You Load Sixteen Tons, What Do You Get?: Economic Exploitation by Vertical Monopoly in the Low Moor Iron Company

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The Making of a Company Town

Welcome to Appalachia, home of the New River Gorge, moonshine, and economic instability. Stretching from Georgia to Maine, the Appalachian region was most remembered for its expansive natural resources and history of low socioeconomic status. Around the end of the nineteenth century into the twentieth century, the Appalachian region was rich in resources such as iron and coal. People arrived to exploit this abundance and the labor needed to acquire these resources. Natural abundance and a sense of opportunism from the working class were key elements for the Appalachian company towns to establish themselves in the region and inflict damage on working-class citizens. The establishment of the Appalachian company town later proved to be damaging for the individuals working within its borders, doing more harm than good for the region. At the turn of the twentieth century, company towns systematically underfunded Appalachian infrastructure, specifically West Virginian infrastructure, by establishing a monopoly of resources to ensure the economic instability of the working class, keeping already disadvantaged people at the bottom of the totem pole.

As company towns such as the Low Moor Iron Company profited off their employees at the expense of their livelihoods, many different facets of employees’ lives were exploited. The Appalachian people were exploited based on class, race, and age, just to name a few of these characteristics. To increase their profits, local companies used cheap labor, such as that of people of color and children, offering them little to nothing in return for their labor. Schools were heavily segregated and biased towards company skills rather than general skills that would benefit the company and the individual. A single company provided everything needed to sustain the local community contained within; the lines between work and play were incredibly faint, if not invisible. Americans today are not exempt from this same capitalist
exploitation, as can be shown through the likes of corporations including, but certainly not limited to, Disney and Tesla.\(^1\)

In preparation for a discussion on the exploitative nature of what is referred to as “company towns,” it is important to discuss a general history of American company towns and how they exploited the “cheap labor” of people of color and immigrants to advance their capitalist agenda and accelerate profits at the expense of underrepresented communities. Capitalism could be defined as a political and economic system where private owners with minimal control from the state government dictated societal industries. For private establishments to turn a profit, there must have been people to bear the brunt of this labor, with the general rule of thumb being that cheaper labor was the easiest to exploit, thus, turning a more significant profit margin. Company towns were not the first—and certainly will not be the last—to utilize capitalist exploitation to take advantage of the working class. Secondary sources such as Upton Sinclair’s *The Jungle*, Thomas Guglielmo’s *White on Arrival*, and EP Thompson’s *Time, Work Discipline, and Industrial Capitalism* were just a few of the many pieces of literature discussing capitalism through the lenses of race, citizenship status, and personal lives.\(^2\)

Marcelo J. Borges defined a “company town” as a town (or group of towns) solely run by one specific company or industry, with the company controlling the finances, housing, and education, along with a host of other aspects of life.\(^3\) Company employment of this nature was synonymous with residency within the respective company town, blurring the lines between work and personal life. With the lack of boundaries between employment and individuality, employees were never genuinely removed from their workplace. This exploitation mechanism increased productivity for the company, which was the primary goal of creating such an environment.

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The Company System

The exploitation of residents inhabiting a company town was further perpetuated through economic exploitation through the system of “company money.” This illegitimate currency was the main instrument in ensuring the economic instability of company employees, as what little money they earned was only accepted in businesses that recognized the company’s currency. This alternative monetary system effectively instituted a vertical monopoly within the confines of the town, shutting down many people’s chances of survival outside of the company due to a lack of financial backing or accumulation. By monopolizing all the basic needs to sustain a population, companies involved in these business practices had an iron grip on the communities they occupied, creating communities solely dependent on the company and its assets. Creating these dependencies was intentional, with this perpetual economic instability working towards the long-term subjugation of the Appalachian working class for private interest.

