia.
A Political Approach to Regional Development

Three separate but overlapping approaches evaluating the role and work of the Appalachian Regional Commission since its establishment in 1965 can be summarized in three questions:

Did the ARC fulfill its legislated charge?

Has the ARC been able to change the human geography of Appalachia?

What lessons has the ARC provided for regional development theory?

These three questions can be viewed as three circles of increasing generality. It is first necessary to assess how the Commission has matched up to the task set by the U.S. Congress. The language of the legislation and specific hopes expressed at the outset may be examined in relation to what has actually happened in Appalachia; however, to leave the assessment at that point would disappoint readers who are looking for a broader evaluation of the ARC’s work. Second, then, there is an attempt to determine whether this agency has been able to change the human geography of Appalachia. This was where Chapter 1 started, and the book’s opening provides an approach to this aspect. Third, and depending on the answers to the first two questions, there is an inquiry as to whether the ARC experience has advanced ideas of regional development. If it has, then its contribution will be expected to provide a basis for approaching future cases in other parts of the United States and elsewhere.

The Legislated Charge

The ARC’s charge is quoted in Chapter 3, in the section detailing the Appalachian Regional Development Act. After setting the scene of
economic lag in the region and the congressional conclusion that "regionwide development is feasible, desirable and urgently needed," Section 2 set out the threefold purpose of the act: to assist the region in meeting its special problems, to promote its economic development, and to establish a framework for joint federal and state efforts. Given that the special problems of the region were not merely economic but also social, environmental, and political, the first statement established the potential breadth of the program. The promotion of economic development was highlighted because many saw it as basic to the broader set of problems in Appalachia. These generalities might have been expected at the outset of such legislation. What was unusual, setting ARC apart from other U.S. approaches to economic change, was the stated encouragement of joint federal and state efforts.

Following the general statement of purpose, there was a somewhat more specific statement of intended outcomes. The joint federal-state efforts were to work first toward providing the basic facilities essential to Appalachia's growth. Second, they were to attack its common problems and meet common needs on a coordinated and concerted regional basis. This statement served to emphasize the importance of economic growth within a context of intergovernmental cooperation.

Next, there were some statements about the means of achieving such goals. First, there would be public investment, but it should be concentrated in "areas where there is a significant potential for future growth, and where the expected return of public dollars invested will be greatest": that is, in "growth centers," a concept favored by regional development theorists at the time. Second, the particular role of the states was spelled out, making them responsible for recommending projects within their borders which would receive assistance under the ARDA.

Finally, the act set out some expectations: that the region should begin to generate a diversified industry and become able to support itself through the workings of a strengthened free enterprise economy.

**Basic Facilities for Growth.** One strand that can be followed throughout the language of the act involves economic growth to increase the productive capacity of the region. Appalachia would be assisted through the provision of "basic facilities." The expectation was that the provision of physical and transport facilities, together with the development of human resources, would give rise to a diversified industry.

"Basic facilities" are often known as infrastructure, the installations and buildings that provide a fundamental framework within which an economy may develop. They include transport links, communications, power supplies, and other public utilities. One of the major emphases
of the Appalachian legislation from the start was the provision of roads to overcome the isolation of the region. The original plan was to build 2,350 miles of highways to link the rather sparse network of interstate highways that crossed Appalachia. As additional states came under the ARC umbrella, the total was increased to 3,025 miles. Initially, the ARC was to provide 70 percent of the funds and the states 30 percent, but the federal portion was increased to 80 percent in 1978. By September 1980, 1,565 miles of the projected system had been completed. The linked program to build access roads from major highways to industrial plants had been expanded from its initial mileage. The highway construction was scaled back in the finish-up program to a total of 2,471 miles, and priorities for sections to be completed were set in relation to traffic volume and development potential. By 1985, 1,831 miles had been completed, and progress had slowed as funds were cut back. The new mood of 1989, however, led to further efforts to complete the more than 3,000 miles of the envisaged program (see Map 5).

Much has been written about the pros and cons of this emphasis on highways. Some of the early criticisms up to 1975 were set out in Chapter 4. On the other side, it has become clear from studies in the 1980s (e.g., ARC 1982b) that the new highways have assisted greatly in individual mobility, providing access both to a wider range of jobs and also to social services, health care, schooling, and tourist attractions. At the same time they made Appalachian locations more attractive to firms looking for sites. New industrial estates were established along the roads, with a preponderance of manufacturing units but also some wholesale warehouses and business services. Yet not everyone using the Appalachian Development Highway System roads realizes that the ARC has been instrumental in planning and funding their construction: the roads have been given national route numbers instead of being identified as “Appalachian Highway Corridors.”

The road program was such a major plank of the ARC’s charge that its efforts in relation to other types of transport have been much smaller by comparison. The Commission has assisted with some branch-line rail rehabilitation to help industries in more isolated places, but of greater magnitude for the region as a whole are railroad companies’ investments on the main lines, particularly on those that haul large tonnages of coal. Waterways are important in some parts of Appalachia, but again the Tennessee Valley Authority and the Army Corps of Engineers have been responsible for building and maintaining those; the ARC has merely supported such developments in wider ways. Air transport services in Appalachia have deteriorated since deregulation in 1978. The ARC has campaigned for retaining these
MAP 5. The Appalachian Development Highway System to 1989. This system was envisaged as a series of linking roads to open up areas between the interstate highways in Appalachia. After twenty-five years of construction, some two-thirds of the total was complete; work is continuing. Each of the links is referred to as a corridor and identified by letter.
services, even though air facilities were not part of its responsibility for major action.

Transport problems continue to be very real in all rural areas and not least in rural Appalachia. Although the ARC has funded management studies for rural transport systems and has helped some projects obtain assistance from other federal agencies, the Commission sees transportation as an unsolved set of problems. ARC may be criticized for not generating an integrated transport policy for its region, but it was not authorized to do so; nor does the rest of the United States have such policies.

Other aspects of infrastructure were also assisted by the ARC, especially after 1970, when national environmental legislation provided grant aid for improved water and sewer systems. The LDDs put EPA grants together with supplemental ARC funds and low-interest FHA loans to help poor rural districts obtain good utility services. Together with the new roads and other services, improvements in these utilities made it possible for many places in Appalachia to begin to think about attracting new employment opportunities or modern residential facilities. A large portion of LDD funding (see Chapter 5) was devoted to projects for improving water and sewer systems.

Housing is another aspect of infrastructure where the figures for Appalachia had depressed the PARC reporters. The ARC had no authorization to get involved in housing provision until 1967, and then it was limited to planning grants; in 1971 it was allowed to provide site development grants and technical assistance; after 1975 it was enabled to help states set up their own housing funds and to assist any federal program for low- or moderate-cost housing. From 1976 to 1982 the states allocated $46.5 million ARC dollars to housing, which leveraged over $400 million in public and private funds toward some 17,000 housing units. The Kentucky Appalachian Housing Program grew out of the ARC program and helped to bring nearly 5,000 new housing units to eastern Kentucky (ARC 1985a).

