

Stoking hunger and homelessness: North Carolina jobless rate remains in double-digits

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Unemployment in North Carolina remained at 10.8 percent in April. The state's jobless rate has jumped from 7 percent last October and was one of 8 US states with double-digit jobless rates last month, led by Michigan with 12.9 percent unemployed. The national jobless rate rose to 8.9 percent in April, up from 8.5 percent in March.

The NC Employment Security Commission reports that nearly half a million of the state's 9 million residents are out of work. Harry Davis, a banking professor at Appalachian State University, predicts that the state unemployment rate will rise to 12 percent over the next few months, and will continue to climb for at least a year as the recession deepens and the manufacturing sector contracts.

The state has been devastated by a total of 450 reported factory and business closings this year. Textile and truck manufacturing, construction, finance and insurance, and retail have all been hit hard. The largest job losses came in manufacturing, with 4,600 jobs cut in April. The North Carolina manufacturing sector has shed 80,000 jobs, or 15 percent of its workforce, since December 2007.

Fourteen Chrysler dealerships will be closed in North Carolina as part of the automaker's massive restructuring and job-slashing. According to Robert Glaser, president of the North Carolina Automobile Dealers Association, about 20 North Carolina GM dealerships will not have their franchises renewed. Nationwide, 1,100 GM dealerships' franchises will not be renewed.

Twenty-six construction companies have announced closings and layoffs, leaving 894 construction workers without jobs. At least 2,000 jobs will be lost this year in furniture manufacturing as a result of closures. Reasons cited for these closings were consolidation, economic conditions and import competition. Almost 1,600 jobs have been lost in finance and insurance.

At least 2,895 jobs will be lost this year in textile and clothing manufacturing in North Carolina. In February, 600 jobs were eliminated at the Hanesbrands yarn factory in Eden, located 114 miles northeast of the state capital Raleigh. Another 110 jobs will be lost when Hanesbrands shuts down the plant by the end of the summer. Hanesbrands is a Fortune 500 company with about 45,000 employees worldwide.

According to Greensboro's *News-Record*, 47-year-old Hanesbrands worker James Jeffries was not surprised by the announcement: "Being

in textiles, I expected it." Jeffries and his fellow workers will have few job prospects when they lose their jobs later this year. "It really bothers you because Eden's just about dead as far as anywhere to go to work," he said.

Textile and clothing manufacture has been on the decline in North Carolina since 1996. Between 1997 and 2002 the state lost 100,000 jobs in textile (yarn and fabric) production, and 70,000 in clothing manufacture. Innovations in production have led to an increase in productivity and a need for fewer workers. Local competition and consolidations, combined with the export of work outside the US, have also led to job losses.

Freightliner, a brand produced by the German car corporation Daimler AG, has already cut a staggering 2,313 jobs this year in the towns of Cleveland, Gastonia and Mount Holly in the Charlotte area. Five hundred more North Carolina Freightliner workers were laid off on May 8.

According to a March 9 article in the *Portland Business Journal*, the company says a drop in demand for its heavy trucks prompted the North Carolina job cuts. Freightliner opened a new truck manufacturing plant in northern Mexico earlier this year, and the company now has two truck manufacturing plants in Mexico.

Auto Truck Transport Corp. in Cleveland, NC, which transports trucks and truck chassis to and from assembly plants, ports, railway distribution points, auctions and dealerships, laid off 150 employees in March due to Freightliner cutbacks.

Recent job cuts in the state have also included the following:

- In May, IBM laid off 334 workers in Research Triangle Park, near the state capital.
- EquiFirst Mortgage Corp. in Charlotte began laying off workers in April, and will shed 544 jobs by the end of August.
- Cary construction company Fowler Contracting shut down in April, leaving 243 workers without jobs.
- AW North Carolina, which manufactures automatic transmission components for Toyota, has laid off a total of 780 workers this year.
- In March, 20 Circuit City stores throughout the state were

liquidated, at a cost of 979 jobs.

- Thirty-six Goody's Family Clothing stores were also liquidated in March, leaving 857 people unemployed.

- Cummins Rocky Mount Engine plant in Whitakers, manufacturer of diesel engines, laid off 490 workers in March.