Many different industries capitalized on this structure of business proceedings, and of these different industries, coal and iron were the largest. Within the iron industry specifically, the Low Moor Iron Company was a key player in instituting said company towns and the exploitation that came in their wake. The company produced iron from 1899 to its abandonment in 1952. The bulk of its labor occurred between 1899 and the start of World War I in 1915. This West Virginian employer had not one but two neighboring towns to employ: Low Moor and Kay Moor. The employees and residents of the Moors were kept busy at work because the town was rich in coal, enough to run the country. Low Moor and its adjacent towns were just one example of the Appalachian company town, but these conditions were nearly universal among company towns beyond Low Moor and the region.

Diversity of the Exploited in Kay Moor and Low Moor

To understand why the Low Moor Iron Company engaged in the types of exploitive practices they did, historians must focus on the multiple relationships between workers engaged in these practices and the companies that employed them as well as why these workers accepted such conditions. The mines of Kay Moor and Low Moor were built off the backs of poor communities that did not have much social or financial capital, thus making them easy to exploit in the name of productivity. The Kay Moor Census from 1910 gives some much-needed insight into the exploitation of the workers under these conditions. According to the census, the racial composition of Kay Moor was around 68.5% white, with 8% of this population being
foreign-born. The immigrant population in these towns came mainly from Italy, Bulgaria, and Turkey. At this point in American history, some people who immigrated to the United States faced persecution due to their heritage, giving them little maneuvering to further their status in America, mainly their socioeconomic status. Stereotyped as evil, dirty gangsters, among other tropes, some of these immigrants were targets of the Ku Klux Klan and were caricatured as lacking the stock for becoming American since they were not visually representative of what an “American” should be. To the mainly white, Anglo-Saxon (read as Northern European) heads of business at this time, their immigrant employee population should not have received the same treatment as their white counterparts simply because they were white of a different kind (read as Southern and Eastern Europeans), due in part to their respective countries of origin. Profiting off this marginalized community in an exploitative way underscores the racialized nature of company towns that employed those desperate for jobs and opportunities. The racial mechanisms at play denied workers of skills or assets that would benefit them outside the town: mechanisms of exploitation. In order to have flourished outside of the company town, workers needed skills transferable to other industries. By only providing their employees with the essential skills needed to perform their limited tasks within the confines of the company, this cycle of subjugation continued, repressing the skills and potential of the working class for the benefit and financial gain of private companies, a tale as old as capitalism itself.

Targeting poor communities as (essentially) free labor was not exclusive to the immigrant populations in Kay Moor. Regarding race, ethnicity, and nationality, around 40% of residents employed by Kay Moor belonged to a racially marginalized group at the time. In this paper, racially marginalized is meant to identify anyone who was not White Anglo-Saxon (otherwise referred to as WASPs), in line with racial labels of the time. Among those racially marginalized included the significant immigrant population of Italians and Turks that we might consider white by today’s racial understandings. The remaining 60% consisted of working-class whites who experienced the same financial burden at the hands of the iron company. The 40% “minority” population in the Moors faced economic exploitation coupled with discrimination based on nationality and race. 30.5% of the residents


6 *Under Attack | Italian | Immigration and Relocation in US History*.

were either African American or of mixed race, adding to the sentiment of exploitation based on race.\textsuperscript{8} Much of the Black population came from southern states as part of the Great Migration. Their primary motivations for migrating north were social and economic stability and mobility.\textsuperscript{9} This drive for social and economic mobility was quickly diminished by the restrictive nature of the company town, eliminating any chance of an easy transition to a life outside of the mines.

First-hand accounts from citizens of Kay Moor and Low Moor are few and far between. However, those that survived are first-hand accounts from residents/employees of color—there remained accounts from African Americans living within company towns other than Low Moor and Kay Moor. These voices emerged in William Turner’s \textit{Blacks in Appalachia}. In the “Conversations with the ‘Ole Man’ section,” Turner noted that the “narrator outlined his life as a Black Appalachian coal miner. In his words, he stated that “…there was more interrelating between the four immigrant groups and Blacks than between the native whites and any other single group. This is probably because there was more trust between the non-English-speaking people and the Blacks as opposed to between the whites and the non-English-speaking people.”\textsuperscript{10} As pointed out by Turner, non-English speakers and the Black population formed alliances despite their differences out of necessity based on their racial otherness and economic conditions. As victims of economic exploitation and a low position in society due to race, the African American and non-Anglo populations in company towns represented the intersection between race and class in West Virginia. In other words, an intersection represents the duality of two different circumstances or characteristics that come together to give a broader perspective to a person or group of people.\textsuperscript{11} For example, the African American and immigrant populations of these towns showcase the intersection of race and class, as their struggles exist as socioeconomic issues, with issues of race and class more connected in American society than disconnected.

