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Chapter 3: The Economy of West Virginia

Quick Notes

CHAPTER 3

THE ECONOMY OF WEST VIRGINIA

Section 1 **Basic Economic Concepts**

Section 2 **West Virginia's Resources**

Section 3 **West Virginia's Early Industries**

SECTION 1

Basic Economic Concepts

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WANTS AND NEEDS

Every day people must make decisions about what to buy. Do they spend their money on **basic needs** or on things they **want**?

Basic Needs include



Food



Shelter



Clothing



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Wants include



To satisfy their needs and wants, people buy

Goods **Services**



and

Producers make the goods or provide the services that **consumers** purchase.



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Scarcity causes producers and consumers to sometimes make difficult decisions about how much to produce as well as how much to purchase.


When the supply of an item is **unlimited**

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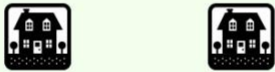


the price for one of those items is lower.

\$\$\$\$\$\$



But, when the supply of an item is **limited**,



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the cost of one of those items is high.




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Sometimes choices involve **trade-offs**, giving up one thing in order to achieve a more desirable outcome.

Problem:

You want to take your date to the prom in a limousine and then to a fancy restaurant afterwards. You only have enough money for the limousine or the dinner.



Trade-off 1: Double date using the limousine and pick a cheaper restaurant.

Trade-off 2: Have your parents drive you to the prom and fancy restaurant.

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Every economy functions by answering four basic economic questions.

- ❖ **What to produce?**
- ❖ **How to produce?**
- ❖ **How much to produce?**
- ❖ **For whom to produce?**

To answer the question, **"What to produce?"**, producers must decide what products would be in demand.




To answer the question, **"How to produce?"**, producers must consider the resources they have.




To answer the question, **"How much to produce?"**, producers must consider the number of people who would purchase the product or service.

They must also consider the concept of scarcity.



Lots of products or services

Few products or services



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To answer the question, **"For whom to produce?"**, **producers** must consider who their potential consumers are.

Things to consider include



How many potential consumers are there?

What is the age of the potential consumers?

Types of Economic Systems

TRADITIONAL ECONOMY	COMMAND ECONOMY	MARKET ECONOMY	MIXED ECONOMY
<ul style="list-style-type: none"> Most basic and ancient economy Economic decisions made based on beliefs, customs, and traditions Often revolves around farming Does not generate large surpluses Found in rural areas of second- and third-world countries 	<ul style="list-style-type: none"> Controlled by a dominant, central power, e.g., government Valuable resources controlled by the government Less flexible and slower to react to economic change Mostly found in communist countries, e.g., North Korea 	<ul style="list-style-type: none"> No government involvement in pure market economy No pure market economies exist In non-pure market economies <ul style="list-style-type: none"> economy regulated by people and the law of supply and demand provides free markets provides opportunities for individual wealth and power 	<ul style="list-style-type: none"> Combines command and market ideas The people control the economy with strong government regulation Most industries privately owned, but some public utilities are still under government control

SECTION 2

West Virginia's Resources








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Three types of **resources**—**natural, human, and capital**—are needed to produce the goods that consumers purchase.

<p>Natural</p>   	<p>Human</p>  	<p>Capital</p>   
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Natural Resources may be **mineral** or **biological**.

Mineral Resources include










Biological Resources include



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Natural Resources can be **renewable** or **nonrenewable**.

RENEWABLE RESOURCES include





NONRENEWABLE RESOURCES include






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WEST VIRGINIA'S EARLY INDUSTRIES

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Industry refers to the manufacture, production, and sale of goods.

West Virginia's natural resources influenced the development of a number of industries, including

Salt	Natural Gas/Petroleum
Iron/Steel	Glass
Timber	Chemical
Coal	Electrical Power

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SALT INDUSTRY

Salt was the first major industry in western Virginia.