It can be seen that with regard to "basic facilities" the ARC has been somewhat selective, putting its major investments in roads and water and sewer projects, with housing as a more recent area of concern. There has been much less involvement with other aspects of transport and infrastructure, partly because these were covered by other federal and state programs. The ARC assisted increasing linkage between agencies, often being particularly successful at the LDD level, and sometimes made it possible for states to do what a federal agency such as HUD was not doing. Thus, though the ARC did not itself have the full range of programs to give it a preeminent position within Ap-
palachia to accomplish major changes, its specific contributions complemented the work of other agencies, and at times it was able to initiate new approaches.

It is somewhat difficult to determine where physical infrastructure and human resource categories begin and end, since bricks-and-mortar projects supply buildings and facilities that are necessary to human well-being. If human resources are defined as the capabilities of the population of a region, they will at least include the educational and health status of that population: this means schools, primary-care centers and hospitals, and trained personnel. "Human resources" may also be extended to the demographic profile: whether the population is increasing or decreasing, and whether there is a preponderance of "dependent" age groups. Since U.S. government programs have seldom intervened to the extent of forcing people to migrate or alter their demographic habits, however, this section focuses on the ARC contribution to education and health facilities and programs.

In the climate of concern that Appalachians were not getting jobs because they were not trained for them, one of the most popular local developments from the ARC's early days was funding for vocational technical schools. Extending throughout Appalachia, a network of such schools was built by the states with the ARC's cooperation, and it became involved also in skills development and wider aspects of education. Once the schools were built, ARC funding was used for new developments, including equipment for specific courses, and this program was expanded after only a few years. Overall, some $350 million was spent in 700 facilities throughout Appalachia. In a similar way the provision of primary health care led not only to the building of clinics but to the funding of their running costs. A network of such centers was planned and implemented throughout the region. By 1981 primary health care was within reach of people in all but 65 of the 397 counties, despite great difficulties in recruiting adequate staff to work in the most isolated parts of the region. The finish-up program targeted these 65 counties, with the result that primary health care and prenatal care were extended to over half of them by 1985. ARC funding was also used to expand hospital facilities in critical parts of the region, and to develop aspects of higher education and libraries. An innovative experiment in education was the Appalachian Education Satellite Project, designed to beam educational programs into the narrow valleys of Appalachia. This was so successful that it became independent in 1980 and developed into the national Learning Channel.

Although road, water, and sewer projects always loomed large in the ARC balance books, then, human resources projects grew in sig-
nificance, linked to community needs through the LDDs and the inability of local districts to obtain them from other sources. One of the major project areas opened by 1969 amendments to the ARDA legislation was child development. At the time less than 5 percent of Appalachian children under six had access to Head Start programs. Using its facilities for partnership with different levels of government and other federal agencies, the ARC developed a variety of local projects aimed mainly at preschool age groups. As the first five-year series of projects wound down, Congress gave the ARC powers to start new ones, and many continued after the end of the initial funding period. From 1970 to 1982, when the support ended, these programs reached 200,000 children per year in over 220 counties—more than 85 percent of the funds going to rural counties and small communities. ARC investment in the program was $173.4 million, but once again this was combined with funds from other agencies and the states. The finish-up program changed the rules and limited child-care grants to specific industries and employees, and for only one year.

Similar infrastructure and human resource funds have been available to local jurisdictions across the United States through other federal agencies. What the ARC was able to do was to assist poor Appalachian jurisdictions to obtain such funding and to enhance it so that the facilities basic to economic development and a better life could be afforded. The supplemental funds were a vital part of this process, since they made it possible for poor rural districts to plan infrastructure projects. Each project became less an entity in itself than part of a development plan for each locality. Single entities are in danger of becoming pork-barrel operations in which political influence is exerted to obtain facilities for a politician's constituency. ARC projects were not totally devoid of such involvement, but the fact that they had to be obtained through the process of local district prioritization and state selection meant that federal politicians had less impact on decisions to award them.

As the ARC developed in the 1970s, it began to emphasize the overall needs of specific communities for basic infrastructure. The communities with the greatest needs for overall development were those that had a long history of mining and were expanding again in the 1970s, remote rural areas without the resources to improve local facilities, and also older industrial towns where jobs were being lost. ARC community grants emphasized the physical infrastructure needs of these places: housing, sewerage, water, waste disposal, parks and recreation, and industrial site development. Such grants increased greatly after 1975, as LDDs worked in partnership with other federal
agencies to bring in the necessary changes. The finish-up program focused on new job provision and on the most distressed counties.

The ARC's use of the term "community" is different from that of Appalachian activist groups (Chapter 5). The latter emphasize the internal, self-generating properties of a group of people at the local level rather than the acquisition of government funding assistance from outside. The activists feel strongly that the positive contributions Appalachians can make to their own destiny have been underestimated, and that government programs (such as the ARC) have not involved a sufficiently wide group in decision-making.

In the annual report for 1989, ARC expenditures are divided into those for administrative functions (including LDD staffing), highways, and area development; the last category includes all the nonhighway programs. Chart 4 shows that the overall proportion of nonhighway funds—which leveraged several times their value in grant aid from other agencies—increased from 1965 to 1980 but was reduced during the Reagan years.

Federal-State Cooperation. A second major strand in the ARC's charge was the establishment of a framework for political cooperation between federal and state governments. The states were given responsibility for recommending local and state projects; in short, they were given the ability to spend federal money. The intention was to provide a basis for attacking common problems and meeting common needs on a coordinated and concerted regional basis.

This aspect of the ARDA grew out of the fact that the state governors had been instrumental in bringing forward the need for legislation to tackle the problems of the Appalachian sections of their states. Their continuing involvement led to the establishment of a unique federal-state agency. The federal co-chairman votes on the project package of the state governors and then represents the whole commission in discussions with Congress over appropriations. Even when the administration wished to do something as drastic as closing down the ARC, the president's appointee had to continue to work with the governors and to hold the partnership together. The federal role in providing funds was safeguarded by the fact that the federal co-chairman had powers of veto and shared the chair with state governors who served in rotation. This balance of power between federal and state elements could have resulted in stalemates, but it did not. The governors (always a mixture of Democrats and Republicans) appreciated the necessity of devising a combined package that the federal co-chairman could not refuse. The federal co-chairman knew that the state governors wanted
CHART 4. The division of ARC funds by category, 1965-90. The ARC has provided the bulk of the highway funds, which make up over half of the total, with smaller contributions from the states. ARC area development input has leveraged several times its total from other federal and state sources. It is notable that the administrative funds are such a small proportion and that those designated for local use are so much greater than those for the Commission's Washington headquarters.
action and used this fact to make sure that the pet projects of particular governors were not the only ones to be approved.

The state governors have continued to be centrally involved in the work of the Commission. Although they had a tendency to rely on alternates in the early 1970s, the 1975 amendments stated clearly that the governors themselves should be personally involved. This proved particularly significant in the difficult period of the Reagan presidency, when the bipartisan group of state governors stood firm and insisted on the survival of the ARC. It was significant that in one day the governor of Virginia went to a meeting at which the Title V commissions were closed and then joined with other governors to petition the president for the continuation of the ARC.

