Our economy is strong today. People are getting back to work. There's an excitement amongst the risk takers, and capital is moving. I'm confident it's going to get stronger as the days go on.

Remarks by the President on Innovation
U.S. Department of Commerce
Washington, D.C.
Weekly U.S. jobless claims drop

Applications fall to lowest level since April 2001
The Associated Press

US economy generates 274,000 new jobs
By Christopher Swann in Washington
Published: May 6 2005
The economy’s improving, right?

Yes, but...

- Layoffs continue
- High unemployment and limited job creation prospects in many areas
- Trade-related risks to apparel, textiles, furniture, other industries
- Many of those laid off are least equipped to cope with change
Recession and Structural Change in Rural North Carolina
North Carolina employers remained reluctant to hire in March, and economists said the next few months will be critical in determining the overall health of the job market. Employers added just 2,200 jobs last month, a gain of less than one-half of 1 percent of the state's nonfarm payroll, a report Friday from the N.C. Employment Security Commission showed. That was down from February's gain of 4,700 jobs --- considered meager in a state with 3.8 million jobs.
Structural Change …

North Carolina Employment, 1970

- Manufacturing: 30%
- Agriculture, forestry, fishing, mining: 9%
- Construction: 5%
- Wholesale & retail trade: 16%
- Transportation & public utilities: 4%
- Finance, insurance, real estate: 5%
- Government: 16%
- Services: 15%
North Carolina Employment, 2000

- Agriculture, Forestry, Fishing, Mining: 3%
- Construction: 7%
- Manufacturing: 16%
- Transportation and public utilities: 4%
- Wholesale and retail trade: 21%
- Services: 27%
- Finance, insurance, and real estate: 7%
- Government: 15%
Textiles and Apparel Downturn


<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>286,003</td>
</tr>
<tr>
<td>1995</td>
<td>252,704</td>
</tr>
<tr>
<td>2000</td>
<td>175,220</td>
</tr>
<tr>
<td>2003</td>
<td>116,306</td>
</tr>
</tbody>
</table>

(apparel) (textiles)
Continuing Downturn

Announced Layoffs in Textile and Apparel, January - April 2005

- Jan-05
- Feb-05
- Mar-05
- Apr-05

Bar chart showing the number of announced layoffs from January to April 2005.
More Trouble on the Horizon

- 2005 projected to be 2nd worst year for N.C. textile/apparel layoffs
- As many textile/apparel layoffs announced for 2005 (1/3 into year) as for full year of 2004
- More than 115,000 North Carolinians exhausted state unemployment benefits without a job in 2004
Causes?

- Import penetration as a result of globalization
- “High” wages and other production costs
- Lack of investment in R&D, specialization and innovation
EU launches investigation into textile imports
The China Daily  June 3, 2005

COMMERCE SECRETARY ANNOUNCES EXPEDITED MONITORING OF TEXTILE AND APPAREL IMPORTS
USDOC May 13, 2005
Who are these dislocated workers?
Dislocated Workers

Dislocated Workers by Age Group, 2003

percent of dislocated workers

Under age 30  Age 30 to 44  Age 45 and over

rural  urban  N.C. Labor Force
Dislocated Workers

Displaced Workers by Annual Income, 2003

percent of displaced workers

- $12,000 and under
- $12,001 to 20,000
- $20,001 to 28,000
- $28,001 to 36,000
- over $36,000

rural
urban
Dislocated Workers

Dislocated Workers by Educational Level
2003

percent of dislocated workers

- Less than 9 years
- 9-11 years
- 12 years
- 13-16 years
- over 16 years

rural
urban
How have rural dislocated workers fared?

Re-employment
Re-employment wages
Re-employment

Rural Re-employment Within One Year of Layoff

percent re-employed

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>63.5%</td>
</tr>
<tr>
<td>2001</td>
<td>58.8%</td>
</tr>
<tr>
<td>2002</td>
<td>49.0%</td>
</tr>
</tbody>
</table>
Industry of Re-employment, Rural N.C., 2000

- **Manufacturing**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
- **Construction**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
- **Wholesale**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
- **Retail**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
- **Admin. Services**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
- **Educational Services**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
- **Health Care**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
- **Accommodations**: 50% Same company, 10% Same industry, 40% Other manufacturing industry
Impact on MHI

Median Household Income, North Carolina 1990-2003

- 1990: $35,801
- 2000: $39,184
- 2002-2003: $37,315
Action Agenda
Federal Government:

- Expand Trade Adjustment Assistance (TAA) eligibility
- Provide automatic eligibility for textile/apparel workers
- Increase flexibility in use of TAA funds
- Raise federal funding and funding cap on TAA training
- Increase Health Coverage Tax Credit from 65% to 80%
State Government:
- Develop an “economic disaster” response system
- Bolster community college system to meet education and skill enhancement challenge
- Restore the NC Worker Training Trust Fund ($14 million to $0 in seven years)
- Join economic development and workforce programs
Replace lost workforce funds

N.C. Worker Training Trust Fund

[Graph showing the fund's balance from 1997-98 to 2004-05, with a decline in funds.]
Non-Profits and Local Agencies

- Focus on existing business and industry
- Invest in Supports for Entrepreneurship
  Institute for Rural Entrepreneurship
- Build community capacities
  Leadership
- Advocate for economic diversification
Sources

- North Carolina Employment Security Commission
- U.S. Bureau of the Census
- U.S. Bureau of Labor Statistics