North Carolina Department of Transportation (NCDOT) laid off over 750 road construction workers in January. Since then, NCDOT has been given \$838 million as part of the Obama stimulus plan. In March and April, NCDOT will turn over half of this money to private contractors and will award the second half of the stimulus funds in a year.

Claims by North Carolina Governor Bev Perdue that these projects will create 14,000 jobs are exaggerated. According to a report in the *Charlotte Observer*, Blythe Development, a company awarded a \$5 million contract for a highway-widening project near Charlotte, will not be hiring any new workers. There are also no specific plans to provide employment for the estimated 14,000 workers employed once the road and bridge reconstruction projects are completed.

On April 28, Governor Perdue mandated furloughs for all state workers. The furloughs, which are expected to save the state \$65 million, are part of a plan to balance the state budget by the end of the fiscal year. All workers, including primary and secondary school teachers and university professors, will have 0.5 percent of their salaries subtracted from their pay by June 30 in exchange for 10 hours of unpaid time off they are required to use by December 31.

The disproportionate burden of balancing the state's budget by the end of the fiscal year will be placed on the shoulders of working families, not on wealthy taxpayers. In an effort to balance the budget, the state has decided to use the stimulus funds, cut social programs, and dip into trust funds and other specialized accounts. After draining these sources of funding the state will find it even more difficult to balance its budget in the coming fiscal year.

University professors and other better-paid state employees will increasingly find their living standards deteriorating. Meanwhile, the worst paid state workers are expected to endure a pay cut of equal percentage to the one imposed on slightly more privileged state employees. "Don't you all think it's over now," the governor warned, "because we've got a long way to go before North Carolina has fully recovered." In other words, this pay cut is only the first of a series of attacks on wages, salaries and living standards state employees can expect over the coming months and years.

State employees can expect no help from organizations that have previously posed as defenders of their rights. Sheri Strickland, president of the North Carolina Association of Educators, acknowledged, "We have to say we hate it. But no one is going to lose their job as a result of doing it this way.... Right now, saving jobs, minimizing the impact on the classroom has to be top priority, and this does that." Ardis Watkins, a lobbyist for the State Employees Association of North Carolina, commented on the furloughs, "It is what it is," and refused to criticize the governor's actions.

These factory closures, job and wage cuts are contributing to deepening social distress across the state. A recent poll found that almost half of all North Carolinians' retirement funds and house values have fallen by over 25 percent. Foreclosures increased in North Carolina by almost 11 percent in March.

In 2008 the North Carolina Interagency Council for Coordinating Homeless Programs (ICCHP) conducted a statewide survey. Their conservative estimate showed that on one given night 12,371 people were identified as homeless, including 2,216 children and 1,054 veterans.

In December 2008 applications for food stamps at the Department of Health and Human Services in Guilford County, in the Piedmont Triad Metropolitan Region, shot up by nearly 50 percent. The director of the NC Department of Health and Human Services, Sherry Bradsher, told News-Record.com that this was part of a statewide trend.

Many people are requesting food stamp assistance for the first time. The *News-Record* interviewed Sheletha Parker, a 33-year-old single mother with three children, who was at first reluctant to seek assistance when hours at her third-shift job at LabCorp were cut in December. "It took me a couple of days," Sheletha said. "There's always somebody out there who needs more than me."

Food banks also saw a sharp rise in requests beginning in December 2008. According to Jane Carlson, executive director of Food Assistance in Greensboro, many of the elderly seeking assistance go several days at a time without food before their monthly deliveries from Food Assistance. "I've been in situations where people have torn the bread and peanut butter from my hands because they were so hungry," she told the *News-Record*.

Food Assistance has been unable to keep up with demand, and the organization's shelves are often bare. Many working people across the state who have never requested food aid before are now turning to food banks and pantries. At one food bank in Chapel Hill, output increased by 99.5 percent between December and April.

According to a report released by the US Department of Agriculture in 2007, between 2004 and 2006, 12.9 percent of the North Carolina population was food insecure, and 4.4 percent went hungry. Given the rise in demand for food assistance, it is safe to assume these numbers have increased significantly.



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