In the age of de facto segregation, company towns only added to these racial tensions within the States. Despite the large African American population in Kay Moor, it was standard practice that those who were not

\begin{thebibliography}{9}
\bibitem{8} Brown, \textit{New River Gorge}, 104-111.
\end{thebibliography}
white were not able to hold leadership positions in the town and/or company. Discrimination was an all too common practice within the towns under segregation, the higher-ups of the company used the power dynamic of race hierarchies to perpetuate economic inequality within the industry further. Without having any of the African American population in positions of power, it is more than evident that life within the company town offered no economic opportunity to the Black population, which was to be expected in a country that did not provide much room for much social and financial mobility for Blacks under a system of racial segregation. Moving up in the ranks of the company was not an option, ensuring their exploitation in the lowest ranks of the company. By exploiting their labor and earnings, the institution of the company town was executing its goal—to take economically and socially underprivileged people and use them as free labor—with great ease.

The Factory “Education”

This marginalization did not discriminate based on the age of the Kay Moor residents. According to the U.S. Department of Labor, Children’s Bureau, “the West Virginia compulsory school attendance law, as amended in 1919, required children between the ages of 7 and 14 to be in school during the entire school term.” While this law came nine years after the census was recorded, this law provides a reference point to gauge how many children would have been school-age. Referencing the 1910 Census again, the total number of children between the ages of 7 and 14 comes out to 82, making 17% of the general population of school-age children. To accompany and educate these 82 children were two teachers, making the classroom ratio of students to teachers 41:1.

For a multitude of reasons, what little education these children received was not adequate to support a life outside of the company town. With the given ratio, the quality of education was poor and increasingly poorer with the addition of more children to the school-age bracket. An increasing school population without a change in staff numbers inevitably led to a decrease in the quality of education. Either each student would have received the same below-average education or students would have been left with an education at all, with only a select few children to complete an education in the company-owned school. In other words, companies could not be trusted to provide quality education to each child in the town when unbiased, quality education was not their primary goal. According to McGill, a study of children in West Virginia's coal mining communities, showed that the quality of education was lacking.

14 Brown, New River Gorge, 104-111.
Virginia coal mines concluded that only 58% of children between the ages of 7 and 14 attended school at least once each year, with 256 children going unreported.\textsuperscript{15} Given the relatively close period and working conditions, it can be inferred that this statistic was on par with the conditions of Low Moor. If anything, these numbers reflected lower numbers in the 1919 study since the census was conducted years before the implementation of the Compulsory School Attendance Law. To provide some context for this statistic, according to the National Center for Education Statistics, the year 1910 saw a national average of around 78% of children ages 5-17 enrolled in the education system.\textsuperscript{16} Regardless, both the quality of education and student attendance would not have been adequate to prepare students for life outside of the company town. If there was low attendance and minimal quality education, what purpose did schools serve, if not to educate and ensure high quality of life upon graduation?

Additionally, the company towns appeared to have failed to provide a reliable, unbiased approach to schooling their children, given the overall conditions of the town. The goals of the town made the schools biased in the sense that company schools skewed mainly towards skills essential to working in the company, and not skills transferable to other industries that would provide an increased quality of life for these working-class citizens.