One important outcome of this federal-state process occurred when the Nixon administration began to allocate funds directly to states through the process of revenue sharing, placing a new responsibility on state governments. Many of the Appalachian states, however, had already experienced a similar process with the ARC, and they found such experience valuable in handling the new sources of revenues. Their links with the ARC had also been responsible for the initiation and development of much state planning expertise from the late 1960s on.

One development that helped to make the federal-state partnership work was the 1967 congressional decision to free the ARC from the need to deal with a wide range of other federal agencies for its funding and to make it report directly to the president. Previously, planning with thirteen states and several major federal agencies had been made extremely cumbersome by the federal bureaucracies. After 1967 the federal-state relationship flourished.

A number of coordinated and concerted regional efforts demonstrate that the Appalachian state governors did work together as well as furthering the wellbeing of their state. For instance, they devised ARC policies with regard to energy usage and tourism in the region during the 1970s. Nevertheless, the effort to develop an overall regional plan in the mid-1970s (Chapter 5) demonstrated that many of the governors were more concerned with conditions in their own states than with those of Appalachia as a whole; there was room for some overriding interstate issues that did not come within the scope of specific state responsibilities. Individual governors voiced their fears that an all-embracing plan would be weak in content and might cause difficulties between the Appalachian and non-Appalachian portions of their states.

The most significant aspect of the federal-state links has been the
work of the local development districts, designated by each state. Although there was initial reluctance by some states to give local jurisdictions more say in the processes of federal grant aid, all thirteen states had fallen into line by 1973 (Chapter 4). The combination of cooperative planning by local jurisdictions, bolstered by the A-95 process and supplemental funds, made it possible for the ARC to overcome the problems that all previous programs had found in delivering grant aid projects to the most needy parts of Appalachia. It was not merely that the Commission was able to provide access to the basic facilities essential to growth through grant aid but that there was a mechanism for local contact and involvement in generating and managing the projects.

The LDD process was effective in reducing the time necessary to obtain federal grant money and to implement a project. An annual process was initiated in many LDDs in which the early months of the calendar year would be taken up by district meetings; in some, these were linked to consultation with communities throughout the district. After discussion with ARC staff and the state governor’s staff, an order of priorities for projects was submitted to the state governor’s office. An order of state priorities would then be established, and these became proposals to the Commission. By the end of the year, work could be starting on projects proposed at the beginning of that same year. The incorporation of the areawide action plan into the LDD process after 1975 (Chapter 5) extended the sequence of processes from needs assessment, goal setting, and choice of priorities to the evaluation of results and general progress. Occasionally, interstate projects were generated, but these were always a small minority.

The ARC also encouraged increasing coordination in another sense. The use of supplemental funds meant that the Commission and the LDDs had to come into frequent contact with other federal agencies, many of which came to work more closely at the local level with the LDDs. In particular, there were early links with HUD, EPA, and FHA, and at a later stage with TVA. Most TVA territory lies within ARC Appalachia, and by the late 1970s the TVA came to realize that the ARC was doing what the TVA had not been able to do in bringing in federal grant aid for infrastructure and industrial park facilities.

One important outcome of the establishment of this ARC framework for joint federal-state efforts has been the continuation of political support at several levels. The governors provided state-level support at crucial stages; the LDD work generated considerable support at the local level, particularly in the businesses communities; and this was turned into political support in Washington. Congressmen with Appa-
lachian constituencies were impressed by the pleas for the ARC that they received from local elected representatives, and many with constituencies outside Appalachia viewed the ARC as a model for extending regional development. With such support, appropriations were voted through the House of Representatives with large majorities throughout the 1980s, despite the opposition of a popular president and the lack of authorization for ARC.

**Concentrating on Growth Centers.** A third major tenet of the ARDA legislation, that public investment should be concentrated in areas with significant potential for future growth and where the expected return would be greatest, arose partly from contemporary planning ideas based on the concept of “growth centers” and partly from the political need to concentrate the use of scarce public funds. The latter was a reaction to the ARA experience of the early 1960s, when too little money had been spread too thin across the United States to make any difference.

At first the ARC was conscious of this requirement of the legislation, and Widner’s 1968 report made much of the moves to fulfill it (Chapter 4). Over the years, however, the concept was found to be less than relevant to the needs of Appalachia, and eventually the finish-up program mandated that a reverse process should operate by designating a set of “distressed” counties to receive the remaining benefits of the ARC program. In fact, the manner of operation of the LDDs had much to do with the demise of this concept so far as the ARC was concerned, and it is significant that discussion with LDD staffs (Chapter 5) made it clear that they considered the idea of little practical use, chiefly because their board members bargained for a spread of project funding to each of the jurisdictions represented. Thus, all counties received funding for specific projects, whether they had major urban centers or not; this was clear from the 1981 study of the distribution of project funds by local jurisdictions within a group of LDDs. The local districts operated in a decentralizing rather than a centralizing fashion. Whatever the merits of such an outcome, the growth-center policy was an initial feature of ARC policy which did not survive the LDD process and was completely buried by the finish-up program with its focus on distressed counties. In short, although the ARC has often been criticized for adopting the growth-center policy as a means of changing an essentially rural Appalachia into an urban-industrial complex, the Commission’s program, if anything, deflected developmental energies away from major growth centers. This view contradicts (and corrects) a perception repeated in recent writings about Appalachia (e.g., White
that the ARC continued its emphasis on growth-center investment despite a clear indication of residents' wishes to retain a decentralized mode of life in such areas as eastern Kentucky.

Yet it is also clear that the major urban areas of Appalachia have seen the most economic growth. This fact emphasizes a point made again in the next section, that the ARC and all major government programs can make only small differences to the dominant economic trends within society. Government programs may act as catalysts for some kinds of change, however, or may provide a respite from a particular trend that is causing social distress.

**Diversified and Self-Supporting?** It is clear that the ARC has fulfilled much of its charge. It has provided many basic facilities and has encouraged the development of human resources. It has been based on a federal-state relationship that has both assisted in getting federal grant aid to many of the most needy parts of Appalachia and has also helped to maintain the ARC's existence. It has not followed through on the demand to concentrate investment in growth centers but has increasingly spread such grant aid to places with the greatest needs. In carrying out these functions, the ARC has been economical in the allocation of funds to administrative functions, including those of the LDDs as well as of its own Washington headquarters.

Most difficult to evaluate is the extent to which the congressional expectations have been fulfilled: that the region generate a diversified industry and become able to support itself. It is evident that the economy of southern Appalachia is much more diversified than it was in 1960, when it was just beginning to emerge from its rural heritage; a wide range of manufacturing has been paralleled by growth in the number of jobs in the tertiary sector of the economy, from retailing to the professions. In northern Appalachia, too, there is a continuing diversification of industry from the dominance of heavy metals manufacturing to a wide range of manufactured products, together with the expansion of the tertiary sector. Diversification in central Appalachia has involved manufacturing less than the tertiary sector; the economy here remains problematic because it is still so centered on the fortunes of coal mining. While many parts of northern and southern Appalachia might be said to be in less need of federal support (and so "self-supporting"?), there are continuing needs within central Appalachia, as the distribution of distressed counties testifies.

