



From Labor to Capital— Factories Take the Leap

“Linthead.” For sociologists of the 1930s, no single word better summed up the history of factories in this state. For textile industry officials in the 1980s, no word sounds more inflammatory. A linthead, literally, was a textile worker with fluffs of cotton clinging to his clothes at the end of a shift. In a broader sense, a linthead was any person who knew the rhythm of the shift whistles that kept time in a milltown.

But the textile industry has changed. The cotton dust standards under the federal Occupational Safety and Health Act and the same technology that brought us video cassette recorders and microwaves have made the linthead largely obsolete. Today, robots carry giant rolls of cloth, and water-propelled machines noiselessly weave lint-free cloth. Modern textile workers sit behind a computer screen as well as fix looms. Computer operators now can tell machines where to cut bolts of cloth by viewing the fabric as a graphic on a terminal.

Yet the new has not eradicated the old. In 1984, 90,000 people—mostly women—worked in the state’s apparel industry, the second largest manufacturing sector behind textiles (and barely

ahead of furniture). Many of these women still sew bolts of cloth in small cut-and-sew operations. The apparel industry has just begun to embark on the kind of massive capital-investment campaign that the textile industry launched in the 1970s. Wages in the apparel sector remain significantly below those for textile workers (see Table 3).

Alamance County, unlike the more metropolitan and rural counties, is neither booming nor suffering. But it is in transition, from a labor-intensive, textile-based economy to a more diversified mix of manufacturing jobs. This mix includes a more capital-intensive textile industry, more types of industry, and an increase in service jobs, especially at discount malls. Since J. Spencer Love launched Burlington Industries in Alamance County in 1923, the fate of textiles has generally determined the prosperity of the area. Unemployment levels have risen and fallen with the cycles of the textile industry.

In recent years, Alamance County has been able to ride piggyback on the shift to computer-related jobs in the Research Triangle to the east and the Triad to the west. Sandwiched between two high-growth areas, yet still dependent on the

"They're closing down the textile mill, across the railroad tracks,

Foreman says these jobs are going boys, and they ain't coming back,

To your hometown, your hometown."

*—"My Hometown"
by Bruce Springsteen*

state's traditional industry, Alamance County reflects the two most important shifts in the state's labor-to-capital odyssey: the changes in the textile industry and the coming of a diversified, computer-dependent industrial base.

Textiles. Manufacturing jobs, including the textile sector, peaked in Alamance County during the 1960s. The unemployment rate never rose over 6 percent and was often as low as 2 percent.³ Never again would Alamance County have as many people working in factories as it did in 1969 when 25,630 people punched a time card. One of every three of those people clocked in at a textile mill. Textile jobs remained stable, with only small dips and rises, until the recession of 1974-75, which was to alter forever the industrial landscape of Spencer Love's old stamping grounds.

In 1975, unemployment averaged 9.5 percent in the county (with a high of 12.7 percent in February). There were 20 percent fewer textile jobs than just six years earlier (15,360 compared to 19,240). Even though the textile industry's sales and profits improved after the recession ended in 1976, the industry never regained the lost jobs. Textile employment in the county continued to fall, to 12,900 in 1983. And other manufacturing jobs did not pick up the slack. In 1983, Alamance averaged an 11.5 percent unemployment rate, the highest for the county since the Employment Security Commission began keeping such records in 1962.

The jobs never returned because the textile leaders had begun to reshape the industry. Spencer Love built Burlington Industries into the world's largest textile company, employing 81,000 people in 1974; it was also the largest employer in the state and in Alamance County. In 1974-75, Burlington Industries began a major restructuring program, closing or selling 32 plants (18 of them in North Carolina, from

Rhodiss to Reidsville). The company then launched a massive \$1.8 billion capital expenditure program, from 1976 to 1984. About 85 percent of these expenditures went for modernization, "to increase labor productivity, improve quality, and enhance flexibility," as the 1977 annual report put it, in order "to replace out-moded shuttle looms with faster, more flexible shuttleless machines and to upgrade cotton yarn opening and carding equipment."⁴

The modernization campaign turned Burlington Industries into a far more capital-intensive company, and much of the rest of the industry followed. "The textile industry has spent about \$1.5 billion a year for the past 10 years for modernization," says Jim Leonard, manager of economic analysis for Burlington Industries. What resulted from the capital investment and the divestitures, however, besides improved productivity, less cotton dust, and "enhanced flexibility," was a 35 percent drop in Burlington Industries' employment in 10 years, from 81,000 in 1974 to 53,000 in 1984.

According to industry officials, however, the declines in jobs have just begun—unless federal trade restrictions on imports are tightened. After an intense and well-orchestrated lobbying campaign by the textile and apparel industry, including the unions, to raise import quotas, Congress passed the Textile & Apparel Trade Enforcement Act of 1985. President Reagan vetoed the bill, however, and votes to override

Table 2. Percentage of Gross State Product by Sector, 1985

Sector of Economy	Percent of Gross State Product*
Manufacturing	33.7%
Nonmanufacturing	62.4%
Retail and Wholesale Trade	17.3%
Government	11.6%
Finance, Insurance & Real Estate	10.8%
Services	10.2%
Transportation, Communications, & Utilities	8.7%
Construction	3.6%
Mining	.2%
Farm and Agricultural Services	3.9%

Source: The UNCC/First Union North Carolina Economic Forecast, November 1985.

