



The Rural Apparel Industry

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Issue. Continuing technological advances, changes in product market structures, and probable bilateral trade liberalization will likely reduce the size and change the structure of the U.S. apparel industry. How can communities heavily dependent on these industries respond to such important developments?

Context. During the 1980's, employment in the apparel industry contracted significantly in response to increases in labor productivity and intensified foreign competition. Many of these foreign competitors have long ceased being just low-cost assembly sites for less expensive items; they now produce even the highest quality, most sophisticated fashion. These trends are likely to continue to exert downward pressure on industry employment. This pressure will intensify if trade liberalization reduces the level of protection for the U.S. industry.

Many nonmetro areas depend on the apparel industry. Of 771 nonmetro counties in 10 Southeastern States, 209 had 20 percent or more of their 1987 private nonfarm employment in the textile mill and apparel product industries, principally clothing and apparel fabric. Forty-seven percent of these 771 nonmetro counties had 10 percent or more employed in these industries. In some States, the nonmetro rates were much higher. For example, 56 percent of South Carolina's nonmetro counties, 46 percent of Alabama's, 43 percent of Georgia's, and 39 percent of North Carolina's nonmetro counties had more than 20 percent of private nonfarm employment in textile mill and apparel products. More than half the nonmetro counties in 7 of the 10 States had more than 10 percent of their employment concentrated in these industries.

The importance of apparel industry employment to individual nonmetro counties extends well beyond the absolute percentages because, as manufacturing industries, these sectors constitute a significant portion of the local economy's "export base," or the industries which bring most new income into the area.

At Stake. Continued downsizing of the apparel industry will cause the employment base to contract in many southeastern communities, and affect employment prospects of many rural workers. A significant share of the affected families will have incomes below or near the poverty level, and will thus be very vulnerable to any income loss. In recent years, dislocated apparel workers have had above-average difficulty finding new jobs at comparable pay levels. Part of the reason is that dislocated apparel workers have lower educational levels than the average dislocated worker, and are more likely to be older, female, and members of a minority group. Worker adjustment therefore may well be more difficult, even in communities with a relatively good supply of alternative job opportunities. Unsuccessful local adjustment could stress the region's cities as well as rural areas by increasing the immigration from rural areas of unemployed, low-skilled workers, and the cost of welfare and social service programs in both urban and rural areas.

Alternatives. There are two general classes of policy alternatives:

(1) Expand worker adjustment assistance. The public sector could increase adjustment assistance to dislocated workers as employment declines continue. Extremely high average apparel turnover rates of

approximately 50 percent each year, coupled with a traditional male reluctance to work as a sewing operator, means some job openings for those wishing to work in the apparel industry are likely to exist, even in the face of accelerated dislocation. However, geographic mismatches will exist in many local economies between apparel jobs that are lost and available job openings within the industry. This suggests communities could help dislocated workers who wish to remain in the industry find new apparel jobs by developing better information on job openings within the region, helping to arrange for supporting services such as alternative transportation or child care, and, where appropriate, assisting in relocation.

For dislocated workers who wish to leave the industry, and for other workers in affected communities who lose or cannot find a job, job search assistance, retraining for employment in other sectors, retraining for self-employment, and relocation assistance could be offered. A major issue is the level of support that should or can be provided. For example, of two major Federal programs now targeted to help dislocated workers, the Trade Adjustment Assistance program usually supports much longer training periods than does the Job Training Partnership Act Title III program. A corollary issue is whether separate funding sources should be dedicated to training for those affected by trade liberalization.

(2) Emphasize business development. The public sector could also help improve the competitiveness of the domestic apparel industry (in order to minimize dislocation), work to develop alternative employment opportunities in hard-hit regions, or both. Regarding the first, one option is to encourage formation of "Quick Response," just-in-time production partnerships among fabric, apparel, and major retail firms, particularly ones involving small- and medium-sized enterprises. The public sector might also help accelerate the development and use of new products and manufacturing processes, augmenting competitive strength by increasing levels of research and technology diffusion. More traditional job creation activities, such as business assistance and infrastructure investment, could also help offset local employment losses.

Agenda. Worker/community adjustment titles will likely be considered as part of enabling legislative packages accompanying any trade agreement sent to Congress, such as a General Agreement on Tariffs and Trade or a North American Free Trade Agreement. Such packages have not yet been designed. Many States have programs (industrial engineering assistance, customized job training, and small business financing) that assist firms and workers in the apparel and apparel fabric as well as other industries. These programs may be revisited with proposals for change.

Information Sources. U.S. Dept. of Commerce, *U.S. Industrial Outlook*, annual. Statistical reports of the American Textile Manufacturers' Institute, *Textile Hi-Lights*, quarterly. The American Apparel Manufacturers' Association, *Focus: An Economic Profile of the Apparel Industry*, annual.