These are generalizations, and there are still distressed counties in the northern and southern parts of Appalachia as well. Nevertheless, there have been changes, and the point in question is the extent to
which the ARC and its programs have been responsible for them. The ARDA legislation wisely used the term “assist” in describing what the new federal agency would be doing; the ARC was not expected to do it all by itself, and even if it had tried, it would have been criticized for making Appalachians too dependent on federal handouts.

The Changing Human Geography of Appalachia

Chapter 1 describes changes in human geography as being subject to economic forces, the fluctuating value placed on a region’s resources, technological advances, and social conditions. It also made the point that changes in these conditions produce new forms of settlements, transport systems, and places of work and leisure, and make older forms redundant. If a region does not modernize its people may become relatively underprivileged within a nation. The question was posed as to whether a government should provide assistance to underprivileged regions. It’s now time to answer the question of whether, in light of the ARC experience, government programs can make any difference to the human geography of such regions.

Since 1960, Appalachia has been subject to many forces that have affected not only the rest of the nation but also the wider world. Global economic trends have had an increasing impact on this region as mobility and trade have increased. In the early part of the century Appalachia was subject to economic forces affecting the rest of the United States; after 1950 the influence of global forces increased. The fluctuations in world energy markets have been of particular significance to Appalachia and its coal industry. In the 1950s and 1960s, cheap oil from the Middle East depressed U.S. energy markets and pushed the price of coal to such a low point that poverty was intensified in the coal-mining areas of central Appalachia. In the late 1960s and early 1970s, environmental legislation reduced coal mining further in those parts of Appalachia that produce high-sulfur coals. During the 1970s, however, the sharp rise in the world oil prices led to a revival of coal mining, aided by new technology that made it cost-effective to get at the coal by taking off an entire hilltop, using earth-moving machinery. Money and people flowed back into central Appalachia. But then the recession of the early 1980s, followed by the fall in oil prices in the mid-1980s, changed the scene once more, putting miners out of work.

Another set of major economic changes during the period since 1960 involved a shift in the job markets: there had already been a relative drop in the numbers of people employed in farming; now there
was a similar drop in heavy manufacturing, while employment in light manufacturing and in the tertiary sector grew in importance. Parts of southern Appalachia had witnessed a fall in farm and mine employment from 50-75 percent in 1930 to 10-50 percent in 1950 and 2-10 percent in 1980. At the same time manufacturing employment had gone from 5-10 percent to 15-25 percent and 30-50 percent, while the tertiary sector had grown from 10-15 percent to 20-30 percent and 40-50 percent of total employment. In central Appalachia the farm and mine employment had also declined, but more slowly, from 70-80 percent in 1930 to 50-70 percent in 1970 and 20-30 percent in 1980. By the last date the primary sector was dominated by mine employment. Manufacturing had hardly developed at all, remaining at 5-15 percent in 1980; but the tertiary sector had compensated, rising from 20-30 to 30-40 and 40-55 percent. In the heavy manufacturing districts of northern Appalachia, farming and mining decreased from 10-20 percent in 1930 to under 10 percent by 1950 and only 2 or 3 percent in 1980. Manufacturing, already established, increased from 30-40 to 40-50 percent and then decreased somewhat to 30-35 percent. The tertiary sector increased from 20-30 to 30-40 and 45-55 percent of employment.

These were large shifts affecting all parts of Appalachia, taking the emphasis away from the primary sector and the contribution of local natural resources in all but the central portion. Manufacturing remained important in northern Appalachia and grew to even greater significance as a proportion of total employment in southern Appalachia, but it has not yet made great inroads in central Appalachia. The tertiary sector has become the major sector of employment in all parts of the region—as it has in the rest of the United States.

Yet another massive change in economy and social habits involved the growing significance of leisure and recreation, given the increasing leisure time, the greater personal mobility, and the affluence of many Americans. The eastern margins of Appalachia had been the playground of the rich from the eastern seaboard cities since the late nineteenth century: the Poconos (in Pennsylvania), White Sulphur Springs (West Virginia), and Asheville (North Carolina) had been major centers. After 1960 a new army of families came in increasing numbers to Appalachia to enjoy the wooded hills, the winter sports facilities, and the water surfaces being created behind dams built by the TVA and the Army Corps of Engineers. Great Smoky Mountains National Park on the border between North Carolina and Tennessee is the most visited in the United States. The tourist industry built a range of mainly seasonal facilities throughout the region, states created systems of state parks, and there was a second-home boom in some areas.
Retirement homes and centers also became a feature of southern Appalachia. These three major aspects of change have had significant impact on Appalachia. They illustrate the fact that the main ebb and flow of fortunes and people in the region since 1960 have been due to national and global market economic forces. Clearly, none was instigated by the ARC. Although the PARC report suggested that the Commission should be capable of initiating changes within the region to take advantage of its natural resources, those aspects were never incorporated in the legislation. Perhaps that was just as well, since subsequent events caused a shift away from industries based on natural resource extraction. The ARC has found itself dealing with a range of different conditions—from the upwardly mobile cores of southern Appalachia, to the urban-industrial districts in transition from heavy industry to a more diversified economy in the north, to the resource-rich but poverty-stricken central region.

What these changes did do was to present the ARC with a moving target as it aimed to fulfill its charge in Appalachia. The legislation passed in 1965 was based on conditions in the preceding years. Appalachian prospects improved generally in the 1970s but declined again in the 1980s. A positive view of the role of the ARC in these circumstances is that it has provided some assistance in making it possible for the region to take advantage of opportunities arising in better times, and in ameliorating the outcomes of the bad times. Some evidence for this view is that the new roads and other infrastructure facilities made it easier for the coal companies to expand production rapidly during the mid-1970s in response to world markets; they were able to compete with the new coalfields of Montana and Wyoming at this time and also to enter export markets. The growth in skills and health of the Appalachia population also made the region more attractive to potential employers, alongside the growing influence of rural and recreational amenities on the location of industry. When unemployment came to the mining areas of eastern Kentucky and West Virginia in the 1980s, poverty did not return on the scale experienced in the 1960s, because there were some alternatives (though poorly paid) for at least some members of the family.

One point that worries both critics and supporters of the ARC is that even though the most money per capita has been invested in central Appalachia, this area remains one of the poorest parts of the United States. Massive changes can be seen in the human geography of southern Appalachia, where ARC investments were a small part of total investment but assisted in the growth processes. Shifts to main-
tain a position of moderate well-being can also be shown to have occurred in northern Appalachia, where, once again, ARC investment formed a small proportion of the total. But central Appalachia appears from the relative statistics to have experienced little change for the better. In fact, much change has occurred in eastern Kentucky and southern West Virginia, often in absolute rather than relative terms, but the improvements in conditions have not been sufficient to bring these districts closer to the advancing United States norms. And yet the ARC has probably had as much or more influence in central Appalachia as in the rest of the region: elsewhere its funds were a tiny part of the total invested, but in central Appalachia they formed a much larger proportion of the funds available for improving infrastructure and human resources. The amounts of money were far less than could have been spent—or were really needed to make an impression. But it is impossible to imagine what the condition of central Appalachia would have been today without these injections of federal funds, and it is impossible to know what threshold is necessary to create major changes. Clearly, the amount invested has not reached such a threshold. Nevertheless, it is likely that far fewer people would be living in central Appalachia today, and those at a lower standard, if the ARC (and other agencies) had not invested as much as they did.