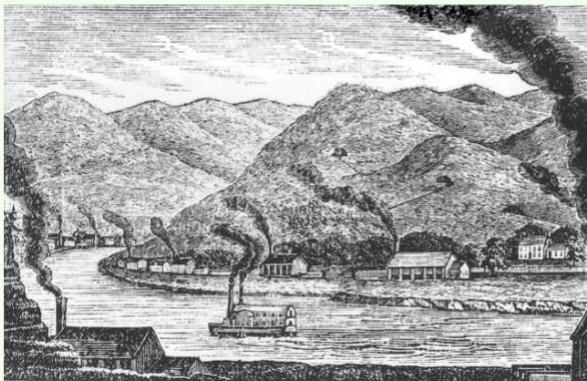
Early salt licks were located in



TIMELINE OF SALT INDUSTRY IN WESTERN VIRGINIA

- 1792 Adam O'Brien cut a trail from Sutton to Bulltown to permit settlers to use a salt lick.
- 1797 Elisha Brooks established a salt works in Malden.
- 1805 The first salt was shipped west by river.
- 1808 Joseph and David Ruffner began to produce salt in the Kanawha Salines.
- 1810 The Kanawha Valley led the nation in the production of salt.
- 1817 The Kanawha Salt Company was founded.
David Ruffner used coal for the first time in his salt furnace.
- 1850 The salt industry began to decline as new fields were opened outside western Virginia.
- 1861 The Dickinson Furnace at Malden was the last remaining reminder of the Kanawha River Salt Industry.

Salt boats on the Kanawha River



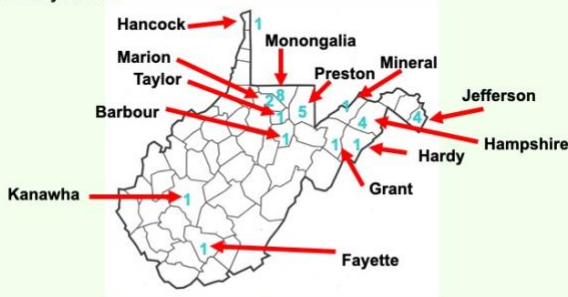
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IRON/STEEL INDUSTRY

Another **mineral resource—iron**—was responsible for another early industry in West Virginia. The first major iron furnace—Vestal's Blommery—was built near Harpers Ferry. The existence of 31 furnaces in 13 West Virginia counties have been identified. The number of furnaces in each county include



The supply of iron was responsible for Wheeling's becoming a major supplier of nails.

Wheeling was nicknamed **The Nail City**.



During the 19th century, West Virginia's iron industry changed and began to produce steel.

In 1909, Ernest T. Weir and James Phillips expanded and relocated their tin mill to present-day **Weirton**.

At one time the Weirton Steel Company operated 42 steel mills, 14 open-hearth furnaces, and 111 by-product coke ovens.



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TIMBER INDUSTRY

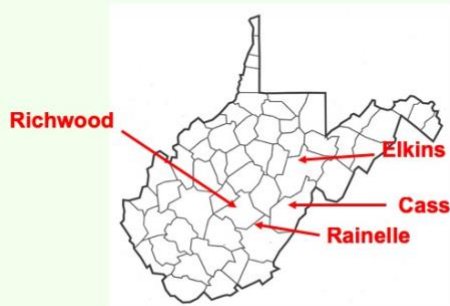
A **natural resource—trees**—was responsible for the growth of a thriving timber industry in West Virginia.



From the earliest days, primeval forests covered the state. Today, Cathedral State Park, located in Preston County, attracts visitors to its ancient hemlock forest. Although eastern hemlocks, which are sometimes 160 feet tall and 6 to 7 feet in diameter, dominate the area, over thirty species of trees are found in the park.



The timber industry was responsible for the growth of towns like



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Nine state forests and two national forests are located in West Virginia.



FARMING INDUSTRY

The **natural resource—soil**—has enabled farms to be located in all parts of West Virginia.



