Appalachia and the Natural Resource Curse

Although only recently identified, a centuries-old pattern continues to appear in communities across the globe. In countries such as Nigeria and Venezuela, both rich in oil and minerals, and in regions with high coal production, such as Central Appalachia, the wealth associated with those goods does not reflect in their GDP and quality of life.[1] Many scholars believe this to be explained by the "natural resource curse," an economic theory that describes how people living in regions rich in natural resources experience lower income and income growth rates than people living in resource-poor regions.[2] Analysts of this phenomenon pin it on a conglomerate of different reasons. One of the most discussed rationales is the concept of the so-called Dutch disease, which occurs when a resource boom in a country leads to the domestic currency appreciating, causing exports to be more expensive, and imports to be less expensive. This process can shift the country's economic focus onto the single resource, causing deindustrialization in other sectors.[3]

In this context, a natural resource can be defined and characterized using multiple criteria. The first is the type of resource, which is most often petroleum and coal when referencing the resource curse. The second and third important factors are quality of the resource in relation to value of production and exports, and the means in which the resource can be measured (fraction of GDP, land area, fraction of total exports, etc.), respectively.[4]

In 1993, Professor Richard Auty coined the term "resource curse" with his book, *Sustaining Development in Mineral Economies: The Resource Curse Thesis*. Since then, the

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[1] Jeffrey A Frankel, *The natural resource curse: a survey*. No. w15836, National Bureau of Economic Research, 2010: 3, https://doi.org/10.3386/w15836.
[2] Stratford Douglas, and Anne Walker, "Coal mining and the resource curse in the eastern United States." *Journal of Regional Science* 57, no. 4 (2017): 568-590, https://doi.org/10.1111/jors.12310.
[3] Matt Whittaker, "Dutch Disease and the Resource Curse: Paradoxes of Plenty," Encyclopædia Britannica, accessed October 10, 2025, https://www.britannica.com/money/Dutch-disease.
[4] Michael L Ross, "What have we learned about the resource curse?." *Annual review of political science* 18, no. 1 (2015): 239-259, https://doi.org/10.1146/annurev-polisci-052213-040359.

conversation around the resource curse has skyrocketed.[5] Numerous new publications have supported and expanded on the original thesis, but have also brought debates to light. The main dispute surrounding the curse is whether it is real or illusory, driven by the concern that the supporting statistics could be heavily influenced by third variables.[6]

In the case of West Virginia, fifty-three out of fifty-five counties in the state have coal deposits.[7] At the peak of the industry, between 1940 and 1950, the average amount of coal being mined in a year was roughly 150 million tons, valued at around thirty-five billion dollars today. In spite of that, the median household income in West Virginia during that time period was 32% less than the national median.[8] While there could have been other variables at play, such as the lingering effects of the Great Depression, many attribute statistics like these in Appalachian communities to the resource curse.

However, while difficult to evade, this "curse" is not unbreakable. Some countries high in natural resources have avoided it, such as Norway, Botswana, Malaysia, and Chile, while maintaining growing economies and high quality of life.[9] This is due to factors including good governance and management of resource wealth, exhibited in practices like diversifying economies to avoid reliance on a single sector. Elected governments also help to limit political violence, as seen in a working paper by the Center for Global Development on the resource curse

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[5] Emma Gilberthorpe, and Elissaios Papyrakis, "The extractive industries and development: The resource curse at the micro, meso and macro levels." *The extractive industries and society* 2, no. 2 (2015): 381-390, https://doi.org/10.1016/j.exis.2015.02.008.
[6] Ross, "What have we learned," 240.
[7] "Mining in West Virginia: A Capsule History," WV Office of Miners' Health Safety and Training, February 7, 2022, https://minesafety.wv.gov/historical-statistical-data/mining-in-west-virginia-a-capsule-history.
[8] "1950 US Census: West Virginia." Census.gov, https://www2.census.gov/library/publications/decennial/1950/population-volume-2/15191523v2p48ch2.pdf; "Income of Families and Persons in the United States: 1949." Census.gov, October 8, 2021, https://www.census.gov/library/publications/1951/demo/p60-007.html.
[9] B. Mathews, "Six Steps Guyana Can Take to Avoid the Resource Curse," Atlantic Council, July 18, 2025, https://www.atlanticcouncil.org/blogs/energysource/six-steps-guyana-can-take-to-avoid-the-resource-curse/.

in Nigeria.[10] With time, research will grow to explain why and why not an abundance of natural resources can result in a disproportionate social and economic standing of a place.

[10] Thiemo Fetzer and Stephan Kyburz, "How Can Countries Escape the Natural Resource Curse? Answer: Democracy," Center for Global Development, February 7, 2019, https://www.cgdev.org/blog/how-can-countries-escape-natural-resource-curse-answer-democracy.