One factor affecting the human geography of Appalachia is the way in which the land is owned. In central Appalachia in particular, large portions of land remain in the hands of the coal companies, and this often provides a barrier to development. Yet it would be an unheard-of step for U.S. public policy to intervene in such ownership and redistribute land to individuals or communities. The ARC funded a major independent study covering eighty counties to assess the full extent of external land ownership (Appalachian Land Ownership Task Force, 1983) and found that an average of 28 percent of the land or its mineral rights were owned outside the region; in twenty-one counties the average was over 50 percent. The study concluded that there was urgent necessity for public action on local land-use planning procedures—which at present are nonexistent in many rural counties—but little has been done to follow up this study with action by local, state or federal government.

In sum, the influence of the ARC on geographical change must be far less than the effect of the major economic forces that give rise to such change. It might have been easier to demonstrate a link between ARC investment and economic development if all ARC funds had targeted growth centers, but such funds would probably have formed a minor part of total investment in such centers. On the other hand, so
much investment was needed to bring about major changes in places such as eastern Kentucky that twenty-five years of limited public-policy investment have not yet made a striking difference in their effort to catch up with national norms. Yet people living in these parts of Appalachia will point to major changes for the better in their wellbeing since the 1960s.

Regional Development Theory

The third question to be addressed in evaluating the role and experience of the ARC is whether it has contributed anything to our understanding of what development in a relatively underprivileged region involves and how it is generated. In particular, the experience of this Commission enables us to draw some conclusions concerning the role of public policy in regional development.

Most attempts by public-policy regionalism to engineer changes in underprivileged regions have been based on the provision of facilities for creating more jobs. Thus, they focus largely on economic conditions. The ARC has done its share with road programs and the funding of infrastructure, and some critics have felt that it has concentrated on economic development to too great an extent. More modern views of regional development emphasize the wider aspects of the needs of the people living in an area; social, environmental, and political changes assume greater prominence. In the middle to late 1970s the ARC tried to create a more balanced approach to development by encouraging human resource programs, but it was again limited to the more economic objectives during the restrictive 1980s. Socioeconomic change and the reactions of people to it are complex matters even for a small area, let alone a region the size of Appalachia with its great variety of places, economies, and cultural and environmental conditions. In this book Appalachia has been divided into three subregions, but there are variations within these as well—for instance, in nearness to metropolitan centers. Each of the thirteen states involved in the ARC has its own political culture, which may vary in emphasis over time. Apart from these factors contributing to complexity within Appalachia, others that impinge on regional change include the responses of individuals and groups to the strains imposed; the causes of particular responses are still poorly understood. In the light of this growing realization of the complexity of understanding, and therefore of motivating, socioeconomic development in a lagging region, the objectives of the ARC appear to have been realistic
and pragmatic in relation to what was politically possible in 1965 and since.

Alongside the recognition of complexity in regional change, there has been a growing influence of federal government in the United States. This should have shifted the focus of regional development theory from the economic toward the political realm. If public funds, voted by elected representatives, are made available for public-policy regionalism, it becomes important that the political processes be attuned to such needs. For a period during the 1980s the United States chose to be blinded by the political stance that "more government is bad for you." But some studies (e.g., Schwarz 1983 and 1987) have demonstrated the fallacy of this assertion by showing that the federal programs of the 1960s had a great deal to do with getting the United States through the "baby boom" era with less strain than other nations experienced. Schwarz (1987) concluded that the "wreckage of Reaganomics" had made coping with inequalities of opportunity more difficult in the immediate future, since the Reagan administration had dismantled some major programs that had contributed to the nation's and individuals' ability to deal with change in the 1970s without worse outcomes.

One of the main contributions of the ARC experience has been to emphasize the importance of political structures in the functioning and maintenance of such an agency (Bradshaw 1985). It has linked the "top-down" approach of many federal agencies with a "bottom-up" involvement of local districts. It has linked federal, state, and local governments and has brought about cooperation among a range of federal agencies.

Another contribution, one that takes this study beyond the normal parameters of regional development theory, is the major part played by individuals in the generation of the ARDA legislation and the running of the ARC: in particular, those involved in lobbying for and preparing the 1965 legislation; those in staff positions at local and federal levels; the series of state governors who helped take the work of the Commission forward and defended it; and the U.S. senators and congressmen who continued to support the ARC. Many more names could have been included than those cited in this book and much more written about the influence of individuals. That might have been invidious. But it is important to record that any contribution the ARC has made to Appalachia has been dependent on the caliber of staff involved and on the crucial decisions taken and supported at each stage of the Commission's development.

A final point to be emphasized in this context is that although
public policy is becoming a necessary part of regional development theory, evaluation of its involvement should be tempered by the fact that it remains limited in scope. The money available from government sources in countries with market economies will always be less than what is needed to make massive change possible; the involvement of politicians will always lead to a focus on short-term solutions to long-term problems. Public-policy regionalism is inevitably at most a catalyst: it may provide the structures and processes that assist change and improvement, but taking advantage of such provision must be done by individuals and groups at the local level.

This leads to the conclusion that in view of the ARC experience, public-policy regionalism should be seen as distinct from, and should be kept separate from, the factors that generate economic growth through the operation of the "free market" system. Thus, metropolitan centers have continued to act as a focus for economic growth, acting as growth centers, but public policy could not begin to compete with or even mimic such forces by setting up rural growth centers; they would not be of sufficient size. The best strategy for public-policy regionalism is to provide processes and structures that channel the limited funds available to places where it is seen to be needed—be they "distressed," in transition between one phase of economic growth and another, beginning to experience modernization for the first time. Much of the United States today would be included in such categories.

Conclusions

This chapter began by asking three questions concerning the charge legislated to ARC, the role of the ARC in socioeconomic change in Appalachia, and the contribution made by the ARC experience to an understanding of regional development.

Under the Appalachian Regional Development Act, the Commission has taken a major part in bringing improved physical infrastructure and support for human resources to the region. Even so, given the scale of its total contribution, it can be regarded only as a catalyst for economic development and social improvements; as such, it was most successful in the southern parts of Appalachia, where major economic growth took place between 1960 and 1990, fueled by private investment. In central Appalachia, where there was much less support from private capital investment, the results were not so obvious, especially in relation to U.S. norms. Alongside investment in physical infrastructure and human resources through specific funding pro-
grams, however, the establishment of a framework for federal-state cooperation provided a means of delivering federal grant aid to rural districts of Appalachia in a manner that had not previously been possible. These twin prongs have been the special contribution of the ARC. Because much of its work was carried out in association with other federal funding agencies, however, the Commission often had a low profile in the region, and its achievements were not fully understood or appreciated. It is hoped that this book begins to set the record straight.

