Displacement of Textile & Apparel Workers

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Textiles & Apparel and Nonmetro Areas

- The United States lost over 800,000 textile & apparel jobs 1994-2004
  - NAFTA accelerated decline in 1994
  - expiration of MFA quota at end of 2004
- Textile & apparel industries are disproportionately nonmetro—one third of all textile & apparel employment is in nonmetro counties (2002)
- Textile & apparel manufacture is geographically concentrated in nonmetro counties in the Southeast
Objective

Objective of this research:
To analyze the incidence of displacement among textile & apparel workers and workers in other industries over 1997-2003, and to determine if there are differential effects in metro/nonmetro areas.

Importance: Findings would be relevant to worker programs, and also community development strategies.
Decline in textile & apparel jobs, 1990-2004

Source: Current Employment Statistics Survey, BLS
Jobs in textile & apparel manufacture as percentage of all jobs in the county, 1996

Source: ERS calculations using County Business Patterns data.
Textile & apparel displaced workers

- Over 1997-2003, 297,000 textile & apparel workers displaced
  - 44% were nonmetro residents
- Displaced workers
  - lost their job because:
    - plant or company closed or moved
    - insufficient work
    - position or shift abolished
  - displacement as measured:
    - workers who are 20 years or older
    - workers who had attained 3 or more years of tenure on lost job
Nonmetro areas bore a disproportionate share of textile & apparel job loss—44.5 percent of all displaced textile & apparel workers were nonmetro residents, over double the share of nonmetro workers in the U.S. labor force (18%):

<table>
<thead>
<tr>
<th>1997-2003</th>
<th>Textile &amp; apparel</th>
<th>All displaced</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>nonmetro</td>
<td>metro</td>
</tr>
<tr>
<td>Displaced workers (thous)</td>
<td>132.2 (44.5%)</td>
<td>164.9 (55.5%)</td>
</tr>
</tbody>
</table>
• Nonmetro displaced textile & apparel workers overwhelmingly in the South:
Displaced textile & apparel workers were more likely to be women:

- **Displacement**: Men vs. Women
  - Non-metro textile & apparel: Men 40%, Women 50%
  - Metro textile & apparel: Men 50%, Women 50%
  - U.S. total textile & apparel: Men 50%, Women 50%
  - All non-metro displaced: Men 50%, Women 50%
  - All metro displaced: Men 50%, Women 50%
  - All U.S. total displaced: Men 50%, Women 50%
• Displaced textile & apparel workers had lower education levels than all displaced:

![Graph showing education levels of displaced textile & apparel workers compared to all displaced workers.](image-url)
Nonmetro displaced textile & apparel workers were more likely to drop out of the labor force:

<table>
<thead>
<tr>
<th>1997-2003</th>
<th>Textile &amp; apparel</th>
<th>All displaced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>nonmetro</td>
<td>metro</td>
</tr>
<tr>
<td>Unemployed</td>
<td>15.9</td>
<td>15.2</td>
</tr>
<tr>
<td>Employed</td>
<td>55.9</td>
<td>65.0</td>
</tr>
<tr>
<td>Not in the labor</td>
<td>28.2</td>
<td>19.8</td>
</tr>
</tbody>
</table>
• Of those who found a new job, textile & apparel workers had to look longer, about 23 weeks, versus 16 weeks for all displaced.

• Of the nonmetro textile & apparel workers who found a new job, over 80% had lower real earnings on the new job.
• What is the probability of displacement for different groups of workers in nonmetro and metro areas? Did textile & apparel workers have a greater probability of displacement?

\[ \text{probability}(y_i=\text{displacement}) = f(\text{age, education level, sex, race, industry, unemployment rate, metro/nonmetro residence}) \]

Probit analysis on all respondents (displaced and not displaced) and on all tenures. Also analysis done metro/nonmetro.
Models

• Of those displaced workers, what is the probability of employment after displacement? Did textile & apparel displaced workers have a lower probability of employment than other displaced workers?

\[
\text{probability}(y_i = \text{employment after displacement}) = f(\text{age, sex, industry, tenure on lost job, weekly earnings on lost job, skill level on lost job, unemployment rate, metro/nonmetro residence })
\]
For those who find a new job after displacement, what are the factors that contribute to earning loss in nonmetro areas, and for textile & apparel workers?

\[
\log \left( \frac{\text{current weekly earnings}}{\text{real lost job weekly earnings}} \right) = f(\text{tenure on lost job}, \text{tenure}^2, \text{age as proxy for experience}, \text{education level}, \text{sex}, \text{race}, \text{industry of lost job}, \text{union status on lost job}, \text{advance notice received on lost job}, \text{change in industry}, \text{full-time status to part-time status}, \text{weeks looking for work after displacement}, \text{unemployment rate}, \text{metro/nonmetro residence})
\]
Future research

• Probability of displacement analysis
• All estimates with industry/occupation analysis: SIC/NAICS, old SOC/new SOC
  – goods-producing industries, low-skill occupations
• Hazard analysis with incompleted jobless spells for probability of employment
• Analysis of Trade Adjustment Assistance Certifications
Conclusions so far

- Over 1997-2003, textile & apparel workers appear to have greater difficulty after displacement than workers laidoff from other industries.
- Nonmetro areas had a disproportionate share of textile & apparel job loss over 1997-2003.
- These findings indicate that nonmetro displaced textile & apparel workers may need additional or different assistance in finding a new job than displaced workers overall. Lower education levels, longer tenure on their lost job, and geographical concentration, compounded with the secular decline in textile & apparel jobs, may put the textile & apparel workers at a disadvantage when job hunting.
ERS project on post-MFA world

- Webchapter on textiles & apparel and rural areas under development for ERS website
  - will include employment and industry analysis, trade analysis, likely impact on other industries (cotton)
  - on ERS website later this summer
- Recent report:
  
  *The Forces Shaping World Cotton Consumption After the Multifiber Arrangement* – MacDonald and Vollrath
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