*These are percentages of total "real" Gross State Product. Real GSP refers to calculations based on 1972 dollars.

the veto appeared short of the necessary two-thirds majority. The complex bill would slow the growth of imports of textiles, apparel, and man-made fibers to a level more consistent with the industry's own growth. The trade act concentrated on the traditional "big four" Asian competitors (Taiwan, Hong Kong, Korea, and Japan) and the recent threat, the People's Republic of China.

In a recent industry survey, says Leonard, "We counted 1.3 million garments on retail racks and shelves. Our survey showed that imports make up 60 to 70 percent of the garments available to the consumer." This is significantly higher than the 50 percent figure given in government data. But either figure means fewer jobs.⁵

The textile industry has been forced to operate more efficiently and to shift to less vulnerable product lines such as designer sheets and towels. In some cases, that has meant mergers or sales of entire product lines. In December, for example, California financier David Murdock announced the sale of most of Cannon Mills to Fieldcrest Mills. Murdock had bought Cannon Mills from the Cannon family in 1982. Meanwhile, J. P. Stevens Co. has put its apparel fabrics divisions up for sale. The recent mergers and capital investments reflect the complexity of the textile industry, which makes everything from automobile seat covers to bolts

Table 3. Average Hourly Earnings of Production Workers in Selected Industries in North Carolina, October 1985

Industry	Average Hourly Earnings
Tobacco Manufacturers	\$11.91
Paper and Allied Products	11.27
Chemicals and Allied Products	9.79
Electrical Machinery	8.37
Non-electrical Machinery	8.28
Statewide Manufacturing Average	7.32
Furniture and Fixtures	6.70
Textile Mill Products	6.50
Food and Kindred Products	6.46
Lumber and Wood Products	6.33
Wholesale and Retail Trade	6.07
Apparel & Other Textile Products	5.16
Hotels & Other Lodging Places	4.55

Source: "State Labor Summary, October 1985,"
Employment Security Commission.

Installing new warp on water-jet loom at Burlington Industries, Richmond Plant.



Courtesy N. C. Department of Commerce

of raw fabric. Categorizing the changes in the industry can be overly simplistic except for one stark fact—people are losing their jobs.

According to the U.S. Department of Labor, from January 1979 to January 1984, 80,000 textile workers and 136,000 apparel workers nationwide lost jobs because of plant closings or cutbacks. The study estimated that 81,000 North Carolinians—in all jobs—had been displaced. Only persons who had held a job for three years were included in the study.⁶ The Department of Labor survey found that in 1984, 60 percent of

“There are few ways in which a man can be more innocently employed than in getting money.”

—Samuel Johnson,
in Boswell’s “Life”

the textile workers were employed, 26 percent were unemployed, and 14 percent were not in the labor force. These figures were very close to the nationwide percentages for all types of workers. Another important figure that does not show up in such a study “is the large number of people who can’t get jobs in textile plants in the first place,” says Charles Dunn, formerly the executive vice-president of the N.C. Textile Manufacturers Association.

Diversified, Computer-Dependent Industries. If a tightening of the textile industry’s belt brought 11.5 percent unemployment to Alamance County in 1983, a more diversified manufacturing base helped bring the rate back down to 4.7 percent by October 1985. Capital-intensive industries coming to Alamance County have hired some laid-off textile workers, who were retrained at the Technical College of Alamance, the local community college (see article on page 84 for more on such training programs). For example, GKN company employs 600 people making front-wheel drive parts. Sandvik, a Swedish company, has 60 people making carbide cutting tools. And the Honda company has a 120-worker plant making high-priced lawnmowers.

Other companies that are either expanding or developing a new facility in the county include: Carolina Biological Supply, with a new \$1.75 million facility that will have 40 employees; D.F.M.&T., a computer software company, moving from a small Burlington office to an 8,000 sq. ft. facility for 20 employees; and Zeller

Corporation, which will start with 35 machinists and metal workers making universal joints. These industries reflect the wide range of capital-intensive industries now dependent on computers for everything from production schedules to assembly-line management.

Other areas of the state, particularly the nearby Research Triangle, have concentrated on the computer industry itself, including microchip assembly operations. The widely publicized Microelectronics Center of North Carolina (MCNC), begun in 1981, stands as a symbol of state efforts toward attracting more high-tech industries. This center and other programs, particularly the North Carolina Biotechnology Center, are geared specifically toward using computer technology in innovative ways (for more on these two centers, see article on page 74).

Despite the increased investment in high-tech related jobs, in 1985, 48 percent of all *manufacturing* jobs in the state were in apparel, furniture, and textiles. These three sectors are among the lowest paying jobs in the state (see Table 3). Consequently, in 1985, the average *industrial*, hourly wage in North Carolina, \$7.32, ranked 49th among the states.

Gov. Martin tours Honda lawnmower plant—similar to Honda plant in Alamance County—while on recruiting trip to Japan in October 1985.



Courtesy, N.C. Department of Commerce