Major farm products which are produced in the state include



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Besides traditional products, **agritourism** plays an important role in the farming industry today.

Agritourism takes place on working farms and includes

Corn Mazes and Hay Rides

Wine tasting



The farming industry also now includes farming (growing)

salmon



trout



COAL INDUSTRY

Coal is perhaps the best known **mineral** found in West Virginia. It was first discovered in western Virginia in 1742 by explorers John Howard and John Peter Salling. The discovery was made near Peytona in Boone County while the explorers were traveling on a small river which they named the *Coal*.



Coal is found in all but two of West Virginia's counties—Jefferson and Berkeley.

Coal is produced in 28 counties.



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Coal, which became West Virginia's leading industry, is mostly used as a source of fuel.

But, it has also been used as a raw material in the manufacture of products that are refined to make products such as



NATURAL GAS/OIL INDUSTRY

Other **minerals**, **natural gas** and **oil**, were first discovered in

Burning Springs, in Wirt County

Rand, in Kanawha County



West Virginia has a rich **history** in the oil and gas industry.

Today natural gas and oil deposits are found in many counties in West Virginia.

GLASS INDUSTRY

Glassmaking came to America when the first settlers came to Jamestown.

One of the reasons glassmaking became important in West Virginia is because the state has good quality **white silica sand**.

- | | | |
|---|------------------|---------------|
| Pocahontas | Mineral | Grant |
| This sand is found in the following counties: | | |
| Hardy | | Morgan |
| Pendleton | Hampshire | |

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Glass factories were mainly of two types.

Handblown Glass

Blenko Glass in Milton (Cabell County) produces these works of art.



Automated Factories

Michael J. Owens invented a glass-bottle-blowing machine which led to high-speed production, low costs, and uniform products. Owens helped to form what became the Libby - Owens - Ford Glass Company, the world's largest producer of window glass, in Charleston.

CHEMICAL INDUSTRY



West Virginia's supply of six of the elements needed to produce chemicals resulted in the development of a thriving chemical industry in the state.

These elements, which come from nature, include

Carbon from coal	Hydrogen from water	Chlorine from salt	Oxygen and nitrogen from the air
			
Sulphur 			

Chemical plants were also attracted to West Virginia because of the abundance of **coal**, **oil**, and **natural gas**.

Early chemical plants were built in

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Union Carbide was one of the largest chemical companies to locate in West Virginia.

In the late 1800s the company built its first plant in Alloy (Fayette County).

In 1904 the company built a second plant in Clarksburg (Harrison County).

In 1920 the company brought the petrochemical industry to Clendenin (Kanawha County).

In 1925 the company moved its operations to South Charleston (Kanawha County).

ELECTRIC POWER INDUSTRY

West Virginia's supplies of coal, water, and wind have resulted in the development of the Electric Power Industry.

Coal fuels the production of more than 93% of West Virginia's electricity in 2017.



There are 9 coal-fired electricity-generating facilities owned by utility companies in the state.

American Electric Power

Allegheny Power

(Appalachian Power)

- John E. Amos
- Mitchell Plant
- Mountaineer

- Harrison Plant
- Rivesville Plant
- Fort Martin Plant
- Willow Island Power
- Pleasant Power Station
- Albright Plant

Virginia Dominion Power – Mt. Storm Power Company

West Virginia's water resources have contributed to the construction of several hydroelectric power plants. These include



Bluestone Dam



New Martinsville

[Cheat Lake, Summersville Lake and Power Plant and Dam No. 5 on the Potomac River](#)

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West Virginia's newest resource used to produce electricity is **wind**.

Windmills have sprung up in several areas of the state.

[Beech Ridge Wind Farm](#)

[Thomas](#)

[Mount Storm Wind Farm](#)



Proponents of the use of windmills call it cleaner than coal and less destructive than dams. However, opponents site the lack of natural beauty and the destruction of wildlife as detriments.

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