The changes that have taken place since 1960 have produced massive alterations in the human geography of southern Appalachia—the landscape, the employment patterns, and the general lives of the people. Farther north, the legacy of the past and its redundant infrastructure is still much in evidence, but both central and northern Appalachia have also experienced some major improvements in conditions for attracting new sources of employment and for living. These changes have had more to do with external economic factors than with the influence of the ARC, but the Commission’s provision of local infrastructure and human resource investments have often made it possible for local areas to take advantage of the changes.

The position of the ARC relative to ideas on regional development shows that public policy can have at least a limited impact. The great paradox of Appalachian development since 1960 is that although relatively greater sums of money have been invested in central Appalachia, this part of the region has shown the lowest ability to increase its economic and social indicators relative to the rest of the United States. This is not necessarily a proof that regional policies are totally ineffective, but it does highlight their limitations. Questions concerning the precise level of funding required for the take-off and generation of self-sufficiency in such lagging regions remain largely unanswered, however. The complexity and scale of the problems, and the changes that have affected central Appalachia since 1965, further emphasize the fact that the ARC has been able to make only a modest contribution to improving conditions there. The ARC’s role has been made more difficult by the rapid changes and unexpected swings experienced in a country with no national planning goals and no national industrial, transport, land ownership, or energy policies. Such policies would be opposed by most Americans, and so the role of a regional development commission in the United States must remain reactive and pragmatic.

And yet the ARC has sought to broaden the nature of regional assistance from a mere bricks-and-mortar approach to the develop-
ment of human resources and to the general consideration of a community's needs. It moved in this direction in the 1970s but in the 1980s was forced to limit its interests to a narrower field of projects that might result directly in the creation of jobs. This vicissitude further emphasized the significance of the political dimension in regional policy in the United States.
The Appalachian Regional Commission was established to address the problems of a specific major region within the United States. Its level of success was assessed in Chapter 7; however, its particular strengths mean that there are further questions to be asked in this final chapter. Have lessons been learned which will be of use in other regions or contexts in the United States? Does the United States face in the 1990s problems similar to those of 1960 in Appalachia? Such questions are of interest to people concerned with regional disparities and their links to the workings of government in coping with economic, social, and environmental changes.

At several periods during its existence the ARC has been held up as a model federal agency because of such strengths as its success in forming federal-state-local government links and in channeling federal grant aid to needy local situations. On three major occasions there has been wider interest in devising legislation to extend the ARC processes in some fashion to larger areas of the United States. The first of these occurred in the Public Works and Economic Development Act (PWEDA) of 1965, when the Title V commissions were established; the second at the time of the 1979 renewal of legislation; and the third in the early days of the Bush administration.

This chapter explores the potential for further extension of the ARC experience within the U.S. political system on two of these occasions. First, it considers the 1979 situation arising from the Carter administration’s “balanced growth” conferences, which reported just prior to the period when both the ARDA and the PWEDA were due for renewal. Some congressional politicians thought that it was worth considering the linking of these bills, and pressure to do so was added from other parts of the country which had not benefited from regional aid on the scale that the ARC provided. The reasons for the failure of
this attempt and the lessons to be learned from it are analyzed. Second, the chapter evaluates the problems of rural America in the late 1980s in relation to the question of whether the ARC experience and mechanisms provide a blueprint that might assist in solving this set of socioeconomic problems.

"Balanced Growth" and the Title V Commissions

In the late 1970s the Carter administration instigated nationwide discussions centered on the concepts of balanced growth and economic development. These discussions were designed to lead to an economic policy for the nation as a whole and its various parts, and to overcome continuing problems of rising costs in growth regions and of economic lag in declining regions. Conferences held across the United States set out to identify current resource strengths and the opportunities that future trends in the economy might bring to each region. It was generally concluded that rather than waiting for economic disaster to hit an area when new technologies or global economics placed it at a disadvantage, there should be a process for anticipating such changes and an ability to take steps for coping with them as soon as possible.

It was pointed out at the Appalachian Balanced Growth Conference, and repeated at the final White House Conference, that such a process was precisely what the ARC had been developing since 1965. The White House Conference, which followed the regional events, led to a proposition that the 1979 renewal of the Appalachian Regional Development Act and the Public Works and Economic Development Act should be considered jointly by Congress with the goal of providing an overall national policy. During the renewal proceedings, however, problems surfaced in relation to this suggestion. The independence of the ARC was important to many of the legislators. The PWEDA had given rise to the Economic Development Administration (EDA) and the Title V regional commissions—both within the Department of Commerce, which had often attempted to obstruct ARC progress as an independent agency in the early days. The EDA and the Title V commissions were different from the ARC in a number of crucial aspects. The EDA had a nationwide, rather than a regional, brief to make grant aid available directly to local areas without involving state governors and had established a series of multicounty Economic Development Districts (EDDs) to carry out this purpose. Although the EDDs had similarities to the ARC's LDDs, and local districts often functioned in both capacities within Appalachia, EDDs and LDDs had
TABLE 8. Title V Regional Commissions: Size and Income Data, 1977

<table>
<thead>
<tr>
<th>Region</th>
<th>Area sq miles</th>
<th>Population % of U.S.</th>
<th>Income % of U.S.</th>
<th>Income per cap $</th>
<th>Income % of U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal Plains</td>
<td>129,000</td>
<td>3.6</td>
<td>12,669</td>
<td>5.8</td>
<td>5,938</td>
</tr>
<tr>
<td>Four Corners</td>
<td>535,000</td>
<td>14.8</td>
<td>7,214</td>
<td>3.3</td>
<td>7,014</td>
</tr>
<tr>
<td>New England</td>
<td>66,000</td>
<td>1.8</td>
<td>12,242</td>
<td>5.6</td>
<td>7,183</td>
</tr>
<tr>
<td>Ozarks</td>
<td>323,000</td>
<td>8.9</td>
<td>16,003</td>
<td>7.4</td>
<td>6,338</td>
</tr>
<tr>
<td>Upper Great Lakes</td>
<td>116,000</td>
<td>3.2</td>
<td>3,175</td>
<td>1.5</td>
<td>5,710</td>
</tr>
<tr>
<td>Pacific Northwest</td>
<td>248,000</td>
<td>6.9</td>
<td>6,891</td>
<td>3.2</td>
<td>7,156</td>
</tr>
<tr>
<td>Old West</td>
<td>469,000</td>
<td>13.0</td>
<td>4,070</td>
<td>1.9</td>
<td>6,480</td>
</tr>
<tr>
<td>Southwest Border</td>
<td>116,000</td>
<td>3.2</td>
<td>4,254</td>
<td>2.0</td>
<td>6,045</td>
</tr>
<tr>
<td>Total</td>
<td>2,006,000</td>
<td>55.4</td>
<td>66,518</td>
<td>30.7</td>
<td>6,535</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>3,615,000</td>
<td>100.0</td>
<td>216,320</td>
<td>100.0</td>
<td>7,019</td>
</tr>
</tbody>
</table>

Source: House 1983

different board compositions, and the EDDs were not linked to the Title V commissions. There was no mandatory linkage between local, state, and federal government but merely a local-federal link.