The Kay Moor School District had two “white schools” and two “black schools,” adhering to the “separate but equal” doctrine established by Plessy v. Ferguson. This racial separation only added to the many layers of exploitation and discrimination, keeping people subjugated while they were already in a disadvantaged economic state. While the local government funded the Kay Moor Schools, they were unofficially privately owned institutions guided by their curriculum that fueled the school-to-company pipeline. While there was not much known about the specific curriculum taught within any of the four schools, “the following subjects were offered: mine gases, timbering and haulage, and hoisting.”\textsuperscript{17} Against any other prospects of social mobility, one perspective points at the purpose of further perpetuating low financial and social status, schools in the area primarily taught skills that would benefit Kay Moor’s residents as employees, not as people. Here, schoolwork trained students to enter the company town, not a formal education to exit the conditions under which they were born. By training the children to enter the workforce within the company town rather than providing them with universal life skills, executives within Low Moor tightened the leash they had around their employees. The region’s natural resources provided common

\begin{itemize}
  \item \textsuperscript{15} McGill, \textit{Children in Bituminous Coal Mining}, 18.
  \item \textsuperscript{16} Thomas Snyder, \textit{120 Years of American Education: A Statistical Portrait} (Washington, D.C: National Center for Education Statistics, 1993), 27.
  \item \textsuperscript{17} Brown, \textit{New River Gorge}, 80.
\end{itemize}
accessibility to economic promise, which was exploited by the mines. By design, most of the skills taught in Appalachia at this point were targeted toward ones that would benefit the industries they supported. However, company towns took this capitalist schooling mindset, exclusively teaching industry skills rather than using industry skills to supplement traditional schooling.

**An Illegal Economy**

Understanding the exploitative reach under this atmosphere shifts the focus of the discussion to specific methods of exploitation, as noted in the previous sections, unsanctioned, the non-governmental currency used as compensation for employees in Kay Moor and adjacent towns using similar economic infrastructures. “Company money”—or company scrip—was the 1910’s version of monopoly money, only having actual legitimacy inside the company town game. Employees were paid nominal wages despite this currency being entirely subjective and dictated by the owners. With a made-up currency, there was no budget to be balanced and no penalty for paying employees what they rightfully deserved for their labor. Company towns were able to manipulate the cost of goods and rents at will as a method to reclaim any potential accumulations of wealth. Regardless, the poorest employees of Kay Moor (coal cutters) were paid $0.14 per hour in 1902, which would equate to about $4.62 per hour in 2022.\(^\text{18}\) Congress created the first national minimum wage when it passed the Fair Labor Standards Act in 1938. The data published on the general wages within this town was slim, and wage/salary rates for residents of color were nonexistent. With knowledge of their inability to hold leadership positions within their line of work, it can be inferred that these wages were not universal across racial lines, creating disparate outcomes. The coal laborers and other employees of the mines were grossly underpaid for the labor they were performing. Even worse, their monetary compensation never went to increasing the quality of life of Kay Moor-ians.

\[\text{Figure 1. Low Moor Iron Company Coins (2). RootsWeb (Ancestry.com), Lehi, Utah.}\]

Company scrip was issued mainly in silver coins in the Moors, but there were additionally company checks in circulation. Company scrip within the Low Moor Iron Company operated as a stand-in for cash, eliminating the need for U.S. currency within their town borders. These practices made it impossible to establish a life outside the town since their monetary earnings did not have any value outside the confines of the Iron Company. This questionable standard of business ended in 1938 with the Fair Labor Standards Act, which made company scrip illegal at all levels and established the abolition of “oppressive child labor.” By the time the act came into effect, the damage had already been done; the iron company had ensured generational inequality through its failure to adequately compensate its employees.

Figure 2. “Report III,” In Report of the United States Coal Commission on the Bituminous Mine Workers and Their Homes.” United States Coal Commission, Washington D.C.

Expenditures from Low Moor, Kay Moor, and the New River Gorge area gave needed insight into where the unlicensed funds were going. The U.S. Coal Commission provided a graphic illustrating six pie charts signifying the direction of funds of company towns in six regions. While they are not the payments of the Low Moor Iron Company, Figure 1 shows the spending patterns of coal companies in this same region; both industries used the same business model. These pie charts contained seven categories: food, household

bills (rent, electricity, etc.), clothing, furniture, miner supplies, debt payments, and other expenses.\textsuperscript{21} In the New River Gorge area, approximately 80% of spending was done within company-owned structures. While the “other” category expenditures were unknown, one could infer that this, too, was put towards a company structure, but it is not known for sure. In any case, the majority of wages, if not the entirety, went directly back into the company town’s pocket, maintaining and preserving a system of inequality.

