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Dean Baker and Ted Boettner **Bad times in W.Va.: Can the next president help?**

Not since the Democratic presidential contest of 1960 between John Kennedy and Hubert Humphrey has West Virginia occupied center stage in a national election. With West Virginia in the spotlight, working families have a rare opportunity to put their economic concerns on the national stage. While the rest of the country is falling into a recession due to the collapse of the housing bubble, West Virginia's economy has long been suffering from weak growth and poor quality jobs. Its situation will worsen with the nationwide downturn.

West Virginia ranks among the poorest states in the country. Its problem is not a lack of jobs; its 4.7 percent unemployment rate is well below the national average. Rather, the main problem facing workers is West Virginia is low-paying jobs.

Nearly one-third of working families in West Virginia do not earn enough to pay for necessities such as food and housing. The typical family among this group has a monthly income of less than \$1,400 a month, the third lowest in the country. According to a recent analysis by the Center for Economic and Policy Research, less than one out of every four jobs in West Virginia paid more than \$17 an hour and came with employer-provided health and retirement benefits.

Over the last decade West Virginia lost 19,000 manufacturing jobs, 25 percent of the jobs in this sector. It lost 2,000 manufacturing jobs in the last year alone. The loss of these relatively well-paying jobs threatens to make labor market prospects for West Virginia's workers even worse in the future.

The next president will have to address both the immediate problems stemming from the recession and the longer-term problems associated with the loss of good jobs. Ideally, the policies that combat the recession could also help counteract some of the longer-term problems of low-paying jobs.

The key to counteracting a recession is to increase overall demand for goods and services in the short term. The federal government can do this by putting more money in the hands of consumers, something it did with the \$600 tax rebate checks that are being mailed out this month. The rebates are a step in the right direction, but more stimulation is necessary.

Two policies being considered by Congress - extending unemployment benefits and increasing food stamps - would address both of these problems. Another type of stimulus that can have long-term benefits is a tax credit for making energy-conserving renovations to homes and businesses. This will both reduce energy consumption and create good, high-paying jobs in the hard-hit construction industry.

In the longer term, other measures will be necessary to improve the situation of workers in low-paying jobs. Health-care reform is one of the most important items on this list.

Not only do over a quarter million West Virginians lack health insurance - with many more having limited coverage - but those who are covered have seen their paycheck foiled by escalating health-care costs. The sharp increases in health insurance costs have been an important item limiting the pay of workers who do have coverage.

A lower value for the dollar will also be an important factor in making industry in West Virginia, and around the country, more competitive. The dollar's over-valuation was an enormous handicap for U.S. manufacturing. As the value of the dollar falls, we should see more and better paying jobs in manufacturing.

Finally, a revitalized union movement can help improve the quality of many jobs in West Virginia. Over the last few decades, compensation has not kept up with increases in the amount workers produce per hour. A typical worker in West Virginia makes almost a dollar less per hour today than he or she did 30 years ago despite being more productive.

By acting collectively, workers can ensure that they get a share of the gains of their productivity growth. Measures that make it easier for workers to join unions, such as the Employee Free Choice Act, can make a big difference in the lives of thousands of working families in West Virginia.

In a speech at Bethany College in 1960, Kennedy stated: "We are failing to provide for those who have too little. We are increasing our wealth, but we are failing to use that great wealth to meet the urgent needs of millions of our citizens and the demands of our growing nation."

While Kennedy came to West Virginia looking for votes, what he found instead was a state mired in poverty and economic hardship. With the national spotlight on West Virginia in 1960, working families were able to show the country and Kennedy the desire for government to bring about economic recovery. The policies implemented by the Kennedy administration's "fight against poverty" helped decrease those living below the poverty line from 639,000 in 1960 to 275,000 in 1963.

If the next president pushes the country in the right direction, then workers in West Virginia can look forward to a more prosperous future.

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Posted By: **Glen in Oregon** (4:01 am 05-25-2008)

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W.Va. is poor because it has failed to address the single most important element of all: Education. Without investment in the educations of all W.Va. citizens, the state will continue its failure to its people. I grew up in W.Va. and recognized that immediately. Nothing has changed there in more than 50 years!

Once, W.Va. has addressed its education needs, it must then pivot to create a statewide economic development plan FAR FROM the coal industry that holds W.Va. hostage; far from coal-fired plants; far from the pollution of the rivers, streams, and mountains that never should have been mined in the first place!

The "diversity" of economic development must be the focus of the state's economic programs meaning that each region of the state will have its own specialty needed by the "marketplace." W.Va. is within 500 miles of 2/3's of the U.S. population. W.Va. is its own worst enemy...to its people. Change and W.Va. will succeed. Good luck. Yours, Glen in Oregon.

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