One outcome was that the EDA was more subject than the ARC to shifts of policy and personal political influence at the national level, giving it a greater tendency to be involved in pork-barreling. One example of how these shifts affected the operation of the EDA was the way in which the agency recognized growth centers: initially, these were identified freely by the EDDs, and although the criteria for the definition of boundaries were strict, almost every small settlement could qualify to receive grant aid. Political pressure next led to an emphasis on the most difficult areas requiring economic assistance. This "worst first" policy had little success, because of its focus on places with little capability for supporting economic growth; hence, attention shifted back to places with greater potential for sustained development. A further shift toward assisting the poor areas of inner cities gave the EDA an urban, rather than rural, orientation. The lack of linkage between the EDA, its EDDs, and the Title V regional commissions, together with planning shifts and the EDA's pork-barrel reputation, made the proposed link with the ARC inappropriate.

The link was also dubious because the Title V commissions had not been successful (Wenger 1983). In the late 1970s some $75 million was divided annually between these commissions, compared with an annual budget of over $300 million for the ARC. The first five Title V commissions had been designated in 1967; they had gradually in-
creased in number up to 1979, when they covered most of the United States (Table 8). As can be seen in Map 6, some of the geographical areas merely filled in parts of the country that had not previously been involved with a regional commission, and none ever gained a high profile within the Department of Commerce. Such points all support the argument that the Title V regional commissions were an afterthought raised during the creation of the ARC to mollify politicians from outside Appalachia who wanted similar programs for their own areas. Moreover, the state governors did not get so involved with them as they did with the ARC; at least partly because the Appalachian governors had been instrumental in setting up the Commission; it was their "baby." This difference in governor support was demonstrated unequivocally on 24 February 1981, when Governor John N. Dalton of Virginia voted for the abolition of the Title V commission affecting his own state and then joined with twelve other Appalachian state governors in a resolution to the president emphasizing the need for continued support for the ARC. The Title V commissions did not have support at the local level either, since the EDDs worked separately from them. Finally, the thought of funding a set of regional commissions covering the United States on the same basis as the ARC frightened many congressional politicians.

The recommended common future of the ARC and the Title V
regional commissions was not achieved in 1979; congressional agree­
ment could not be reached on this point before the end of the Carter
administration, and the Title V commissions were shut down by the
Reagan administration with few objections in 1981. The attempt to
establish the link was abortive because the two were based on different
concepts from the outset in 1965, and because support for the different
approaches of the ARC and the Department of Commerce was en­
trenched in two diverse political and bureaucratic systems. One posi­
tive outcome of these events, however, was a clearing of the ground:
after 1981 only the ARC-style regional commission continued to exist
and provide a potential model for the future.

Rural America in the Late 1980s

In the middle and late 1980s, problems associated with America’s rural
areas were bringing concern to states across the country, concerns
voiced by a wide range of commentators (e.g., Drabenscott, Henry,
and Gibson 1987; O’Hare 1988; Wenger 1988). The proven ARC mecha­
nisms for channeling federal grant aid to local areas were again men­
tioned as a means of coping with these concerns, and President George
Bush expressed interest in these ideas during his early days in office.

Michael Wenger, the states’ representative at the ARC, considered
a series of reports from agencies concerned with the future of rural
America: these included the Commission on the Future of the South,
the Department of Agriculture, and the National Association of Devel­
opment Organizations, as well as the ARC. The reports indicated that a
severe economic decline compared to the metropolitan areas was af­
fected rural America in the mid-1980s. It was perceived as having been
brought about by international competition, a poorly educated work
force, and inadequate physical infrastructure and quality-of-life ameni­
ties, together with governmental policies that acted against the local
interests of these areas. O’Hare’s study (1988) confirmed this evalua­
tion. The situation that Appalachia had faced in 1960 was now of more
widespread concern, involving what had been highly productive farm­
ing areas as well as those with severe natural disadvantages.

The reports collated by Wenger argued that rural America is an
important aspect of American life and should not be abandoned. Not
only are urban places interdependent with intervening rural areas,
particularly in relation to raw material sources, but previous phases of
rural outmigration had led to social upheavals in urban areas. Rural
areas also maintain qualities of life which are regarded highly by most
Americans and which had been at the heart of recent presidential election-campaign rhetoric. Although such idealized and traditional values are difficult to maintain in the wake of an economic system that effectively promotes city growth, public-policy efforts could make it possible for rural areas to function more effectively within the changing system.

Wenger (1988) summarized the facts that emerged from the reports. Rural America covered 78 percent of all U.S. counties; it had 25 percent of the U.S. population but only 20 percent of the jobs. The economy of rural areas was now based mainly on nonagricultural employment: over 70 percent of rural counties were not farm-dependent; more rural counties were dependent on manufacturing than on farming; and 60 percent of farm families’ income came from nonagricultural sources. It was unfair to expect the Department of Agriculture to be responsible for all rural problems. Unemployment in rural America was higher than the national average, and only one million of the eight million jobs created in the United States between 1980 and 1985 were in rural counties. Poverty in rural America had remained higher than the national average: since the recession of the early 1980s the rural poverty rate had remained constant at 18.3 percent, while the urban rate had improved from 12.7 percent; 38 percent of U.S. poverty was in rural areas. Net outmigration from rural areas increased again in the 1980s after the reversals of the 1970s: the rate was about 600,000 per year, higher than during the previous peaks of the 1950s and 1960s, which had stimulated public policy toward helping Appalachia.

These facts raised a number of important issues for the future of rural America. Clearly, education was of primary importance, since it provided a key to participation in the labor force. Despite consolidation to reduce the numbers of tiny rural schools, rural schools still faced problems of attracting the best teachers and of obtaining sufficient funds to implement innovations. Dropout rates from high school remained higher than in urban areas. Second, although health-care facilities had been created since the 1960s to reach all rural areas, that system was being jeopardized by reduced funding at a time of increased demand particularly from aging populations. Over a hundred rural general hospitals had closed since 1980, and only 11 percent of active physicians in the United States were working in rural areas. Third, rural incomes had stayed below the U.S. average and had been rising more slowly since 1980 than metropolitan incomes: 82 percent of total personal income growth from 1980 to 1985 took place in metropolitan areas and only 18 percent in rural areas. The gap in income that had begun to close in the 1960s and 1970s had been widening in the
1980s. A boom-and-bust experience was related largely to the growth and decline of much rural manufacturing, based on relatively small and low-wage production units that had to compete with even lower foreign wages. The replacement of farm-based employment by service jobs generated less personal income than either manufacturing or some of the high-wage resource-extraction jobs, which were also in decline in the 1980s. Fourth, many improvements in human quality of life were related to the provision of physical infrastructure. But rural transportation had been hit by deregulation: bus and train services were reduced, and air fares had increased. Ninety-seven percent of federal support for mass transit went to urban areas. Rural highway and bridge maintenance could not be supported by the funds available, yet rural communities were more and more dependent on road systems because of the decline of rail and air services. The provision of basic water and sewer services had been improved greatly during the previous twenty years, but pollution from agricultural runoff was difficult to control and was increasing; rural areas were more likely to suffer from polluted supplies than urban places. Rural America had 36 percent of the nation's substandard housing, including almost half the dwellings without complete plumbing facilities. Housing environment had a particularly important influence on the quality of family life, since it was linked either to health or to self-perpetuating poverty. The rising relative costs of housing, combined with declining federal assistance, had led to a drop in rural home ownership after 1980—the first since 1935.