The people of Low Moor, West Virginia, could not just leave and move to somewhere with more economic stability and upward mobility. Production levels stayed high out of fear of retaliation by company leadership and the upheaval of everything the employees had worked for. While the employees would have had the same, if not more financial capital had they been fired from the company, it was likely much easier to stay in the remote town they have already established themselves in rather than venture out to unknown areas\textsuperscript{22} and start anew. To them, staying in the company and being exploited was likely much more desirable than losing everything they had ever known to achieve a hypothetical “better life” outside of the town. Since the employees only had company money to their name, they had no truly legitimate currency. Essentially, nobody had the financial backing essential to move away from Low Moor. Even worse, nobody had the education needed to be employed in any skilled position beyond company, as education was geared toward company employment. “Pulling themselves up by the bootstraps” was not an option, as there were no bootstraps upon which to pull.

A Culture of Their Own

As a result of the poor living and economic conditions, the Appalachian people as a whole (including West Virginia) developed a culture of their own. Like a phoenix, the people of the Appalachian company towns have risen from the ash and rubble, emerging with a culture unique to their circumstances and regional history from groups not limited to white Anglo-Saxon people’s model. Stories such as those included in William Turner’s \textit{Blacks in Appalachia} represent an African American culture that has largely been erased when discussing Appalachian history due to white populations’ appropriation of historically Black cultural influences. This pattern is evident in ways that Americans may not recognize. For example, the banjo, largely thought today


to be a “white instrument,” originated in Africa, and its history has been sanitized by erasing its African origins. In “Not Just Blacks in Appalachia,” the author noted that 1 in every 14 Appalachians is Black, yet somehow, Black history was an afterthought when discussing Appalachian history, favoring euro-centered stories over anything else. The erasure of Black history by the white-driven narrative of Appalachian history effectively distorted the nuances surrounding the region, sterilizing the complexities and crossroads to conceptualize the history of Appalachian fully.

An excerpt in Appalachian Reckoning titled “How Appalachian I Am” provides an excellent background into Appalachian culture despite decades and decades of adversity and strife. The author told his autobiographical perception of his Appalachian industrial town through the point of view of film photographs. This Appalachian town was home to a chemical processing plant, which played a significant role in the lives of the residents. The author explained that “Every trip to Dollywood ever recorded on film, every wedding, every prom, every mugshot...recorded in a photograph during the nearly hundred years when all photographs were recorded on film, was more than likely to have been enabled by a chemical made in that plant by the river in Kingsport, Tennessee.” The photographic evidence provides readers with a visual look into how industries that exploited the land and the people around them had an iron grip on the communities they established. The chemical processing plant ran the town and surrounding area in the structure of a company town, permeating through the lives of citizens both in their professional and personal lives. The industry-inflicted destruction was another example of a long history of exploitation under capitalism.

Despite this occupation of exploitative industries, the Appalachian people have built a culture of close-knit communities and resilience among themselves. In telling Appalachian people to “leave if they’re so frustrated with the way they’re living,” the Appalachian people were essentially being told to abandon everything they’ve known, to leave a culture that their ancestors developed out of survival and resilience. The sons and daughters of those exploited by industry were living examples of the generational

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24 Millner, “Conversations with the ‘Ole Man’”, 207.
inequality in these Appalachian companies. In saying this, it was essential to acknowledge our predominantly white historical connotation of the Appalachian region. Appalachian people of color and immigrants have contributed just as much as their white counterparts yet were rarely given credit for the history and culture they helped to construct. Additionally, it was important to acknowledge that Appalachian history and culture existed long before industry dominance in the region. Discussions of white privilege were crucial to understanding the nuances of historical depictions of Appalachia, and historians needed not to contribute to the ever-present erasure of these “racially marginalized” communities.

