Vanishing Routine Jobs

The End of the Apparel and Textile Era

Timothy O. Kestner
Economist
Virginia Employment Commission
Index of Virginia Apparel and Textile Employment 1949 - 1989

1949 = 100

MFG  Textile  Apparel
Index of Virginia Apparel and Textile Employment 1990 - 2007

1990 = 100

Phase 1 Phase 2 Phase 3 Phase 4

MFG  Textile  Apparel
The Impact in South-side Virginia
Recent Major Plant Closings

- **Dan River Mills – Danville and Brookneal**
  - 1,770 jobs from September 2005 – August 2006
  - 23% of Danville MFG

- **Pillowtex – Henry County**
  - 970 jobs in July 2003
  - 13% of Henry Co. MFG

- **Tultex – Martinsville, South Boston & Roanoke**
  - 2,045 jobs from December 1999 – January 2000
  - 11% total Emp. & 40% MFG in Martinsville
Apparel and Textile Employment Levels

- Franklin
- Halifax
- Henry
- Mecklenburg
- Patrick
- Pittsylvania
- Danville city
- Martinsville city

1995
2007
Apparel and Textile % of Manufacturing Employment
Apparel and Textile % of Total Non-Ag Employment

- Franklin
- Halifax
- Henry
- Mecklenburg
- Patrick
- Pittsylvania
- Danville city
- Martinsville city

1995 vs 2007
Employment Level chg from 95 to 07

Franklin: -8,000
Halifax: -6,000
Henry: -4,000
Mecklenburg: -2,000
Patrick: 0
Pittsylvania: 2,000
Danville city: 4,000
Martinsville city: 6,000

MFG
TOT
Index of SSV and State Unemployment Rates 1994 – 2007
Response to Global Shifts -- Compete in the Innovation Economy

With all the rural challenges?

Typical Rural Gaps

- Brain Drain – Loss of Talent Base Generally
- Small Science and Engineering Talent Base
- Lacking or Trailing in Innovation Infrastructure
- Lagging in Communications Infrastructure
- Weak Schools
- Quality of Life Lacks Distinction

Adapted from IARL presentation at the Philadelphia Regional ED Roundtable Symposium March 13, 2007
Regions Matter in Creating & Accumulating Knowledge

- **Innovation is regionally bound:** U.S. and European research suggests functional region of innovation of 75 miles or less.

- According to a new (March 29, 2006) Kauffman Foundation study: **Scientist location can influence the decision to commercialize** ... as Jaffe (1989), Audretsch and Feldman (1996), Jaffe, Trajtenberg and Henderson (1993), and Glaeser, Kallal, Sheinkman and Shleifer (2002) show, **knowledge tends to spill over within geographically bounded regions.** (Audretsch, 2006: 29)

- To impact regional innovation requires a thoughtful policy linking regional potential, regional competence, and investments in infrastructure, regional facilities, and regional education institutions.
How Can Innovation Happen in Rural America?

- If robust innovation economies happen near existing hubs of talent, innovation, critical infrastructure, and quality of life….

- Then the critical question for rural innovation:

  How Do We Make an Innovation Economy Happen Where There is no Existing Innovation Hub?

Adapted from IARL presentation at the Philadelphia Regional ED Roundtable Symposium March 13, 2007
Engage a Research University
Virginia Polytechnic Institute and State University

- Existing, Highly Credible Public Assets
- University Produces Competitive Rx
  - Talented People in faculty and students
  - New Ideas/Critical Technologies = Innovation Capacity
- Expertise in Nation’s Technology Infrastructure (i.e., National LambdaRail)
- Magnet for High Tech Firms and Entrepreneurs
- Creative Climate attracts Quality of Life which Attracts Talented People

Adapted from IARL presentation at the Philadelphia Regional ED Roundtable Symposium March 13, 2007
Institute for Advanced Learning and Research
Danville
*Public Seed to Private Enterprise*
Institute for Advanced Learning and Research: Brief History

- Concept formulated: 2000
- Initial staff hired through VT: 2001
- IALR Established as sub-division of the Commonwealth: 2002
- IALR Building inaugurated: 2004
- State funding appropriated: 2004
- Research wing opened: 2005
- State funding for 20+ faculty: 2006
- Additional research facilities come on-line: 2007
Southside Higher Education Coalition
South Boston

A partnership mandated by the Virginia legislature to attract students to programs leading to secondary degrees.

- Institute for Advanced Research and Learning – Danville/Pittsylvania Co.
- New College Institute – Martinsville/Henry Co.
- Southern Virginia Higher Ed Center – South Boston/Halifax Co.
In The Future

- Will this lead to another state supported institution of high learning in South-side Virginia?
  - Some tend to believe so
Economic Development Efforts

- At the state level
  - Informal leaning towards areas impacted by apparel, textile and furniture job loss
- Local and regional levels
  - Diligently pursuing companies
    - Yet – everyone is!
Vanishing Routine Jobs
The End of the Apparel and Textile Era

Timothy O. Kestner
Economist
Virginia Employment Commission
804.786.8014
tkestner@vec.gov