Rural America had been the main sufferer from the effects of federal policies and world market changes in the 1980s. Thus, the fuel industry (especially coal, oil, gas) had seen markets rise and fall in response to the combination of government policy, the changing value of the dollar, and world markets. Rural manufacturing counties had lost production units because of the high value of the dollar and shifts to overseas suppliers. Agricultural counties had lost foreign markets because of high dollar values and interest rates. Rural governments had seen their tax base dwindle because of the decline of these industries, and this decline had been compounded by the decrease in federal funding for human and physical infrastructure programs.

Thus, the problems of rural areas were severe and would probably get worse unless a policy could be devised to deal with them. Wenger concluded his report with a set of issues: the nature of the policies needed to deal with rural distress; the role of government at federal, state, and local levels; the role of the private sector; and the complementary use of public and private resources. Wenger did not resolve
these issues, but his presentation of them was clearly intended to prompt a response focused on the processes devised and developed by the ARC.

Three economic analysts at the Federal Reserve Bank of Kansas (Drabenscott, Henry, and Gibson 1987), from their location in the rural heartland of America, also highlighted the plight of rural America but went on to link its problems to possible public-policy solutions. They identified two major approaches: rural transition and rural development. A rural transition policy would encourage changes already under way, so that there would be a shorter transition period from rural decline. If outmigration to more prosperous areas were made easier, costly investments in infrastructure for the dispersed rural population could be reduced. This would be complemented by easing human readjustment through retraining linked to income supplements and by coordinating the reduced levels of services for the declining rural population. There would need to be special provision for the rural elderly left behind.

Rural development policy, which appeared the more desirable alternative, would involve a longer-term commitment to stimulating economic development in rural areas. The justification for such a policy would arise from the social values attached to rural life-styles in the United States and would follow a long history of American public policy designed to foster and maintain rural communities, such policies to date emanating largely from the Department of Agriculture. Because farming had become a minority occupation in rural areas, however, the Department of Agriculture might not be the most suitable agency to take responsibility for such a program. Rural development policy would include infrastructure investment, business development, and information dissemination. The infrastructure would include both "economic overhead capital" invested in public works, roads, power systems, and water and sewage utilities and also "social overhead capital" invested in "people programs" of education, health, and housing. The federal government had been investing in these areas over a long period, and the ARC was cited as one of the best delivery programs. Business development programs, which had been the responsibility of state and local governments, would have to look for a different approach to the "smokestack chasing" that had been taking place in a static or declining market. Information dissemination would involve technical assistance as well as advertising.

All the studies referred to here indicate a rural problem much wider in geographical extent than that of the lagging rural nonfarm problem areas identified in the 1960s. It applies to all areas of the
United States outside the metropolitan centers, even the most intensive and formerly prosperous farming regions. They all look to federal government assistance, in various ways, to supply those needs that the ARC has been getting better at delivering to Appalachia over the last twenty-five years. The 1988 legislative proposals to set up new regional commissions on the Mexican border and along the lower Mississippi Valley showed that action is being demanded on the rural poverty front. The ARC resolutions in 1987 and 1988 (Chapter 6) suggested that once again the ARC process was being proposed as a basis for wider application across rural America. This could make sense if the lessons of ARC history and those of the abortive attempts to link the ARC with the EDA in 1979 are learned. A system is needed that deals with present problems and looks to future opportunities to keep the rural areas of the United States abreast of the developments that are possible within the rural context.

A number of lessons can be learned from the ARC experience of applying public policy in rural areas. Grant aid funding is necessary to provide the facilities and technical advice, still lacking in rural areas, that are basic to developing and maintaining the expected American quality of life. The involvement of federal, state, and local governments provides an important basis for effective economic development in rural areas. The major source of funding is the federal government, but the allocation of such funds must involve state and local governments to ensure that rural areas are not disadvantaged in competition with the larger sources of votes in metropolitan areas. At the federal level it is important for an agency charged with developing rural areas to have a base in Washington and to establish close contacts with the administration and Congress. This is essential not only in order to retain political support but also to negotiate with federal agencies having responsibility for the continuity of specific funding programs. At the state level it is important that the “regional commissions” be issue-oriented, even if it means that only part of a state is involved. The major issues vary from rural area to rural area: New England, Appalachia, the deep South, the Midwest, the lower Mississippi, the Great Plains, the mountain West, and the Mexican border each has its own emphasis and needs to be dealt with on a regional basis. Once the different emphases have been identified, however, many of the solutions are similar in terms of both the human resources and physical infrastructure to be provided and the intergovernmental mechanisms required. At the local level it is important to have planning and “grantsmanship” expertise, local community inputs, and close links with both state and federal offices. This makes it possible to assess local needs (which will
always be greater than the resources available to meet them from public funds), place them in priority, and relate them to the funds available. Links with business and other community groups are important for developing both local awareness of wider issues and self-reliant attitudes to the future. Such a system needs to be flexible enough to react to change. Regional commissions should be able to propose modifications to the grant aid programs available through the federal agencies as new needs arise, and they should be able to sponsor demonstrations of innovative ideas. Federal, state, and local tax policies should reflect the needs to develop and sustain essential services. It may be necessary to provide additional funds by transfer from metropolitan areas in order to maintain extensive road systems, schools, and health-care facilities, which may be less cost-effective in rural areas.

At present, rural policy in the United States is too closely linked with farm policy, and the Department of Agriculture's preoccupations with that aspect of rural life would make it slow to give priority to other aspects. The Department of Commerce similarly has experience of economic development through the EDA, but this agency has shifted its ground over the years and is now largely an urban-oriented program. The saving of rural America may require an independent agency, or set of agencies, along the lines of the ARC to achieve the appropriate goals, perhaps with regional bases on a more rational basis than was possible with the Title V commissions.

Conclusions

The ARC's experience of working through political structures and processes in its efforts to contribute to an improved quality of life for people in Appalachia can be offered as a starting point for dealing with newly perceived problems in American rural society. The attempt to link the ARC with the Department of Commerce agencies in 1979 showed that it may not be productive to merge diverse approaches, that it may require a totally new approach and agency to deal with the problems of rural America. But many of the lessons learned from the ARC experience are at least worth consideration if rural America is to identify and play a future role in the United States.

An even broader contribution might be imagined. Although the U.S. political system and environment are unique, the problems identified in rural America have been compared to those in other parts of the developed world; hence, it may be possible to export the development of such a system of public and private, federal-state-local govern-
ment cooperation to other countries. If so, the ARC experience may have more to contribute than merely the provision of a good delivery system for U.S. federal grant aid in Appalachia. New models of regional planning and development may be forthcoming which are based on the political processes necessary to achieve action, rather than on the partial and largely economic solutions that have posed as models in the past.
This bibliography includes all sources that have contributed to the writing of the present book, plus others of significance in a study of Appalachia with particular reference to the Appalachian Regional Commission.


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