The history of company towns and the monopolistic industries reveals how they have contributed to detrimental economic status and the lifestyle of Appalachian people and the region as a whole. When companies, such as the Low Moor Iron Company, limited their workers’ ability to accumulate wealth for their gain, entire Appalachian populations were without the means (both financial and educational) to succeed outside of the company’s reach. Despite the institution of company towns originating over 100 years ago, the historical and cultural significance of said institutions was not limited to the early 1900s. While it was easy for the general population to be far-removed from these stories, it was not so easy to dismiss these issues, which remain today. With the idea of company money as a matter of the past, the lingering sentiment of company towns’ ideology remains present in workplaces today. While it was easy to see these practices broadly as something of the past, the practice of capitalistic exploitation existed long before the establishment of company towns and would continue to exist long after. The ideology of a company town and the exploitation it exuded was a microcosm of capitalism, just one example of exploitation in a sea of those exploited. Again, themes of exploitation of the working class and blurring the lines between work and play have never been more apparent than today, despite claims that this exploitation was exterminated long ago. Megacorporations such as Disney and Tesla were moving towards the use of a modernized company town within the confines of their respective companies to increase productivity among their employees.\(^\text{28}\)

**Conclusion**

In recent years, the Walt Disney Company used on-campus housing to increase employee efficiency. Disney was to the entertainment industry what West Virginia was to coal, and Pittsburgh was to steel, a monopoly

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confined within the limits of their respective cities. In the community of Celebration, Florida, along with the newly unveiled “StoryLiving” community in California, Disney blended the lines between life in Disney and life outside of Disney. This living structure made the Disney corporation central to their employees’ lives, with their personal lives built into the employment structure. After clocking out, employees were still on Disney property, sleeping in Disney beds, eating from Disney establishments, and paying Disney rent, never being able to indeed remove themselves from the culture based on animation, attractions, and exploitation. Disney and Low Moor, while different in their specific business models, both instilled a sense of entrapment and, as a result, exploitation of their employees. With the erasure of personal lives and the increased presence of company-owned businesses, these employers were more alike than different, taking advantage of their employees at any cost. Due to laws against the use of company scrip, the seemingly endless cycle of class subjugation was hard to implement on a private corporate level. Today, employees of present-day corporations and companies can leave and change their circumstances much more freely than their counterparts in Low Moor. Despite implementing these laws, companies today still strive for the level of efficiency and employee retention that company towns of the past once had, using the likes of Low Moor and Kay Moor as much as possible.

Living on campus was an idea implemented by many companies across the nation, Tesla being one of the most recent examples of this phenomenon. In Silicon Valley, there was no more important asset than productivity. With the ease of mobility and transport in mind, Elon Musk developed a pseudo-company town in Warm Springs, Fremont, calling it an InnovationZone. Musk created up to 3,000 housing units and 40,000 jobs within biking distance from their employer. Interestingly, the company took no issue with this streamlined efficiency that walked the fine line between “smart city” and company town. Efficiency was the main goal for this city planning, working their employees even off the clock, always keeping them in a working mindset.

By providing all the essentials and making an employee “feel at home,” it was much harder to remove oneself from the company, and as a result,

exploitation of the working class continued, no matter how passively.\textsuperscript{32} On-campus housing and meals, coupled with other benefits such as gym access and recreation spaces owned by the company, helped the company to permeate into the lives of the working class in more ways than one. When the lines started to blur between work and home, coworkers and family, the stigma of establishing a personal life became increasingly harder. Using a sick day or allotted time off was a betrayal in these spaces as business affairs became increasingly more personal.

Economic exploitation of the working class by major companies was not a theme that was exclusive to any specific period. For centuries, companies have attempted to make work the sole factor in a person’s life, recognizing employees as a cog in the well-oiled machine rather than as individuals. Even in their modern form, company towns must be scrutinized to prevent financial inequality and exploitation of the working class. The history behind the Low Moor Iron Company should be taken as a cautionary tale so as not to repeat the mistakes that led to a region void of economic infrastructure. Disregarding the story of the Low Moor Iron Company disregards the lessons learned in the past, setting the present and the future up for failure.